

Submissions to the Ontario LTEP Review 2016

December 16, 2016

The Canadian Energy Efficiency Alliance (CEEA) welcomes this opportunity to submit its recommendations to Ontario Ministry of Energy as part of the review of its Long Term Energy Plan (LTEP). CEEA is the independent advocate for energy efficiency in Canada. We work with governments and stakeholders to ensure energy efficiency is a priority for all sectors of the economy. The organization was founded 21 years ago in Ontario and over half of our members are either located in or do business in Ontario.

Since the last public consultations on Ontario's long-term energy plan there has been considerable change in the policy context for the province as your discussion paper notes. Climate change mitigation has become a major focus for our country and the province. The province has also focused considerable attention on policies, programs, codes and standards that put "conservation first," a focus that CEEA and its members fully support.

In its recently released report, titled *World Energy Outlook Special Report Energy and Climate Change*, the International Energy Agency (IEA) stated that **improved energy efficiency is needed for fully half** of the world's climate commitment. That is three times what all forms of renewable energy combined will contribute. The Agency has identified energy efficiency as both cost effective and a huge opportunity that is being underutilized within any current climate framework. Energy efficiency/energy conservation must be viewed through the lens of energy productivity or using energy to do more with less: cutting energy waste, lowering expenditures, lowering emissions. It works for consumers and it works for businesses.

Recommendations

We note that the majority of Ontario's conservation programs have been launched but it is still early to comment on their effectiveness. At the same time, significant consultations have taken place on how Ontario's climate framework might work.

Based on CEEA's knowledge in the efficiency/conservation area plus our involvement with climate policy provincially, federally and internationally our recommendations are:

- Continue to ensure Conservation First remains a fundamental goal of the LTEP and educate Ontarians on the meaning and importance of conservation and energy efficiency including economic, environmental, comfort and health benefits.



- Conservation and climate programs should have a single access point for Ontarians reducing confusion and increasing the likelihood of action. With the recent announcement of Ontario's Climate Change Framework, there is considerable confusion in the marketplace among individual Ontarians and businesses. There needs to be a better integration with utilities, service organizations, the labelling program for homes at point of sale and other carbon reducing initiatives. CEEA has participated in a number of consultations on programs such as the proposed Green Bank. We left concerned that this undertaking could add a burden to consumers leading to underutilization. "Ease of access" is paramount for successful adoption.
 - Put citizens/customers first:
 - Consumers expect that conservation measures will save them money. Customer benefits needs to carry as much 'weight' as system benefits. For example, because some proposed programs may be designed to target energy savings in winter, system benefits are ascribed to summer peak, therefore winter programs do not have the same value in terms of benefits even though customer may want and need them.
 - The Global Adjustment undermines conservation efforts because the costs of conservation are all in one year; costs must be matched to the benefits. The equipment costs incited in conservation programs have a life span of 6 to 15 years but Ontario charges all the costs to one year thereby creating a burden for Global adjustment. We need to match the costs to the period of benefits savings. This was realized in the 2013/2014 Conservation First White Paper but still has not been addressed.
- Competitiveness is critical for Ontario. Businesses need to stay competitive to keep plants open in Ontario, and keep jobs here. Conservation is needed to reduce payback for business customers for needed capital efficiency projects. There appears to be an assumption that Ontario's grid is clean, and therefore, conservation programs for electricity are not needed. This ignores the business customer reality that electricity is a major cost input to their businesses and they need help bring those costs down.
- Financing. Third party financing solutions are being restricted in the conservation market in Ontario. There should be assignability of rebates and incentives as well as a distinction that the owner of the conservation assets and those who are benefitting from the energy savings should be allowed to enter into private financing arrangements.
- Ensure the CDM/DSM frameworks have screening that is both comprehensive and subject to Conservation First targets.



- Deep energy retrofits should be enabled through the LTEP driven through existing and new programs (such as HER&D).
- Future conservation and climate mitigation programs will need to be aligned with generation programs (renewables). This is occurring already in the US where it is becoming evident that the traditional separate silos are no longer viable. This is a solution-based response that Ontarians are looking for; with the introduction of net metering in the province, this approach needs to be revisited.
- No new agencies are needed. Ontario already has agencies, like the IESO and the natural gas utilities dedicated to developing both consumer and commercial programs. They have invested in extensive research on consumer engagement, both residential and commercial. Ontarians depend on local utilities as the source of such programs. Some changes are already underway such as establishing province-wide programs in concert with the natural gas utilities IESO based on a recent directive to the IESO. Rather than creating yet another organization and causing further confusion, increased inter-organizational turf wars and undermining shared goals of energy conservation and climate mitigation, it makes more sense to re-examine the existing organization(s) and re-focusing their mandates considering today's reality.

In conclusion, CEEA supports ensuring that:

- Climate change and energy conservation efforts work together because as the IEA points out they depend on each other.
- The support of Ontarians, and to ensure long-term success, we ask that consideration be given to organizational simplicity and citizen needs must be considered a priority.
- Competitiveness of Ontario businesses must be part of the mix.
- Solution based efforts are supported that could combine energy efficiency and renewable energy. Certain types of renewables are not allowed to be counted as "conservation". With the introduction of net metering in the province, this approach needs to be revisited.
- 3rd party financing be permitted in the Ontario conservation market.
- Deep energy retrofits be encouraged in both the residential and commercial/industrial markets.

CEEA appreciates this opportunity to submit its comments to the LTEP review 2016.

CANADIAN
Energy Efficiency Alliance



Alliance de l'efficacité énergétique
DU CANADA

Kind regards,

Elizabeth A. McDonald
President and CEO
Canadian Energy Efficiency Alliance

T: 613.656.9705
C: 613.851.1330
E: elizabethmcdonald@energyefficiency.org

Canadian Energy Efficiency Alliance (CEEA)
1485 Laperriere Avenue
Ottawa, ON, K1Z 7S8