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Ministry of Energy, Energy Supply Policy Division
7th floor, 77 Grenville Street
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RE: IESO Pathways to Decarbonization Study

Thank you for the opportunity to provide comments on the "no regrets actions" that were part of the IESO's "Pathways to Decarbonization" study. Enercare Inc. ("**Enercare**") is a Canadian company providing energy-efficient products, services and solutions to over 1.5 million Canadian households (including 1 in 5 homes in Ontario). We also provide similar products, services and solutions to multi-residential buildings and small businesses.

Enercare is empowering action for a greener tomorrow, starting at home. By bringing lower-carbon, higher-efficiency products and services into the mainstream and making them more accessible, we are empowering our customers to reduce their environmental footprint, live and work in more resilient buildings, and become a positive force for change.

Enercare provides customers with access to affordable sustainability and resilient solutions through our products and services, including water heaters, furnaces, air conditioners, water treatment systems, standby generators, electrical vehicle chargers and other heating, ventilation, and air conditioning products.

For the first time in almost two decades, Ontario finds itself needing new electricity resources. Electricity demand is expected to increase by an annual average of almost two per cent over the next 20 years, and current generating infrastructure is aging, including the Pickering nuclear station which is scheduled to be retired mid-decade. Existing and available resources will not be sufficient to meet expected needs. Decarbonization goals intensify the need for clean, reliable and affordable resources like energy efficiency. In addition to helping meet electricity system needs, energy efficiency programs also help customers better manage their energy costs.

Enercare is well-positioned to help the government address these challenges with our energy solutions being at the centre of a number of government priorities, including reliability, resilience, affordability and sustainability.

Enercare can play a significant role in energy efficiency projects and electrification in the residential sector given our scale and the impact that we have, considering space and water heaters account for 60%+ of GHG emissions from homes and buildings (and homes and buildings representing ~20% of Canada's emissions). We are a key leader that can help the Ontario government advance its energy transition and decarbonization agenda.

Our submission below focuses on question 3 that addresses future energy costs and question 6, dealing with future energy efficiency efforts.

3. The IESO's assessment shows that most of the projected Ontario demand in 2035 can be met with the build out of non-emitting sources, but some natural gas will still be required to address local needs and provide the services necessary to operate the system reliably.

What are your expectations for the total cost of energy to customers (i.e., electricity and other fuels) as a result of electrification and fuel switching?

Enercare response

Our expectation is that the transition to electrification could increase the total cost of energy to consumers in the short term. Electricity rates in Ontario are high and customers will need time to get to know how to use their energy equipment optimally through the transition. Moving consumers off of their gas-fired equipment will take some convincing so the conversion rate may not be high enough to make an impact unless more is done by the government to motivate that conversion. Also, this equipment typically lasts 15-20+ years, which may result in a slower transition that must be accounted for in Ontario's planning for electrification. The expected cost increases also underline the need to increase energy efficiency efforts given the ability for energy efficiency to help customers reduce their overall energy costs. Enercare would welcome an opportunity to discuss with government its role and recommendations on keeping the system affordable for Ontarians.

6. The IESO's Pathways Study recommends greater investment in new non-emitting supply, including energy efficiency programs.

Following the end of the current 2021-2024 energy efficiency framework how could energy efficiency programs be enhanced to help meet electricity system needs and how should this programming be targeted to better address changing system needs as Ontario's demand forecast and electrification levels grow?

Enercare response

Conservation and demand management has significant untapped potential to help Ontario meet its goal for clean, reliable and affordable energy. Energy efficiency programs can play a more significant role over the next two decades given the energy transition underway and the need for low or no carbon solutions to meet the expected needs. As the IESO notes in its mid-term review of the current CDM framework "the value of CDM to the system increases as a low-cost, non-emitting resource that can respond to changing system needs, and support broader economic development and decarbonization objectives."

The forecasts for CDM support that. According to the IESO, "as much as 485 MW and 5.2 TWh by 2028, and approximately 1,850 MW and 16 TWh by 2033 in cost-effective energy and demand reductions can support reliability, contribute to affordability, and foster decarbonization efforts by reducing the need for natural gas generation."

We believe residential sector programs should be enhanced to play a more significant role in future energy efficiency efforts. Such programs should try to eliminate as many obstacles and create as many incentives as possible for consumers to make the right decisions and at the right times. Studies indicate that the residential sector could account for about 30 per cent of the achievable potential savings.

Under the current framework, residential programming is limited to income eligible and on-reserve First Nations communities. We agree with the IESO that residential HVAC is an underutilized resource that could be leveraged via demand response to address peak demand. And we support the recommendation in the mid-term report for new research and development activities for future energy efficiency programs, including single- and multi-family residential programs.

Finally, a long-term commitment to energy efficiency will enable providers like Enercare to make necessary investments that can realize energy efficiency's potential as a reliable, affordable, and clean resource in Ontario's energy sector. As such, we also support the IESO recommendation to adopt an enduring approach to energy efficiency and move away from the current practice of implementing time limited frameworks.

Thank you again for the opportunity to comment on this posting.

We would welcome an opportunity to discuss these recommendations with you in greater detail.

Sincerely,

Tracy Li
Chief People and Legal Officer