Topic:

The interim framework for electricity conservation and demand management programs expires at the end of 2020. This presents a unique opportunity to develop a new Made-in-Ontario approach to electricity conservation that is designed to maximize benefits for the electricity system and ratepayers. However, it must be noted that allowing the current framework and programs to expire without a replacement could pose a considerable problem for the Government with the loss of expertise and capacity. Ontario risks losing its capacity to deliver conservation programs precisely as the need for these programs is ramping up due to impending nuclear refurbishments and closures.

Two opportunities:

1. The first benefit is to move forward on energy efficiency and create good paying jobs in Ontario with both manufacturing and skilled labourers being needed.
   * Efficiency Canada estimates that the energy efficiency sector can add 118,000 jobs to the Canadian economy and grow GDP by 1% between 2017-2030.
   * For Ontario this means adding 52k jobs annually and grow Ontario’s economy by $174.5 billion.
   * Read more [here](https://www.efficiencycanada.org/wp-content/uploads/2018/04/Economic-Impact-of-Pan-Canadian-Framework-Energy-Effciency.pdf)
2. The second benefit is that this is a good opportunity to reinvent and rebrand conservation, developing a modern approach designed to address Ontario’s current and future electricity system needs. A modernized framework can maximize value for the electricity system and ratepayers in a way that the current system simply does not.
   * The previous old system was attempting to kill a fly with a sledgehammer and applied the same systems province wide programs and incentive levels 24/7, province wide. This was inefficient and can be done better to the benefit of rate payers[[1]](#footnote-1).
   * By targeting conservation at times of peak demand, and regions with transmission and distribution constraints, Ontario’s Government for the People can surgically address electricity system needs and help deliver on its commitment of 12% hydro bill reductions.[[2]](#footnote-2).
   * Conservation can also be targeted at households struggling with high hydro bills, for example with programs to replace electric resistance heating (common in smaller towns and rural areas) with heat pumps. See attached IESO report.

One major concern:

1. The one major pitfall is that if the framework is allowed to expire and no new framework has been implemented, Ontario will lose key expertise required for any future programs in key organizations. This talent gap will increase the time needed to get new programs implemented as well as increasing the cost since we will be restarting completely, rather than implementing new programs with experienced and well-placed experts.
   * Previously, when programs were ended the individuals that worked on those conservation programs were laid off since there was no expectation of their work continuing. There needs to be a consistent approach with a well communicated plan that ensures these experts remain in key organizations able to enact the new conservation plans when they are ready.

**Recommendation**

Ontario needs a new strategic demand reduction framework by Dec 31, 2020 to avoid the above-mentioned erosion of program delivery capacity. However, it may take some time to develop and launch the new, targeted programs outlined above. We recommend the government direct IESO to develop a new framework by the end of the year, which allows for current programs to be continued temporarily until new or refined programs are developed (e.g. until end of 2021).

1. See [International Energy Agency, Capturing the Multiple Benefits of Energy Efficiency.](https://webstore.iea.org/capturing-the-multiple-benefits-of-energy-efficiency) [↑](#footnote-ref-1)
2. The [2019 Achievable Potential Study](http://www.ieso.ca/2019-conservation-achievable-potential-study) shows that 17 TWh and 2100 MW of energy and capacity savings are cost-effectively available by 2030, costing only 3.3 cents for every kwh saved. [↑](#footnote-ref-2)