



November 1, 2024

Dear Ministry of Energy,

Subject: 2025–2036 Electricity Energy Efficiency Framework – Proposal Comments

Aladaco Consulting Inc. appreciates the Ministry of Energy's initiative in developing the 2025–2036 Electricity Energy Efficiency Framework, aimed at enhancing affordability, optimizing delivery, and expanding program offerings to meet Ontario's growing electricity needs. We support the framework's objectives to provide greater customer choice, improve system reliability, and facilitate seamless access to energy efficiency programs. To further these goals, we propose the inclusion of Fractional Energy Managers, flexible outreach models for Local Distribution Companies (LDCs), and targeted support for industrial participants. These strategies are designed to broaden participation, maximize energy savings, and contribute to a more sustainable and efficient energy system in Ontario.

Comment #1: Leveraging Fractional Energy Managers for Broader Efficiency Gains

Background: Energy managers play a pivotal role in helping organizations control energy costs, improve efficiency, and reduce greenhouse gas (GHG) emissions. Typically, they oversee energy use, identify reduction opportunities, implement efficiency projects, and track performance. Their work not only contributes to operational cost savings but also supports broader environmental and sustainability goals, benefiting both the organization and the wider community.

However, many organizations, particularly smaller ones, may not have the financial or operational capacity to support a full-time energy manager. This creates a gap where potential energy and cost savings remain unrealized, limiting both these organizations and Ontario's overall energy efficiency goals.

Fractional Energy Managers (FEMs), also known as Roving or Shared Energy Managers, offer a solution. By providing energy management services on a part-time basis across multiple sites or organizations, FEMs allow smaller entities to access professional energy management without the need for a full-time role. This flexible approach makes expert energy management more accessible, advancing Ontario's efficiency objectives across a broader range of businesses and institutions.

Recommendation: Aladaco strongly recommends including the concept of a Fractional Energy Manager in the 2025-2036 Province-wide Programs, with support and/or incentives for organizations that could benefit from, but cannot justify, a full-time energy manager. This fractional resource could serve multiple sites, typically across different organizations.



Rationale: The IESO Evaluation Reports from 2011-2014, when Roving Energy Managers were part of the Embedded Energy Manager (EEM) Program, showed this approach to be nearly as effective and successful as the EEMs. With the IESO's accumulated experience in energy management program delivery, FEMs now have an environment primed for widespread success. Aladaco is confident that reintroducing REMs as FEMs would provide vital resources to smaller organizations, empowering them to significantly reduce their energy and carbon footprint.

Potential Challenges and Possible Solutions:

- An FEM may be perceived as an “outsider,” potentially lacking access to essential information and top management support. However, existing SEM program processes, such as executive sponsor sign-offs and robust non-disclosure agreements, effectively mitigate this issue.
- FEMs from the consulting sector may charge higher hourly fees than a full-time, in-house energy manager. Structuring the program to encourage organizations to contribute a portion of the FEM's fees can promote accountability and ensure service value. While FEMs may have a higher hourly rate, their part-time role typically focuses them on high-impact opportunities, minimizing diversion into non-energy tasks.
- FEMs could become overstretched, limiting the time they can dedicate to energy-saving opportunities. The program could leverage SEM insights to ensure FEMs have support from on-site resources, facilitating effective energy management.

Aladaco believes the time is right to reintroduce FEMs, backed by the decade of experience gained by the IESO and the Ontario energy management community.

Comment #2: Enhancing Program Reach through Flexible LDC Outreach Models

Background: Effective customer outreach has been instrumental in the successful delivery of Save on Energy programs, with Local Distribution Companies (LDCs) and third-party service providers playing key roles in customer engagement since Ontario began offering energy efficiency programs in the early 2000's. The government's recognition of LDC involvement as a valuable component of the proposed framework is commendable, and it is prudent that LDCs have the flexibility to choose an outreach model that best aligns with their capacity and customer needs.

For smaller LDCs, which may lack full-time CDM staff, partnering with third-party service providers offers a practical and cost-effective solution. Under the CFF, several LDCs successfully collaborated with third parties to promote Save on Energy programs and meet CDM targets.

Recommendation: Aladaco recommends that LDCs be allowed to leverage third-party providers for customer outreach and program promotion. This approach will enable smaller LDCs to engage customers effectively without increasing internal staff while ensuring LDCs and customers benefit from experienced energy management professionals.



Rationale: Allowing LDCs the flexibility to engage third-party providers supports a collaborative framework that maximizes ratepayer value, improves sector participation, and promotes efficiency outcomes across Ontario. Aladaco strongly recommends incorporating this option to ensure high-quality customer engagement tailored to the diverse needs of all LDCs.

Comment #3: Optimizing Industrial Program Success with Targeted Third-Party Support

Background: The industrial sector presents substantial conservation opportunities in Ontario, but achieving participation requires dedicated resources for program promotion and participant support. Industrial systems, with their complex energy demands, require sector-specific outreach and support to ensure effective program uptake.

Recommendation: Aladaco suggests incorporating specialized third-party support within the Industrial EEE Program. Third-party providers could be deployed to enhance sector-specific outreach at program launch, assist with application processes during project development, and provide M&V support during implementation.

Rationale: Structured third-party support, including capacity-building components, would drive energy savings, foster skill development, and enhance program outcomes for both participants and the IESO.

In conclusion, Aladaco Consulting Inc. believes that integrating these recommendations into the proposed framework will enhance its effectiveness and ensure that all Ontarians have access to the benefits of energy efficiency.

Sincerely,

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