ENERGY STORAGE CANADA

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November 3, 2024

Ministry of Energy and Electrification, Conservation and Renewable Energy Division
77 Grenville Street, 5th floor
Toronto, ON
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Canada

Re: **2025–2036 Electricity Energy Efficiency Framework (ERO Number 019-9235)**

Sent via ERO portal

Ministry of Energy and Electrification:

Energy Storage Canada (ESC) welcomes this opportunity to provide comments on the new energy efficiency or "eDSM" framework set to launch in early 2025.

ESC is the national voice for the energy storage industry in Canada. Our membership represents over 100 companies across the energy storage value chain – technology providers, project developers, investors and operators, utilities, electricity distribution companies and NGOs, accounting for over 90,000 jobs throughout the country.

The Independent Electricity System Operator's (IESO's) latest forecast shows that demand for clean, reliable and affordable power is expected to increase by 75 per cent by 2050, an increase of 15 per cent over the previous year's forecast. A 75 per cent increase in demand would require 111 TWh of new energy — the equivalent of four and a half cities of Toronto. It also shows that Ontario will become a dual-peaking jurisdiction by 2030, with summer and winter peaks around 27 GW, or 50% and 60% increases, respectively. It is timely that the Ontario government has released a new eDSM framework to set in motion a long-term approach to energy efficiency programming.

ESC believes that eDSM can become a crucial tool for empowering active consumers to manage their costs, optimise system efficiency over the medium-term, and help drive power system innovation & price competitiveness.

About the eDSM Framework:

We believe that the long-term focus of this new eDSM framework is an important signal to the sector. A twelve (12) year commitment from the province of Ontario to support energy conservation programming is positive. We understand that the proposed framework will also include *"regular program plan cycles and a comprehensive mid-point review, enabling modifications and potential term extensions"*. This makes sense for any long-term framework, such as this. ESC wants to emphasize that it will be important for the province and IESO to provide

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a clear line of sight and early indication around how the programs, incentives, and budgets might evolve beyond these rolling review periods. This will allow businesses in the sector to focus on a long-term pipeline of services and products to enable better customer choice and solutions for Ontarians. Start-stops to program funding, priorities and incentives can also have negative impacts on the customers that plan to use them. Consistency and forward-looking guidance around programming is important for all parties to manage expectations and customer confidence.

ESC also welcomes the Ministry of Energy and Electrification (MOEE) objective of making programs more responsive to local customer needs through enhanced involvement of local distribution companies (LDCs). While some province-wide programs can be effectively established and delivered by the IESO, we believe that enhanced LDC involvement could improve local system needs through local programming and incentives, and in leveraging the relationship between LDCs and customers, for greater customer awareness and engagement.

We would like to also raise the importance of connecting the eDSM framework and incentive structure with the regional and bulk planning needs assessment process, and opportunities for Non-Wires Solutions (NWS). The current regional planning process is supposed to look at the unique needs of each region, and consider conservation, generation, transmission and distribution, and innovative resources to meet these needs. ESC believes that improved alignment between these processes and eDSM could enable the opportunity for greater use of NWS as resources to address identified needs. It does not appear that today there are effective mechanisms to secure, procure, or incentivize NWS in regions where they may be effective tools to address needs identified through the process.

> *ESC recommends that the dedicated budget for eDSM activities explicitly include opportunities to offer enhanced local programs and targeted NWS in areas identified by regional and bulk system needs assessment.*

Feedback on Future Program Design: An Opportunity to Drive System Transformation

ESC believes that there is a strong opportunity for eDSM strategic market intervention into reducing system peaks:

- funding could be targeted towards grid constrained areas experiencing restrictions on new connections.
- distributed capacity could perform load shifting, managed by Third Party Providers.

At present, there is no opportunity for Class B investment in eDSM, and we believe this could be helpful customer segment to target when expanding opportunities in the new framework.

There is also a crucial role for LDCs to play in supporting and incentivizing programming. We welcome the new involvement of LDCs in the framework, and believe that, if empowered, they can be used to maximize the benefits and call upon DERs to perform grid services as NWS. We also believe that there is an opportunity for LDCs to use the eDSM framework to target

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incentives for DERs in regions of the distribution system with high value, while also supporting grid modernization objectives.

ESC welcomed the Ontario's recent vision for *Ontario's Affordable Energy Future: The Pressing Case for More Power*, and in particular, the section on *Empowering energy consumers to participate in the grid*. We too see industrial, commercial and residential customers increasingly leveraging technologies like batteries, solar, electric vehicles, thermal storage, smart thermostats and electric water heaters to manage their energy use, reduce their energy costs, and provide back-up power or heat. Giving customers more ways to participate in the grid, with a focus on creating new ways for families and businesses to save money while reducing province-wide energy demand, benefits us all.

There is an ongoing opportunity through the eDSM framework to expand the use of DERs where it is cost-effective and beneficial to meeting local and system needs:

> *ESC recommends the development of a province-wide distributed capacity & behind-the-meter program as part of a suite of programs offered under the new eDSM Framework.*

Rationale for including Distributed Capacity in the eDSM:

Why Distributed Capacity & BTM Storage?	Objectives / Benefits
• Proven solution with established Ontario supply market • Enables demand flexibility as a dispatchable resource • Provides multiple services to customers (i.e., energy management, resilience), LDC (i.e., distribution capacity), and bulk system (i.e., capacity, ancillary services, etc.) • Opportunity to expand customer participation and streamline participation beyond current BTM storage opportunities • Supports integration of renewable energy	• Address bulk system needs • Address distribution system need / enable connection • Reduce GHG emissions • Provides demand flexibility • Grid resilience • Promote economic development • Secure Ontario's leadership in storage and smart technology sectors

Introduce Greater Customer Choice for Class B Customers through new Price Signals:

While not explicitly enabled by the eDSM framework, ESC would like to highlight the importance of providing greater customer choice and efficiency through improved customer pricing options. ESC recognizes the Ontario Energy Board's (OEB) Class B Dynamic Pricing initiative as an important step towards the evolution of Ontario's energy sector. It has the potential to optimise the efficiency of our electricity system, attract investment and deliver price stability for a wide range of economically important customer groups, and building types.

Recently, the OEB staff presented two price proposals for consideration to stakeholders:

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1. Non-RPP Time-of-Use (TOU1): Fixed Global Adjustment (GA) price depending on the period of day but does not vary by season.
2. Real-Time Price (RTP): Hourly GA price that correlates with Ontario demand.

The OEB had originally presented a total of eight pricing options, including critical peak pricing (CPP) options, but later determined not to bring them forward. We believe that the Critical Peak Pricing (CPP) model, initially proposed by the OEB will deliver the greatest benefits for system efficiency, and therefore deliver the lowest costs to customers over the medium and long-term. Whatever model is ultimately adopted,

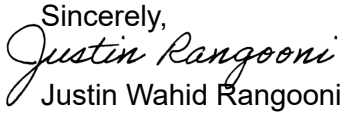
> *ESC strongly recommends sufficiently strong peaks (i.e. CPP) are available to incentivize Class B customers to drive material investments into behind the meter assets, or other load management systems.*

Conclusion

Thank you for the opportunity to provide input on the new eDSM framework. We believe that the province is proposing a long-term framework that could help to expand energy efficiency opportunities, help consumers lower their energy costs while also helping to offset investments in new, more expensive electricity infrastructure. The key now is to work with the right partners on programs with the right design that will resonate with consumers, and support future electricity system needs. As a representative of the storage industry, ESC is ready to provide feedback on the program design.

Please do not hesitate to reach out.

Sincerely,



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