

December 6, 2024

Gabriel Weeks
Ministry of Energy and Electrification
77 Grenville Street
Toronto, ON M7A 2C1

**RE: ERO 019-9373 New Proposal for An Electricity Energy
Efficiency Programming to Promote Beneficial Electrification**

To the Ministry of Energy and Electrification,

Hydro One Networks Inc. ("Hydro One") is Ontario's largest electricity transmission and distribution provider, with approximately 1.5 million distribution customers. In addition to Hydro One's support for the 2025-2036 Energy Efficiency Framework (EE Framework), Hydro One is supportive of Beneficial Electrification (BE) Programming. BE programs help enable consumer choice, including increasing ease of access to adopt innovative energy technologies such as electric vehicles (EVs) and heat pumps, drive decarbonization goals, and improve demand flexibility from behind the meter. As Ontario's largest distributor, Hydro One recommends the Government and the Independent Electricity System Operator (IESO) work closely with Hydro One on BE programming as customer needs grow and evolve over the 10-year EE Framework period. Information sharing between the IESO and the Ministry of Energy and Electrification (the Ministry) and Local Distribution Companies (LDCs) is critical to ensure continuous program improvement, in particular targeting customers that would benefit most from programming. Ultimately BE programs should enable customer choice and meet their decarbonization goals while providing affordability and reliability benefits to the grid.

Local Distribution Company Role

The Ministry's proposed 2025-2035 EE Framework proposes province-wide EE programming administered by the IESO, as well as local

programming designed by LDCs. We believe that BE is a logical extension of the existing EE framework, allowing for rapid market execution by leveraging the EE infrastructure currently in place. As with EE programming, it is imperative that the IESO work even more collaboratively with LDCs like Hydro One when designing and implementing BE programs to ensure the programs are keeping consumer impact top of mind. Local Distribution Companies (LDCs) are well positioned to deliver BE programming for a variety of reasons. Firstly, LDCs hold the most direct relationship with the customer – this includes the ability to seek feedback about their changing energy needs based on both consumption and billing history. Secondly, LDCs understand their geographic coverage, which enables them to serve customers very well through tailored services and programs to better meet evolving needs.

Beneficial electrification is a unique form of EE programming in that it, by definition, involves net load growth and not net load reduction. From a utility perspective, this matters because beneficial electrification is likely to have implications for local or regional planning – specifically, the potential to change capital investment plans. Utilities must be a direct partner in any beneficial electrification programming for that reason.

Types of Programming

BE programming should strategically target the most valuable and practical fuel switching opportunities. Approximately 30% of Hydro One customers currently receive heating from a fuel source other than electricity or gas. BE programming should help Ontarians currently heating their homes with propane, oil and wood convert to electric heat pumps, assist industrial customers in adopting innovative technology, and support farmers' adoption of electrified irrigation pumping. Enhanced incentives should be made available for income-eligible consumers, and specifically low-income customers, to support



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accessibility to BE programming, including heat pumps, solar and batteries. LDCs will develop local programming through the 2025-2035 EE framework that will result in bulk system and distribution system benefits. BE programming should complement and enhance these EE programs and aim to unlock demand-side benefits of electrified applications.

Please do not hesitate to reach out to me or Hydro One if you have any questions and would like to discuss.

Best,

A handwritten signature in cursive script, reading "Frank D'Andrea".

Frank D'Andrea

Vice President and Executive Lead, Enterprise Strategy and Energy Transition