

December 6, 2024

CLEAResult would like to thank the Ministry of Energy and Electrification (MOEE) for the opportunity to provide comments regarding the Environmental Registry of Ontario (ERO) proposal **019-9373**: New Proposal for Electricity Energy Efficiency Programming to Promote Beneficial Electrification (BE).

CLEAResult is a leading energy efficiency and sustainability consultancy that partners with governments, utilities, and businesses to design and implement programs that reduce energy consumption, lower costs, and promote environmental sustainability. Through our comprehensive suite of services, including demand side management (DSM) implementation, energy transition program design and delivery, and sustainability consulting services, CLEAResult enables clients to achieve measurable energy savings and carbon footprint reductions. With over 3,300 full-time energy efficiency professionals and 1,000 programs in market, CLEAResult is well positioned to provide recommendations on how the MOEE should consider BE programming as part of the Electric DSM (eDSM) Framework.

CLEAResult commends the MOEE on their extraordinary leadership and bold vision to transform Ontario to an “energy superpower”. Recent proposals, namely the 2025-2036 eDSM Framework and the Integrated Energy Resource Planning (IERP) proposal, are two important foundational items to support Ontario’s energy transition and economic development.

We believe the MOEE has appropriately determined that the eDSM Framework and electricity rates are the proper venues and funding source for BE programming. With this perspective in mind, CLEAResult has outlined several recommendations below for your consideration:

1. **BE Programming requires its own budget, target and focus**

a. **Recommendation:**

- i. Create a stand-alone BE portfolio of programs within the eDSM Framework.
- ii. The BE portfolio of programs should be delivered by the IESO’s Save on Energy banner.
- iii. The cost effectiveness screening criteria should be updated to accurately measure the total societal benefits of BE programs and should be measured at the eDSM portfolio level rather than program level.

b. **Context and Rationale:**

- i. BE programs should be treated as a distinct category within eDSM programs, similar to how programs are structured within the current 2021-2024 Conservation and Demand Management (CDM) Framework.
- ii. BE programs should have dedicated budgets and targets to ensure adequate focus and resources are allocated to drive results.
- iii. The IESO has consistently demonstrated its ability to deliver province-wide programs while achieving targets and adhering to strict budgets. The Save on Energy brand is well-recognized among business and households across the province and should continue to serve as the one-stop-shop for energy efficiency, BE and energy transition programming.

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- c. **Example:**
    - i. Jurisdictions that have incorporate BE programming into their energy efficiency portfolio/framework include but are not limited to New York, Massachusetts, Colorado and California.
- 2. **Enhanced programs and incentives for the Commercial and Industrial (C/I) sector**
  - a. **Recommendation:**
    - i. Create a stand-alone IESO Save on Energy C/I BE Retrofit program that incentivizes businesses to fuel switch from fossil fuel-based space heating, water heating and process load to high efficiency electric equipment and processes.
    - ii. Examples of retrofits that would be applicable to the C/I sector include:
      - 1. Electric air-source and ground-source heat pumps.
      - 2. Industrial heat pumps for low-to-moderate temperature processes.
      - 3. Heat recovery chillers and absorption chillers using renewable heat sources.
      - 4. Heat recovery Variable Refrigerant Flow (VRF) systems.
  - b. **Context and Rationale:**
    - i. There are approximately 300,000 C/I facilities in Ontario that rely on natural gas for space heating, water heating or process load.
    - ii. Many of these businesses aim to electrify their facilities over the next decade, with the remaining buildings following suite due to updated building codes and standards. This will add a considerable load to the electricity system.
    - iii. While businesses require financial and technical support to make energy-efficient decisions, this need has intensified in recent years due to economic uncertainty driven by the pandemic, high interest rates, and persistent inflation. Greater financial and technical assistance is essential to address the financial and knowledge barriers associated with the complexities of BE retrofits.
    - iv. Without robust BE programming, customers may opt to replace their natural gas heating systems with electric boilers rather than more efficient air-source heat pumps. It is crucial to have programs in place to guide customers and minimize missed opportunities for energy efficiency.
  - c. **Examples:**
    - i. Example of C/I BE programming include the ConEdison Clean Heat Program, the nationalgrid NYS Clean Heat Program, and the MassSave C/I Heat Pump Program.
- 3. **Low- and Moderate-Income households will be left behind without BE programming**
  - a. **Recommendation:**
    - i. Create a stand-alone IESO Save on Energy BE income-qualified heat pump program targeting single family private market and social housing homes, as well as social housing multi-residential buildings.
  - b. **Context and Rationale:**
    - i. Enbridge Gas and the IESO have been delivering income-qualified DSM programs ranging from basic measures, weatherization and HVAC retrofits.
    - ii. Currently, neither organization is incentivizing income qualified customers to electrify their fossil fuel-based heating and water systems to an efficient electric source (i.e.,

cold-climate heat pumps). While the IESO's Energy Assistance Program offers no cost heat pumps to electrically heated homes, a similar offering for natural gas heated homes does not exist.

- iii. CLEAResult applauds the MOEE's mandate for a "one-window" approach for residential program delivery and believe this approach should include a heat pump offering to all eligible customers, regardless of their primary heating source.

c. **Examples**

- i. Examples of successful programs currently in market include, the CleanBC Energy Savings Program Natural Gas, Oil and Propane to Heat Pump Rebate, New York State EmPower+, and Mass Save Income Eligible Heat Pump program.

4. **Province wide residential heat pump programs are needed in Ontario.**

a. **Recommendation:**

- i. Expand the IESO's current HomeEnergySaver program to be province wide, and include fossil fuel-based heating systems.
- ii. Expand the IESO's current Save on Energy Remote First Nations Energy-Efficiency Program to include electric ASHP measures for homes heated with electricity, fuel oil, propane and wood.

b. **Context and Rationale:**

- i. While fuel oil, propane and wood represent the minority of primary home heating type, these households carry a significant cost burden during an unprecedented affordability crises.
- ii. The conclusion of the Greener Homes Grant program (and associated HER+ program) in Ontario has created a significant gap in the market, leaving many Ontarians without the financial incentives needed to justify the costly upgrades.

c. **Examples:**

- i. Examples of similar programs include the Federal Oil to Heat Pump Affordability Program (OHPA), and the CleanBC Heat Pump rebates for households switching from natural gas, oil, propane, wood or electricity.

According to the IESO's 2025 Annual Planning Outlook (APO), electricity demand is forecasted to increase by 75% by 2050, driven by growth in the industrial sector, data centres, and the electrification of the built environment and transportation. Similar to traditional DSM programs, BE programming will play a crucial role in mitigating the impacts of this rising demand by incentivizing Ontarians to make the most energy-efficient choice when electrifying their businesses and homes.

Thank you for the opportunity to provide recommendations on this important and impactful topic.

Sincerely,



Ryan Shaw  
Senior Vice President - Canada

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