

Meeting Conservation & Demand Management Targets

CDM in a Sustainable Energy Future

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Ontario Energy Future

- By 2030, Ontario population expected to rise by 28%
- Economy will evolve in relation to high-tech and service industries
- Manufacturers will change the way they do business (technology advantages & global competition)
- Output of large industrial customers expected to grow moderately
- Electric cars - by 2020 1 in 20 vehicles will be electric

The Need for Conservation

- Ontario's Cheap(est) supply option
- Main tool available to customers for managing their bills
- Businesses competitive/keep jobs
- Reduces waste – more efficient
- Earning traction and yielding results for all customer types
- Emissions free
- Opportunity to leverage new smart grid technology for customer end-use
- Flexible planning (4-5 years v. ≥ 20 years)

CDM Targets

- Established by OEB for 4 year period 2011-2014
- Targets now included in Distribution Code
- Only savings from Distribution customers counts

<u>Targets</u>	<u>Energy</u>	<u>Demand</u>
Provincial	6000 GWh	1330 MW
HONI	1130 GWh	214 MW
HONI %	19%	16%

Tools Available to Meet Targets

Funding and Program Design

- 4 year funding period from OPA - 2011-2014
- \$1.4B Total; HONI ~\$200 M
- programs “jointly” designed by OPA and LDCs
- LDCs contract with OPA to deliver programs
- Commercial and Industrial programs largely operated by LDCs
- Residential/mass market programs usually operated centrally by OPA

CDM Residential & Small Business Programs: *Key to Managing Bills*

Suite of Programs

- Fridge & Freezer Pickup
- Heating & Cooling Incentive
- Bi-annual Retail Coupon Events
- Appliance Exchange Events
- Year-round coupons (2011)
- Peaksaver (residential demand response)
- New Construction
- Home Assistance Program (low income)
- Community Events

CDM Commercial and Industrial Programs: *Key for Business Competitiveness and Efficiency*

Commercial Programs

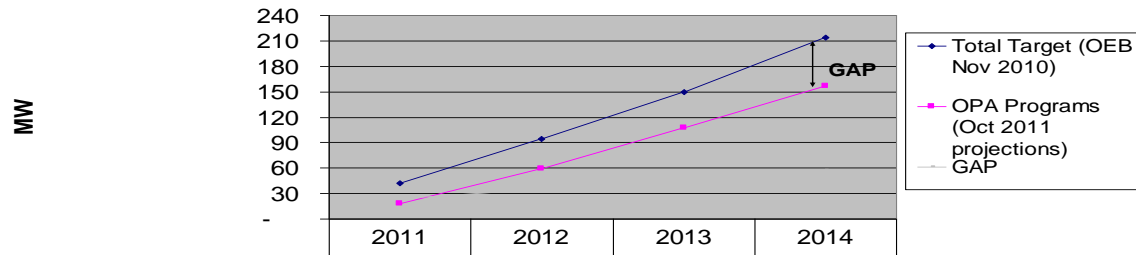
- Small Business Lighting
- Retrofit Program
- High Performance New Construction
- Audit Funding
- Retro-Commissioning

Industrial Programs

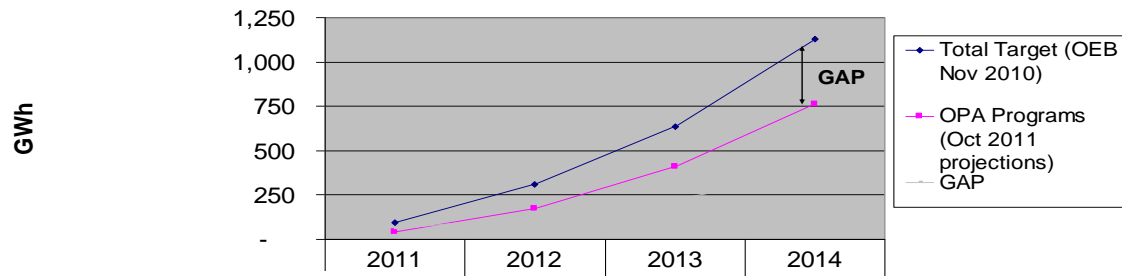
- Process and Systems Upgrade
 - Load displacement generation
- Demand Response
 - DR1
 - DR3
- Retrofit Program - Industrial
- Audit Funding
- High Performance New Construction

Results Forecast 2011-14

Demand Projections Risk Analysis



Energy Projections Risk Analysis



Why The Gap?

May differ from one LDC to another, but generally 2011 is a transitional year:

- Regulatory clarity (Guidelines finalized April 2012)
- Board-Approved Programs facing challenging duplication test
- TOU results not yet available
- Late OPA program delivery to market - LDCs delivered on “available” programs
- Lead time of 3-6 months for procurement
- Programs with no customer uptake
- Promise of new programs yet to be delivered

Progress-to-Date

- **Customers Demanding Fuller Suite of Programs**
 - Reaching good participation levels
 - Need innovation - old programs are saturated

- **Convergence of Gas and Electricity**
 - LDCs working with Enbridge (and Union) to deliver New Construction Program
 - Hydro One, Union Gas (& Enbridge) collaborating on key account management

- **Outsource to Third Party is Working Well**
 - LDCs contracting vendors to deliver CDM
 - Creates quality private sector jobs

- **Sales Funnels filling up with prospects and potential projects**
 - Momentum increasing
 - Opportunities for customers, LDCs, gas companies, CDM vendors, aggregators, etc. increasing

Will LDCs Meet Their Targets??

- Targets are challenging (net vs. gross)
- Results differ among LDCs given customer base/uptake
- 2011 – a transitional year with less than full results
- 2014 is fast approaching: more work needed quickly to ensure success (OPA, OEB, LDCs)

Next Steps

OPA:

- Deliver new programs very soon
- Reassign targets and funding associated with poorly performing programs
- Provide user friendly administration and processes
- Encourage timely adoption of tested new technologies/measures
- Support timely change management process

OEB:

- Extend target date beyond 2014 to offset transitional year
- Support Board Approved Programs
- Oversight of OPA's CDM role

LDCs:

- Expand collaboration among LDCs and other utilities
- Full delivery of all OPA programs in market

Thanks

Questions?