



**ENERGY SERVICES  
ASSOCIATION  
OF CANADA**

PROMOTING  
PERFORMANCE  
BASED SOLUTIONS

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Re: EBR Registry # 011-9490 (Making Choices: Reviewing Ontario's Long term Energy Plan) and EBR Registry # 011-9614 (Conservation First: A Renewed Vision for Conservation in Ontario)

Dar Ms. Green and DiTullio:

The Energy Services Association of Canada was pleased to have participated in the July 31<sup>st</sup>, 2013 roundtable to discuss - Ontario's Long Term Energy Plan (LTEP). We have reviewed the LTEP, the OPA's *Status, Outlook and Options for Electricity Service* in support of the 2013 LTEP Consultation as well as *Conservation First: A Renewed Vision for Energy Conservation in Ontario* (CF).

The following are our comments on both that we hereby submit to the Environmental Registry.

We strongly support the review of the LTEP and the focus on putting conservation first by stating that the vision is "to invest in conservation, before new generation, where cost-effective". This is a huge improvement over the previous version of the LTEP where the discussion on conservation is near the end of the plan. We would also like to complement the government on including discussion of natural gas and oil, making this a much more comprehensive plan than the earlier version which dealt exclusively with electricity. Below are our comments on how we believe the LTEP may be improved even further.

- **Benefits of Conservation** – Although the LTEP and the Ministry's "The Value of Conservation" diagram focus on the fact that conservation is less expensive than new generation, we would suggest that the LTEP and the CF also note that conservation is labour-intensive with the majority of this labour being local. A report for OPA estimated that the conservation initiatives to achieve the 6,300 MW target in their Integrated Power System Plan would result in a net increase of more than 50,000 person-years of employment (Indeco/Econometric Research "The Employment Impacts of Energy Conservation", OPA, 2008).
- **Demand Targets** – We note that the LTEP only refers to the earlier conservation potential in terms of energy use or TWh and does not include the demand target of 7,100 MW by 2030 that was included in the previous LTEP. ***We believe that both consumption reduction and demand reduction are important and that targets need to be set for both.***

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- **Interim Targets** – Unlike the previous LTEP, there is no mention of interim targets. We believe that these are essential to be able to properly evaluate progress made to date and to make corrections/revisions as necessary. *We believe the need for 5 year targets, as were contained in the previous LTEP, are appropriate.*
- **Conservation Targets** The initial conservation generation reduction target of 13TWh (8% of projected generation in 2015 without conservation) is much less ambitious. *We Believe that the initial conservation capacity reduction target of 4,450 MW (15% of peak demand projected in 2015 without conservation) for the period 2005-2015 is ambitious but achievable.* We also note that the previous interim targets drop considerably over the next five year periods: 1,290 MW/8 TWh for 2015-2020, 860 MW/4 TWh for 2021-2025 and 400 MW/3 TWh for 2026-2030. *These are much less ambitious and it has estimated that this would place Ontario behind at least 17 other states according to the methodology used by ACEEE, according to a recent report (Mallinson, “Electricity Conservation in Ontario: Assessing a System in Progress”, York University, 2013).*
- **Sector Targets** – Unlike the previous LTEP this Plan does not include sector targets. *We are in general agreement with the previous LTEP that the commercial sector (which we assume also includes institutions) can make the largest contribution and the 50% estimate from that Plan appears likely.*
- **Natural Gas and Oil Conservation** – The section on natural gas should include a discussion of the progress that has been made by the gas distribution utilities in Ontario in conservation as well as their future targets. *We believe that the section on electricity, like the section of the report on natural gas and oil should also include long term conservation targets.*
- **Initiatives to Achieve Conservation Targets** – We believe it would be useful to include in both the LTEP and CF a discussion of initiatives that will be necessary to achieve the conservation targets with a target for each initiative. Examples would include the role of codes/standards, other potential policies such as carbon pricing, rate-payer funded incentive programs, information/labelling programs, etc.
- **Leadership by Government and Broader Public Sector** – The private sector as well as individuals look for and expect to see that its government and the agencies that it is responsible for are clear leaders. *We would strongly recommend that the government include specific targets (both short and long term) for its own facilities as well as those of the Broader Public Sector which includes Municipalities, Universities/College, Schools and Health Care facilities (MUSH).*

In response to the 33 consultation questions in CF, we offer the following on 6 of these questions:

6. **Opportunities to help consumers finance energy-efficiency improvements** – Energy Performance Contracts (EPC) have been successfully used for over 20 years to finance energy-efficiency retrofits. This has proven a very effective way to transfer the technical and financial risks associated with such projects from facility owners/managers to private Energy Service Companies (ESCOs) with the savings guaranteed to payback the capital expenditure over the term of the contract. While most of such projects in the past have been for public-sector buildings in the MUSH sector, there have also been successful projects in both commercial and Multi Unit Residential Buildings (MURBs). Examples of projects that have used this type of contact can be found at [www.energyservicesassociation.ca](http://www.energyservicesassociation.ca)

**8. What innovative programs could help capture conservation potential** – We recommend programs that would encourage institutional, commercial and MURB building owners to use EPCs to finance and guarantee their energy efficiency improvements. In particular, we would recommend consideration be given to developing the following two programs; a Conservation Revolving Fund and a Corporate Leaders Program that puts major corporations in competition for achieving conservation targets. We would further suggest coordinating efforts to reduce challenges of dealing with multiple LDCs across different jurisdictions.

**13. Value in sector targets** – As noted in the fifth point above, there is great value in establishing sector targets with interim targets to measure progress against these targets.

**14. Targets for MUSH Sector** – As noted in the last point above, the private sector as well as individuals expect the government and its agencies in the Broader Public Sector to be leaders. One of the best ways to demonstrate this leadership is to set aggressive targets for government/agency buildings and ensure that they are met or exceeded.


**17. Roles and responsibilities of private sector** – ESCO's have a critical role in helping achieve Ontario's energy conservation targets through the broader use of Energy Performance Contracts.

**19. How should conservation be funded** – As conservation can benefit the entire electricity system, it should continue to be funded through the Global Adjustment Mechanism (GAM) with consideration given to having this charge vary by time-of-use, as is currently being investigated by IESO.

In conclusion, we understand that various organizations and agencies will play important roles in achieving the province's conservation objectives. We strongly support the major role of Energy Service Companies who provide Energy Performance Contracts that transfer the technical and financial risks associated with energy retrofits to the private sector through Performance Guarantees. We would welcome the opportunity to discuss these suggestions in greater detail.

By way of background, the Energy Services Association of Canada was formed in August 2010 to promote Performance Based Solutions. Its eight founding members are Ainsworth, Ameresco, Direct Energy, Honeywell, Johnson Controls, MCW Custom Energy Solutions, Siemens and Trane. Together, these companies represent more than 90% of the \$450 million/year Energy Performance Contracting business in Canada. Further information can be found at [www.energyservicesassociation.ca](http://www.energyservicesassociation.ca).

Yours truly,



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President

Cc. The Hon. Bob Chiarelli, Minister of Energy  
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