

Ministry Comments

A Healthy, Happy, Prosperous Ontario

Why we need more energy conservation

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Introduction

The Ontario government ministries and agencies addressed in the report (Independent Electricity System Operator, Ministry of Energy, Northern Development and Mines, Ministry of the Environment and Climate Change, Ministry of Municipal Affairs and Housing, Ministry of Transportation, Ontario Energy Board) were invited to provide a formal response to A Healthy, Happy, Prosperous Ontario: why we need more energy conservation. The Ministry of Energy, Northern Development and Mines, the Ministry of the Environment, Conservation and Parks and the Ministry of Municipal Affairs and Housing elected to provide formal responses, which are presented on the following pages.

**Ministry of Energy,
Northern Development
and Mines**

Office of the Deputy Minister of Energy

77 Grenville Street, 10th Floor
Toronto, ON M5S 1B1
Tel: 416-327-6758
Fax: 416-327-6755

**Ministère de l'Énergie,
du Développement du Nord
et des Mines**

Bureau du sous-ministre de l'Énergie

77, rue Grenville, 10^e étage
Toronto, ON M5S 1B1
Tél. : 416-327-6758
Télééc. : 416-327-6755



March 25, 2019

D. Saxe
Environmental Commissioner of Ontario
605–1075 Bay Street
Toronto, ON
M5S 2B1

Dear Dr. Saxe:

Re: 2019 Energy Conservation Progress Report

Thank you for providing the opportunity to respond to your 2019 Energy Conservation Progress Report. We welcome and thank you for your thoughtful advice.

As your report recognizes, improvements in energy efficiency are holding energy use in the province relatively flat, despite population and economic growth, helping avoid the need for new energy supply and distribution infrastructure.

A top priority of this government is to reduce electricity bills by 12 per cent for families, farms and small businesses. To that end, government is continuing to take steps to reduce costs and provide electricity rate relief for Ontarians.

With respect to your recommendations, I am pleased to provide the following information.

Delivering Efficient Electricity Conservation

As was announced on March 21, 2019, the government is taking action to help refocus current conservation and demand management efforts on the most-cost effective programs and delivery models that drive energy efficiency and meet system needs. These changes will lower system costs and reduce electricity rates for medium- to large-sized businesses.

As part of this effort, the government is winding down the current conservation and demand management framework and establishing a scaled-down centrally delivered framework for conservation programs for the balance of 2019 and 2020.

This interim framework, delivered by the Independent Electricity System Operator (IESO), will focus programs on commercial, institutional and industrial customers, while also providing support for Ontario's vulnerable populations through programs for low-income consumers and on-reserve First Nations communities. There will also be an opportunity for Local Distribution Companies (LDCs) to apply to the IESO for limited funding to deliver cost-effective conservation programs in their service territories.

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Further, the IESO is expected to present a Conservation and Demand Management (CDM) Plan to the Ministry that would provide details on the programs and budgets. The CDM plan is also expected to include specific targets for electricity and demand savings. I would also note that electricity savings from the interim framework when combined with savings already achieved and savings from wind down activities are expected to achieve 94 per cent of the target set by the 2015-2020 CDM framework.

Reducing Use of Fossil Fuels

As you are aware, the Ministry of Environment, Conservation and Parks' draft Environment Plan, published in November 2018, includes initiatives to conserve energy in homes and buildings to cut costs and reduce emissions. Specifically, the plan commits to working with the Ontario Energy Board (OEB) and natural gas utilities to increase cost-effective natural gas conservation.

Enbridge Gas Distribution and Union Gas are currently delivering conservation programs as part of the 2015-2020 Demand Side Management (DSM) Framework, which has established specific targets to be achieved over the Framework period. The OEB is expected to begin development of the post-2020 DSM framework in early 2019. As a key input to the process, the OEB is working with the IESO on an integrated 2019 achievable potential study, which is expected to be submitted to the Minister by September 2019.

Additionally, Ontario's energy and water efficiency regulation sets/adopts efficiency standards for a wide range of products, including those using electricity, natural gas, oil or propane, and found in the residential, commercial and industrial sectors. Ontario's efficiency standards are among the highest in North America, harmonized with standards of leading North American jurisdictions for many products. Ontario is collaborating with federal, provincial and territorial governments on market transformation initiatives for space heating and water heating products since they offer significant opportunities to reduce fossil fuel use when next-generation technologies are installed.

Again, we thank you for your detailed report and your consideration of this sector. We look forward to continuing to advance our work on conservation.

Sincerely,

Stephen Rhodes
Deputy Minister of Energy

Ministry of the Environment, Conservation and Parks**Response to ECO energy report****March 26, 2019**

Dear Dr. Saxe,

Thank you for providing the Ministry of the Environment, Conservation and Parks with the opportunity to review and respond to your 2019 Energy Conservation Progress Report. I thank you for your thorough and thoughtful report.

I specifically note your recommendation that “the Ministry of Energy, Northern Developments and Mines and the Ministry of Environment, Conservation and Parks support and increase the use of third-party financing options for energy efficiency renovations, such as municipal Local Improvement Charge programs, utility on-bill financing, and the use of the Ontario Carbon Trust”.

We agree that these are useful tools in our effort to reduce emissions in Ontario and we will consider how to best use them as we move forward with our proposed Emissions Reduction Fund.

Thank you for reporting on the effectiveness to date of key program responsibilities of the Ministry of the Environment, Conservation and Parks including:

- Current, and proposed future amendments to the Ethanol in Gasoline regulation
- OPS energy conservation targets and targets for electric vehicles in the OPS.

While we do not agree that carbon pricing is the only means of lowering greenhouse gas emissions, Ontario remains committed to reducing greenhouse gas emissions, fighting climate change and protecting our environment without a carbon tax.

That’s why, in November 2018, we released our proposed made-in-Ontario environment plan. The plan will help protect our air, land and water, address litter and reduce waste, support Ontarians to continue to do their share to reduce greenhouse gas emissions, and help communities and families prepare for climate change.

Our plan reflects our continued commitment to addressing Ontario’s environmental challenges, including climate change, in a way that considers our province’s specific priorities, region-based challenges and opportunities, and that respects hardworking taxpayers.

Throughout our plan, we propose solutions that ensure Ontario has both a healthy environment and a healthy economy. Solutions such as our proposed emissions performance standards will help us achieve Ontario's share of our emission reduction targets, while recognizing the unique circumstances of our economy.

We will recognize and give credit for the heavy lifting Ontario families have already done to reduce emissions – particularly through higher electricity bills.

The government has taken early action and made commitments to improve access to more affordable, cleaner energy for Ontarians and businesses. This includes our commitment to lowering hydro rates by 12% for families, farmers and small businesses.

Through sacrifice and efforts of individuals and industry, Ontario has already reduced our greenhouse gas emissions by 22% below 2005 levels.

We are confident that Ontario's plan will set us on the right course to achieving our target of reducing Ontario's GHG emissions by 30% below 2005 levels, without a carbon tax.

I want to take this opportunity to thank you personally for your hard work and dedicated service in your role as Environmental Commissioner of Ontario.

Sincerely,

Serge Imbrogno
Deputy Minister

MMAH: 2019 ECO Energy Conservation Progress Report

Volume	Chapter(s)	Section(s)	ECO Comment	MMAH Formal Reply
2019 Energy Conservation Report December Draft	Ch. 3 Older Homes: The Renovation Opportunity	3.4 Conclusion	<p>The Building Code sets minimum levels of efficiency in renovated homes.</p> <ul style="list-style-type: none"> • The ECO recommends that the Ministry of Municipal Affairs and Housing amend the Building Code to include energy efficiency requirements for renovations. (p. 123) 	<p>The Building Code currently has energy efficiency requirements related to new buildings as well as renovations.</p> <p>The Ministry supports efforts that would continue to improve the energy efficiency requirements of buildings and will look to do so as we move to increased harmonization with the National Building Codes.</p>
2019 Energy Conservation Report December Draft	Ch. 3 Older Homes: The Renovation Opportunity	3.4 Conclusion	<p>Renovation professionals have energy efficiency capacity and expertise.</p> <ul style="list-style-type: none"> • The ECO recommends that the Ministry of Municipal Affairs and Housing work with the building industry to increase the industry’s capacity to perform and promote high-quality energy efficiency renovations via training, certification, and industry collaboration. (p. 123) 	<p>While the Ministry does not deliver training to builders, there is an existing qualification and registration program required for building code practitioners such as building officials, designers, and registered code agencies so they are able to design and implement the energy efficiency requirements of the Building Code.</p> <p>Ensuring building code practitioners have the tools to deliver the Building Code system is a priority and an area we will continue to look for ways to improve.</p>