

EB-2014-0324

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, (Schedule B);

AND IN THE MATTER OF a Minister's Directive issued by the Minister of Energy, to the Ontario Energy Board, pursuant to sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998* and approved by the Lieutenant Governor in Council on March 26, 2014 as Order in Council No. 467/2014;

AND IN THE MATTER OF a proceeding under section 74 of the *Ontario Energy Board Act, 1998* amending all electricity distributor licences.

BEFORE: Rosemarie Leclair
Chair and Presiding Member

Ken Quesnelle
Vice-Chair and Member

DECISION AND ORDER

December 18, 2014

On March 31, 2014, the Ontario Energy Board (the "Board") received a directive issued by the Minister of Energy, pursuant to sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998* (the "Act"). The directive was approved by the Lieutenant Governor in Council as O.C. No. 467/2014 (the "Directive").

The Directive requires the Board to amend the licences of all licensed electricity distributors, without holding a hearing, to include conditions prescribing the conservation and demand management ("CDM") targets that licensed electricity distributors will be required to meet during the period January 1, 2015 to December 31, 2020.

The Board is issuing this Decision and Order to implement the Directive.

The Minister of Energy is authorized, pursuant to section 27.1(1) of the Act, to direct the Board to take steps in promoting “energy conservation, energy efficiency, load management or the use of cleaner energy sources, including alternative and renewable energy sources”.

The Minister of Energy is also authorized, pursuant to section 27.2(1) of the Act, to direct the Board to take steps in establishing conservation and demand management targets to be met by distributors.

In each of the aforementioned instances, the Minister of Energy may specify, in accordance with section 27.2(7) of the Act, whether or not the Board is to hold a hearing.

The relevant portions of the Directive provide as follows:

1. The Board shall, in accordance with the requirements of this Directive and without holding a hearing, amend the licence of each licensed electricity distributor ("Distributor") to establish the following as the CDM target to be met by the Distributor:
 - i. add a condition that specifies that the Distributor shall, between January 1, 2015 and December 31, 2020, make CDM programs available to customers in its licensed service area and shall, as far as is appropriate and reasonable having regard to the composition of the Distributor's customer base, do so in relation to each customer segment in its service area ("CDM Requirement");
 - ii. add a condition that specifies that such CDM programs shall be designed to achieve reductions in electricity consumption;
 - iii. add a condition that specifies that the Distributor shall meet its CDM Requirement by:
 - a) making Province-Wide Distributor CDM Programs, funded by the Ontario Power Authority (the "OPA"), available to customers in its licensed service area;
 - b) making Local Distributor CDM Programs, funded by the OPA, available to customers in its licensed service area; or
 - c) a combination of (a) and (b); and

- iv. add a condition that specifies the Distributor shall, as far as possible having regard to any confidentiality or privacy constraints, make the details and results of Local Distributor CDM Programs available to other Distributors upon request.
2. Despite paragraph 1, the Board shall not amend the licence of any Distributor that meets the conditions set out below:
 - i. with the exception of embedded distributors, the Distributor is not connected to the Independent Electricity System Operator ("IESO")-controlled grid; or
 - ii. the Distributor's rates are not regulated by the Board.

In accordance with the Directive, the Board finds, without holding a hearing, that it is required to amend the electricity distribution licence of each licensed electricity distributor (except for those specified in section 2 of the Directive). The amendments shall be made as set out in the Board's Order below.

A complete copy of the Directive is attached to this Decision and Order as Appendix A.

THE BOARD THEREFORE ORDERS THAT:

1. The licence of each licensed electricity distributor (except a distributor that meets the conditions set out in section 2 i and ii of the Directive) be amended, by December 31, 2014, to include the following new conditions:
 - i. The Licensee shall, between January 1, 2015 and December 31, 2020, make CDM programs, available to customers in its licensed service area and shall, as far as is appropriate and reasonable having regard to the composition of its customer base, do so in relation to each customer segment in its service area ("CDM Requirement").
 - ii. The CDM programs referred to in item (i) above shall be designed to achieve reductions in electricity consumption.
 - iii. The Licensee shall meet its CDM Requirement by:
 - a) making Province-Wide Distributor CDM Programs, funded by the Ontario Power Authority (the "OPA"), available to customers in its licensed service area;

- b) making Local Distributor CDM Programs, funded by the OPA, available to customers in its licensed service area; or
 - c) a combination of (a) and (b).
- iv. The Licensee shall, as far as possible having regard to any confidentiality or privacy constraints, make the details and results of Local Distributor CDM Programs available to other licensed electricity distributors upon request.
 - v. The Licensee shall, as far as possible having regard to any confidentiality or privacy constraints, make the details and results of Local Distributor CDM Programs available to any other person upon request.
 - vi. The Licensee shall report to the OPA the results of the CDM programs in accordance with the requirements of the licensee's "CDM-related" contract with the OPA.

DATED at Toronto, December 18, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

to

Decision and Order dated December 18, 2014

EB-2014-0324

Order in Council No. 467/2014

and

Minister of Energy's Directive to the Ontario Energy Board



Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS the government adopted a policy of putting conservation first in its 2013 Long-Term Energy Plan, *Achieving Balance*.


AND WHEREAS it is desirable to achieve reductions in electricity consumption and natural gas consumption to assist consumers in managing their energy bills, mitigating upward pressure on energy rates and reducing air pollutants, including greenhouse gas emissions, and to establish an updated electricity conservation policy framework ("Conservation First Framework") and a natural gas conservation policy framework.

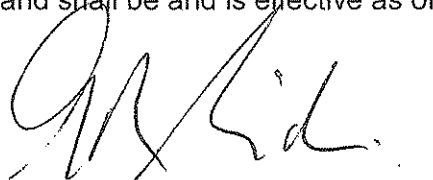
AND WHEREAS the Minister of Energy intends to issue a direction to the Ontario Power Authority to require that it undertake activities to support the Conservation First Framework, including the funding of electricity distributor conservation and demand management programs.

AND WHEREAS the Minister of Energy may, with the approval of the Lieutenant Governor in Council, issue directives under section 27.1 of the *Ontario Energy Board Act, 1998* in order to direct the Board to take steps to promote energy conservation, energy efficiency, load management or the use of cleaner energy sources, including alternative and renewable energy sources.

AND WHEREAS the Minister of Energy may, with the approval of the Lieutenant Governor in Council, issue directives under section 27.2 of the *Ontario Energy Board Act, 1998* in order to direct the Board to take steps to establish conservation and demand management targets to be met by electricity distributors and other licensees.

NOW THEREFORE the Directive attached hereto is approved and shall be and is effective as of the date hereof.

Recommended 
Minister of Energy

Concurred 
Chair of Cabinet

Approved and Ordered MAR 26 2014
Date


Lieutenant Governor

MINISTER'S DIRECTIVE

TO: THE ONTARIO ENERGY BOARD

I, Bob Chiarelli, Minister of Energy, hereby direct the Ontario Energy Board (the "Board") pursuant to my authority under sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998* (the "Act") to take the following steps to promote electricity conservation and demand management ("CDM") and natural gas demand side management ("DSM"):

1. The Board shall, in accordance with the requirements of this Directive and without holding a hearing, amend the licence of each licensed electricity distributor ("Distributor") to establish the following as the CDM target to be met by the Distributor:
 - i. add a condition that specifies that the Distributor shall, between January 1, 2015 and December 31, 2020, make CDM programs available to customers in its licensed service area and shall, as far as is appropriate and reasonable having regard to the composition of the Distributor's customer base, do so in relation to each customer segment in its service area ("CDM Requirement");
 - ii. add a condition that specifies that such CDM programs shall be designed to achieve reductions in electricity consumption;
 - iii. add a condition that specifies that the Distributor shall meet its CDM Requirement by:
 - a) making Province-Wide Distributor CDM Programs, funded by the Ontario Power Authority (the "OPA"), available to customers in its licensed service area;
 - b) making Local Distributor CDM Programs, funded by the OPA, available to customers in its licensed service area; or
 - c) a combination of (a) and (b); and
 - iv. add a condition that specifies the Distributor shall, as far as possible having regard to any confidentiality or privacy constraints, make the details and results of Local Distributor CDM Programs available to other Distributors upon request.
2. Despite paragraph 1, the Board shall not amend the licence of any Distributor that meets the conditions set out below:
 - i. with the exception of embedded distributors, the Distributor is not connected to the Independent Electricity System Operator ("IESO") – controlled grid; or
 - ii. the Distributor's rates are not regulated by the Board.
3. The Board shall establish CDM Requirement guidelines. In establishing such guidelines, the Board shall have regard to the following objectives of the government in addition to such other factors as the Board considers appropriate:

- i. that the Board shall annually review and publish the verified results of each Distributor's Province-Wide Distributor CDM Programs and Local Distributor CDM Programs and report on the progress of Distributors in meeting their CDM Requirement;
 - ii. that CDM shall be considered to be inclusive of activities aimed at reducing electricity consumption and reducing the draw from the electricity grid, such as geothermal heating and cooling, solar heating and small scale (i.e., <10MW) behind the meter customer generation. However, CDM should be considered to exclude those activities and programs related to a Distributor's investment in new infrastructure or replacement of existing infrastructure, any measures a Distributor uses to maximize the efficiency of its new or existing infrastructure, activities promoted through a different program or initiative undertaken by the Government of Ontario or the OPA, such as the OPA Feed-in Tariff (FIT) Program and micro-FIT Program and activities related to the price of electricity or general economic activity; and
 - iii. that lost revenues that result from Province-Wide Distributor CDM Programs or Local Distributor CDM Programs should not act as a disincentive to Distributors in meeting their CDM Requirement.
4. The Board shall establish a DSM policy framework ("DSM Framework") for natural gas distributors whose rates are regulated by the Board ("Gas Distributors"). In establishing the DSM Framework, the Board shall have regard to the following objectives of the government in addition to such other factors as the Board considers appropriate:
 - i. that the DSM Framework shall span a period of six years, commencing on January 1, 2015, and shall include a mid-term review to align with the mid-term review of the Conservation First Framework;
 - ii. that the DSM Framework shall enable the achievement of all cost-effective DSM and more closely align DSM efforts with CDM efforts, as far as is appropriate and reasonable having regard to the respective characteristics of the natural gas and electricity sectors;
 - iii. that Gas Distributors shall, where appropriate, coordinate and integrate DSM programs with Province-Wide Distributor CDM Programs and Local Distributor CDM Programs to achieve efficiencies and convenient integrated programs for electricity and natural gas customers;
 - iv. that Gas Distributors shall, where appropriate, coordinate and integrate low-income DSM Programs with low-income Province-Wide Distributor CDM Programs or Local Distributor CDM Programs;
 - v. that the Board shall annually review and publish the verified or audited results of each Gas Distributor's DSM programs;
 - vi. that an achievable potential study for natural gas efficiency in Ontario should be conducted every three-years, with the first study completed by June 1 2016, to inform natural gas efficiency planning and programs. The achievable potential

study should, as far as is appropriate and reasonable having regard to the respective characteristics of the natural gas and electricity sectors, be coordinated with the OPA with regard to the OPA's requirement to conduct an electricity efficiency achievable potential study every three-years;

- vii. that DSM shall be considered to be inclusive of activities aimed at reducing natural gas consumption, including financial incentive programs and education programs; and
 - viii. that lost revenues resulting from DSM programs should not act as a disincentive to Gas Distributors in undertaking DSM activities.
5. By January 1, 2015, the Board shall have considered and taken such steps as considered appropriate by the Board towards implementing the government's policy of putting conservation first in Distributor and Gas Distributor infrastructure planning processes at the regional and local levels, where cost-effective and consistent with maintaining appropriate levels of reliability.
 6. Nothing in this Directive shall be construed as directing the manner in which the Board determines, under the *Ontario Energy Board Act, 1998*, rates for Gas Distributors or for Distributors, including in relation to applications regarding regional or local electricity demand response initiatives or infrastructure deferral investments.