

# Gearing up for the Green Energy Act: the

While LDCs await regulations and Ministerial direction on the *Green Energy Act, 2009* (GEA) and conservation, are there preparatory actions LDCs should take to get ready? In addition to continuing to participate in discussions on the GEA through the EDA CDM Caucus, there are four main actions that LDCs should take. We discuss these actions within the context of the GEA and conservation and demand management (CDM), and the uncertainty surrounding the roles of the LDC.



Under the GEA the Minister of Energy and Infrastructure (MEI) will issue a directive to the OEB to establish CDM targets that distributors must meet, likely as a condition of the LDC license. When this occurs, the stewardship of CDM for LDCs will shift from the OPA to the OEB. The OEB, with advice from the OPA, will determine what portion of the LDC's target the LDC will meet through contracting with the OPA for delivering province wide programs and what portion of the target the LDC will meet by delivering programs in its own service area. This shift in stewardship will herald a greater potential opportunity for LDCs to design and deliver CDM programs tailored to their local customer needs. Although it is unlikely that we will return to the plethora of programs in LDC portfolios of the 'third tranche' days, as government direction favours program consolidation, the opportunity for more LDC driven programming signals a return to greater LDC creativity and greater diversity of LDC programming.

## GEA offers LDCs a stronger role in conservation and demand management

In the current CDM framework, the Ontario Power Authority (OPA) drives electricity conservation and the LDCs act primarily as an OPA delivery agent – a program administrator of standard OPA provincial programs for LDCs. The LDC applies to the OPA to deliver one or more standard OPA programs and the OPA approves the application, resulting in a

contract between the LDC and the OPA, which includes the LDC's budget and target. While the OPA offers a custom program, to which LDCs can apply to deliver niche programs in their service territories, the OPA has approved only a small number of these. LDCs also have the option to apply to the Ontario Energy Board (OEB) for rate-based funding of CDM, however, few LDCs have selected this option because of the additional pressure on customer distribution rates that this funding causes.

## LDCs and other major players need policy direction to clarify roles

The GEA also gives a stronger mandate in CDM to MEI. For example, MEI can fund conservation programs aimed at:

- decreasing the consumption of two or more fuels;
- fuel-switching;

# LDC and CDM

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- decreasing peak electricity demand;
- R&D related to conservation or efficient use of fuels; and
- a specific geographical, social, income or other sector.

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These program areas overlap to varying degrees with work already begun by the OPA and work in low-income CDM initiated by the OEB. Once the CDM components of the GEA take effect, the major players – MEI, OEB, OPA, and LDCs – will need government policy direction to clarify roles to avoid unnecessary duplication of effort and achieve energy savings as quickly as possible.

## What LDCs should do now to prepare for the CDM shift

In this uncertain environment, there are four main actions that LDCs should take to increase their readiness for the impending

changes in the CDM framework. The first action that LDCs should take is to continue to deliver OPA standard programs that provide value to their customers. Continuity is important for sustaining customer interest in CDM, for meeting customer expectations, and for keeping CDM staff finely tuned. The second action is to provide enhanced CDM training for CDM staff and for staff whose functions overlap with CDM such as customer service representatives and regulatory staff. Enhanced training will increase the readiness of the LDC's staff to handle a larger CDM role. The third action is to carry out market research to identify market segments that could be served more effectively by local CDM programming. For example, there may be a need for a program for seniors or other hard to reach customers on electric baseboard heating to access incentives to purchase electric thermal storage units; or there may be a need to provide financing or other capital assistance to help the light industrial sector overcome barriers to lighting retrofits. The fourth action is to begin to work with the LDC's municipal shareholders to help them get ready for the GEA regulation that will require each municipality to prepare a CDM plan and achieve prescribed targets. Ultimately, this could lead to partnerships in local CDM programs to help achieve the municipal targets.

This shift in stewardship will herald a greater potential opportunity for LDCs to design and deliver CDM programs tailored to their local customer needs.

Taking these actions now will help LDCs gear up for when the GEA CDM components launch. ■

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