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REMARKS

Gord Miller, Environmental Commissioner of Ontario 2011 Energy Conservation Progress Report (Volume Two)

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Check Against Delivery

In Ontario, it seems we want cheap electricity without burning coal or building natural gas-fired peaking plants. Some people don't want nuclear plants and others don't want wind turbines. We are totally pre-occupied by battles over what we don't want placed here, there or anywhere. Yet, the one proven solution that can give all protagonists exactly what they want is the one that we ignore and neglect. The cheapest and least disruptive unit of electricity available to us is not new generation, but rather the watts already generated but made available for use because of energy efficiency and conservation. In 2011, Ontario got use of 605,000,000 kWh of electricity for just 3 cents per kWh through its conservation programs, the cheapest form of new electricity. And, there is a much greater opportunity to save even more in the coming years.

Today I have released the second volume of my Annual Energy Conservation Report - Restoring Balance which presents my assessment of the government's progress in meeting its various targets in overall electricity consumption and peaking levels. There is some good news and there are some fumbles, and opportunities lost and others potentially lost.

For the big project, the Ontario-wide conservation programs that are being delivered by the Local Distribution Companies from January 1, 2011 to December 31, 2014, there are two targets: one for total GWhs of electricity saved, and one for the reduction of peak demand. The numbers look pretty good for the first year. The 605 million kWh of savings that were achieved in 2011 means that, when you do the math, 40% of the overall 4 year electricity consumption target has been reached. For the target to reduce peak load by 1,330 megawatts 16% of the 4 year target has been achieved. So if this level of activity is sustained in the years after 2011, it looks like they will meet their energy consumption target by 2014 but will have to improve on peak reduction to make their goal. Perhaps the government would be wise to reconsider my long-standing recommendation to increase the spread on the time-of-use rates between peak and off-peak from the present 2:1 to 3:1 or maybe 5:1 since time-of-use prices affect peak demand.

A consideration when looking at the 2011 electricity consumption savings is that one must realize that a great portion of those savings were the result of conservation programs established in 2010 before the current framework was started. It was a reasonable allowance to include them because it recognised that conservation programs have upfront costs and establishment time lines such that their payoff in savings follows by a year or two. It is this lag effect that prompted the warning and recommendation that I made in this report that the December 31, 2014 cutoff in funding was problematic and should be extended lest all new conservation initiatives would shut down well in advance of that date because there would be insufficient time for payoff.

There has been a recent development in that regard not reflected in this report. On Friday, December 21st last year Minister Bentley relieved this critical pressure point by extending funding for conservation programs in this framework for one year. This important and necessary initiative effectively satisfies a major recommendation of my report; however, it does not fix the problem once and for all. The decision highlights the need for a permanent commitment to conservation funding in all long-term electricity system planning. The pursuit of improved energy productivity should be the new normal for all Local Distribution Companies, suppliers, industry and consumers.

I mentioned the opportunities. The report highlights two areas where substantial improvements could be made in energy use. Our Combined Heat and Power directive probably needs to be rethought but one thing is clear. We do not use the low temperature heat that comes from thermal generation facilities efficiently. Many European jurisdictions capture that energy in district heating systems that heat thousands of homes and businesses. We waste that heat to the atmosphere or the nearest water body, and burn natural gas for space heating.

The other initiative that is promising is the effort being made in the education sector to examine and ultimately improve the energy efficiency of our schools. It's not that schools are the only public buildings that could improve. Quite the reverse, the Ministry of Education should be commended for taking the initiative and working with Boards of Education to establish baseline performance data for schools. I cite the example of the Simcoe County District School Board that was an early adopter of this approach and is now saving \$500,000 of operational costs per year as well as reducing the load on the provincial grid.

It is all about the twin promises made in the *Green Energy and Green Economy Act* of 2009. The government promised renewable energy and a culture of conservation in Ontario. They have invested significant financial and political capital in the former promise, it is time to restore the balance by engaging the opportunities in conservation.