



Housing Services Corporation

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September 8, 2023

Shalin Nayak
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Re: ERO 019-7401 Electricity Energy Efficiency Programming Post 2024

Attention: Shalin Nayak

On behalf of Housing Services Corporation (HSC), I am submitting the enclosed input in response to ERO 019-7401 Electricity Energy Efficiency Programming Post 2024.

HSC is focused on the long-term health of Ontario's social housing asset. Since 2002, we have worked with Ontario's 1,400 social housing providers and 47 municipal Service Managers to manage their building portfolios more effectively. We are sharing feedback gathered from our various stakeholder groups and active engagements with every level of the Ontario community housing sector.

I. Objectives and targets, definition, and funding source

A. Objectives and targets

1. How sufficient are the current primary objectives and targets for addressing evolving system and customer needs?

The objectives should continue to support low-income customers, including Ontario social housing providers and their tenants.

2. Should additional objectives or targets be considered when developing electricity energy efficiency programming? For example, objectives and/or targets relating to beneficial electrification (replacing fossil fuel use with electricity in a way that reduces overall emissions and energy costs), overall grid efficiency including demand flexibility (reducing, increasing or shifting customer load), electricity bill reduction, etc.

The objectives should be expanded to ensure sustainable, long-term energy savings for customers and support a transition to a no-carbon economy, particularly for low-income customers including social housing. The italicized text below suggests enhanced objectives for post 2024:

- Helping to cost-effectively *and equitably* meet local, regional, and/or system-wide electricity needs.
- Helping electricity consumers who are most in need to receive electricity-saving measures, such as small business, commercial, institutional, industrial, low-income, and First Nation customers, *with a focus on achieving long-term, sustainable electricity savings and supporting greenhouse-gas (GHG) emissions reduction efforts.*
- *Supporting the transition to a no-carbon economy.*

B. Definition:

- 3. Does this CDM definition appropriately capture DER, and demand response (DR), and other opportunities arising from new technologies and business models that enable greater customer choice to achieve more electricity savings within CDM? If not, what changes should be made recognizing there may be other revenue options and models that may become available to DERs (e.g., local and wholesale electricity markets) outside of CDM?**

Under provincial legislation and municipal by-laws, social housing providers are subject to certain restrictions on how they can finance and fund projects. The ability to stack different sources of funding, such as government programs and incentive programs, is therefore critical to enabling social housing providers to undertake energy efficiency and greenhouse (GHG) emissions reduction projects. It is also generally in the interest of the utilities as well as social housing providers to permit stacking provided savings are not “double-counted” against multiple programs.

HSC recommends removing the exclusion of “those measures promoted through a different program or initiative undertaken by Government of Ontario or the IESO” and instead building in wording that allows for measures across different programs provided savings are appropriately dealt with.

- 4. Should the definition consider additional elements such as beneficial electrification?**

Yes, the definition should be expanded to include beneficial electrification. Many municipalities are adopting net-zero climate targets that will require intense

electrification of their portfolios, including their municipal social housing stock. For instance, Toronto Community Housing (~43,000 households) and Ottawa Community Housing (~15,000 households) must achieve net-zero by 2040 under their municipal targets. These organizations, along with many other housing providers, are actively pursuing electrification to achieve targets. Similarly, non-municipal social housing in Toronto and Ottawa fall under community-wide targets of net-zero by 2050. Across Ontario's approximately 250,000 social housing units, electrification will have a major role within the next five to twenty-five years.

The conservation and demand management (CDM) definition must be adjusted to clearly accommodate fuel switching from natural gas to electricity in anticipation of the wide-scale electrification needed to reduce Ontario's building-related emissions.

The post 2024 framework and associated programs should also accommodate the increased use of and introduction of space cooling into social housing portfolios as providers work to mitigate impacts of extreme heat in their buildings.

C. Funding Source

- 5. Currently, funding from electricity ratepayers through the Global Adjustment (GA) can support electricity energy efficiency programs that target local and/or regional needs and which also demonstrate cost effectiveness at the system-wide level. How do we determine the extent to which local and/or regional programs are to be funded by all electricity ratepayers (i.e., through the GA)?**

Utility costs comprise the single largest operating expense for community housing providers – and the higher the utility bill, the more providers must rely on tax subsidies to operate. On April 27, 2021, the Ontario Non-Profit Housing Association (ONPHA) [submitted a letter](#) to the Ministry of Energy, Northern Development and Mines calling for the creation of a dedicated bulk electricity rate for the community housing sector, which includes social housing. Such a rate would include an exemption from the Global Adjustment (GA) and would help alleviate tax subsidies that social housing providers receive for providing homes to low-income and vulnerable populations.

According to [ONPHA's letter](#), the rate could achieve an estimated annual cost savings of \$135 million (in 2020 dollars) for Ontario community housing providers. Those savings would enable providers to pay for more energy efficiency and emissions reduction projects to further reduce their operating costs. They would also be better positioned to address massive capital repair backlogs, which in turn would help alleviate the housing

crisis. Coupled with electricity energy efficiency programs, a dedicated rate would position the community housing sector to do more to bring housing online and ensure that existing units are efficient for the vulnerable communities they house.

- 6. Currently, DER and DR activities can be funded through the GA if they meet the CDM definition. Beneficial electrification is not an eligible CDM activity. Should beneficial electrification be an eligible CDM activity; and if so, what funding source is most appropriate (e.g., electricity ratepayer, natural gas ratepayer, taxpayer)?**

As stated in our response to question #4, beneficial electrification should be an eligible CDM activity. HSC has no comment on an appropriate funding source.

II. Responsiveness to system needs

- 7. Would a more enduring commitment to energy efficiency programming and funding produce better outcomes? What could this look like?**

Yes, a more enduring commitment to energy efficiency programming and funding would produce far better outcomes than the current model. Transitions between frameworks create significant uncertainty, project pressure, and confusion among customers and program staff. The current stop-start model is out of sync with real-life construction timelines and schedules, which dissuades customers from participating.

Specifically, dedicated, ongoing energy efficiency and emissions reduction project funding is needed for the Ontario social housing providers to aid them in meeting municipal net-zero targets. Dedicated funding would deliver significant benefits for the province beyond energy savings and emissions reduction, such as:

- Increasing housing stock both in new construction and repair of existing stock;
- Decreasing reliance on tax subsidies to offset utility costs;
- Increasing housing affordability; and
- Improving the health and comfort of tenants, which in turn will reduce pressure on the health care system.

A dedicated funding program for social housing providers would include:

- Stable, long-term funding for energy efficiency and emissions reduction projects;
- Single window access to both funding and natural gas and electricity incentives to reduce consumption and, where applicable, demand;

- Whole-building and portfolio-based approaches accommodating all social housing building types (instead of the current incentive structure that split portfolios into residential and commercial program streams);
- Ability to stack multiple sources of funding; and
- Capacity-building support to help social housing providers study, identify, and complete energy efficiency projects, emissions reduction, and electrification projects in their portfolios. Regional energy coaches, increased training for installers, training for ongoing maintenance (especially of heat pumps), and project/portfolio studies would greatly improve housing provider capacity and the depth and sustainability of savings.

For CDM specifically, the framework and programming must do a better job of supporting whole-building and whole-portfolio approaches. CDM programs largely target individual measures, which can result in missed opportunities to reduce an overall building's consumption and demand profile. It is worth looking for inspiration at programs such as Federation of Canadian Municipalities' (FCM's) Sustainable Affordable Housing funding program and Canada Mortgage and Housing Corporation's National Housing Co-Investment Fund (retrofit or new construction streams). These programs focus on overall energy and emissions savings for either individual buildings or an entire portfolio. A whole-portfolio or whole-building approach to reducing consumption and demand should also be integrated into a new construction program, such as is done with Enbridge's Savings by Design program.

8. In the context of the energy transition and growing electrification needs, how can electricity energy efficiency programs be better integrated into electricity distribution and transmission system planning as well as resource procurements?

In that context, uptake of efficiency programs will be limited by the electricity system's capacity. Social housing providers in both rural and urban areas have already encountered red tape and transmission system issues during new building construction, district energy projects, and portfolio electrification planning discussions with their local distribution companies (LDCs).

Our sector has begun to implement major electrification projects and will ramp up projects over the next two to five years, particularly in major cities like Toronto, Ottawa, Hamilton, and Windsor. Approximately half of the sector's 250,000 household units have gas-fired space and/or water heating, of which a large number are owned by housing providers with portfolio electrification commitments. It is critical that LDCs, the IESO,

and the Ministry act now to build system capacity to support the electrification plans of Ontario social housing.

Additionally, it would be beneficial to have dedicated liaisons who can help social housing providers navigate conversations with LDCs about their project and transition plans as well as get assistance accessing efficiency programs that support project execution.

- 9. What additional tools could be used to develop energy efficiency programming budgets and targets? Examples of existing available tools include:**
- **Achievable Potential Studies, which evaluate how much electricity energy efficiency is possible from a technical, economic, and market potential basis.**
 - **Annual Planning Outlooks, which provide a long-term view of electricity demand needs in Ontario and indicates the relative economic value of CDM. This report is updated on an annual basis.**
 - **Annual Acquisition Reports, which specify the mechanisms to provide a flexible and cost-effective approach for competitively securing electricity resources necessary to meet demand.**

All the listed tools should be used to inform the development of energy efficiency programming budgets and targets. The recent Pathways to Decarbonization study should also be used for the near term and updated on a regular cycle such as every 3-5 years.

Stakeholder input is essential to inform the development of programming budgets and targets, as well as to serve as a check against provincial planning and studies.

- 10. How can electricity energy efficiency programs be better integrated or coordinated with other policy initiatives such as procurements (e.g., of DER resources), pricing schemes, building codes and energy efficiency standards, to help manage electricity demand and reduce GHG emissions?**

See our response to question #5.

- 11. What are examples from other jurisdictions where demand flexibility and targeted energy efficiency have helped optimize the use of the existing grid in constrained areas or where the grid is under-utilized? For example, aggregated demand response program, DER and non-wires alternatives, energy storage, locational value and electricity pricing options, etc.**



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As mentioned in our response to question #5, the Ontario Non-Profit Housing Association submitted a letter to the Ministry of Energy requesting the creation of a dedicated electricity rate for Ontario social housing. Our sector would welcome a follow-up discussion between ONPHA and the Ministry on that request.

Many social housing providers, including large municipal organizations, are interested in implementing energy storage projects and other DER projects. Municipal housing providers have larger portfolios with a range of building types to accommodate such projects and are often innovative, early adopters to pilot different approaches and technologies. It would be worthwhile for the Ministry and LDCs to target social housing generally as a sector as well as in constrained or under-utilized areas to explore potential projects. The Ministry is welcome to contact HSC to be connected to the various parties.

III. Improving customer experience

A. Needs:

12. What additional support is needed to get customers to undertake more energy efficiency?

Existing electricity efficiency programs are divided into residential, commercial, or industrial streams. Program design, marketing, and delivery are siloed according to these three customer types. This division fails to accommodate customers with buildings across program streams.

Social housing portfolios includes single family and townhomes, which fall under residential programs (e.g. Energy Affordability Program), and low/medium/high-rise apartments, which fall under commercial programs (e.g. Retrofit program). Because of the way Save on Energy programs are split, social housing providers are forced to navigate two very different program streams. Due to limited capacity, providers may forego pursuing one stream over the other, which results in lost opportunities and lower program uptake.

There is frequently a lack of understanding among Save on Energy delivery agents and program designers of where social housing “fits”, who pays the bills, who makes project-related decisions, etc. Program descriptions and processes tend to focus on market renters or homeowners for the EAP program, or on typical commercial buildings (offices, small business) for the Retrofit program. HSC has repeatedly heard feedback from social housing providers that navigating the program streams and application processes is

extremely challenging and that there is a disconnect in how social housing is understood among delivery agents. The current separate program streams also result in missed opportunities since they do not support a portfolio-based approach to energy efficiency.

A dedicated program stream for social housing would support a portfolio-approach to completing energy efficiency projects across all the building types that social housing providers operate. This stream would also create linkages between electricity and natural gas energy efficiency programming, ideally providing a “single window” approach to drive uptake by housing providers. Better still, and as noted in our response to question #7, dedicated provincial funding programs for social housing would best support the sector while achieving multiple objectives for the province.

13. What should the government consider when communicating the benefits and motivations behind energy efficiency programs to encourage participation and improve public awareness? Examples of benefits are cost savings, comfort, enhanced customer choice, etc.

Social housing providers would best benefit from a dedicated program stream, with communications highlighting ease of program access and ability to support a portfolio approach. Case studies on portfolio-based heat pump projects would also be useful.

14. Are there best practices from other jurisdictions on improving customer engagement in energy efficiency particularly for the hard-to-reach segments?

In Ontario, social housing is administered at the municipal level across 47 municipal service managers with direct relationships to the approximately 1,500 social housing operators in Ontario. The province can leverage the municipal service managers to engage with social housing providers en masse and to target providers in specific regions.

In all other provinces, social housing is administered at the provincial level, and many provinces have dedicated energy efficiency funding programs specifically for social housing. As noted in our response to question #7, dedicated funding for social housing would have enormous benefits beyond energy savings and emissions reduction for the province.

15. How can we make better use of technology to achieve our electricity energy efficiency goals?

Over the years, Enbridge and IESO have changed staff and delivery agents for their programs numerous times, and often, the new program teams contact HSC asking for data and contact information that we are unable to share. Each time, HSC works with the new teams to educate them about the sector and show them where public information can be accessed. As a simple solution, it would be valuable for the IESO and Enbridge to improve their record keeping processes and require their delivery agents to hand-off their customer tracking information as agents change over, with appropriate privacy parameters in place. This would help ensure continuity and program success.

B. Coordinated delivery:**16. What opportunities should Ontario consider, to improve the coordination of electricity and natural gas energy efficiency frameworks, program delivery, and oversight?**

As noted in our response to question #7, a single window program for social housing, ideally with dedicated funding from the province, would greatly improve housing provider access and uptake.

17. What common performance metrics could be used to design, track, and evaluate coordinated energy efficiency activities (e.g., cost benefit tests, emissions reduction goals)?

Cost benefit tests have the potential to undervalue the numerous non-energy benefits that are generated when social housing providers undertake efficiency improvements. Past energy efficiency programs have applied a Total Resource Cost-Plus approach for low-income programs. However, such tests are limited in how they value the significant non-energy benefits.

For programs applicable to social housing, we request that non-energy benefits be better factored into performance metrics to account for the additional economic, environmental, and social impacts that projects in our sector can achieve. Examples of non-energy benefits that projects in social housing can achieve are:

- Increased housing affordability;
- Reduced need for operating subsidy;
- Improved air quality and comfort in tenant units, which can reduce healthcare costs from emergency room visits or chronic health conditions;
- Job creation;
- Improved security and safety of buildings;



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- Decreased reliance on OESP among tenants;
- Decreased cases of arrears and shut-offs; and
- Fewer units falling into disrepair.

GHG emissions reduction should also be given greater emphasis as a performance metric for energy efficiency programs than has been applied in the past.

18. Are there examples from other jurisdiction where natural gas and electricity energy efficiency program planning and delivery are integrated?

Fortis BC's Social Housing Retrofit Support program is an integrated, single-window natural gas and electricity program specifically for social housing. A program similar to this, with a single window access for Ontario social housing, would be extremely helpful.

IV. General

19. The IESO's Mid-Term review of the 2021-2024 CDM Framework, including programming, was released in December 2022. Please share any further feedback on any of the existing programming, including opportunities for improvement or lessons learned from other jurisdictions.

The current framework began by prioritizing reduced demand (kW) over reduced consumption (kWh). This focus has been extremely problematic for residential customers and particularly social housing providers, whose buildings operate 24/7 and range in size from single family homes up to large high-rise apartments. The post 2024 framework and programs and any dedicated funding programs for social housing portfolios should prioritize consumption, with appropriate measures for all social housing building types. It should also support them in transitioning their portfolios to net-zero carbon. Demand-based measures should still be included but not prioritized over consumption-based measures.

I invite you to contact me to discuss this submission.

Sincerely,

M. Parry
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