

ONTARIO ENERGY ASSOCIATION

Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

August 7, 2020

To shape our energy future for a stronger Ontario.



ABOUT

The Ontario Energy Association (OEA) is the credible and trusted voice of the energy sector. We earn our reputation by being an integral and influential part of energy policy development and decision making in Ontario. We represent Ontario's energy leaders that span the full diversity of the energy industry.

OEA takes a grassroots approach to policy development by combining thorough evidence based research with executive interviews and member polling. This unique approach ensures our policies are not only grounded in rigorous research, but represent the views of the majority of our members. This sound policy foundation allows us to advocate directly with government decision makers to tackle issues of strategic importance to our members.

Together, we are working to build a stronger energy future for Ontario.

TABLE OF CONTENTS

RECOMMENDATIONS.....2

INTRODUCTION3

DETAILED RECOMMENDATIONS4

RECOMMENDATIONS

Recommendation 1: That the government expand existing retail instant savings or online rebates programs by instructing NRCan to enter into Contribution Agreements with Utilities/Provincial Energy Efficiency Agencies or current program implementers

Recommendation 2: That the government support and enable the use of Property Assessed Clean Energy financing

Recommendation 3: That the government expand existing home energy performance programs by instructing NRCan to enter into Contribution Agreements with existing programs and delivery providers in each province/territory

Recommendation 4: That the government increase support for current low-income conservation and energy efficiency programs and expand to include moderate income households

Recommendation 5: That the government increase support for Indigenous community development organizations to construct and deploy renewable energy and storage projects

Recommendation 6: That the government support the direct installation of incentivized energy efficient equipment in small and medium enterprises

Recommendation 7: That the government support retrofits in industrial buildings by providing funds through the existing program delivery infrastructure at the provincial level

Recommendation 8: That the government assist in promoting and subsidizing educational programs to increase the capacity of energy efficiency trades, practitioners and professionals in the construction, renovation and operation of commercial and industrial facilities

INTRODUCTION

The Ontario Energy Association (OEA) and more specifically our members involved in the delivery of energy efficiency programs and measures welcome the opportunity to provide submissions to the House of Commons Standing Committee on Finance as part of its pre-budget consultations process.

The case for using energy efficiency as a tool to stimulate the economy and deliver on a low carbon strategy is clear. Prior to the COVID-19 crisis, mandate letters expressed support for a Canada-wide energy efficiency strategy. In these unprecedented times the acceleration of a variety of energy efficiency initiatives may play an important role in economic recovery.

The OEA's Energy Efficiency Working Group (EEWG) is made of a robust ecosystem that has capacity and the ability to move rapidly in these challenging times across Canada. The EEWG has prepared a list of ideas focused on the residential and commercial and industrial (C&I) sectors that will assist Canada with economic recovery from this crisis.

DETAILED RECOMMENDATIONS

1. *Energy Efficiency Platform*

Online marketplaces/platforms for energy efficiency products are an increasingly popular tool. Such a platform administered by a trusted advisor would connect energy efficiency customers with products, retailers, installers, comprehensive applicable review of rebates/incentives. All the programs and concepts listed below could be housed on an online platform making customer access simple and information readily available.

Expand Existing Retail Instant Savings or Online Rebates Programs

What: These programs reduce greenhouse gas emissions and increase energy efficiency in homes and businesses by incenting the purchase of energy efficient products (e.g., smart thermostats, high efficiency windows, appliances) from Canadian Retailers.

Why: It would stimulate consumer spending at Canadians retailers (who are one of the hardest hit sectors.) It also leads to immediate and measurable utility bill savings for residents while leveraging existing programs and infrastructure.

How: Instruct NRCan to enter into Contribution Agreements with Utilities/Provincial Energy Efficiency Agencies or current program implementers in each Province & Territory to complement and augment existing programs by stacking increased incentive amounts or adding to product selection.

Property Assessed Clean Energy (PACE)

What: Property Assessed Clean Energy (PACE) is an innovative financing tool that building owners and developers can use to upgrade their building's energy performance, install renewable energy systems, reduce resource consumption, and enhance flooding resilience with no money down and with the financing repaid through their property's tax bill.

Why: Many Canadians are facing rising energy costs and are sitting on large but illiquid assets in the form of their homes. Allowing PACE mobilizes homeowner funds, lowers their overall energy costs, and increases the pace and efficiencies of transitioning to a clean and distributed energy economy. PACE is another tool to assist with affordability gaps and could be linked to the above-mentioned platform/marketplace

How: PACE systems may be immediately installed with no money down and the cost of the system assessed as part of the regular property tax bill. This enhances equity values of properties and allows measured payments by the owner beneficiaries. In some cases, when the property is transferred prior to the PACE assessment period, new owners will continue to pay the property assessments for the benefits that they receive from the PACE system.

2. Residential Sector “Retrofit Readiness”

Expand Existing Home Energy Performance Programs

The ecoEnergy Home Retrofit program was delivered by Natural Resources Canada from 2007 to 2012. The program provided up to \$5,000 in financial assistance to encourage owners of existing low-rise properties and MURBs to make energy retrofit decisions that will result in energy savings and a cleaner environment. The over 640,000 participating homeowners saved over \$400M on energy bills.

Under the program, over 2,000 energy advisors had been hired and trained. The program triggered more than \$9 billion in economic activity and generated thousands of jobs.¹

What: Revitalizing or expanding existing home energy performance programs to reduce GHG emissions by reducing natural gas and electricity consumption through the purchase and installation of energy efficient measures in residential homes. This is accomplished through providing rebates on contractor led retrofits.

With some municipalities taking the lead on GHG mitigation following climate emergency declarations, it will be important to coordinate with local efforts and plans. Federal tax credits, interest free loans and training would be welcome additions to these local initiatives.²

Why: It would immediately create jobs for numerous industries including HVAC, insulation contractors, electricians and home energy auditors while focused on measures that reduce operating costs for homeowners.

Given that COVID-19 is limiting in person customer interaction, online training of NRCan auditors and trade ally development can be initiated almost immediately.

Virtual home assessments are market ready and can be deployed quickly.

In addition, as the federal government develops the CMHC retrofit loan program, consideration of up-front incentives to drive uptake is recommended. A direct install component within a retrofit program could also be an avenue for residential customers who either do not need major retrofits or are not able to participate immediately in a comprehensive energy retrofit exercise or participate in larger rebates.

How: Instruct NRCan to enter into Contribution Agreements with existing programs and delivery providers in each province and territory and provide incentives to reimburse up to 50% of the cost of eligible incentives/labour plus delivery costs to ensure a free home energy audit is undertaken.

Increased support for current low-income programs and expand to include moderate income households

¹ <https://www.nrcan.gc.ca/energy/efficiency/housing/home-improvements/5019>

² <https://www2.liberal.ca/our-platform/energy-efficient-homes-and-lower-energy-bills/>

What: Expand eligibility to currently available low-income programs to help newly displaced workers or impacted moderate income households. For example, Ontario's [Home Assistance Program](#) offers free home energy audits and energy efficiency upgrades. Increasing the distribution of energy kits to residential customers and/or increase funding for moderate income level families (L2/L3 level engagements) is recommended as more households will need support after we come out of this crisis.

Why: Increases direct support for our most vulnerable citizens and those hit hardest by the pandemic by decreasing their energy burden. In addition, this will create jobs creation for auditors, trades, etc.

How: Expand existing low-income program offers available by Province; consider joint multi-fuel offer made available to all customers.

Increased support for Indigenous Communities

What: Provide a fund based on the LC3 Program structure specific to Indigenous community development organizations to allow for renewable energy and storage projects to be rapidly constructed and deployed in order to address energy poverty, substandard energy reliability and the many resulting public health challenges.

Why: Indigenous communities are most vulnerable to COVID-19, in part as a result of living conditions and energy poverty. This presents a short-term solution to terrible energy reliability conditions and a long-term sustainable energy solution with employment benefits for the Indigenous communities.

How: Leverage the Hydro One/Anwaatin model to facilitate solar and storage to be implemented as an electricity transmission/distribution or diesel alternative. Provide a federal mandate to all energy regulators to facilitate the regulatory conditions for the development and implementation of such systems.

3. Commercial & Industrial Retrofit Readiness

Small and Medium Enterprise (“SME”) Solutions

Distributed Model Installation of Energy Efficient Products within SMEs

What: The direct installation of incentivized (80%+) energy efficient equipment in SMEs across the country to reduce operating costs, energy use, and GHG emissions.

Why: As of January 2019, 98% of businesses were considered SMEs³. Arguably SMEs have been hit hardest by the pandemic-associated recession with limited safety net, and few resources to draw upon. Due to limited resources, they are least likely to have

³ Key Small Business Statistics – January 2019, from the Government of Canada. 2019.
https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03090.html

installed efficient measures, making them less productive and higher users of energy (natural gas and electric) and associated emissions than their larger counterparts. This program would utilize contractors, to install retrofits that would ultimately make the SMEs more productive, lower operating costs, and have a lower carbon footprint.

How: Utilizing distributors across the country and, where circumstances warrant, partnering distributors with third party delivery agents, to mobilize contractors to install products and submit the appropriate administrative filing to track and report on progress.

When: Operational within 2-4 weeks, building upon existing networks of distributors and contractors.

Industrial Retrofit Solutions

Improve Industrial Efficiency and Competitiveness

What: Co-funding of retrofits in industrial buildings such as manufacturing, resource development, technology R&D, laboratories, etc. Retrofits in this sector will drive energy conservation, energy efficiency, carbon reduction, and productivity improvements. Activity here will lead to energy and carbon intensity reductions in short order. Projects will range from LED lighting to heating & cooling to process improvements. Electricity, natural gas and fuel oil consumption will be reduced for 10 to 20+ years.

Why: Industrial users are experiencing market disruptions that will have a lasting impact on their survival. Actions to improve productivity and reduce energy use, GHGs, and operating costs will have an economic benefit as well as cost-effective carbon reductions contributing to Canada's 2030 commitments. Achievable cost-effective potential has been studied, projects are shovel ready, financial support is scalable, and will have a significant impact in all provinces and industrial sub-sectors. The unprecedented slow-down in economic activity and slowed production as a result of physical distancing provides a window to perform upgrades in emptier/idle facilities.

How: Provide funds through the existing program delivery infrastructure at the provincial level.

When: Operational within 2 weeks, taking advantage of buildings with reduced occupancy.

Support Training Programs

The federal government could assist in promoting and subsidizing these educational programs to increase the capacity of energy efficiency trades.

CIET delivers a suite of energy-related programs for professionals and practitioners. They are also the official delivery agent for NRCan's Commercial, Institutional and Residential educational programs (Dollars to \$ense, NRCan Foundation Level, etc).

Other similar reputable programs are being delivered by other agencies and colleges. BOMA, for example, in some areas offers Energy Training for Building Operators which can be delivered on-line.⁴

The CaGBC, HRAI and many more associations and institutions have well established learning programs.

What: Energy training for Trades, Practitioners and Professionals in the construction, renovation and operation of commercial and industrial facilities.

How: Subsidize existing programs and delivery agents.

⁴ <http://www.bomalearning.com/home2> or <https://bomaottawa.org/professional-development>

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Ontario Energy Association

Let's unravel complex energy challenges, together.