



Stakeholder Response to the
Staff Report to the Board on Demand-Side Management and
Demand Response
Representation File Number: RP-2003-0144

Proposed
Energy Conservation Consortium of Ontario (ECCO)

The proposed Consortium would constitute a private sector Central Agency as defined in the OEB Staff Report to the Board, which would be responsible for the design and delivery of DSM and DR activities in Ontario's energy sectors.

Submitted to the:
Ontario Energy Board
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1. Description of Proposed Consortium

We have reviewed the document, "The Staff Report to the Board" and believe the proposed Central Agency has considerable merit and should be brought forward. In an effort to advance this approach, we are submitting for your consideration a proposed Consortium which would constitute a Central Agency as defined in the Report. This Consortium would take a leadership role in the design and delivery of DSM and DR programs in Ontario.

What is proposed is a private sector based organization, with a core team (See Appendix A) to manage the process and then tender for resources to address specific requirements during the three phases of the project, including Planning, Design & Delivery and Evaluation. This approach would provide the most cost effective, unbiased and leading edge programs.

Operating Principles

- Allow the Central Agency to be private sector, with a profit motive
 - Minimize bureaucracy
 - Profit motive would encourage result orientation
- Use programs that have been tried, tested and evaluated in Ontario, for a fast start
- Gather program design and implementation materials from the former Ontario Hydro, Enbridge Gas distribution, Union Gas, Green communities and the Ministry of Energy
- Update for new technology
- In parallel, investigate best practices from other jurisdictions
- Create a rigorous evaluation regime
- Have utilities buy program design, and/or execution, from the Central Agency
- If government funding is available, it would be used to buy down the cost of the programs

Roles and Responsibilities

As outlined in Staff Report to the Board, the Ministry, the IMO, the Board and the ECCO would work together to coordinate DSM and DR activities.

- The Ministry would be responsible for setting over-arching objectives for DSM/DR.
- Where necessary, the IMO would make changes in the Market Rules to implement DR, and the Board would change regulatory instruments to facilitate DSM and DR activity. Both organizations would continue to carry out their legislated objectives.

The ECCO would be responsible for:

- Identifying broad areas of opportunity in DSM and DR;
- Developing the province-wide DSM/DR plan (including conservation fund administration, target market plans, budget allocations, and market transformation initiatives);

- Setting rules for screening opportunities and monitoring and evaluation protocols;
- Contracting for and coordinating design and delivery of programs;
- Contracting for an independent audit of results;
- Involvement in province-wide DR activities, particularly in the retail market; and
- Providing an annual report to the Minister.

3. Development Components

The three main elements in the development of the project and the required skill set and proposed resources to complete each would include:

Phase One: Planning

- Identifying the broad areas of DSM/DR opportunity.
- Developing the province-wide strategy and plan, that addresses the following areas:
 - Administration of the conservation fund and allocation of the budgets.
 - Target market plans, and
 - Transformation of the market to create a conservation culture in the province.
- Identify programs that can be used “off the shelf”
- Make programs available almost immediately for electric LDC use

Phase Two: Design and Delivery

- Contracting for the resources to re-design and update tried and tested DSM/DR programs, and for investigating best practices in other jurisdictions
- Negotiations with the contractors, suppliers, distributors etc. for the delivery of the DSM/DR programs.
- Coordinating the launch and roll-out of the programs.
- Managing and monitoring the programs.

Phase Three: Evaluation

- An RFP process would be initiated and an independent company would be assigned to audit of the impacts of the programs.
- Quarterly progress reports would be prepared to track the progress of the Agency, with a detailed Annual Report prepared and presented to the Minister of Energy and made available to the stakeholders.

4. Delivery Date

The ECCO would take approximately three months to have market ready programs available for the LDCs. It would require six months to complete the other planning activities of the first phase as outlined above.

5. Benefits of the Consortium

In addition to the benefits as stated with a Central Agency (single point of contact, economies of scale, consultation, consistent rules and comparison of results), the Consortium based Central Agency would provide the following benefits:

- **Best Practices.** The Consortium could include representation from a number of energy industry groups, allowing for the Agency to incorporate the “best practices” from the years of demand-side management and demand response experience in the province. The groups could include: the gas and electricity utilities, local distribution companies, energy metering, energy efficiency contractors, etc. The public and non-profit sector could also be accessed where certain expertise was available. The goal would be to utilize the most qualified resources as required to ensure the development and delivery of the best solution.
- **Reduced Administrative Burden.** The Consortium would be based on a core team needed to fulfill specific on-going responsibilities, with the balance of the resources sourced and utilized only as required. This would ensure that the conservation funds were used most effectively and the resources were only in place to fulfill specific needs and were discontinued when the work was completed.
- **Unbiased.** The private Consortium would take the politics, agendas and conflicting business objectives out of the development and delivery of the programs. The focus would be on achieving the targets as set out by the ministry in the most efficient and cost effective manner to maximize the conservation results.
- **Greater Development of the Competitive Sector.** The Consortium would be primarily composed of private sector resources, particularly with the delivery of the programs. There could also be support provided by ministry staff seconded to, for example, help administer the conservation fund. There is an extensive private sector network of companies in Ontario involved in the DSM/DR areas. A goal would be leverage and further develop these companies by maximizing their involvement in the efforts.

Appendix A: Possible Composition of the Core Team

The Core Team

It could consist of a core team from Energyshop.com and Graham Energy Associates, comprising a team of professionals committed to providing the highest quality and lowest cost energy supply and management solutions. We understand the challenges and have the experience and access to the resources needed to develop and deliver cost effective demand-side management and demand reduction activities. This group is ideally suited to take on this leadership role, with the financial discipline of the private sector and the integrity and objectivity of the non-profit, public sector.

The following people would constitute the core team and take the lead role in managing and reporting the results of the project. Additional resources would be recruited to fulfill specific duties of the Central Agency, specifically recruited from the gas utility DSM groups, the Green Communités, energy contracts and the electric LDCs themselves.

Ian MacLellan, BComm. MBA, CEO and Partner, Energyshop.com

Ian has 17 years of senior management and technical experience with Ontario Hydro in the Energy Management Division. This encompassed the industrial, commercial and residential market segments. His experience includes extensive evaluation of building energy use and informed procurement and wise use.

While at Ontario Hydro he was also a sworn expert witness in rate application hearings and energy management matters in front of provincial review bodies and the Ontario Energy Board. He also managed the Residential Energy Management Department at Ontario Hydro, and pioneered successful programs such as the Loblaws Green Compact Fluorescents and discount coupon programs with Home Hardware and Canadian Tire. Shortly after leaving Ontario Hydro, Ian provided specialized consulting services to the energy industry, including Enbridge Gas Distribution, Ontario Hydro and several fortune 500 firms in Ontario.

While at Energyshop Ian has provided natural gas and electricity strategy, information and buying structure to hundreds of companies. Ian has been a featured speaker at a number of energy industry events and has pioneered a model for the analysis of interval meter data and the blocking strategy to match that usage profile.

Gregg Scott, MEng, PEng, President and Partner of Energyshop.com

Gregg began with a Masters degree in Mechanical Engineering and moved into energy management in large, diversified organizations. Gregg had 9 years of experience with the Toronto District School Board analyzing energy needs, developing procurement strategies and purchasing large volumes of natural gas (90 million m³ per year) using a portfolio approach. While at the Toronto District School Board Gregg managed the public tender process, the buying strategy, the TCPL transportation contracts and the end use distribution contracts.

Gregg devised and operated the review and control of energy costs across the Toronto School Board's 750 buildings. This included a variety of techniques, including remote monitoring and control, energy management implementation using performance contracting companies, and aggregated and centralized billing.

David Graham, MES, MBA, Owner, Graham Energy Associates

David has over fifteen years of senior marketing experience in the electrical product and energy management industries in the Canadian and U.S. markets. He has developed a number of innovative consumer and business-to-business focused customer acquisition, retention and energy management programs with Ontario Hydro and Siemens Canada. While at Ontario Hydro, David managed the largest Home Energy Audit program in Canada (Home Power Savers campaign) with a budget of \$60 million. He also managed the Water Heater Tune-up campaign that involved over 200,000 visits to customer homes to install energy efficiency products. David has a Masters in Environmental Studies (MES), with a major in energy policy from York University; and an MBA with a major in marketing, from the Schulich School of Business, York University, Toronto.