

April 6, 2020

Mr. Kevin Deagle
Senior Policy Advisor to the
Minister of Natural Resources Canada
580 Booth Street, 21st Floor
Ottawa CA K1A 0E4

kevin.deagle@canada.ca

Dear Mr. Deagle:

I am writing to you on behalf of the Ontario Energy Association (OEA) and more specifically members involved in the delivery of energy efficiency programs and measures. Our 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.

As you know, the case for using energy efficiency as a tool to stimulate the economy and deliver on a low carbon strategy has been made. In fact, 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.

Our EEWG has been working closely with Efficiency Canada and supports the recommendations already submitted to you. I refer you to the attached, "Energy Efficiency: A Strategy to Stimulate Canada's Economy" and the following blogs:

1. [Part 1](#) of their blog that outlines what energy efficiency activities can happen during physical isolation
2. [Part 2](#) of their blog that outlines how energy efficiency can contribute to economic recovery

The OEA's EEWG has prepared the following list (see Appendix A) of "shovel ready" or "near shovel ready" ideas focused on the residential and commercial and industrial (C&I) sectors that will assist Canada with economic recovery from the COVID-19 crisis.

These ideas and opportunities are illustrative of programs that, in our assessment, may be deployed expeditiously at scale, while also yielding economic benefits, carbon reductions and energy savings during this COVID-19 period. It is our intent to fully define programs that are of interest to you and we can provide implementation caliber program designs within two-to-four weeks for your review.

As we have noted, our EEWG is prepared to provide policy making resources and time to develop a robust, coordinated and thoughtful energy efficiency strategy for Canadians.

The OEA is a 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.

The 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.

We would appreciate a meeting (virtually) with you to discuss these ideas with and provide additional context. The opportunity to accelerate the green economy and put Canada on the path to economy is great and the energy efficiency sector is ready to move as quickly as possible.

Sincerely,



Vince Brescia
President & CEO

Cc. Matt Whittington, Direct of Policy to the Minister of Natural Resources Canada

Appendix A: Ideas for Federal Initiatives to Support Economic Recovery

1. Energy Efficiency Platform

Energy efficiency touches several market segments across Canada. Online marketplaces/platforms for energy efficiency products are an increasingly popular tool to unify, engage, activate, and support various energy management efforts across Canada. 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 from Canadian Retailers (through their bricks and mortar locations or online stores). Common products with rebates include smart thermostats, high efficiency windows, appliances, lightbulbs, ceiling fans, heat pumps, tankless hot water heaters, weather stripping, low flow faucets etc.

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.

Cost: \$300M

Jobs: 50 direct and indirectly supporting thousands of retail workers

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. In the USA, PACE financing capital mobilizes predominantly private investment sources bolstered by state and federal programs

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 (Renewable energy, energy efficiency, flood resilience) may be immediately installed with no money down and the cost of the system assessed as part of the regular property tax bill (for a period ranging from 10 to 20 years). 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.

Cost: Largely private financed based on existing illiquid equity, government set up and administration costs only.

Jobs: In North America, every million in PACE project spending has resulted in at least 15 new jobs and \$2.5 million in economic output.¹

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 smart energy retrofit decisions that will result in significant energy savings, more comfortable living spaces and a cleaner environment. The over 640,000 participating homeowners saved on average 20% on their energy use, over \$400M saved on energy bills. Total program spending on this program was \$934M.

Under the program, NRCan developed a delivery infrastructure for home energy assessments and labelling, and over 2,000 energy advisors had been hired and trained by service organizations since the programs’ inception. The program had

¹ PACE Canada: <https://www.paceab.ca>

also triggered more than \$9 billion in economic activity and generated thousands of jobs across Canada.²

In 2012, the Federal government transferred the program to the Provinces. In Ontario, the program appears to be delivered by Enbridge as the “Home Energy Rebate” program.³

What: Revitalizing or expanding existing home energy performance programs to reduce greenhouse gas emissions by reducing natural gas and electricity consumption through the purchase and installation of energy efficient measures in residential homes across the country. This is accomplished through providing rebates on contractor led retrofits for high efficiency furnaces and air conditioners, smart thermostats, heat pumps, high efficiency windows, air sealing and insulation upgrades, drain water heat recovery systems and tankless hot water heaters.

It should also be noted that with some municipalities taking the lead on GHG mitigation following climate emergency declarations, it will be important to coordinate with local efforts and plans to reduce GHG from local housing stock (i.e., Ottawa Energy Evolution). Federal tax credits, interest free loans and training would be welcome additions to these local initiatives.⁴

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.

To boost this recommendation, training is important. 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 within a short amount of time. Trained and certified auditors can begin pre-qualifying homeowners for the retrofit program. Homeowners can then be sent to various streams. For example, those that require an in-home blower door test will be triaged and scheduled at the earliest opportunity. Those homeowners that do not require a blower door test, can have a smart thermostat directly shipped or be placed on the “to be scheduled” for a direct installation of a thermostat as well as other energy saving measures such as weatherstripping, lighting, smart plugs, etc.

In addition, as the federal government develops the CMHC retrofit loan program targeting over 1 million households, consideration of up-front incentives to drive uptake is recommended. A direct install component within a retrofit program could

² <https://www.nrcan.gc.ca/energy/efficiency/housing/home-improvements/5019>

³ <https://enbridgesmartsavings.com/home-efficiency-rebate>

⁴ <https://www2.liberal.ca/our-platform/energy-efficient-homes-and-lower-energy-bills/>

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. This will reduce administrative burden, improve the customer experience and avoid duplication in the market

Cost: \$400M

Jobs: 30,000 (trades, product suppliers, energy auditors, program administration, etc.)

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

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](#) (HAP) offers free home energy audits and energy efficiency upgrades such as free LED bulbs, energy star appliances, home insulation, smart thermostats. In addition, the [Affordable Trust Fund](#) (AFT) Program offers similar upgrades to customers who do not qualify for low-income conservation programs. 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. See above for recommendations on virtual home audits and certified auditor training.

How: Expand existing low-income program offers available by Province; consider joint multi-fuel offer made available to all customers (regardless of fuel type including, gas, electric, oil and propane customers). This reduces the administrative costs, enhances the speed to market and improves the customer experience

Cost: TBD

Jobs: TBD

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 (RE) and storage (S) projects to be rapidly constricted and deployed in order to address energy poverty, substandard energy reliability and the many resulting public health challenges.

Follow the precedent of the Anwaatin/Hydro One projects. Mandate indigenous training and leadership and ongoing employment related to the RE and S projects. Similar to low- and moderate-income approach, but specific focus on community engagement, hiring community champions, and tailored measures for both road access and non-road access First Nation Communities.

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.

Cost: Current costs of a RE/S project in indigenous communities are approximately \$8M per project and are expected to decline steeply with replication.

Jobs: Temporary assessment and construction jobs (TBD) plus long-term indigenous jobs to operate and monitor the RE/S systems (TBD)

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 SMEs⁵. Arguably SMEs have been hit hardest by the pandemic-associated recession with limited safety net, and few resources to draw upon, if they re-open their business is likely to be tenuous at best in the coming months. Due to limited resources (human and capital), they are least likely to have 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 (many of whom are themselves considered a SME), to install retrofits that would ultimately make the SMEs more productive, lower operating costs, with more operating capital, and a lower carbon footprint.

How: Utilizing distributors across the country (provincial and local) 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.

Cost: \$200M to \$1B per year is achievable within the first 12 months

Jobs: 900 to 4500 direct, 2600 – 30,000 indirect

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, productivity improvements. Activity here will ultimately lead to significant energy and carbon intensity reductions in short order and persist well beyond 2030. 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 competitiveness and survival. Actions to improve productivity and reduce energy use, GHGs, and operating costs will have an immediate economic benefit with quantifiable and cost-effective carbon reductions contributing to Canada's 2030 commitments and beyond. Industrial users have been paying a price on carbon with very few options to access the funding for carbon reductions. Achievable cost-effective potential has been studied, projects are shovel ready,

⁵ 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

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 social distancing provides a window to perform upgrades in emptier / idle facilities with staff that would normally be too busy.

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.

Cost: \$200M to \$1B per year is achievable within the first 12 months

Jobs: 900 to 4500 direct, 2600 – 30,000 indirect

Support Training Programs

The federal government could assist in promoting and subsidizing these educational programs to increase the capacity of EE Trades, Practitioners and Professionals in the construction, renovation and operation of commercial and Industrial facilities.

CIET delivers a suite of energy-related programs for professionals and practitioners. Many of these programs are eligible for IESO rebates. They are also the official delivery agent for NRCan's Commercial, Institutional and Residential educational programs (Dollars to \$ense, RETscreen Professional, NRCan Foundation Level, etc). They traditionally offered class-room training, but with recent events, they are transitioning to on-line learning.⁶

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 in a classroom or on-line.⁷

The CaGBC, HRAI and many more associations and institutions have well established learning programs in the fields of energy management, conservation and GHG reduction.

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.

Cost: TBD

⁶ <https://cietcanada.com/energy-efficiency-training-programs/>

⁷ <http://www.bomalearning.com/home2> or <https://bomaottawa.org/professional-development>



Jobs: TBD