

Canada's Energy Efficiency and Load Management Program Budget Data and Regulatory Trends

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Working Together, Advancing Efficiency

Agenda

- 1 Data Collection and Caveats
- 2 Canadian Budget Data - 2008
- 3 Industry – regulator Dialogue
 - Format of the Dialogue
 - Key Lessons

Data Collection and Caveats

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- In Canada, the federal government, provincial and territorial governments, many municipal governments and utilities offer energy efficiency programs
- The data collected for the CEE summary document contains data only on the energy efficiency programs and load management programs paid for by rate payers (utilities)
- Energy efficiency/DSM activity is not uniform across Canada - some jurisdictions are very advanced (e.g., BC) while a few others are just getting underway.

Data Collection and Caveats

1

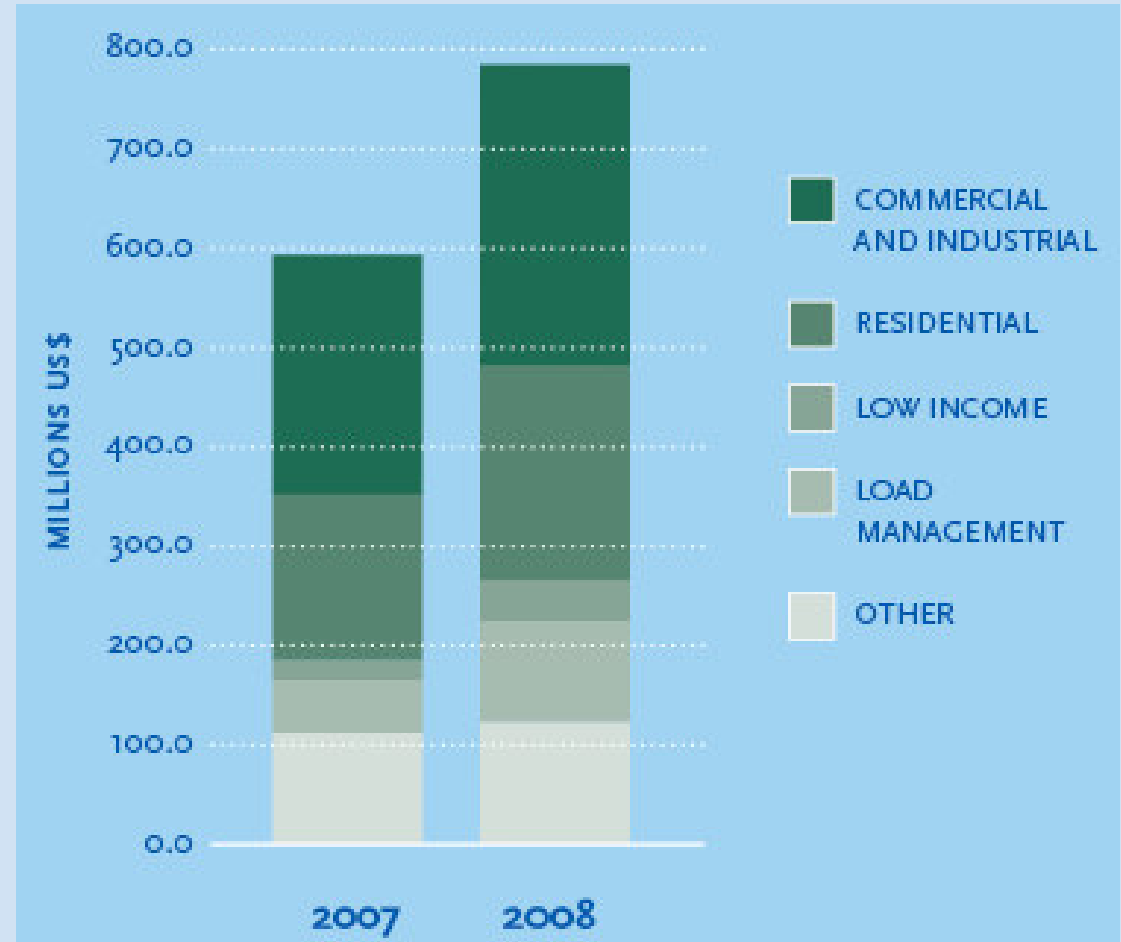
- This was the second year of collection of Canadian data. Both electric and gas programs are included.
- CEE member data were collected directly by the CEE; the Canadian Electricity Association and Canadian Gas Association provided data from their members on a voluntary basis, and not all provided information.
- Totals for the country are understated. In two provinces, programs had been submitted to the regulatory Board for approval but the amounts were not yet included in their budgets.

Canadian Combined Budgets, 2007 & 2008

2

EFFICIENCY PROGRAMS (UTILITIES) in Millions \$USD

- Total: \$768 Million
- 32% increase in one year

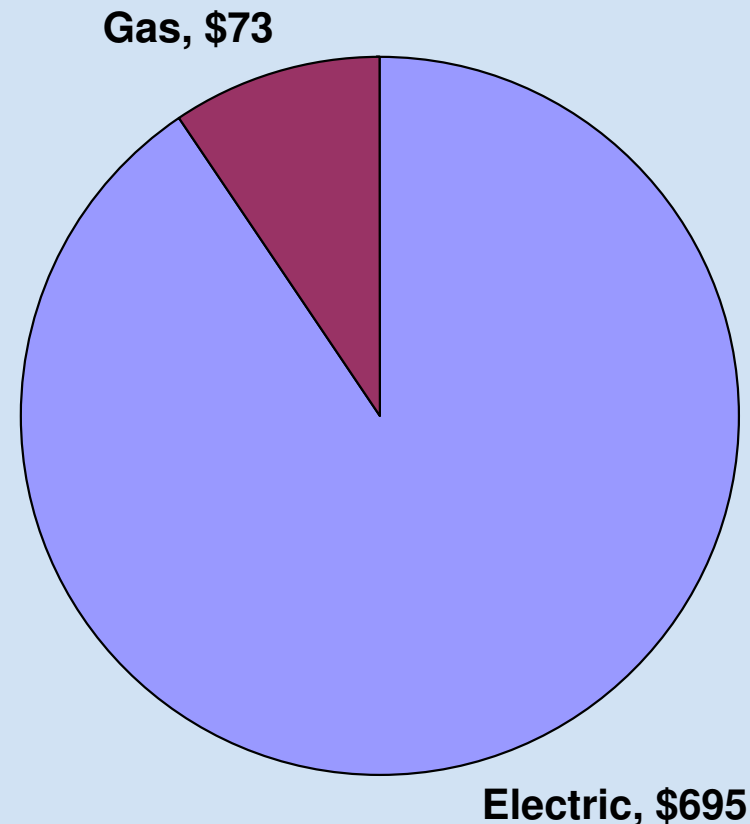


Canadian Budgets by Fuel Type 2008

2

EFFICIENCY PROGRAMS (UTILITIES) in Millions \$USD

- Electric accounts for 91% of the total
- Gas accounts for 9% of the total

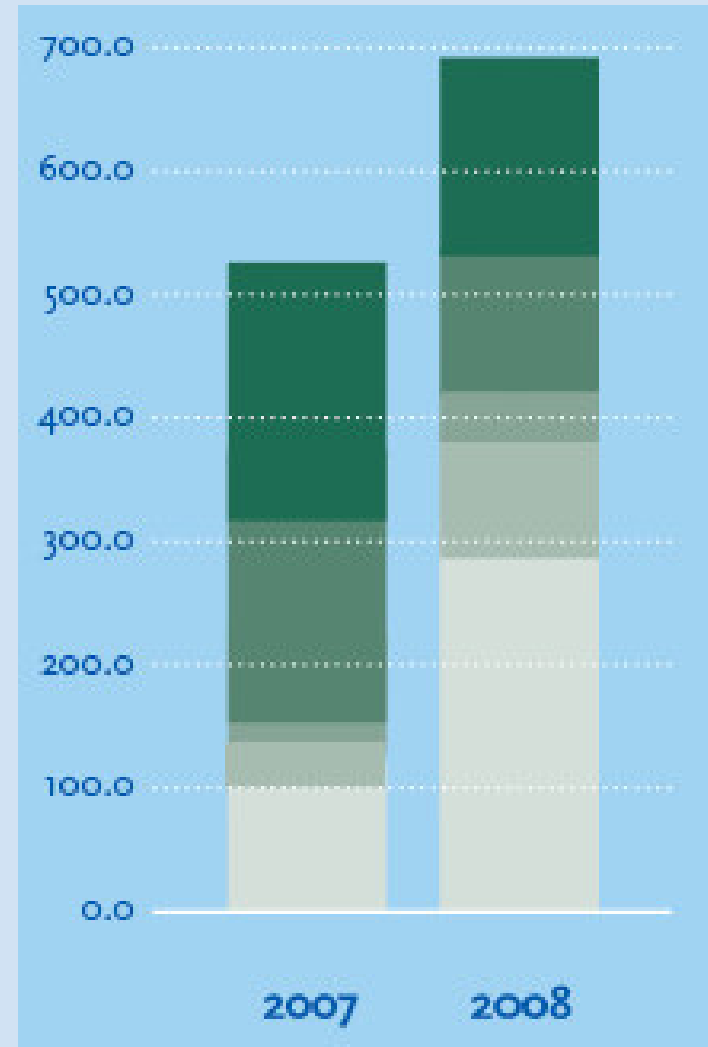


Canadian Electric Budgets, 2007 & 2008

2

ELECTRIC EFFICIENCY PROGRAMS (UTILITIES) in Millions \$USD

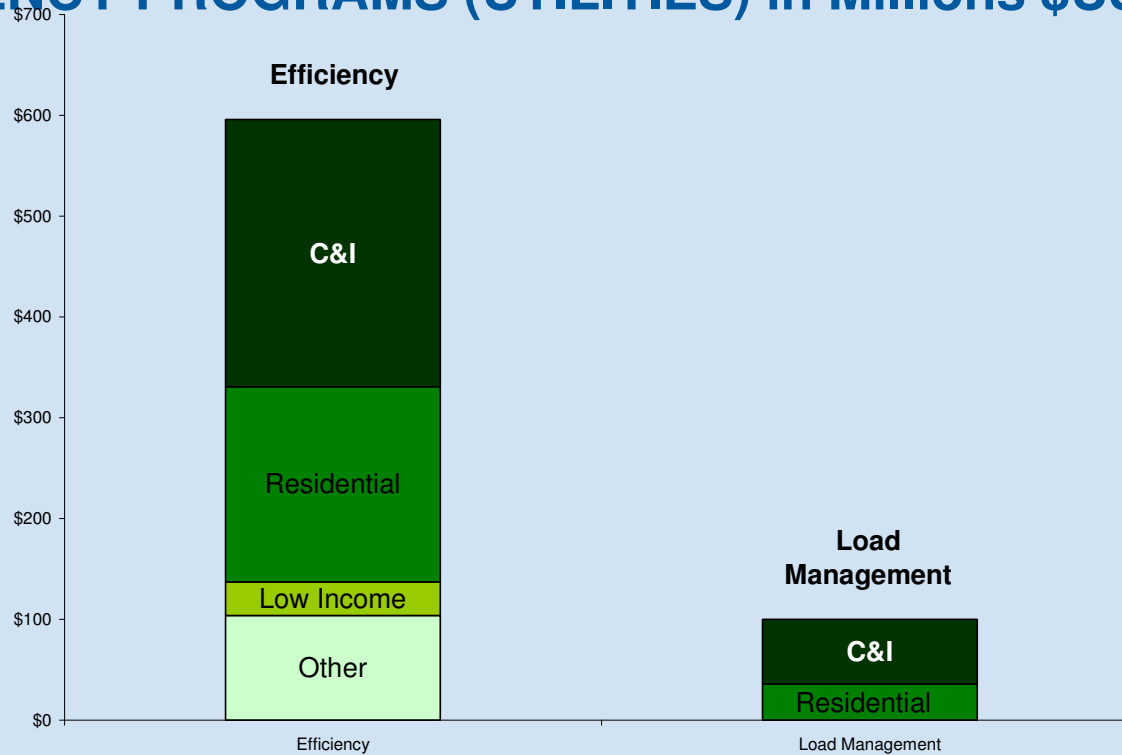
- Total: \$695 Million
- 32% increase in one year
- Growth by sector
 - Residential: 28 %
 - Low Income: 130% (x2.3)
 - C&I: 26%
 - Load Mgmt: 92%
 - Other: 7%



Canadian 2008 Electric Budgets

2

EFFICIENCY PROGRAMS (UTILITIES) in Millions \$USD



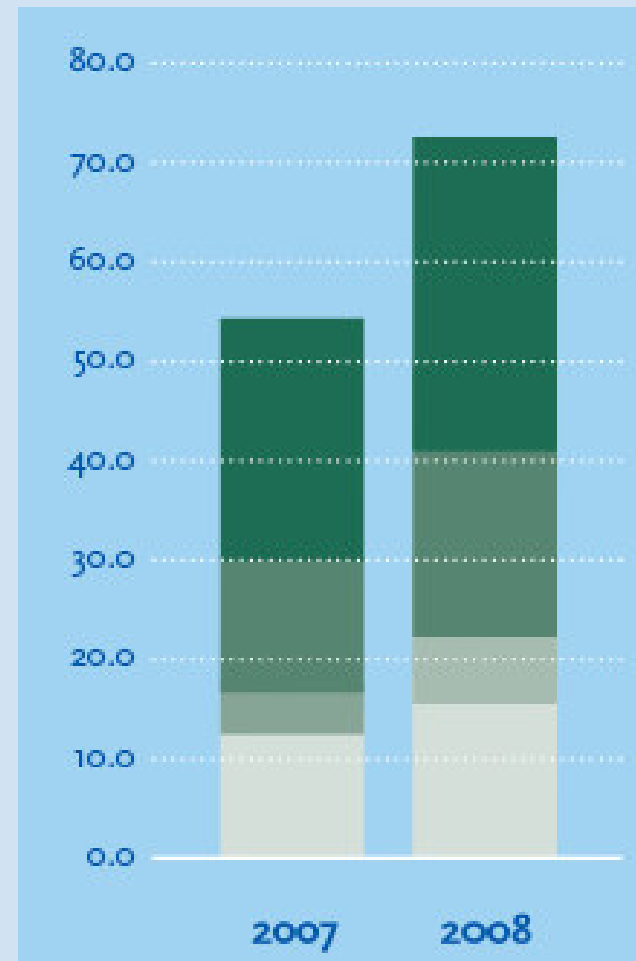
\$596 million for electric efficiency programs
\$100 Million for electric load management programs

Canadian Gas Budgets, 2007 & 2008

2

EFFICIENCY PROGRAMS (UTILITIES) in Millions \$USD

- Total: \$73 Million
- 30% increase in one year
- Growth by sector
 - Residential: 41%
 - Low Income: 60 %
 - C&I: 31 %
 - Other: 23 %

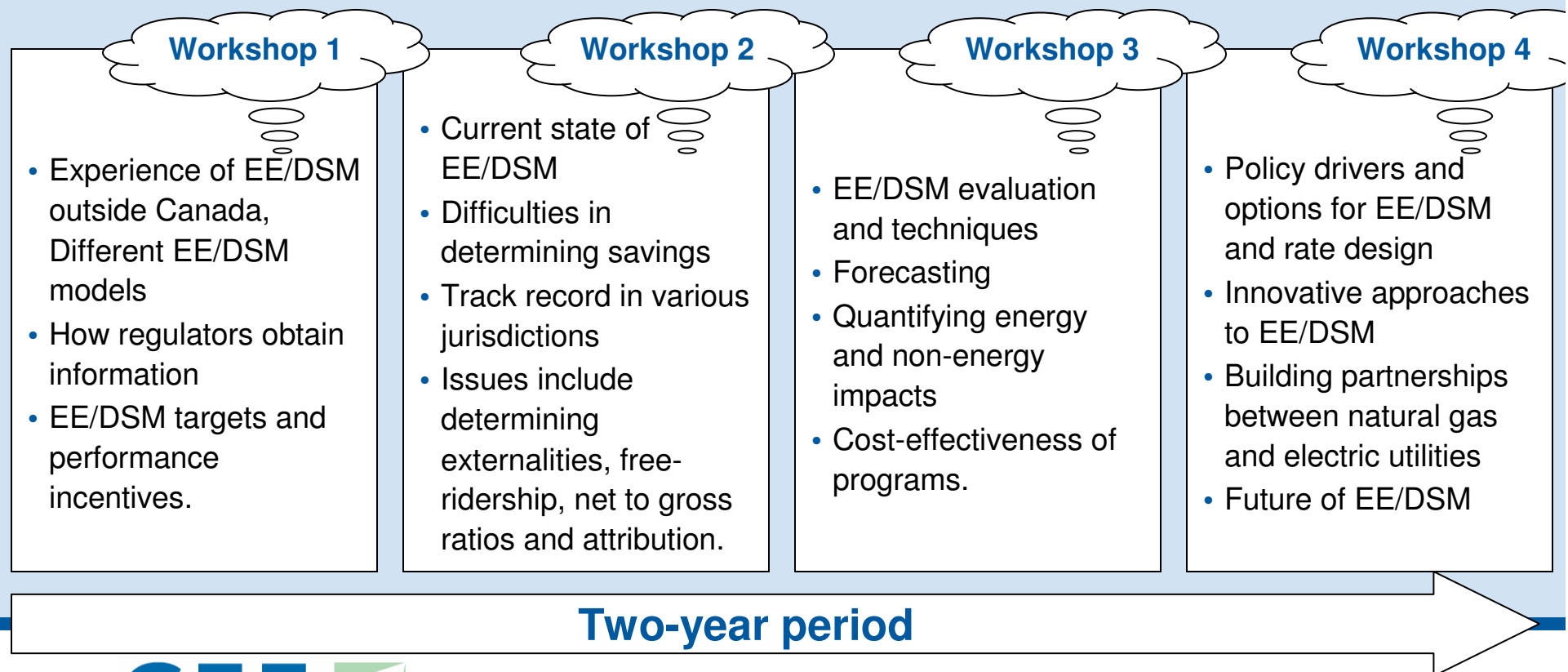


Industry – regulator dialogue

3

FORMAT OF THE DIALOGUE

4 workshops with regulators & senior natural gas/electricity distribution company reps. across Canada, and their business associations



Industry – regulator dialogue

3

KEY LESSONS

LESSON 1 : APPROPRIATE EE/DSM REGULATORY MODEL

- EE/DSM regulatory model to be **tailored to local circumstances**
- **Appropriate program design and delivery** is essential
- **EE/DSM** is now an **important** corporate goal for utilities involved in regulated EE/DSM – **EE/DSM programs are ramping up**

Industry – regulator dialogue

3

KEY LESSONS

LESSON 2 : MEASURING EE/DSM SUCCESS

- **Measuring EE/DSM success** is increasingly important – measuring accurately is difficult and costly; need best practices for measuring and reporting; **measuring free-riders** is a key issue
- **Setting EE/DSM targets** needs a balancing of interests: politicians, regulators, distributors; current regulatory process may not reflect increased policy focus on GHG reduction
- Measuring EE/DSM success may receive greater **regulatory scrutiny** than a supply side initiative of similar scale (e.g., a dam is considered to be an asset, DSM is seen as an expense)

Industry – regulator dialogue

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KEY LESSONS

LESSON 3 : ROLE OF RATE DESIGN IN EE/DSM

- **Potential disconnect between motivations** of industry, regulators and rate payers re EE/DSM
- **Smart meters** can be effective in reducing peak demand. Issues include whether control of data should rest with the utility, a central agency or both; whether to impose or offer differential pricing.
- **Alternative rate designs** are becoming more prevalent; in Canada - weather normalized adjustments, rate stabilization mechanisms.