

Christine Long
OEB Registrar
Ontario Energy Board
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Toronto, ON
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September 16, 2021.

**Re: EB-2021-0106 Updating the CDM Guidelines for Electricity Distributors
The Atmospheric Fund Letter of Comment**

Dear Christine Long,

In accordance with the OEB Request for Comments dated August 5, 2021, please find below The Atmospheric Fund's comments on the OEB Staff discussion paper pertaining to the Conservation and Demand Management (CDM) Guidelines. The Atmospheric Fund appreciates the opportunity to comment on the OEB's Conservation and Demand Management (CDM) Guidelines discussion paper.

Cost-effectively meeting Ontario's future energy needs while achieving our climate targets will require innovative solutions. CDM is a clean and cost-effective tool for meeting Ontario's evolving energy needs. As such, the updated guidelines should encourage uptake of CDM opportunities, by making CDM a more attractive option for utilities in Ontario.

There is currently an opportunity to improve CDM uptake among Ontario electricity utilities and consumers. In recent years, overall funding for CDM has been reduced dramatically while entire categories of programs have been eliminated (e.g. residential, new construction). The 2019 Integrated Ontario Electricity and Natural Gas Achievable Potential Study highlights cost-effective CDM opportunities far beyond what IESO administered programs are pursuing. Incentivizing Local Distribution Companies (LDC) participation in CDM will allow local utilities to leverage opportunities to reduce carbon emissions and provide cost-effective energy solutions to their communities and municipalities. Supporting and enabling supplemental CDM activities by LDC's will allow the OEB to protect ratepayer interests by providing a cost-effective alternative to investments in distribution infrastructure.

Recommendation 1: We agree with the OEB staff proposal that **the CDM Guidelines should reflect a requirement for LDCs to consider CDM as an option in meeting**

local electricity system needs. Requiring robust consideration of CDM is a necessary measure, without which, it will be nearly impossible to change the current pattern of favouring costly investments in distribution infrastructure over alternative CDM pathways. Consideration of CDM options must be rigorous and evidence-based, rather than the cursory and dismissive assessments we have seen in numerous local and regional planning processes in recent years. Where CDM options are shown to be cost-effective, the CDM guidelines should continue to enable LDCs to seek distribution rate funding for them.

Recommendation 2: We recommend the CDM Guidelines be structured to incentivize utilities to deliver cost-effective CDM initiatives. The above-noted requirement for LDCs to consider CDM options for meeting system needs is necessary but not sufficient. The history and evolution of Ontario's energy regulatory system has created systematic structural and perceptual biases in favour of traditional poles and wires solutions. A concerted effort is therefore needed to incentivize utilities to pursue CDM alternatives where it is cost-effective to do so (e.g. through a share of net benefits or treating it as a capital investment). This will help to ensure that consideration of CDM options is appropriately rigorous and objective.

Recommendation 3: We also recommend the OEB **publish a draft of the updated CDM Guidelines for external review** and comment or organize a group of relevant industry stakeholders to advise on the guidelines to ensure the new CDM guidelines will achieve these goals.

Sincerely,

Bryan Purcell

VP, Policy & Programs
The Atmospheric Fund

About the Atmospheric Fund

The Atmospheric Fund (TAF) is a regional climate agency that invests in low-carbon solutions for the Greater Toronto and Hamilton Area (GTHA) and helps scale them up for broad implementation. Please note that the views expressed in this submission do not necessarily represent those of the City of Toronto or other GTHA stakeholders. We are experienced leaders and collaborate with stakeholders in the private, public and non-profit sectors who have ideas and opportunities for reducing carbon emissions. Supported by endowment funds, we advance the most promising concepts by investing, providing grants, influencing policies and running programs. We're particularly interested in ideas that offer benefits in addition to carbon reduction such as improving people's health, creating local jobs, boosting urban resiliency, and contributing to a fair society.