

Involving Utilities in Province-Wide Program Delivery

January 17, 2017



Launching Energy Efficiency in
Alberta

David Conn, Manager
Energy Management Services
ATCO

Judy Simon, Principal
ICF

ATCO



Introduction

- **2016 - Energy Efficiency Advisory Panel appointed to help launch Agency**
- **ATCO was pleased to make a submission**
 - Industry leader providing energy management services to Albertans since 2001
- **Panel mandate included obtaining input on program delivery model**
- **All delivery model options have associated benefits & challenges**
- **Climate Change Advisory Panel highlighted various advantages & challenges of both an Agency & the traditional utility-delivered DSM model in their *Climate Leadership Report to Minister (page 74)*.**



Value Provided by Utilities

- **Utility delivery has proven to be an effective & sustainable approach to program delivery**
 - Most common model in other jurisdictions
 - Proven over decades
- **Utilities serve 100% of the customers in franchise (serving) areas**
- **Have access to 100% of consumption data in serving areas**
- **Extensive presence in local communities (“boots on the ground”)**
- **Limited number of companies serve the vast majority of Albertans**
- **Existing customer touch points**
 - Such as call centres, websites, customer visits
- **Recognized brands, customer trust, financially stable**
- **Can potentially defer or avoid additional investment (e.g. new generation) by incorporating efficiency savings into distribution system planning**
- **Transparent and accountable business model**

ATCO Submission Delivery Model Recommendations

- **Considered three delivery model alternatives**
 1. Agency only
 2. Retailer
 3. Agency-directed, utility-delivered or “hybrid” model

- **Concluded some programs best delivered by the Agency**
 - Example: Point of sale rebates

- **Some programs best delivered through a hybrid approach under Agency oversight**
 - Programs requiring significant customer education
 - Programs where meter consumption data is critical

- **Commissioned ICF to provide independent expert strategic advice**
 - Currently implements over 150 energy efficiency programs
 - Extensive expertise across North America

Scope of the Study for ATCO

1. Conduct Jurisdictional Scan of Canada and the US

Delineate roles and responsibilities of central agency and utility in **centrally-led, utility-delivered models** (“hybrid model”)



2. Build Hybrid Straw Dog

Based on learnings from jurisdictional scan, Alberta’s particular circumstances and best DSM-framework practices

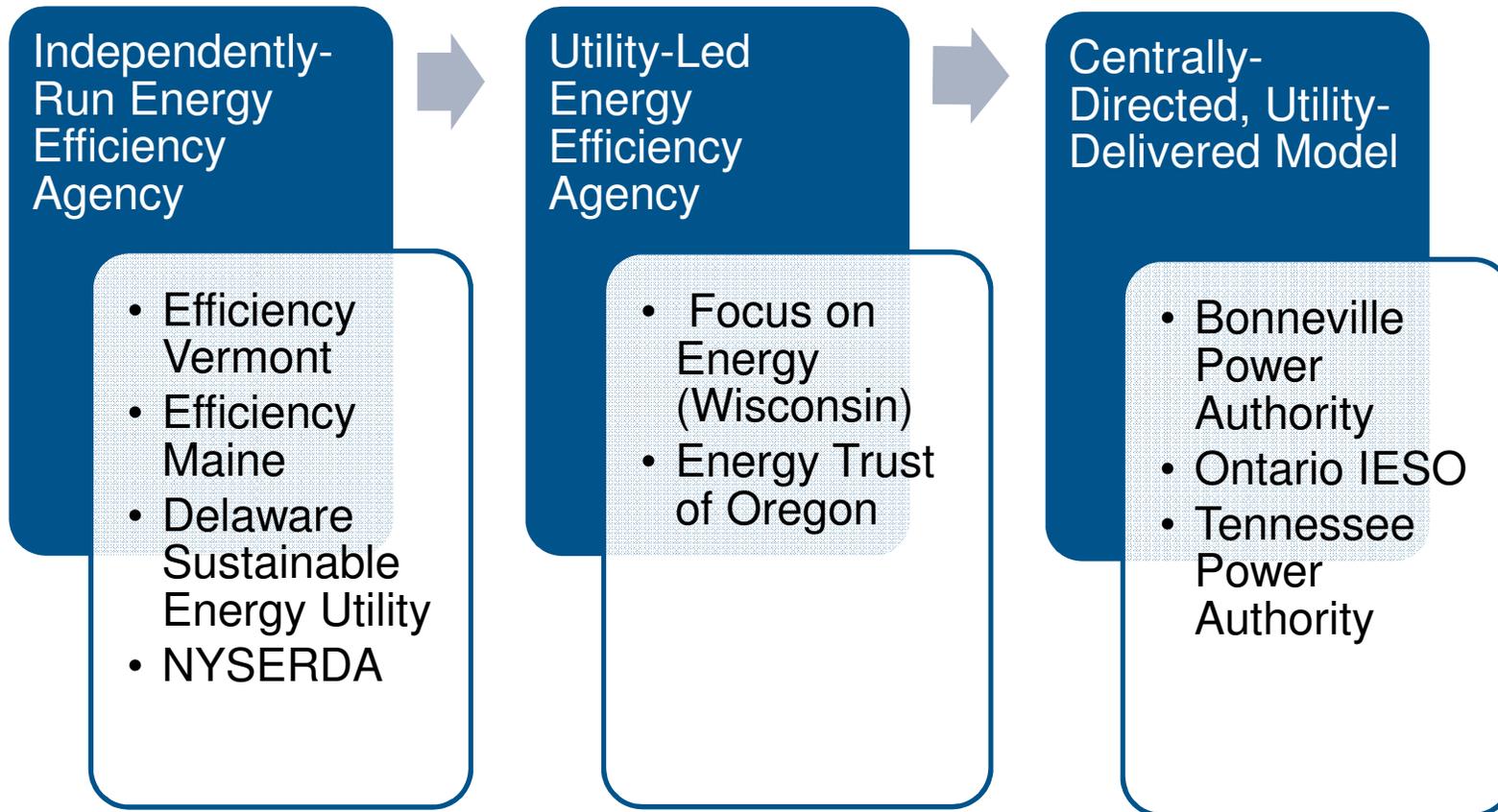
For discussion purposes only



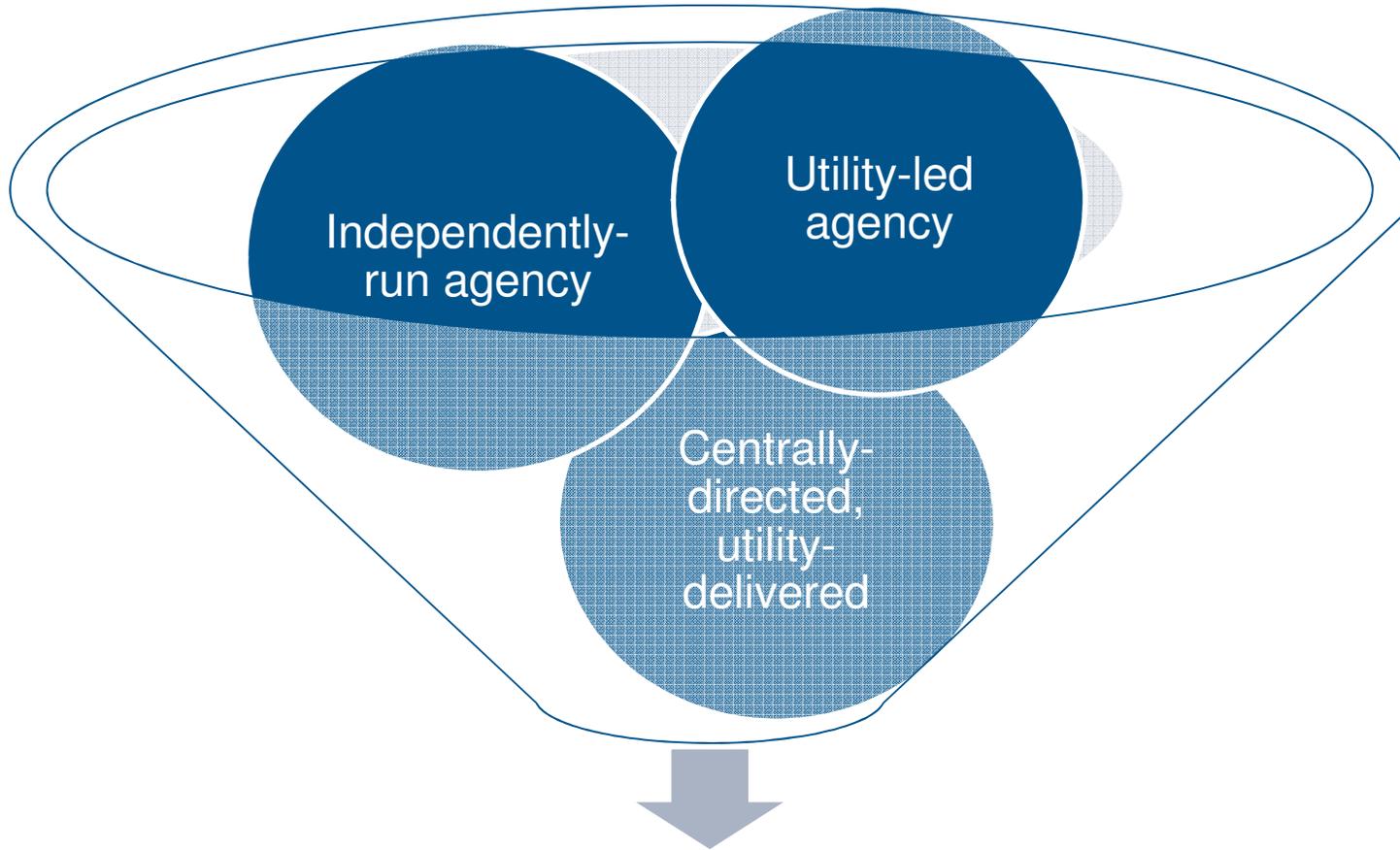
3. Provide Guidance on How to Pick Delivery Agent by DSM program

Programs delivered by central agency alone or by third party contract with central agency (third party could be utility, a specialized energy efficiency service provider, other), or combination, depending on program

Jurisdictional Scan Typology



Jurisdictional Scan Results



Each approach can be effective if designed properly

No empirical proof one is better than the other

Tailor to the special circumstances of the jurisdiction

Utilities typically (& increasingly) have a role supporting agency

ATCO

Hybrid Model Design

Design based on leveraging central agency and utility strengths

Central Agency

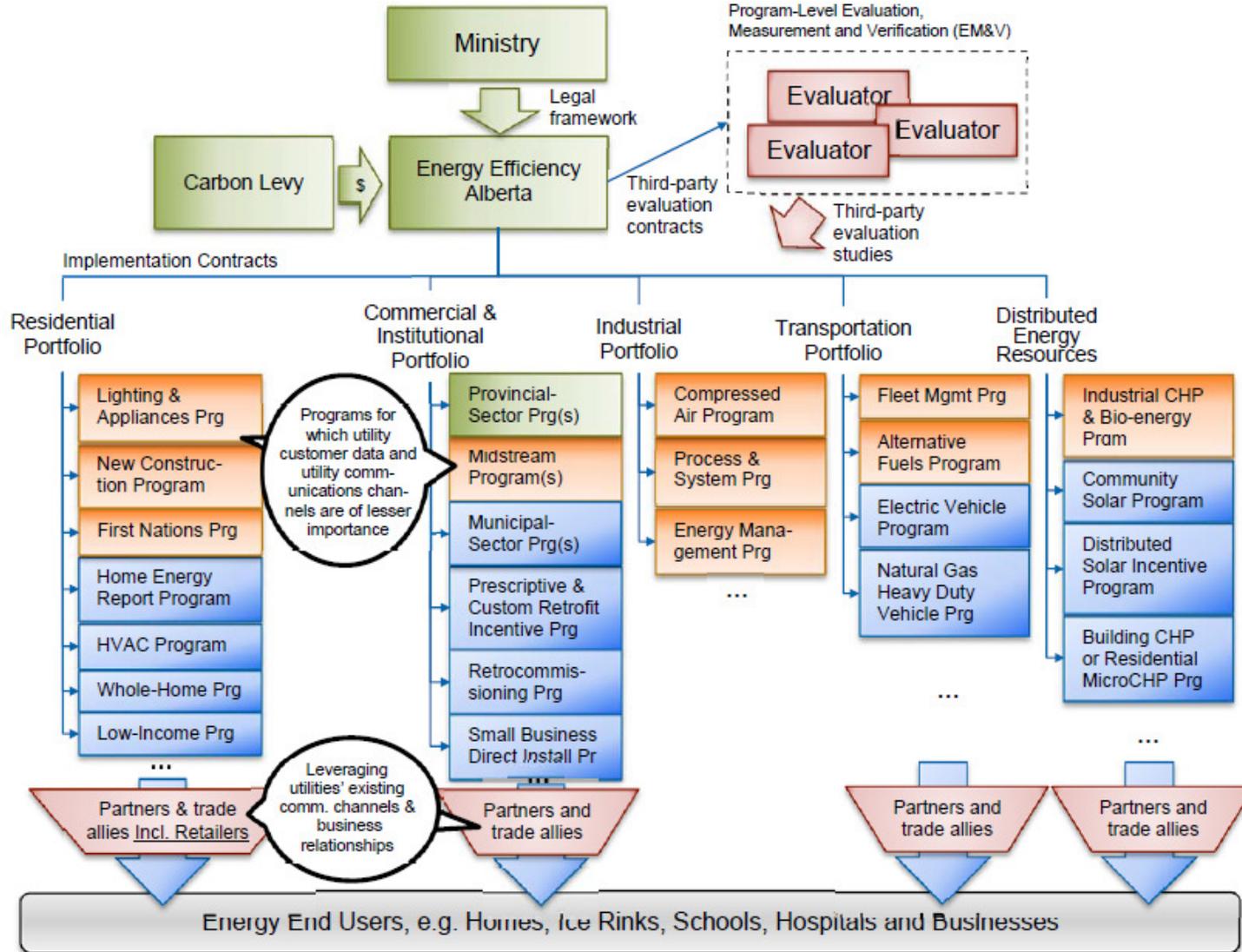
- Impact on standard setting/policy at provincial level – more direct access to provincial decision-makers
- Coordination among different fuels – natural gas, electricity, other
- Smooth coordination with channel partners across province – product supply and distribution, training/education of trades

Utilities

- Good brand recognition – trusted source
- Existing communications channels – websites, field offices, call centres
- Access to customer data – historical consumption data

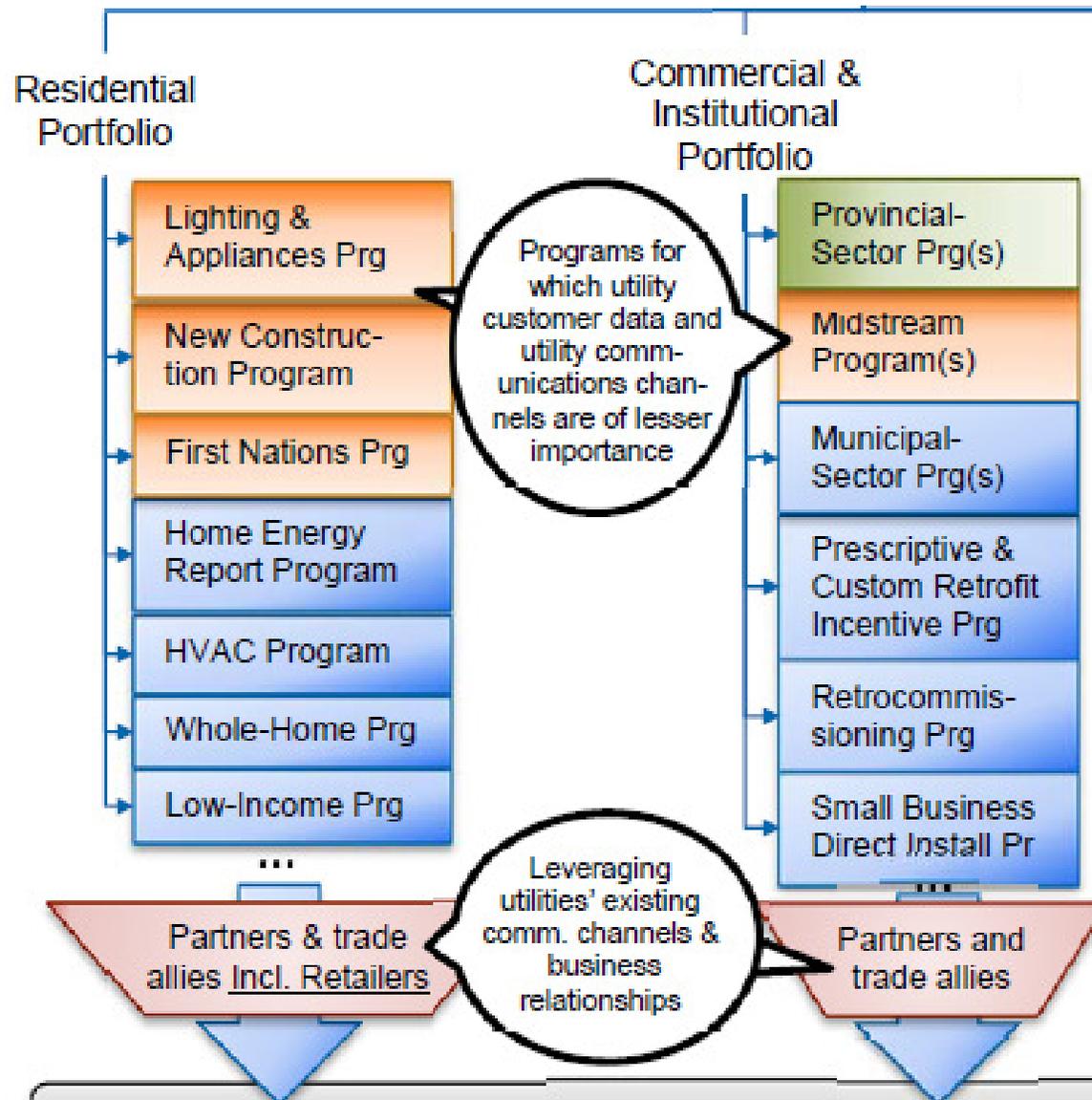


Straw Dog Hybrid Model



Straw Dog Hybrid Model

– Residential, Commercial & Institutional only

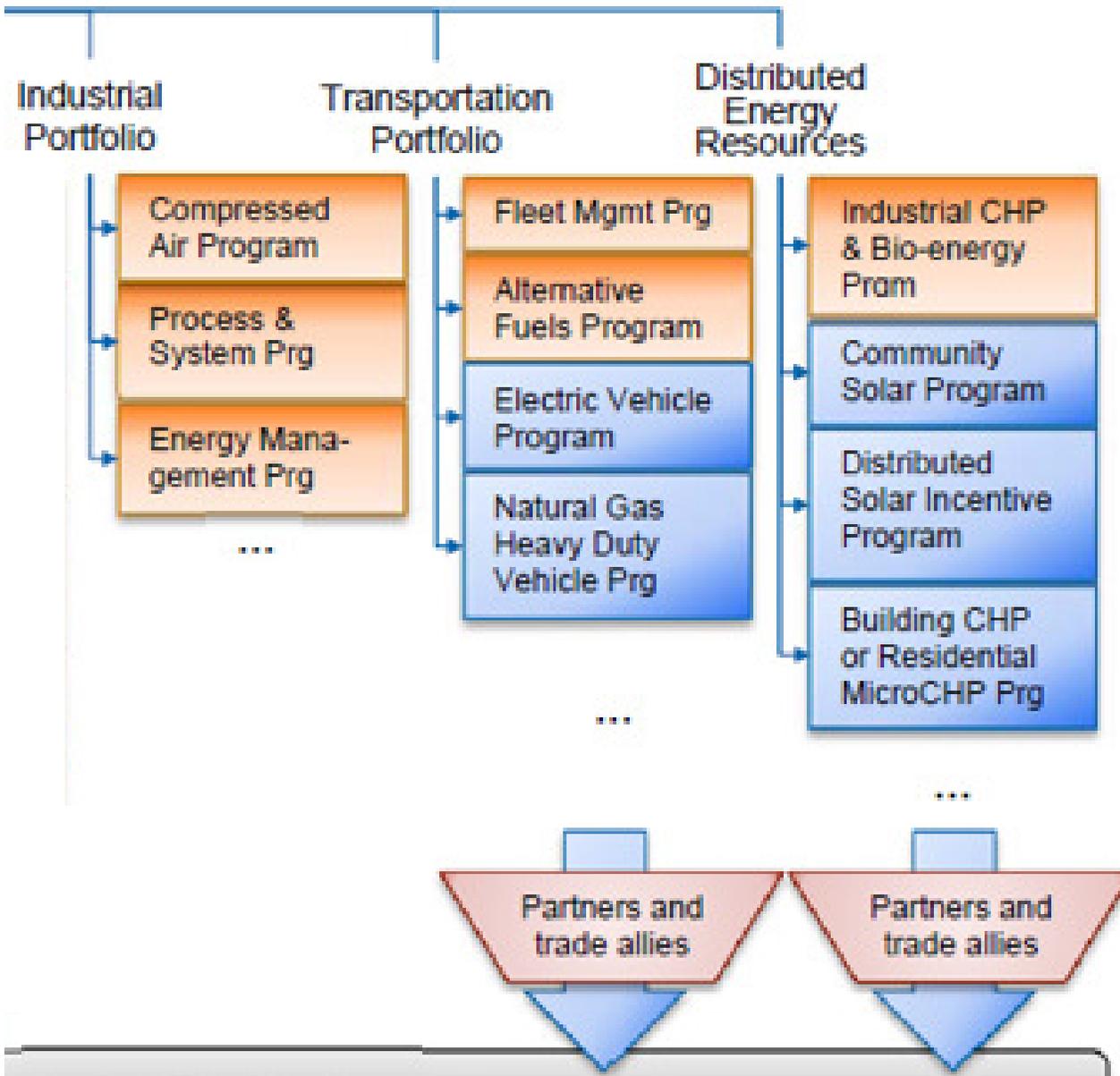


Legend:

Utility
Private Firms
Central Agency
Central Agency through Government Collaboration

Straw Dog Hybrid Model

– *Industrial, Transportation & Distributed Energy Resources only*



Legend:

Utility
Private Firms
Central Agency
Central Agency through Government Collaboration



Conclusion

- **Alberta is a unique market**
- **We trust this draft framework will serve as a helpful basis for industry & stakeholder discussion**
- **Full ATCO Submission & ICF Report available online in Panel Submission Library**

THANK YOU!

David Conn

david.conn@atco.com

403.245.7874

Judy Simon, Principal

judy.simon@icfi.com

416.341.6201

A decorative graphic consisting of three overlapping squares: a large dark blue square at the top right, a medium light blue square at the bottom left, and a small grey square at the bottom right.

ATCO