



LAS COMMUNICATION

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To the attention of the Clerk and Council

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FOR MORE INFORMATION CONTACT:

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Energy Management Updates

1. Audit ++ Program

LAS would like to thank all those that applied for our new Audit++ Program offered under the Province's Municipal Eco-Challenge Fund. LAS has selected all 42 municipalities that will receive our Audit++ service, and through a competitive RFP process, LAS has secured the services of the I.B. Storey Consortium to complete all of the Audit++ projects.

Due to a high number of applications not all applicants received an Audit++, however we encourage interested municipalities to apply for the Ministry of Energy's audit and retrofit services offered as part of the Municipal Eco-Challenge Fund. The first application deadline is May 23 and note that the audit and retrofit services are not mutually exclusive and municipalities are also free to leverage more funding from other sources. For more information and to obtain an application see: <http://www.energy.gov.on.ca/index.cfm?fuseaction=conservation.mecf>

2. Energy Management Tool (EMT)

LAS continues to implement the first wave of the *Energy Management Tool* (EMT)--a very dynamic on-line energy management software application. The EMT will allow municipal members to verify utility bills, benchmark and compare facility performance, measure and verify savings from energy conservation projects, reduce operational costs and improve processes, and meet corporate environmental stewardship goals including greenhouse gas (GHG) reductions. Those municipalities with interval meters will also be able to utilize the software to manage demand control schemes such as load shedding, peak shaving, or on-site generation. In September 2008 LAS will offer all municipalities an opportunity to utilize the EMT. Look for a session on the EMT at our August Conference and/or contact LAS staff to learn more about the EMT.

3. Ontario Municipalities: Electricity Profile

Did you know that Ontario's 445 Municipalities spend \$680 million annually on electricity; consume 6.6 billion kilowatt hours of electricity per year and represent 4.3% of Ontario's total electricity consumption? In partnership with the Independent Electricity System Operator (IESO), LAS recently contracted Power Application Group Inc. (PAGI) to develop an electricity profile of Ontario municipalities. During a 20 week period, PAGI staff met with 142 Municipalities from across the entire Province and received completed surveys from an additional 3 sites. These 145 Municipalities represent 72% of the population in the Province. The Municipal segment is a very significant component of the broader public sector (including universities, schools and hospitals). The following points are the highlights:

- Total electricity costs are equal to \$680 million on an annual basis.
- Total electricity consumption is greater than 6.6 billion kilowatt-hours per year (or 6.6 terawatt-hours).
- Municipalities in total have over 26,000 electricity accounts / meters, of which 820 are interval meters that account for 56% of the total consumption.

- Municipalities surveyed with less than 250,000 in population have the majority of their electrical consumption on RPP and have the highest percentage of non-interval meters.
- Municipalities have the potential to reduce electricity consumption by 12 per cent. In order to achieve these savings a total capital investment of \$560 million is required providing a payback of 6.5 years.
- Municipalities themselves noted a demand response capacity of 3% requiring an investment of \$44 million.
- Municipalities also showed potential to generate an additional 5% of their electricity requirements with a capital investment of \$34.4 million.
- Full implementation of best practices combined with the above potentials would reduce annual electricity costs by \$136 million (20%).

Consult the LAS website for the complete study:

http://www.amo.on.ca/AM/Template.cfm?Section=About_Us1&TEMPLATE=/CM/ContentDisplay.cfm&CONTENTID=150387

4. Regulated Price Plan (RPP)

The Province has delayed the end of the Regulated Price Plan (RPP) for the MUSH sector until May 1, 2009. The rationale for this delay was that local distribution companies (LDCs) needed more time to initiate billing changes and municipalities could benefit from further outreach and education. While roughly 75% of municipal consumption has moved off the RPP, approximately 75% of municipalities are still on the RPP. AMO and LAS staff will continue to educate the sector about the following facts:

- Municipalities that have moved off the RPP are saving money.
- The RPP variance settlement amount continues to be a credit which means customers are routinely paying more than the open market price.
- Municipalities on the RPP subsidize the other MUSH sector entities.
- Municipalities can leave the RPP by installing an interval meter and entering spot market pricing or by signing a retail contract such as that offered by LAS through its Electricity Procurement Program.
- Municipalities will soon be required to develop energy management plans under regulations developed under the Energy Conservation Leadership Act. These plans will almost certainly require tracking energy consumption plus greenhouse gas emissions and costs.
- The RPP will eventually end as the Province is committed to having consumers pay “the true cost of power”

LAS will continue to market our procurement program to all Ontario municipalities and will continue to enroll new members for our future purchasing groups – the second group is ready to go to market and the third is targeted for a purchase in May/June 2008. Collectively, our first two purchasing groups include 42 municipalities, and many more are in the process of enrolling. To continue our education process about electricity purchasing and about the future of the marketplace, LAS will continue to develop and distribute quarterly newsletters for all municipalities and is partnering with the Independent Electricity System Operator (IESO) on a number of educational initiatives.

This information is available in the Energy Services section of the LAS website at:

<http://www.amo.on.ca/Content/las/AboutUs/ProgramsServices/EnergyServices/default.htm>