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Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

RE: Addendum to Conservation & Demand Management Strategy – EB-2010-0215

Bluewater Power Distribution Corporation (“Bluewater Power”) filed a Conservation and Demand Management Strategy (“CDM Strategy”) document on November 1, 2010. The Ontario Energy Board (“OEB”) acknowledged the document and indicated that once the Ontario Power Authority (“OPA”) released the final budget information, Bluewater Power would be required to file an addendum to the strategy document to include such information. The OEB also indicated in a letter dated February 18, 2011 that the expectation is that LDC’s will file the following budget components:

- Program Administration Budget (“PAB”)
- Participant (or customer) Incentives (“PI”)
- Participant Based Funding (“PBF”)
- Capability Building Funding (“CBF”)

Bluewater Power has committed to participate in and deliver all OPA sponsored programs to all customer segments which include: Consumer, Commercial and Institutional, Industrial and Low Income. In order to deliver the programs, budgets have been established following the OPA allocation formula, and are as follows:

1. Program Administration Budget

The OPA will pay the distributor participating in the programs twice per year an amount that is meant to cover all administration, marketing, labour costs and applicable third party costs in order to effectively deliver the programs. The PAB amount Bluewater Power is to receive is based on our share of the provincial CDM Target, as well as our share of customer counts and is detailed in Table 1 below. The OPA has created a formula for payment that allows for more up-front funding in the first year in order for us to facilitate any changes required to ‘start-up’ the programs.

Table 1 – Program Administration Budget

	2011	2012	2013	2014	Total
Consumer	\$ 268,168	\$ 268,168	\$ 178,779	\$ 178,779	\$ 893,895
Commercial & Institutional	\$ 422,644	\$ 316,983	\$ 211,322	\$ 105,661	\$ 1,056,611
Industrial	\$ 57,147	\$ 42,860	\$ 28,574	\$ 14,287	\$ 142,868
Total	\$ 747,960	\$ 628,012	\$ 418,675	\$ 298,727	\$ 2,093,373

2. Participant Incentives

Participant Incentives are financial incentives paid to customers in order to entice them to participate in the program. All participant incentives that customers are eligible for are detailed in the respective OPA Schedule. Bluewater Power has forecast the incentives based on the targets (number of units or demand savings) that were detailed in Bluewater Power's strategy document which were derived from the OPA Planning Resource Tool. The tool effectively forecasts the targets based on Bluewater Power's percent of the provincial target.

The incentives related to the Consumer market include the following programs:

- Instant Rebates (OPA Coupon booklet – dollar discount per measure)
- Mid-stream Pool Incentive (dollar discount for right sized pool pumps)
- HVAC Rebates (dollar discount for upgrading heating and cooling equipment)
- Exchange Events (dollar discount for upgrading to energy efficient humidifiers and window air conditioner units)
- Residential new home construction (dollar discount to home builder for each measure)

The incentives related to the Commercial & Institutional market include the following programs:

- Energy Audits (funding towards the completion of energy audits)
- Equipment Replacement (dollar incentive per MW of energy reduction when upgrading to energy efficient equipment)
- Direct Install program (free installation of energy efficient equipment for lighting and water heating)
- Direct Service Space Cooling (free servicing of air conditioning systems in order to achieve electricity savings)
- DR1 and DR3 (Demand Response – financial incentives to reduce system peak)

The incentives related to the Industrial market include the following programs:

- DR1 and DR3 (Demand Response – financial incentives to reduce system peak)
- Equipment Replacement (dollar incentive per MW of energy reduction when upgrading

to energy efficient equipment)

- Industrial Accelerator (dollar incentives for capital upgrades at a customer facility)

Table 2 – Participant Incentives

	2011	2012	2013	2014	Total
Consumer	\$ 274,729	\$ 283,588	\$ 304,045	\$ 324,932	\$ 1,187,294
Commercial & Institutional	\$ 812,230	\$ 836,630	\$ 847,830	\$ 863,430	\$ 3,360,120
Industrial	\$ 58,730	\$ 150,330	\$ 150,330	\$ 150,330	\$ 509,720
Total	\$ 1,145,689	\$ 1,270,548	\$ 1,302,205	\$ 1,338,692	\$ 5,057,134

3. Participant Based Funding

This funding is an amount payable to the LDC or LDC Service Provider as a reimbursement for the performance of tasks related to a specific initiative. The amounts payable are detailed in the applicable Schedule. The programs that currently include participant based funding are as follows:

- Direct Install Lighting and Water Heating Initiative – an assessment fee to reimburse a third party service provider for costs related to the installation of eligible measures
- Direct Install Space Cooling Initiative – an amount for each lead that resulted in the delivery of eligible measures.

Table 3 – Participant Based Funding Forecast

	2011	2012	2013	2014	Total
Consumer	0	0	0	0	0
Commercial & Institutional	\$ 102,580	\$ 77,005	\$ 51,430	\$ 25,855	\$ 256,870
Industrial	0	0	0	0	0
Total	\$ 102,580	\$ 77,005	\$ 51,430	\$ 25,855	\$ 256,870

4. Capability Building Funding

The OPA will pay an amount to the LDC to assist with the implementation of organization measures that facilitate the delivery of CDM programs, mainly in the Industrial market segment. Items that are eligible for capability building funding include the following:

- Embedded Energy Manager
- Roving Energy Manager
- Key Account Manager
- Funds for legal review of DR contracts
- Monitoring and Targeting
- Engineering Studies
- Staff/Channel Partner Training

Table 4 – Capability Building Funding Forecast

	2011	2012	2013	2014	Total
Consumer	0	0	0	0	0
Commercial & Institutional	0	0	0	0	0
Industrial	\$ 160,375	\$ 331,000	\$ 366,000	\$ 331,000	\$ 1,188,375
Total	\$ 160,375	\$ 331,000	\$ 366,000	\$ 331,000	\$ 1,188,375

Bluewater Power indicated in our strategy document that our focus will be on delivering the OPA sponsored programs only, at least for the first year. If it becomes apparent that we will need to undertake any Board approved CDM programs in order to increase our demand and usage savings we would endeavor to investigate other jurisdictions to identify existing OEB approved programs that would be appropriate for our service territory. At this time we are unable to provide a potential budget for such programs given that they are unknown, but would apply to the OEB if required.

Sincerely,



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