MIDLAND POWER UTILITY CORPORATION
16984 Highway#12 P.O. Box 820
Midland Ontario L4R 4P4

September 30, 2013

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

Dear Ms. Walli:

Midland Power Utility Corporation – License #ED-2002-0541
2012 CDM Annual Report
EB-2010-0215

Please find attached the 2012 Annual CDM Report prepared for Midland Power Utility Corporation.

The Conservation and Demand Management Code for Electricity Distributors requires a distributor to file an annual report with the Board. The attached Annual Report is therefore prepared accordingly and covers the period from January 1, 2012 to December 31, 2012.

The 2012 Annual CDM Report for Midland Power Utility Corporation also includes an overview document with relates the experience of the CHEC Member LDCs which Midland Power Utility Corporation works in collaboration with to deliver CDM programs.

Yours very truly,

MIDLAND POWER UTILITY CORPORATION

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Cornerstone Hydro Electric Concepts (CHEC)

Combined Conservation and Demand Management Annual Report 2012

EB-2010-0215

Collaboration for Conservation

September 30, 2013

Executive Summary:

This represents the 2012 year reporting as required by the CDM Code for the CHEC Association LDCs. The results and comments provided in this section are based on the combined experience of the CHEC LDCs.

The report format contains an overview section relating the combined experience of CHEC LDCs and thirteen addendums containing the individual LDC Annual CDM Reports. The overview section provides a summary of the overall target achieved, conditions impacting strategy progress and tracking of the CDM Strategy.

In the second year of the program the residential portfolio did not meet expectations and did not perform at the same level as the first year. The lower than expected performance in the residential market place has had impact on all of the LDCs. The negative effect is most pronounced in LDCs with primarily high residential loads.

Customers continue to show interest in the Demand Response (DR) initiative with a number of new entries in the DR initiative. Unfortunately the second year of the initiative has seen a number of customers leave the initiative. These changes illustrated the customer interest in the initiative however they also illustrate that customers are not satisfied with the performance or impact of the initiative as related to their business. DR is seen as a crucial element to achieve the demand target. The initiative needs to be tailored to meet the customer needs aimed at maintaining their participation in the initiative.

CHEC's Roving Energy Manager (REM) was engaged late in 2012. This position is seen as a key element in successful approaches to industry and commercial customers. While the impact of the REM is limited in 2012 it is anticipated that this resource will assist to drive applications in the remaining years of the program.

The combined strategy results (Table 4) indicate a decline in the percentage of target to be achieved by the member LDCs. Based on the two year results the anticipated target completion is 87.6% of demand and 99% of the energy targets. The individual reports filed by the member LDCs outline their continued commitment and expectations for the two remaining years.

1.0 Introduction:

Cornerstone Hydro Electric Concepts Association (CHEC) is an association of thirteen (13) Local Distribution Companies (LDCs). The CHEC member LDCs have prepared this Conservation and Demand Management (CDM) Annual Report 2012 as required by the Conservation and Demand Management Code for Electricity Distributors. The report is a collaborative initiative of CHEC member LDCs. The report is consistent with the combined CDM Strategy filed in November 2010 and includes Orillia Power as a recent addition to the CHEC Association.

1.1 Distributors Included in CHEC Association CDM Strategy:

CHEC LDCs work collaboratively to meet regulatory and operational requirements. The Association facilitates LDCs' abilities to address initiatives in a cost effective manner, sharing information, expertise and resources. The development of a collaborative CDM Strategy and the subsequent CDM Annual Report is consistent with the CHEC philosophy of working together to meet the needs of the member LDCs and to work effectively for the customers served.

The LDCs, all members of CHEC, covered under this CDM Annual Report include:

- Centre Wellington Hydro Ltd.
- COLLUS PowerStream (COLLUS Power)
- Innisfil Hydro Distribution Systems Limited
- Lakefront Utilities Inc.
- Lakeland Power Distribution Ltd.
- Midland Power Utility Corporation
- Orangeville Hydro Limited
- Orillia Power Distribution Corporation
- Parry Sound Power
- Rideau St. Lawrence Distribution Inc.
- Wasaga Distribution Inc.
- Wellington North Power Inc.
- West Coast Huron Energy Inc. (Goderich Hydro).

CHEC LDCs have worked collaboratively and as part of the Association since 2000. The CHEC Combined Annual CDM Report includes an overview section and separate addendums for each LDC. The LDC addendum format follows the template developed and shared by the Electricity Distributors Association (EDA) with LDCs.

2.0 CDM Targets for Electricity Demand (MW) and Electricity Consumption (GWh):

The CDM target for each LDC has been established by the Ontario Energy Board (OEB) utilizing a methodology developed by the Ontario Power Authority (OPA). The targets were later revised and incorporated into the LDC license requirements. Table 1 illustrates the final targets for each LDC.

Table 1 – OEB Defined Targets

	MW	GWH
LDC	**Revised Target**	**Revised Target**
Centre Wellington Hydro	1.64	7.81
COLLUS Power	3.14	14.97
Innisfil Hydro	2.5	9.2
Lakefront Utilities	2.77	13.59
Lakeland Power	2.32	10.18
Midland Power	2.39	10.82
Orangeville Hydro	2.78	11.82
Orillia Power	3.07	15.05
Parry Sound Power	0.74	4.16
Rideau St. Lawrence	1.22	5.1
Wasaga Distribution	1.34	4.01
Wellington North Power	0.93	4.52
West Coast Huron Energy	0.88	8.28
Total	**25.72**	**119.51**

3.0 Progress toward Achieving Target

Table 2 and Table 3 provide summaries of the progress made by CHEC LDCs in 2012 towards the combined demand target. The combined results are the summation for all member LDCs and represent reported savings as per the OPA. The individual savings for each LDC are represented in the associated Addendum.

Table 2 Combined Net Demand Savings at End User Level Including DR Contribution
(2011 adjusted to add Orillia Power)

Implementation Period	Annual (MW)			
	2011	**2012**	**2013**	**2014**
2011 - Verified	4.89	4.89	4.89	4.89
2012		1.87	1.87	1.87
2013				
2014				
Verified Net Annual Peak Demand Savings in 2014 (including DR):				6.76
Combined CHEC 2014 Annual CDM Capacity Target:				**25.72**
Verified Portion of Peak Demand Savings Target Achieved (%):				26.3%
Combined CHEC Strategy, Milestone submitted for 2012				30.8%
Variance:				-4.5%

Note: Table includes DR

Table 2 includes the contribution from Demand Response (DR) Initiatives as these represent action within the reporting period. Reporting DR reflects the activity in the given year and to date. It is recognized that only DR in place at the end of 2014 will be attributed to the achieved target.

Removal of the DR contribution results in the Peak Demand Savings being reduced by 2,255 kW which represent 8.8% of the 2014 target. After removing DR the verified peak demand savings in 2014 would be 17.5%.

Contribution toward the peak target after two years of program delivery is lagging slightly below the strategy targets. The reported results include DR as noted on the tables. The exclusion of DR within the reporting would not present an accurate picture of target achievement and would improperly state the variance from strategy as LDCs included DR in the strategies filed. Currently LDCs include 4,500 kW of DR in the strategies with approximately 1,800 kW of DR obtained to date. Over the reporting period LDCs have seen the loss of DR which has been included in the 2012 reporting in the cumulative results.

While the progress is only 4.5% off the strategy it must be realized that the combined strategies have been adjusted (2011 and 2012 adjustments) to predict a shortfall of 3.2 MW which represents 12.4% below the peak target. The progress to peak target without DR included (17.5%) approaches the provincial average of 17.8% target achieved.

Table 3 Combined Net Energy Savings at End User Level

Implementation Period	**Annual (MWh)**				**Cumulative (MWh)**
	2011	**2012**	**2013**	**2014**	**2011-2014**
2011 - Verified	10,250	10,250	10,250	10,250	41,000
2012		10,058	10,058	10,058	30,174
2013					
2014					
Verified Net Cumulative Energy Savings 2011-2014:					71,174
Combined CHEC 2011-2014 Cumulative CDM Energy Target:					119,510
Verified Portion of Cumulative Energy Target Achieved (%):					59.6%
Combined CHEC Strategy, Milestone submitted for 2011 & 2012					67.5%
Variance :					-7.9%

Energy savings continue to be strong with annual incremental savings staying consistent in the range of 10 MWh. While significant the achieved energy savings is 7.9% below the proposed savings at this time. Current review of the strategies indicated that the rate of savings will need to increase to achieve the MWh target. Currently the CHEC LDC combined MWh savings is

lagging behind the provincial average of 65.1%. LDCs' performance varies due to local parameters which are addressed in the addendums.

4.0 General Conditions Impacting Strategy Performance:

This section outlines issues which have impacted on the progress of Strategies and some of the general lessons learned over the second year of the program. While there have been many successes there remains many challenges within the CDM portfolio and the delivery of programs. Overall the delivery mechanism continues to be improved. Unfortunately opportunities lost early in the program timeframe are difficult to make up later in the program.

4.1 Portfolio Reduction:

Over the first two years of delivery the full portfolio of OPA programming proposed has not been developed and prepared for delivery. Further, replacement programs have not been developed on the provincial level. The impact of these initiatives not being in market and/or has a twofold impact. First any program savings proposed in the strategies from these initiatives are not realized. Secondly the lack of programs reduces the overall profile of the CDM initiatives. The additional initiatives, with the associated advertisement and engagement, would have reinforced all initiatives and the customers' overall awareness of the conservation effort. Improved performance of the in-market initiative would be assisted by the heightened customer awareness.

4.2 Roving Energy Manager:

CHEC LDCs applied for funding to cover the cost of a Roving Energy Manager to assist member LDCs. Application approval took several months which impacted on the ability to move forward with the engagement of a candidate (as noted in 2011 report). The ability to find a qualified energy manager to fill the position proved to be a challenge. The position was filled in September of 2012 with initial customer contacts commencing soon after becoming familiar with the service territories. Since procurement of the REM it is apparent what a benefit the position is in approaching commercial and industrial customers. An earlier approval (and market availability of candidates) would have resulted in positive results. The REM continues to have a primary role in generating both peak and energy savings.

4.3 Residential Program Performance:

The residential programs have performed well below 2011 levels. The reduced level of provincial advertising, method to share coupons and saturation of technologies impacted on the performance.

Provincial advertising is seen to have an impact on awareness of the programs as the OPA can access markets which the LDC may not be able to effectively approach. While LDCs can complete local marketing the widespread campaigns initiated by the OPA are seen as critical for overall success.

A number of LDCs noted issues with the distribution of coupons and the need for customers to print coupons. Any barrier presented to the customer limits response. While perhaps appearing to be cost effective, not providing coupons in an easy to access method reduces the number of coupons utilized.

Initiatives like the Appliance Retirement program have been in the market for some time. The number of eligible appliances has been significantly impacted by several years of successful delivery. A re-vitalization of the program may assist to acquire further appliances however the opportunity may be limited.

For LDCs with a large residential proportion of load the significance of weaker performance in the residential program impacts heavily in the overall ability to achieve targets. A number of CHEC LDCs are struggling due to the residential program lagging behind in projected savings.

4.4 Peaksaver Plus:

The residential demand response initiative (*peaksaver* PLUS®) has been identified in most strategies as being a key contributor to obtaining significant peak target from the residential sector. Unfortunately the ability to deliver state of the art equipment to meet today's requirements while providing future functionality has proved challenging.

peaksaver PLUS® was not initiated until early in 2012 due to the limited capabilities of the technologies, specifically the in home display. Technologies available offered a number of challenges for LDCs and customers alike. Many of the available units relied on batteries, did not offer the capability to update rate schedules, did not vary with time of use and time of year and/or only presented the energy portion of the customer's bill.

CHEC LDCs released an RFP for a supplier of service and technology in late 2012. While the technology was not at the preferred stage of development, it was recognized that to meet the requirements of the initiative procurement and delivery in 2013 would be required. The release of the RFP late in 2012 was deemed the most appropriate to allow two summer seasons for promoting the program.

4.5 Relationship with Customers:

During the second year of the program it was noted in some service territories that relationships built with organizations and municipal representatives were challenged with staff changes. With programs which extend over several years the key contact, both customer and

LDCs, may change. This was not necessarily a challenge anticipated and LDCs found they were re-educating the new decisions makers about the programs, the opportunities and the benefits. These changes have reinforced the need to approach customers multiple times to ensure that the knowledge of the programs remains current.

4.6 Ministry Extension of Program into 2015:

The Minister's Directive to extend the programs into 2015 has removed the incentive for customers to complete applications by December 31, 2014. The extension of the program removes the ability for LDCs to expedite/promote application completion prior to program changes and/or termination. While continuation of the opportunities for customers is supported, the lack of coordination between the LDC targets achievements and the program extension may prove to be problematic.

4.7 OEB Approved Programs:

OEB Approved Programs were included in 6 of the 12 LDCs Strategies filed in 2010. Initially it was anticipated that OEB Approved Programs would form a part of the results within the Strategy.

No OEB Approved Programs were pursued by CHEC. Work on reviewing the opportunity for an education program was pursued. Those discussions ended with conversations at the Ministry level however the initiative did not develop into an OEB approved program application.

The duplication issue with provincial initiatives has limited the potential program concepts as many ideas were based on retrofit of existing equipment which in most instances qualified for custom applications under the ERII initiative.

Time of use contribution to the overall results will be released once the evaluation is completed. These results will better the outcomes noted in this report as no contribution from time of use has been applied at this time.

4.8 DR 3 Contribution:

Within the targets achieved to date there is a significant amount of DR 3. Over the second year of the program LDCs have seen new customers enter the program and program participants leave the program. The exit of customers from the program is unfortunate as the opportunity to re-engage the customer may be limited.

With the gap between the achieved peak and the targets set, DR 3 offers an opportunity to significantly increase the peak contribution over a one year period. CHEC LDCs through the assistance of the REM position will ensure customers are aware of DR 3 opportunities and how best to take advantage of the program. Ensuring the customer understands the program and

the impact on their operation is seen as critical to the success of the program. With changes to the DR 3 program LDCs will have access to information identifying customers on the DR 3 program.

5.0 Revised CDM Strategy:

The Addendums for each LDC contain a tracking of the CDM Strategy. A number of the LDCs have modified their strategies based on the results to the end of 2012. The review of the strategies includes the results to the end of 2012 as well as the Q1 verified results for 2013 and an estimate of projects in the pipeline. The combined strategy for the 13 CHEC LDCs is summarized in Table 4.

The revised Strategies anticipate a total of 22.5 MW and 118.3 GWh to be saved by December 2014. These projected savings represent 87.6% and 99% respectively of the demand and energy targets for the 13 LDCs. This is a reduction of expected target achievements from those previously noted in the 2011 Annual Report.

CHEC LDCs remain committed to achieving the targets however results to date indicate that expectations for full target achievement may not be realistic.

The specific activities associated with each LDC are outlined in the attached Addendums.

Table 4 – CHEC CDM Combined Strategy:

Combined Strategy	Annual Milestone - Contribution to 2014 Target																			
	2011 Original Strategy Projection		Actual 2011 Results		2012 Revised Strategy Projection		Actual 2012 Results		2013 Revised Strategy Projection		Actual 2013 Results		2014 Revised Strategy Projection		Actual 2014 Results		Revised Total Projected Reduction		Contribution to Target	
Category - Consumer	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Provincial Programs																				
Appliance Retirement	92	2,124,285	73	2,101,386	77	1,124,617	72	1,216,066	58	732,121	0	0	61	354,784	0	0	264	4,238,306	145	3,317,452
Instant Discounts (Rebates)	28	2,893,444	58	3,942,107	28	1,787,544	33	1,713,722	19	927,638	0	0	22	571,319	0	0	131	7,358,742	91	5,655,829
HVAC Discounts (Rebates)	205	1,286,117	410	3,173,723	336	1,588,507	284	1,514,924	222	764,551	0	0	259	461,010	0	0	1,233	6,045,846	694	4,688,647
Demand Response	607	3,846,518	130	338	130	338	0	0	1,018	2,977,503	0	0	1,805	2,412,453	0	0	3,083	5,390,632	130	338
Midstream Incentives	3	82,243	0	0	0	0	0	0	2	19,945	0	0	2	9,973	0	0	5	29,918	0	0
New Construction	25	250,419	0	0	1	6,486	0	1,232	28	131,323	0	0	37	90,414	0	0	65	222,969	0	1,232
Low Income	0	0	0	0	11	186,345	13	387,788	156	1,652,205	0	0	159	960,702	0	0	327	2,867,167	13	387,788
Provincial Consumer Total	**961**	**10,483,027**	**671**	**9,217,553**	**583**	**4,693,837**	**402**	**4,833,733**	**1,504**	**7,205,286**	**0**	**0**	**2,345**	**4,860,656**	**0**	**0**	**5,108**	**26,153,581**	**1,073**	**14,051,286**
OEB Approved Programs																				
General Consumer	36	0	0	0	0	0	0	0	10	0	0	0	10	0	0	0	20	0	0	0
Low Income	5	0	0	0	0	0	0	0	5	0	0	0	5	0	0	0	10	0	0	0
OEB Approved Programs Total	**41**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**15**	**0**	**0**	**0**	**15**	**0**	**0**	**0**	**30**	**0**	**0**	**0**
Consumer Program Total	**1,001**	**10,483,027**	**671**	**9,217,553**	**583**	**4,693,837**	**402**	**4,833,733**	**1,519**	**7,205,286**	**0**	**0**	**2,360**	**4,860,656**	**0**	**0**	**5,138**	**26,153,581**	**1,073**	**14,051,286**

	Annual Milestone - Contribution to 2014 Target																			
	2011 Original Strategy Projection		Actual 2011 Results		2012 Revised Strategy Projection		Actual 2012 Results		2013 Revised Strategy Projection		Actual 2013 Results		2014 Revised Strategy Projection		Actual 2014 Results		Revised Total Projected Reduction		Contribution to Target	
Category - Commercial & Institutional	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Provincial Programs																				
rofits – Medium and Large Buildings	987	7,342,065	247	7,087,727	1,712	9,875,529	957	12,473,033	1,443	7,290,139	0	0	1,257	4,493,546	0	0	4,148	29,511,482	1,204	19,560,760
Existing Building Retrofits – Small Buildings	835	16,571,055	400	5,852,737	576	7,733,791	634	7,346,408	1,259	8,097,565	0	0	1,429	4,089,765	0	0	3,872	27,260,416	1,034	13,199,145
Small Commercial Demand Response	19	39,713	56	12	19	1,070	0	0	39	58,569	0	0	97	300,518	0	0	210	359,171	56	12
Demand Response 1 & 3	0	37	594	7,522	120	15,376	-243	21,715	375	60,075	0	0	691	33,366	0	0	1,318	126,130	351	29,237
Provincial Commercial & Inst. Total	**1,841**	**23,952,871**	**1,297**	**12,947,998**	**2,427**	**17,625,765**	**1,348**	**19,841,156**	**3,117**	**15,506,348**	**0**	**0**	**3,473**	**8,917,195**	**0**	**0**	**9,548**	**57,257,198**	**2,644**	**32,789,154**
OEB Approved Programs																				
Retrofits	79	0	0	0	0	0	0	0	79	0	0	0	79	0	0	0	158	0	0	0
New Construction	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OEB Approved Programs Total	**79**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**79**	**0**	**0**	**0**	**79**	**0**	**0**	**0**	**158**	**0**	**0**	**0**
Commercial & Inst. Total	**1,920**	**23,952,871**	**1,297**	**12,947,998**	**2,427**	**17,625,765**	**1,348**	**19,841,156**	**3,196**	**15,506,348**	**0**	**0**	**3,552**	**8,917,195**	**0**	**0**	**9,706**	**57,257,198**	**2,644**	**32,789,154**

	Annual Milestone - Contribution to 2014 Target																			
	2011 Original Strategy Projection		Actual 2011 Results		2012 Revised Strategy Projection		Actual 2012 Results		2013 Revised Strategy Projection		Actual 2013 Results		2014 Revised Strategy Projection		Actual 2014 Results		Revised Total Projected Reduction		Contribution to Target	
Category - Industrial	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Program Name																				
Industrial Accelerator	55	1,284,928	0	0	0	0	0	0	0	0	0	0	31	190,138	0	0	31	190,138	0	0
Industrial Equipment Replacement	431	10,125,877	53	2,938,736	436	5,576,430	0	0	381	3,361,143	0	0	469	2,679,274	0	0	1,199	11,876,159	53	2,938,736
Demand Response 1	0	7	0	0	0	0	0	0	0	4	0	0	2	4	0	0	2	8	0	0
Demand Response 3	24	524,494	1,549	90,925	21	436,972	-32	52,874	410	678	0	0	426	50,788	0	0	3,225	222,176	1,517	143,798
Provincial Industrial Total	**511**	**11,935,306**	**1,602**	**3,029,661**	**457**	**6,013,402**	**-32**	**52,874**	**791**	**3,361,825**	**0**	**0**	**927**	**2,920,204**	**0**	**0**	**4,457**	**12,288,480**	**1,570**	**3,082,534**
OEB Approved Programs																				
A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OEB Approved Programs Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Industrial Total	**511**	**11,935,306**	**1,602**	**3,029,661**	**457**	**6,013,402**	**-32**	**52,874**	**791**	**3,361,825**	**0**	**0**	**927**	**2,920,204**	**0**	**0**	**4,457**	**12,288,480**	**1,570**	**3,082,534**
	Note: Sums above do not include Orillia Power's projected or actuals as Strategy not itemized by intiatives																			

	2011 Original Strategy Projection		Actual 2011 Results		2012 Revised Strategy Projection		Actual 2012 Results		2013 Revised Strategy Projection		Actual 2013 Results		2014 Revised Strategy Projection		Actual 2014 Results		Revised Total Projected Reduction		Contribution to Target	
CDM Strategy Total	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Program Total	3,952	48,501,204	4,317	29,546,717	3,957	32,093,004	1,849	28,359,333	5,726	30,193,459	0	0	8,440	21,128,055	0	0	22,131	110,139,259	6,165	57,906,050
2010 Contribution	0	0	577	11,452,774	6	29,450	31	306,421	0	0	0	0	0	0	0	0	437	8,535,431	608	11,759,195
Adjustments to Verified Final Results	0	0	0	0	0	0	-12	1,508,720	0	0	0	0	0	0	0	0	-31	-340,358	-12	1,508,720
Adjusted Total	**3,952**	**48,501,204**	**4,894**	**40,999,491**	**3,963**	**32,122,454**	**1,868**	**30,174,474**	**5,726**	**30,193,459**	**0**	**0**	**8,440**	**21,128,055**	**0**	**0**	**22,537**	**118,334,332**	**6,761**	**71,173,965**
	Note: Sums include Orillia Power Strategy														**Target to Achieve**		25,720	119,510,000		

	2011 Original Strategy Projection		Actual 2011 Results		2012 Revised Strategy Projection		Actual 2012 Results		2013 Revised Strategy Projection		Actual 2013 Results		2014 Revised Strategy Projection		Actual 2014 Results		Revised Total Projected Reduction		Contribution to Target	
Percentage of Target	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
	15.4%	**40.6%**	**19.0%**	**34.3%**	**15.4%**	**26.9%**	**7.3%**	**25.2%**	**22.3%**	**25.3%**	**0.0%**	**0.0%**	**32.8%**	**17.7%**	**0.0%**	**0.0%**	**87.6%**	**99.0%**	**26.3%**	**59.6%**
	Note: This section includes Orillia Power's Strategy and Actuals																			

6.0 Addendums:

Centre Wellington Hydro ..... Addendum 1
COLLUS Power Stream..... Addendum 2
Innisfil Hydro Distribution Systems..... Addendum 3
Lakefront Utilities..... Addendum 4
Lakeland Power Distribution..... Addendum 5
Midland Power Utility..... Addendum 6
Orangeville Hydro..... Addendum 7
Orillia Power..... Addendum 8
Parry Sound Power..... Addendum 9
Rideau St. Lawrence Distribution..... Addendum 10
Wasaga Distribution Ltd..... Addendum 11
Wellington North Power..... Addendum 12
West Coast Huron Energy..... Addendum 13

Midland Power Utility Corporation

Addendum 6 – CHEC CDM Combined Annual Report 2012

Conservation and Demand Management

2012 Annual Report

Submitted to:

Ontario Energy Board

Submitted on September 30, 2013

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Executive Summary

This annual report is submitted by Midland Power Utility Corporation (Midland PUC) in accordance with the filing requirements set out in the CDM Code (Board File No. EB-2010-0215), specifically Appendix C Annual Report Template, as a progress report and modification to Midland PUC's Strategy. Accordingly, this report outlines Midland PUC's CDM activities for the period of January 1, 2012 to December 31, 2012. It includes net peak demand and net energy savings achieved from 2011 and 2012, discussion of the current/future CDM framework, CDM program activities, successes and challenges, as well as forecasted savings to the end of 2014.

Midland PUC did not apply for any Board-Approved CDM Programs during 2012, however, as noted in the CDM guidelines released April 26, 2012, the Ontario Energy Board (OEB) has deemed Time-of-Use (TOU) pricing a Province-wide Board-Approved CDM Program. The Ontario Power Authority (OPA) is to provide measurement and verification on TOU. At the time of this report the OPA has not released any verified results of TOU savings to Midland PUC. While these results are anticipated to better the reported savings no allowance has been made in this report.

In 2011, Midland PUC contracted with the Ontario Power Authority (OPA) to deliver a portfolio of OPA-Contracted Province-Wide CDM Programs to all customer segments including residential, commercial, institutional, industrial and low income. These programs were rolled-out by the OPA in June 2011. In 2011 program activities were centered on building a foundation for full program execution over the next three years of the program term, including staffing, procurement, and program delivery.

In 2012 Midland PUC continued to place significant emphasis on the programs in market. The delivery of ERII and Direct Install programs continued to be active and the Home Assistance Program was launched and the peaksaver RFP released. To date Midland PUC has:

- Launched all available OPA Programs following their release by the OPA:
- Delivered marketing to inform consumers in all sectors:
- Informed industry stakeholders about OPA Programs, the use of online application system,
- Partnered with CHEC LDCs to form partnerships and delivery models for the various programs;
- In conjunction with other CHEC LDCs engaged the services of a Roving Energy Manager:
- Actively participated in Electrical Distribution Association (EDA), LDC and OPA working groups through our own staff or CHEC resources in order to improve and simplify the existing programs and processes; and
- Transitioned pre-2011 projects into 2011.

To the end of 2012, as reported by the OPA, Midland PUC has achieved .22 MW of net incremental peak demand savings and .96 GWh of net incremental energy savings in 2012.

Savings achieved during 2011 and 2012 represent .40 MW or 16.8% of the MW target and 6.53 GWh or 60.4% of the GWh target. These savings are compared to 21.8% and 66% respectively of Midland PUC's strategy targets as stated in the Revised CDM Strategy filed with OEB. At first appearance the MW target was missed, however due to the Demand Response 3 (DR-3) component having a persistence of one year its contribution is removed. With the DR-3 component included the annual MW achieved to December 31, 2012 was .91 MW or 38.2% of the LDS's CDM target. The GWH target at 2012 was slightly lower than target resulting from deficiencies in the Industrial portfolio.

Midland PUC engaged residential customers through a variety of opportunities. Educational seminars at the Midland Public Library, retailer events, energy saving coupons, bill inserts, website advertising and visits by our Energy Services Manager to residences with high energy usage continued in 2012.

Building capacity and developing channel partners in the community was again a priority in 2012 for both commercial and industrial customers, which led to another strong year of results for the Equipment Replacement Incentive Initiative (ERII) and the small business Direct Install Lighting (DIL) programs. Two participants exited the DR-3 Program which negatively impacted our MW results.

Table 6 in Section 5.3 of this report shows there will be a shortfall of approximately .77 MW or 32.4% of the MW target and approximately 1.77 GWH or 16.3% of the GWh compared to the targets. This shortfall is expected to continue as the current rate of participation in the OPA Contracted Province Wide CDM Programs, despite best efforts, are not approaching the targets. As noted above, the loss of two DR-3 participants has negatively impacted our targets in 2012. Midland PUC will continue to support the programs, review and modify marketing and approaches to the programs to maximize results to achieve as much of the target as possible.

An additional risk to achieving targets is the long planning and capital cycles for many of the commercial and industrial customers. It is likely some large projects, if not submitted by early to mid-2013, may not be implemented in time to provide savings by the December 31, 2014 target deadline. While the program funding for incentives has been extended to December 2015, which maintains program delivery, it may have also removed the drive for larger customers to move forward at an earlier date to avoid losing the incentive if not implemented by December 2014. Currently, based on the Minister's Directive, only kW and kWhs implemented by December 2014 will be counted towards target. The lack of coordination between the program funding extension and the implementation of savings to be counted towards target may impact negatively on achieving targets.

Background

On March 31, 2010, the Minister of Energy and Infrastructure of Ontario, under the guidance of sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998*, directed the Ontario Energy Board (OEB) to establish Conservation and Demand Management (CDM) targets to be met by electricity distributors. Accordingly, on November 12, 2010, the OEB amended the distribution license of Midland PUC to require Midland PUC, as a condition of its license, to achieve 10.82 GWh of energy savings and 2.39 MW of summer peak demand savings, over the period beginning January 1, 2011 through December 31, 2014.

In accordance with the same Minister's directive, the OEB issued the Conservation and Demand Management Code for Electricity Distributors (the Code) on September 16, 2010. The code sets out the obligations and requirements with which electricity distributors must comply in relation to the CDM targets set out in their licenses. To comply with the Code requirements, Midland PUC submitted its CDM Strategy on November 1, 2010 which provided a high level of description of how Midland PUC intended to achieve its CDM targets. The strategy was further updated with the 2011 Annual Report submission.

The Code also requires a distributor to file annual reports with the Board. This is the second Annual Report by Midland PUC and has been prepared in accordance with the Code requirement and covers the period from January 1, 2012 to December 31, 2012.

Midland PUC submitted its 2011 Annual Report on September 28, 2011 which summarized the CDM activities, successes and challenges experienced by Midland PUC for the January 1, 2011 to December 31, 2011 period. The OEB's 2011 CDM Results report identified that the delay in the full suite of CDM Programs being made available by the OPA, and the absence of some programs negatively impacted the final 2011 results for the LDCs. This issue was also highlighted in Volumes I & II of the Environmental Commissioner's Report on Ontario's Annual Energy Conservation Progress.

On December 21, 2012, the Minister of Energy directed the Ontario Power Authority (OPA) to fund CDM programs which meet the definition and criteria for OPA-Contracted Province-Wide CDM Programs for an additional one-year period from January 1, 2015 to December 31, 2015.

The Ministerial Directive did not amend the timelines for LDCs to achieve their energy savings and demand savings targets. Therefore, the main focus of the LDCs remains the achievement of CDM targets by December 31, 2014. The lack of coordination between the program funding extension and the implementation of savings to be counted towards target may impact negatively on achieving targets.

1 Conservation Framework

1.1 Current Framework

With the standard template for the Annual Report it was stated "Ontario's current CDM framework is a key step towards creating a culture of conservation in the Province". While the current CDM framework is seen as a key step in creating kW and kWh savings, it is suggested that the framework has not been effective nor is it designed to create a "culture of conservation". While the CDM framework has delivered programs and provided marketing initiatives it has not been focused on creating a deeper understanding of conservation through education and the associated support. The evidence is the lack of general education programs, including school programs delivered across the province. Targets and creation of "culture of conservation" do not necessarily go together.

The Government's Directive to the OEB to establish CDM targets that would be met by electricity distributors recognizes the importance of CDM for both electricity customers and the electricity system. CDM helps customers manage rising energy costs, support the provincial integrated supply plan, as well as address local distribution and transmission supply constraints. The current framework was intended to enable customers to benefit from a suite of both Board-Approved and OPA Province-Wide programs and be a portfolio that would meet both broad and specific customer needs.

The state of Board-Approved programs and the current suite of Province-Wide OPA programs have limited CDM offerings to customers. This has produced limited savings and has restricted the associated opportunity for LDCs to meet their targets. The process to introduce changes to current program Initiatives or to pilot new initiatives has been challenging, taking considerable cost and effort, which has resulted in limited benefits to customers and CDM savings.

Moving forward, the future CDM framework should address the challenges of the current framework and build on its strengths. Currently overbuilt governance and excessive legal requirements results in a slow, bureaucratic process, with a burdensome administrative process. There is a misalignment of control and risk where LDCs have the accountability to achieve their respective CDM targets as a condition of distribution license, but the authority for design and funding are controlled substantially by the OPA.

The Ministerial Directive provides continuality of the conservation programs and associated compensation for the participants, however the subsequent savings would not be attributed to the LDC target and in effect would be 'lost' due to misalignment of the current CDM framework and LDC targets. In addition, the establishment of defined administrative funding for 2015 is required to avoid a "stop and start" process.

1.2 Future Framework

LDCs are supportive of government's renewed commitment for conservation and demand management in Ontario. LDCs are committed to working with the government and other stakeholders to develop the next framework for CDM in the Province.

Long-term commitment for CDM funding and a confirmation of the role of the LDC are needed. This will allow LDCs to maintain current program infrastructure including LDC staff and third party contracts through 2015.

Providing clarity and continuity into the next framework is critical for all customers. To ensure a seamless and smooth transition that maintains and builds upon CDM momentum beyond 2014, a new CDM framework should be in place well before the expiry of the current one. Work involving key parties including LDCs, government, customer groups and OEB should start in 2013 to allow for a new framework to be in place by early 2014. The remainder of 2014 would be utilized for program development and design, economic analysis, procurement and launching of new CDM program initiatives. This of course is in addition to continued focus on the current suite of programs and target achievement.

2 Board-Approved CDM Programs

2.1 Introduction

In its Decision and Order dated November 12 2010 (**EB-2010-0215 & EB-2010-0216**), the OEB ordered, (to meet its mandatory CDM targets), "Each licensed electricity distributor must, as a condition of its licence, deliver Board-Approved CDM Programs, OPA-Contracted Province-Wide CDM Programs, or a combination of the two".

At this time, the implementation of Time-of-Use ("TOU") Pricing has been deemed a Board-Approved Conservation and Demand Management ("CDM") program which is being offered in Midland PUCs service area.

2.2 TOU Pricing

2.2.1 BACKGROUND

In its April 26, 2012 CDM Guidelines, the OEB recognizes a portion of the aggregate electricity demand target was intended to be attributable to savings achieved through the implementation of TOU Pricing. The OEB establishes TOU prices and has made the implementation of this pricing mechanism mandatory for distributors. On this basis, the OEB has determined distributors will not have to file a Board-Approved CDM program application regarding TOU pricing. The OEB has deemed the implementation of TOU pricing to be a Board-Approved CDM program for the purposes of achieving the CDM targets. The costs associated with the implementation of TOU pricing are recoverable through distribution rates, and not through the Global Adjustment Mechanism ("GAM").

In accordance with a Directive dated March 31, 2010 by the Minister of Energy and Infrastructure, the OEB is of the view that any evaluations of savings from TOU pricing should be conducted by the OPA for the province, and then allocated to distributors. Midland PUC will report these results upon receipt from the OPA.

At the time of preparation of this report the OPA had retained the Brattle Group as the evaluation contractor and will be working with an expert panel convened to provide advice on methodology, data collection, models, etc. The initial evaluations were conducted with 5 LDCs – Hydro One, THESL, Ottawa Hydro, Thunder Bay and Newmarket.

As of September 30, 2013, the OPA has not released any verified results of TOU savings to Midland PUC. Therefore Midland PUC is not able to provide any verified savings related to LDC's TOU program at this time.

2.2.2 TOU PROGRAM DESCRIPTION

Target Customer Type(s): Residential and small business customers (up to 250,000 kWh per year)

Initiative Frequency: Year-Round

Objectives: TOU pricing is designed to incent the shifting of energy usage. Therefore peak demand reductions are expected, and energy conservation benefits may also be realized.

Description: In August of 2010, the OEB issued a final determination to mandate TOU pricing for Regulated Price Plan ("RPP") customers by June 2011, in order to support the Government's expectation for 3.6 million RPP consumers to be on TOU pricing by June 2011, and to ensure that smart meters funded at ratepayer expense are being used for their intended purpose.

The RPP TOU price is adjusted twice annually by the OEB. A summary of the RPP TOU pricing is provided below:

RPP TOU		**Rates (cents/kWh)**	
Effective Date	**On Peak**	**Mid Peak**	**Off Peak**
November 1, 2010	9.9	8.1	5.1
May 1, 2011	10.7	8.9	5.9
November 1, 2011	10.8	9.2	6.2
May 1, 2012	11.7	10.0	6.5
November 1, 2012	11.8	9.9	6.3
May 1, 2013	12.4	10.4	6.7

Delivery: The OEB set the rates; LDCs install and maintain the smart meters; LDCs convert customers to TOU billing.

Initiative Activities/Progress:

Midland PUC began transitioning its RPP customers to TOU billing in June 2011. At December 31st, 2012, all of Midland PUC's RPP customers were on TOU billing.

2.3 Midland PUC's Application with the OEB

Midland PUC did not have an application before the Board for programming in 2012. The first two years of the CDM program has been focused on developing the infrastructure to support and deliver Provincial Programs.

Midland PUC has recognized in our revised strategy filed with our 2011 Annual Report that OEB Approved Programs are required to meet the targets. The initial success of 2011 programs led us to anticipate OEB Approved programs may not have been be required to meet targets. With the loss of two DR-3 customers in 2012 and in looking to current projects in the pipeline for 2013, it appears Midland PUC will require OEB Approved programs in order to meet our targets.

While it is recognized that OEB Approved Programs may be required to meet the targets, initial review of potential programs have indicated there are issues with ensuring the programs do not duplicate any of the deliverables of the Provincial Programs. The lack of OEB Approved programs places additional pressure for high levels of performance in the Provincially Contracted Programs to meet the CDM Strategy Targets.

Midland PUC and other members of the CHEC group have been closely monitoring the Boards' activities in approving programs for LDC's. We are not aware of the Board having approved programming during the time period covered by this report.

3. OPA-Contracted Province-Wide CDM Programs

3.1 Introduction

Effective March 2011, Midland PUC entered into an agreement with the OPA to deliver CDM programs extending from January 1, 2011 to December 31, 2014, which are listed below. Program details are included in Appendix A. In addition, results include projects started pre-2011 which were completed in 2011:

Initiative	Schedule	Date schedule posted	Customer Class
Residential Program			
Appliance Retirement	Schedule B-1, Exhibit D	*Jan 26,2011*	*All residential rate classes*
Appliance Exchange	Schedule B-1, Exhibit E	*Jan 26, 2011*	*All residential rate classes*
HVAC Incentives	Schedule B-1, Exhibit B	*Jan 26, 2011*	*All residential rate classes*
Conservation Instant Coupon Booklet	Schedule B-1, Exhibit A	*Jan 26, 2011*	*All residential rate classes*
Bi-Annual Retailer Event	Schedule B-1, Exhibit C	*Jan 26, 2011*	*All residential rate classes*
Retailer Co-op	n/a	*n/a*	*All residential rate classes*
Residential Demand Response	Schedule B-3	*Aug 22, 2011*	*All general service classes*
New Construction Program	Schedule B-2	*Jan 26, 2011*	*All residential rate classes*
Commercial & Institutional Program			
Efficiency: Equipment Replacement	Schedule C-2	*Jan 26, 2011*	*All general service classes*
Direct Install Lighting	Schedule C-3	*Jan 26, 2011*	*General Service < 50 kW*
Existing Building Commissioning Incentive	Schedule C-6	*Feb 2011*	*All general service classes*
New Construction and Major Renovation Initiative	Schedule C-4	*Feb 2011*	*All general service classes*
Energy Audit	Schedule C-1	*Jan 26, 2011*	*All general service classes*
Commercial Demand Response (part of the Residential program schedule)	Schedule B-3	*Jan 26, 2011*	*All general service classes*
Demand Response 3 (part of the Industrial program schedule)	Schedule D-6	*May 31, 2011*	*General Service 50 kW & above*

Industrial Program			
Process & System Upgrades	Schedule D-1	*May 31, 2011*	*General Service 50 kW & above*
Monitoring & Targeting	Schedule D-2	*May 31, 2011*	*General Service 50 kW & above*
Energy Manager	Schedule D-3	*May 31, 2011*	*General Service 50 kW & above*
Key Account Manager ("KAM")	Schedule D-4	*May 31,2011*	*General Service 50 kW & above*
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Schedule C-2	*May 31, 2011*	*General Service 50 kW & above*
Demand Response 3	Schedule D-6	*May 31, 2011*	*General Service 50 kW & above*
Home Assistance Program			
Home Assistance Program	Schedule E-1	*May 9, 2011*	*All residential rate classes*

In addition, results were realized towards LDC's 2011-2014 target through the following pre-2011 programs:

Pre-2011 Programs			
Electricity Retrofit Incentive Program	n/a	*n/a*	*All general service classes*
High Performance New Construction	n/a	*n/a*	*All general service classes*

As per the table below, several program initiatives are no longer available to customer or have not been launched in 2012.

Initiative Not in Market in 2012	Objective	Status
Residential Program		
Midstream Electronics	The objective of this initative is to encourage retailers to promote and sell high efficency televisions, and for distributors to distribute high efficiency set top boxes.	Never launched and removed from Schedule in Q2, 2013.
Midstream Pool Equipment	The objective of this initiative is to encourage pool installers to sell and install efficient pool pump equipment in residential in-ground pools.	Never launched and removed from Schedule in Q2, 2013.
Aboriginal Conservation Program	First Nations programs are delivered by the OPA and results are attributed to LDCs for reporting.	Launched in 2013 by OPA.
Home Energy Audit Tool	This is a provincial online audit tool to engage customers in conservation and help drive customer participation to CDM programs.	Never launched and removed from Schedule in Q2, 2013.
Commercial & Institutional Program		
Direct Service Space Cooling	The objective of this initiative is to offer free servicing of air conditioning systems and refrigeration units for the purpose of achieving energy savings and demand reduction.	Not launched to market in 2011/2012. As per the OPA there no plans to launch this Initiative in 2013.
Demand Response 1 ("DR1")	This initiative allows distribution customers to voluntarily reduce electricity demand during certain periods of the year pursuant to the DR 1 contract. The initiative provides DR payment for service for the actual electricity reduction provided during a demand response event.	No customer uptake for this initiative. As a result this Initiative was removed from the Schedule in Q4, 2012.
Industrial Program		
DR1	As above	No customer uptake for this initiative. Removed in Q4, 2012.

The Master CDM Program Agreement includes program change management provision in Article 3. Collaboration between the OPA and the Local Distribution Companies (LDCs) commenced in 2011, and continued in 2012, as the change management process was implemented to enhance the saveONenergy program suite. The change management process allows for modifications to the Master Service Agreement and initiative Schedules. The program enhancements give LDCs additional tools and greater

flexibility to deliver programs in a way that meets the needs of customers and further drives participation in the Initiatives.

3.2 Program Descriptions

Full OPA-Contracted Province-Wide CDM Program descriptions are available on the saveONenergy website at https://saveonenergy.ca. The targeted customer types, objectives, and individual descriptions for each Program Initiative are detailed in Appendix A.

3.2.1 RESIDENTIAL PROGRAMS

Description: Provides residential customers with programs and tools to help them understand and manage the amount of energy they use throughout their entire home and help the environment.

Objective: To provide incentives to both existing homeowners and developers/builders to motivate the installation of energy efficiency measures in both existing and new home construction.

Discussion: The inclusion of LED technology into the Biannual Retailer events in 2012 and the annual coupons in 2013, as well as some LDC custom coded coupons, has had a positive effect on consumer engagement.

There was a significant decline in Conservation Instant Coupon Booklet initiative resulting from the OPA's decision not to release the LDC specific coupon booklets in 2012. The HVAC Incentive Initiative also decreased over 2011 GWh savings and 2012 strategy targets. These decreases were offset by increases in the Appliance Retirement and Appliance Exchange Initiatives MW and GWh targets for 2012. Under the Residential CDM program portfolio, Midland PUC met 85.9% of the GWh and 93.4% of the MW targets for the year 2012 as set out in the LDCs CDM strategy.

Peaksaver Plus not being in market impacted on peak contribution to target however it is anticipated that the peak contribution can be achieved in the following years.

The revamped PeaksaverPLUS program is the main Residential Initiative which is expected to drive peak savings for LDCs. Concern existed with the technology available for In Home Displays and the consumer interface (battery replacement, inability to update rate schedules remotely and integration into existing metering systems) resulting in hesitation to initiate the program pending technology improvement. While concerns remained the RFP for equipment and support was issued in late 2012 to allow implementation of the program to commence in 2013. .

The Residential Program Portfolio is predominately a carryover of Initiatives from previous programs. It had a significant dependence on retailers and contractors within the scope of many of the offerings. Three new initiatives were never launched and subsequently removed from schedule in 2013 with no new additions. Delays in communication with regards to Initiative offerings and results reporting have hampered LDCs abilities to engage customers and promote participation. Provincial wide advertising has provided limited value due to inconsistency and non-specific messaging.

Work to revitalize and increase the effectiveness and breadth of the Initiatives through the Residential Program needs to be a high priority. There are opportunities within the Residential marketplace that need to be identified, developed and offered to customers. A revised home audit and other Initiatives which could engage an average residential customer should be considered. Continued coupon offerings to maintain the focus of the residential customer on conservation would also assist.

3.2.1.1 Appliance Retirement Initiative (Exhibit D)

Initiative Activities/Progress: Midland PUC continues to promote the Appliance Retirement Initiative through local advertising including front office displays, appliance retailer sales areas, educational workshops held at the Midland Public Library, LDC website, and advertising on the Weather Network's forecast page for Midland.

Additional Comments:

- With the increase in appliance age to 20 years in 2013, many LDCs increased marketing and outreach throughout 2012 in an effort to increase uptake and achieve savings.
- Due to the duration of the program, and the revised eligibility requirements to a minimum of 20 years old, this Initiative appears to be approaching market saturation and has been under consideration for removal from the Portfolio. Removal of the program would be seen as detrimental to the residential portfolio as this program highlights the issue of appliance efficiency.
- Rather than strictly remove this Initiative from the schedules, the OPA and LDCs could review what opportunities there are to include other measures such as stoves, dishwashers, washers and dryers. The framework of this Initiative may be a suitable foundation for a more holistic residential appliance retirement program. As such, the Residential portfolio could be strengthened through program evolution rather than weakened through diminished program offerings.
- As results are very responsive to province wide advertising OPA provincial marketing should continue to play a key role.
- The OPA and LDCs can continue working to establish partnerships with Independent retailers and municipalities.

3.2.1.2 Appliance Exchange Initiative (Exhibit E)

Initiative Activities/Progress: Midland PUC was unable to participate in any Appliance Exchange events in 2012 due to lack of retailer participation. Activity levels were moderate to low, with minimal participation in the program this year.

Additional Comments:

- This Initiative, eligible measures and incentive amounts are influenced by the retail partner with no direct involvement from the LDCs. The restrictive, limited and sometimes non-participation of local stores can diminish the savings potential for this Initiative.

- To date there has only been one retailer participant in the Appliance Exchange Initiative. The Fall events have not had retailer participation, therefore savings budgeted by the LDCs have not materialized.

- Evaluation, Measurement, and Verification (EMV) results indicated the value of savings for retired room AC has dropped resulting in the retail participant not accepting window a/c's during the Spring 2013 event.

- Notification regarding retailer participation and eligible measures continues to be delayed. Improved communications will aid in appropriate resource allocation and marketing of the Initiative.

- This Initiative may benefit from the disengagement of the retailer and allowing LDCs to conduct these events, possibly as part of a larger community engagement effort, with the backing of ARCA for appliance removal.

- The initiative appears to require more promotion from retailers and LDCs.

3.2.1.3 HVAC Incentives Initiative (Exhibit B)

Initiative Activities/Progress: Promotion to local HVAC contractors is completed on a seasonal basis each year, and engagement has been made with residential energy auditors in our service area. Information about the program is also delivered through customer educational workshops located at the Midland Public Library, the LDC website, and advertising on the Weather Network's forecast page for Midland.

Additional Comments:

- Incentive levels appear to be insufficient to prompt Participants to upgrade HVAC equipment prior to end of useful life. It is hoped that the introduction of an Air Miles incentive in 2013 may help with this.

- This Initiative is contractor driven with LDCs responsible for marketing efforts to customers. More engagement with the HVAC contractor channel should be undertaken by the OPA to drive a higher proportion of furnace and CAC sales to eligible units.

- Channel partners require timeliness of the Rebate process to maintain a positive relationship between consumers, contractors, the OPA, and the participating LDC. Due to a contracting delay no applications were processed from approximately the end of October 2012 to February 2013.

- LDC HVAC reports have been delayed and are not as complete and accurate as required by LDCs to make adjustments to their marketing strategies.

- In an effort to build capacity, mandatory training has been instituted for all participating HVAC contractors. This could present too much of a barrier for participation for some contractors as the application process already presents a restriction to contractor sales. It has been noted that there are

approximately 4500-5000 HVAC contractors in the Province, however only 1500 are participating in program.

- There are cases where non-participating contractors are offering their own incentives (by discounting their installations to match value of the OPA incentive) to make the sale. As this occurs outside of the Initiative, these installations are not attributed to the LDC target, impacting on the ability to achieve target.

3.2.1.4 Conservation Instant Coupon Initiative (Exhibit A)

Initiative Activities/Progress: Midland PUC promoted the instant coupons through a billing insert in September 2012. Other promotion methods include front office displays and printable coupons through the LDC website. This initiative suffered in 2012 as a result of the discontinuation of the provincial coupon distribution.

Additional Comments:

- This Initiative was ineffective for most of 2012 as the Instant coupons (annual) were not available to consumers until September 2012. As such, savings budgeted by LDCs did not materialize.
- The timeframe for retailer submission of redeemed coupons vary from retailer to retailer and in some cases has been lengthy. The delays and incomplete results reporting limits the ability to react and respond to Initiative performance or changes in consumer behaviour. This also resulted in the delayed launch of the Initiative in 2012.
- Coupon booklets were not printed and mailed out in 2012. As such, Coupons were not widely available to consumers without the ability to download and print them. Printing of the coupons by customers can be another barrier to utilization.
- Without Provincial coupon distribution, and delay in Initiative launch, consumers may not have been aware of the online coupons. This Initiative could benefit from provincial marketing as a substitute to distribution.
- LDCs should be able to custom code all coupons to provide 100% allocation and push specific coupons based on localized needs.
- The product list could be distinctive from the Bi-Annual Retailer Event Initiative in order to gain more consumer interest and uptake.
- Program evolution, including new products and review of incentive pricing for the coupon Initiatives, should be a regular activity to ensure continued consumer interest.
- Coupon initiatives can be effective however a coordinated program maintaining profile of the coupon program in both spring and fall is required to help to maintain consumer interest and to maintain an awareness of energy efficient devices.

3.2.1.5 Bi-Annual Retailer Event Initiative (Exhibit C)

Initiative Activities/Progress: Midland PUC participated in 2 events during 2012 and has worked with local retailers to co-advertise the program, provide in store displays and have staff available to answer conservation questions. These events are also used to provide a marketing opportunity for all of the other residential OPA CDM programs being offered by Midland PUC.

Additional Comments:

- The Product list has changed very little over the past four years.
- Limited engagement of local retailers can restrict the savings potential for this Initiative.
- Program evolution, including new products and review of incentive pricing for the coupon Initiatives, must be a regular activity to ensure continued consumer interest.
- The Product list could be distinctive from the Conservation Instant Coupon Initiative in order to gain more consumer interest and uptake.
- A review conducted by the Residential Working Group in Q4 2011 identified three areas of need for Initiative evolution: 1) introduction of product focused marketing; 2) enhanced product selection and 3) improved training for retailers as retail staff tend not to be knowledgeable regarding the products or promotion.
- LDCs should be able to custom code all coupons to provide 100% allocation and push specific coupons based on localized needs.
- Communications regarding retailer participation continues to be delayed. Improved communications will aid in appropriate resource allocation and marketing of the Initiative.
- This Initiative may benefit from a more exclusive relationship with a retailer appropriate to the program. There should be a value proposition for both the retailer and LDC.

3.2.1.6 Retailer Co-op

Initiative Activities/Progress: Due to lack of retailer interest in the provincial program, Midland PUC was not able to actively pursue this initiative. Efforts to participate in the program on an annual basis are dependent on the OPA and retailer involvement.

Additional Comments:

- This is a retailer Initiative with limited benefit to the LDCs
- Limited engagement of local retailers can restrict the savings potential for this Initiative.
- The availability of retailer and/or LDC staff with product knowledge and the ability to conduct demonstration in store during the events would be an asset. While this could be a valuable role for LDCs, in many smaller centres the number of customers engaged at an event is quite low impacting on the benefits of assigning resources to deliver.

3.2.1.7 New Construction Program (Schedule B-2)

Initiative Activities/Progress: Midland PUC's service territory has experienced limited new building construction, limiting the opportunity of this initiative in 2012.

Additional Comments:

- This Initiative provides incentives to home builders for incorporating energy efficiency into their buildings. To support this, LDCs need to provide education to the consumers regarding the importance of choosing the energy efficient builder upgrade options without an immediate benefit to the consumer.
- Smaller contractors have not seen the cost benefit to participate in the program for the small number of homes they build.
- Administrative requirements, in particular individual home modeling, must align with perceived stakeholder payback. As per the Electricity Distributors Association ("EDA") Working Groups, changes are being processed through change management for 2012. However, the lengthy change management process has resulted in continued non-participation from builders.

3.2.1.8 Residential Demand Response Program (Schedule B-3)

Initiative Activities/Progress: An RFP for CHEC LDCs was prepared and out to market in December 2012. Delay in going to market was based on the state of available technology. Concerns existed with the ability of the available technology to meet consumer and LDC needs for a lasting benefit. Issues included: devices utilizing batteries and battery life and replacement; inability to change rate structure remotely and the ability of customers to make the changes; integration with existing smart meter systems to provide a state of the art solution rather than merely moving forward to meet the requirements of the program delivery.

Midland PUC's preference was not to use "temporary fixes" to start up the program. The RFP was released late in 2012 to engage providers and to finalize technology to commence the delivery of the program in 2013. The initial year would allow any technology issues to be resolved, marketing of the program to begin and initial installations. The bulk of installations are anticipated to occur in 2014.

Additional Comments:

- The schedule for Peaksaver Plus was posted in August 2011, but this did not provide adequate time for product procurement for 2011, and part of 2012. The product procurement process uncovered that the In Home Display (IHD) units which communicate with installed smart meter technology were still in development and not ready for market deployment. Consequently, LDCs could not be in market with the Peaksaver Plus program until 2012, or later which has resulted in delayed savings.

- Smart Meters installed by most LDCs do not have the capability to communicate directly to an In Home Display. When proposing technical Initiatives that rely on existing LDC hardware or technology there should be an extensive consultative process.

- Introduction of new technology requires incentives for the development of such technology. Appropriate lead times for LDC analysis and assessment, product procurement, and testing and integration into the Smart Meter environment are also required. Making seemingly minor changes to provincial technical specifications can create significant issues when all LDCs attempt to implement the solution in their individual environments.

- The variable funding associated with installing a load controllable thermostat is not sufficient unless it is combined with an IHD which might not be possible all the time and when IHD is optional.

- This is the main Initiative within the Residential portfolio that drives peak savings for LDCs.

- Given the different LDCs smart meter environments, and needs, each LDC is positioning the Initiative slightly different. As such, greater program flexibility is required to address unique LDC needs.

- Provincial wide marketing needs to be sensitive to the variations of the Initiative and provide solid, consistent messaging.

- There currently is not an avenue for participants without the ability to provide demand response capabilities to obtain an IHD and gain energy saving benefits.

3.2.2 COMMERCIAL AND INSTITUTIONAL PROGRAM

Description: Provides commercial, institutional, agricultural and industrial organizations with energy-efficiency programs to help reduce their electrical costs while helping Ontario defer the need to build new generation and reduce its environmental footprint. Programs to help fund energy audits, to replace energy-wasting equipment or to pursue new construction which exceed existing codes and standards. Businesses can also pursue incentives for controlling and reducing their electricity demand at specific times.

Targeted Customer Type(s): Commercial, Institutional, Agricultural, Multi-family buildings, Industrial

Objective: Designed to assist building owners and operators as well as tenants and occupants in achieving demand and energy savings, and to facilitate a culture of conservation among these communities as well as the supply chains which serve them.

Discussion: Throughout 2011 and 2012 the Commercial and Institutional (C&I) Working Group has strived to enhance the existing C&I programs and rectify identified program and system deficiencies. This has proven to be a challenging undertaking, normally taking months to complete sometimes relatively minor changes due to the current CDM framework. Overbuilt governance, numerous initiative requirements, complex program structure and lengthy change management have restricted growth without providing the anticipated improved Measurement and Verification results. In addition, Evaluation, Measurement and Verification (EM&V) has not yet achieved transparency. LDCs are held accountable for these results yet most are completely removed from the process.

LDC program management has been hampered by varying rule interpretation, limited marketing ability, a somewhat inflexible online system of checks and balances and revolving OPA support personnel.

Despite these challenges the C&I Working Group, working in cooperation with the OPA, have managed to iron out many of the issues which could be rectified. In particular, an accomplishment of 2012 was the advent of the expedited change management as means to accelerate certain program changes.

The C&I portfolio exceeded Midland PUC's projected MW and GWh targets in 2012 and continues to drive the CDM savings. The ERII and Direct Install Lighting programs continued to perform well above the strategy targets while the DR-3 program saw a decrease in MW savings over 2011. In 2012 Midland PUC's C&I portfolio saw incremental savings 0.19 MW and 2.59 GWh, representing 165% of the 2012 MW and 157% of the 2012 GWh targets. Under the C&I portfolio Midland PUC has reached .34 MW and 5.42 GWh representing 153% and 171% of the strategy targets to December 31, 2012 (excluding DR-3).

The C&I portfolio continues to offer one of the best avenues for savings and will continue to be a focus over the remaining program years.

During 2012 Midland PUC along with other CHEC LDCs received funding for a Roving Energy Manager (REM) to assist member LDCs. This key resource provides CHEC members the ability to offer energy assessments, saving evaluations and program recommendations to C&I customers. The resource has the knowledge base to assist industrial and commercial customers to identify savings and implement programs to achieve savings while taking the customer's needs into consideration.

3.2.2.1 Efficiency: Equipment Replacement Incentive (ERII) (Schedule C-2)

Initiative Activities/Progress: Midland PUC continues to promote this program through bill inserts, in office displays, print media in local newspapers, through the LDC website, cold calls to potential customers, and posters displayed at various municipal buildings. Midland PUC hosted a workshop promoting programs for commercial customers in the hospitality industry and municipal staff, and offers assistance with project development and file submission to the saveONenergy website. In addition, we provide walkthrough energy surveys and calculations of Return on Investment (ROI) for Energy Management Opportunities (EMO's). Progress to date has exceeded targets, and momentum is growing into the future.

Additional Comments:

- It appears the marketplace largely understands the programs now and a large proportion of LDC savings are attributed to ERII.
- The centralized process review used for 2012 project payment has been streamlined by the OPA and payments for projects were greatly improved – faster and more consistent compared to 2011.
- This Initiative is limited by the state of the economy and the ability of commercial/institutional facility to complete capital upgrades.
- A number of customer facing issues in CRM (the OPA centralized application system) have been resolved; however key LDC administrative back office processing issues continue to be a challenge.
- Applicants and Applicant Representatives continue to express dissatisfaction and difficulty with the online application system. This issue has been addressed by LDCs through application training workshops, Key Account Managers, channel partner/contractor training and LDC staff acting as customer Application Representatives. Although this has been an effective method of overcoming these issues and encouraging submissions, it also reflects on the complexity and time consuming nature of the application process. As such, Applicant Representatives continue to influence the majority of applications submitted. Continued development of Channel Partners is essential to program success.
- Lighting is still the most popular measure. Other market sectors are not as engaged yet, specifically the mechanical world. There continues to be significant barriers to program participation from HVAC (Unitary AC) and compressed air channel partners
- Prescriptive and Engineered worksheets provide a much needed simplified application process for customers. However, the eligible measures need to be updated and expanded in both technology and incentive amounts to address changing product costs and evolution of the marketplace.
- Expanding the capacity of the engineered applications can offer customers an opportunity to maximize savings and incentives. Recognizing this, Toronto Hydro and London Hydro worked

together to develop and provide the OPA with compressed air engineered worksheets for inclusion in the Initiative in Q3, 2012. To date, these have not been accepted and provided to LDCs for use.

- While the Ministerial Directive provides continuality of the conservation programs for the participant to the end of 2015, unclear direction on LDC administrative funding could result in many LDCs 'ramping down' programs in 2015. The establishment of defined administrative funding for 2015 is required to avoid a "stop and start" process.
- Further the extension of the program will most likely remove the pressure on C&I customers to initiate and complete projects by December 2014 impacting on the LDC target achievement. Towards the end of the past programs, an increase in projects was seen. Such a spike in project activity is unlikely to occur in 2014 due to the extension.

3.2.2.2 Direct Install Initiative (DIL) (Schedule C-3)

Initiative Activities/Progress: Program participation in 2012 has dropped off slightly, although incremental targets in 2012 and year to date continue to exceed Midland PUC's strategy. Contractor partners continue to deliver the program although it is apparent this initiative is nearing the saturation point in Midland PUC's service area. Midland PUC continues to promote the Direct Install Initiative through local advertising including front office displays, LDC website, and bill inserts. In addition, Midland PUC hosted a Go Green Sustainability and Conservation workshop for all local Ontario Restaurant Hotel & Motel Association (ORHMA) members in the spring of 2012 outlining the various OPA programs being offered including the DIL initiative.

Additional Comments:

- The inclusion of a standard incentive for additional measures increased project size and drove higher energy and demand savings results in some situations.
- Electrical contractor's margins have been reduced due to no labour rate increase, increase cost of materials, greater distances between retrofits, more door knocking required before a successful sale and no funding for lifts. This has led to a reduction in vendor channel participation in some regions and LDC needing to reach out to other contractors.
- Ambiguity with regard to eligibility resulted in large lists of customers being rejected following installation due to ineligibility. Due to this, some LDCs were forced to carry considerable financial burden while this was worked through.
- The eligibility requirements have now been revamped and expanded however there has been limited communication and documentation of this to the marketplace.

- Currently LDCs are unable to offer these standard incentives to prior participants. The ability to return to prior participants and offer a standard incentive on the remaining measures has potential to provide additional energy and demand savings. Within the scope of returning to a previous customer, contractor funding is required beyond merely the mark up on material.

3.2.2.3 Existing Building Commissioning Incentive Initiative (Schedule C-6)

Initiative Activities/Progress: The opportunity for chilled water systems is limited in Midland PUCs service area due to the nature of the equipment and size of the feasible cooling load. No inquiries have been made to date from customers. General promotion of this initiative was done through local advertising including front office displays and the LDC website. In addition, Midland PUC hosted a Go Green Sustainability and Conservation workshop for all local Ontario Restaurant Hotel & Motel Association (ORHMA) members in the spring of 2012 outlining the various OPA programs being offered including the Existing Building Commissioning Incentive initiative.

Additional Comments:

- Initiative name does not properly describe the Initiative.
- There was minimal participation for this Initiative. It is suspected that the lack of participation in the program is a result of the Initiative being limited to space cooling and a limited window of opportunity (cooling season) for participation.
- Participation is mainly channel partner driven, however the particulars of the Initiative have presented too significant of a barrier for many channel partners to participate.
- The customer expectation is that the program be expanded to include a broader range of measures for a more holistic approach to building re-commissioning and chilled water systems used for other purposes should be made eligible and considered through Change Management.
- This initiative should be reviewed for incentive alignment with ERII, as currently a participant will not receive an incentive if the overall payback is less than 2 years.

3.2.2.4 New Construction and Major Renovation Initiative (HPNC) (Schedule C-4)

Initiative Activities/Progress: This program is dependent upon the types of development and renovations being proposed in Midland PUC's service territory. Midland PUC will work with project proponents as projects are identified. Future development is monitored to determine projects available for this program, unfortunately to date no participation in this initiative has materialized due to the lack of development in Midland PUC's service territory. Promotion of this initiative was done through local advertising including front office displays and the LDC website. In addition, Midland PUC hosted a Go Green Sustainability and Conservation workshop for all local Ontario Restaurant Hotel & Motel Association (ORHMA) members in the spring of 2012 outlining the various OPA programs being offered including the New Construction and Major Renovation Initiative.

Additional Comments

- There is typically a long sales cycle for these projects, and then a long project development cycle. As the program did not launch until mid-2011 and had limited participation, results did not appear in 2011. Minimum results are expected to appear in 2012.
- With the Ministerial Directive facilities with a completion date near the end of 2014 currently have some security that they will be compensated for choosing efficient measures.
- Participants estimated completion dates tend to be inaccurate and are usually 6 months longer. This could result in diminished savings towards target when facilities are not substantially completed by December 31, 2014.
- The custom application process requires considerable customer support and skilled LDC staff. Many LDCs are unsure how these project applications will be finalized beyond 2014 if administrative funding is not extended.
- The effort required to participate through the custom stream exceeds the value of the incentive for many customers.
- This Initiative has a very low Net-to-Gross ratio, which results in half the proposed target savings being 'lost'.

3.2.2.5 Energy Audit Initiative

Initiative Activities/Progress: The audit initiative continues to be promoted during site visits, local advertising including front office displays, LDC website, and posters displayed at the Midland Public Library, Town of Midland Office and the Midland Recreation Centre. In addition, Midland PUC hosted a Go Green Sustainability and Conservation workshop for all local Ontario Restaurant Hotel & Motel Association (ORHMA) members in the spring of 2012 outlining the various OPA programs being offered including the audit initiative. In 2012 no applications were received however it is realized the planning window may take some time for customers to implement. In addition the assistance of the REM may increase the audit applications.

Additional Comments

- The energy audit Initiative is considered an 'enabling' Initiative and 'feeds into' other saveONenergy Initiatives. There are no savings attributed to LDC targets from an audit.
- Audit reports from consultants vary considerably and in some cases, while they adhere to the Initiative requirements, do not provide value for the Participant. A standard template with specific energy saving calculation requirements should be considered.
- Customers look to the LDCs to recommend audit companies. A centralized prequalified list provided by the OPA may be beneficial.
- Participants are limited to one energy audit which restricts enabling and direction to the other Initiatives. This Initiative should be evaluated for additional customer participation when presented with a new scope of work.

3.2.3 INDUSTRIAL PROGRAM

Description: Large facilities are discovering the benefits of energy efficiency through the Industrial Programs which are designed to help identify and promote energy saving opportunities. It includes financial incentives and technical expertise to help organizations modernize systems for enhanced productivity and product quality, as well as provide a substantial boost to energy productivity. This allows facilities to take control of their energy so they can create long-term competitive energy advantages which reach across the organization.

Targeted Customer Type(s): Industrial, Commercial, Institutional, Agricultural

Objective: To provide incentives to both existing and new industrial customers to motivate the installation of energy efficient measures and to promote participation in demand management.

Discussion: Within Midland PUCs service territory there are a limited number of customers who can take advantage of the industrial portfolio of programs. In many instances the focus has been on the ERII program from the C&I Programs. The promotion of industrial programs will be assisted with the services of the CHEC Roving Energy Manager, a position which was filled in the 3rd quarter of 2012.

Due to the size, scope and long lead time of these Initiatives and associated projects, the Ministerial Directive provides some security for the continuation of the conservation programs and associated compensation for the participant; however the subsequent savings would not be attributed to any LDC target.

Extensive legal documents, complex program structure and lengthy change management have restricted the change and growth of this Portfolio. While expedited change management has benefited the Commercial Portfolio, the Industrial Portfolio has not seen the same results due to the narrow scope of the process. For 2013, a change to the threshold for small capital projects and a new small capital project agreement are expected to improve the number of projects and savings achieved within PSUI.

3.2.3.1 Process & Systems Upgrades Initiative (PSUI) (Schedule D-1)

Initiative Activities/Progress: Limited opportunity in Midland PUC's service area exists due to the required MW and GWh size of the project requirements to participate. The initiative is promoted during site visits with industrial customers, local advertising including front office displays, and through the LDC website.

Additional Comments:

- Approximately 100 engineering study applications have been submitted across the province. This is a strong indication that there is the potential for large projects with corresponding energy savings. Most of these studies have been initiated through the Energy Manager and KAM resources.
- Within smaller service territories there is limited customer base to participate in this initiative.

- This Initiative is limited by the state of the economy and the ability of a facility to complete large capital upgrades.

- There is typically a long sales cycle for these projects, and then a long project development cycle. As such, limited results are expected to be generated in 2012.

- The contract required for PSUI is a lengthy and complicated document. A key to making PSUI successful is a new agreement for 'small' projects which is a simplified with less onerous conditions for the customer.

- To partially address this, changes were made to the ERII Initiative which allowed smaller projects to be directed to the Commercial stream. All of Midland PUC's industrial projects to-date have been submitted as ERII projects due to less onerous contract and M&V requirements. With smaller customers the ERII application is the most common approach.

- A business case was submitted by the Industrial Working Group in July 2012 which would change the upper limit for a small project from 700 MWh to 1 million dollars in incentives. This would allow more projects to be eligible for the new small capital project agreement and increase participant uptake, while still protecting the ratepayer. To the end of 2012 this change was not implemented.

3.2.3.2 Monitoring & Targeting Initiative (Schedule D-2)

Initiative Activities/Progress: Limited opportunities exist within Midland PUC's service area due to the size of a facility required to make this initiative economically viable for potential customers. The hiring of a Roving Energy Manager for CHEC LDCs and modifying the schedule to allow smaller facilities to participate will assist with this initiative locally. The initiative is promoted during site visits with industrial customers, local advertising including front office displays, and through the LDC website.

Additional Comments:

- The M&T initiative is targeted at larger customers with the capacity to review the M&T data. This review requires the customer facility to employ an Energy Manager, or a person with equivalent qualifications, which has been a barrier for some customers. As such, a limited number of applications have been received to date.

- The savings target required for this Initiative can present a significant challenge for smaller customers.

- Through the change management process in 2013, changes are being made to ERII to allow smaller facilities to employ M&T systems.

3.2.3.3 Energy Manager Initiative (Schedule D-3)

Initiative Activities/Progress: CHEC LDCs applied for a Roving Energy Manager position in June of 2011 and received approval in mid- 2012. Following a selection process a REM was engaged by CHEC LDCs in September of 2012. The remainder of 2012 allowed the REM to become familiar with the 12 CHEC LDC service territories and to commence contacting customers of interest.

Additional Comments:

- The Roving Energy Manager has proven to be a popular and useful resource for larger customers.
- CHEC LDCs hired an REM to be shared by the group of utilities.
- At the beginning, it took longer than expected to receive approval of the REM position and unclear communication resulted in marketing and implementation challenges. This delay impacts on the number of customers which can be contacted over the remaining program period and the kWh savings achieved under this initiative.
- Two rounds of advertising and interview were completed prior to hiring a suitable candidate for the REM position.
- New energy managers require training, time to familiarize with facilities and staff and require time to establish "credibility". The Roving Energy Manager started filling the pipeline with projects but no projects were implemented in 2012.
- Requirement that 30% of target must come from Non-incented projects is identified as an issue for most REMs, although final targets not due to 2013. The working group has proposed to remove this requirement for REM's only as they are not resident full time at a customer facility to find the non-incented savings.
- A decision on extending funding for EM's is required in 2013 for this important Initiative, which should continue beyond 2014, failing which these expert resources will be lost in favour of full-time employment elsewhere.

3.2.3.4 Key Account Manager (Schedule D-4)

Initiative Activities/Progress: Midland PUC does not qualify for a Key Account Manager as our service area does not contain any large accounts.

3.2.3.5 Demand Response 3 (D-6)

Initiative Activities/Progress: Midland PUC's DR-3 program was very successful in 2011 with three large industrial customers signing on for the initiative. 2012 saw two participants leave the program which negatively impacted our MW savings to date. Midland PUC was not provided with data identifying participating customers and therefore was unable to work with unhappy customers in hopes of retaining them in this initiative. This initiative is actively promoted during site visits with industrial customers, local advertising including front office displays, and through the LDC website. In addition the CHEC REM is including DR-3 when in discussions with customers.

Additional Comments:

- Until early 2013 customer data was not provided on an individual customer basis due to contractual requirements with the aggregators. This limited LDCs' ability to effectively market to prospective participants and verify savings.
- No program improvements were made in 2012 however, it was accepted that prior participants who renew their DR3 contract within the 2011-2014 term will contribute to LDC targets.
- As of 2013, Aggregators are able to enter into contracts beyond 2014. This has allowed them to offer a more competitive contract price (5 year) than if limited to 1 or 2 year contracts.
- Metering and settlement requirements are expensive and complicated and can reduce customer compensation amounts, and present a barrier to smaller customers.
- Compensation amounts for new contracts and renewals have been reduced from the initial launch of this program (premium zones and 200 hour option have been discontinued) and subsequently there has been a corresponding decrease in renewal revenue. This can impact on customers remaining in the program.

3.2.4 LOW INCOME INITIATIVE (HOME ASSISTANCE PROGRAM) (Schedule E-1)

Initiative Activities/Progress: The CHEC RFP for services to deliver the Home Assistance Program (HAP) was released in November of 2011 with award of contract in December 2011. Program set up and delivery commenced in 2012 by the Service Provider. During this time the coordination and initial set up of the program took longer than anticipated resulting in delay into market with limited results over the first year. Meetings were held with local service providers. This initiative is promoted through local advertising including front office displays, Midland PUC's customer service representative contact with potential customers, and through the LDC website.

Additional Comments:

- Awareness of the program amongst social agencies took time to develop. Centralized payment processes were not developed in 2011. The payment process was established in 2012.
- The process for enrolling in social housing was complicated and time consuming. This was addressed in late 2012 and is showing benefits in 2013.
- The financial scope, complexity, and customer privacy requirements of this Initiative are challenging for LDCs and most have contracted this program out. This Initiative may benefit from an OPA contracted centralized delivery agent.
- The lack of deep installs has been surprising. Much of the savings appear to be on lighting which was not the anticipated focus of the program.

3.2.5 PRE-2011 PROGRAMS

Savings were realized towards LDC's 2011-2014 target through pre-2011 programs. The targeted customer types, objectives, descriptions, and activities of these programs are detailed in Appendix B

4 2012 LDC CDM Results

4.1 Participation and Savings

Table 1 below outlines Midland PUC's 2011 and 2012 participation rates and savings to date on each of the OPA contracted Province-Wide CDM programs.

Table 1:

Table 1: Midland Power Utility Corporation Initiative and Program Level Savings by Year (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
														2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
		2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014	2014
Consumer Program															
Appliance Retirement	Appliances	73	58			4	4			31,401	23,056			8	194,771
Appliance Exchange	Appliances	11	9			1	1			1,299	2,500			2	11,993
HVAC Incentives	Equipment	73	86			23	21			44,774	36,357			44	288,167
Conservation Instant Coupon Booklet	Items	687	37			1	0			24,940	1,672			2	104,776
Bi-Annual Retailer Event	Items	1,040	1,268			2	2			35,133	32,018			4	236,584
Retailer Co-op	Items	0	0			0	0			0	0			0	0
Residential Demand Response (switch/pstat)	Devices	0	0			0	0			0	0			0	0
Residential Demand Response (IHD)	Devices	0	0			0				0					
Residential New Construction	Homes	0	0			0	0			0	0			0	0
Consumer Program Total						32	28			137,547	95,602			59	836,291
Business Program															
Retrofit	Projects	7	22			71	147			475,474	676,923			218	3,932,663
Direct Install Lighting	Projects	83	56			93	48			244,291	187,768			121	1,480,449
Building Commissioning	Buildings	0	0			0	0			0	0			0	0
New Construction	Buildings	0	0			0	0			0	0			0	0
Energy Audit	Audits	1	0			0	0			0	0			0	0
Small Commercial Demand Response	Devices	0	0			0	0			0	0			0	0
Small Commercial Demand Response (IHD)	Devices	0	0			0				0				0	0
Demand Response 3	Facilities	1	1			72	72			2,813	1,050			0	3,864
Business Program Total						236	267			722,578	865,741			339	5,416,977
Industrial Program															
Process & System Upgrades	Projects	0	0			0	0			0	0			0	0
Monitoring & Targeting	Projects	0	0			0	0			0	0			0	0
Energy Manager	Projects	0	0			0	0			0	0			0	0
Retrofit	Projects	0				0				0				0	0
Demand Response 3	Facilities	3	1			1,309	437			76,826	10,520			0	87,345
Industrial Program Total						1,309	437			76,826	10,520			0	87,345
Home Assistance Program															
Home Assistance Program	Homes	0	3			0	0			0	1,736			0	5,207
Home Assistance Program Total						0	0			0	1,736			0	5,207
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	2	0			8	0			45,369	0			8	181,475
High Performance New Construction	Projects	0	0			0	0			689	131			0	3,150
Toronto Comprehensive	Projects	0	0			0	0			0	0			0	0
Multifamily Energy Efficiency Rebates	Projects	0	0			0	0			0	0			0	0
LDC Custom Programs	Projects	0	0			0	0			0	0			0	0
Pre-2011 Programs completed in 2011 Total						8	0			46,058	131			8	184,625
Other															
Program Enabled Savings	Projects	0	0			0	0			0	0			0	0
Time-of-Use Savings	Homes														
Other Total							0				0			0	0
Adjustments to Previous Year's Verified Results							-4				588			-4	2,353
Energy Efficiency Total						204	223			903,369	962,159			406	6,439,236
Demand Response Total (Scenario 1)						1,381	509			79,639	11,570			0	91,209
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						1,585	728			983,008	974,317			402	6,532,798
													Full OEB Target:	2,390	10,820,000
													% of Full OEB Target Achieved to Date (Scenario 1):	16.8%	60.4%

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Due to the limited timeframe of data, which didn't include the summer months, 2012 IHD results have been deemed inconclusive. The IHD line item on the 2012 annual report will be left blank. Once a full year of data is available (2013 evaluation), and the savings are quantified, 2012 results will be updated to reflect the quantified savings.

Table 2 below outlines Midland PUC's 2012 Net Savings and Program-to-Date Contribution to Targets. Table 2 does not include gross numbers as the measure towards targets is the net savings.

Table 2: Summarized Program Results

Program	Net Savings – 2012		Contribution to Targets	
	Incremental Peak Demand Savings (MW)	Incremental Energy Savings (GWh)	Program-to-Date: Net Annual Peak Demand Savings (MW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (GWh)
Consumer Program Total	.028	.096	.059	.836
Business Program Total	.267	.866	.399	5.417
Industrial Program Total	.437	.011	.000	.087
Home Assistance Program Total	.000	.002	.000	.005
Pre-2011 Programs completed in 2011 Total	.000	.000	.008	.185
Adjustments to Previous Years Verified Results	-.004	.000	-.004	.002
Total OPA Contracted Province-Wide CDM Programs	**.728**	**0.975**	**.402**	**6.532**

Note: The 2012 Net Savings include the DR-3 reported savings while the Contributions to Target Demand Savings do not include the DR-3 savings. These above noted numbers reconcile back to the data provided in Table 1 – Midland PUC's Initiative and Program Level Savings by Year.

4.2 Evaluation

Consumer Program

Bi-Annual Coupons

- 15% lower net savings due to a change in the net-to-gross factors (increased free-ridership, less participant behaviour spillover, and less non-participant like spillover)
- Majority of participation, energy, & demand savings are from standard CFL's
- 15% of net savings due to ~ 73,000 coupons for new LED measures

Annual Coupons

- The number of coupons associated with the redemption of 2012 Annual Coupons was 90% lower than 2011 Instant Coupon Booklet. Key factors for the decrease include:
    - Shorter duration of available coupons (September 2012 – December 2012)
    - In 2012, only online coupons were available
        - 2011 had both online coupons and coupon mailing booklets

HVAC

- Small decrease (10%) in per unit savings assumptions for furnace with ECM due to change in 2012 customer mix and furnace fan usage.
- Small increase (10%) in free-ridership related to the furnace with ECM measure
- Participation remains relatively steady once 2011 true-up values are included.

Appliance Retirement

- Decrease in 2012 participation by 39% compared to 2011
- In-site metering provided updated per unit assumptions:
    - Small decrease (3.5%) in savings for refrigerators; and
    - Sizeable increase (17.5%) in savings for freezers

Appliance Exchange

- Increase of 30% for exchanged dehumidifiers over 2011, leading to an increase of 4% in overall participation

- Higher per unit savings for dehumidifiers drove the overall increase in 2012 savings

*peaksaver*PLUS

- Province-wide per-unit *ex ante* estimates for a 1-in-10 August peak day were determined to be 0.50 KW for residential CACs and 0.64 KW for small commercial CACs.
- Evaluation to date has indicated savings from in-home displays (IHDs) are not statistically significant (in and around zero)
    - However, since 2012 evaluation did not include full year analysis (specifically the summer months), these results have been deemed inconclusive
- The IHD offer had a positive influence on enrollment and re-enrollment with between 20 to 35% of new enrollees said they wouldn't have enrolled without the IHD offer

Residential New Construction

- All projects are opting for the prescriptive or performance path – there have been no customer project applications to date

Business Program

Retrofit

- Reported savings for prescriptive lighting projects continue to be overstated:
    - Verified wattage reductions were 15% higher than assumed; and
    - Verified operating hours were 11% higher than assumed
- A lower realization rate in the engineered measure track can be partially explained by overstated lighting operation hour assumptions reported on the application
- Net-to-gross ratios for the initiatives were above 75% in 2012, which is consistent with 2011

Small Business Lighting

- Reported hours of usage continue to be inaccurate – only 12% of site visits had verified annual hours of use with +/- 10% of the assumed value
- The saturation of eligible customers and preferred business types are resulting in participation from building types that may not fully operate during the summer peak load
    - This trend contributes to lower realization rates for demand savings in 2012
- Due to changing regulations in lighting measures, the assumed baseline technology will eventually be phased out. This regulation impacts the persistence of savings over the lifetime of lighting measures

Existing Building Commissioning (EBC)

- There were no applications in 2012
- Market feedback suggests that the EBC's focus on chilled-water space-cooling systems may be too narrow, and participation could be expanded by incenting a wider range of measures

New Construction

- Custom projects account for 66% of program savings, with the remainder coming from the prescriptive track

Audit Funding Program

- Through Audit Funding, 280 projects were completed in 2012 based on recommendations from the auditors, resulting in 1.4 MW and 7 GWh of Program Enabled Savings
- Office buildings represented the largest portion of applicants for 2012

Industrial Programs

Process and Systems Upgrade Initiative

- Energy managers are seen as important drivers of Program Enabled savings projects
    - 88% of survey respondents indicated the assistance provided by energy managers was "somewhat" or "very" important to implementing projects
- Energy Managers indicated additional support (additional training and guides) may further help influence the adoption of energy efficiency measures by the participants
- Documentation for Program Enabled Savings projects varied substantially by LDC. More guidance on documentation requirements would be beneficial to all parties

DR-3

- 2012 saw improvements in the performance of DR-3 participants resulting higher *ex ante* realization rates, particularly for the industrial participants

Home Assistance Program

- Participation in the initiative ramped up in 2012, with over 5,000 homes participating in the initiative
- Majority of energy savings (62%) comes from lighting measures, while 21% of energy savings resulting from refrigerator and freezer replacements

4.3 Spending

Table 3 below outlines 2012 spending levels on each of the OPA contracted Province-Wide CDM programs Midland PUC offered in its service area.

Table 3: 2012 Spending

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Consumer Program					
Appliance Retirement	$4,146.21	$0.00	$0.00	$0.00	$4,146.21
Appliance Exchange	$2,543.42	$0.00	$0.00	$0.00	$2,543.42
HVAC Incentives	$7,351.79	$0.00	$0.00	$0.00	$7,351.79
Conservation Instant Coupon Booklet	$5,749.00	$0.00	$0.00	$0.00	$5,749.00
Bi-Annual Retailer Event	$5,749.00	$0.00	$0.00	$0.00	$5,749.00
Retailer Co-op	$0.00	$0.00	$0.00	$0.00	$0.00
Residential Demand Response	$10,557.37	$0.00	$0.00	$0.00	$10,557.37
New Construction Program	$2,543.42	$0.00	$0.00	$0.00	$2,543.42
Business Program					
Efficiency: Equipment Replacement	$30,661.98	$0.00	$59,521.12	$0.00	$90,183.10
Direct Installed Lighting	$8,624.62	$14,535.00	$56,249.00	$0.00	$79,408.62
Existing Building Commissioning Incentive	$0.00	$0.00	$0.00	$0.00	$0.00
New Construction and Major Renovation Initiative	$0.00	$0.00	$0.00	$0.00	$0.00
Energy Audit	$13,521.81	$0.00	$0.00	$0.00	$13,521.81
Small Commercial Demand Response (part of the Residential program schedule)	$0.00	$0.00	$0.00	$0.00	$0.00
Demand Response 3 (part of the Industrial program schedule)	$0.00	$0.00	$0.00	$0.00	$0.00
Industrial Program					
Process & System Upgrades					

a) preliminary engineering study	$476.00	$0.00	$0.00	$0.00	$476.00
b) detailed engineering study	$476.00	$0.00	$0.00	$0.00	$476.00
c) program incentive	$5,327.57	$0.00	$0.00	$0.00	$5,327.57
Monitoring & Targeting	$849.20	$0.00	$0.00	$0.00	$849.20
Energy Manager	$0.00	$0.00	$0.00	$0.00	$0.00
Key Account Manager ("KAM")	$0.00	$0.00	$0.00	$0.00	$0.00
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	$0.00	$0.00	$0.00	$0.00	$0.00
Demand Response 3	$849.20	$0.00	$0.00	$0.00	$849.20
Home Assistance Program					
Home Assistance Program	$6,890.63	$500.00	$60.00	$0.00	$7,450.63
Pre 2011 Programs					
Electricity Retrofit Incentive Program	$0.00	$0.00	$0.00	$0.00	$0.00
High Performance New Construction	$0.00	$0.00	$0.00	$0.00	$0.00
Toronto Comprehensive	$0.00	$0.00	$0.00	$0.00	$0.00
Multifamily Energy Efficiency Rebates	$0.00	$0.00	$0.00	$0.00	$0.00
Data Centre Incentive Program	$0.00	$0.00	$0.00	$0.00	$0.00
EnWin Green Suites	$0.00	$0.00	$0.00	$0.00	$0.00
Initiatives Not In Market					
Midstream Electronics	$0.00				$0.00
Midstream Pool Equipment	$0.00				$0.00
Demand Service Space Cooling	$0.00				$0.00
Demand Response 1 (Commercial)	$0.00				$0.00
Demand Response 1 (Industrial)	$0.00				$0.00
Home Energy Audit Tool	$0.00				$0.00
TOTAL Province-wide CDM PROGRAMS	**$106,317.22**	**$15,035.00**	**$115,830.12**	**$0.00**	**$237,182.34**

Table 4 below outlines cumulative spending as at December 31. 2012 on each of the OPA contracted province wide CDM programs Midland PUC offered in its service area.

Table 4: Cumulative Spending (2011-2014)

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Consumer Program					
Appliance Retirement	$9,615.54	$0.00	$0.00	$0.00	$9,615.54
Appliance Exchange	$7,008.02	$0.00	$0.00	$0.00	$7,008.02
HVAC Incentives	$13,648.06	$0.00	$0.00	$0.00	$13,648.06
Conservation Instant Coupon Booklet	$9,564.45	$0.00	$0.00	$0.00	$9,564.45
Bi-Annual Retailer Event	$14,757.68	$0.00	$0.00	$0.00	$14,757.68
Retailer Co-op	$0.00	$0.00	$0.00	$0.00	$0.00
Residential Demand Response	$14,728.38	$0.00	$0.00	$0.00	$14,728.38
New Construction Program	$4,882.77	$0.00	$0.00	$0.00	$4,882.77
Business Program					
Efficiency: Equipment Replacement	$50,964.70	$0.00	$135,120.12	$0.00	$186,084.82
Direct Installed Lighting	$15,445.37	$35,700.00	131,526.75	$0.00	$182,672.12
Existing Building Commissioning Incentive	$2,841.72	$0.00	$0.00	$0.00	$2,841.72
New Construction and Major Renovation Initiative	$2,841.72	$0.00	$0.00	$0.00	$2,841.72
Energy Audit	$18,012.77	$0.00	$2,400.00	$0.00	$20,412.77
Small Commercial Demand Response (part of the Residential program schedule)	$2,841.72	$0.00	$0.00	$0.00	$2,841.72
Demand Response 3 (part of the Industrial program schedule)	$0.00	$0.00	$0.00	$0.00	$0.00
Industrial Program					
Process & System Upgrades					

a) preliminary engineering study	$1,564.00	$0.00	$0.00	$0.00	$1,564.00
b) detailed engineering study	$1,564.00	$0.00	$0.00	$0.00	$1,564.00
c) program incentive	$10,630.74	$0.00	$0.00	$0.00	$10,630.74
Monitoring & Targeting	$849.20	$0.00	$0.00	$0.00	$849.20
Energy Manager	$807.67	$0.00	$0.00	$0.00	$807.67
Key Account Manager ("KAM")	$0.00	$0.00	$0.00	$0.00	$0.00
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	$0.00	$0.00	$0.00	$0.00	$0.00
Demand Response 3	$2,530.13	$0.00	$0.00	$0.00	$2,530.13
Home Assistance Program					
Home Assistance Program	$7,737.69	$500.00	$60.00	$0.00	$8,297.69
Pre 2011 Programs					
Electricity Retrofit Incentive Program	$0.00	$0.00	$62,610.00	$0.00	$62,610.00
High Performance New Construction	$0.00	$0.00	$0.00	$0.00	$0.00
Toronto Comprehensive	$0.00	$0.00	$0.00	$0.00	$0.00
Multifamily Energy Efficiency Rebates	$0.00	$0.00	$0.00	$0.00	$0.00
Data Centre Incentive Program	$0.00	$0.00	$0.00	$0.00	$0.00
EnWin Green Suites	$0.00	$0.00	$0.00	$0.00	$0.00
Initiatives Not In Market					
Midstream Electronics	$0.00				$0.00
Midstream Pool Equipment	$0.00				$0.00
Demand Service Space Cooling	$0.00				$0.00
Demand Response 1 (Commercial)	$0.00				$0.00
Demand Response 1 (Industrial)	$0.00				$0.00
Home Energy Audit Tool	$0.00				$0.00
TOTAL Province-wide CDM PROGRAMS	**$192,836.33**	**$36,200.00**	**$331,716.87**	**$0.00**	**$560,753.20**

4.4 Additional Comments

The overall portfolio performance has been impacted by a number of issues. While some of these issues were noted within the initiative discussion it is important to note within the scope of the entire portfolio.

The inclusion of the Roving Energy Manager as a resource for CHEC LDCs is seen as a significant enabler moving forward. The REM's ability to enter into industrial and commercial establishments and provide solid guidance and support to the customer is anticipated to move forward projects which will add to target. The delay in obtaining approval for the REM position has been a detriment to target achieved as the delay impacts on customer contacts, lead time for completing studies and the implementation cycle by the customer may extend beyond the target timeline of December 2014. If the REM had been in market six to 8 months earlier a positive result would be apparent on the targets achieved.

Of note, in the industrial and municipal sector there has been competition for capital funding between micro fit and conservation. With limited capital dollars available, there is consideration that renewable generation may offer a better return on investment and hence customers are delaying the implementation of conservation projects.

The loss of two DR-3 customers in 2012 negatively impacted Midland PUCs MW savings to date. Unfortunately, not having access to participating customers in this initiative limited the LDC's ability to monitor, and provide alternatives to customers who may become dissatisfied with this program. The release of customer information in 2013 will enable LDC's to reach out to current participants and gauge their satisfaction with the DR-3 program, and may potentially provide the opportunity to maintain a participant who is considering exiting the program.

Delays in going to market with the *peaksaver* initiative were based on the state of available technology. Midland PUC had concerns with the lack of proven available technology and the integration with our current smart meter infrastructure. Midland PUC was focused on providing a state of the art solution while remaining cost effective and providing lasting benefits, rather than merely moving forward with the initiative to meet the requirements of the program.

Programs which have not been placed into market or have been removed from market have not been replaced by alternate initiatives by the OPA. The lack of these programs impacts on the ability to meet target and to offer a full scope of initiatives to the customer. While the cancellation of these programs is supported, based on the OPA evaluation, the design and inclusion of alternate programs would help mitigate the impacts.

The market ability to continue to support initiative such as SBL, and Appliance Program is questioned. The saturation and the contribution of the initiative to target will require evaluation to determine if, on a provincial basis, the OPA expectations of the program were accurate or too optimistic. Cancellation of programs impacts market place awareness and the entire suite of offerings. Hence rather than removing programs, altering the program to reflect current market pressure may be more appropriate, to ensure all capacity for savings is captured.

5. Combined CDM Reporting Elements

5.1 Progress Towards CDM Targets

Table 6 and Table 7 below provide an overview of the progress made against the MW target and GWh target as set out in Midland PUCs license. From the summary tables a negative variance of -5.1% for MW and a negative variance of -5.6% for GWh are noted.

The results attributed to targets use current OPA reporting policies. Energy efficiency resources persist for the duration of the effective useful life. Any upcoming code changes are taken into account. Demand response resources persist for 1 year.

Table 5: Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual (MW)			
	2011	2012	2013	2014
2011 – Verified by OPA	1.6	0.2	0.2	0.2
2012 – Verified by OPA		0.7	0.2	0.2
2013				
2014				
Verified Net Annual Peak Demand Savings in 2014:				**0.40**
Midland PUC 2014 Annual CDM Capacity Target:				**2.39**
Verified Portion of Peak Demand Savings Target Achieved (%):				**16.8%**
Midland Power Utility Corporation Strategy, Milestone submitted for 2012 (%):				**21.9%**
Variance				**-5.1%**

Table 5 above does not include the DR-3 MW savings which are active in our territory at the end of 2012. By including the DR-3 component in the annual MW achieved to December 31, 2012 the savings rise to 0.91 MW or 38.2% of Midland PUCs CDM target.

Table 6: Net Energy Savings at the End-User Level (GWh)

Implementation Period	Annual (GWh)				Cumulative (GWh)
	2011	2012	2013	2014	2011-2014
2011 – Verified by OPA	1.0	0.9	0.9	0.8	3.6
2012 – Verified by OPA		1.0	1.0	1.0	2.9
2013					
2014					
Verified Net Cumulative Energy Savings 2011-2014:					**6.50**
Midland PUC 2011-2014 Cumulative CDM Energy Target:					**10.8**
Verified Portion of Cumulative Energy Target Achieved (%):					**60.4%**
Midland Power Utility Corporation Strategy, Milestone submitted for 2012 (%):					**66.0%**
Variance:					**-5.6%**

5.2 Variance from Strategy

Cumulative demand and energy savings at December 31, 2012 show a negative variance to Midland PUC's strategy. To date, Midland PUC has achieved 0.4 MW (16.8%) of targeted demand and has fallen -5.1% short of meeting the strategy at 2012 of 0.52 MW. Cumulative energy savings achieved to date total 6.50 GWh (60.4%) and also show a negative variance of -5.6% in missing the strategy of 7.14 GWh.

Midland PUC's Residential initiatives fell well below cumulative strategy targets to December 31, 2012. Residential savings only reached 0.06 MW (53.7%) and 0.84 GWh (64.9%) of the strategy targets. Although the Residential results in 2012 exceeded those in 2011, they did not maintain enough momentum to reach the projected cumulative targets for 2012. Consequently, the slow start in implementing programs in 2011 combined with lower than predicted results in the Coupon Booklet, Bi-Annual Retailer Events and HVAC initiatives resulted in Midland PUC only meeting 53.7% of the MW and 64.9% GWh of the Consumer Program target savings for 2012.

Commercial and Institutional initiatives exceeded the MW strategy reaching 0.34 MW (154%) and 5.42 GWh (171) of the strategy targets. The Retrofit program dominates this portfolio, and has been instrumental in driving both MW and GWH targets.

Industrial initiatives combined with the 2010 initiatives also fell short of the 2012 cumulative strategy targets. Industrial savings reached 0.01 MW or (4.2%) and 0.27 GWh (10.3%) of the strategy. The Industrial Equipment Replacement Initiative has limited opportunity in Midland PUC's service area due to the required MW and GWh size of the project requirements. Changes made to the ERII initiative provided Midland PUC's industrial customers projects to be directed to the Commercial and Institutional stream. Consequently, if we were to combine the Commercial and Industrial strategy targets, the results would show savings of 0.35 MW (83.7%) and 5.69 GWh (97.4%) of the strategy targets.

As mentioned previously, within the scope of the strategy, no contribution from TOU has been included. Once received, the impact to the results on Midland PUCs strategy will be incorporated. Midland PUCs strategy also included targeted savings from OEB approved CDM programs. The state of Board-Approved programs along with the considerable cost and effort to pilot new initiatives has been challenging. Consequently, Midland PUC along with members of the CHEC group have decided to focus on the current suite of OPA Province Wide programs.

5.3 Outlook to 2014 and Strategy Modifications

Midland PUC has not modified its strategy to 2014. Based on demand and energy saving contributions to date, the loss of DR-3 participants, and no OEB Approved CDM Programs, Midland PUC will likely fall below both the demand and energy savings targets, as set out by the OEB. The projected program savings for 2011-2014 are outlined below in Table 6: Midland PUC Annual Milestone – Contribution to 2014 Target. This table also provides Midland PUCs contribution to targets as at December 31, 2012 (including the DR-3 MW savings).

The loss of two DR-3 participants negatively impacted our MW savings. OEB Approved Programs included in our 2011 targets also accounted for a substantial portion of our total program targets. TOU savings have still to be confirmed, which will help to offset the shortfall in total savings.

Table 6 below outlines Midland PUCs total projected savings to 2014, based on 2011 and 2012 actual data along with projections for 2013 and 2014. Midland PUC will continue to work diligently to identify individual customers and customer groups that will benefit from the Province-Wide CDM programs.

Table 6: Midland PUC Annual Milestone – Contribution to 2014 Target

Midland Power

Annual Milestone - Contribution to 2014 Target

Category – Consumer	2011 Original Strategy Projection		Actual 2011 Results		2012 Revised Strategy Projection		Actual 2012 Results		2013 Revised Strategy Projection		Actual 2013 Results		2014 Revised Strategy Projection		Actual 2014 Results		Revised Total Projected Reduction		Contribution to Target	
	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Provincial Programs																				
Appliance Retirement	10	240,123	4	130,098	4	55,272	5	76,666	6	68,789			6	33,370			22	308,923	9	206,764
Instant Discounts (Rebates)	3	354,213	3	240,292	2	160,742	2	101,068	2	107,161			2	53,581			10	502,102	5	341,360
HVAC Discounts (Rebates)	25	157,567	23	179,095	24	123,855	21	109,072	28	86,359			29	45,402			101	419,928	44	288,167
Demand Response	36	175,391	0	0	0	0	0	0	77	261,794			80	135,261			157	397,055	0	0
Midstream Incentives	0	3,700	0	0	0	0	0	0	0	1,850			0	925			1	2,775	0	0
New Construction	3	27,122	0	0	0	0	0	0	4	20,238			5	11,530			9	31,768	0	0
Low Income	0	0	0	0	0	0	0	5,207	5	44,900			5	22,450			10	72,557	0	5,207
Provincial Consumer Tota	**78**	**958,117**	**30**	**549,485**	**30**	**339,869**	**28**	**292,013**	**123**	**591,091**	**0**	**0**	**128**	**302,518**	**0**	**0**	**309**	**1,735,108**	**58**	**841,496**
OEB Approved Programs																				
General Consumer		0	0	0	0	0	0	0						0			0	0	0	0
Low Income		0	0	0	0	0	0	0						0			0	0	0	0
OEB Approved Programs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Consumer Program Total	**78**	**958,117**	**30**	**549,485**	**30**	**339,869**	**28**	**292,013**	**123**	**591,091**	**0**	**0**	**128**	**302,518**	**0**	**0**	**309**	**1,735,108**	**58**	**841,496**

Annual Milestone - Contribution to 2014 Target

Category – Commercial & Institutional	2011 Original Strategy Projection		Actual 2011 Results		2012 Revised Strategy Projection		Actual 2012 Results		2013 Revised Strategy Projection		Actual 2013 Results		2014 Revised Strategy Projection		Actual 2014 Results		Revised Total Projected Reduction		Contribution to Target	
	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Provincial Programs																				
- Medium and Large Buildings	69	847,566	71	1,901,895	98	1,225,260	147	2,030,768	321	1,056,877			0	0			539	4,989,540	218	3,932,663
Existing Building Retrofits - Small Buildings	30	664,209	73	917,147	20	420,225	48	563,302	46	217,156			45	81,260			212	1,778,865	121	1,480,449
Small Commercial Demand Response	3	6,776	0	0	0	0	0	0	7	10,048			7	5,185			14	15,233	0	0
Demand Response 1& 3	0	0	72	2,813	0	7,113	0	1,051	0	0			0	0			72	3,864	72	3,864
Provincial Commercial & Inst. Total	**103**	**1,518,550**	**216**	**2,821,855**	**118**	**1,652,598**	**195**	**2,595,121**	**374**	**1,284,081**	**0**	**0**	**52**	**86,445**	**0**	**0**	**837**	**6,787,502**	**411**	**5,416,976**
OEB Approved Programs																				
Retrofits																	0	0	0	0
New Construction																	0	0	0	0
OEB Approved Programs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Commercial & Inst. Total	**103**	**1,518,550**	**216**	**2,821,855**	**118**	**1,652,598**	**195**	**2,595,121**	**374**	**1,284,081**	**0**	**0**	**52**	**86,445**	**0**	**0**	**837**	**6,787,502**	**411**	**5,416,976**

Annual Milestone - Contribution to 2014 Target

Category – Industrial	2011 Original Strategy Projection		Actual 2011 Results		2012 Revised Strategy Projection		Actual 2012 Results		2013 Revised Strategy Projection		Actual 2013 Results		2014 Revised Strategy Projection		Actual 2014 Results		Revised Total Projected Reduction		Contribution to Target	
	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Program Name																				
Industrial Accelerator	0	0	0	0	0	0	0	0	0	0			0	0			0	0	0	0
Industrial Equipment	14	343,392	0	0	180	2,287,974	0	0	14	171,696			14	85,848			28	257,544	0	0
Demand Response 1	0	3	0	0	0	0	0	0	0	3			1	3			1	5	0	0
Demand Response 3	0	6	1,309	76,826	0	39,786	-872	10,519	0	6			0	6			437	87,357	437	87,345
Provincial Industrial Total	**14**	**343,401**	**1,309**	**76,826**	**180**	**2,327,760**	**-872**	**10,519**	**14**	**171,705**	**0**	**0**	**15**	**85,857**	**0**	**0**	**466**	**344,907**	**437**	**87,345**
OEB Approved Programs																				
A	0	0	0	0	0	0	0	0	0	0			0	0			0	0	0	0
B	0	0	0	0	0	0	0	0	0	0			0	0			0	0	0	0
OEB Approved Programs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Industrial Total	**14**	**343,401**	**1,309**	**76,826**	**180**	**2,327,760**	**-872**	**10,519**	**14**	**171,705**	**0**	**0**	**15**	**85,857**	**0**	**0**	**466**	**344,907**	**437**	**87,345**

CDM Strategy Total	2011 Original Strategy Projection		Actual 2011 Results		2012 Revised Strategy Projection		Actual 2012 Results		2013 Revised Strategy Projection		Actual 2013 Results		2014 Revised Strategy Projection		Actual 2014 Results		Revised Total Projected Reduction		Contribution to Target	
	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Program Total	195	2,820,068	1,555	3,448,166	328	4,320,227	-649	2,897,653	511	2,046,877	0	0	194	474,820	0	0	1,611	8,867,517	906	6,345,819
2010 Contribution			8	184,232				393									8	184,625	8	184,625
tments to Verified Final Results							-4	2,353									-4	2,353	-4	2,353
Adjusted Total	**195**	**2,820,068**	**1,563**	**3,632,398**	**328**	**4,320,227**	**-653**	**2,900,399**	**511**	**2,046,877**	**0**	**0**	**194**	**474,820**	**0**	**0**	**1,615**	**9,054,495**	**910**	**6,532,797**
															jet to Achi		**2,390**	**10,820,000**		

Percentage of Target	2011 Original Strategy Projection		Actual 2011 Results		2012 Revised Strategy Projection		Actual 2012 Results		2013 Revised Strategy Projection		Actual 2013 Results		2014 Revised Strategy Projection		Actual 2014 Results		Revised Total Projected Reduction		Contribution to Target	
	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
	8.1%	**26.1%**	**69.4%**	**33.6%**	**13.7%**	**39.9%**	**-27.3%**	**26.8%**	**21.4%**	**18.9%**	**0.0%**	**0.0%**	**8.1%**	**4.4%**	**0.0%**	**0.0%**	**68%**	**83.7%**	**38.1%**	**60.4%**

Note: Total Projection is formed of 2011 Actuals and 2012 Actuals, Added with 2013 and 2014 Revised Strategy Projection

6.0 Conclusion

Over the course of 2012, Midland PUC has achieved 0.40 MW in peak demand savings and 6.5 GWh in energy savings, which represents 16.8% and 60.4% of the 2014 targets, respectively. These results are representative of a considerable effort expended by Midland PUC in cooperation with other LDCs, customers, channel partners and stakeholders to overcome many operational and structural issues which limited program effectiveness across all market sectors. This achievement is a success and the relationships built within the 2011-2014 CDM program term will aid results in a subsequent CDM term.

However, despite continuing improvements to existing programs Midland PUC faces challenges in the remaining years of the current CDM framework. As a smaller LDC, and as a member of the CHEC Group, our efforts remain focused on fully utilizing the OPA Province-Wide Programs which are appropriate for our community. With the current slate of available OPA Programs, and the current forecast of implementation and projected savings, Midland PUC expects to achieve 1.62 MW and 9.05 GWh of target savings by the end of 2014.

Looking ahead there is limited opportunity to make valuable changes to the current program portfolios and have these changes reflected in LDCs 2014 results. However, Midland PUC will continue to work with the current portfolio to ensure the maximum contribution to target is achieved. Moving forward LDCs and the OPA can build on the strengths and key successes of the 2011-2014 programs to launch new programs which will meet the needs of the industry and consumers.

Appendix A: Initiative Descriptions

Residential Program

APPLIANCE RETIREMENT INITIATIVE (Exhibit D**)**

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objectives: Achieve energy and demand savings by permanently decommissioning certain older, inefficient refrigeration appliances.

Description: This is an energy efficiency Initiative that offers individuals and businesses free pick-up and decommissioning of old large refrigerators and freezers. Window air conditioners and portable dehumidifiers will also be picked up if a refrigerator or a freezer is being collected.

Targeted End Uses: Large refrigerators, large freezers, window air conditioners and portable dehumidifiers.

Delivery: OPA centrally contracts for the province-wide marketing, call centre, appliance pick-up and decommissioning process. LDC's provides local marketing and coordination with municipal pick-up where available.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Consumer/Programs/Appliance-Retirement.aspx

In Market Date: January, 2011

APPLIANCE EXCHANGE INITIATIVE (Exhibit E)

Target Customer Type(s): Residential Customers

Initiative Frequency: Spring and Fall

Objective: The objective of this Initiative is to remove and permanently decommission older, inefficient window air conditioners and portable dehumidifiers that are in Ontario.

Description: This Initiative involves appliance exchange events. Exchange events are held at local retail locations and customers are encouraged to bring in their old room air conditioners (AC) and dehumidifiers in exchange for coupons/discounts towards the purchase of new energy efficient equipment.

Targeted End Uses: Window air conditioners and portable dehumidifiers

Delivery: OPA contracts with participating retailers for collection of eligible units. LDCs provide local marketing.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Consumer.aspx

In Market Date: May 1, 2011

HVAC INCENTIVES INITIATIVE (Exhibit B)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to encourage the replacement of existing heating systems with high efficiency furnaces equipped with Electronically Commutated Motors (ECM), and to replace existing central air conditioners with ENERGY STAR qualified systems and products**.**

Description: This is an energy efficiency Initiative that provides rebates for the replacement of old heating or cooling systems with high efficiency furnaces (equipped with ECM) and Energy Star qualified central air conditioners by approved Heating, Refrigeration, and Air Conditioning Institute (HRAI) qualified contractors.

Targeted End Uses: Central air conditioners and furnaces

Delivery: OPA contracts centrally for delivery of the program. LDCs provide local marketing and encourage local contractors to participate in the Initiative.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Consumer.aspx

In Market Date: May 1, 2011

CONSERVATION INSTANT COUPON INITIATIVE (Exhibit A)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to encourage households to purchase energy efficient products by offering discounts.

Description: This Initiative provides customers with year round coupons. The coupons offer instant rebates towards the purchase of a variety of low cost, easy to install energy efficient measures and can be

redeemed at participating retailers. Booklets were directly mailed to customers and were also available at point-of-purchase. Downloadable coupons were also available at www.saveoneenergy.ca.

Targeted End Uses: ENERGY STAR® qualified Standard Compact Flourescent Lights ("CFLs"),ENERGY STAR® qualified Light Fixtures lighting control products, weather-stripping, hot water pipe wrap, electric water heater blanket, heavy duty plug-in Timers, Advanced power bars, clothesline, baseboard programmable thermostats.

Delivery: The OPA develops the electronic version of the coupons and posts them online for download. Three LDC specific coupons were made available for local marketing and utilization by LDCs. The OPA enters into agreements with retailers to honour the coupons.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Consumer.aspx

In Market Date: May 1, 2011

BI-ANNUAL RETAILER EVENT INITIATIVE (Exhibit C)

Target Customer Type(s): Residential Customers

Initiative Frequency: Bi-annual events

Objective: The objective of this Initiative is to provide instant point of purchase discounts to individuals at participating retailers for a variety of energy efficient products.

Description: Twice a year (Spring and Fall), participating retailers host month-long rebate events. During the months of April and October, customers are encouraged to visit participating retailers where they can find coupons redeemable for instant rebates towards a variety of low cost, easy to install energy efficient measures.

Targeted End Uses: As per the Conservation Instant Coupon Initiative

Delivery: The OPA enters into arrangements with participating retailers to promote the discounted products, and to post and honour related coupons. LDCs also refer retailers to the OPA and market this initiative locally.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Consumer.aspx

In Market Date: May 1, 2011

RETAILER CO-OP

Target Customer Type(s): Residential Customers

Initiative Frequency: Year Round

Objective: Hold promotional events to encourage customers to purchase energy efficiency measures (and go above-and-beyond the traditional Bi-Annual Coupon Events).

Description: The Retailer Co-op Initiative provides LDCs with the opportunity to work with retailers in their service area by holding special events at retail locations. These events are typically special promotions that encourage customers to purchase energy efficiency measures (and go above-and-beyond the traditional Bi-Annual Coupon Events).

Targeted End Uses: As per the Conservation Instant Coupon Initiative

Delivery: Retailers apply to the OPA for co-op funding to run special promotions that promote energy efficiency to customers in their stores. LDCs can refer retailers to the OPA. The OPA provides each LDC with a list of retailers who have qualified for Co-Op Funding as well as details of the proposed special events.

In Market Date: not in market in 2012 due to lack of retailer participation

NEW CONSTRUCTION PROGRAM (Schedule B-2)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to provide incentives to participants for the purpose of promoting the construction of energy efficient residential homes in the Province of Ontario.

Description: This is an energy efficiency Initiative that provides incentives to homebuilders for constructing new homes that are efficient, smart, and integrated (applicable to new single family dwellings). Incentives are provided in two key categories as follows:

- Incentives for homebuilders who install electricity efficiency measures as determined by a prescriptive list or via a custom option.
- Incentives for homebuilders who meet or exceed aggressive efficiency standards using the EnerGuide performance rating system.

Targeted End Uses: All off switch, ECM motors, ENERGY STAR qualified central a/c, lighting control products, lighting fixtures, Energuide 83 whole home, energuide 85 whole homes

Delivery: Local engagement of builders will be the responsibility of the LDC and will be supported by OPA air coverage driving builders to their LDC for additional information.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Consumer.aspx

In Market Date: June 1, 2011

RESIDENTIAL DEMAND RESPONSE PROGRAM (Schedule B-3)

Target Customer Type(s): Residential and Small Commercial Customers

Initiative Frequency: Year round

Objective: The objectives of this Initiative are to enhance the reliability of the IESO-controlled grid by accessing and aggregating specified residential and small commercial end uses for the purpose of load reduction, increasing consumer awareness of the importance of reducing summer demand and providing consumers their current electricity consumption and associated costs.

Description*: In* ***peaksaver***PLUS ™ participants are eligible to receive a free programmable thermostat or switch, including installation. Participants also receive access to price and real-time consumption information on an In Home Display (IHD).

Targeted End Uses: central air conditioning, electric hot water heaters and pool pumps

Delivery: LDC's recruit customers and procure technology

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Consumer.aspx

In Market Date: Not in market for 2012

C&I Program

EFFICIENCY: EQUIPMENT REPLACEMENT INCENTIVE (ERII) (Schedule C-2)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives to non-residential distribution customers to achieve reductions in electricity demand and consumption by upgrading to more energy efficient equipment for lighting, space cooling, ventilation and other measures.

Description: The Equipment Replacement Incentive Initiative (ERII) offers financial incentives to customers for the upgrade of existing equipment to energy efficient equipment. Upgrade projects can be classified into either: 1) prescriptive projects where prescribed measures replace associated required base

case equipment; 2) engineered projects where energy and demand savings and incentives are calculated for associated measures; or 3) custom projects for other energy efficiency upgrades.

Targeted End Uses: lighting, space cooling, ventilation and other measures

Delivery: LDC delivered.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Business/Program-Overviews/Retrofit-for-Commercial.aspx

In Market Date: March 1, 2011

DIRECT INSTALL INITIATIVE (DIL) (Schedule C-3)

Target Customer Type(s): Small Commercial, Institutional, Agricultural facilities and multi-family buildings

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer a free installation of eligible lighting and water heating measures of up to $1,000 to eligible owners and tenants of small commercial, institutional and agricultural facilities and multi-family buildings, for the purpose of achieving electricity and peak demand savings.

Description: The Direct Installed Lighting Initiative targets customers in the General Service <50kW account category. This Initiative offers turnkey lighting and electric hot water heater measures with a value up to $1,000 at no cost to qualifying small businesses. In addition, standard prescriptive incentives are available for eligible equipment beyond the initial $1,000 limit.

Target End Uses: Lighting and electric water heating measures

Delivery: Participants can enroll directly with the LDC, or would be contacted by the LDC/LDC-designated representative.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Business.aspx

Initiative Activities/Progress:

High penetration of the previous version of this initiative within the BPI service territory has resulted in limited uptake potential for the 2011-2014 program. BPI utilized the previous programs Service Provider to aid in maintaining Initiative momentum, however the diminished number of eligible customers limited program uptake. BPI continued to provide local marketing and customer support for this Initiative.

In Market Date: June 1, 2011

EXISTING BUILDING COMMISSIONING INCENTIVE INITIATIVE (Schedule C-6)

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives for optimizing (but not replacing) existing chilled water systems for space cooling in non-residential facilities for the purpose of achieving implementation phase energy savings, implementation phase demand savings, or both.

Description: This Initiative offers Participants incentives for the following:

- scoping study phase
- investigation phase
- implementation phase
- hand off/completion phase

Targeted End Uses: Chilled water systems for space cooling

Delivery: LDC delivered.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Business/Program-Overviews/Existing-Building-Commissioning.aspx

Initiative Activities/Progress:

BPI provided local marketing and customer support for this Initiative, but had no customer interest or uptake.

In Market Date: July 2011

NEW CONSTRUCTION AND MAJOR RENOVATION INITIATIVE (HPNC) (Schedule C-4)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to encourage builders/major renovators of commercial, institutional, and industrial buildings (including multi-family buildings and agricultural facilities) to reduce electricity demand and/or consumption by designing and building new buildings with more energy-efficient equipment and systems for lighting, space cooling, ventilation and other Measures.

Description: The New Construction initiative provides incentives for new buildings to exceed existing codes and standards for energy efficiency. The initiative uses both a prescriptive and custom approach.

Targeted End Uses: New building construction, building modeling, lighting, space cooling, ventilation and other Measures

Delivery: LDC delivers to customers and design decision makers.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Business/Program-Overviews/New-Construction.aspx

Initiative Activities/Progress:

BPI provided local marketing and customer support for this Initiative, however received no applications in 2011.

In Market Date: July 2011

ENERGY AUDIT INITIATIVE (Schedule C-1)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives to owners and lessees of commercial, institutional, multi-family buildings and agricultural facilities for the purpose of undertaking assessments to identify all possible opportunities to reduce electricity demand and consumption within their buildings or premises.

Description: This Initiative provides participants incentives for the completion of energy audits of electricity consuming equipment located in the facility. Energy audits include development of energy baselines, use assessments and performance monitoring and reporting.

Targeted End Uses: Various

Delivery: LDC delivered.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Business/Program-Overviews/Audit-Funding.aspx

Initiative Activities/Progress:

BPI marketed this Initiative to its commercial and institutional customers and received one application in 2011.

In Market Date: May 2011

Industrial Program

PROCESS & SYSTEMS UPGRADES INITIATIVE (PSUI) (Schedule D-1)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objectives: The objectives of this Initiative are to:

- Offer distribution customers capital incentives and enabling initiatives to assist with the implementation of large projects and project portfolios;
- Implement system optimization project in systems which are intrinsically complex and capital intensive; and
- Increase the capability of distribution customers to implement energy management and system optimization projects.

Description: PSUI is an energy management Initiative that includes three Initiatives: (preliminary engineering study, detailed engineering study, and project incentive Initiative). The incentives are available to large distribution connected customers with projects or portfolio projects that are expected to generate at least 350 MWh of annualized electricity savings or, in the case of Micro-Projects, 100 MWh of annualized electricity savings. The capital incentive for this Initiative is the lowest of:

a) $200/MWh of annualized electricity savings

b) 70% of projects costs

c) A one year pay back

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Business.aspx

In Market Date: November 1, 2011

MONITORING & TARGETING INITIATIVE (Schedule D-2)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This Initiative offers access to funding for the installation of Monitoring and Targeting systems in order to deliver a minimum savings target at the end of 24 months and sustained for the term of the M&T Agreement.

Description: This Initiative offers customers funding for the installation of a Monitoring and Targeting system to help them understand how their energy consumption might be reduced. A facility energy manager, who regularly oversees energy usage, will now be able to use historical energy consumption performance to analyze and set targets.

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Business.aspx

In Market Date: September 1, 2011

ENERGY MANAGER INITIATIVE (Schedule D-3)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: The objective of this initiative is to provide customers and LDCs the opportunity to access funding for the engagement of energy managers in order to deliver a minimum annual savings target.

Description: This Initiative provides customers the opportunity to access funding to engage an on-site, full time embedded energy manager, or an off-site roving energy manager who is engaged by the LDC. The role of the energy manager is to take control of the facility's energy use by monitoring performance, leading awareness programs, and identifying opportunities for energy consumption improvement, and spearheading projects. Participants are funded 80% of the embedded energy manager's salary up to $100,000 plus 80% of the energy manager's actual reasonable expenses incurred up to $8,000 per year. Each embedded energy manager has a target of 300 kW/year of energy savings from one or more facilities. LDCs receive funding of up to $120,000 for a Roving Energy Manager plus $8,000 for expenses.

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Business.aspx

In Market Date: September 24, 2012

KEY ACCOUNT MANAGER (KAM) (Schedule D-4)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This initiative offers LDCs the opportunity to access funding for the employment of a KAM in order to support them in fulfilling their obligations related to the PSUI.

Description: This Initiative provides LDCs the opportunity to utilize a KAM to assist their customers. The KAM is considered to be a key element in assisting the consumer in overcoming traditional barriers related to energy management and help them achieve savings since the KAM can build relationships and become a significant resource of knowledge to the customer.

Targeted End Uses: Process and systems

Delivery: LDC delivered

In Market Date: Not in market in 2012 – LDC does not qualify

DEMAND RESPONSE 3 (Schedule D-6)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This Initiative provides for Demand Response ("DR") payments to contracted participants to compensate them for reducing their electricity consumption by a pre-defined amount during a DR event.

Description: Demand Response 3 ("DR3") is a demand response Initiative for commercial and industrial customers, of 50 kW or greater to reduce the amount of power being used during certain periods of the year. The DR3 Initiative is a contractual resource that is an economic alternative to procurement of new generation capacity. DR3 comes with specific contractual obligations requiring participants to reduce their use of electricity relative to a baseline when called upon. This Initiative makes payments for participants to be on standby and payments for the actual electricity reduction provided during a demand response event. Participants are scheduled to be on standby approximately 1,600 hours per calendar year for possible dispatch of up to 100 hours or 200 hours within that year depending on the contract.

Targeted End Uses: Commercial and Industrial Operations

Delivery: DR3 is delivered by Demand Response Providers ("DRPs"), under contract to the OPA. The OPA administers contracts with all DRPs and Direct Participants (who provide in excess of 5 MW of demand response capacity). OPA provides administration including settlement, measurement and verification, and dispatch. LDCs are responsible for local customer outreach and marketing efforts.

Additional detail is available:

- SaveONenergy website https://saveonenergy.ca/Business.aspx

In Market Date: May 1, 2011

It is noted that while the Schedule for this Initiative was not posted until May 2011, the Aggregators reported that they were able to enroll customers as of January 2011.

LOW INCOME INITIATIVE (HOME ASSISTANCE PROGRAM) (Schedule E)

Target Customer Type(s): Income Qualified Residential Customers

Initiative Frequency: Year Round

Objective: The objective of this Initiative is to offer free installation of energy efficiency measures to income qualified households for the purpose of achieving electricity and peak demand savings.

Description: This is a turnkey Initiative for income qualified customers. It offers residents the opportunity to take advantage of free installation of energy efficient measures that improve the comfort of their home, increase efficiency, and help them save money. All eligible customers receive a Basic and Extended Measures Audit, while customers with electric heat also receive a Weatherization Audit. The Initiative is designed to coordinate efforts with gas utilities.

Targeted End Uses: End use measures based on results of audit (i.e. compact fluorescent light bulbs)

Delivery: LDC delivered.

In Market Date: November 2012

Appendix B: Pre-2011 Programs

ELECTRICITY RETROFIT INCENTIVE PROGRAM

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year Round

Objective: The objective of this Initiative is to offer incentives to non-residential distribution customers to achieve reductions in electricity demand and consumption by upgrading to more energy efficient equipment for lighting, space cooling, ventilation and other measures.

Description: The Equipment Replacement Incentive Program (ERIP) offered financial incentives to customers for the upgrade of existing equipment to energy efficient equipment. This program was available in 2010 and allowed customers up to 11 months following Pre-Approval to complete their projects. As a result, a number of projects Pre-Approved in 2010 were not completed and in-service until 2011. The electricity savings associated with these projects are attributed to 2011.

Targeted End Uses: Electricity savings measures

Delivery: LDC Delivered

HIGH PERFORMANCE NEW CONSTRUCTION

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year round

Objective: The High Performance New Construction Initiative provided incentives for new buildings to exceed existing codes and standards for energy efficiency. The Initiative uses both a prescriptive and custom approach and was delivered by Enbridge Gas under contract with the OPA (and subcontracted to Union Gas), which ran until December 2010.

Description: The objective of this Initiative is to encourage builders of commercial, institutional, and industrial buildings (including multi-family buildings and agricultural facilities) to reduce electricity demand and/or consumption by designing and building new buildings with more energy-efficient equipment and systems for lighting, space cooling, ventilation and other Measures.

Targeted End Uses: New Building construction, building modeling, lighting, space cooling, ventilation and other measures

Delivery: Through Enbridge Gas (and subcontracted to Union Gas)

MULTIFAMILY ENERGY EFFICIENCY REBATES

Target Customer Type(s): Residential Multi-unit buildings

Initiative Frequency: Year round

Objective: Improve energy efficiency of Multi-unit building

Description: OPA's Multifamily Energy Efficiency Rebates (MEER) Initiative applies to multifamily buildings of six units or more, including rental buildings, condominiums, and assisted social housing. The OPA contracted with GreenSaver to deliver the MEER Initiative outside of the Toronto Hydro service territory. Activities delivered in Toronto were contracted with the City.

Similar to ERII and ERIP, MEER provides financial incentives for prescriptive and custom measures, but also funds resident education. Unlike ERII, where incentives are paid by the LDC, all incentives through MEER are paid through the contracted partner (i.e. GreenSaver).

Targeted End Uses: Electricity saving measures

Delivery: OPA contracted with Greensaver