



Energizing Our Community

1913 - 2013

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September 30, 2013

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O.Box 2319
Suite 2700
Toronto, Ontario
M4P 1E4

**Re: 2012 CDM Annual Report – Orillia Power Distribution Corporation – Board
File Number EB-2010-0215**

Dear Ms Walli:

Attached please find the 2012 Annual CDM Report prepared for **Orillia Power Distribution Corporation** (“Orillia Power”).

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 January 1, 2012 to December 31, 2012.

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

Yours truly,

Pat Hurley
CFO and Conservation Officer
Orillia Power Distribution 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

Cornerstone Hydro Electric Concepts Association Inc.

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.

Cornerstone Hydro Electric Concepts Association Inc.

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																				
Retrofits – 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

Cornerstone Hydro Electric Concepts Association

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	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
<i>Note: Sums above do not include Orillia Power's projected or actuals as Strategy not itemized by initiatives</i>																				
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	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
<i>Note: Sums include Orillia Power Strategy</i>																Target to Achieve	25,720	119,510,000		
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
	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%
<i>Note: This section includes Orillia Power's Strategy and Actuals</i>																				

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

Orillia Power Distribution Corporation

Addendum 8 – 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

Orillia Power Distribution Corporation (“Orillia Power”) submits the following report in accordance with the filing requirements set out in the Conservation and Demand Management Code, Appendix C - Annual Report Template (Board File No. EB-2010-0215). This is a progress report on Orillia Power’s Conservation and Demand Management (“CDM”) Strategy. The report outlines Orillia Power’s CDM activities for the period of January 1, 2012 to December 31, 2012 and includes:

- Net peak demand and net energy savings achieved from 2011 and 2012;
- Discussion of the current and future CDM framework, CDM program activities, successes and challenges; and
- A review of variances from strategy and forecast of achievement of CDM Targets at December 31, 2014.

Orillia Power did not apply for 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”) will provide measurement and verification on TOU. At the time of this report, the OPA has not released preliminary or verified results on TOU savings for Orillia Power. While these results are anticipated to enhance the reported savings to date, TOU savings are not included in this report.

In 2011, Orillia Power contracted with the OPA to deliver a portfolio of OPA-Contracted Province-Wide CDM Programs to all customer groups, residential, commercial and institutional, industrial, and low income. Most programs were rolled-out by the OPA in June 2011. Program activities in 2011 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, Orillia Power continued to place significant emphasis on the programs in market. The delivery of the Equipment Replacement Incentive Initiative (“ERII”) and the Direct Install Lighting (“DIL”) Initiative continued to be active. The Home Assistance Program was launched and began delivery in May 2012. Orillia Power was in preparation stages for release of a peaksaverPLUS® RFP but the initiative was not launched in 2012. To date, Orillia Power has delivered marketing to inform consumers in all sectors as it became available, and informed industry stakeholders about OPA Programs and on the use of the online application system.

Orillia Power has achieved 0.7 MW of net incremental peak demand savings and 12.2 GWh of net incremental energy savings to the end of 2012, as reported by the OPA. A summary of achievements towards CDM Targets is shown below:

OPA-Contracted Province-Wide CDM Programs FINAL 2012 Results

LDC: Orillia Power Distribution Corporation

FINAL 2012 Progress to Targets	2012 Incremental	Program-to-Date Progress to Target (Scenario 1)	Scenario 1: % of Target Achieved	Scenario 2: % of Target Achieved
Net Annual Peak Demand Savings (MW)	0.7	0.7	21.4%	34.0%
Net Energy Savings (GWh)	1.5	12.2	81.2%	81.3%

Scenario 1 = Assumes that demand resource resources have a persistence of 1 year

Scenario 2 = Assumes that demand response resources remain in your territory until 2014

Based on Scenario 2: % of Target Achieved, Orillia Power continues to remain in the top quartile of demand and energy savings results among all LDCs.

Orillia Power continues to monitor its original Strategy as submitted to the Ontario Energy Board (“OEB”) in 2010. By the end of 2012, Orillia Power is exceeding its energy savings (GWh) milestone while lagging in peak demand savings (MW) milestone under Scenario 1. Under Scenario 2, Orillia Power is actually slightly exceeding its demand savings (MW) milestone. Orillia Power remains confident that it will achieve and exceed its energy savings target (15.05 GWh) but forecasts a shortfall of its peak demand target (3.07 MW).

The long planning and capital cycles for many of Orillia Power’s commercial and industrial customers will potentially hinder the achievement of targets. Large projects, if not submitted by early to mid-2013, will not likely be implemented in time to provide savings by the December 31, 2014 deadline. While the extension of program funding for incentives to December 31, 2015 will maintain program delivery, it may remove the drive for larger customers to move forward at an earlier date to avoid losing the incentive if not implemented by December 31, 2014. Currently, based on the Minister’s Directive, only kW and kWh savings implemented by December 31, 2014 will be counted towards the targets. The lack of coordination between the program funding extension and the implementation of savings to be counted towards the targets may impact negatively on achieving targets.

Despite these concerns, Orillia Power remains committed to working diligently towards achieving its mandated CDM 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 OEB to establish CDM targets to be met by electricity distributors. Accordingly, on November 12, 2010, the OEB amended electricity distribution licenses, adding as a condition of license, that distributors shall achieve reductions in electricity consumption and reductions in peak provincial electricity demand through the delivery of CDM programs. As a condition of its license, Orillia Power is required to meet a 2014 Net Annual Peak Demand Savings Target of 3.070 MW and a Net Cumulative Energy Savings Target of 15.050 GWh (collectively the “CDM Targets”), over a four-year period beginning January 1, 2011.

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 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, Orillia Power submitted its CDM Strategy on November 1, 2010 which provided a high level description of how Orillia Power intended to achieve its CDM Targets.

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

Orillia Power submitted its 2011 Annual Report on September 28, 2012 which summarized the CDM activities, successes and challenges experienced by Orillia Power for the period January 1, 2011 to December 31, 2011. 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 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 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 CDM Targets. Therefore, the main focus of LDCs remains the achievement of their CDM Targets by December 31, 2014. A lack of coordination between the program funding extension and implementation of savings to be counted towards CDM Targets may impact negatively on achieving them.

1 Conservation Framework

1.1 Current Framework

Within the standard template for the Annual Report, it was noted that “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. The CDM Targets and the creation of a “culture of conservation” are not necessarily complimentary to each other.

The Ministerial Directive to the OEB to establish CDM Targets that would be met by electricity distributors recognizes the importance of CDM for both electricity consumers and the electricity system. CDM helps consumers 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 consumers 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 consumers’ needs.

The state of Board-Approved programs and the current suite of Province-Wide OPA programs have limited CDM offerings to consumers. This has produced limited savings and has restricted the associated opportunity for LDCs to meet their CDM 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 consumers and CDM savings.

Moving forward, the future CDM framework should address the challenges of the current framework and build on its strengths. Current governance and legal requirements result 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 December 21, 2012 Ministerial Directive provides continuity of the existing conservation programs and associated funding for participants; however, the subsequent savings will not be attributed to LDC Targets and in effect, will be ‘lost’ due to misalignment of the current CDM framework and LDC Targets. In addition, the establishment of defined administrative funding for 2015 is desired to avoid a “stop and start” process.

1.2 Future Framework

LDCs are supportive of the government's renewed commitment to 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 and beyond 2015.

Providing clarity and continuity into the next CDM framework is critical for all consumers. To ensure a seamless and smooth transition that maintains and builds upon CDM momentum beyond 2014, a new framework should be in place well before the expiry of the current one. Work involving key parties, LDCs, government, consumer groups and the OEB, should begin in 2013 to ensure that a new framework is in place early in 2014. During 2014, the final year of the current CDM framework, an ongoing focus on the current suite of programs and CDM Target achievement would be accompanied by future conservation and demand management program development and design, economic analysis, procurement and launching of new CDM program initiatives.

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 that (to meet its mandatory CDM targets) “Each licensed electricity distributor shall, as a condition of licence, deliver Board-Approved CDM Programs, OPA-Contracted Province-Wide CDM Programs, or a combination of the two”.

At this time, the implementation of TOU Pricing has been deemed as a Board-Approved CDM program that is being offered in Orillia Power’s service area.

2.2 TOU Pricing

2.2.1 Background

In its April 26, 2012 CDM Guidelines, the OEB recognizes that 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 that 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 Minister of Energy and Infrastructure Directive dated March 31, 2010, 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. Orillia Power will report these results when made available by 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 five LDCs – Hydro One Networks, Toronto Hydro, Ottawa Hydro, Thunder Bay Hydro and Newmarket Hydro. Preliminary results from these five LDCs are not available at the time of this submission.

As of September 30, 2013, Orillia Power is not able to provide estimated or verified savings related to the Board-Approved CDM TOU program.

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 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 customers 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 Effective Date	Rates (cents/kWh)		
	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 sets RPP rates; LDCs install and maintain the smart meters; LDCs convert customers to TOU billing.

Initiative Activities/Progress:

Orillia Power began transitioning its RPP customers to TOU billing June 30, 2011. At December 31, 2012, 12,980 RPP customers were on TOU billing.

2.3 Orillia Power's Application with the OEB

Orillia Power did not have an application before the OEB for a Board-Approved CDM Program in 2012. The first two years of its CDM program have been focused on developing the infrastructure to support and deliver the OPA-Contracted Province-Wide CDM Programs.

While it is recognized that Board-Approved CDM Programs may be required to meet the targets, an initial review of potential programs has indicated that issues exist with ensuring the programs do not duplicate any of the deliverables of the OPA-Contracted Province-Wide CDM Programs. The lack of Board-Approved CDM Programs places additional pressure for high levels of performance in the OPA-Contracted Province-Wide CDM Programs to achieve Orillia Power's Strategy to meet its CDM Targets.

Orillia Power closely monitors the OEB's activities in approving programs for LDCs and was not aware of any new Board-Approved CDM Programs during the period covered by this report.

3. OPA-Contracted Province-Wide CDM Programs

3.1 Introduction

Effective March 9, 2011, Orillia Power entered into an agreement with the OPA to deliver CDM programs extending from January 1, 2011 to December 31, 2014, as listed in the following tables. Program details are provided in Appendix A.

Initiative	Schedule	Date schedule posted	Customer Class	LDC In-Market Date
Residential Program				
Appliance Retirement	Schedule B-1, Exhibit D	<i>Jan 26, 2011</i>	<i>All residential rate classes</i>	<i>January 2011</i>
Appliance Exchange	Schedule B-1, Exhibit E	<i>Jan 26, 2011</i>	<i>All residential rate classes</i>	<i>January 2011</i>
HVAC Incentives	Schedule B-1, Exhibit B	<i>Jan 26, 2011</i>	<i>All residential rate classes</i>	<i>January 2011</i>
Conservation Instant Coupon Booklet	Schedule B-1, Exhibit A	<i>Jan 26, 2011</i>	<i>All residential rate classes</i>	<i>January 2011</i>
Bi-Annual Retailer Event	Schedule B-1, Exhibit C	<i>Jan 26, 2011</i>	<i>All residential rate classes</i>	<i>April 2011</i>
Retailer Co-op	n/a	<i>n/a</i>	<i>All residential rate classes</i>	<i>January 2011</i>
Residential Demand Response	Schedule B-3	<i>Aug 22, 2011</i>	<i>All general service classes</i>	<i>Not yet available</i>
New Construction Program	Schedule B-2	<i>Jan 26, 2011</i>	<i>All residential rate classes</i>	<i>January 2011</i>
Commercial & Institutional Program				
Efficiency: Equipment Replacement	Schedule C-2	<i>Jan 26, 2011</i>	<i>All general service classes</i>	<i>May 2011</i>
Direct Install Lighting	Schedule C-3	<i>Jan 26, 2011</i>	<i>General Service < 50 kW</i>	<i>May 2011</i>
Existing Building Commissioning Incentive	Schedule C-6	<i>Feb 2011</i>	<i>All general service classes</i>	<i>June 2011</i>

Initiative	Schedule	Date schedule posted	Customer Class	LDC In-Market Date
Commercial & Institutional Program (Continued)				
New Construction and Major Renovation Initiative	Schedule C-4	<i>Feb 2011</i>	<i>All general service classes</i>	<i>June 2011</i>
Energy Audit	Schedule C-1	<i>Jan 26, 2011</i>	<i>All general service classes</i>	<i>June 2011</i>
Commercial Demand Response (part of the Residential program schedule)	Schedule B-3	<i>Jan 26, 2011</i>	<i>All general service classes</i>	<i>Not yet available</i>
Demand Response 3 (part of the Industrial program schedule)	Schedule D-6	<i>May 31, 2011</i>	<i>General Service 50 kW & above</i>	<i>January 2011</i>
Industrial Program				
Process & System Upgrades	Schedule D-1	<i>May 31, 2011</i>	<i>General Service 50 kW & above</i>	<i>October 2011</i>
Monitoring & Targeting	Schedule D-2	<i>May 31, 2011</i>	<i>General Service 50 kW & above</i>	<i>October 2011</i>
Energy Manager	Schedule D-3	<i>May 31, 2011</i>	<i>General Service 50 kW & above</i>	<i>Not yet available</i>
Key Account Manager ("KAM")	Schedule D-4	<i>May 31, 2011</i>	<i>General Service 50 kW & above</i>	<i>Not yet available</i>
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Schedule C-2	<i>May 31, 2011</i>	<i>General Service 50 kW & above</i>	<i>May 2011</i>
Demand Response 3	Schedule D-6	<i>May 31, 2011</i>	<i>General Service 50 kW & above</i>	<i>January 2011</i>
Home Assistance Program				
Home Assistance Program	Schedule E-1	<i>May 9, 2011</i>	<i>All residential rate classes</i>	<i>May 2012</i>

Orillia Power participated in the following pre-2011 programs:

Initiative	Schedule	Date schedule posted	Customer Class
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

The table below lists OPA program initiatives that are no longer available to customers and others that were not launched in 2012.

Initiative Not in Market in 2012	Objective	Status
Residential Program		
Midstream Electronics	The objective of this initiative is to encourage retailers to promote and sell high efficiency 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 provisions in Article 3. Collaboration between the OPA and the 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 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 from the OPA and additional initiative information can be found 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 Program

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 Retailers events in 2012 had a positive effect on consumer engagement.

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 improvements. Though concerns remained, work on an RFP for equipment and support commenced in 2012, while expecting implementation of the program to commence in 2013.

Not being in market with peaksaverPLUS® had an impact on peak contribution to target, however it is anticipated that participation in this program, when offered, will be a factor in peak target achievement in the remaining years of the CDM program.

The Residential Program Portfolio is predominately a carryover of initiatives from previous programs. It has a significant dependence on retailers and contractors within the scope of many of the offerings. Three new initiatives were never launched in 2012. 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 could 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: Promotion through saveONenergy website, newspaper ads, TV ads, and a 'Calendar Art Contest' offered to local schools grades 1 to 6; issued an RFP for event hosting services at local community events

Additional Comments:

- With the announced increase in appliance age to 20 years to take effect 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: Promotion through saveONenergy website, newspaper ads, TV ads; issued an RFP for event hosting services at local community events

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 (EM&V) results indicated that the value of savings for retired room AC has dropped resulting in 2012.
- 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 through saveONenergy website, radio ads, a 'Calendar Art Contest' offered to local schools grades 1 to 6, held a contractor information session; issued an RFP for event hosting services at local community events

Additional Comments:

- Incentive levels appear to be insufficient to prompt participants to upgrade HVAC equipment prior to end of useful life.
- This initiative is contractor driven with LDCs responsible for marketing efforts to customers. More engagement with the HVAC contractor channel should be undertaken to drive a higher proportion of furnace and central air conditioner sales to eligible units.

- Channel partners require timeliness of the rebate process to maintain a positive relationship between customers, contractors, the OPA, and the participating LDC. Due to a contracting delay, no applications were processed from approximately the end of October 2012 to December 2012.
- LDC HVAC reports have been delayed and are not as complete and accurate as are 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 4,500 to 5,000 HVAC contractors in Ontario, however only 1,500 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 the ability to achieve target.

3.2.1.4 Conservation Instant Coupon Initiative (Exhibit A)

Initiative Activities/Progress: Promotion through saveONenergy website, newspaper ads, TV ads, and a 'Calendar Art Contest' offered to local schools grades 1 to 6; issued an RFP for event hosting services at local community events

Additional Comments:

- This initiative was ineffective for most of 2012 as the Instant Coupons (annual) were not available to customers 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 customers 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 the delay in initiative launch, customers 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 customer 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 customer interest.
- Coupon initiatives can be effective, however a coordinated program maintaining the profile of the Coupon program in both spring and fall is required to help maintain customer interest and to maintain an awareness of energy efficient devices.

3.2.1.5 Bi-Annual Retailer Event Initiative (Exhibit C)

Initiative Activities/Progress: Promotion through saveONenergy website, event posters and coupon information advertising events in-house, newspaper ads, TV ads, in-store LDC presence; issued an RFP for event hosting services at local community events

Additional Comments:

- This initiative is strongly influenced by the retail participants and has no direct involvement from the LDCs.
- 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 customer interest.
- The Product list could be distinctive from the Conservation Instant Coupon Initiative in order to gain more customer 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: No activity

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: Promotion through saveONenergy website, outreach to local builders

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 customers regarding the importance of choosing the energy efficient builder upgrade options without an immediate benefit to the customer.
- Following limited participation in 2011, the application process was revisited in 2012 to streamline administration in response to builder feedback. Participation levels are expected to grow but there will be a lag to when results materialize as homes pre-approved could take a year or more to be completed.

- Take up of the program is expected to be limited due to the small number of housing starts in Orillia Power's service area. Smaller contractors have not seen the cost benefit to participating 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: Delay in going to market was based on the state of available technology. Concerns existed with the ability of the available technology to meet customer 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.

Additional Comments:

- The schedule for peaksaverPlus® 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 units that 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 peaksaverPlus® 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 In Home Display (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 designed to help fund energy audits, to replace energy-wasting equipment or to pursue new construction that exceeds our 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 are mostly 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 continues to offer one of the best avenues for savings and will continue to be focused on over the remaining program years.

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

Initiative Activities/Progress: Outsourced to third party provider, LDC staff-initiated outreach to larger customers; customer participation increased over previous year

Additional Comments:

- It appears that 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 issues facing customers 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 continuity 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 31, 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: Outsourced to third party provider who held contractor engagement session; successfully maintained strong level of interest/participation

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 contractors' margins have been reduced due to lack of labour rate increases, increased 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 the need for the LDC to reach out to other contractors.

- Ambiguity with regard to eligibility resulted in large lists of customers rejected following installation due to preserved 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. A return to previous customers would require contractor funding beyond merely the mark up on materials.

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

Initiative Activities/Progress: General promotion of this initiative along with similar programs; no activity; opportunity for chilled water systems is limited in Orillia Power's service territory

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 a 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: Outsourced to third party provider, no activity

This program has also been promoted in customer information sessions. This program is dependent upon the type of development and renovations proposed in the service territory. Development is monitored to determine projects available for this program.

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 were expected in 2012. The majority of the results are expected in 2013-2014, with a reduced benefit to cumulative energy savings targets.
- 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: Outsourced to third party provider, no activity

The audit program has been promoted in site visits and customer information sessions. To the end of 2012, no applications were received. However, it is realized the planning window may take some time for customers to implement.

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:

The Industrial Program Portfolio has been able to provide valuable resources to large facilities such as Energy Managers and enabling Engineering Studies. The Engineering Studies in particular provide a unique opportunity for a customer to complete a comprehensive analysis of an energy intensive process that they would not otherwise be able to undertake. Energy Managers provide customers with a skilled individual whose only role is to assist them with conservation initiatives. To date these Energy Managers have played a key role in customer participation.

Within the service territory of Orillia Power, there are a limited number of customers who can take advantage of the Industrial Portfolio of programs. As a result, the focus has been on the ERII initiative from the C&I Programs.

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 LDC Targets.

Extensive legal documents, complex program structure and lengthy change management have restricted the change and growth of this portfolio. While the 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.

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

Initiative Activities/Progress: Program information mail out to larger customers; began discussions with third party provider of professional technical evaluation and energy engineering services

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 were expected in 2012. The majority of the results are expected in 2013-2014, with a much reduced benefit to cumulative energy savings targets.
- 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 simplified with less onerous conditions for the customer.
- To partially address this, changes were made to the ERIL initiative which allowed smaller projects to be directed to the Commercial stream. Most industrial projects to date have been submitted as ERIL projects due to less onerous contract and M&V requirements. With smaller customers, the ERIL 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 savings of 700 MWh to incentive dollars up

to \$1M. 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.

- While there is considerable customer interest in on-site Load Displacement (Co-Generation) projects, in 2012 the OPA was accepting waste heat/waste fuel projects only. Natural gas generation projects were on hold awaiting a decision on whether PSUI will fund these types of projects.

3.2.3.2 Monitoring & Targeting Initiative (Schedule D-2)

Initiative Activities/Progress: Program information mail out to larger customers; began discussions with third party provider of professional technical evaluation and energy engineering services

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.

3.2.3.3 Energy Manager Initiative (Schedule D-3)

Initiative Activities/Progress: No activity

3.2.3.4 Key Account Manager (Schedule D-4)

Initiative Activities/Progress: No activity

3.2.3.5 Demand Response 3 (DR3) (Schedule D-6)

Initiative Activities/Progress: Marketing has been limited with DR3 noted with other industrial programs in literature and on website; entered into a cooperation agreement with a third party provider of aggregator services to promote DR3 in Orillia Power's service area

Additional Comments:

- 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.
- Metering and settlement requirements are expensive and complicated and can reduce customer compensation amounts, and present a barrier to smaller customers.

3.2.4 Low Income Initiative (Home Assistance Program) (Schedule E-1)

Initiative Activities/Progress: Orillia Power issued an RFP for services to deliver the Home Assistance Program (HAP) in March 2012 and subsequently awarded the contract in May 2012. While program set up and delivery commenced in 2012 by the Service Provider, coordination and initial set up of the program took longer than anticipated, resulting in delay into market with limited results over the first year.

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.
- 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.
- There was a lack of deep installs. 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 CDM Targets through pre-2011 programs. The targeted customer types, objectives, descriptions, and activities of these programs are provided in Appendix B.

4 2012 LDC CDM Results

4.1 Participation and Savings

Further momentum was achieved in 2012 as customers became more familiar with CDM program initiatives. Consumer Programs saw some renewed interest in coupons with the addition of LEDs in the fall; participation in HVAC continued but the appliance retirement initiative further declined as this initiative reaches saturation. Business Programs, retrofit and small business lighting, were the big drivers. Although customers continued to show interest, participation in DR3 dropped by one in 2012.

Table 1 below, as reported by the OPA, shows participation and savings in Orillia Power's service area by initiative as well as EM&V results for 2011/2012. Results provided are kW and KWh savings.

Table 1: Orillia Power Distribution 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)	
		2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
														2014	2014
Consumer Program															
Appliance Retirement	Appliances	211	99			12	6			88,388	40,097			18	473,641
Appliance Exchange	Appliances	7	10			1	1			859	2,648			2	10,939
HVAC Incentives	Equipment	183	144			57	36			111,038	65,339			93	640,169
Conservation Instant Coupon Booklet	Items	1,356	84			3	1			50,684	3,806			4	214,154
Bi-Annual Retailer Event	Items	2,369	2,888			5	4			80,003	72,909			9	538,737
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						78	48			330,971	184,799			125	1,877,640
Business Program															
Retrofit	Projects	7	16			54	137			408,838	675,746			191	3,662,591
Direct Install Lighting	Projects	103	82			139	78			377,754	297,849			165	2,256,303
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	0	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			38	38			1,481	553			0	2,034
Business Program Total						231	253			788,073	974,148			356	5,920,928
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	0			0	0
Demand Response 3	Facilities	3	2			490	349			28,742	8,416			0	37,157
Industrial Program Total						490	349			28,742	8,416			0	37,157
Home Assistance Program															
Home Assistance Program	Homes	0	30			0	9			0	49,103			9	147,310
Home Assistance Program Total						0	9			0	49,103			9	147,310
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	4	0			43	0			146,553	0			43	586,211
High Performance New Construction	Projects	2	0			128	0			658,278	298			128	2,634,008
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						171	0			804,831	298			172	3,220,219
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							1				258,162			-4	1,019,681
Energy Efficiency Total						443	272			1,922,395	1,207,795			662	11,164,063
Demand Response Total (Scenario 1)						528	387			30,222	8,969			0	39,191
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						970	660			1,952,617	1,474,926			657	12,222,934
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.												Full OEB Target:		3,070	15,050,000
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.												% of Full OEB Target Achieved to Date (Scenario 1):		21.4%	81.2%

Gross and net savings in Orillia Power’s service area are provided as MW and GWh savings in Table 2 by Program. This table, summarizing program results from Table 1 above, is based on a 2012 Gross Savings Report prepared by the OPA.

Table 1: Summarized Program Results

Program	Gross Savings		Net Savings		Contribution to Targets	
	Incremental Peak Demand Savings (MW)	Incremental Energy Savings (GWh)	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	0.08	0.31	0.04	0.17	0.12	1.83
Business Program Total	0.31	1.21	0.26	1.00	0.36	6.02
Industrial Program Total	0.35	0.01	0.35	0.01	0.00	0.04
Home Assistance Program Total	0.01	0.05	0.01	0.05	0.01	0.15
Pre-2011 Programs completed in 2011 Total	0.00	0.49	0.00	0.24	0.17	4.19
Total OPA Contracted Province-Wide CDM Programs	0.75	2.07	0.66	1.47	0.66	12.22

4.2 Evaluation

The following summary of the final 2012 EM&V findings for all of the evaluated **saveONenergy** initiatives was reported by the OPA.

Consumer Program

Bi-Annual Coupons

- 15% lower net savings due to a change in the net-to-gross factors (increased free-ridership, less participant behavior spillover, and less non-participant like spillover).
- Majority of participation, energy, & demand savings are from standard CFLs.
- 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.

PeaksaverPLUS®

- 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 custom project applications to date.

Business Programs

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 within +/-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 period.
 - 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 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 that the assistance provided by energy managers was “somewhat” or “very” important to implementing projects.
- Energy Managers indicated that 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.

DR3

- 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

Spending by Orillia Power in 2012 and cumulatively, on each of the OPA-Contracted Province-Wide CDM Programs offered in its service area, is provided in the following Tables 3 and 4, respectively.

Table 3: 2012 Spending

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Consumer Programs					
Appliance Retirement	4,198.31				4,198.31
Appliance Exchange	4,198.31				4,198.31
HVAC Incentives	4,198.31				4,198.31
Conservation Instant Coupon Booklet	4,198.31				4,198.31
Bi-Annual Retailer Event	4,198.31				4,198.31
Retailer Co-op	4,198.31				4,198.31
Residential Demand Response	4,198.31				4,198.31
New Construction Program	4,198.30				4,198.30
Business Programs					
Efficiency: Equipment Replacement	30,191.09		54,628.82		84,819.91
Direct Installed Lighting	5,657.28	25,220.00	89,052.75		119,930.03
Existing Building Commissioning Incentive	5,657.28				5,657.28

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Business Programs (Continued)					
New Construction and Major Renovation Initiative	5,657.28				5,657.28
Energy Audit	5,657.28				5,657.28
Small Commercial Demand Response (part of the Residential program schedule)					
Demand Response 3 (part of the Industrial program schedule)					
Industrial Programs					
Process & System Upgrades					
a) preliminary engineering study	822.79				822.79
b) detailed engineering study	822.79				822.79
c) program incentive	822.79				822.79
Monitoring & Targeting	822.79				822.79
Energy Manager	822.80				822.80
Key Account Manager ("KAM")	822.79				822.79
Demand Response 3	822.80				822.80
Home Assistance Program					
Home Assistance Program	7,550.75		5,521.80		13,072.55
Pre 2011 Programs					
Electricity Retrofit Incentive Program					

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Pre 2011 Programs (Continued)					
High Performance New Construction					
Initiatives Not In Market					
Midstream Electronics					
Midstream Pool Equipment					
Demand Service Space Cooling					
Demand Response 1 (Commercial)					
Demand Response 1 (Industrial)	822.79				822.79
Home Energy Audit Tool					
TOTAL Province-wide CDM PROGRAMS	100,539.76	25,220.00	149,203.37	0	274,963.13

Table 4: Cumulative Spending (2011-2012)

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Consumer Programs					
Appliance Retirement	7,812.31				7,812.31
Appliance Exchange	7,812.31				7,812.31
HVAC Incentives	7,812.31				7,812.31
Conservation Instant Coupon Booklet	7,812.31				7,812.31

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Consumer Programs (Continued)					
Bi-Annual Retailer Event	7,812.31				7,812.31
Retailer Co-op	4,198.31				4,198.31
Residential Demand Response	7,184.04				7,184.04
New Construction Program	7,812.30				7,812.30
Business Programs					
Efficiency: Equipment Replacement	43,693.34		57,793.82		101,487.16
Direct Installed Lighting	10,902.66	49,555.00	175,935.75		263,393.41
Existing Building Commissioning Incentive	9,604.78				9,604.78
New Construction and Major Renovation Initiative	10,902.66				10,902.66
Energy Audit	10,902.66				10,902.66
Small Commercial Demand Response (part of the Residential program schedule)					
Demand Response 3 (part of the Industrial program schedule)					
Industrial Programs					
Process & System Upgrades					
a) preliminary engineering study	1,408.62				1,408.62

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Industrial Programs (Continued)					
b) detailed engineering study	1,408.62				1,408.62
c) program incentive	1,408.62				1,408.62
Monitoring & Targeting	1,408.62				1,408.62
Energy Manager	1,408.64				1,408.64
Key Account Manager ("KAM")	822.79				822.79
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	1,636.61				1,636.61
Demand Response 3					
Home Assistance Program					
Home Assistance Program	7,550.75		5,521.80		13,072.55
Pre 2011 Programs					
Electricity Retrofit Incentive Program			99,055.32		99,055.32
High Performance New Construction					
Initiatives Not In Market					
Midstream Electronics					
Midstream Pool Equipment					
Demand Service Space Cooling	3,947.50				3,947.50
Demand Response 1 (Commercial)					

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Initiatives Not In Market (Continued)					
Demand Response 1 (Industrial)	822.79				822.79
Home Energy Audit Tool					
TOTAL Province-wide CDM PROGRAMS	166,085.86	49,555.00	338,306.69	0	553,947.55

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.

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

The 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 CDM Targets and to offer a full scope of initiatives to consumers. 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 initiatives such as Small Business Lighting and Appliance Programs is questioned. The saturation and the contribution of the initiatives to CDM Targets will require evaluation to determine if, on a provincial basis, the OPA expectations of the initiatives were accurate or too optimistic. Cancellations of initiatives impact market place awareness and the entire suite of offerings. Hence, rather than removing programs, altering the initiative 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 5: Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual			
	2011	2012	2013	2014
2011 – Verified	1.0	0.4	0.4	0.4
2012 – Verified		0.7	0.3	0.3
2013				
2014				
Verified Net Annual Peak Demand Savings Persisting in 2014:				0.70
Orillia Power Distribution Corporation 2014 Annual CDM Capacity Target:				3.07
Verified Portion of Peak Demand Savings Target Achieved in 2014 (%):				21.4%

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

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011 – Verified	2.0	1.9	1.9	1.8	7.6
2012 – Verified		1.5	1.5	1.5	4.7
2013					
2014					
Verified Net Cumulative Energy Savings 2011-2014:					12.22
Orillia Power Distribution Corporation 2011-2014 Cumulative CDM Energy Target:					15.05
Verified Portion of Cumulative Energy Target Achieved (%):					81.2%

5.2 Variance from Strategy

Table 7 below summarizes Orillia Power’s Strategy in the form of a “roll up” of the planned milestones for savings over the four years of the program. Projected savings reflect energy and demand savings, with target achievement in the first years accumulating (GWh) and persisting (MW) through subsequent years. Low income programs were not included in these projections.

Table 7: Strategic Milestones

Strategic Plan Milestones as Submitted to the Board	Projected savings in Energy (GWh)	Projected savings in Peak Demand (MW)
2011	2.13	0.52
2012	5.89	1.01
2013	10.01	1.23
2014 Total Savings	14.44	2.83
2014 Target	15.05	3.07
2014 Variance from Target	-0.61	-0.24
2014 Percentage of Target**	95.9%	92.2%

**2014 targets to be met through combination of TOU implementation and acceleration of programs

Table 8 below summarizes the variance between 2012 verified results and Orillia Power's Strategy milestones for 2012.

Table 8: Strategic Milestones Versus Verified Net Annual Savings

		Net Energy Savings (GWh)	Net Peak Demand Savings (MW) Scenario 1	Net Peak Demand Savings (MW) Scenario 2
Allocated CDM Target in 2014	A	15.05	3.07	3.07
2012 Verified Net Annual Savings Cumulative (GWh)/Persisting (MW)	B	12.22	0.66	Note ¹
Verified Portion of Allocated CDM Target Achieved in 2014	C = B / A	81.20%	21.40%	34.00%
2012 Milestone CDM Target	D	5.89	1.01	1.01
Portion of Allocated CDM Target Based on Milestone for 2012	E = D / A	39.11%	32.90%	32.90%
Variance	C - E	42.09%	-11.50%	1.10%

¹Verified net annual savings in MW not available

The 2012 Milestone CDM Targets shown above represent the energy savings (GWh) and peak demand savings (MW) that Orillia Power forecasted they would achieve in 2012 in its strategic plan to meet its 2011-2014 CDM Targets. Orillia Power has exceeded its energy savings (GWh) milestone by 42.1% as a result of higher levels of activity in some Provincial Programs as well as the inclusion of savings from pre-2011 ERIP projects. Orillia Power has fallen short of its peak demand savings (MW) milestone by 11.5% under Scenario 1. Under Scenario 1, Demand Response resources have a persistence of only 1 year and 2012 results do not include demand savings from Demand Response 3 (DR3) contracts signed in 2011 and 2012. This is due to a variety of factors, including changes in average impacts over time due to changes in customer behaviour, changes in average impacts over time due to technology degradation, customer

actions beyond the funded life of the DR3 program, and the ability for customers to terminate participation in the program at any given time. Orillia Power's strategic plan assumes that DR3 contracts will exist in 2014 and under Scenario 2, it has actually exceeded its demand savings (MW) milestone by 1.1%.

Difficulty achieving the demand savings (MW) milestone is attributable to a number of issues including:

- Orillia Power's largest customer withdrew from the DR3 program in 2012 due to hardships experienced during peak event, resulting in a perceived negative impact on operations. This may be indicative that the OPA DR3 program was not designed to work efficiently for the average customer who may otherwise have participated. In addition, the loss of a high profile customer from the DR3 program may contribute to the challenges facing Orillia Power in engaging other customers who may be reluctant to participate as a result. In summary, Orillia Power may have difficulty reaching its demand (MW) target due to this issue and the relative lack of demand savings programs offered for all customer classes and sizes within each class.
- Orillia Power was not able to enter into the peaksaverPlus® initiative in 2012 due to technical issues beyond Orillia Power's control and attributable to third party service providers' inability to supply deliverables in 2012.

In addition, the OEB has deemed the implementation of TOU pricing to be a Board-Approved CDM program for the purposes of achieving the CDM Targets. Orillia Power did not include TOU savings in its Strategy, but the belief is that these savings will assist in helping LDCs to reach their targets. Final results for the 2011-2014 TOU Evaluation will be made available as part of OPA Final 2014 Verified CDM Results Reports and will form part of Orillia Power's 2014 Annual Report to the OEB to be submitted September 30, 2015.

5.3 Outlook to 2014 and Strategy Modifications

Given its progress toward targets in 2012 and continuing interest in conservation among its customers, Orillia Power plans to continue with its current strategy. In order to accelerate programs to achieve its targets, Orillia Power has taken steps to join the CHEC Group of LDCs in 2013 in order to take advantage of partnerships and common delivery models for the various programs.

Achievement of the peak demand (MW) reduction target is dependent upon savings persistence as well as accessibility to qualified professionals able to offer services related to certain programs such as energy audit, process and systems, and energy manager. Orillia Power will be able to take advantage of the services of CHEC's Roving Energy Manager ("REM"). The inclusion

of a REM as a resource for CHEC LDCs is seen as a significant enabler moving forward. The REM's ability and knowledge base will provide solid guidance and support to industrial and commercial customers in Orillia Power's service area. In turn, customers will be better positioned to move forward on projects which will add to CDM Targets achieved.

Numerous staff changes in key positions at the City of Orillia during the past year resulted in delays in moving forward with a number of large projects. The CHEC REM will be a valuable resource toward facilitating participation in Provincial program initiatives for a number of projects moving forward to design phase in 2013-2014.

With program enhancements recently announced by the OPA, Orillia Power expects to see continuing, positive participation levels in OPA CDM programs. Enhancements recently announced will attract more interest in existing programs and include:

- Continuation of coupons for LED lights
- Increased cap for Small Business Lighting from \$1,000 to \$1,500
- Change to the threshold for small capital projects and a new small capital project agreement under the Industrial Portfolio (PSUI initiative).

Conservation remains a long term goal for Ontario in contrast to the short term of the 2011-2014 CDM programs which have been extended to December 31, 2015. The promotion of a culture of conservation in Ontario is needed to encourage continued participation in the programs among consumers, with a particular focus on larger projects. A strong emphasis as well should be placed on the education of our children at home and in school. Youth can be very influential in promoting a conservation culture across the Province and into the future.

6.0 Conclusion

Over the course of 2011 and 2012, Orillia Power has achieved 0.7 MW in peak demand savings and 12.2 GWh in energy savings, which represents 21.4% and 81.2% of Orillia Power's 2014 targets, respectively under scenario 1 (34.0% and 81.3% of Orillia Power's 2014 targets, respectively under scenario 2). These results are representative of a considerable effort expended by Orillia Power, in cooperation with other LDCs, customers, channel partners and stakeholders to overcome many operational and structural issues that 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, Orillia Power faces challenges in the remaining years of the current CDM framework. With the current slate of available OPA Programs, and the current forecast of implementation and projected savings, Orillia Power expects to meet its 15.05 GWh consumption target but will struggle to meet its 3.07 MW savings target.

Looking ahead there is limited opportunity to make valuable changes to the current program portfolios and have these changes reflected in LDC 2014 results. However, Orillia Power will continue to work diligently 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 at:

SaveONEnergy website <https://saveonenergy.ca/Consumer/Programs/Appliance-Retirement.aspx>

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 at:

SaveONEnergy website <https://saveonenergy.ca/Consumer.aspx>

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 at:

SaveONEnergy website <https://saveonenergy.ca/Consumer.aspx>

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 Fluorescent 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 at:

SaveONenergy website <https://saveonenergy.ca/Consumer.aspx>

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 at:

SaveONenergy website <https://saveonenergy.ca/Consumer.aspx>

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.

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 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 homes, 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 at:

SaveONenergy website <https://saveonenergy.ca/Consumer.aspx>

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, and electric hot water heaters

Delivery: LDC's recruit customers and procure technology

Additional detail is available at:

SaveONenergy website <https://saveonenergy.ca/Consumer.aspx>

Commercial & Institutional 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 at:

SaveONEnergy website <https://saveonenergy.ca/Business/Program-Overviews/Retrofit-for-Commercial.aspx>

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 at:

SaveONenergy website <https://saveonenergy.ca/Business.aspx>

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 at:

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

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 at:

SaveONEnergy website <https://saveonenergy.ca/Business/Program-Overviews/New-Construction.aspx>

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 at:

SaveONEnergy website <https://saveonenergy.ca/Business/Program-Overviews/Audit-Funding.aspx>

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 project costs
- c) A one year payback

Targeted End Uses: Process and systems

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

Additional detail is available at:

SaveONenergy website <https://saveonenergy.ca/Business.aspx>

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 at:

SaveONEnergy website <https://saveonenergy.ca/Business.aspx>

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 at:

SaveONenergy website <https://saveonenergy.ca/Business.aspx>

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

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 at:

SaveONenergy website <https://saveonenergy.ca/Business.aspx>

Low Income Program

HOME ASSISTANCE INITIATIVE (LOW INCOME 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.

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)