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September 30, 2013

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

Re: Conservation and Demand Management 2012 Annual Report

Dear Ms. Walli,

Please find enclosed the 2012 Conservation and Demand Management Annual Report for Entegrus Powerlines Inc. ("Entegrus") in accordance with the filing requirements set forth by the Ontario Energy Board in its Conservation and Demand Management Code (EB-2010-0215).

Please note, that Entegrus is an amalgamation of the former Middlesex Power Distribution Corporation with the former Chatham-Kent Hydro Inc. that came into effect in early 2012. Accordingly, this represents the first Annual Report filed by Entegrus.

If you have any further questions, please do not hesitate to contact me.

Regards,

[Original Signed By]

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cc: Jim Hogan, CEO – Entegrus Inc.
Dan Charron, President – Entegrus Powerlines Inc.
Chris Cowell, Chief Financial and Regulatory Officer
David Ferguson, Director of Regulatory and Administration

Entegrus Powerlines Inc.

Conservation and Demand Management 2012 Annual Report

**Submitted to:
Ontario Energy Board**

Submitted on September 30, 2013

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Executive Summary

This annual report is submitted by Entegrus Powerlines Inc. (“Entegrus”) in accordance with the filing requirements set out by the Ontario Energy Board (the “Board”) in its Conservation and Demand Management (“CDM”) Code (EB-2010-0215) specifically Appendix C, Annual Report Template. This document is intended as a progress report and modification to the Entegrus CDM Strategy. Accordingly, this document outlines the Entegrus CDM activities for the period of January 1, 2012 to December 31, 2012. It includes net peak demand and net energy savings achieved from 2011 and 2012, CDM program activities, successes and challenges, as well as projected savings to the end of 2014.

CDM Program Delivery

In 2011, Entegrus contracted with the Ontario Power Authority (OPA) to deliver a portfolio of OPA-Contracted Province-Wide CDM Programs to all customer segments including residential, commercial, institutional, industrial and low income. These programs were rolled-out by the OPA in June 2011 and all except two were launched by Entegrus the same year. Accordingly, the Entegrus 2011 CDM Program activities 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, the Entegrus CDM Program activities focused on intensive outreach and customer engagement. The two previously unlaunched programs, the Home Assistance Program and peaksaver PLUS® program, were subsequently launched throughout the Entegrus service territory, further broadening the conservation program offerings available to customers. Entegrus drove engagement through various channels, including in person meetings, advertising, training sessions and community events. This engagement increased awareness of the available incentives and drove participation in the programs. Additionally, Entegrus identified that partnerships with select third parties possessing specialized experience in particular niche segments, could enhance program results and reduce delivery costs. To that end, Entegrus contracted delivery of the Home Assistance Program, Direct Install Lighting and support for the Bi-Annual Retailer event to third parties. This model proved quite successful and drove significant participation in 2012.

Meeting the Entegrus CDM Targets

To date, Entegrus has achieved 1.3 MW of net incremental peak demand savings and 6.0 GWh of net incremental energy savings in 2012. A summary of Entegrus’ achievements towards the CDM targets is shown below:

OPA-Contracted Province-Wide CDM Programs FINAL 2012 Results				
LDC: ENTEGRUS				
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)	1.3	1.9	15.4%	15.9%
Net Energy Savings (GWh)	6.0	28.1	60.5%	60.5%

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

At the time of this report, Entegrus has made significant progress towards its energy savings target and anticipates it will achieve, if not exceed, the 2014 target of 46.53 GWh (as detailed in Section 5.3). This is a direct result of the efforts of the Entegrus team in 2011 and 2012 and the project enablement services provided by the Embedded Energy Manager. Conversely, there are challenges in terms of the 2014 peak demand target (as detailed in Section 5.3). Entegrus is addressing these challenges by taking an even more aggressive approach to participant engagement and driving savings to close the gap. In addition, Entegrus has partnered with other electricity local distribution companies (“LDCs”), and has been working with the Ontario Power Authority (“OPA”) and the Electrical Distribution Association (“EDA”) to improve program effectiveness.

Board Approved Program Applications

As discussed in the Entegrus 2011 CDM Annual Report, Entegrus initiated work on a number of Board Approved Programs (“BAPs”) that it believed addressed market specific opportunities beyond those offered through the Province-wide programs. These programs were designed to address barriers and deliver conservation initiatives to potential participants who may have otherwise, due to financial constraints, been unable to participate in the existing province-wide programs. However, in light of the challenges surrounding BAPs at that time Entegrus suspended development of these programs. Entegrus does not foresee developing applications for new BAPs at this time, but will continue to evaluate the need and feasibility of them as it tracks progress from Province-wide programs, time-of-use results; and as opportunities present themselves.

Entegrus did not apply for any Board-Approved CDM Programs during 2012; however, as noted in the CDM guidelines, released April 26, 2012, the OEB has deemed Time-of-Use (“TOU”) pricing a Province-wide Board-Approved CDM Program. The OPA is to provide measurement and verification on TOU. At the time of this report the OPA has not released any verified results of TOU savings to Entegrus. As an early adopter of Smart Meters and TOU, Entegrus believes that its TOU demand savings and energy savings may be substantial. The timeline for the release of these savings is outlined in Section 2.2 (Time of Use Pricing) of this report.

CDM Program Evaluation Results

An independent third-party evaluator has evaluated the Province-wide programs. The results of those evaluations, in net savings, are presented in this report along with their impact on Entegrus’ progress towards its targets.

Entegrus will continue delivering OPA CDM programs as described in its CDM Strategy. Entegrus continues to make minor modifications to its delivery model and strategies to ensure it is realizing the best possible results and maximizing the energy and demand savings it realizes.

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 the distribution licences of Entegrus' predecessor companies, Chatham-Kent Hydro ("CKH") and Middlesex Power Distribution Corporation ("MPDC"), to require the achievement of a combined total of 46.53 GWh of energy savings and 12.12 MW of summer peak demand savings, as a condition of licence, over the period beginning January 1, 2011 through December 31, 2014.

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

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

Entegrus is an amalgamation of MPDC with CKH that came into effect in early 2012. As such, this is the first Annual Report filed by Entegrus. CKH and MPDC submitted separate 2011 Annual Reports on September 28, 2012. The 2011 Annual Reports summarized the CDM activities, challenges and successes experienced by the Entegrus predecessor companies for the January 1, 2011 to December 31, 2011 period. The OEB's 2011 CDM Results report identified that the delay in the full suite of CDM Programs being made available by the OPA, and the absence of some programs negatively impacted the final 2011 results for the LDCs. This issue was further 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 that meet the definition and criteria for OPA-Contracted Province-Wide CDM Programs for an additional one-year period from January 1, 2015 to December 31, 2015.

The Ministerial Directive did not amend the timelines for LDCs to achieve their energy savings and demand savings targets. Therefore, the focus of the Entegrus remains the achievement of CDM targets by December 31, 2014.

1 Board-Approved CDM Programs

1.1 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 must, as a condition of its licence, deliver Board-Approved CDM Programs, OPA-Contracted Province-Wide CDM Programs, or a combination of the two”.

At this time, the implementation of Time-of-Use (“TOU”) Pricing has been deemed as a Board-Approved CDM program. As described in detail, Entegrus was an early adopter of TOU.

1.2 TOU Pricing

1.2.1 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 Directive dated March 31, 2010 by the Minister of Energy and Infrastructure, the OEB is of the view that any evaluations of province-wide savings from TOU pricing should be conducted by the OPA, and then allocated to distributors. Entegrus will report these results upon receipt from the OPA.

At the time 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. As per the OPA, the timeframe for releases of the 2011-2014 TOU evaluation are as follows:

Phase 1 (2011-2012) – Preliminary 1st year results for five participating LDCs:

Preliminary results from the 1st year TOU evaluation for the five participating LDCs, of which Entegrus was not one of the selected participants, were provided in August 2013. Note: the OPA is not reporting preliminary results to any LDCs as part of their Final 2012 Verified CDM Results Reports.

Phase 2 (2012-2013)-Province wide LDC sampling strategy:

The OPA will determine a representative sampling strategy with the objective of developing a provincial approach for reporting TOU results for LDCs in 2015. Note: similar to Phase 1, the OPA will not be reporting 2nd year TOU results as part of the Final 2013 Verified CDM Results Reports.

Phase 3 – Final Results 2011-2014 TOU Evaluation, to be reported in 2015:

Final results for the 2011-2014 TOU Evaluation will be available in August 2015 as part of the Final 2014 Verified CDM Results Reports. Note: LDCs will be able to report verified 2011-2014 TOU impacts towards their CDM target as part of their 2014 Annual Report to the OEB.

1.2.2 TOU PROGRAM DESCRIPTION

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

Initiative Frequency: Year-Round

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

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

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

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

Initiative Activities/Progress: Entegrus was an early adopter of Smart Meter technology, and was amongst thirteen licenced distributors authorized by Ontario Regulation 427/06 to conduct discretionary Smart Metering activities. By December 31, 2007, Entegrus had installed 32,759 Residential Smart Meters, representing approximately 93% of its Residential meter points. This achievement assisted with the provincial target of 800,000 Smart Meters installed by December 31, 2007.

In September 2010, the first wave of Entegrus Residential TOU was completed, and by December 2010, substantially all Entegrus Residential customers were being billed on TOU. Entegrus GS<50 kW deployment was completed between January 2011 and June 2011. By June 2011, 36,888 RPP customers (100%) and 3,825 GS<50kW customers were on TOU billing.

Although the timeline for full TOU deployment by June 2011 was challenging, Entegrus did not request deadline extensions from the Ontario Energy Board throughout the entire Smart Meter and TOU implementation process. Rather, Smart Meter deployment and TOU billing were completed on or ahead of deadline. This achievement was consistent with the commitments of Entegrus to the OEB and the Ministry at the outset of the process. The Entegrus team continues to take great pride in the organization's pioneering role in the successful launch of Smart Meters and TOU deployment in Ontario, and the associated conservation impact within its service territory.

2 OPA-Contracted Province-Wide CDM Programs

2.1 Introduction

Effective January 27, 2011, Entegrus entered into an agreement with the OPA to deliver CDM programs extending from January 1, 2011 to December 31, 2014; these programs are listed below. Program details are included in Appendix A. In addition, results include projects started pre-2011 that were completed in 2011:

Initiative	Schedule	Date schedule posted	Customer Class	LDC In-Market Date
Residential Program				
Appliance Retirement	Schedule B-1, Exhibit D	Jan 26, 2011	All residential rate classes	January 2011
Appliance Exchange	Schedule B-1, Exhibit E	Jan 26, 2011	All residential rate classes	March 2011
HVAC Incentives	Schedule B-1, Exhibit B	Jan 26, 2011	All residential rate classes	February 2011
Conservation Instant Coupon Booklet	Schedule B-1, Exhibit A	Jan 26, 2011	All residential rate classes	February 2011
Bi-Annual Retailer Event	Schedule B-1, Exhibit C	Jan 26, 2011	All residential rate classes	March 2011
Retailer Co-op	n/a	n/a	All residential rate classes	Not applicable
Residential Demand Response	Schedule B-3	Aug 22, 2011	All general service classes	February 2012
New Construction Program	Schedule B-2	Jan 26, 2011	All residential rate classes	February 2011
Commercial & Institutional Program				
Efficiency: Equipment Replacement	Schedule C-2	Jan 26, 2011	All general service classes	March 2011
Direct Install Lighting	Schedule C-3	Jan 26, 2011	General Service < 50 kW	July 2011
Existing Building Commissioning Incentive	Schedule C-6	Feb 2011	All general service classes	February 2011
New Construction and Major Renovation Initiative	Schedule C-4	Feb 2011	All general service classes	June 2011
Energy Audit	Schedule C-1	Jan 26, 2011	All general service classes	February 2011
Commercial Demand Response (part of the Residential program schedule)	Schedule B-3	Jan 26, 2011	General Service < 50 kW	February 2012
Demand Response 3 (part of the Industrial program schedule)	Schedule D-6	May 31, 2011	General Service 50 kW & above	January 2011

Initiative	Schedule	Date schedule posted	Customer Class	LDC In-Market Date
Industrial Program				
Process & System Upgrades	Schedule D-1	May 31, 2011	General Service 50 kW & above	November 2011
Monitoring & Targeting	Schedule D-2	May 31, 2011	General Service 50 kW & above	November 2011
Energy Manager	Schedule D-3	May 31, 2011	General Service 50 kW & above	August 2011
Key Account Manager ("KAM")	Schedule D-4	May 31, 2011	General Service 50 kW & above	August 2011
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Schedule C-2	May 31, 2011	General Service 50 kW & above	March 2011
Demand Response 3	Schedule D-6	May 31, 2011	General Service 50 kW & above	January 2011
Home Assistance Program				
Home Assistance Program	Schedule E-1	May 9, 2011	All residential rate classes	January 2012

In addition, the pre-2011 programs shown below have contributed results toward Entegrus' 2011-2014 conservation targets. This is consistent with the Board's determination on page 3 of the CDM Guidelines that allows "... distributor to count the new savings arising from the Initiatives completed pursuant to the terms of the program in or after 2011 against their CDM targets."

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
Toronto Comprehensive	n/a	n/a	All general service classes
Multifamily Energy Efficiency Rebates	n/a	n/a	All general service classes
Data Centre Incentive Program	n/a	n/a	All general service classes
EnWin Green Suites	n/a	n/a	All general service classes

As per the table below, several program Initiatives are no longer available to customers or have not been 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 by the OPA 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 by the OPA 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, however is not being offered by the OPA in Entegrus' service territory at this time.
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 by the OPA 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 in the Province. As a result this Initiative was removed from the Schedule in Q4, 2012.
Industrial Program		
DR1	As above	No customer uptake for this Initiative in the Province. As a result this Initiative was removed from the Schedule in Q4, 2012.

The Master CDM Program Agreement includes a program change management provision in Article 3. Collaboration between the OPA and LDCs commenced in 2011, and continued in 2012, as the change management process was implemented to enhance the saveONenergy program suite. The change management process allows for modifications to the Master Service Agreement and Initiative Schedules. Entegrus anticipates that the program enhancements will provide additional tools and greater flexibility to deliver programs in a way that meets the needs of customers and further drives participation in the Initiatives.

2.2 Program Descriptions

Full OPA-Contracted Province-Wide CDM Program descriptions are available from the (<http://www.powerauthority.on.ca/lcd-province-wide-program-documents>) and additional Initiative information can be found on the saveONenergy website (<https://saveonenergy.ca>). The targeted customer types, objectives, and individual descriptions for each Program Initiative are detailed in Appendix A of this report.

2.3 RESIDENTIAL PROGRAM

Description: Provides residential customers with tools to help them understand and manage the amount of energy they use throughout their entire home; the resultant savings provide additional environmental benefits.

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 Bi-Annual Retailers events in 2012 and the annual coupons in 2013, as well as some LDC custom-coded coupons, have had a positive effect on consumer engagement. The revamped peaksaver PLUS® program is the main driver of residential peak demand savings. This Initiative has been well received by consumers, who are eager to utilize an In Home Display (“IHD”) to help manage their energy consumption.

In 2012, Entegrus focused its residential program efforts on customer engagement and education. Through extensive marketing and communication campaigns and involvement in community events, Entegrus brought the conservation message to its residential market in a practical and relevant manner that that could be applied to the daily lives of customers. Consequently, 2012 also marked the successful launch of peaksaver PLUS to Entegrus’ Residential & Small General Service customers - resulting in more than 1,000 enrollments in the first nine months.

The Residential Program Portfolio is predominately a carryover of Initiatives from the 2008-2010 program period. The primary delivery channels are appliance retailers and contractors, many of whom have chosen not to engage to anticipated levels. Three new Initiatives were never launched and were subsequently removed from the schedules in 2013 with no new additions to take their place. Delays in communication with regards to Initiative offerings and results reporting have hampered LDCs’ abilities to engage customers and promote participation. Province-wide advertising has provided limited value due to inconsistency, non-specific messaging and the lack of a formal call to action for consumers.

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 rebate program, and other homeowner/renter Initiatives that could engage an average residential customer should be considered. Increased control by the LDCs, such as 100% attributable coupons and/or LDC-hosted exchange events may also present an opportunity for improved savings.

2.3.1 Appliance Retirement Initiative (Schedule B-1, Exhibit D)

Initiative Activities/Progress: As the average appliance age in Ontario reached 20 years in 2013, Entegrus increased its marketing and outreach in an effort to increase awareness and uptake and drive savings. Efforts included print, radio, web and bill insert advertising campaigns, program promotion in the local community calendar and on-site promotion and enrollment at community events.

Additional Comments:

- Due to the duration of the program, and the revised age eligibility requirements for appliances to a minimum of 20 years old, this Initiative appears to have reached market saturation and has been under consideration for removal from the Portfolio.
- 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 results are very responsive to province wide advertising, OPA provincial marketing should continue to play a key role.
- The OPA and LDCs should continue working to establish partnerships with Independent retailers and municipalities.

2.3.2 Appliance Exchange Initiative (Schedule B-1, Exhibit E)

Initiative Activities/Progress: In 2012, Entegrus launched an extensive promotional campaign to drive customer participation in Appliance Exchange Initiative via the “Spring Exchange Event”. Entegrus assisted on-site at multiple retail locations, engaging customers in meaningful conversations about conservation and supporting the retailer with the implementation of the event. Results from the program in Entegrus’ service territory doubled in the 2012 program year.

Additional Comments:

- This Initiative, eligible measures and incentive amounts are primarily influenced by the retail partner. The restrictive, limited and sometimes non-participation of local stores can diminish the savings potential for this Initiative.
- To date there has only been one retailer participant in the Appliance Exchange Initiative. The Fall events have not had retailer participation, therefore savings budgeted by the LDCs have not materialized.
- Evaluation, Measurement, and Verification (EMV) results indicated that the value of savings for retired room air conditioners (ACs) has dropped resulting in the retail participant not accepting window ACs during the Spring 2013 event.
- Notification regarding retailer participation and eligible measures continues to be delayed. Improved communications will aid in appropriate resource allocation and marketing of the Initiative.
- This Initiative may benefit from the disengagement of the retailer and direct involvement of 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.

2.3.3 HVAC Incentives Initiative (Schedule B-1, Exhibit B)

Initiative Activities/Progress: In 2012, Entegrus complimented the OPA's contractor and participant engagement strategy by highlighting the Initiative in multiple advertisements (radio, web and print) and promoting it with customers at community events. Moving forward Entegrus will focus its effort on channel marketing, moving to more of a pull strategy for program promotion to compliment the OPA's broader air coverage.

Additional Comments:

- Incentive levels appear to be insufficient to prompt Participants to upgrade HVAC equipment prior to end of useful life. It is hoped that the introduction of an Air Miles incentive in 2013 may help with this.
- This Initiative is contractor-driven with LDCs responsible for marketing efforts to customers. More engagement with the HVAC contractor channel should be undertaken to drive a higher proportion of furnace and CAC sales to eligible units.
- Channel partners require timeliness of the Rebate process to maintain a positive relationship between consumers, contractors, the OPA, and the participating LDC. Due to a contracting delay no applications were processed from approximately the end of October 2012 to February 2013.
- LDC HVAC reports have been delayed and are not as complete and accurate as is 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 4,500-5,000 HVAC contractors in the province, 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 should be attributed to the appropriate LDC.

2.3.4 Conservation Instant Coupon Initiative (Schedule B-1, Exhibit A)

Initiative Activities/Progress: Due to the lack of availability of coupons until September 2012, Entegrus' promotion of this Initiative was limited. Copies of the coupons were provided on the company's website and were made available to customers in printed form at community events and at office locations.

Additional Comments:

- This Initiative was ineffective for most of 2012 as the Instant coupons (annual) were not available to consumers until September 2012. As such, savings budgeted by LDCs did not materialize.
- The timeframe for retailer submission of redeemed coupons varies from retailer to retailer and, in some cases, have been lengthy. The delays and incomplete results reporting limit the ability of the

LDC to react and respond to Initiative performance or changes in consumer behaviour. This also contributed to the delay in the launch of the Initiative in 2012.

- Coupon booklets were not printed and mailed out in 2012. As such, Coupons were not widely available to consumers who did not have technology available to download and print them, or who were unable to attend community events where the coupons were offered.
- Without provincial coupon distribution, and with the delay in Initiative launch, consumers may not have been aware of the online coupons. This Initiative could benefit from provincial marketing as a substitute to distribution.
- LDCs should be able to custom code all coupons to provide 100% allocation and push specific coupons based on localized needs.
- The product list should be distinctive from the Bi-Annual Retailer Event Initiative in order to gain more consumer interest and uptake.
- Program evolution, including new products and review of incentive pricing for the coupon Initiatives, should be a regular activity to ensure continued consumer interest.

2.3.5 Bi-Annual Retailer Event Initiative (Schedule B-1, Exhibit C)

Initiative Activities/Progress: Entegrus provided local marketing and customer support for this Initiative, including a print and radio advertising campaign for the Spring and Fall events, feature advertising in the local community calendar, promotion at local community events, contesting and banner ads on the Entegrus website. For the Fall event, Entegrus contracted Summerhill Group to provide on-site support. Representatives set-up at two retailers and one community event, to promote the coupon program, explain the value of upgrading to energy efficient equipment for their homes and to encourage redemption of the available coupons. These events featured customer engagement tools (i.e. prize wheels, product demonstrations, etc.) and on-site radio remotes featuring a specific call to action (i.e. encouraging people to come to the store/event and learn more, redeem coupons, etc.)

Additional Comments:

- This Initiative is strongly influenced by the retail participants.
- The product list has changed very little over the past four years.
- Limited engagement of local retailers can restrict the savings potential for this Initiative.
- Program evolution, including new products and review of incentive pricing for the coupon Initiatives, must be a regular activity to ensure continued consumer interest.
- The product list should be distinctive from the Conservation Instant Coupon Initiative in order to gain more consumer interest and uptake.
- A review conducted by the Residential Working Group in Q4 2011 identified three areas of need for Initiative evolution: 1) introduction of product-focused marketing; 2) enhanced product selection;

and 3) improved training for retailers, as retail staff tend not to be knowledgeable regarding the products or promotion.

- LDCs should be able to custom code all coupons to provide 100% allocation and push specific coupons based on localized needs.
- Communications regarding retailer participation continues to be delayed. Improved communications will aid in appropriate resource allocation and marketing of the Initiative.
- Coordination of the event with large manufactures (i.e. light bulb manufacturers) to offer product discounts in conjunction with the in-store coupons should be considered, as it may accelerate customers willingness
- 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.

2.3.6 Retailer Co-op

Initiative Activities/Progress: After evaluating the potential of a stand-alone retailer event, Entegrus decided that there was not sufficient opportunity and that other Initiatives could drive more results and had greater benefit for its customers. To that end, Entegrus did not participate in retailer co-op events in 2012.

Additional Comments:

- This is a retailer Initiative with limited LDC-attributable energy or demand savings.
- Limited engagement of local retailers can restrict the savings potential for this Initiative.
- The availability of retailer staff with product knowledge and the ability to conduct demonstrations in stores during the events would be an asset. This could be a valuable role for LDCs, however many LDCs are limited by available resources, retailer constraints on in-store displays and are therefore unable to participate.

2.3.7 New Construction Program (Schedule B-2)

Initiative Activities/Progress: Entegrus promoted this Initiative to both home builders and residential customers, but unfortunately did not experience uptake. Administrative challenges associated with the program's design combined the low number of housing starts in Entegrus' service territory contributed to the program's performance. Entegrus will continue to work with the Home Builders and actively promote the program in the general market, but does not expect significant contribution to savings as a result.

Additional Comments:

- This Initiative provides incentives to home builders for incorporating energy efficiency into their buildings. To support this, LDCs need to provide education to the consumers regarding the importance of choosing the energy efficient building upgrade options without an immediate benefit to the consumer.

- 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 in the materialization of results, as homes that have been pre-approved could take a year or more to be completed.
- Administrative requirements, in particular individual home modeling, must align with perceived stakeholder payback. Through the EDA and the Working Groups, changes are being processed through change management for 2013. However, the lengthy change management process has resulted in continued non-participation from builders.

2.3.8 Residential Demand Response Program (Schedule B-3)

Initiative Activities/Progress: Entegrus continued active recruitment and installation during the *peaksaver* Extension period. In 2012, Entegrus officially launched its *peaksaver* PLUS® recruitment and installation campaign. The campaign included intensive promotion via print, radio and web advertising, advertising in the local community calendar (distributed to over 45,000 households), contesting and on-site promotion and recruitment at community events. Initial efforts resulted in more than 1,000 enrollments in the program with significantly more uptake expected in 2013 & 2014. Entegrus has identified this Initiative as a potentially significant contributor to peak demand savings in its territory and as such will be heavily promoting the program in 2013 and 2014.

Additional Comments:

- The schedule for Peaksaver Plus was posted in August 2011, but this did not provide adequate time for product procurement for 2011 and part of 2012. The product procurement process uncovered that the In Home Display (“IHD”) units 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 Peaksaver Plus program until 2012 or later, which has resulted in delayed savings.
- Smart Meters models installed by most LDCs, including Entegrus, do not have the capability to communicate directly to an IHD. When proposing technical Initiatives that rely on existing LDC hardware or technology there should be an extensive consultative process.
- Introduction of new technology requires incentives for the development of such technology. Appropriate lead times for LDC analysis and assessment, product procurement, and testing and integration into the Smart Meter environment are also required. Making seemingly minor changes to provincial technical specifications can create significant issues when all LDCs attempt to implement the solution in their individual environments.
- The variable funding associated with installing a load controllable thermostat is not sufficient unless it is combined with an IHD, which might not be possible in all cases and when the IHD is optional.
- This is the main Initiative within the Residential portfolio that drives peak demand savings for LDCs.
- Given the varying Smart Meter environments, models and different needs of individual LDCs, each LDC is positioning this Initiative in a slightly different manner. Entegrus has taken a future focused approach to the program, electing to equip eligible customers with WIFI enabled IHDs; giving them

the ability to choose how and where (i.e. smartphone, desktop, tablet, etc.) they view their household data; further increasing the persistence of the device.

- Province-wide marketing needs to be sensitive to the variations of the Initiative, including the types of IHDs available in each LDC territory, 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.

2.4 COMMERCIAL AND INSTITUTIONAL PROGRAM

Description: Provides commercial, institutional, agricultural and industrial organizations with energy-efficiency programs to help reduce electrical costs while helping Ontario defer the need to build new generation and reduce its environmental footprint. Programs are designed to help fund energy audits, to replace energy-wasting equipment or to pursue new construction that exceeds the Province's 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 that 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, notably in terms of the administrative processes required to implement enhancements to the current CDM framework and program structure.

Despite these challenges, the C&I Working Group and the EDA, in cooperation with the OPA, have managed to rectify many issues. In particular, an accomplishment of 2012 was the advent of the expedited change management process as means to accelerate certain program changes.

Looking ahead, with approximately one year left in the current CDM period, there is minimal opportunity to make valuable changes to the current program suite and have these changes reflected in LDC 2014 results. LDCs and the OPA should look beyond the current Initiatives and work to launch new programs, built on the strengths of the 2011-2014 programs, which will meet the needs of the industry and consumers.

To that end, Entegrus is an active member of the EDA's CDM Caucus, which is actively working with the C&I Working Group and OPA to improve the current program offering and ensure future programs address the market's needs.

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

Initiative Activities/Progress: ERII continues to be very popular amongst Entegrus' commercial and industrial customers, remaining the single largest contributor to Entegrus' energy savings results to date.

In 2012, Entegrus added an additional employee to facilitate more customer engagement and drive program results. Moreover, Entegrus provided local marketing and customer support for this Initiative, specifically channel marketing in the form of face-to-face meetings, training for local electrical contractors, targeted trade publication marketing and on-site engagement at local business-to-business events.

Additional Comments:

- It appears that the marketplace largely understands this Initiative 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 is greatly improved – faster and more consistent compared to 2011.
- Capability-building programs from the Industrial program have had very positive contributions to ERII.
- This Initiative is limited by the state of the economy and the ability of commercial/institutional facilities to complete capital upgrades.
- A number of customer-facing issues in the 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 have had 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. Removal of program barriers and continued development of channel partners are 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 the 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. Approval of these worksheets by the OPA would assist Entegrus with further penetration of this Initiative.

- An identified deficiency in the various renditions of the equipment replacement programs is the “hard stop” of the program as of a specific date. Without a streamlined transition into a new program, many customers become frustrated and refuse to participate.

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

Initiative Activities/Progress: In 2012, Entegrus partnered with a service delivery agent to streamline customer recruitment, facilitate audits and execute retrofits. This improved strategy resulted in a fivefold increase in program participation. It is important to note, however, that Entegrus successfully executed the Power Savings Blitz program in its service territory prior to the introduction of the Direct Installed Lighting Initiative in 2011. At the time DIL was introduced, it was estimated that Entegrus had greater than 60% market penetration and, as such, the program appeared to be reaching saturation.

Entegrus provided local marketing and customer support for this Initiative, specifically channel marketing in the form of face-to-face meetings, training for local electrical contractors, targeted trade publication marketing, promotion in Chamber of Commerce publications and at their events, and on-site engagement at local small business events.

Additional Comments:

- Entegrus’ successful execution of the previous rendition of this Initiative has resulted in diminished potential for the 2011-2014 Initiative
- The inclusion of a standard incentive for additional measures increased project size and drove higher energy and demand savings results in some situations.
- 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.
- The margins of participating installation electrical contractors have been reduced due to no labour rate increase, 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.
- Ambiguity with regard to eligibility resulted in large lists of customers rejected following installation due to perceived 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.

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

Initiative Activities/Progress: Entegrus provided local marketing and customer support for this Initiative, specifically channel marketing in the form of face-to-face meetings with eligible customers; but unfortunately had no customer uptake. In 2013, Entegrus plans to collaborate with commissioning service providers to engage eligible customers in this Initiative.

Additional Comments:

- The Initiative name does not properly describe the Initiative. This is an impediment to customer participation.
- There was minimal participation for this Initiative. Beyond the aforementioned naming issue, it is suspected that the lack of participation in the program is a result of the Initiative being limited to space cooling and a limited window of opportunity (cooling season) for participation.
- Participation is mainly channel partner driven, however the particulars of the Initiative have presented too significant 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.

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

Initiative Activities/Progress: Entegrus provided local marketing and customer support for this Initiative, specifically channel marketing in the form of face-to-face meetings, targeted trade publication marketing and on-site engagement at local events. Due to economic conditions and limited new construction/major renovations in the service territory, potential for this program is significantly limited. Additionally, some major developers have expressed that due to the cumbersome paperwork associated with the program they are not interested in participating. To better focus on this market and engage developers, Entegrus began negotiations with Union Gas to deliver HPNC services. In early 2013, Union Gas assumed service delivery for this Initiative on behalf of Entegrus. Entegrus anticipates this will provide some additional results and build momentum in the event of future developments.

Additional Comments

- There is typically a long sales cycle for these projects, and then a long project development cycle. As the program did not launch until mid-2011 and had limited participation, results did not appear in 2011. Minimum results are expected to appear in 2012. The majority of the results are expected in 2013-2014, with a reduced benefit to cumulative energy savings targets for LDCs.
- 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.
- The estimated completion dates submitted by participants tend to be inaccurate and projects are usually 6 months longer. This could result in diminished savings towards targets if facilities are not substantially complete by December 31, 2014.
- The custom application process requires considerable customer support and skilled LDC staff. As there has been no defined administrative funding beyond 2014, many LDCs are unsure how these project applications will be finalized.

- 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'.

2.4.4 Energy Audit Initiative

Initiative Activities/Progress: Entegrus provided local marketing and customer support for this Initiative, specifically channel marketing in the form of face-to-face meetings, targeted trade publication marketing and on-site engagement at local events. There was not significant uptake of this Initiative in 2012, however Entegrus anticipates that the changes made to the program combined with targeted marketing will result in more participation in 2013 and 2014.

Additional Comments

- Customer uptake was limited in 2011, however improved throughout 2012, especially with the new audit component for one system (i.e. compressed air).
- The energy audit Initiative is considered an 'enabling' Initiative and 'feeds into' other saveONenergy Initiatives. There are limited 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.

2.5 INDUSTRIAL PROGRAM

Description: Large facilities are discovering the benefits of energy efficiency through the Industrial Program, which is 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, and is intended to 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 that reach across the organization.

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

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

Discussion: The Industrial Program Portfolio has provided 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 and have delivered significant energy saving and demand reduction projects.

Following substantial engagement efforts in 2011, Entegrus successfully placed an Embedded Energy Manager at one of its largest customers. The EEM has led a number of retrofit projects, has submitted or is working on two large projects under the Process & System Upgrades, created an organizational energy team and has delivered, unincented, 141 kw of demand and 246,600 kWh. Entegrus will be looking for other energy manager opportunities within its service territory as it is clear that this Initiative, paired with the right host organizations, has the potential to yield significant results.

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

Extensive legal documents, complex program structure and the lengthy change management process have restricted the change and growth of this program. While the expedited change management process has benefited the Commercial and Institutional Program, the Industrial Program has not seen the same results due to the narrow scope of the process. For 2013, a change to the threshold for small capital projects and a new small capital project agreement are expected to improve the number of projects and savings achieved within PSUI. Likewise, a decision to proceed with natural gas load displacement generation projects will also increase uptake, although results may not be counted towards LDC targets due to in-service dates that are beyond 2014.

In August 2012, Entegrus received an application from a large industrial customer for a 5MW natural gas fueled combined heat and power project (CHP). Unfortunately, due to the hold on natural gas project approvals until June 2013, it is unclear if this project will have an in-service date prior to the end of 2014. This may have an impact on Entegrus' ability to meet its peak demand target. Looking ahead, there is now minimal opportunity to make additional valuable changes to the current program suite and have these changes reflected in LDC 2014 results

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

Initiative Activities/Progress: Entegrus worked with eligible customers to educate them on the program's offerings, assist them with the completion of the Initiative paperwork and advise them on potential projects. Additionally, in March 2012 Entegrus conducted a training session for its large customers focused on the PSUI Initiative and its benefits to customers. In 2012, Entegrus approved one preliminary and two detailed engineering studies. Two of the studies resulted in a large capital project applications, one of which was a natural gas load displacement generation project that, as indicated in the previous section, may not meet the 2014 deadline due to a hold on these types of projects until June 2013.

Additional Comments:

- Across the Province, approximately 100 engineering study applications have been submitted. 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.
- This Initiative is limited by the state of the economy and the ability of a facility to complete large capital upgrades.
- There is typically a long sales cycle for these projects, and then a long project development cycle. As such, limited results are expected to be generated in 2012. The majority of the results are expected in 2013-2014, with a much-reduced benefit to cumulative energy savings targets.
- Delays with processing funding payments have caused delayed payments to Participants beyond contract requirements. In some cases, LDCs have developed a separate side agreement between the LDC and Participant acknowledging that the Participant cannot be paid until the funds are received from the OPA.
- The contract required for PSUI is a lengthy and complicated document. A key to making PSUI successful is a new agreement for 'small' projects that is simplified with less onerous conditions for the customer.
- To partially address this, changes were made to the ERII Initiative that allowed smaller projects to be directed to the Commercial stream. . Most industrial projects to date have been submitted as ERII projects due to less onerous contract and M&V requirements.
- A business case was submitted by the Industrial Working Group in July 2012 that would change the upper limit for a small project from 700 MWh to 1 million dollars in incentives. This would allow more projects to be eligible for the new small capital project agreement and increase participant uptake, while still protecting the ratepayer. (The small capital project agreement was finalized through change management in August 2013).
- While there was 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. In June 2013, a decision was made to allow natural gas load displacement generation projects to proceed under PSUI. It is expected that a number of projects will proceed although results may not be counted towards LDC targets due to in-service dates beyond 2014.

2.5.2 Monitoring & Targeting Initiative (Schedule D-2)

Initiative Activities/Progress: Entegrus provided local marketing and customer support for this Initiative, specifically channel marketing in the form of face-to-face meetings with eligible participants and other program stakeholders, including potential contractors. Customers have shown interest in the program, however they have been deterred by the target or Initiative schedule.

Additional Comments:

- The M&T Initiative is targeted at larger customers with the capacity to review the M&T data. This review requires the customer facility to employ an Energy Manager, or a person with equivalent qualifications, which has been a barrier for some customers. As such, a limited number of applications have been received to date.
- The savings target required for this Initiative can present a significant challenge for smaller customers.
- Through the change management process in 2013, changes are being made to ERII to allow smaller facilities to employ M&T systems.

2.5.3 Energy Manager Initiative (Schedule D-3)

Initiative Activities/Progress: In March 2012, Entegrus received approval for an Embedded Energy Manager (EEM) for one of its largest Industrial customers. The EEM has instituted operational changes, created an Energy Team, responsible for identifying and executing on conservation opportunities, and facilitated the implementation of several large projects. As a result of this individual and the team's work, Entegrus and the host company recognized 141 kW of peak demand savings and 246,600 kWh of energy savings.

Entegrus has continued marketing and customer support for this Initiative specifically channel marketing in the form of face to face meetings with eligible participants and active marketing with local trade publications. Due to the small number of large industrial customers and hence limited opportunity for Energy Managers, Entegrus is exploring partnerships with other LDCs to share a Roving Energy Manager (REM) who would serve customers in both LDCs territories.

Additional Comments:

- The Energy Managers have proven to be a popular and useful resource for larger customers. There are approximately 70 EEMs and 25 REMs being utilized by customers across the province.
- LDCs that are too small to qualify for their own REM are teaming up with other utilities to hire an REM to be shared by the group of utilities.
- At the beginning, it took longer than expected to set up the energy manager application process and unclear communication resulted in marketing and implementation challenges for many LDCs.
- Some LDCs and Customers are reporting difficulties in hiring capable REMs and EEMs, in some instances taking up to 7 months to have a resource in place.
- New energy managers require training, time to familiarize themselves with facilities and staff and time to establish "credibility". Energy Managers started filling their pipeline with projects, but few projects were implemented in 2012.
- Delays with processing EEM payments causing LDCs to delay payments to Participants beyond contract requirements.

- There have been a number of studies identified by Energy Managers and they have been able to build capacity and deliver energy saving projects within their respective large commercial/industrial facilities.
- The requirement that 30% of the target of each Energy Manager must come from non-incented projects is identified as an issue for most REMs, although final targets are not due to be met until 2013. The Industrial Working Group has proposed to remove this requirement for REMs only as they are not resident full time at a customer facility to find the non-incented savings.
- A decision on extending funding for EMs is required in 2013 for this important Initiative, which should continue beyond 2014. Otherwise, these expert resources will be lost to full-time employment elsewhere.

2.5.4 Key Account Manager (KAM) (Schedule D-4)

Initiative Activities/Progress: In 2011, Entegrus partnered with Horizon Utilities and several other LDCs to hire a Key Account Manager. The KAM's time is split between the LDCs to maximize savings. Thus far, the KAM has engaged many of Entegrus' large customers in the programs and has supported the execution of several large energy saving and demand reducing projects.

Additional Comments

- Customers appreciate dealing with a single contact to interface with an LDC, a resource that has both the technical and business background who can communicate easily with the customer and the LDC.
- Finding this type of skill set has been difficult. In addition, the short-term contract and associated energy targets discourage some skilled applicants resulting in longer lead times to acquire the right resource.
- This resource has been found by some LDCs to be of limited value due to the part-time nature of the position and limited funding. In addition, the role of the KAM has been too narrow in scope to provide assistance to the wider variety of projects LDCs may be struggling with.
- A decision on extending funding for KAMs is required in 2013 for this important Initiative, which should continue beyond 2014. Otherwise, these expert resources will be lost to full-time employment elsewhere.

2.5.5 Demand Response 3 (Schedule D-6)

Initiative Activities/Progress: Entegrus provided local marketing and customer support for this Initiative, specifically channel marketing in the form of face-to-face meetings with eligible participants and interaction with the Demand Response Providers (DRPs). Entegrus continues to struggle to overcome the varying payment amounts due to the service territory residing in a 'discount zone' and the limited number of suitable customers for the program. Entegrus' strategy continues to be engagement of appropriate customers and partnership with the DRPs. Entegrus is hopeful that a realignment of its commercial customer support resources and additional, more aggressive engagement efforts will yield substantial results in 2013 & 2014.

Additional Comments:

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

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

Initiative Activities/Progress: In February 2012, in partnership with a third party delivery agent, Entegrus launched the Home Assistance Program in its service territory. It is estimated that more than 30% of the residential customers in the Entegrus service area may qualify for this program.

Accordingly, efforts were focused on engaging social agencies and charitable organizations, as they hold the primary relationships with eligible customers, offer significant credibility to the program and are an excellent referral source. Entegrus also exhibited at relevant events and locations, i.e. seniors' fairs, food banks, charitable offices, etc., utilized bill inserts and word of mouth referrals to bring program information directly to customers in an appropriate way. This approach yielded good results, which Entegrus plans to build on in 2013 and 2014.

In 2013, Entegrus will be focused on social and co-operative housing as many of the eligible customers reside in these facilities. Entegrus will also continue to bring information about the program to eligible customers by way of bill inserts, targeted advertising and engagement through social organizations.

Additional Comments:

- Awareness of the program amongst social agencies took time to develop. Benefits started to become evident in late 2012.
- Centralized payment processes were not developed in 2011. The payment process was established in 2012.
- The process for enrolling in social housing was complicated and time consuming. This was addressed in late 2012 and is showing benefits in 2013.

- The financial scope, complexity, and customer privacy requirements of this Initiative are challenging for LDCs and most have contracted this program out. This Initiative may benefit from an OPA contracted centralized delivery agent.

2.7 PRE-2011 PROGRAMS

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

Table 1: Initiative and Program Level Savings by Year

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	421	301			24	18			177,892	119,701			41	1,070,468
Appliance Exchange	Appliances	32	28			3	4			3,098	7,322			5	32,200
HVAC Incentives	Equipment	1,186	848			318	182			569,794	303,127			499	3,188,557
Conservation Instant Coupon Booklet	Items	3,660	223			9	2			136,065	10,104			10	574,570
Bi-Annual Retailer Event	Items	6,289	7,666			12	11			212,360	193,530			23	1,430,032
Retailer Co-op	Items	0	0			0	0			0	0			0	0
Residential Demand Response (switch/pstat)	Devices	232	0			130	0			336	0			0	336
Residential Demand Response (IHD)	Devices	0	0			0				0					
Residential New Construction	Homes	0	0			0	0			0	0			0	0
Consumer Program Total						495	216			1,099,545	633,784			578	6,296,163
Business Program															
Retrofit	Projects	39	74			112	711			520,887	4,149,424			787	14,390,883
Direct Install Lighting	Projects	51	249			58	201			144,062	782,496			244	2,873,223
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			68	68			2,636	984			0	3,620
Business Program Total						237	980			667,585	4,932,904			1,032	17,267,726
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	2			0	141			0	246,600			141	739,800
Retrofit	Projects	4				10				70,196				10	280,785
Demand Response 3	Facilities	2	0			754	0			44,275	0			0	44,275
Industrial Program Total						765	141			114,471	246,600			152	1,064,860
Home Assistance Program															
Home Assistance Program	Homes	0	163			0	18			0	228,459			18	685,377
Home Assistance Program Total						0	18			0	228,459			18	685,377
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	18	0			111	0			707,984	0			111	2,831,935
High Performance New Construction	Projects	0	0			1	1			2,786	791			1	13,519
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						112	1			710,770	791			113	2,845,454
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											-3,240			-27	-14,890
Energy Efficiency Total						657	1,288			2,545,124	6,041,553			1,892	28,111,349
Demand Response Total (Scenario 1)						952	68			47,247	984			0	48,231
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						1,609	1,329			2,592,371	6,039,297			1,865	28,144,690
												Full OEB Target:		12,120	46,530,000
												% of Full OEB Target Achieved to Date (Scenario 1):		15.4%	60.5%

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

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

Table 2: 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	0.42	1.10	0.22	0.633783525	0.58	6.3
Business Program Total	1.24	6.47	0.98	4.932903528	1.03	17.27
Industrial Program Total	0.16	0.27	0.14	0.2466	0.15	1.07
Home Assistance Program Total	0.02	0.23	0.02	0.228458872	0.02	0.69
Pre-2011 Programs completed in 2011 Total	0.00	0.00	0	0.000791116	0.11	2.85
Total OPA Contracted Province-Wide CDM Programs	1.833300657	8.07701773	1.36	6.04	1.89	28.14

3 Evaluation

The following is a summary of the 2012 EM&V findings for each of the OPA-Contracted Province-Wide CDM Programs, prepared by the OPA in coordination with the Reporting Working Group.

3.1 Residential Program

3.1.1 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

3.1.2 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.

3.1.3 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.

3.1.4 Appliance Retirement

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

3.1.5 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.

3.1.6 peaksaver PLUS

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

3.1.7 Residential New Construction

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

3.2 Business Programs

3.2.1 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.

3.2.2 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.

3.2.3 Existing Building Commissioning

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

3.2.4 New Construction

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

3.2.5 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.

3.3 Industrial Programs

3.3.1 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.

3.3.2 DR-3

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

3.4 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 Spending

Table 3: 2012 Spending

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Consumer Program					
Appliance Retirement	\$29,646.96	\$0.00	\$0.00	\$0.00	\$29,646.96
Appliance Exchange	\$26,373.26	\$0.00	\$0.00	\$0.00	\$26,373.26
HVAC Incentives	\$21,715.67	\$0.00	\$0.00	\$0.00	\$21,715.67
Conservation Instant Coupon Booklet	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Bi-Annual Retailer Event	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Retailer Co-op	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Residential Demand Response	\$93,844.50	\$187,762.00	\$0.00	\$0.00	\$281,606.50
New Construction Program	\$18,835.06	\$0.00	\$0.00	\$0.00	\$18,835.06
Business Program					
Efficiency: Equipment Replacement	\$182,119.44	\$0.00	\$544,712.65	\$0.00	\$726,832.09
Direct Installed Lighting	\$72,085.29	\$62,230.00	\$183,374.26	\$0.00	\$317,689.55
Existing Building Commissioning Incentive	\$269.56	\$0.00	\$0.00	\$0.00	\$269.56
New Construction and Major Renovation Initiative	\$20,894.92	\$0.00	\$0.00	\$0.00	\$20,894.92
Energy Audit	\$20,777.07	\$0.00	\$0.00	\$0.00	\$20,777.07
Small Commercial Demand Response (part of the Residential program schedule)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Demand Response 3 (part of the Industrial program schedule)		\$0.00	\$0.00	\$0.00	\$0.00
Industrial Program					
Process & System Upgrades	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
a) preliminary engineering study	\$16,361.61	\$0.00	\$0.00	\$0.00	\$16,361.61
b) detailed engineering study	\$837.63	\$0.00	\$50,000.00	\$0.00	\$50,837.63
c) program incentive	\$3,594.02	\$0.00	\$0.00	\$0.00	\$3,594.02
Monitoring & Targeting	\$490.94	\$0.00	\$0.00	\$0.00	\$490.94
Energy Manager	\$852.73	\$0.00	\$27,000.00	\$0.00	\$27,852.73
Key Account Manager ("KAM")	\$830.13	\$0.00	\$0.00	\$0.00	\$830.13
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Demand Response 1	\$0.00	\$0.00	\$0.00	\$0.00	
Demand Response 3	\$910.60	\$0.00	\$0.00	\$0.00	\$910.60
Home Assistance Program					
Home Assistance Program	\$26,350.48	\$0.00	\$33,726.80	\$0.00	\$60,077.28
Pre 2011 Programs					
Electricity Retrofit Incentive Program	\$0.00	-\$43,030.00**	\$70,337.00	\$0.00	\$27,307.00
High Performance New Construction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Toronto Comprehensive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Multifamily Energy Efficiency Rebates	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Data Centre Incentive Program	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EnWin Green Suites	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Initiatives Not In Market					
Midstream Electronics		\$0.00	\$0.00	\$0.00	\$0.00
Midstream Pool Equipment		\$0.00	\$0.00	\$0.00	\$0.00
Direct Service Space Cooling	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Demand Response 1 (Commercial)	\$0.13	\$0.00	\$0.00	\$0.00	\$0.13
Demand Response 1 (Industrial)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Home Energy Audit Tool	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL Province-wide CDM PROGRAMS					
Total	\$536,790.00	\$206,962.00	\$909,150.71	\$0.00	\$1,652,902.71

**2011 Accounting True-Up

Table 4: Cumulative Spending (2011-2014)

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Consumer Program					
Appliance Retirement	\$61,450.96	\$0.00	\$0.00	\$0.00	\$61,450.96
Appliance Exchange	\$39,495.26	\$0.00	\$0.00	\$0.00	\$39,495.26
HVAC Incentives	\$25,767.67	\$0.00	\$0.00	\$0.00	\$25,767.67
Conservation Instant Coupon Booklet	\$21,619.00	\$0.00	\$0.00	\$0.00	\$21,619.00
Bi-Annual Retailer Event	\$4,654.00	\$0.00	\$0.00	\$0.00	\$4,654.00
Retailer Co-op	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Residential Demand Response	\$231,773.50	\$191,360.00	\$0.00	\$0.00	\$423,133.50
New Construction Program	\$37,401.06	\$0.00	\$0.00	\$0.00	\$37,401.06
Business Program					
Efficiency: Equipment Replacement	\$213,102.44	\$0.00	\$575,115.65	\$0.00	\$788,218.09
Direct Installed Lighting	\$112,218.29	\$62,230.00	\$228,147.26	\$0.00	\$402,595.55
Existing Building Commissioning Incentive	\$3,764.56	\$0.00	\$0.00	\$0.00	\$3,764.56
New Construction and Major Renovation Initiative	\$31,168.92	\$0.00	\$0.00	\$0.00	\$31,168.92
Energy Audit	\$30,885.07	\$0.00	\$0.00	\$0.00	\$30,885.07
Small Commercial Demand Response (part of the Residential program schedule)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Demand Response 3 (part of the Industrial program schedule)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Industrial Program					
Process & System Upgrades	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
a) preliminary engineering study	\$28,652.61	\$0.00	\$0.00	\$0.00	\$28,652.61
b) detailed engineering study	\$28,079.63	\$0.00	\$50,000.00	\$0.00	\$78,079.63
c) program incentive	\$14,867.02	\$0.00	\$0.00	\$0.00	\$14,867.02
Monitoring & Targeting	\$17,010.94	\$0.00	\$0.00	\$0.00	\$17,010.94
Energy Manager	\$17,972.73	\$0.00	\$27,000.00	\$0.00	\$44,972.73
Key Account Manager ("KAM")	\$830.13	\$0.00	\$0.00	\$0.00	\$830.13
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Demand Response 1	\$10,562.00	\$0.00	\$0.00	\$0.00	\$10,562.00
Demand Response 3	\$4,011.60	\$0.00	\$0.00	\$0.00	\$4,011.60
Home Assistance Program					
Home Assistance Program	\$26,489.48	\$0.00	\$33,726.80	\$0.00	\$60,216.28
Pre 2011 Programs					
Electricity Retrofit Incentive Program	\$0.00	\$0.00	\$141,764.92	\$0.00	\$141,764.92
High Performance New Construction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Toronto Comprehensive	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Multifamily Energy Efficiency Rebates	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Data Centre Incentive Program	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EnWin Green Suites	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Initiatives Not In Market					
Midstream Electronics	\$1,319.00	\$0.00	\$0.00	\$0.00	\$1,319.00
Midstream Pool Equipment	\$1,319.00	\$0.00	\$0.00	\$0.00	\$1,319.00
Direct Service Space Cooling	\$981.00	\$0.00	\$0.00	\$0.00	\$981.00
Demand Response 1 (Commercial)	\$13,663.13	\$0.00	\$0.00	\$0.00	\$13,663.13
Demand Response 1 (Industrial)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Home Energy Audit Tool	\$8,930.00	\$0.00	\$0.00	\$0.00	\$8,930.00
TOTAL Province-wide CDM PROGRAMS					
Total	\$987,989.00	\$253,590.00	\$1,055,754.63	\$0.00	\$2,297,333.63

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 (MW)			
	2011	2012	2013	2014
2011 – Verified by OPA	1.6	0.7	0.7	0.6
2012 – Verified by OPA		1.3	1.3	1.2
2013				
2014				
Verified Net Annual Peak Demand Savings in 2014:				1.9
ENTEGRUS 2014 Annual CDM Capacity Target:				12.1
Verified Portion of Peak Demand Savings Target Achieved (%):				15.4%

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

Implementation Period	Annual (GWh)				Cumulative (GWh)
	2011	2012	2013	2014	2011-2014
2011 – Verified by OPA	2.6	2.5	2.5	2.5	10.2
2012 – Verified by OPA		6.0	6.0	5.9	17.9
2013					
2014					
Verified Net Cumulative Energy Savings 2011-2014:					28.1
ENTEGRUS 2011-2014 Cumulative CDM Energy Target:					46.5
Verified Portion of Cumulative Energy Target Achieved (%):					60.5%

5.2 Variance from Strategy

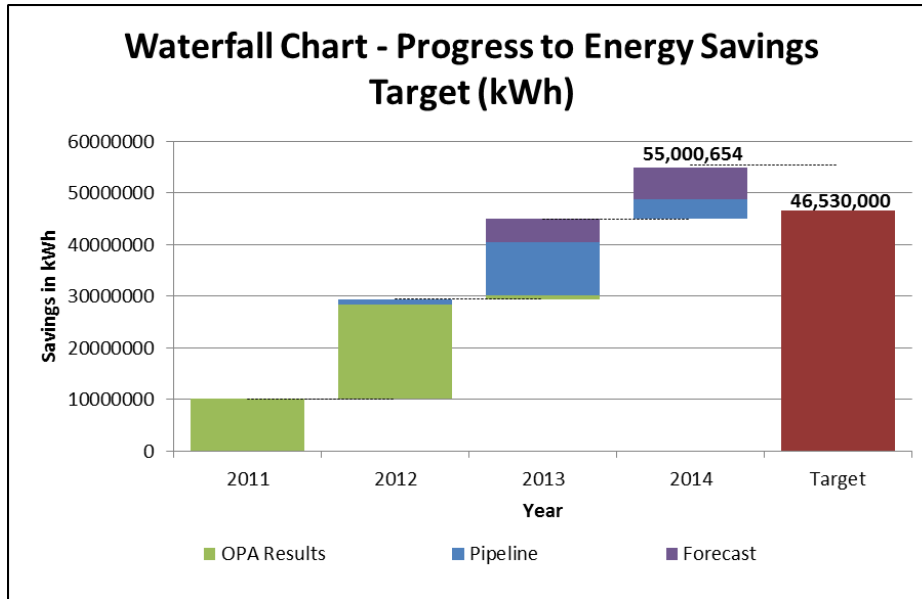
At the end of 2012, Entegrus had achieved 15.4% of its peak demand target and 60.5% of its energy savings target. Results were on pace with expectations for energy savings, but were behind for peak demand. As detailed in both the Chatham-Kent Hydro (CKH) and Middlesex Power Distribution Company (MPDC) reports submitted for 2011, peak demand savings were below the milestone primarily due to an assumption made when reporting on demand response results. When setting the demand savings milestone for 2014 in CKH and MPDC's CDM Strategies, the assumption was made that Residential DR and DR3 demand savings would persist until 2014. This assumption was not made by the OPA when reporting verified demand savings results. An additional factor that affected Entegrus not hitting its peak demand milestone is that its service territory was placed into a discount zone for distribution connected customers and into the no participation zone for transmission connected customers. This dis-incented customers

from participating in DR3 in 2011-12 and resulted in Entegrus not realizing savings that it had forecasted from DR3 when setting its 2012 milestones.

5.3 Outlook to 2014 and Strategy Modifications

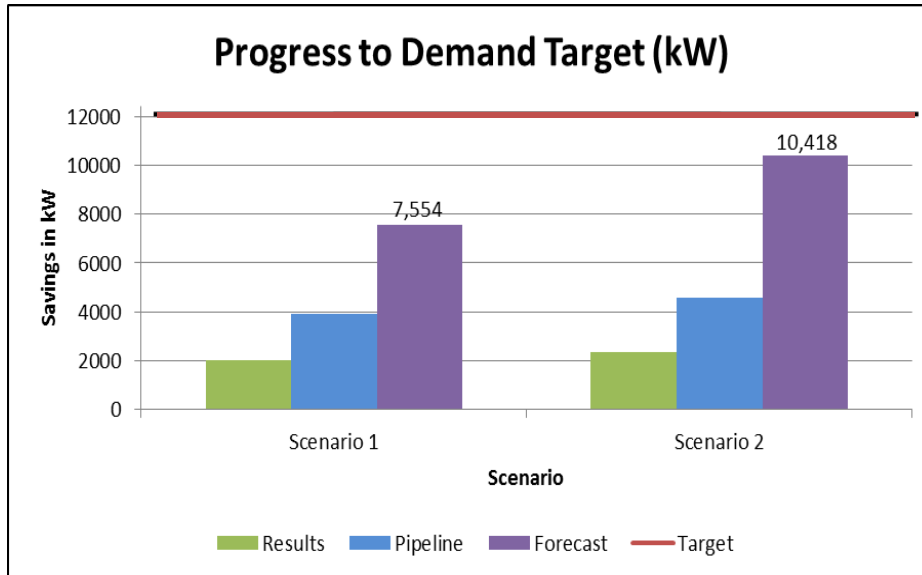
The charts below show Entegrus’ forecasted progress towards the 2011-2014 OEB targets. Entegrus has included them for the purposes of providing a more current outlook and to demonstrate the significant progress made since the close of the 2012 reporting period. The results are reflective of a combination of OPA verified, pipeline and forecasted performance. The charts illustrate Entegrus’ progress towards its energy target and forecast expected savings in excess of the 46,530,000 kWh target. Key projects from some of Entegrus’ largest industrial and commercial customers, including significant savings enabled by the EEM and the efforts of the CDM resulted in significant savings in the latter part of 2012 and have created a large pipeline of projects expected to complete in 2013 and 2014. Despite the positive forecast, Entegrus will continue its focus on the ERII program, attracting new participants and working with the existing customers, as well as EEM & KAM and carry projects through to completion.

Chart 1: Progress to Entegrus’ Energy Savings Target (kWh) – including Pipeline and Forecast



Peak demand continues to be a challenge for most utilities in the Province, including Entegrus, as is illustrated in Chart 2 (page 38). Entegrus has supplied two forecast models based on the two OPA-provided Scenario types (Scenario 1 assumes that DR resources have a persistence of 1 year and is consistent with the official reporting policy; Scenario 2 assumes that DR resources remain in Entegrus’ territory until 2014 and is used to better assess progress to demand targets).

Chart 2: Process to Entegrus' Peak Demand Target (kWh) – including Pipeline and Forecast



Given the identified challenges associated with the 2014 demand target, Entegrus is refocusing its efforts and taking strategic actions to address it. Specifically, some of the steps Entegrus plans to take include: (i) allocating existing resources and adding additional contract personnel to focus predominately on commercial and industrial demand saving opportunities; (ii) intensified efforts, in partnership with the Provincial DRPs to attract and retain DR3 participants; and (iii) aggressive peaksaver PLUS® recruitment campaign. Additionally, Entegrus will continue to work with the large industrial customer that currently has the natural gas load displacement project in for consideration by the OPA. Should this 5 MW project come to fruition, as had been expected based on the original program parameters, Entegrus will meet, if not exceed, its demand targets. However, as previously discussed, at this point, the project will need to proceed very quickly in order to contribute to 2014 demand targets.

Entegrus is pleased with its progress toward the targets thus far and looks forward to addressing the aforementioned peak demand challenges head on.

6 Conclusion

Over the course of 2012, Entegrus has achieved 1.3 MW in peak demand savings and 6.0 GWh in energy savings, which, combined with the 2011 results, represents 15.4% and 60.5% of Entegrus' 2014 targets, respectively. These results are representative of a considerable effort expended by Entegrus, 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 Entegrus 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, Entegrus expects to meet its 46.53 GWh energy savings target, but is challenged in terms of its 12.12 MW demand savings target. The approval and execution of the proposed 5 MW co-generation project would ensure Entegrus achieving its targets; however due to continued process uncertainties, Entegrus is working hard to fill the gap with other projects and programs (as detailed in Section 5.3).

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, LDCs and the OPA can build on the strengths and key successes of the 2011-2014 programs to launch new programs that will meet the needs of the industry and consumers. CDM is part of Entegrus' core business and we look forward to working with the Province and the LDC community at large to design and implement the new CDM framework.

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:

- Schedule B-1, Exhibit D:
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf and
- 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:

- Schedule B-1, Exhibit C
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf and
- 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:

- Schedule B-1, Exhibit B
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf and
- 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:

- Schedule B-1, Exhibit A
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf and
- 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: The same as 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:

- Schedule B-1, Exhibit C
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf and
- 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: The same as 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 the Province of Ontario.

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

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

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

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

Additional detail is available:

- Schedule B-1, Exhibit C
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-2%20New%20Construction%20Program.pdf and
- 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

6.1.1.1 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 with their current electricity consumption and associated costs.

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

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

Delivery: LDCs recruit customers and procure technology

Additional detail is available:

- Schedule B-1, Exhibit C
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/SCHED_2011_ResDR_B_3_110727%28MJB%29v15_redacted.pdf and
- SaveONenergy website <https://saveonenergy.ca/Consumer.aspx>

C&I Program

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

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

Initiative Frequency: Year round

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

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

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

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

Delivery: LDC delivered.

Additional detail is available:

- Schedule C-2
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20C-2%20ERII%20Initiative.pdf and
- 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 (increased to \$1,500 in December 2012).

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:

- Schedule C-3
<http://www.powerauthority.on.ca/sites/default/files/page/Schedule%20C-3%20Direct%20Install%20Initiative%20-%20redacted.pdf> and
- 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:

- Schedule C-6
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20C-6%20Commissioning%20Initiative.pdf and
- 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:

- Schedule C-4
<http://www.powerauthority.on.ca/sites/default/files/page/ScheduleC-4NewConstructionInitiativeV2.pdf> and

- 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:

- Schedule C-1
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20C-1%20Energy%20Audit%20Initiative.pdf and
- 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 projects costs
- c) A one year pay back

Targeted End Uses: Process and systems

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

Additional detail is available:

- Schedule D-1
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20D-1%20Process%20and%20Systems%20Upgrades%20Initiative.pdf and
- 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:

- Schedule D-2
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20D-2%20Monitoring%20and%20Targeting%20Initiative.pdf and

- 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:

- Schedule D-3
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20D-3%20Energy%20Manager%20Initiative%202011-2014.pdf and
- 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

Additional detail is available:

- Schedule D-4
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/projects_programs/pdfs/PSUI%20Initiative%20Schedule%20D-4.Key%20Account%20Manager.20110322.pdf

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:

- Schedule D-6
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20D-6%20Demand%20Response%203%202011-2014.pdf
and
- SaveONenergy website <https://saveonenergy.ca/Business.aspx>

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

Low Income Program

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

Target Customer Type(s): Income Qualified Residential Customers

Initiative Frequency: Year Round

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

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

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

Delivery: LDC delivered.

Additional detail is available:

- Schedule E
<http://www.powerauthority.on.ca/sites/default/files/page/Low%20Income%20Schedule%20-%20redacted%20version.pdf>

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)

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