



Kitchener-Wilmot Hydro Inc.

Conservation and Demand Management 2012 Annual Report

**Submitted to:
Ontario Energy Board**

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Kitchener-Wilmot Hydro Inc. 2012 CDM Annual Report

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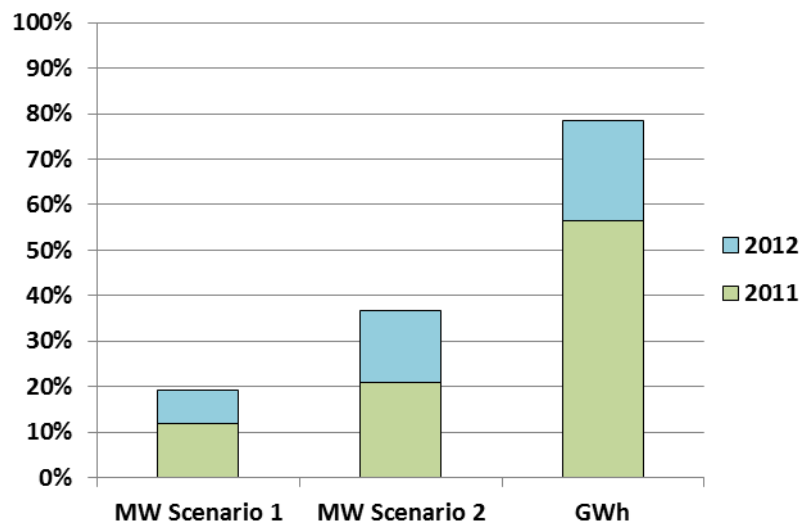
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Executive Summary

This report outlines Kitchener-Wilmot Hydro’s Conservation and Demand Management (CDM) activities for the period of January 1st 2012 to December 31st 2012. The year 2012 represents the second of four years of Conservation and Demand Management (CDM) program delivery under the new Ontario Energy Board (OEB) CDM Code (Board File No. EB-2010-0215). The CDM Code requires that Kitchener-Wilmot Hydro Inc. (KW Hydro) achieve a mandated 21.56 MW peak demand savings and 90.29 GWh of energy savings during the period of January 1st, 2011 until December 31st, 2014.

This annual report is submitted by KW Hydro in accordance with the filing requirements set out in the CDM Code, and as a progress report and modification to the original KW Hydro strategy. It includes net peak demand (Scenario 1 & 2) and net energy savings achieved; discussion of the current and future CDM framework; CDM program activities, successes and challenges; as well as forecasted savings to the end of 2014. KW Hydro has achieved 4.0 MW (Scenario 1) or 8.0 MW (Scenario 2) of net incremental peak demand savings and 78.6 GWh of net incremental energy savings by the end of 2012. A summary of the achievements towards the CDM targets is shown below:

Contribution to 2014 Targets



Scenario 1 = Assumes that demand response resources have a persistence of 1 year
Scenario 2 = Assumes that demand response resources remain in your territory until 2014

KW Hydro is very pleased with its accomplishments achieved within the first two years and has seen increased participation and uptake across all customer segments. KW Hydro saw continued success with many energy saving programs and therefore projects that by increasing marketing and sales efforts it will achieve its energy (GWh) target by the end of 2014. Similar to many other Local Distribution Companies (LDCs) the demand target (MW) continues to be a challenge. Furthermore, a limited suite of demand saving programs, reduced financial incentives for the Demand Response 3 program and additional plant closures specifically with large users within KW Hydro’s service territory have limited the MW savings achieved up to this point. Most recently Maple Leaf Foods, KW Hydro’s largest customer announced at the beginning of the CDM program launch in 2011 that it would be closing its Kitchener facility by 2014

effectively removing them from being an eligible participant in CDM. In an effort to drive further uptake in MW savings an increased emphasis in outreach has been implemented to enroll customers in demand savings programs. KW Hydro has developed a comprehensive marketing and sales plan to target customers and programs that drive higher demand savings for the remaining years of the CDM Framework in an attempt to achieve its MW target.

In 2012 KW Hydro continued to build on its successful collaboration and shared delivery model with neighboring LDCs specifically Cambridge and North Dumfries Hydro and Waterloo North Hydro. The joint approach has proven to minimize market confusion, increase cost-effectiveness and strengthen the saveonenergy brand within the Waterloo Region. Additionally, KW Hydro continued to develop its unique shared strategy and execution model with the local gas utility Kitchener Utilities which again adds to our overall efficiency and reach across an almost identical customer base.

Background

On March 31, 2010, the Minister of Energy and Infrastructure of Ontario, under the guidance of sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998*, directed the Ontario Energy Board (OEB) to establish Conservation and Demand Management (CDM) targets to be met by electricity distributors. Accordingly, on November 12, 2010, the OEB amended the distribution license of KW Hydro to require KW Hydro as a condition of its license, to achieve 90.29 GWh of energy savings and 21.56 MW of summer peak demand savings, over the period beginning January 1, 2011 through December 31, 2014.

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

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

KW Hydro submitted its 2011 Annual Report on September 30th 2011 which summarized the CDM activities, successes and challenges experienced by KW Hydro for the January 1, 2011 to December 31, 2011 period. The OEB's 2011 CDM Results report identified that the delay in the full suite of CDM Programs being made available by the OPA, and the absence of some programs negatively impacted the final 2011 results for the LDCs. This issue was also highlighted in Volumes I & II of the Environmental Commissioner's Report on Ontario's Annual Energy Conservation Progress.

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

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

1 Conservation Framework

1.1 Current Framework

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

The current suite of Province-Wide OPA programs have limited CDM offerings for customers. The process to introduce changes to current Tier 1 program Initiatives or to develop new Tier 2/3 Initiatives has been an obstacle, taking considerable time and effort and at a considerable cost. Savings that were originally forecasted from Tier 2/3 programs never materialized under the current landscape.

1.2 Future Framework

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

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

Providing clarity and continuity into the next framework is critical for all customers. To ensure a seamless and smooth transition that maintains and builds upon CDM momentum beyond 2014, a new CDM framework should be in place well before the expiry of the current one. Work involving key parties including LDCs, Electricity Distributor's Association (EDA), government, customer groups and OEB should start in 2013 to allow for a new framework to be in place by early 2014. The remainder of 2014 would be utilized for program development and design, economic analysis, procurement and launching of new CDM program initiatives.

2 Board-Approved CDM Programs

2.1 Introduction

In its Decision and Order dated November 12 2010 (**EB-2010-0215 & EB-2010-0216**), the OEB ordered that “Each licensed electricity distributor must, as a condition of its license, deliver Board-Approved CDM Programs, OPA-Contracted Province-Wide CDM Programs, or a combination of the two”. In its strategy document submitted to the OEB, KW Hydro anticipated that 24% and 4% of total energy savings and demand savings respectively, would be achieved through Tier 2/3 programs.

At this time, the implementation of Time-of-Use (“TOU”) Pricing has been deemed as a Board-Approved Conservation and Demand Management (“CDM”) program. It is currently the only Board-Approved program that is being offered in KW Hydro’s service area.

2.2 TOU Pricing

2.2.1 BACKGROUND

In its April 26, 2012 CDM Guidelines, the OEB recognized 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 savings from TOU pricing should be conducted by the OPA for the province, and then allocated to distributors. KW Hydro will report these results upon receipt from the OPA.

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

As of September 30, 2013, the OPA has not released any verified results of TOU savings to KW Hydro. Therefore KW Hydro is not able to provide any verified savings related to the TOU program at this time.

2.2.2. TOU PROGRAM DESCRIPTION

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

Initiative Frequency: Year-Round

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

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

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

RPP TOU	Rates (cents/kWh)			
	Effective Date	On Peak	Mid Peak	Off Peak
	November 1, 2010	9.9	8.1	5.1
	May 1, 2011	10.7	8.9	5.9
	November 1, 2011	10.8	9.2	6.2
	May 1, 2012	11.7	10	6.5
	November 1, 2012	11.8	9.9	6.3
	May 1, 2013	12.4	10.4	6.7

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

Initiative Activities/Progress:

KW Hydro began transitioning its RPP customers to TOU billing on (June 2, 2010). At December 31st, 2012, 85,455 customers were on TOU billing.

2.3 Kitchener-Wilmot Hydro Inc. Application with the OEB

There were no Tier 2/3 programs approved by the OEB in 2012. In 2012 KW Hydro did not file an application for any Board Approved CDM programs. KW Hydro continues to collaborate with other LDCs to weigh in on potential Board approved programs however no new programs have been developed to date.

OPA-Contracted Province-Wide CDM Programs

3.1 Introduction

Effective February 7th, 2011 KW Hydro entered into an agreement with the OPA to deliver CDM programs extending from January 1, 2011 to December 31, 2014, which are listed below. Program details are included in Appendix A. In addition, results include projects started pre 2011 which were completed in 2011:

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

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

In addition, results were realized towards KW Hydro’s 2011-2014 targets through the following pre-2011 programs:

Pre-2011 Programs			
Electricity Retrofit Incentive Program	n/a	n/a	All general service classes
High Performance New Construction	n/a	n/a	All general service classes
Multifamily Energy Efficiency Rebates	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 and removed from Schedule in Q2, 2013.

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

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

3.2 Program Descriptions

Full OPA-Contracted Province-Wide CDM Program descriptions are available [from the OPA] and additional initiative information can be found on the saveONenergy website at <https://saveonenergy.ca>. The targeted customer types, objectives, and individual descriptions for each Program Initiative are detailed in Appendix A.

3.2.1 RESIDENTIAL PROGRAMS

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

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

Discussion:

The Residential Program Portfolio is predominately a carryover of Initiatives from pre-2011 programs and is primarily driven by retailers and contractors. Market saturation continues to be a significant barrier to achieving the projected savings within this portfolio.

A high priority should be to revitalize and increase the effectiveness and breadth of the Initiatives through the Residential Program. There are additional opportunities within the Residential marketplace that need to be identified, developed and offered to customers.

Overview:

In 2012, residential programs accounted for approximately 22% of KW Hydro's total energy savings and 13% of total peak demand savings (Scenario 2). All of the in-market residential programs contributed to the total but the Heating and Cooling Incentive continues to drive the most significant savings for our residential program offerings, contributing 53% of the Consumer Program energy savings and 88% of the Consumer Program demand savings (Scenario 2).

In an effort to increase program awareness and participation KW Hydro worked with Cambridge and North Dumfries Hydro and Waterloo North Hydro to revamp existing marketing materials with new branding and messaging to help drive program awareness and increase visibility of the saveonenergy brand within the community. This rebranding exercise resulted in the creation of new digital, print and other visual media campaigns to launch the new creative across Waterloo Region. All materials in market were co-branded with KWH, CNDH and WNH logos to help increase our reach and maintain consistency. Marketing plans and advertising purchases were made as a collective group to help increase our purchasing power. Mass marketing, targeted marketing and stakeholder relationships with industry partners were all utilized to increase program uptake.

Residential programs also benefitted from the unique partnership KWH has with Kitchener Utilities (KU), the gas delivery agent for the City of Kitchener. Through our ongoing partnerships with Kitchener Utilities

KW Hydro is able to expand the reach and frequency of our message to our shared customer group and realize cost-efficiencies. Joint projects included conservation messaging in Natural Comforts, a print and digital publication issued collaboratively between KWH and KU, HPNC contractor networking, HVAC contractor networking and outreach as well as joint community event sponsorships.

There was a significant increase in marketing activity in 2012, given the addition of new resources to the team and a better understanding of the residential program landscape.

KW Hydro has a large residential customer base of over 80,000 and feels that there is tremendous opportunity for savings that we are not reaching with our current suite of programs. The residential program offering has remained unchanged for a long period of time, and many programs have reached market saturation. There are opportunities within the Residential marketplace that need to be identified, developed and offered to customers.

3.2.1.1 Appliance Retirement Initiative (Exhibit D)

Target Customer Type(s): Residential Customers

Marketing Initiatives/ Progress:

Below is a comprehensive list of marketing initiatives and activities undertaken by KW Hydro to promote the Appliance Retirement Initiative. Marketing efforts relied heavily on integrated partnerships with neighboring utilities Cambridge and North Dumfries Hydro and Waterloo North Hydro. These partnerships were essential in extending the reach of our marketing efforts while helping realize cost-efficiencies in delivering program information. In partnership with Cambridge and North Dumfries Hydro and Waterloo North Hydro we underwent an extensive rebranding exercise to find new ways to make program information more impactful for our customer base. This involved the creation of new advertising content for a variety of media including print, video and online content. In 2012 KWH retired 335 refrigerators and freezers which was a decrease from 631 units in 2011. This is a significant decline from last year's efforts, due in large part to modifications of program eligibility requirements, which made it increasingly difficult to find older refrigerators and freezers within the marketplace.

Digital Advertising

- Program information on Natural Comforts' new website.
- Program information included on our official company website.
- Program information included in our call centre's "on hold" messaging and digital sign display on the front of our building.

- Geographically targeted online advertisements with the Weather Network with over 250,000 total impressions and an average click through rate of 0.50% - significantly higher than the industry average of 0.1%.
- Geographically targeted online advertisements with the Waterloo Region Record with over 150,000 impressions and a click through rate of 0.24% - significantly higher than the industry average of 0.1%.
- Launch of YouTube Channel with Cambridge and North Dumfries Hydro and Waterloo North Hydro, combined with a Google Adwords campaign.
- Two, fifteen minute interviews with local Rogers TV programming station to provide information on the program with Cambridge and North Dumfries Hydro and Waterloo North Hydro.

Other

- Underwent a significant effort to re-brand the existing OPA marketing campaign to create something more creative for our customer base with our partners at Cambridge and North Dumfries Hydro and Waterloo North Hydro, which was executed in a variety of mediums including digital, video and print.
- Extensive internal awareness campaign that included regular information sessions for our Customer Service staff, program handouts, poster displays on pertinent bulletin boards and employee paystub inserts.
- Radio advertisements in the latter half of the year with 59 thirty second ads played across two radio stations, averaging 149, 142 listeners per week.
- Purchased promotional giveaways to have on hand for natural traffic in our customer service counter and lobby area.
- Worked with Cambridge and North Dumfries Hydro and Waterloo North Hydro to have information on the Initiative added to the Waterloo Region Waste Management website.

Sponsorships and Events

- Kidspark event sponsorship where we handed out program information – estimated attendance of 1,500 people.
- Sustainability in the Park event sponsorship where we handed out information with Cambridge and North Dumfries Hydro and Waterloo North Hydro – estimated attendance of more than 200 people.
- The International Plowing Match event sponsorship where we handed out information with Cambridge and North Dumfries Hydro, Waterloo North Hydro and Guelph Hydro – estimated attendance of more than 80,000 people over four days.

- Kitchener Fairview Park Mall outreach event with Kitchener Utilities for two days at the community kiosk, providing program information to more than 1,000 shoppers.
- Sponsorship with the Kitchener Rangers Hockey Club which included:
 - 125,000 online impressions on their website
 - ¼ page ad in East Avenue Blue, their official game program distributed to more than 125,000 attendees each year
 - 3 x thirty second video commercials played on Center Ice Video board at 34 home games throughout the year, with an average attendance of 7,225 fans per game
 - Main concourse signage visible to more than 125,000 game attendees throughout the year
 - Game night sponsorship where we handed out program information and small giveaways to more than 7,000 fans in attendance

Print

- Two advertisements in the Kitchener Citizen, distributed to more than 66,000 homes across Kitchener.
- One bill insert distributed to nearly 90,000 residential customers.
- One bill insert sent out in Kitchener Utilities bill inserts to nearly 66,000 customers across Kitchener.
- ¼ page advertisement in the Kitchener Leisure Guide that is circulated to more than 62,500 residents.

Additional Comments

- With the increase in appliance age to 20 years in 2013, many LDCs increased marketing and outreach throughout 2012 in an effort to increase uptake and achieve savings.
- Due to the duration of the program, and the revised eligibility requirements to a minimum of 20 years old, this Initiative appears to 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 such, the Residential portfolio could be reinvigorated through program evolution rather than weakened through diminished program offerings.
- The OPA and LDCs can continue working to establish partnerships with Independent retailers and municipalities. To date it has been very difficult as many retailers earn revenue through appliance removal and recycling the metal components of the units.

3.2.1.2 *Appliance Exchange Initiative (Exhibit E)*

Target Customer Type(s): Residential Customers

Marketing Activities/Progress:

KW Hydro participated in the Exchange Event Initiative by setting up an in-store display with Canadian Tire to promote the Initiative and other FOR HOME initiatives for the spring. Reception to the in-store display was very positive as customers appreciated the opportunity to talk to LDC reps in person, elevating our utility brand within the community. It was a great way to build awareness and make a connection with customers. The Exchange Events provide a significant opportunity for the LDC to engage with its customer base one-on-one and will become a larger part of our community outreach strategy looking forward once additional dates and retailers are added to the Initiative.

Additional Comments:

- This Initiative, eligible measures and incentive amounts are influenced by the retail partner with little involvement from the LDCs. There should be more emphasis on LDC involvement with the retailers from a local level that would help to complement the efforts made on a provincial level.
- 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. There is added benefit to continue to expand the network of retailers that offer this Initiative to increase program uptake.
- Notification regarding retailer participation and eligible measures continues to be delayed. Improved communications will aid in appropriate resource allocation and marketing of the Initiative.
- The initiative appears to require more promotion from retailers and LDCs.

3.2.1.3 *HVAC Incentives Initiative (Exhibit B)*

Target Customer Type(s): Residential Customers and Commercial Customers (Businesses with residential systems)

Marketing Initiatives/ Progress:

Below is a comprehensive list of marketing initiatives and activities undertaken by KW Hydro to promote the Heating and Cooling Incentive. Marketing efforts relied heavily on integrated partnerships with neighboring utilities Cambridge and North Dumfries Hydro, Waterloo North Hydro, our local gas utility Kitchener Utilities and the participating contractor network in Waterloo Region. These partnerships were essential in extending the reach of our marketing efforts while helping realize cost-efficiencies in

delivering program information. In partnership with Cambridge and North Dumfries Hydro and Waterloo North Hydro, we underwent an extensive rebranding exercise to find new ways to make program information more impactful for our customer base. This involved the creation of new advertising content for a variety of media including print, video and online content. In 2012 the HVAC program accounted for 11% and 12% of total Net Energy and Net Demand savings respectively. The HVAC program is a very important program with the portfolio and Kitchener-Wilmot Hydro will continue to build awareness around efficiency aimed at the consumer, contractor and wholesaler.

Contractor Engagement

- One-on-one meetings with more than 20 of our participating contractors network across the Waterloo Region to understand the sales cycle for furnace and air conditioner replacements and timelines on manufacturer incentives.
- Online survey sent to all participating contractors in the Waterloo Region to garner feedback about how they promote the program to their customer group, any program barriers they may encounter and common sales objections they deal with when trying to sell an energy-efficient unit.
- Brochures and pop-up banner displays, branded with Kitchener-Wilmot Hydro, Cambridge and North Dumfries Hydro and Waterloo North Hydro logos provided to all participating contractors in the Waterloo Region, to have on display in their showrooms.
- Contacted all contractors in Waterloo Region that were not on the participating contractor list to provide them with information on how they can register to become a part of the program.
- Program information included in Kitchener Utilities mail out to their Authorized Dealer Network, all of whom are participating contractors for the Heating and Cooling Incentive.

Digital Advertising

- Program information on Natural Comforts' new website.
- Program information included on our official company website.
- Program information included in on our call centre's "on hold" messaging and sign display on the front of our building.
- Video commercials played for 30 seconds at Cineplex Cinemas, with an average of 36 advertisements played each day for a two month span totaling 2,196 spots.
- Geographically targeted online advertisements with the Weather Network with over 250,000 total impressions and an average click through rate of 0.50% - significantly higher than the industry average of 0.1%.
- Geographically targeted online advertisements with the Waterloo Region Record with over 150,000 impressions and a click through rate of 0.24% - significantly higher than the industry average of 0.1%.

- Launch of YouTube Channel with Cambridge and North Dumfries Hydro and Waterloo North Hydro, combined with a Google Adwords campaign.
- Two, fifteen minute interviews with local Rogers TV programming station to provide information on the program with Cambridge and North Dumfries Hydro and Waterloo North Hydro.

Other

- Underwent a significant effort to re-brand the existing OPA marketing campaign to create something more creative for our customer base with our partners at Cambridge and North Dumfries Hydro and Waterloo North Hydro, which was executed in a variety of mediums including digital, video and print.
- Extensive internal awareness campaign that included regular information sessions for our Customer Service staff, program handouts, poster displays on pertinent bulletin boards and employee paystub inserts.
- Radio advertisements in the latter half of the year with 59 thirty second ads played across two radio stations, averaging 149, 142 listeners per week.
- Purchased promotional giveaways to have on hand for natural traffic in our customer service counter and lobby area.

Sponsorships and Events

- Kidspark event sponsorship where we handed out program information – estimated attendance of 1500 people.
- Sustainability in the Park event sponsorship where we handed out information with Cambridge and North Dumfries Hydro and Waterloo North Hydro – estimated attendance of more than 200 people.
- The International Plowing Match event sponsorship where we handed out information with Cambridge and North Dumfries Hydro, Waterloo North Hydro and Guelph Hydro – estimated attendance of more than 80,000 people over four days.
- Kitchener Fairview Park Mall outreach event with Kitchener Utilities for two days at the community kiosk, providing program information to more than 1000 shoppers.
- Sponsorship with the Kitchener Rangers Hockey Club which included:
 - 125,000 online impressions on their website
 - ¼ page ad in East Avenue Blue, their official game program distributed to more than 125,000 attendees each year
 - 3 x thirty second video commercials played on Center Ice Video board at 34 home games throughout the year, with an average attendance of 7,225 fans per game

- Main concourse signage visible to more than 125,000 game attendees throughout the year
- Game night sponsorship where we handed out program information and small giveaways to more than 7,000 fans in attendance

Print

- Advertisements in the Waterloo Region Record, distributed to more than 65,000 homes across the Waterloo Region.
- Advertisements in the Kitchener Citizen each month, distributed to more than 66,000 homes across Kitchener.
- Article feature in the Kitchener Citizen on energy saving tips, with program information included.
- Full page advertisement in Natural Comforts, a publication we collaboratively produced with Kitchener Utilities – sent out to more than 62,500 homes twice annually.
- Three large mall poster advertisements in Kitchener Fairview Park Mall at common entranceways for four weeks.
- Two bill inserts distributed to nearly 90,000 residential customers.
- One bill insert sent out in Kitchener Utilities bill inserts to nearly 66,000 customers across Kitchener.
- A targeted mail campaign sent out to 2,000 Kitchener Customers that resided in neighborhoods with HVAC systems estimated to be more than 25 years old.
- Advertisement in the Kitchener Leisure Guide that is circulated to more than 62,500 residents.

Additional Comments

- HVAC contractors were a key part of our success with the Heating and Cooling Incentive in 2012. They are an integral part to the customer purchase and program follow through. Understanding that, we made every effort to continuously engage with this group throughout the year.
- LDC HVAC reports have been delayed and are not as complete and accurate as are required by LDCs to make adjustments to their marketing strategies.
- 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.
- Rebates are most effective when they can be combined with other offers and discounts. As a result, we have worked with a variety of contractors to understand their discount cycle and the cycle of manufacturer rebates to ramp up our marketing efforts when we know additional incentives are in market.

- We also worked with Kitchener Utilities to provide an added incentive for upcoming year, where in 2013 Heating and Cooling Incentive participants will be eligible for an additional \$250 on-bill credit through Kitchener Utilities, our gas partner, for a limited time when they upgrade their existing furnace to a new model with an ECM motor.
- 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.
- Contractors would like access to additional sales tools that will help communicate savings a customer may see when purchasing a high efficiency unit so they can answer customer questions about estimated payback period on a high-efficiency unit.
- Mass marketing is effective to help increase awareness of the programs and brand, but targeted marketing will yield better results for a smaller investment. As we begin to understand the remaining uptake potential for this program in our service territory, we will work towards more targeted advertising for customers that better fit the participant profile for the program.
- 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 the Air Miles incentive in 2013 may help with this.

3.2.1.4 Conservation Instant Coupon Initiative (Exhibit A)

Initiative Activities/Progress: Conservation Instant Coupon Initiative

Target Customer Type(s): Residential Customers

Marketing Initiatives/ Progress:

Below is a comprehensive list of marketing and activities undertaken by Kitchener-Wilmot Hydro to promote the Instant Coupon Initiative. In addition to cobranding marketing between Initiatives, every effort was made to collaborate and share material, ad space and creative costs with Waterloo North Hydro and Cambridge North Dumfries Hydro in our endeavor to jointly deliver the program. Given this Initiative was available in September; our marketing efforts were limited as we did not have ample time to develop and implement a full marketing strategy for the Initiative. Kitchener-Wilmot Hydro was able to execute on several initiatives to build awareness and update in the program.

Digital Advertising

- Program information included on our official company website.
- Program information included in on our call centre's "on hold" messaging and sign display on the front of our building.

- Geographically targeted online advertisements with the Waterloo Region Record with over 150,000 impressions and a click through rate of 0.24% - significantly higher than the industry average of 0.1%.
- Geographically targeted online advertisements with Flyerland promoting downloadable coupons in partnership with Cambridge and North Dumfries Hydro and Waterloo North Hydro.
- Two, fifteen minute interviews with local Rogers TV programming station to provide information on the program with Cambridge and North Dumfries Hydro and Waterloo North Hydro.

Other

- Extensive internal awareness campaign that included regular information sessions for our Customer Service staff, program handouts, and poster displays on pertinent bulletin boards and employee paystub inserts.
- Purchased promotional giveaways to have on hand for natural traffic in our customer service counter and lobby area.

Sponsorships and Events

- Sustainability in the Park event sponsorship where we handed out information with Cambridge and North Dumfries Hydro and Waterloo North Hydro – estimated attendance of more than 200 people.
- Kitchener Fairview Park Mall outreach event with Kitchener Utilities for two days at the community kiosk, providing program information to more than 1000 shoppers.

Print

- Two gatefold-wrap advertisements in the Waterloo Region Record, distributed to more than 65,000 homes across the Waterloo Region.
- Advertisement in the Kitchener Citizen, distributed to more than 66,000 homes across Kitchener.
- Half page advertisement in Natural Comforts, a publication we collaboratively produced with Kitchener Utilities – sent out to more than 62,500 homes twice annually.
- Bill insert distributed to nearly 90,000 residential customers.
- Advertisements in the Kitchener Leisure Guide distributed to more than 62,500 residents.
- Banners and printed coupons at our customer service desk for customers to access.

Additional Comments

- Coupon values seem to be generous enough to motivate customers to choose energy-efficient technologies.

- Regular in-store signage, flyer advertisements and further engagement with participating retailers could encourage increased uptake in the coupons throughout the year, and an opportunity to develop better relationships with retailers at the local level.
- This Initiative was ineffective for most of 2012 as the Instant coupons (annual) were not available to consumers until September 2012. As such, savings budgeted by LDCs did not materialize.
- The timeframe for retailer submission of redeemed coupons vary from retailer to retailer and in some cases has been lengthy. The delays and incomplete results reporting limits the ability to react and respond to Initiative performance or changes in consumer behaviour. This also resulted in the delayed launch of the Initiative in 2012.
- Coupon booklets were not printed and mailed out in 2012. As such, Coupons were not widely available to consumers without the ability to download and print them.
- LDCs should be able to custom code all coupons to provide 100% allocation and push specific coupons based on localized needs.
- Program evolution, including new products and review of incentive pricing for the coupon Initiatives, should be a regular activity to ensure continued consumer interest.

3.2.1.5 *Bi-Annual Retailer Event Initiative (Exhibit C)*

Target Customer Type(s): Residential Customers

Marketing Initiatives/ Progress:

KW Hydro participated in the Bi-Annual Retailer Event Initiative by setting up in-store displays with select retailers to promote coupons and educate customers on energy-efficient products for their home. Reception to the in-store displays were positive as customers appreciated the opportunity to talk to LDC reps in person, elevating our utility brand within the community. Retail events provide a significant opportunity for the LDC to engage with its customer base one-on-one and will be an integral part of our community outreach strategy looking forward, now that we have a better understanding of the retail landscape.

Events

We chose to partner with Canadian Tire for the spring retail events to learn more about the retail landscape and evaluate the potential for customer outreach.

Additional Comments

- The Product list has changed very little over the past four years.

- Program evolution, including new products and review of incentive pricing for the coupon Initiatives, must be a regular activity to ensure continued consumer interest.
- The Product list could be distinctive from the Conservation Instant Coupon Initiative in order to gain more consumer interest and uptake.
- A review conducted by the Residential Working Group in Q4 2011 identified three areas of need for Initiative evolution: 1) introduction of product focused marketing; 2) enhanced product selection and 3) improved training for retailers as retail staff tend not to be knowledgeable regarding the products or promotion.
- LDCs should be able to custom code all coupons to provide 100% allocation and push specific coupons based on localized needs.
- 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.
- Further engagement with local retailers will be a part of our channel partner engagement strategy in 2013, finding ways to drive program participation through increased retailer engagement. KWH is also looking to partner with Kitchener Utilities on these events in 2013 to increase our customer reach and the frequency of events we host.

3.2.1.6 *Retailer Co-op*

Additional Comments:

- This is a retailer Initiative with no direct benefit to the LDCs
- Limited engagement of local retailers can restrict the savings potential for this Initiative.
- The availability of retailer and/or LDC staff with product knowledge and the ability to conduct demonstration in store during the events would be an asset. This could be a valuable role for LDCs, however many LDCs are limited by available resources and unable to participate.

3.2.1.7 *New Construction Program (Schedule B-2)*

Marketing Initiatives/ Progress:

Below is a comprehensive list of marketing and activities undertaken by Kitchener-Wilmot Hydro to promote the New Home Construction Initiative. The builder network is a newer program delivery partner that we have not had extensive involvement with. Thus, 2012 was used as a year to research and learn more about the residential new home construction landscape to evaluate the market potential for the

Initiative in our service territory. A builder customer database was created and in-person meetings were scheduled to discuss interest with builders that focus on energy efficiency to sell homes.

- Reached out to local builder network to provide information, brochures and handouts on the program and gauge interest.
- Partnered with Kitchener Utilities conservation staff to promote the program offering to their existing new home construction network.
- Extensive internal awareness campaign that included regular information sessions for our Customer Service staff, program handouts, poster displays on pertinent bulletin boards and employee paystub inserts.

Additional Comments:

- This Initiative provides incentives to home builders for incorporating energy efficiency into their buildings. To support this, LDCs need to provide education to the consumers regarding the importance of choosing the energy efficient builder upgrade options without an immediate benefit to the consumer.
- Following limited participation in 2011, the application process was revisited in 2012 to streamline administration in response to builder feedback. Participation levels are expected to grow but there will be a lag to when results materialize as homes pre-approved could take a year or more to be completed.
- The number of new homes that are built in Kitchener is slowing and there is a limited amount of potential savings from this program, based on the lowering number of new homes that are forecasted to be built through to the end of the CDM program framework.
- Administrative requirements, in particular individual home modeling, must align with perceived stakeholder payback. As per the Electricity Distributors Association (“EDA”) Working Groups, changes are being processed through change management for 2012. However, the lengthy change management process has resulted in continued non-participation from builders.

3.2.1.8 Residential Demand Response Program (Schedule B-3)

Marketing Activities/Progress:

Groundwork was established to evaluate the available technologies and infrastructure required to deliver the program in an effective way. Due to delays in technology availability and interoperability, this program was not in market in 2012. KW Hydro in collaboration with CNDH and WNH met with and piloted product from a variety of service providers to research possible technology options that would suit our customer base. Determining the right display unit and delivery partner for this Initiative proved to be challenging. Pilots of in-home displays were conducted to help inform an initial marketing strategy for launching the

program into market. Now that we have a better understanding of the technologies available, customer expectations, barriers and effective marketing strategies, the Residential Demand Response Initiative will be an integral part of our CDM portfolio offering moving forward.

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 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 installed by most LDCs do not have the capability to communicate directly to an In Home Display. When proposing technical Initiatives that rely on existing LDC hardware or technology such as Peaksaver Plus, 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.
- This is the main Initiative within the Residential portfolio that drives MW savings for LDCs.
- Given LDCs different smart meter environments, and needs, each LDC is positioning the Initiative slightly different. As such, greater program flexibility is required to address unique LDC needs.
- Provincial wide marketing needs to be sensitive to the variations of the Initiative and provide solid, consistent messaging.
- There currently is no avenue for participants without the ability to provide demand response capabilities to obtain an IHD and gain energy saving benefits.

3.2.2 COMMERCIAL AND INSTITUTIONAL PROGRAM

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

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

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

Discussion:

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

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

Looking ahead 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.

Overview:

KW Hydro has approximately 7,600 small business accounts and 955 large commercial accounts and knows that this customer segment will generate a significant portion of the energy savings and peak demand savings over the four year CDM Framework.

In 2012, commercial and institutional programs accounted for 72% of KW Hydro's total energy savings and 47% of total peak demand savings (Scenario 2).

The two programs with the greatest savings opportunities were Demand Response 3 and the Equipment Replacement Incentive Initiative (Retrofit Program). The retrofit program continues to see uptake in participation and consistently drives the energy savings total for KW Hydro. The Demand Response 3 program drives demand savings and unfortunately has seen stagnant growth largely due to lower incentives and constraints placed on the program coordination between the Aggregators, customers, OPA and the LDC. That being said KW Hydro has worked hard to collaborate with the provincial aggregators and communicated the benefits to the target market customers and hopes to see a turnaround in 2013.

Co-promotion and co-branding techniques were frequently used to plan and execute C&I programs with greater cost-effectiveness and increased awareness. Collaboration with Cambridge and North Dumfries and Waterloo North Hydro on creative, event execution and sponsorship has been highly effective in reaching a wider audience with consistent messaging and ultimately driving a higher number of energy efficient projects.

KW Hydro also continued its push-pull strategy with customers and channel partners improving relationships, expanding our reach ensuring energy efficiency is engrained in all aspects of the delivery channel.

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

Marketing Initiatives/ Progress:

The Retrofit Program continues to be a primary focus for KW Hydro within the Commercial and Institutional customer segment. In 2012, the Retrofit Program accounted for 64% and 24% of the total Net Energy Savings and Net Demand Savings (Scenario 2) respectively. Promoting both program incentives as well as educating customers and channels on the application process was both critical to the overall success of the initiative. KW Hydro's strategy was to implement a push-pull strategy targeting customers and channels partners which ultimately led to greater reach and program uptake. KW Hydro saw a 44% net savings increase and 29% net demand savings increase year over year. This was seen as a positive result raising expectations for 2013. From the beginning of setting initial targets within this CDM Framework, KW Hydro has seen several large users shut down their facilities thereby eliminating any potential for conservation opportunities. KW Hydro therefore must focus on other segments and target customers who are most likely to participate and benefit from our CDM programs.

KW Hydro continues to partake in planning and delivery efficiencies with both Cambridge and North Dumfries and Waterloo North Hydro. This has greatly expanded KW Hydro's capabilities to support customers and channels through the following marketing activities:

- KW Hydro in collaboration with Cambridge and North Dumfries and Waterloo North Hydro ran six breakfast sessions targeted at commercial customers focusing on a variety of energy efficient technologies. Breakfast sessions included:
- KW Hydro advertised in the Exchange Magazine focusing on news and success stories of businesses within the Kitchener, Waterloo Cambridge region.
- Helped to run organized the Kitchener Waterloo Chamber of Commerce Energy & Environment Tradeshow and advertised in their online newsletter. Additional advertising in the Advocate helped KW Hydro reach smaller businesses within the community.
- KW Hydro continued to execute on a channel partner engagement strategy in 2012. One on one meetings and presentations were conducted throughout 2012 thereby strengthening relationships and educating channel partners on the incentives and how it can help them sell more. This helped us reach a greater audience and help us reach greater participation in the program.
- Recognizing the need for online application support the KW Hydro created an application support document to help customers and channel partners navigate step by step through the on-line application process.
- KW Hydro in partnership with Cambridge and North Dumfries and Waterloo North Hydro ran the 4th Annual Technology Symposium. Rebranded to saveONenergy Technology Symposium the

show was an enormous success. Having no other show like it in southern Ontario this show brought together over 60 exhibitors selling energy efficient technology and over 300 customers from the region all to learn and discuss best practices on how to save energy. It was a very successful event that drove excellent awareness and energy efficient projects.

- KW Hydro continued to add to its commercial customer contact database and entered into several data updating initiatives to improve communication.
- KW Hydro regularly would perform on site visits to customer' facilities to understand where opportunities existed and help the customer to attain the necessary information to perform a business case analysis.

Additional Comments:

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

- Expanding the capacity of the engineered applications can offer customers an opportunity to maximize savings and incentives. Recognizing this, Toronto Hydro and London Hydro worked together to develop and provide the OPA with compressed air engineered worksheets for inclusion in the Initiative in Q3, 2012. To date, these have not been accepted and provided to LDCs for use.
- An identified deficiency in the various renditions of the equipment replacement 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 refused to participate. LDCs struggle to repair customer and channel partner relationships and gain momentum in the market place once again.
- While the Ministerial Directive provides continuity of the conservation programs for the participant, unclear direction on LDC administrative funding could result in many LDCs ‘ramping down’ programs in 2015. The establishment of defined administrative funding for 2015 is required to avoid a “stop and start” process.

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

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

Marketing Initiatives/ Progress:

High participation of the previous version of this initiative within the KW Hydro service territory has resulted in limited uptake potential for the 2011-2014 program. KW Hydro continued to utilize their service provider in an effort to maintain program momentum, however the diminished number of eligible customers limited program uptake. Kitchener-Wilmot Hydro focused its efforts on streamlining its efforts while focusing on marketing research tactics to target a very saturated market.

Other activities included:

- Use of a call center that contacted all remaining eligible customers and made record of reasons for customers not wanting to participate
- Provided local print marketing, radio broadcasting and newsletters aimed at local events through the local Chamber of Commerce
- Customer segment focused including the farming GS<50 kW customers with targeted messaging
- Direct Mails targeting customers who had not participated

Additional Comments:

- Successful execution of the previous rendition of this Initiative has resulted in diminished potential for the 2011-2014 Initiative in some LDC's territories.
- The inclusion of a standard incentive for additional measures increased project size and achieved higher energy and demand savings results in some situations.
- Electrical contractor's margins have been reduced due to no labour rate increase, increase cost of materials, greater distances between retrofits, more door knocking required before a successful sale and no funding for lifts. This has led to some instability with the vendor channel.
- Ambiguity with regard to eligibility resulted in large lists of customers being rejected following installation due to perceived ineligibility.
- The eligibility requirements have now been revamped and expanded however there has been limited communication and documentation of this to the marketplace.
- Currently LDCs are unable to offer these standard incentives to prior participants. The ability to return to prior participants and offer a standard incentive on the remaining measures has potential to provide additional energy and demand savings.

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

Marketing Initiatives/ Progress:

To date there has been no uptake with this initiative in KW Hydro's distribution service territory. As the nature of this program only lends itself to a small number of Kitchener-Wilmot Hydro customers; individual, on-site discussions and engagement was utilized as the primary strategy. Promotion and attention was given at customer breakfast sessions and the annual Technology Symposium.

Additional Comments:

- Initiative name does not properly describe the Initiative.
- There was minimal participation for this Initiative. It is suspected that the lack of participation in the program is a result of the Initiative being limited to space cooling and a limited window of opportunity (cooling season) for participation.
- Participation is mainly channel partner driven, however the particulars of the Initiative have presented a too significant of a barrier for many channel partners to participate.
- The customer expectation is that the program be expanded to include a broader range of measures for a more holistic approach to building recommissioning and chilled water systems used for other purposes should be made eligible and considered through Change Management.

- This initiative should be reviewed for incentive alignment with ERII, as currently a participant will not receive an incentive if the overall payback is less than 2 years.

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

Marketing Initiative / Progress:

- Set up an HPNC trade booth at the Technology Symposium
- Presented the program overview at breakfast sessions throughout the year
- Set up regular meeting with Union Gas to discuss the prospect list and identified target customers to approach
- Sent program information packages to architects and builders in our territory
- Marketing banners and sell sheets were created for promotional events and customer site visits.

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. Minimal 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.
- With the Ministerial Directive facilities with a completion date near the end of 2014 currently have some security that they will be compensated for choosing efficient measures.
- Participants estimated completion dates tend to be inaccurate and are usually 6 months longer. This could result in diminished savings towards target when facilities are not substantially completed by December 31, 2014.
- The custom application process requires considerable customer support and skilled LDC staff. 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'.

3.2.2.5 Energy Audit Initiative

Marketing Initiatives/ Progress:

- Kitchener-Wilmot Hydro provided ongoing local marketing and customer support for the initiative in various forms including promotion of the initiative at all key account events in short presentations and take away print material, directly to customers over the phone, by mail, by email as well as at face-to-face customer meetings
- KW Hydro in partnership with Cambridge and North Dumfries Hydro and Waterloo North Hydro actively engaged local energy audit firms in order to educate them on the initiative and the application process, provide marketing support in the form of program focused print material as well as offered to join audit firms on customer calls to further encourage customer participation
- Discussed energy audit options with customers in person

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

3.2.3 INDUSTRIAL PROGRAM

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

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

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

Discussion:

The Industrial Program Portfolio has been able to provide valuable resources to large facilities such as Energy Managers and enabling Engineering Studies. The Engineering Studies in particular provide a unique opportunity for a customer to complete a comprehensive analysis of an energy intensive process that they would not otherwise be able to undertake. Energy Managers provide customers with a skilled individual whose only role is to assist them with conservation initiatives. To date these Energy Managers have played a key role in customer participation. The ability to provide this level of focus enables Kitchener-Wilmot Hydro to go deeper into customer processes and ensures that there is the necessary project management and technical acumen to complete the retrofit and application successfully.

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

Extensive legal documents, complex program structure and lengthy change management have restricted the change and growth of this Portfolio. While the expedited change management has benefited the Commercial Portfolio, the Industrial Portfolio has not seen the same results due to the narrow scope of the process. 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 beyond 2014. Looking ahead there is minimal opportunity to make additional valuable changes to the current program suite and have these changes reflected in LDC 2014 results

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

Marketing/ Progress:

KW Hydro continues to work with Energy Managers and KAM resource across the region to build awareness amongst the larger customers. Several discussions took place in 2012 and the PSUI program stream is being considered. Up to this point no applications have been submitted within KW Hydro's territory. Several of KW Hydro's customers are in the manufacturing segment which has seen a tightening of capital for larger sized projects although KW Hydro is optimistic that some of the proposed projects will materialize.

Additional Comments:

- Approximately 100 engineering study applications have been submitted province-wide. 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.
- The contract required for PSUI is a lengthy and complicated document. A key to making PSUI successful is a new agreement for 'small' projects which is a simplified with less onerous conditions for the customer.
- To partially address this, changes were made to the ERII Initiative which allowed smaller projects to be directed to the Commercial stream. . 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 which would change the upper limit for a small project from 700 MWh to 1 million dollars in incentives. This would allow more projects to be eligible for the new small capital project agreement and increase participant uptake, while still protecting the ratepayer. (The small capital project agreement was finalized through change management in XX 2013).
- While there is considerable customer interest in on-site Load Displacement (Co-Generation) projects, in 2012 the OPA was accepting waste heat/waste fuel projects only. Natural gas generation projects were on hold awaiting a decision on whether PSUI will fund these types of projects. In June 2013, a decision was made to allow natural gas load displacement generation projects to proceed under PSUI. It is expected that a couple of projects may proceed although results may not be counted towards LDC targets due to in-service dates beyond 2014.

3.2.3.2 Monitoring & Targeting Initiative (Schedule D-2)

Marketing Initiatives/ Progress:

To date there has been no uptake with this initiative in KW Hydro's distribution service territory. KW Hydro uses a one-to-one sales strategy for communicating and promoting the program.

Additional Comments:

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

3.2.3.3 Energy Manager Initiative (Schedule D-3)

Marketing Initiatives/ Progress:

KW Hydro completed an application for a Roving Energy Manager at the end of 2012. KW Hydro expects this to be an integral piece of its strategy.

Additional Comments:

- The Energy Managers have proven to be a popular and useful resource for larger customers. There are approximately 70 Embedded Energy Managers (EEMs) and 25 Roving Energy Managers (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 Roving and Embedded Energy Managers (REM/EEM), in some instances taking up to 7 months to have a resource in place.
- New energy managers require training, time to familiarize with facilities and staff and require 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.

- Requirement that 30% of target must come from Non-incented projects is identified as an issue for most REMs, although final targets not due to 2013. Working group has proposed to remove this requirement for REM's only as they are not resident full time at a customer facility to find the non-incented savings.
- A decision on extending funding for EM's is required in 2013 for this important Initiative, which should continue beyond 2014, failing which these expert resources will be lost in favour of full-time employment elsewhere.

3.2.3.4 Key Account Manager (Schedule D-4)

Marketing Initiatives/ Progress:

KW Hydro received OPA approval for a KAM through Cambridge and North Dumfries lead application. KW Hydro utilizes the Key Account Manager to provide audits on specific technology which helps the customer to receive internal approval for capital equipment upgrades. Access to technical capabilities is seen as a key component for success with both the energy and demand savings targets.

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 discourages some skilled applicants resulting in longer lead times to acquire the right resource.
- A decision on extending funding for KAM's is required in 2013 for this important Initiative, which should continue beyond 2014, failing which these expert resources will be lost in favour of full-time employment elsewhere.

3.2.3.5 Demand Response 3 (D-6)

Marketing Initiatives/ Progress:

KW Hydro continues to build on its marketing and sales plan focused on the demand response target market. One-to-one sales visits and collaboration and alignment with the aggregators have led to good prospects and future opportunities. KW Hydro will continue to regard DR3 as a critical program for reaching the demand target and will work with customers one-on-one to communicate the value proposition and increase participation.

- Developed sell sheets and powerpoint presentations providing a thorough overview of the program value proposition

- One-to-one sales strategy and customer site visits
- Highlight program at all breakfast sessions and Technology Symposium
- Update target market customer list

Additional Comments:

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

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

Marketing Initiatives/Progress:

KW Hydro in partnership with Cambridge and North Dumfries Hydro and Waterloo North Hydro launched the Low Income Initiative in 2012 with a third party delivery service provider. A comprehensive marketing strategy was developed in partnership with CNDH, WNH and Kitchener Utilities. 2012 saw more than 400 applications received for the program and ranked KW Hydro among the top 6 LDCs for program participation across the province. Partnership with Kitchener Utilities was also introduced in 2012, where additional water and gas measures were offered to participants with gas heated hot water heaters – helping to extend the set of basic measures that each Initiative participant would receive. The success of the program was largely in part to the engagement of key stakeholders including the Region of Waterloo Housing, Kitchener Housing, various social agencies, non-profit housing providers and co-operative housing providers. Below is a comprehensive list of marketing and activities undertaken by KW Hydro to promote the Low Income Initiative.

Marketing Activities

- Stakeholder engagement meetings with Region of Waterloo, Kitchener Housing, local co-operative housing providers, social agencies and non-profit housing providers.

- Direct mail campaigns to targeted areas throughout Waterloo Region with flyer drops to more than 66,000 customers.
- Brochure mail out to all major social agencies across the Waterloo Region including the Food Bank, United Way, Waterloo Region Shares, KW Accessibility, The Working Centre, Ontario Works, Lutherwood, The Rent Bank and many more.
- Advertisements in the Kitchener Leisure Guide distributed to more than 62,500 customers.
- Bill inserts with the Waterloo Region Energy Assistance Program.
- Brochures on display in our front lobby area.
- Advertisements in the Best of Times distributed to more than 2,500 customers.
- Advertisements in the Parent Child Guide publication distributed to more than 5,000 customers.
- Article feature in two separate issues of the Kitchener Citizen, with distribution to more than 66,000 customers.
- Article featured in four separate issues of Waterloo Region Record's Campaign of Kindness, with distribution to more than 66,00 customers.
- Brochure distribution to more than 50 social agency groups across the Region of Waterloo.
- Pop-up banner distribution for 10 Region of Waterloo office locations for display in their lobby.
- Slides with program information included on rotating slide loops in all Region of Waterloo social agency offices.
- Attended more than 100 meetings with a variety of different social agencies, housing providers and community groups as requested.
- Insert distributed in Kitchener Utilities bills, to more than 66,000 customers.
- Extensive internal awareness promotions, including customer service presentations, memos and internal postings of newspaper features and creative materials.
- Feature in the Region of Waterloo's quarterly newsletter sent to more than 1,000 staff members.

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.

3.2.5 PRE-2011 PROGRAMS

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

4 2012 LDC CDM Results

4.1 Participation and Savings

Table 1: Kitchener-Wilmot Hydro Inc 2012 Savings Results

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)
Consumer Program															
Appliance Retirement	Appliances	631	335			36	20			262,506	134,960			55	1,453,993
Appliance Exchange	Appliances	69	54			7	8			8,561	14,106			11	72,637
HVAC Incentives	Equipment	2,261	1,767			642	401			1,178,372	689,786			1,043	6,782,846
Conservation Instant Coupon Booklet	Items	8,184	504			19	4			305,679	22,805			23	1,291,132
Bi-Annual Retailer Event	Items	14,195	17,303			27	24			479,313	436,812			52	3,227,688
Retailer Co-op	Items	0	0			0	0			0	0			0	0
Residential Demand Response (switch/pstat)	Devices	271	0			152	0			0	0			0	0
Residential Demand Response (IHD)	Devices	0	0			0				0					
Residential New Construction	Homes	0	0			0	0			0	0			0	0
Consumer Program Total						883	457			2,234,431	1,298,468			1,182	12,828,296
Business Program															
Retrofit	Projects	50	95			564	812			3,057,370	3,955,522			1,326	23,877,781
Direct Install Lighting	Projects	239	193			261	170			631,336	624,605			380	4,241,412
Building Commissioning	Buildings	0	0			0	0			0	0			0	0
New Construction	Buildings	0	1			0	30			0	51,506			30	154,519
Energy Audit	Audits	0	4			0	21			0	100,705			21	302,115
Small Commercial Demand Response	Devices	9	0			6	0			0	0			0	0
Small Commercial Demand Response (IHD)	Devices	0	0			0				0				0	0
Demand Response 3	Facilities	7	8			455	580			17,768	8,426			0	26,193
Business Program Total						1,285	1,612			3,706,474	4,740,764			1,757	28,602,020
Industrial Program															
Process & System Upgrades	Projects	0	0			0	0			0	0			0	0
Monitoring & Targeting	Projects	0	0			0	0			0	0			0	0
Energy Manager	Projects	0	0			0	0			0	0			0	0
Retrofit	Projects	10				40				271,185				40	1,084,740
Demand Response 3	Facilities	4	3			1,453	1,275			85,285	30,717			0	116,002
Industrial Program Total						1,493	1,275			356,470	30,717			40	1,200,742
Home Assistance Program															
Home Assistance Program	Homes	0	171			0	14			0	171,520			14	514,561
Home Assistance Program Total						0	14			0	171,520			14	514,561
Pre-2011 Programs Completed in 2011															
Electricity Retrofit Incentive Program	Projects	68	0			964	0			6,580,023	0			964	26,320,092
High Performance New Construction	Projects	0	2			1	71			5,230	19,804			72	80,334
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						965	71			6,585,253	19,804			1,037	26,400,426
Other															
Program Enabled Savings	Projects	0	0			0	0			0	0			0	0
Time-of-Use Savings	Homes					0								0	0
Other Total						0	0			0	0			0	0
Adjustments to Previous Year's Verified Results															
Energy Efficiency Total						2,561	1,574			12,779,576	6,222,132			4,029	69,403,850
Demand Response Total [Scenario 1]						2,066	1,854			103,052	39,143			0	142,195
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						4,626	3,416			12,882,629	6,614,105			4,013	70,949,183
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.			
												Full OEB Target:		21,560	90,290,000
												% of Full OEB Target Achieved to Date (Scenario 1):		18.6%	78.6%

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	0.79	2.25	0.46	1.30	1.18	12.83
Business Program Total	1.98	6.51	1.61	4.74	1.76	28.60
Industrial Program Total	1.27	0.03	1.28	0.03	0.04	1.20
Home Assistance Program Total	0.01	0.17	0.01	0.17	0.02	0.51
Pre-2011 Programs completed in 2011 Total	0.14	0.32	0.07	0.02	1.04	26.40
Total OPA Contracted Province-Wide CDM Programs	4.19	9.28	3.43	6.26	4.04	69.54

4.2 Evaluation

The following has been provided by the OPA from the document “Final 2012 EM&V Findings” posted on the IESO web portal on August 30th, 2013.

Consumer Program

Bi-Annual Coupons

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

Annual Coupons

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

HVAC

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

Appliance Retirement

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

Appliance Exchange

- Increase of 30% for exchanged dehumidifiers over 2011, leading to an increase of 4% in overall participation.
- Higher per unit savings for dehumidifiers drove the overall increase in 2012 savings.

PeaksaverPLUS

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

Residential New Construction

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

Business Programs

Retrofit

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

Small Business Lighting

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

Existing Building Commissioning

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

New Construction

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

Audit Funding Program

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

Industrial Programs

Process and Systems Upgrade Initiative

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

DR-3

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

Home Assistance Program

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

4.3 Spending

Spending continued to increase in 2012 as Kitchener-Wilmot Hydro Inc. continued to build its CDM team and take on more of the planning and execution of all CDM programs. Spending continues to be strategically focused on initiatives that deliver both short term and long term results. 2012 was considered another building year with increased emphasis on initiative execution based on marketing research and overall program knowledge.

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	\$66,373.66	NA	NA	NA	\$66,373.66
Appliance Exchange	\$26,193.05	NA	NA	NA	\$26,193.05
HVAC Incentives	\$130,640.91	NA	NA	NA	\$130,640.91
Conservation Instant Coupon Booklet	\$36,034.79	NA	NA	NA	\$36,034.79
Bi-Annual Retailer Event	\$0	NA	NA	NA	\$0
Retailer Co-op	\$0	NA	NA	NA	\$0
Residential Demand Response	\$30,298.19	NA	NA	NA	\$30,298.19
New Construction Program	\$10,058.29	NA	NA	NA	\$10,058.29
Business Program					
Efficiency: Equipment Replacement	\$195,177.16	NA	\$722,909.61	NA	\$918,086.77
Direct Installed Lighting	\$19,465.72	\$107,182.00	\$217,756.00	NA	\$344,403.72

Existing Building Commissioning Incentive	\$7,421.63	NA	NA	NA	\$7,421.63
New Construction and Major Renovation Initiative	\$13,321.63	NA	\$0	NA	\$13,321.63
Energy Audit	\$28,377.96	NA	\$0	NA	\$28,377.96
Direct Install Space Cooling	\$7,421.63	NA	\$107,182.00	NA	\$114,603.63
Small Commercial Demand Response (part of the Residential program schedule)	0\$	NA	NA	NA	\$0
Demand Response 3 (part of the Industrial program schedule)	\$23,292.16	NA	NA	NA	\$23,292.16
Industrial Program					
Process & System Upgrades					
a) preliminary engineering study	\$2,148.22	NA	NA	NA	\$2,148.22
b) detailed engineering study	\$2,148.22	NA	NA	NA	\$2,148.22
c) program incentive	\$5,373.64	NA	NA	NA	\$5,373.64
Monitoring & Targeting	\$643.55	NA	NA	NA	\$643.55
Metering & Instrument	\$433.19	NA	NA	NA	\$433.19
Energy Manager	\$6,939.46	NA	NA	NA	\$6,939.46
Key Account Manager ("KAM")	\$10,446.53	NA	NA	NA	\$10,446.53
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	\$0	NA	NA	NA	\$0

Demand Response 3	\$2,127.09	NA	NA	NA	\$2,127.09
Home Assistance Program					
Home Assistance Program	\$42,709.31	NA	\$0	NA	\$42,709.31
Pre 2011 Programs					
Electricity Retrofit Incentive Program	\$0	NA	\$162,528.83	NA	\$162,528.83
High Performance New Construction	\$0	NA	NA	NA	\$0
Initiatives Not In Market					
Midstream Electronics	NA	NA	NA	NA	NA
Midstream Pool Equipment	NA	NA	NA	NA	NA
Demand Service Space Cooling	NA	NA	NA	NA	NA
Demand Response 1 (Commercial)	NA	NA	NA	NA	NA
Demand Response 1 (Industrial)	NA	NA	NA	NA	NA
Home Energy Audit Tool	NA	NA	NA	NA	NA
TOTAL Province-wide CDM PROGRAMS	\$667,045.99	\$107,182.00	\$1,210,376.44		\$1,984,604.43

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	\$102,608	NA	NA	NA	\$102,608
Appliance Exchange	\$44,198.55	NA	NA	NA	\$44,198.55
HVAC Incentives	\$176,122.70	NA	NA	NA	\$176,122.70
Conservation Instant Coupon Booklet	\$90,612.64	NA	NA	NA	\$90,612.64
Bi-Annual Retailer Event	\$0	NA	NA	NA	\$0
Retailer Co-op	\$0	NA	NA	NA	\$0
Residential Demand Response	\$47,065.21	NA	NA	NA	\$47,065.21
New Construction Program	\$33,008.72	NA	NA	NA	\$33,008.72
Business Program					
Efficiency: Equipment Replacement	\$308,017.90	NA	\$788,102.61	NA	\$1,096,120.50
Direct Installed Lighting	\$28,896.66	\$107,182.00	\$438,877.50	NA	\$574,956.16
Existing Building Commissioning Incentive	\$10,250.50	NA	NA	NA	\$10,250.50
New Construction and Major Renovation Initiative	\$17,206.06	NA	\$0	NA	\$17,206.06
Energy Audit	\$52,237.76	NA	\$0	NA	\$52,237.76
Direct Install Space Cooling	\$10,250.50	NA	NA	NA	\$10,250.50
Small Commercial Demand Response (part of the Residential program schedule)	\$0	NA	NA	NA	\$0
Demand Response 3 (part of the Industrial program schedule)	\$25,249.07	NA	NA	NA	\$25,249.07

Industrial Program					
Process & System Upgrades					
a) preliminary engineering study	\$5,025.69	NA	NA	NA	\$5,025.69
b) detailed engineering study	\$4,500.69	NA	NA	NA	\$4,500.69
c) program incentive	\$8,536.54	NA	NA	NA	\$8,536.54
Monitoring & Targeting	\$2,023.67	NA	NA	NA	\$2,023.67
Metering & Instrument	\$1,813.31	NA	NA	NA	\$1,813.31
Energy Manager	\$12,160.46	NA	NA	NA	\$12,160.46
Key Account Manager ("KAM")	\$15,635.01	NA	NA	NA	\$15,635.01
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	\$0	NA	\$0	NA	\$0
Demand Response 3	\$4,076.90	NA	NA	NA	\$4,076.90
Home Assistance Program					
Home Assistance Program	\$53,282.55	NA	\$0	NA	\$53,282.55
Pre 2011 Programs					
Electricity Retrofit Incentive Program	\$0	NA	\$794,452.90	NA	\$794,452.90
High Performance New Construction	\$0	NA	NA	NA	\$0
Initiatives Not In Market					
Midstream Electronics	NA	NA	NA	NA	NA

Midstream Pool Equipment	NA	NA	NA	NA	NA
Demand Service Space Cooling	NA	NA	NA	NA	NA
Demand Response 1 (Commercial)	NA	NA	NA	NA	NA
Demand Response 1 (Industrial)	NA	NA	NA	NA	NA
Home Energy Audit Tool	NA	NA	NA	NA	NA
TOTAL Province-wide CDM PROGRAMS	\$1,052,779.09	\$107,182.00	\$2,021,433.01		\$3,181,394.09

4.4 Additional Comments

Overall, 2012 proved to be a successful year for KW Hydro in CDM. The hard work, ongoing customer and channel engagement and collaborative delivery in 2011 built a solid foundation leading into 2012. Incremental activity in ERII was up 90% over the previous year and the total number of applications submitted increased proving that our efforts are having a significant impact on participation.

This year also saw the internal dedicated resources of KW Hydro increase from 1.5 full time equivalents to 4.5 by mid-year. Third party delivery agents and contractors were also an important component to the delivery of turn-key programs such as Direct Install and Home Assistance Program. Engaging with customers on a more technical level and a new marketing theme for the key consumer initiatives proved successful in increasing awareness of the brand and program offerings. A direct to the customer engagement with channel support strategy continues to be the most effective means to drive participation in the C&I and Industrial portfolios. This will continue to be a primary focus and driver to achieve the energy savings target.

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	4.6	2.6	2.6	2.5
2012 – Verified by OPA		3.4	1.5	1.5
2013				
2014				
Verified Net Annual Peak Demand Savings in 2014*:				4.0
Kitchener-Wilmot Hydro Inc. 2014 Annual CDM Capacity Target:				21.56
Verified Portion of Peak Demand Savings Target Achieved (%):				18.6%

*Scenario 1 – no DR3 savings persist to 2014

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	12.9	12.8	12.8	12.6	51.0
2012 – Verified by OPA		6.6	6.5	6.4	19.9
2013					
2014					
Verified Net Cumulative Energy Savings 2011-2014:					70.9
Kitchener-Wilmot Hydro Inc. 2011-2014 Cumulative CDM Energy Target:					90.3
Verified Portion of Cumulative Energy Target Achieved (%):					78.6%

5.2 Variance from Strategy and Outlook to 2014

The net verified results in this report demonstrate a variance from the original strategy submitted to the OEB on November 1, 2010. The 2012 results for peak demand savings continue to fall short of the original strategy milestones and although the cumulative energy total is closer the yearly outcomes differ substantially.

The gap in forecasted versus actual can be attributed to a few key points:

- At the time of the original strategy there was limited program knowledge
- Initiatives such as DR3 and RDR weigh heavily into the success of meeting our MW target. These programs have proven to have a significant barrier to entry into the market and ongoing delivery inhibitors coupled with challenging market conditions
- Large projects currently pre-approved and underway require an extended timeline for implementation and completion. The groundwork for projects of this nature has already been laid and savings should hopefully begin to appear in 2013 and by 2014.

Table 7: Original CDM Strategy Energy Savings GWh Forecast

Implementation Period	Annual (GWh)				Cumulative (GWh)
	2011	2012	2013	2014	2011-2014
2011	5.3	5.3	5.3	5.3	21.2
2012		7.8	7.8	7.8	23.4
2013			12.7	12.7	25.4
2014				23.1	23.1
Verified Net Cumulative Energy Savings 2011-2014:					93.1
Kitchener-Wilmot Hydro Inc. 2011-2014 Cumulative CDM Energy Target:					90.29
Verified Portion of Cumulative Energy Target Achieved (%):					103.11%

Table 8: Updated CDM Strategy Energy Savings GWh Forecast

Implementation Period	Annual (GWh)				Cumulative (GWh)
	2011	2012	2013	2014	2011-2014
2011 – Verified by OPA	12.9	12.8	12.8	12.6	51.0
2012 – Verified by OPA		6.6	6.5	6.4	19.9
2013 - Forecasted			6.8	6.7	13.5
2014 - Forecasted				6.5	6.5
Verified Net Cumulative Energy Savings 2011-2014:					90.9
Kitchener-Wilmot Hydro Inc. 2011-2014 Cumulative CDM Energy Target:					90.29
Verified Portion of Cumulative Energy Target Achieved (%):					100.7%

Table 9: Original CDM Strategy Demand Savings MW Forecast

Implementation Period	Annual (MW)			
	2011	2012	2013	2014
2011	6.1	6.1	6.1	6.1
2012		5.3	5.3	5.3
2013			5.3	5.3
2014				5.3
Verified Net Annual Peak Demand Savings in 2014*:				22.0
Kitchener-Wilmot Hydro Inc. 2014 Annual CDM Capacity Target:				21.56
Verified Portion of Peak Demand Savings Target Achieved (%):				102.0%

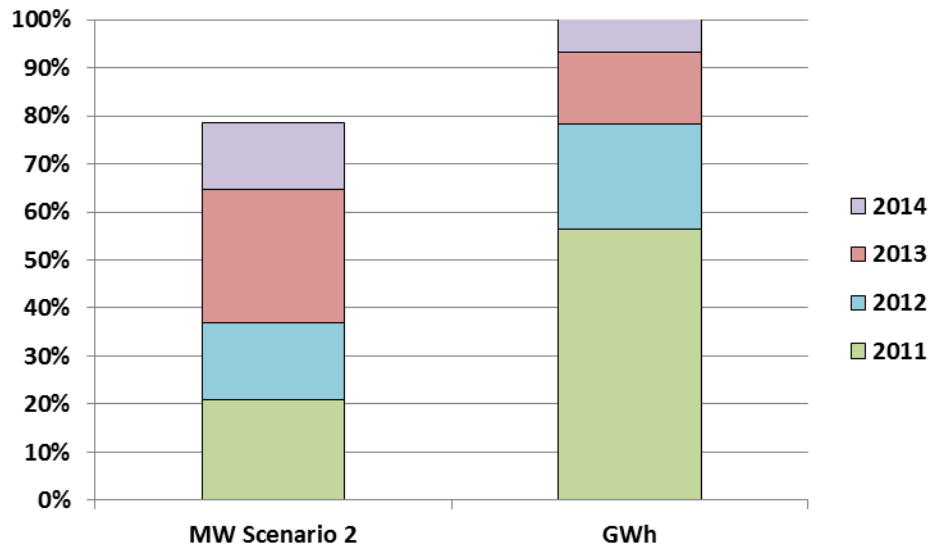
*Scenario 2 – DR3 included in results with persistence until 2014

Table 10: Updated CDM Strategy Demand Savings MW Forecast

Implementation Period	Annual (MW)			
	2011	2012	2013	2014
2011 – Verified by OPA	4.6	4.6	4.6	4.6
2012 – Verified by OPA		3.4	3.4	3.4
2013 - Forecasted			6	6
2014 - Forecasted				3
Verified Net Annual Peak Demand Savings in 2014*:				17
Kitchener-Wilmot Hydro Inc. 2014 Annual CDM Capacity Target:				21.56
Verified Portion of Peak Demand Savings Target Achieved (%):				78.8%

*Scenario 2 DR3 included in results with persistence until 2014

Table 11: Outlook to 2014



6.0 Conclusion

By the end of 2012, KW Hydro has achieved 4.0 MW (Scenario 1) and 8.0 MW (Scenario 2) in peak demand savings and 70.9 GWh in energy savings, which represents 18.6% (Scenario 1), 37% (Scenario 2) and 78.6% respectively, of KW Hydro's 2014 CDM targets. These results are representative of a considerable effort expended by KW Hydro, in cooperation with other LDCs, customers, channel partners and stakeholders to overcome many obstacles and to begin to establish a culture of energy efficiency across all market segments.

Despite continuing improvements to existing programs and ongoing market development, KW Hydro faces ongoing challenges in the remaining years of the current CDM Framework. Like many LDCs, KW Hydro is struggling to stay on pace for achieving the demand savings target. It is important to recognize that KW Hydro's demand savings target was calculated prior to several of its "large user" customers closing. KW Hydro's manufacturing focused territory continues to feel the impacts of the recession and has witnessed the closing of many of its largest customers. Kitchener Frame (12MW), Uniroyal (11.5MW), and Maple Leaf (7MW) combined for over 30MW which was removed from CDM eligibility even though targets were based on their participation. These customers made up a sizeable piece of the overall demand saving market opportunity and factor in to updated forecasts. Furthermore, continuous administrative challenges and program uncertainties surrounding demand saving programs will continue to limit future growth forecasts.

Due to these ongoing threats, KW Hydro has made continuous enhancements to its strategy and delivery and expects to see improved results in the remaining two years. Whether or not program limitations are removed KW Hydro must reforecast based on historical results and the current market conditions and therefore believes that it will fall marginally short of the 2011 -2014 CDM demand target but will continue to strive to uncover new opportunities and make up for unforeseen market risk.

Regarding the energy savings target, KW Hydro believes that by focusing on strategic customers and continuing to aggressively market and sell energy efficiency, it will continue to achieve significant energy saving projects and forecasts that it will meet the energy savings target by the end of 2014. KW Hydro looks forward to building on its successes achieved in the first two years of the 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>

In Market Date: 2011

APPLIANCE EXCHANGE INITIATIVE (Exhibit E)

Target Customer Type(s): Residential Customers

Initiative Frequency: Spring and Fall

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

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

Targeted End Uses: Window air conditioners and portable dehumidifiers

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

Additional detail is available:

- 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>

In Market Date: 2011

HVAC INCENTIVES INITIATIVE (Exhibit B)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

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

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

Targeted End Uses: Central air conditioners and furnaces

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

Additional detail is available:

- 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>

In Market Date: 2011

CONSERVATION INSTANT COUPON INITIATIVE (Exhibit A)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

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

Description: This Initiative provides customers with year round coupons. The coupons offer instant rebates towards the purchase of a variety of low cost, easy to install energy efficient measures and can be redeemed at participating retailers. Booklets were directly mailed to customers and were also available at point-of-purchase. Downloadable coupons were also available at www.saveoneenergy.ca.

Targeted End Uses: ENERGY STAR® qualified Standard Compact 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>

In Market Date: 2011

BI-ANNUAL RETAILER EVENT INITIATIVE (Exhibit C)

Target Customer Type(s): Residential Customers

Initiative Frequency: Bi-annual events

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

Description: Twice a year (Spring and Fall), participating retailers host month-long rebate events. During the months of April and October, customers are encouraged to visit participating retailers where they can

find coupons redeemable for instant rebates towards a variety of low cost, easy to install energy efficient measures.

Targeted End Uses: As per the Conservation Instant Coupon Initiative

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

Additional detail is available:

- 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>

In Market Date: March 2011

In Market Date: 2011

RETAILER CO-OP

Target Customer Type(s): Residential Customers

Initiative Frequency: Year Round

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

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

Targeted End Uses: As per the Conservation Instant Coupon Initiative

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

In Market Date: 2011

NEW CONSTRUCTION PROGRAM (Schedule B-2)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

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

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

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

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

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

Additional detail is available:

- 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>

In Market Date: 2011

RESIDENTIAL DEMAND RESPONSE PROGRAM (Schedule B-3)

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

Initiative Frequency: Year round

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

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

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

Delivery: LDC's recruit customers and procure technology

Additional detail is available:

- 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>

In Market Date: TBA

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>

In Market Date: 2011

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

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

Initiative Frequency: Year round

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

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

Target End Uses: Lighting and electric water heating measures

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

Additional detail is available:

- 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>

In Market Date: 2011

EXISTING BUILDING COMMISSIONING INCENTIVE INITIATIVE (Schedule C-6)

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

Initiative Frequency: Year round

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

Description: This Initiative offers Participants incentives for the following:

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

Targeted End Uses: Chilled water systems for space cooling

Delivery: LDC delivered.

Additional detail is available:

- 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>

In Market Date: 2011

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

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

Initiative Frequency: Year round

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

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

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

Delivery: LDC delivers to customers and design decision makers.

Additional detail is available:

- 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>

In Market Date: 2011

ENERGY AUDIT INITIATIVE (Schedule C-1)

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

Initiative Frequency: Year round

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

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

Targeted End Uses: Various

Delivery: LDC delivered.

Additional detail is available:

- 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>

In Market Date: 2011

Industrial Program

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

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

Initiative Frequency: Year round

Objectives: The objectives of this Initiative are to:

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

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

- a) \$200/MWh of annualized electricity savings
- b) 70% of projects costs
- c) A one year pay back

Targeted End Uses: Process and systems

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

Additional detail is available:

- 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>

In Market Date: 2011

MONITORING & TARGETING INITIATIVE (Schedule D-2)

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

Initiative Frequency: Year round

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

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

Targeted End Uses: Process and systems

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

Additional detail is available:

- 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>

In Market Date: 2011

ENERGY MANAGER INITIATIVE (Schedule D-3)

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

Initiative Frequency: Year round

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

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

Targeted End Uses: Process and systems

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

Additional detail is available:

- 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>

In Market Date: Application for REM submitted 2012

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

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

Initiative Frequency: Year round

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

Description: This Initiative provides LDCs the opportunity to utilize a KAM to assist their customers. The KAM is considered to be a key element in assisting the consumer in overcoming traditional barriers

related to energy management and help them achieve savings since the KAM can build relationships and become a significant resource of knowledge to the customer.

Targeted End Uses: Process and systems

Delivery: LDC delivered

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

In Market Date: 2012

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>

In Market Date: 2011

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

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

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>

In Market Date: 2012

Appendix B: Pre-2011 Programs

ELECTRICITY RETROFIT INCENTIVE PROGRAM

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

Initiative Frequency: Year Round

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

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

Targeted End Uses: Electricity savings measures

Delivery: LDC Delivered

HIGH PERFORMANCE NEW CONSTRUCTION

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

Initiative Frequency: Year round

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

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

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

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

TORONTO COMPREHENSIVE INITIATIVE

Target Customer Type(s): Commercial and Institutional Customers

Initiative Frequency: Year round

Description: This Initiative is specific to Toronto Hydro's Service Area.

MULTIFAMILY ENERGY EFFICIENCY REBATES

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

Initiative Frequency: Year round

Objective: Improve energy efficiency of Multi-unit building

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

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

Targeted End Uses: Electricity saving measures

Delivery: OPA contracted with Greensaver

DATA CENTRE INCENTIVE PROGRAM

Initiative Frequency: Year round

Description: This Initiative is specific to Powerstream's Service Area.

ENWIN GREEN SUITES

Initiative Frequency: Year round

Description: This Initiative is specific to EnWin's Service Area.