



September 30, 2014

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

Dear Ms. Walli:

Re: 2013 Conservation and Demand Management Annual Report Kitchener-Wilmot Hydro Inc.

Kitchener-Wilmot Hydro Inc. hereby files with the Ontario Energy Board a copy of its 2013 Conservation and Demand Management Annual Report, pursuant to the Board's Conservation and Demand Management Code for Electricity Distributors

Also as required, the Report has been filed electronically via the Board's e-filing web portal and a copy has been made available for public viewing at Kitchener-Wilmot Hydro's website.

Please contact me by telephone at 519-749-96196 or by email at jfinch@kwhydro.ca if you require further information on this matter.

Yours truly,

John Finch
Manager Energy Conservation & Communications



Kitchener-Wilmot Hydro Inc.

Conservation and Demand Management 2013 Annual Report

**Submitted to:
Ontario Energy Board**

Submitted on September 30, 2014

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Executive Summary

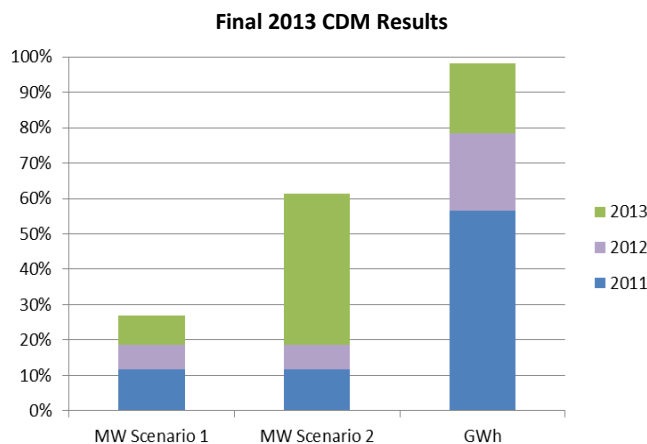
This annual report is submitted by Kitchener-Wilmot Hydro Inc. in accordance with the filing requirements set out in the CDM Code (Board File No. EB-2010-0215), specifically Appendix C Annual Report, as a progress report. Accordingly, this report outlines Kitchener-Wilmot Hydro's CDM activities for the period of January 1, 2013 to December 31st, 2013. The CDM Code requires that Kitchener-Wilmot Hydro Inc. (KW Hydro) achieve 21.56 MW peak demand savings and 90.29 GWh of energy savings during the period of January 1st, 2011 until December 31st, 2014.

KW Hydro did not apply for any Board-Approved CDM Programs during 2013; however, as noted in the CDM guidelines, released April 26, 2012, the Ontario Energy Board (OEB) has deemed Time-of-Use (TOU) pricing a Province-wide Board-Approved CDM Program. The Ontario Power Authority (OPA) is to provide measurement and verification on TOU. At the time of this report the OPA has not released any verified results of TOU savings to KW Hydro.

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

In 2012 & 2013, KW Hydro continued to promote program participation within the various segments and continued to analyze the effectiveness of marketing and program delivery efforts. A continuation of collaboration with neighboring utilities as well as a renewed emphasis on data and market analysis was initiated in the early part of 2013 in order to maximize cost efficiencies in the later part of the framework.

To date KW Hydro has achieved 5.9 MW (Scenario 1) of net incremental peak demand savings and 88.9 GWh of net cumulative energy savings by the end 2013. A summary of the achievements towards the CDM targets is shown below:



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

As shown above, KW Hydro's 2013 results were very positive. At the end of 2013, KW Hydro is very close to hitting its energy target and expects to exceed target by Q1 of 2014. Although demand savings are improving, KW Hydro does not expect to achieve 100% of its target. The two largest contributors to KW Hydro's projected shortfall against its demand savings are TOU rates and the Demand Response 3 Program. The updated forecast prepared for this report shows that there will be a shortfall of an estimated 6.5 MW versus KW Hydro's 2014 peak demand reduction target. Given the expected shortfall of the demand reduction target, KW Hydro continues to work actively on participant engagement. In addition, KW Hydro continues to partner with other LDCs, and has been working with the Ontario Power Authority ("OPA") and the Electrical Distribution Association ("EDA") to improve program effectiveness.

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 16th, 2010 which provided a high level of description of how Kitchener-Wilmot Hydro intended to achieve its CDM targets.

The Code also requires a distributor to file annual reports with the Board. This is the third Annual Report by KW Hydro and has been prepared in accordance with the Code requirement and covers the period from January 1, 2013 to December 31, 2013.

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.

KW Hydro submitted its 2012 Annual Report on September 30th, 2012 which summarized the CDM activities undertaken by KW Hydro for the January 1, 2012 to December 31, 2012 period. The OEB's 2012 CDM Results report identified that the majority of LDCs achieved close to 20% of their net peak demand (MW) target from their 2012 results. However, LDCs generally advised the Board that meeting their peak demand (MW) target is not likely and that a shortfall is expected.

LDCs collectively achieved approximately 8% of the energy savings (GWh) target, which is slightly below the 10% incremental annual savings needed each year to achieve the energy savings target. Overall the cumulative results represent approximately 65% of the net energy target of 6,000 GWh.

The report identified that although there have been improvements to programs there still remains some shortcomings to the design and delivery of certain initiatives that have resulted in a negative impact to some programs. In particular, the change management process still requires improvements to expedite enhancements to initiatives. The report also noted that certain initiatives may be reaching the point of market saturation and that new initiatives may need to be developed in order to take the place of the existing initiatives.

1 Board-Approved CDM Program

1.1 Introduction

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

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

1.2 TOU Pricing

1.2.1 Background

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

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

The OPA had retained The Brattle Group as the evaluation contractor and has been working with an expert panel convened to provide ongoing advice on methodology, data collection, models, savings allocation, etc. The initial evaluations were conducted in 2013 with five LDCs – Hydro One, THESL, Ottawa Hydro, Thunder Bay and Newmarket. Preliminary results from these five LDCs were issued to the five LDCs involved in the study in August 2013 and are now publically available on the OPA website. Preliminary results demonstrated load shifting behaviours from the residential customer class.

Three additional LDCs were added to the study in 2014 – Cambridge & North Dumfries, Powerstream and Sudbury. Preliminary results from this study are planned to be issued to the eight LDCs in September 2014. The OPA advised that the TOU study will be complete in the summer of 2015 and final verified savings will be available for LDCs to include in the 2014 Annual Report.

As of September 30, 2014, the OPA has not released any verified results of TOU savings to Kitchener-Wilmot Hydro. Therefore Kitchener-Wilmot Hydro is not able to provide any verified savings related to LDC’s TOU program at this time.

1.2.2 TOU PROGRAM DESCRIPTION

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

Initiative Frequency: Year-Round

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

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

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

RPP TOU	Rates (cents/kWh)		
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
November 1, 2013	12.9	10.9	7.2
May 1, 2014	13.5	11.2	7.5

Delivery: The OEB set the rates; LDCs install and maintain the smart meters and 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, 2013, 85,455 RPP customers were on TOU billing.

1.3 Kitchener-Wilmot Hydro Inc. Application with the OEB

KW Hydro did not submit a CDM program application to the OEB in 2013.

1.4 Kitchener-Wilmot Hydro’s Application with the OPA’s Conservation Fund

In 2013, the OPA introduced the Conservation Fund to help meet LDC’s interest in the development and launch of new local, regional and province-wide initiatives. The Conservation Fund’s LDC Program Innovation Stream fast-tracks LDC-led program design and the launch of successfully piloted initiatives prior to full scale deployment. By driving program innovation through the Conservation Fund, LDCs have the opportunity to both realize additional savings through the piloting and implementation of initiatives not currently addressed by the OPA portfolio and the means to test concepts for future local or province wide programs post 2014. As per the OPA, as of March

2014, three pilots have been contracted and are underway with Toronto Hydro and Niagara Peninsula Energy and ten others are in various stages of the contracting and development process.

In addition, building on LDC interest in social benchmarking services for the residential sector, in 2013 the Conservation Fund in collaboration with Hydro One, Milton Hydro and Horizon Utilities completed the procurement of three social benchmarking pilot projects. Beginning in 2014 these services will be offered to more than 100,000 customers for a one year period, with evaluation reports published shortly thereafter.

In addition, KW Hydro submitted a CDM pilot program application to the OPA's Conservation Fund in Q3 of 2013. A business case was developed and submitted for approval in the later part of 2013 for a Direct Install Demand Control Kitchen Ventilation Program that will target commercial kitchens. KW Hydro will continue to work with the OPA to develop a pilot program that incorporates participation from the gas utility and focus on high energy intensity commercial kitchens.

OPA-Contracted Province-Wide CDM Programs

2.1 Introduction

Effective February 7th, 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	KW Hydro in Market Date
Residential Programs			
Appliance Retirement	Schedule B-1, Exhibit D	Jan 26, 2011	Jan 26, 2011
Appliance Exchange	Schedule B-1, Exhibit E	Jan 26, 2011	Jan 26, 2011
HVAC Incentives	Schedule B-1, Exhibit B	Jan 26, 2011	Jan 26, 2011
Conservation Instant Coupon Booklet	Schedule B-1, Exhibit A	Jan 26, 2011	Jan 26, 2011
Bi-Annual Retailer Event	Schedule B-1, Exhibit C	Jan 26, 2011	Jan 26, 2011
Retailer Co-op	n/a	n/a	n/a
Residential Demand Response	Schedule B-3	Aug 22, 2011	June 1, 2013
New Construction Program	Schedule B-2	Jan 26, 2011	Jan 26, 2011
Home Assistance Program	Schedule E-1	May 9, 2011	Jan 1, 2012
Commercial & Institutional Programs			
Efficiency: Equipment Replacement	Schedule C-2	Jan 26, 2011	Jan 26, 2011
Direct Install Lighting <ul style="list-style-type: none"> • General Service <50 kW 	Schedule C-3	Jan 26, 2011	Jan 26, 2011
Existing Building Commissioning Incentive	Schedule C-6	Feb 2011	Feb 2011
New Construction and Major Renovation Initiative	Schedule C-4	Feb 2011	Feb 2011
Energy Audit	Schedule C-1	Jan 26, 2011	Jan 26, 2011
Commercial Demand Response <ul style="list-style-type: none"> • General Service <50 kW 	Schedule B-3	Jan 26, 2011	Jan 26, 2011
Industrial Programs - General Service 50 kW & above			
Process & System Upgrades	Schedule D-1	May 31, 2011	May 31, 2011
Monitoring & Targeting	Schedule D-2	May 31, 2011	May 31, 2011
Energy Manager	Schedule D-3	May 31, 2011	May 31, 2011
Key Account Manager ("KAM")	Schedule D-4	May 31, 2011	May 31, 2011
Efficiency Equipment Replacement Incentive <ul style="list-style-type: none"> • (part of the C&I program schedule) 	Schedule C-2	May 31, 2011	May 31, 2011
Demand Response 3	Schedule D-6	May 31, 2011	May 31, 2011

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

- Electricity Retrofit Incentive Program
- High Performance New Construction

As per the table below, several program initiatives are no longer available to customer or have not been launched in 2013.

Not in Market	Objective	Status
Residential Program		
Midstream Electronics	Encourages retailers to promote and sell high efficiency televisions, and for distributors to distribute high efficiency set top boxes.	Did not launch and removed from Schedule in Q2, 2013.
Midstream Pool Equipment	Encourage pool installers to sell and install efficient pool pump equipment in residential in-ground pools.	Did not launch and removed from Schedule in Q2, 2013.
Home Energy Audit Tool	This is a provincial online audit tool to engage customers in conservation and help drive customer participation to CDM programs.	Did not launch and removed from Schedule in Q2, 2013.
Commercial & Institutional Program		
Direct Service Space Cooling	Offers free servicing of air conditioning systems and refrigeration units for the purpose of achieving energy savings and demand reduction.	Did not launch 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.

2.2 Program Descriptions

Full OPA-Contracted Province-Wide CDM Program descriptions are available on the OPA's website at <http://www.powerauthority.on.ca/ldc-province-wide-program-documents> 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.

2.2.1 RESIDENTIAL PROGRAM

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

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

Discussion:

The addition of LED measures to the Bi-Annual Retailer Event and in the Annual Coupon initiative in July 2013 has had a positive impact on customer participation. There was the added benefit of three LDC custom coded coupon options for LDCs to utilize in 2013. The Residential Demand Response program continues to be the largest contributor to demand savings in the Residential Program and has been generally well received by consumers. Unfortunately, there were no savings associated with the Energy Display attributed to LDCs in the OPA's 2012 verified results.

The Residential Program Portfolio is predominately a carryover of Initiatives from previous programs. It is mostly driven by retailers and contractors who many not have fully delivered what was anticipated. Three new initiatives (Midstream Electronics, Midstream Pool Equipment and Home Energy Audit Tool) were not launched and subsequently removed from the schedule in 2013 with no new additions. Delays in communication with regards to Initiative offerings and results reporting have hampered LDCs abilities to engage customers and promote participation.

Province-wide advertising was re-introduced in Q3 2013. This provided limited value due to the late market entry, especially for *peaksaver*PLUS.

Work to revitalize and increase the effectiveness and breadth of the Initiatives through the Residential Program continue to be a high priority. Opportunities within the Residential marketplace need to be identified, developed and offered to customers. The Version 5 Schedule changes implemented in Q1/Q2 2014 have increased the number of LDC coded coupons available and added new installations to the Heating and Cooling Incentive which are seen as a benefit but may only persist for the short term due to changes in the building code.

2.2.1.1 *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 2013 KWH retired 181 refrigerators and freezers which was a decrease of 154 units compared to 2012. 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. The program is reaching market saturation, given it has been in market for an extensive period of time with little to no program enhancements.

Digital:

- Webpage on naturalcomforts.ca – a joint website shared between Kitchener Utilities and KW Hydro, accounting for more than 3.5 % of all 2013 web traffic
- Information included on our corporate website
- Messaging included on digital signage outside of our building and through our company's on-hold messaging system
- 664,000 impressions delivered through geo-targeted online ads with the Waterloo Region Record that garnered an average click through rate of 0.6% (as compared to 0.1% industry average) – Appliance Retirement spots ran in May
- Extensive radio campaign with local radio stations including CHYM FM, KIX 106, KOOL FM and KFUN totalling roughly 930 thirty second spots throughout the year – Appliance Retirement spots ran in May
- Geo-targeted campaign with YouTube Trueview to increase visibility of our videos through our YouTube Channel – a shared outlet with Cambridge and North Dumfries Hydro and Waterloo North Hydro that boasts more than 42,000 views

Print:

- One quarter page ad in the Kitchener Citizen which is distributed to more than 66,000 homes each month in May
- Advertisements in the East Avenue Blue publication offered by the Kitchener Rangers Hockey Club distributed to more than # fans throughout the regular season

Sponsorships:

- Kitchener Rangers sponsorship
 - Game Night coordinated with Cambridge and North Dumfries Hydro and Waterloo North Hydro where we interacted with more than 7,500 fans who attended for the night, with nearly 200 signing up to receive information from us about programs and services via email
 - Saveonenergy FOR HOME ice logo – seen by more than 7,500 fans at 33 scheduled home games, as well as OHL Rogers Television broadcasts viewed by more than 200,000 viewers

- Video Timeout sponsorship – with one thirty second video played at each home game
- Concourse signage – seen by more than 7,500 fans at 33 scheduled home games
- Fan Appreciation BBQ Event Booth attended by roughly 2,500 customers from across the Waterloo Region, where we had nearly 150 customers sign up to receive more information about programs through our newsletter
- Kitchener Panthers sponsorship which included two large saveonenergy FOR HOME signs that were seen on Rogers Television broadcasts and by 1,400 spectators at 5 home games
- Kidspark sponsorship and booth where we interacted with close to 2,000 customers across the Waterloo Region and educated children on the benefits of energy conservation
- Two Fairview Park Mall Outreach Events where we engaged with more than 2,000 shoppers from across the Waterloo Region, obtaining more than 250 customer emails who opted to receive information from us about programs and services via email
- EcoFest event sponsorship where we engaged with more than 1,300 customers from across the Waterloo Region
- Kitchener Market Outreach events with Kitchener Utilities speaking to more than 1,000 customers about saveonenergy FOR HOME programs in May and October
- 16 in-store retail events with various Home Depot and Home Hardware to promote all saveonenergy FOR HOME programs in April and October

Marketing efforts for this program were scaled back to allow for continued focus on other residential programs that yielded higher program participation numbers. Given the program has been in market for nearly eight years, with little to no program enhancements, it is difficult to encourage program participation as the market has been saturated. Many appliance retailers and local municipalities offer their own appliance removal services. This makes it difficult to differentiate our program in the market as there is no key value proposition to encourage usage of this program over its competitors. Many other retailers offer the removal of multiple appliances and do not have strict age requirements and eligibility criteria.

Additional Comments:

- 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 straightened through program evolution rather than weakened through diminished program offerings.

- As participation is very responsive to province wide advertising, OPA province-wide advertising should continue to play a key role if the initiative continues.
- Better relationships with retailers may play a role in increasing participation in this Initiative. Retailers can provide opportunities to capture replacement appliances and have them decommissioned after a sale has been committed.
- In an effort to capture additional savings in the perceived last year of the Initiative, the eligibility requirement for refrigerators was revised from 20 years old to 15 years old in Q2 2014.

2.2.1.2 Appliance Exchange Initiative (Exhibit E)

Target Customer Type(s): Residential Customers

Marketing Activities/Progress:

CDM staff members from KW Hydro attended the spring weekend event at a local retailer to help promote the program to customers.

Additional Comments:

- The design of the Initiatives, including eligible measures and incentives amounts are developed through the Residential Working Group. Retail Partner(s) are contracted by the OPA to deliver the initiatives province-wide. Individual LDCs have the opportunity to stage in-store events to drive the distribution of LDC coded Coupons and promotion of other programs in the portfolio
- The restrictive, limited and sometimes non-participation of local stores can diminish the savings potential for this Initiative.
- To date there has only been one retailer participant in the Appliance Exchange Initiative.
- In 2012 there was a decrease in the number of window air conditioners being received through the program. A review of eligible measures in the Appliance Exchange program was conducted, and as these units are not cost effective on their own it was determined that they be removed from the program in order to improve the overall cost effectiveness of the Initiative
- Notification to LDCs regarding retailer participation and eligible measures continues to be delayed. Improved communications will aid in appropriate resource allocation and marketing of the Initiative.

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

2.2.1.3 HVAC Incentives Initiative (Exhibit B)

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

Marketing Activities and 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. From September 1 to December 31, 2013 Kitchener Utilities implemented a program that offered an additional \$250 for all Kitchener residents that performed a furnace upgrade – helping to increase program participation and strengthening our customer offering. In 2013 the HVAC program accounted for 57% and 50% of total Residential Net Energy and Net Demand savings respectively. The HVAC program is a very important program within the portfolio and KW Hydro will continue to build awareness around efficiency aimed at the consumer, contractor and wholesaler.

Contractor Engagement:

- HVAC Contractor breakfast session held in June to aggregate feedback from participating contractors in the Waterloo Region
- Feedback forms distributed to the contractor network to aggregate feedback about program improvements, learn more about sales cycle and rebate offerings through manufacturers
- Worked with HVAC contractor network and Rushby Energy Solutions to create a residential HVAC calculator that estimates a range of savings customers could expect to see on their utility bill if they considered a new, energy-efficient unit
- Distribution of print materials, pop-up banners and other signage to dealers that they could display in their showrooms and office areas
- Sponsorship of Kitchener Utilities Annual Authorized Dealer Tournament hosted in August

Digital Advertising:

- Webpage on naturalcomforts.ca – a joint website shared between Kitchener Utilities and Kitchener Wilmot Hydro, accounting for more than 15% of all 2013 web traffic
- Information included on our corporate website
- 307,000 impressions delivered through geo-targeted CTV Media Pre-roll ads that garnered an average click through rate of 2.1% well above industry standard
- 1.1 million impressions delivered through geo-targeted online ads with the Weather Network that garnered an average click through rate of 0.74 %, well above industry standards
- Messaging included on digital signage outside of our building and through our company's on-hold messaging system
- 664,000 impressions delivered through geo-targeted online ads with the Waterloo Region Record that garnered an average click through rate of 0.6% (as compared to 0.1% industry average)
- 144 30 second television ads run on local CTV News broadcast across the Waterloo Region, garnering an estimated 4.5 million viewers over a 24 week program
- Geo-targeted campaign with YouTube Trueview to increase visibility of our videos through our YouTube Channel – a shared outlet with Cambridge and North Dumfries Hydro and Waterloo North Hydro that boasts more than 42,000 views
- Extensive radio campaign with local radio stations including CHYM FM, KIX 106, KOOL FM and KFUN totalling roughly 930 thirty second spots throughout the year
- Email marketing campaign providing information on rebates sent out to more than 2,500 customers with an average open rate of 43% and click through rate of 7%
- Email coordinated with FSA and Air Miles distributed to more than 9,000 registered Kitchener Air Miles card holders, with an open rate of 27% and a click through rate of 6%
- Developed new HVAC videos to be included in online digital campaigns, Kitchener Rangers sponsorship into 2014
- Developed new marketing campaign materials to be used into 2014

Sponsorships:

- Kitchener Rangers sponsorship
 - Game Night coordinated with Cambridge and North Dumfries Hydro and Waterloo North Hydro where we interacted with more than 7,500 fans who attended for the night, with nearly 200 signing up to receive information from us about programs and services via email
 - Saveonenergy FOR HOME ice logo – seen by more than 7,500 fans at 33 scheduled home games, as well as OHL Rogers Television broadcasts viewed by more than 200,000 viewers
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- EcoFest event sponsorship where we engaged with more than 1,300 customers from across the Waterloo Region
- Kitchener Market Outreach events with Kitchener Utilities speaking to more than 1,000 customers about saveonenergy FOR HOME programs in May and October
- 16 in-store retail events with various Home Depot and Home Hardware to promote all saveonenergy FOR HOME programs in April and October

Print:

- Eight quarter page ads plus two advertorial write-up features in Waterloo Region Air Conditioning Feature which is distributed to more than 65,000 subscribers
- Full page advertisement in Green Living magazine, a special feature in the Waterloo Region Record that is distributed to more than 25,000 homes across the Waterloo Region
- Two Coupon Clipper advertisement that is distribute to more than 95,000 customers in Kitchener and Waterloo
- Regular quarter page ads in the Kitchener Citizen which is distributed to more than 66,000 homes each month
- Quarter page ads with the Kitchener Post which is distributed to more than 66,000 homes each month
- Two Kitchener-Wilmot Hydro utility bill inserts which are distributed to nearly 90,000 residential customers
- Two Kitchener Utilities bill inserts which are distributed to more than 66,000 gas customers
- Targeted direct mail piece sent to 6,000 customers chosen based on approximate age of the neighborhood and past program participation numbers
- Targeted direct mail piece sent to 2,500 small business owners who would be eligible for the HVAC incentive

- Full page advertisement in Natural Comforts joint print publication with Kitchener Utilities that is distributed bi-annually to more than 62,000 homes
- Six quarter page ads in Homes Plus magazine, which is distributed to more than 20,000 customers across the Waterloo Region
- One full page ad in the Centre in the Square Electric Thursdays program that is distributed at sponsored performances to audiences of roughly 1,100 audience members

Miscellaneous:

- Various data activities using our own Customer Information System to help get a better understanding of the HVAC market, approximate age of different neighborhoods, program participation by postal code grouping and various other indicators to prep for 2014 marketing initiatives
- We worked with Kitchener Utilities to develop an additional incentive program that mirrored eligibility criteria for the Heating and Cooling Incentive, from September 1 – December 31 Kitchener Utilities matched the OPA rebate with an additional \$250 incentive available to Kitchener Utilities customers who upgraded their furnace. This increased our program participation throughout the latter half of 2013 significantly

Additional Comments:

- Incentive levels appear to be insufficient to prompt customers to upgrade HVAC equipment prior to end of useful life. An Air Miles incentive was introduced in 2013 to try and encourage early replacement.
- This Initiative is contractor driven with LDCs responsible for marketing efforts to customers. More engagement with the HVAC contractor channel should be undertaken to drive a higher proportion of furnace and CAC sales to eligible units.
- In an effort to build capability, mandatory training has been instituted for all participating HVAC contractors. This could present too much of a barrier for participation for some contractors as the application process already presents a restriction to contractor sales. It has been noted that there are approximately 4500-5000 HVAC contractors in the Province, however in 2013, only a total of 1,587 contractors completed the mandatory HVAC training and can participate in the program.
- There are cases where non-participating contractors are offering their own incentives (by discounting their installations to match value of the OPA incentive). As this occurs outside of the Initiative, savings are not credited to LDCs. OPA should consider this in future program impact evaluation studies.
- Changes to the Schedule in 2014 to allow for incentives for new installations, rather than strictly replacement units, may provide greater Initiative results.

2.2.1.4 Conservation Instant Coupon Initiative (Exhibit A)

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. The introduction of annual LED coupons in the latter half of the year proved to be well received by customers. With the introduction of annual coupons in January, it allowed us more time to create and deliver a comprehensive marketing strategy for this Initiative. Coupons proved to be a sought after giveaway at many sponsored events throughout the year and helped to elevate the profile of – program available to wide demographic participants

Digital:

- Webpage on naturalcomforts.ca – a joint website shared between Kitchener Utilities and Kitchener Wilmot Hydro, accounting for more than 3.5 % of all 2013 web traffic
- Information included on our corporate website
- 1.1 million impressions delivered through geo-targeted online ads with the Weather Network that garnered an average click through rate of 0.74 %, well above industry standards
- Messaging included on digital signage outside of our building and through our company's on-hold messaging system
- 664,000 impressions delivered through geo-targeted online ads with the Waterloo Region Record that garnered an average click through rate of 0.6% (as compared to 0.1% industry average)
- # impressions delivered through geo-targeted online ads with Flyerland
- Extensive radio campaign with local radio stations including CHYM FM, KIX 106, KOOL FM and KFUN totalling roughly 930 thirty second spots throughout the year
- Email marketing campaign providing information on rebates sent out to more than 2,500 customers with an average open rate of 56 % and click through rate of 24% well above industry standards

Print:

- Regular quarter page ads in the Kitchener Citizen which is distributed to more than 66,000 homes each month

- Two Kitchener-Wilmot Hydro utility bill inserts which are distributed to nearly 90,000 residential customers
- Two Kitchener Utilities bill inserts which are distributed to more than 66,000 homes in Kitchener
- Regular full page ads in the Kitchener Leisure Guide which is distributed to more than 66, 000 homes four times a year
- Design, printing and distribution of coupon booklets for residential customers containing most commonly used coupons such as CFL bulbs, LED bulbs, lighting controls and lighting fixtures.

Sponsorships:

- Kitchener Rangers sponsorship
 - Game Night coordinated with Cambridge and North Dumfries Hydro and Waterloo North Hydro where we interacted with more than 7,500 fans who attended for the night, with nearly 200 signing up to receive information from us about programs and services via email
 - Saveonenergy FOR HOME ice logo – seen by more than 7,500 fans at 33 scheduled home games, as well as OHL Rogers Television broadcasts viewed by more than 200,000 viewers
 - Video Timeout sponsorship – with one thirty second video played at each home game
 - Concourse signage – seen by more than 7,500 fans at 33 scheduled home games
 - Fan Appreciation BBQ Event Booth attended by roughly 2,500 customers from across the Waterloo Region, where we had nearly 150 customers sign up to receive more information about programs through our newsletter
- Kitchener Panthers sponsorship which included two large saveonenergy FOR HOME signs that were seen on Rogers Television broadcasts and by 1,400 spectators at 5 home games
- Kidspark sponsorship and booth where we interacted with close to 2,000 customers across the Waterloo Region and educated children on the benefits of energy conservation
- Two Fairview Park Mall Outreach Events where we engaged with more than 2,000 shoppers from across the Waterloo Region, obtaining more than 250 customer emails who opted to receive information from us about programs and services via email
- EcoFest event sponsorship where we engaged with more than 1,300 customers from across the Waterloo Region
- Kitchener Market Outreach events with Kitchener Utilities speaking to more than 1,000 customers about saveonenergy FOR HOME programs in May and October
- 16 in-store retail events with various Home Depot and Home Hardware to promote all saveonenergy FOR HOME programs in April and October

Additional Comments:

- The timeframe for retailer submission of redeemed coupons varies depending on the 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.
- Coupon booklets were not printed and mailed out in 2013 so were not widely available to consumers without the ability to download and print online coupons. In addition, consumers may not have been aware of the online coupons. The Initiative may benefit from province-wide marketing as a substitute to a mail out campaign.
- The product list could be distinctive from the Bi-Annual Retailer Event Initiative in order to gain more consumer interest and uptake.
- Program evolution, including new products and review of incentive pricing for the coupon Initiatives, should be a regular activity to ensure continued consumer interest.
- In 2013, LDCs were provided with 3 custom coded coupons. All coupons have been provided with LDC custom coding in 2014 which allows LDCs to promote coupons based on local preferences.
- Consumer experience varies amongst retailers offering Coupon discounts which can limit redemptions. For example, a particular high volume ‘participating retailer’ does not accept coupons and have their own procedure. In addition, some retailers have static lists of eligible products and will not discount eligible products unless the product on the list.
- The saveONenergy programs would benefit from specific end cap displays, aisle product stands and product-specific areas. Having product’s throughout a retail environment weakens the impact.

2.2.1.5 Bi-Annual Retailer Event Initiative (Exhibit C)

Target Customer Type(s): Residential Customers

Marketing Activities and Progress:

KW Hydro hosted an extensive set of retail events in April and October 2013, at various Home Hardware and Home Depot locations across the City of Kitchener. The events were geared to help customers identify ways they could save on their electricity bill through the purchase of energy-efficient products for their home. For each event we had staff members on hand to provide information on saveONenergy conservation programs, distribute coupon booklets and field customer questions. The response to the event was positive, with customers appreciative of giveaways and happy to see KW Hydro employees out in the community. Our event schedule for 2013 is below:

- April 20th & 21st – Home Depot – 100 Gateway Park Drive

- April 27th & 28th – Home Hardware – 166 Park Street
- April 27th & 28th – Home Depot – 1450 Ottawa Street South
- October 6th & 7th – Home Depot - 1014 Victoria Street North
- October 19th & 20th – Home Depot 100 Gateway Park Drive
- October 19th & 20th – Home Depot 1450 Ottawa Street South
- October 26th & 27th – Home Hardware – 1187 Fischer Hallman Road
- October 26th & 27th – Home Hardware – 166 Park Street

We were able to engage with thousands of customers through our in-store kiosks and elevate our corporate brand within the community. New this year, Kitchener Utilities joined our retail event space, distributing energy-saving kits to local customers to help them save on natural gas and water costs in their homes. These kits included pipe wrap, faucet aerators and energy-efficient showerheads. More than 200 kits were distributed on-site to Kitchener customers through the events. Through the Retailer Event Initiative, we added nearly 2,000 customers to our email newsletter distribution list. We also distributed more than 4,000 coupon booklets and 1,000 energy-saving tips handouts. Close to 600 customers also asked to be contacted about enrolling in peaksaver PLUS.

Marketing Activities

- Prominent signage at each participating location for the duration of the events – including coupon displays near eligible products, posters in-store, information and product displays at point of sale, overhead aisle signage in some locations and street signage with information to draw attention from passing customers
- Postcards with event information were provided at all participating Home Hardware locations one week prior to the event events and placed in shopper bags at checkouts
- HTML email campaign – emails sent out the Friday before each event to more than 2500 customers on our distribution list
- Targeted direct mail drop with weekly flyer bundles Friday before each event, sent to more than 60,000 homes
- Impressions with geo-targeted online ads with the Weather Network with an average click through rate of
- Webpage included on naturalcomforts.ca a joint website we share with Kitchener Utilities
- Information included on our official corporate website
- Radio advertisements with KOOL FM totalling thirty second spots run over a two week period
- KOOL FM, a local radio station sent Community Cruiser to help us kick off our event

- Kitchener Fire Department joined us at these events to draw in crowds with Fire trucks and giveaways for children (as part of their Fire Safety Awareness month)
- Targeted press release and pre-press announcement for both sets of events
- Write up for each event in local Kitchener Citizen which is distributed more than 66,000 homes
- Extensive internal awareness campaign that included an employee giveaway, paystub inserts, posters on prominent bulletin board and customer service information sessions
- Distribution of postcards at Kitchener Rangers game night, sponsored by Kitchener Wilmot Hydro and Kitchener Utilities, where we engaged with more than 7,000 fans
- Design, printing and distribution of coupon booklets that included some of the more commonly used coupons such as CFLs, LEDs, lighting controls and lighting fixtures

Additional Comments:

- This Initiative is strongly influenced by the retail participants and has no direct involvement from the LDCs.
- LDCs have the opportunity to stage in-store events to drive the distribution of LDC coded Coupons and promotion of other programs in the portfolio however this requires cooperation from the local retailer and LDC staff bandwidth.
- Limited engagement of local retailers can restrict the savings potential for this Initiative.
- The Product list has changed very little over the past five 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 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.
- 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.
- Independently the Retailer Co-op and Bi-Annual Retailer Event Initiative may not present a value for the investment of LDC resources to support these events and should be backed by a strong Residential portfolio.

2.2.1.6 *Retailer Co-op*

Initiative Activities/Progress: Residential Customers

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.

2.2.1.7 New Construction Program (Schedule B-2)

Target Customer Type(s): Residential Customers

Marketing Initiatives/ Progress:

Below is a comprehensive list of marketing and activities undertaken by KW 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. After garnering a better understanding of the program offerings and market potential, we used the latter half of 2013 to review various third party delivery partners to help us launch the program in 2014. KW Hydro pulled together a comprehensive list of expected growth areas – number of dwelling, dwelling sizes and eligible measures that could be installed to inform our forecasts and marketing strategies with the program. With the introduction of more streamlined application process in 2013, will make it easier for builders to participate.

- Reached out to local builder network to provide information, brochures and handouts on the program and gauge interest in the program
- Partnered with Kitchener Utilities conservation staff to promote the program offering to their existing new home construction network
- Sponsored a booth at the Waterloo Region Home Builders Association luncheon in April with Cambridge and North Dumfries Hydro and Waterloo North to network with the local builder community to increase program awareness and gauge interest in the program
- Attended the Homes Plus Annual Appreciation lunch which had representatives from most major builders and real estate brokerages across Waterloo Region to network, build program awareness and gauge interest in the program
- Presentations were delivered at various Real Estate venues for firms including Coldwell Banker and Re/Max, highlighting program offerings

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.
- In 2012 the application process was streamlined, however continues to be too cumbersome for builders. This combined with limited return has resulted in this Initiative to continue to under-achieve.
- Administrative requirements, in particular individual home modeling, must align with perceived stakeholder payback
- Performance applications are expected to increase in 2014 due to some industry players interest in the Initiative. However, it is anticipated that the performance track will be the primary track used in applications, which provides low savings for the incentive provided. Savings and associated incentives may need to be revised to an appropriate level.
- The addition of LED light fixtures, application process improvement and moving the incentive from the builder to the home-owner may increase participation.
- This Initiative may benefit from collaboration with the Natural Gas utilities.

2.2.1.8 Residential Demand Response Program (Schedule B-3)

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

Marketing Activities/Progress:

In 2013 the RDR program accounted for 42% of Residential Net Demand savings. The program is delivered by a third party and a select group of residential HVAC contractors across the Waterloo Region. This year proved to be a learning experience as we determined what marketing efforts yielded the best results, potential troubleshooting issues with the technology chosen and scheduling efficiencies. The Residential Demand Response program will be an integral program to assist KW Hydro in meeting its demand target.

Digital:

- Webpage on naturalcomforts.ca – a joint website shared between Kitchener Utilities and Kitchener Wilmot Hydro
- Information included on our official corporate website
- 1.1 million impressions delivered through geo-targeted online ads with the Weather Network that garnered an average click through rate of 0.74 %, well above industry standards

- Messaging included on digital signage outside of our building and through our company's on-hold messaging system
- 1.9 million impressions delivered through geo-targeted online ads with TC Media garnering a click through rate of 0.2%
- Email marketing campaign providing information to past program participants sent out to more than 1300 customers with an open rate of 61% and click through rate of 29%
- Email marketing campaign providing information to potential net new program participants sent out to nearly 1400 customers with an open rate of 66% and a click through rate of 30%
- Email coordinated with FSA and Air Miles distributed to more than 9,000 registered Kitchener Air Miles card holders, with an open rate of 27% and a click through rate of 6%
- Developed new peaksaver PLUS videos to be included in online digital campaigns and Kitchener Rangers sponsorship into 2014
- Developed new print campaign to be utilized in 2014 marketing efforts

Print:

- One Coupon Clipper advertisements that is distribute to more than 95,000 customers in Kitchener and Waterloo
- Regular quarter page ads in the Kitchener Citizen which is distributed to more than 66,000 homes each month
- Quarter page ads with the Kitchener Post which is distributed to more than 66,000 homes each month
- Kitchener-Wilmot Hydro utility bill inserts which are distributed to nearly 90,000 residential customers
- Two Kitchener Utilities bill inserts which are distributed to more than 66,000 homes in Kitchener
- Targeted direct mail piece distributed to 2,500 eligible small businesses

Sponsorships:

- Kitchener Rangers sponsorship
 - Game Night coordinated with Cambridge and North Dumfries Hydro and Waterloo North Hydro where we interacted with more than 7,500 fans who attended for the night, with nearly 200 signing up to receive information from us about programs and services via email
 - Saveonenergy FOR HOME ice logo – seen by more than 7,500 fans at 33 scheduled home games, as well as OHL Rogers Television broadcasts viewed by more than 200,000 viewers
 - Video Timeout sponsorship – with one thirty second video played at each home game
 - Concourse signage – seen by more than 7,500 fans at 33 scheduled home games
 - Fan Appreciation BBQ Event Booth attended by roughly 2,500 customers from across the Waterloo Region, where we had nearly 150 customers sign up to receive more information about programs through our newsletter

- Kitchener Panthers sponsorship which included two large saveonenergy FOR HOME signs that were seen on Rogers Television broadcasts and by 1,400 spectators at 5 home games
- Kidspark sponsorship and booth where we interacted with close to 2,000 customers across the Waterloo Region and educated children on the benefits of energy conservation
- Two Fairview Park Mall Outreach Events where we engaged with more than 2,000 shoppers from across the Waterloo Region, obtaining more than 250 customer emails who opted to receive information from us about programs and services via email
- EcoFest event sponsorship where we engaged with more than 1,300 customers from across the Waterloo Region
- Kitchener Market Outreach events with Kitchener Utilities speaking to more than 1,000 customers about saveonenergy FOR HOME programs in May and October
- 16 in-store retail events with various Home Depot and Home Hardware to promote all saveonenergy FOR HOME programs in April and October

Other:

- Various data activities using our own Customer Information System to help get a better understanding of the potential market for this program

Additional Comments:

- In Home Energy Display units that communicate with installed smart meter technology continue to mostly be in the development phase and are not ready for market deployment. There continues to be a lack of Energy Display selection in the marketplace.
- Smart Meters installed by most LDCs do not have the capability to communicate directly to an In Home Display and any mass replacement of newly installed meters with communicating abilities would not be fiscally responsible. When proposing technical Initiatives that rely on existing LDC hardware or technology there should be an extensive consultative process.
- Introduction of new technology requires incentives for the development of such technology. Appropriate lead times for LDC analysis and assessment, product procurement, and testing and integration into the Smart Meter environment are also required. Making seemingly minor changes to provincial technical specifications can create significant issues when all LDCs attempt to implement the solution in their individual environments.
- The variable funding associated with installing a load controllable thermostat is not sufficient unless it is combined with an In Home Display (IHD) which might not be possible all the time and when IHD is optional.
- Given the different LDC environments, and needs, each LDC is positioning the Initiative slightly differently. While a Thermostat has high marketability, it also carries a higher maintenance liability due to no-heat and no-

AC calls. A switch with an independent IHD is seen as a lower liability option but also has a much lower marketability.

- This is the main Initiative within the Residential portfolio that was to drive savings for LDC, however the 2012 evaluation indicated savings realized from the IHD were not statistically significant. LDCs were advised that the evaluation of the IHDs would continue with 2013 data.
- Verified demand savings in 2012 from the load control devices were less than originally anticipated. This prompted an increase to the load cycling strategy in 2013 in order to increase savings closer to the original business case.

2.2.2 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 to 2013 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. Overbuilt governance, numerous initiative requirements, complex program structure and lengthy change management have restricted growth without providing the anticipated improved Measurement and Verification results. In addition, Evaluation, Measurement and Verification (EM&V) has not yet achieved transparency. LDCs are held accountable for these results yet are mostly removed from the process.

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

Despite these challenges the C&I Working Group, working in cooperation with the OPA, have managed to iron out many of the issues which could be rectified. In particular, an accomplishment of 2012 was the advent of the

expedited change management as means to accelerate certain program changes. 2013 saw the benefits of expedited change management process.

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.

To that end KW Hydro is working with the OPA Conservation Fund to develop a new pilot program that targets high energy intensive restaurants and small businesses through a direct install kitchen ventilation program. KW Hydro is interested in understanding all tools available to help customers to implement energy efficient projects.

2.2.2.1 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 2013, the Retrofit Program accounted for 60% and 11% of the total Net Energy Savings and Net Demand Savings (Scenario 1) 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 saw a 35% net savings increase and 24% net demand savings increase year over year. 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.

KW Hydro continues to engage 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 session targeted at commercial customers focusing on a variety of energy efficient technologies.
- 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 2013. One on one meetings and presentations were conducted throughout 2013 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 efficiency.
- 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:

- A large proportion of LDC savings are attributed to ERII.
- 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.
- 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.
- 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.
- A focus on demand incentives has limited some kWh project opportunities. In particular, night lighting projects have significant savings potential for customers but tend to have incentives of 10% of project cost or less.

- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and another barrier to participation.
- There is redundancy in the application process as customers may need to complete a worksheet and then enter most of that information over to the online application form. This can be cumbersome.
- Processing Head Office application became much easier for the Lead LDC after Schedule changes came into effect in August 2013. The changes implemented allowed the Lead LDC to review and approve all facilities in a Head Office application on behalf of all satellite LDCs under certain circumstances.
- The application process for Head Office projects remains a significant barrier. Applicants need to manually enter one application per facility associated with the project can be extremely onerous, often requiring a dedicated resource.
- Streamlining of the settlements systems resulted in significant improvement in the payment process in 2013.

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

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. KW 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:

- LED lighting was introduced in 2013 as a new measure and has been well received by customers who may not have previously qualified for DIL eligible upgrades. This is an efficient product with a long estimate useful life.

- Cold start high output lighting was removed from the program. This particularly affected the farming customers who now have limited options within the program to utilize.
- The inclusion of a standard incentive for additional measures increased project size and drove higher energy and demand savings results in some situations. However, 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 upgrades has potential to provide additional energy and demand savings
- Many customers are not taking advantage of any additional measures, which may present an opportunity to for future savings with a new program offering.
- Electrical contractor's margins have been reduced due to no labour rate increase, increase cost of materials, greater distances between retrofit and more door knocking required before a successful sale. This has led to a reduction in vendor channel participation in some regions.
- Measure incentives and additional funding for fork lifts were introduced in September 2013 and were well received by installers. However, adjustments like these require longer lead times. As such, many customers were not able to benefit from this change in late 2013. Consideration should be given to providing advanced notification to LDCs and contractors of the upcoming changes to allow for planning.

2.2.2.3 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 KW 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 significant 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.

2.2.2.4 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.
- One-to-one relationships with School Boards, City and Region

Additional Comments

- With the Ministerial Directive issued December 21, 2012, facilities with a completion date near the end of 2014 currently have some security that they will be compensated for choosing efficient measures. However, buildings that are in the planning phase with completion dates post-2015 may not participate due to funding uncertainty.
- Participants estimated completion dates tend to be inaccurate and are usually six 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. The effort required to participate through the custom stream exceeds the value of the incentive for many customers.
- There are no custom measure options for items that do not qualify under the prescriptive or engineered track as the custom path does not allow for individual measures, only whole building modelling.
- This Initiative has a very low net-to-gross ratio, which results in half the proposed target savings being 'lost'.

- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and a potential barrier to participation.

2.2.2.5 Energy Audit Initiative

Marketing Initiatives/ Progress:

- KW 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 and encouraged energy audit options with customers in person

Additional Comments

- The introduction of the new audit component for one system (i.e. compressed air), has increased customer participation.
- The energy audit Initiative is considered an ‘enabling’ Initiative and ‘feeds into’ other saveONenergy Initiatives.
- Evaluators in 2012 and 2013 recognized savings towards LDCs targets as a result of customers implementing low/no cost recommendations from their energy audits.
- 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.
- Participation has been limited to one energy audit per customer which has restricted enabling and direction to the other Initiatives. This has been revised in 2014 and LDCs are now able to consider additional customer participation when presented with a new scope of work.

- Consideration should be given to allowing a building owner to undertake an audit limited to their lighting system. This way they may receive valuable information from neutral third party regarding the appropriate lighting solution for their facility instead of what a local supplier wants to sell.
- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and another barrier to participation

2.2.3 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 significant incentives and valuable resources to large facilities to help them with energy efficiency upgrades and process system improvements. The Engineering Studies in particular as well as the Monitoring and Targeting initiative provide a unique opportunity for a customer to complete a comprehensive analysis of an energy intensive process that they otherwise may not undertake. The Energy Manager Initiative provides 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.

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 an LDC's current target for projects that go into service after 2014.

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 the change to the threshold for small capital projects and the new small capital project agreement are expected to improve the number of projects and savings achieved within PSUI. Likewise, a decision to proceed with 2012

natural gas load displacement generation projects applications will also increase uptake although the limited time to bring new projects into service is a barrier.

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

Marketing Initiatives/ 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 2013 and the PSUI program stream is being considered. An application was submitted at the end of the year for the Region of Waterloo. KW Hydro will continue to work directly with large users to provide technical and application support.

Additional Comments:

- Numerous energy studies have been submitted and completed. 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 2013. The majority of the results are expected in 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 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. This small capital project agreement was finalized in August 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 number of projects will proceed although results may not be counted towards LDC targets due to in-service dates beyond 2014.
- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and another barrier to participation.

2.2.3.2 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.
- Changes were made to ERII in 2013 to allow smaller facilities to employ M&T systems.

2.2.3.3 Energy Manager Initiative (Schedule D-3)

Marketing Initiatives/ Progress:

KW Hydro received approval from the OPA to hire a Roving Energy Manager in early 2013. The Roving Energy Manager was hired in Feb 2013 and was able to hit the ground running with several of our largest customers providing both technical and incentive expertise. This support saw immediate uptake in the retrofit program and led to an increased pipeline of projects for 2014.

Additional Comments:

- The Energy Managers have proven to be a popular and useful resource for larger customers.

- 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 in 2012 but few projects were implemented until 2013.

2.2.3.4 Key Account Manager (Schedule D-4)

Marketing Initiatives/ Progress:

KW Hydro utilizes the Key Account Manager to provide outreach and application review on specific technologies 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.

2.2.3.5 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 2013 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 were able to enter into contracts beyond 2014 which has allowed them to offer a more competitive contract price (5 year) than if limited to 1 or 2 year contracts.
- Metering and settlement requirements are expensive and complicated and can reduce customer compensation amounts, and present a barrier to smaller customers.
- Compensation amounts for new contracts and renewals have been reduced from the initial launch of this program (premium zones and 200 hour option have been discontinued) and subsequently there has been a corresponding decrease in renewal revenue.

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

Target Customer Type(s): Residential Customers

Marketing Activities and Progress

KW Hydro continued to deliver the Home Assistance Program in partnership with Cambridge and North Dumfries Hydro, Waterloo North Hydro and Kitchener Utilities in 2013. With some significant changes in the application process for the program, we were able to increase our program participants by more than 400%. There were more than 900 audits performed for this program in 2013. Partnership with Kitchener Utilities continued in 2013, allowing additional water and gas measures for 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.

- Negotiated an insert with Ontario Works for their January cheque mail out
- Extensive engagement with a variety of local agencies, housing providers, municipalities,
- More than 10,000 brochures distributed through various channels, agencies and community partners across the Waterloo Region

- Bill inserts with the Waterloo Region Energy Assistance Program
- Brochures available in our front lobby
- Advertisements in all issues of the Kitchener Leisure Guide, distributed four times annually to more than 62, 500 homes
- Features in the Campaign of Kindness in the Waterloo Region Record distributed to more than 66,000 homes across the Waterloo Region
- Insert distributed through Kitchener Utilities bill inserts to more than 66,000 customers
- Slides with program information included on rotating slide loops in all Region of Waterloo social agency offices along with pop-up banner displays
- Training with City of Kitchener, Kitchener Utilities and Kitchener Wilmot Hydro collections and customer service reps to provide program information, encourage program referrals where applicable
- More than 50 meetings with various social agencies, case workers, housing providers across the Waterloo Region
- Brochures included in the Region of Waterloo food hamper programs
- Engagement with the Region of Waterloo Housing and Kitchener Housing to roll out bulk scheduled appointments, improving scheduling efficiencies and
- Targeted direct mail campaign
- Postcard drops in targeted postal codes to more than 5,000 homes
- Strategic partnership with ROW Housing, Kitchener Housing and various co-operative housing providers that could take advantage of the new application guidelines set in late 2013

Additional Comments:

- The process for enrolling in social housing was complicated and time consuming. This was addressed in late 2012 and showed some benefits in 2013.
- The financial scope, complexity, and customer privacy requirements of this Initiative are challenging for LDCs and most have contracted this program out. This Initiative may benefit from an OPA contracted centralized delivery agent.

2.2.5 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.

3 2013 LDC CDM Results

3.1 Participation and Savings

See next page.

Table 1: Kitchener-Wilmot Hydro Inc 2013 Savings Results

Table 1: Kitchener-Wilmot Hydro Inc. Initiative and Program Level Net Savings by Year (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011*	2012*	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh) 2014
Consumer Program															
Appliance Retirement	Appliances	631	335	181		36	20	12		262,506	134,960	77,216		67	1,608,426
Appliance Exchange	Appliances	69	54	87		7	8	18		8,561	14,106	32,141		29	136,919
HVAC Incentives	Equipment	1,871	1,799	1,831		642	401	393		1,178,372	689,786	679,618		1,436	8,142,083
Conservation Instant Coupon Booklet	Items	8,318	504	5,658		19	4	8		305,679	22,805	125,711		31	1,542,555
Bi-Annual Retailer Event	Items	15,530	17,303	15,409		27	24	19		479,313	436,812	280,205		71	3,788,098
Retailer Co-op	Items	0	0	0		0	0	0		0	0	0		0	0
Residential Demand Response	Devices	271	0	888		152	0	333		0	0	1,336		0	1,336
Residential Demand Response (IHD)	Devices	0	0	652		0	0	0		0	0	0		0	0
Residential New Construction	Homes	0	0	0		0	0	0		0	0	0		0	0
Consumer Program Total						883	457	784		2,234,431	1,298,468	1,196,229		1,634	15,219,417
Business Program															
Retrofit	Projects	56	104	191		564	812	1,008		3,057,370	3,955,522	5,331,291		2,330	34,526,359
Direct Install Lighting	Projects	246	193	130		261	170	110		631,336	624,605	386,913		490	5,015,237
Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
New Construction	Buildings	0	1	1		0	30	1		0	51,506	10,486		31	175,490
Energy Audit	Audits	2	5	4		0	21	35		0	100,705	193,803		56	689,721
Small Commercial Demand Response	Devices	9	0	32		6	0	20		0	0	10		0	10
Small Commercial Demand Response (IHD)	Devices	0	0	10		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	7	8	6		455	580	513		17,768	8,426	7,326		0	33,520
Business Program Total						1,285	1,612	1,688		3,706,474	4,740,764	5,929,829		2,907	40,440,337
Industrial Program															
Process & System Upgrades	Projects	0	0	0		0	0	0		0	0	0		0	0
Monitoring & Targeting	Projects	0	0	0		0	0	0		0	0	0		0	0
Energy Manager	Projects	0	0	0		0	0	0		0	0	0		0	0
Retrofit	Projects	10	0	0		40	0	0		271,185	0	0		40	1,084,740
Demand Response 3	Facilities	4	3	8		1,453	1,275	6,242		85,285	30,717	165,702		0	281,704
Industrial Program Total						1,493	1,275	6,242		356,470	30,717	165,702		40	1,366,444
Home Assistance Program															
Home Assistance Program	Homes	0	171	887		0	14	44		0	171,520	412,584		57	1,336,878
Home Assistance Program Total						0	14	44		0	171,520	412,584		57	1,336,878
Aboriginal Program															
Home Assistance Program	Homes	0	0	0		0	0	0		0	0	0		0	0
Direct Install Lighting	Projects	0	0	0		0	0	0		0	0	0		0	0
Aboriginal Program Total						0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	71	0	0		964	0	0		6,580,023	0	0		964	26,320,092
High Performance New Construction	Projects	1	2	0		1	71	0		5,230	19,804	0		72	80,334
Toronto Comprehensive	Projects	0	0	0		0	0	0		0	0	0		0	0
Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0		0	0	0		0	0
LDC Custom Programs	Projects	0	0	0		0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011 Total						965	71	0		6,585,253	19,804	0		1,037	26,400,426
Other															
Program Enabled Savings	Projects	0	0	2		0	0	146		0	0	911,587		146	1,823,174
Time-of-Use Savings	Homes	0	0	0		0	0	0		0	0	0		0	0
Other Total						0	0	146		0	0	911,587		146	1,823,174
Adjustments to 2011 Verified Results							-13	0			352,831	760		-16	1,406,176
Adjustments to 2012 Verified Results								68				313,705		68	941,114
Energy Efficiency Total						2,561	1,574	1,796		12,779,576	6,222,132	8,441,556		5,820	86,270,106
Demand Response Total (Scenario 1)						2,066	1,854	7,109		103,052	39,143	174,374		0	316,570
Adjustments to Previous Years' Verified Results Total						0	-13	69		0	352,831	314,464		53	2,347,289
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						4,626	3,416	8,973		12,882,629	6,614,105	8,930,394		5,873	88,933,965
Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).												Full OEB Target:			
*Includes adjustments after Final Reports were issued												21,560	90,290,000		
The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.												27.2%	98.5%		
Energy Manager, Aboriginal Program and Program Enabled Savings were not independently evaluated												% of Full OEB Target Achieved to Date (Scenario 1):			

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	1.231	2.031	0.784	1.196	1.634	15.21
Business Program Total	2.119	8.072	1.688	5.93	2.907	40.44
Industrial Program Total	6.242	0.165	6.242	0.166	0.04	1.36
Home Assistance Program Total	0.044	0.412	0.044	0.413	0.057	1.33
Pre-2011 Programs completed in 2011 Total	0	0	0	0	1.037	26.40
Other Adjustments	0.243	1.328	0.215	1.226	0.198	4.17
Total OPA Contracted Province-Wide CDM Programs	9.87	12.01	8.97	8.93	5.87	88.93

3.2 Evaluation

CONSUMER PROGRAM

Appliance Retirement Initiative

- Per unit savings increased for both energy (+15.4%) and demand (+4.0%) between 2012 and 2013 due to a greater proportion of refrigerators/freezers with large volumes and a manufacturer date before National Appliance Energy Conservation Act (NAECA) was implemented. Dehumidifiers also show a higher per unit savings related to the change in ENERGY STAR definitions.
- Overall participation continues to decline with 20,952 appliances recycled in 2013, compared with 34,146 in 2012 and 56,110 in 2011. The program has experienced close to a 40% reduction (39.1% 2011 to 2012, 41.1% 2012 to 2013) in recycled appliances in each subsequent year of operation.
- Net to gross ratio stayed constant at around 43% between 2012 and 2013

Appliance Exchange Initiative

- Increased per unit energy and demand savings due to an adjustment to the assumed consumption of "conventional" and Energy Star dehumidifiers. The calculated weighted average annual energy savings of a exchanged dehumidifier increased 36.6%
- Of the participants surveyed who reported they had replaced the dehumidifiers they exchanged, 100% reported purchasing ENERGY STAR® models.
- 21% increase in the number of eligible dehumidifiers collected in the program. In 2013, 5,337 dehumidifier units were collected compared to 3,617 dehumidifier units and 219 window air conditioners.
- Net to Gross ratio (NTG) was 52.6% which is a slight increase of the 2012 NTG of 51.5%

Heating and Cooling Initiative

- Total participation (equipment) increased 7.5% from 2012 to 91,581.
- Per unit furnace savings decreased from 1139 kWh/yr in 2012 to 1090 kWh/yr due to a slight shift in the number of participants who use their furnace fan non-continuously both before and after the retrofit as opposed to changing from continuous to non-continuous operation
- Per unit energy and demand savings assumptions for central air conditioners did not change from 2012.

Annual Coupons

- Customers redeemed more than ten times as many annual coupons in 2013 as in 2012 because of new LED coupons and full year availability of all coupons. Customers redeemed 13% more annual coupons in 2013 than in 2011, the first full year of annual coupons due to the high volume of new LED coupons.
- There was a significant reduction in savings specialty CFL related measures. In 2013, the findings showed around 30% of participants are replacing incandescent bulbs compared to 60% of participants replacing incandescent bulbs in 2012.
- Despite the significant per unit savings reductions, the Net Annual Savings from Annual Coupons in 2013 was more than 5.5 times that in 2012. This is primarily because of higher participation due to the inclusion of LED coupons and full year availability of all coupons.
- 93% of coupons redeemed in 2013 were for general purpose LEDs and specialty CFLs and LEDs, producing 89% of net annual energy savings and 84% of net demand savings.
- Measure NTG ratio was approximately 8% higher in 2013 than in 2012 due to the inclusion of participant like spillover, i.e., purchase of additional coupon initiative measures without using coupons because of program influence.

Bi-Annual Coupon Events

- 19% increase in the number of coupons redeemed during the Spring and Fall Events in 2013 compared to 2012 because of substantial increase in LED purchases with event coupons.
- 36% lower net annual savings in 2013 compared to 2012 primarily because of significant reductions in per unit savings estimates for standard and specialty CFLs. In 2013, findings showed a decrease in replacement rate of incandescent bulbs. Only 30% of 2013 participants are estimated to have replaced incandescent bulbs compared to 60% of participants replacing incandescent bulbs in 2012. This leads to a change in the baseline assumption for the savings calculations.
- 87% of coupons redeemed were for general purpose and specialty CFLs and LEDs, producing 80% of net annual energy savings and 73% of net demand savings
- Measure NTG ratio was approximately 8% higher in 2013 than in 2012 due to the inclusion of participant like spillover, i.e., purchase of additional coupon initiative measures without using coupons because of program influence.

peaksaverPLUS

- The cycling strategy for CAC load control was changed from 50% simple cycling to 60% simple cycling.
- Under 1-in-10 year weather conditions, the 2013 estimated impacts for load control devices are higher than the 2012 estimates in all months and are between 10 and 15% higher during the core summer months of June through August.
- Load impact estimates for the average small and medium business and for electric water heaters among residential customers are also unchanged from the prior year's analysis
- This year's IHD analysis has yielded an estimate of no statistically significant energy savings.

Residential New Construction

- Energy and demand savings for the Initiative increased by 300% compared to the combined 2011 and 2012 results ; number of projects also increased from 45 in 2011 and 2012 to 86 in 2013.
- All projects are opting for the prescriptive or performance path. No custom project applications were received in 2013, similar to 2011-2012 .
- Net-to-gross ratio for the initiative was higher by 14% from 49% in 2012 to 63% in 2013.

HOME ASSISTANCE PROGRAM

Home Assistance Program

- Participation increased significantly to 26,756 participants in 2013 from 5,033 in 2012
- Realization rates were slightly lower in 2013 (0.88 for kWh and 0.26 for kW) than in 2012 (0.98 for kWh and 0.32 for kW) primarily due to updated verified per unit assumptions .
- Realization rate for demand savings remained low as FAST Tool calculated kW savings for certain insulation measures remained very high and recommended revisions to kW savings factors were not yet in use in 2013 (changes to the FAST Tool to address these issues were made in early 2014)

BUSINESS PROGRAM

Retrofit

- A total of 8,785 projects completed in 2013. Reported energy savings for individual projects ranged from 1 kWh to over 5,000,000 kWh
- Net to Gross ratio (NTG) for energy was 72.8%, consistent with prior years
- NTG for demand was 72.0%, consistent with prior years
- NTG ratios are comparable to similar programs across North America

Small Business Lighting

- In 2013 the initiative introduced: a) an increase in the incentive to \$1500 from \$1000, b) new LED measures c) Agribusiness eligibility, resulting in the stabilization of participation and an increase in savings.
- 17,782 projects completed in 2013 (3.8% decrease from 2012)
- However, 12.2% increase in Net Verified Energy Savings relative to 2012.
- The average incentive per project and savings per project both increased between 2012 to 2013
- Net to Gross ratio (NTG) for 2013 remained unchanged at 94%

Audit Funding

- 319 audits were completed in 2013
- 2013 sample saw more recommended measures implemented without incentives (33% in 2013 vs. 13% in 2012)
- The average per audit summer peak demands savings is estimated to be 13 kW.

Existing Building Commissioning

- 29 unique participants in the 2013 population
- No Commissioning projects completed the hand-off/completion phase in 2013
- Improvements to the chilled water system controls were the most commonly targeted measure.
- Large variation in estimated savings results between preliminary investigation phase and actual implementation phase

High Performance New Construction

- Number of projects increased by 25% from 69 in 2012 to 86 in 2013.
- Custom projects, representing only about 8% of the total number of projects, account for 67% of verified demand savings and 54% of verified energy savings.
- A realization rate of 72% for energy savings is low due to the low realization rate of the Agribusiness high ventilation, low speed fans which comprised of 15 % of the HPNC prescriptive project energy savings.
- Net-to-gross ratio for the initiative was higher by 5% from 49% in 2012 to 54% in 2013.

INDUSTRIAL PROGRAM

Process and Systems Upgrade Initiative

- In 2013, three PSUI projects were put into service. Projects were very well documented and technical reviews were thorough. Most projects are delivering the level of energy savings expected or more (realization rates of 87% for energy savings and 86% for summer demand savings)
- Good level of quality on M&V conducted in each project. The level of free-ridership was found to be very low, at only 7% for energy savings and 6% for demand savings, and no spillover was identified.
- Energy Managers are seen as important drivers of program enabled savings projects. Almost a 300% increase vs. 2012 in the amount of energy savings from program enabled savings projects.

DR-3

- The largest 20 contributors account for 60% of the contractual demand reduction – in other words, less than 5% of contributors account for the majority of the load reductions.
- In 2013, DR-3 was successfully dispatched locally for the first time in order to provide assistance in restoring power after a prolonged power outage due to substation flooding.

Note:

The Key Evaluation findings are derived from the 2013 evaluations of the saveONenergy programs. These findings were developed by 3rd party evaluation contractors. Complete findings are detailed in the contractors' full evaluation reports, which will be available publicly in Q4 2014.

3.3 Spending

Table 3 and 4 summarize the total spending by initiative that KW Hydro has incurred in 2013 and cumulatively since 2011. It is detailed by the Program Administration Budget (PAB), Participant Based Funding (PBF), Participant Incentives (PI) and Capability Building Funding (CBF).

Table 3: 2013 Spending

Initiative	Program Admin 2013	Participant Based Funding	Participant Incentive	Capability Funding	TOTAL
Consumer Program					
Appliance Retirement	\$27,213.80	NA	NA	NA	\$27,213.80
Appliance Exchange	\$29,776.69	NA	NA	NA	\$29,776.69
HVAC Incentives	\$158,408.36	NA	NA	NA	\$158,408.36
Annual Coupons	\$96,394.02	NA	NA	NA	\$96,394.02
Bi-Annual Retailer Event	\$79,590.42	NA	NA	NA	\$79,590.42
Residential & Small Commercial Demand Response	\$141,896.55	\$166,085.00	NA	NA	\$307,981.55
New Construction Program	\$30,110.02	NA	NA	NA	\$30,110.02
Business Program					
Equipment Replacement	\$387,262.84	NA	\$979,602.39	NA	\$1,366,865.23
Direct Installed Lighting	\$30,955.82	\$31,720.00	\$70,462.00	NA	\$133,137.82
Existing Building Commissioning Incentive	\$14,611.66	NA	NA	NA	\$14,611.66
New Construction and Major Renovation Initiative	\$64,262.40	NA	\$25,300.00	NA	\$89,562.40
Energy Audit	\$52,954.48	NA	\$30,975.87	NA	\$83,930.35
Industrial Program					
Process & System Upgrades					
a) preliminary engineering study	\$5,413.60	NA	NA	NA	\$5,413.60
b) detailed engineering study	\$5,413.60	NA	NA	NA	\$5,413.60

c) program incentive	\$7,747.25	NA	NA	NA	\$7,747.25
Monitoring & Targeting	\$4,633.37	NA	NA	NA	\$4,633.37
Energy Manager	\$86,648.48	NA	NA	\$0.00	\$86,648.48
Key Account Manager ("KAM")	\$23,592.68	NA	NA	\$16,625.00	\$40,217.68
Demand Response 3	\$46,642.53	NA	NA	NA	\$46,642.53
Home Assistance Program					
Home Assistance Program	\$45,710.03	NA	\$286,246.32	NA	\$331,956.35
TOTAL SPENDING	\$1,339,238.60	\$197,805.00	\$1,392,586.58	\$16,625.00	\$2,946,255.18

Table 4: Cumulative Spending (2011-2013)

Initiative	Program Admin 2011-2013	Participant Based Funding	Participant Incentive	Capability Funding	TOTAL
Consumer Program					
Appliance Retirement	\$129,822.28	NA	NA	NA	\$129,822.28
Appliance Exchange	\$73,975.24	NA	NA	NA	\$73,975.24
HVAC Incentives	\$334,531.06	NA	NA	NA	\$334,531.06
Annual Coupons	\$187,006.66	NA	NA	NA	\$187,006.66
Bi-Annual Retailer Event	\$79,590.42	NA	NA	NA	\$79,590.42
Residential & Small Commercial Demand Response	\$188,956.76	\$166,085.00	NA	NA	\$355,041.76
New Construction Program	\$63,118.74	NA	NA	NA	\$63,118.74
Business Program					
Equipment Replacement	\$713,176.44	NA	\$2,565,692.31	NA	\$3,278,868.75
Direct Installed Lighting	\$59,852.48	\$138,979.00	\$132,438.00	NA	\$331,269.48
Existing Building Commissioning	\$24,862.16	NA	NA	NA	\$24,862.16

Incentive					
New Construction and Major Renovation Initiative	\$81,469.46	NA	\$25,300.00	NA	\$106,769.46
Energy Audit	\$105,192.24	NA	\$30,975.87	NA	\$136,168.11
Industrial Program					
Process & System Upgrades					
a) preliminary engineering study	\$10,439.29	NA	NA	NA	\$10,439.29
b) detailed engineering study	\$9,914.29	NA	NA	NA	\$9,914.29
c) program incentive	\$16,283.79	NA	NA	NA	\$16,283.79
Monitoring & Targeting	\$6,657.04	NA	NA	NA	\$6,657.04
Energy Manager	\$98,808.94	NA	NA	\$0.00	\$98,808.94
Key Account Manager ("KAM")	\$39,227.63	NA	NA	\$29,282.75	\$68,510.38
Demand Response 3	\$75,074.65	NA	NA	NA	\$75,074.65
Home Assistance Program					
Home Assistance Program	\$98,992.58	NA	\$286,246.32	NA	\$385,238.90
Pre 2011 Programs					
Electricity Retrofit Incentive Program			\$794,452.90	NA	\$794,452.90
TOTAL SPENDING	\$2,396,952.15	\$305,064.00	\$3,835,105.40	\$29,282.75	\$6,566,404.30

3.4 Additional Comments

In 2013, KW Hydro saw an increase in program participation in several of its key programs. Participation in the Retrofit Program was up 84% year over year. The Home Assistance Program also saw a significant participant uptake of over 400% increase year over year helping to drive up energy savings results. Ongoing customer and channel engagement and collaborative delivery have established a strong foundation of conservation within our territory. A few programs did see a continuous decline attributed mainly to market saturation. Direct Install Lighting as well as the Appliance Retirement saw a decrease of 38% and 43% in net savings respectively.

4 Combined CDM Reporting Elements

4.1 Progress Towards CDM Targets

The net verified results in this report demonstrate a variance from the original strategy submitted to the OEB on November 1, 2010. The 2013 results for peak demand savings continues to fall short of the original strategy milestones.

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 2014 and beyond.

KW Hydro expects to achieve its energy target by the end of Q1 2014. Below are tables outlining KW Hydro's current status at the end of 2013.

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

Implementation Period	Annual (MW)			
	2011	2012	2013	2014
2011 – Verified	4.6	2.6	2.6	2.5
2012 – Verified		3.4	1.5	1.5
2013 – Verified		0.1	9.2	1.8
2014				
Verified Net Annual Peak Demand Savings in 2014:				5.9
KW Hydro 2014 Annual CDM Capacity Target:				21.6
Verified Portion of Peak Demand Savings Target Achieved (%):				27.2%

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	12.9	12.8	12.8	12.6	51.0
2012 – Verified	0.4	6.6	6.5	6.4	19.9
2013 – Verified		0.3	8.9	8.7	17.8
2014					
Verified Net Cumulative Energy Savings 2011-2014:					88.8
KW Hydro 2011-2014 Cumulative CDM Energy Target:					90.3
Verified Portion of Cumulative Energy Target Achieved (%):					98.3%

4.2 Variance from Strategy

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
Net Cumulative Energy Savings 2011-2014:					93.1
Kitchener-Wilmot Hydro Inc. 2011-2014 Cumulative CDM Energy Target:					90.29
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	12.9	12.8	12.8	12.6	51.0
2012 – Verified	0.4	6.6	6.5	6.4	19.9
2013 – Verified		0.3	8.9	8.7	18.0
2014 - Forecasted				8.0	8.0
Net Cumulative Energy Savings 2011-2014:					96.9
Kitchener-Wilmot Hydro Inc. 2011-2014 Cumulative CDM Energy Target:					90.29
Portion of Cumulative Energy Target Achieved (%):					107%

Forecasted variance for energy savings is +3.8 GWh.

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
Net Annual Peak Demand Savings in 2014*:				22.0
Kitchener-Wilmot Hydro Inc. 2014 Annual CDM Capacity Target:				21.56
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	4.6	2.6	2.6	2.5
2012 – Verified		3.4	1.5	1.5
2013 – Verified		0.1	9.0	1.9
2014 - Forecasted				9.1
Net Annual Peak Demand Savings in 2014:				15
Kitchener-Wilmot Hydro Inc. 2014 Annual CDM Capacity Target:				21.56
Portion of Peak Demand Savings Target Achieved (%):				70%

Forecasted variance from original strategy for demand target is -7MW.

4.3 Outlook to 2014 and Strategy Modifications

KW Hydro expects 2014 to be another big year in energy savings driven mainly by the Retrofit Program which accounted for 60% of the total net energy savings achieved in 2013. A renewed focus on energy assessments and energy audits will locate new projects and opportunities for increased participation and will add to a healthy pipeline of activity going forward. Projects with large demand savings will be a priority in 2014 and several efforts have been made to build relationships within HVAC channel network to ensure AC units make up a large portion of our incented measures. In addition, peaksaver plus will continue to drive demand savings on the residential front however with the current state of the DR3 program for C&I customers, KW Hydro is anticipating to be below its demand target at the end of 2014.

On March 31st, 2014 the Minister of Energy issued a directive entitled “Continuance of the OPA’s Demand Response Program under IESO management” which effectively halts new customer enrollments in the DR3 program until the IESO has a program in market. This is estimated to be some time in 2015.

The DR3 Initiative is a significant contributor to helping KW Hydro achieve its demands savings target. The program has taken some time to get traction and KW Hydro has been diligently working with its customers to encourage participation in the DR3 program. KW Hydro customers are now in a position where many of them have contracted with an Aggregator but will be unable to participate due to the inability of the Aggregator to receive new contract schedules resulting in the current “pipeline” of potential DR contributors being stranded.

5 Conclusion

Over the course of 2013, KW Hydro has achieved 13 MW (Scenario 2) in peak demand savings and 88.9 GWh in energy savings, which represents 60.2% and 98.5% of KW Hydro's 2014 targets, respectively. These results are representative of a considerable effort by KW Hydro, in cooperation with other LDCs, customers, channel partners and stakeholders to overcome many operational and structural issues that limited program effectiveness across all market sectors.

However, despite continuing improvements to existing programs KW Hydro faces a challenge in the final year of the current CDM framework. With the current slate of available OPA Programs, and the current forecast of implementation and projected savings, KW Hydro expects to exceed its energy consumption target but will struggle to meet its demand savings target. KW Hydro expects a 6.56 MW shortfall to its target by the end of 2014 and will continue to aggressively promote demand savings programs such as peaksaver plus, HVAC and Retrofit. KW Hydro will continue to support its large customers participating in DR3 to ensure program participation through the end of 2014.

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: Schedule B-1, Exhibit D on the OPA extranet and SaveONEnergy website

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. Window ACs were discontinued from the program in 2013.

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: Schedule B-1, Exhibit C on the OPA extranet and SaveONEnergy website

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: Schedule B-1, Exhibit B on the OPA extranet and SaveONenergy website

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: Schedule B-1, Exhibit A on the OPA extranet and SaveONEnergy website

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: Schedule B-1, Exhibit C on the OPA extranet and saveONEnergy website

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: Schedule B-1, Exhibit C on the OPA extranet and SaveONEnergy website

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: Schedule B-1, Exhibit C on the OPA extranet and SaveONEnergy website

In Market Date: June 2013

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: Schedule C-2 on the OPA extranet and saveONEnergy website

In Market Date: 2011

Lessons Learned:

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: Schedule C-3 on the OPA extranet and SaveONenergy website

Initiative Activities/Progress:

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: Schedule C-6 on the OPA extranet and SaveONenergy website Additional detail is available:

Initiative Activities/Progress:

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: Schedule C-4 on the OPA extranet and SaveONEnergy website

Initiative Activities/Progress:

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: Schedule C-1 on the OPA extranet Schedule C-1 and SaveONEnergy website
<https://saveonenergy.ca/Business/Program-Overviews/Audit-Funding.aspx>

Initiative Activities/Progress:

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: Schedule D-1 on the OPA extranet 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: Schedule D-2 on the OPA extranet 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: Schedule D-3 on the OPA extranet and SaveONenergy website
<https://saveonenergy.ca/Business.aspx>

In Market Date: 2013

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: ScheduleD-4 on the OPA extranet.

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: Schedule D-6 available on the OPA and SaveONenergy website
<https://saveonenergy.ca/Business.aspx>

In Market Date: January 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: Schedule E available on the OPA extranet.

Initiative Activities/Progress:

BPI took the lead on a group RFP for Home Assistance Program provider in 2011. Due to the delay in schedule release, and the time required for the RFP process, BPI was not in market in 2011, however launched in early 2012.

In Market Date: 2011

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)