



September 30, 2015

BY EMAIL/RESS

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

**RE: Whitby Hydro Electric Corporation
Conservation and Demand Management (CDM) – 2014 Annual Report**

As per Section 2.2.1 of the Conservation and Demand Management Code for Electricity Distributors, please find enclosed Whitby Hydro Electric Corporation's 2014 Annual Report. The report will be made available for public review at our office as well as on our company website.

An electronic version of this report has been submitted through the Board's RESS system (Board File No. EB-2010-0215) and a copy emailed to the Board Secretary.

Respectfully submitted,

Original signed by

Susan Reffle
Vice-President

Whitby Hydro Electric Corporation

Conservation and Demand Management 2014 Annual Report

**Submitted to:
Ontario Energy Board**

Submitted on September 30, 2015

TABLE OF CONTENTS

TABLE OF CONTENTS	2
EXECUTIVE SUMMARY	4
BACKGROUND	8
1. CONSERVATION FRAMEWORK	9
1.1 2011-2014 FRAMEWORK	9
1.2 CONSERVATION FIRST FRAMEWORK	9
2. BOARD-APPROVED CDM PROGRAMS.....	10
2.1 INTRODUCTION	10
2.2 TOU PRICING.....	10
2.2.1 BACKGROUND	10
2.2.2 TOU PROGRAM DESCRIPTION	10
2.2.3 TOU Initiative Activities/Progress.....	11
2.3 WHITBY HYDRO’S APPLICATION WITH THE OEB	11
2.4 WHITBY HYDRO’S APPLICATION WITH THE IESO’S CONSERVATION FUND	11
3 IESO-CONTRACTED PROVINCE-WIDE CDM PROGRAMS	12
3.1 INTRODUCTION	12
3.2 PROGRAM DESCRIPTIONS.....	14
3.2.1 RESIDENTIAL PROGRAM.....	14
3.2.2 COMMERCIAL AND INSTITUTIONAL PROGRAM.....	20
3.2.3 INDUSTRIAL PROGRAM.....	26
3.2.4 LOW INCOME INITIATIVE (HOME ASSISTANCE PROGRAM) (Schedule E-1).....	30
3.2.5 PRE-2011 PROGRAMS	30
4 2014 WHITBY HYDRO CDM RESULTS	31
4.1 PARTICIPATION AND SAVINGS	31
4.2 EVALUATION, MEASUREMENT AND VERIFICATION (“EM&V”) FINDINGS	39
4.3 SPENDING.....	47

5	COMBINED CDM REPORTING ELEMENTS.....	49
5.1	PROGRESS TOWARDS CDM TARGETS.....	49
5.2	VARIANCE FROM STRATEGY.....	50
6	CONCLUSION.....	51
	APPENDIX A: INITIATIVE DESCRIPTIONS.....	52
	RESIDENTIAL PROGRAM	52
	<i>APPLIANCE RETIREMENT INITIATIVE (Exhibit D)</i>	<i>52</i>
	<i>APPLIANCE EXCHANGE INITIATIVE (Exhibit E).....</i>	<i>52</i>
	<i>HVAC INCENTIVES INITIATIVE (Exhibit B)</i>	<i>53</i>
	<i>CONSERVATION INSTANT COUPON INITIATIVE (Exhibit A)</i>	<i>53</i>
	<i>BI-ANNUAL RETAILER EVENT INITIATIVE (Exhibit C).....</i>	<i>54</i>
	<i>RETAILER CO-OP.....</i>	<i>54</i>
	C&I PROGRAM.....	56
	INDUSTRIAL PROGRAM	59
	APPENDIX B: PRE-2011 PROGRAMS.....	64

Executive Summary

This annual report is submitted by Whitby Hydro Electric Corporation (Whitby Hydro) in accordance with the filing requirements set out in the Conservation and Demand Management (“CDM”) Code for Electricity Distributors, issued September 16, 2010, Board File No. EB-2010-0215 specifically, the Appendix C Annual Report Template, as a progress report and update to Whitby Hydro’s Strategy filed with the Ontario Energy Board (“Board” or “OEB”) on November 1, 2010. Accordingly, this report outlines Whitby Hydro’s CDM activities for the period of January 1, 2014 to December 31, 2014. It includes net peak demand and net energy savings achieved in 2011-2014, and more specifically addresses 2014 CDM program activities, successes and challenges.

Whitby Hydro did not apply for any Board-approved CDM programs during 2014 however, as noted in the Guidelines for Electricity Distributors Conservation and Demand Management (“CDM Guidelines”), released April 26, 2012, the Board has deemed Time-of-Use (“TOU”) pricing to be a province-wide Board-approved CDM program. The Ontario Power Authority (“OPA”), which merged with The Independent Electricity System Operator hereinafter referred to as the (“IESO”), recently provided measurement and verification on TOU. The TOU savings allocated to Whitby Hydro’s 2011 -2014 targets are 449 kW and 0 kWh.

In 2011, Whitby Hydro contracted with the IESO to deliver a portfolio of IESO-Contracted Province-Wide CDM Programs to all customer segments including residential, commercial, institutional, industrial and low income. These programs were rolled-out by the IESO 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. A dedicated CDM Manager was hired and procurement activities began to establish partners to support program delivery.

In 2012 Residential marketing initiatives included bill inserts, radio and newspaper advertising as well as various retail and community events. The *peaksaver* Plus® partner was in place by September and results of the *peaksaver* PLUS® program were witnessed during Q4. The Home Assistance Program was also launched into market during Q4 of 2012 and was presented as a combined offering with the LEAP (Low Income Energy Assistance Program).

In 2013, Whitby Hydro expanded its marketing campaign to include Durham Partners in Project Green (DPPG) which provided customer workshops to help facilitate opportunities in saveONenergy programs. In addition Whitby Hydro distributed newsletters, participated in social media, direct mail, bill inserts and community events to engage customers. The highlights of 2013 were the strong uptake of participation in the *peaksaver* PLUS® program (which achieved Whitby Hydro’s 2011-2014 expected participation levels in 2013 alone); the Instant coupon booklet; Direct Install Lighting; and Retrofit participation which all experienced high levels of increased participation over previous years.

2014 Activities and Achievements

In 2014, Whitby Hydro’s momentum of participation increased, with only one noteworthy reduction of participation in the Appliance Retirement program. This provincial program is expected to be terminated in 2015 due to saturation. Whitby Hydro’s Conservation and Demand Management Strategy reflected incremental savings targets of 3.34 MW and 5,310 MWh in the year 2014. Whitby Hydro, through shifts in marketing funding and delivery partners managed to exceed the demand and energy targets by 26% and 17 % respectively, however unfortunately the successes in 2014 were not sufficient to overcome the previous years’ target shortcomings.

Whitby Hydro’s residential portfolio demonstrated a significant increase of participation in the bi-annual retailer events representing over 400% of prior year participation. Customer interest was high, particularly at the coupon events and Durham Region Home Show where marketing giveaways proved to be a beneficial approach to increase customer

engagement. HVAC and *peaksaver* PLUS® were also marketed during the coupon and home show events resulting in participation increases of 22% and 19% respectively over 2013 levels.

The commercial portfolio of initiatives benefited from momentum generated in the previous year, with Retrofit participation increasing 27% over 2013. The Retrofit kWh savings increased over 40%, indicating that Whitby Hydro experienced not only higher program participation levels, but the retrofit projects undertaken were additionally more ambitious in terms of energy savings. With Direct Install participation having already increased by 380% from 2012-2013, significant growth in participation levels in 2014 was not anticipated. However, the inclusion of a renewed cold call marketing campaign proved have a significant impact, as Direct Install participation increased by 383% over the 2013 levels. The increase for Direct Install is largely due to completion of in-progress projects and a change in delivery agent for the initiative as the previous contractor believed the market to be highly saturated.

The Home Assistance Program, having only started late in 2012 received its first full year of participation (177) in 2013. In 2014 this increased to 263 representing an increase of 49%. This increase was largely attributed to a change in marketing methods to include newspaper ads and bill inserts in 2014 as compared to brochures in the previous year.

Summary of 2014 Savings Results

Whitby Hydro experienced increased program results and in 2014 achieved 4.2 MW of net incremental peak demand savings and 6.2 GWh of net incremental energy savings. A summary of the achievements towards the CDM targets is shown below:

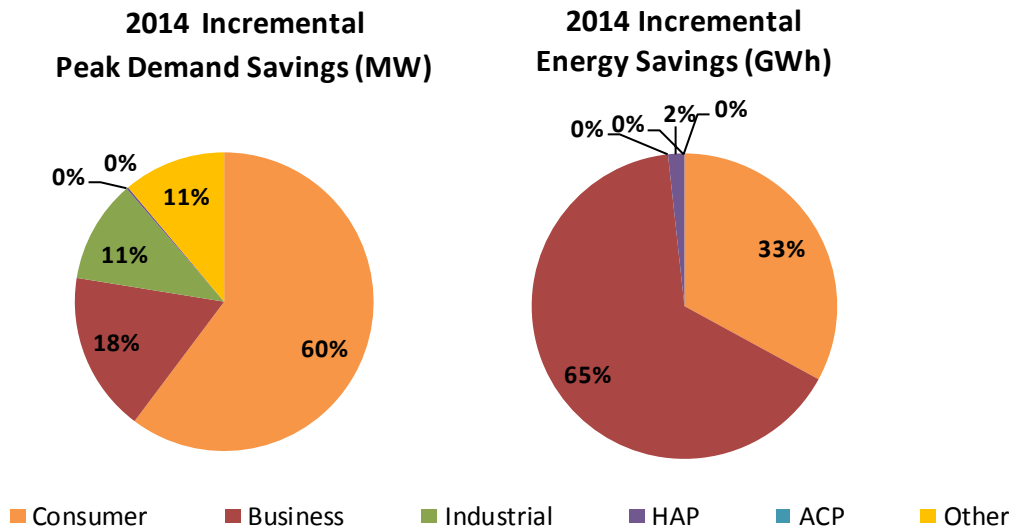
IESO-Contracted Province-Wide CDM Programs: 2011-2014 Final Results Report

LDC: Whitby Hydro Electric Corporation

Final 2014 Achievement Against Targets	2014 Incremental	2011-2014 Achievement Against Target	% of Target Achieved
Net Annual Peak Demand Savings (MW)	4.2	6.1	55.5%
Net Energy Savings (GWh)	6.2	32.4	83.0%

Unless otherwise noted, results are presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Achievement by Sector

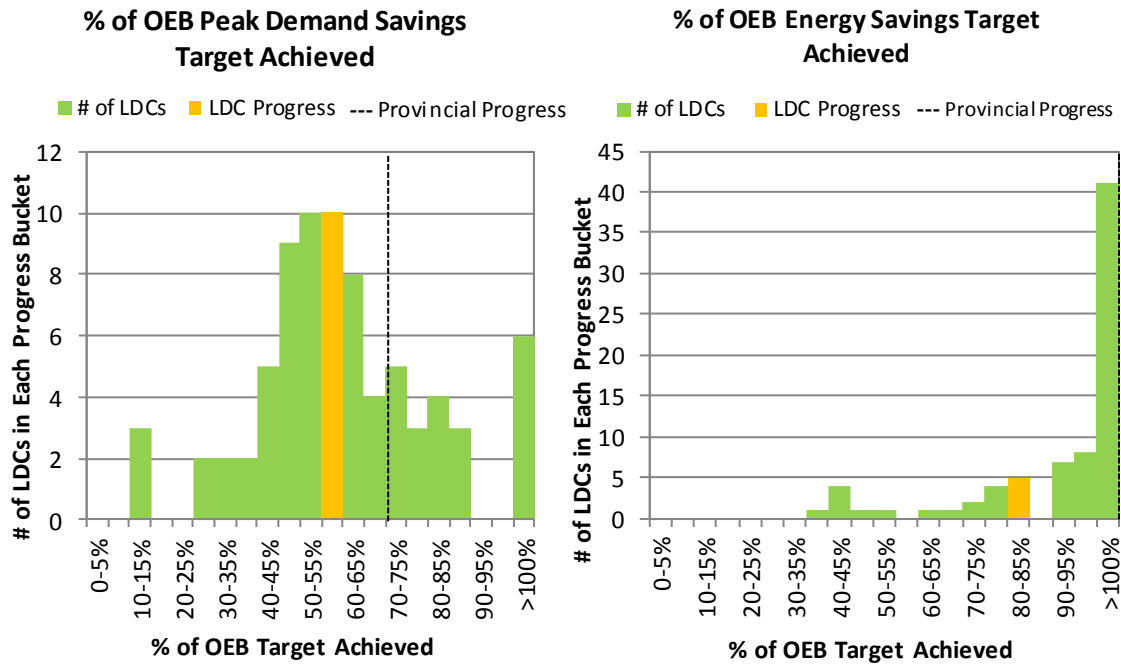


From the above table, Whitby Hydro has achieved 6.1 MW or 55.5% and 32,400 MWh or 83% towards Whitby Hydro’s 2011-2014 peak demand reduction target and energy consumption reduction targets respectively. The shortfall of peak demand and energy targets were mainly due to a late start of programs; the cancellation of planned province-wide programs including Direct Space Cooling since 2011; and limited initiatives in the residential sector (Whitby Hydro has a significantly higher than average residential customer base). While much progress and success has been demonstrated over the 2011-2014 timeframe, the delayed rollout impacted the transition, development and momentum of programs resulting in more back-end weighted participation. Overall, the resulting net impact was reduced levels of cumulative peak demand and energy savings and a shortfall in target achievement.

The graphs below illustrate that most Local Distribution Companies (“LDCs) did not achieve demand targets and a significant number of LDCs did not meet energy targets. The Ontario Energy Board (“OEB”) has acknowledged the challenges that the majority of LDCs have faced, and advised that it will not take compliance action for underachievement of peak demand targets. It has also indicated that it will review on a case-by-case basis, those LDCs who have not met an

80% energy savings threshold. Whitby Hydro capitalized on its CDM momentum and carried it into 2014 which allowed for energy savings achievement above the 80% threshold.

Comparison: LDC Achievement vs. LDC Community Achievement (Progress to Target)



In 2015, the Conservation First Framework (CFF) for the period 2015 - 2020 will be implemented effective on August 1st, 2015 for Retrofit and High Performance New Construction and Jan 1, 2016 for remaining initiatives. To ensure a smooth transition, most 2011- 2014 Programs and Rules were extended into 2015 until the effective implementation of the individual initiatives. However, as with any transition to a new framework there is anticipated to be some challenges along the way. Whitby Hydro will continue to make every effort to engage its customers in conservation programs and assist them in taking advantage of energy and demand savings initiatives.

Background

On March 31, 2010, the Minister of Energy and Infrastructure of Ontario, under the guidance of sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998*, directed the OEB to establish Conservation and Demand Management (“CDM”) targets to be met by electricity distributors. Accordingly, on November 12, 2010, the OEB amended the distribution license of Whitby Hydro to require Whitby Hydro, as a condition of its license, to achieve 39.07 GWh of energy savings and 10.9 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, Whitby Hydro submitted its CDM Strategy on November 1, 2010 which provided a high level of description of how Whitby Hydro intended to achieve its CDM targets.

The Code also requires a distributor to file annual reports with the Board. This is the fourth Annual Report by Whitby Hydro and has been prepared in accordance with the Code requirements and covers the period from January 1, 2014 to December 31, 2014.

Whitby Hydro submitted its 2011 Annual Report on September 27, 2012 which summarized the CDM activities, successes and challenges experienced by Whitby 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 IESO, and the absence of some programs negatively impacted the final 2011 results for the LDCs. This issue was also highlighted in Volumes I and II of the Environmental Commissioner’s Report on Ontario’s Annual Energy Conservation Progress.

On December 21, 2012, the Minister of Energy directed the IESO to fund CDM programs which meet the definition and criteria for IESO-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 remained the achievement of CDM targets by December 31, 2014.

Whitby Hydro previously submitted its 2012 and 2013 Annual Reports which summarized the CDM activities undertaken by Whitby Hydro from January to December of each year. The OEB’s 2013 CDM Results report identified that the majority of LDCs achieved close to 50% of their net peak demand (MW) target from their 2013 results. However, LDCs generally advised the Board that meeting their peak demand (MW) target was not likely and that a shortfall was expected.

Collectively for 2014 reporting, LDCs reached 69.8% of the provincial peak demand targets. In 2014, LDCs collectively achieved approximately 19.5% of the incremental energy savings (GWh) target, adding to the overall cumulative result of approximately 109.2% of the net energy target of 6,000 GWh.

The report identifies 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 notes 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 under the new framework.

1. Conservation Framework

1.1 2011-2014 Framework

Ontario's current CDM framework is a key step towards creating a culture of conservation in the Province. The Ontario Government ("Government") Directive to the OEB to establish CDM targets that would be met by electricity distributors recognizes the importance of CDM for both electricity customers and the electricity system. CDM helps customers manage rising energy costs, supports the provincial integrated supply plan, and addresses local distribution and transmission supply constraints. The past framework was intended to enable customers to benefit from a suite of both Board-approved and IESO province-wide programs and provide a portfolio that would meet both broad and specific customer needs.

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

Challenges faced by LDCs in the 2011-2014 framework, such as overbuilt governance, unnecessarily excessive legal requirements and misalignment of control and risks have been addressed by the new directive. However, there are still many challenges to overcome and the new CDM framework may provide some assistance in addressing other challenges of the current framework and build on its strengths.

1.2 Conservation First Framework

LDCs are supportive of the Government's renewed commitment for CDM in Ontario. LDCs are committed to working with the Government, IESO, Natural Gas Utilities and other stakeholders to develop programs for the new framework for CDM in the Province.

Long-term commitment for CDM funding and confirmation of the role of LDCs have been provided in the Minister's directive dated March 31, 2014, allowing LDCs to maintain current program infrastructure, including LDC staff and third party contracts as required.

The commitment also provided LDCs the program extensions required for continuity into the Conservation First Framework which was critical.

2. Board-Approved CDM Programs

2.1 Introduction

In its Decision and Order dated November 12, 2010 in EB-2010-0215 and EB-2010-0216, the OEB ordered that, to meet its mandatory CDM targets, “Each licensed electricity distributor must, as a condition of its licence, deliver Board-approved CDM programs, IESO-contracted province-wide CDM programs, or a combination of the two”.

At this time, the implementation of TOU pricing is the only Board-approved CDM program that is being offered in Whitby Hydro.

2.2 TOU Pricing

2.2.1 BACKGROUND

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

In accordance with the Ministry directive dated March 31, 2010 by the Minister of Energy and Infrastructure, the OEB is of the view that any evaluation of savings from TOU pricing should be conducted by the IESO for the Province and then allocated to LDCs.

In 2013, IESO had retained the Brattle Group as the evaluation contractor and has been working with an expert panel convened to provide advice on methodology, data collection, models, savings allocation, etc. The initial evaluations were conducted in 2013 with five LDCs – Hydro One Networks Inc., Toronto Hydro-Electric System Limited, Hydro Ottawa Limited, Thunder Bay Hydro Electricity Distribution Inc. and Newmarket-Tay Power Distribution Ltd. 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 IESO website. Preliminary results demonstrated load shifting behaviours from the residential customer class. Three additional LDCs were added to the study in 2014 – Cambridge-North Dumphries, PowerStream and Sudbury.

The 2011-2014 Final Results Report from the IESO included TOU savings calculations and indicated in the report that Ontario LDCs achieved 55 MW province-wide demand savings and 0 MWh energy savings, of which Whitby Hydro was allocated 0.449 MW and 0 MWh energy savings.

2.2.2 TOU PROGRAM DESCRIPTION

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

Initiative Frequency: Year-round

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

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

The RPP TOU price is adjusted twice annually by the OEB. A summary of the RPP TOU pricing is provided below in table 1.

Table 1: RPP TOU Pricing Summary

Effective Date	Prices (cents/kWh)		
	On Peak	Mid Peak	Off Peak
November 1, 2010	9.9	8.1	5.1
May 1, 2011	10.7	8.9	5.9
November 1, 2011	10.8	9.2	6.2
May 1, 2012	11.7	10.0	6.5
November 1, 2012	11.8	9.9	6.3
May 1, 2013	12.4	10.4	6.7
November 1, 2013	12.9	10.9	7.2
May 1, 2014	13.5	11.2	7.5
November 1, 2014	14.0	11.4	7.7

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

2.2.3 TOU Initiative Activities/Progress

Whitby Hydro began transitioning its RPP customers to TOU billing on December 23, 2011. By the end of 2012, virtually all eligible RPP customers (residential and general service less than 50 kW) were on TOU billing. As of December 31st, 2014, over 39,000 RPP customers were on TOU billing.

2.3 Whitby Hydro’s Application with the OEB

Whitby Hydro did not submit a CDM program application to the OEB in 2014.

2.4 Whitby Hydro’s Application with the IESO’s Conservation Fund

In 2013, the IESO introduced the Conservation Fund’s Program Innovation stream to help meet Whitby Hydro’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 IESO portfolio and the means to test concepts for future local or province wide programs post 2014. As per the IESO, 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.

Whitby Hydro did not submit a CDM program application to the IESO's Conservation Fund in 2014.

3 IESO-Contracted Province-Wide CDM Programs

3.1 Introduction

Effective March 2, 2011, (Whitby Hydro) entered into an agreement with the IESO to deliver CDM programs extending from January 1, 2011 to December 31, 2014. The programs included under this agreement are listed in Table 2 below. Further program details are included in Appendix A. In addition, results include projects started pre 2011 which were completed in or after 2011:

Table 2: IESO-Contracted Province-Wide CDM Program Initiatives

Initiative	Schedule	Date schedule posted	Whitby Hydro in Market Date
Residential Programs			
Appliance Retirement	Schedule B-1, Exhibit D	<i>Jan 26, 2011</i>	<i>March 3, 2011</i>
Appliance Exchange	Schedule B-1, Exhibit E	<i>Jan 26, 2011</i>	<i>May 2, 2011</i>
HVAC Incentives	Schedule B-1, Exhibit B	<i>Jan 26, 2011</i>	<i>March 3, 2011</i>
Conservation Instant Coupon Booklet	Schedule B-1, Exhibit A	<i>Jan 26, 2011</i>	<i>February 21, 2011</i>
Bi-Annual Retailer Event	Schedule B-1, Exhibit C	<i>Jan 26, 2011</i>	<i>April 1, 2011</i>
Retailer Co-op	n/a	<i>n/a</i>	<i>n/a</i>
Residential Demand Response	Schedule B-3	<i>Aug 22, 2011</i>	<i>October 1, 2012</i>
New Construction Program	Schedule B-2	<i>Jan 26, 2011</i>	<i>March 15, 2011</i>
Home Assistance Program	Schedule E-1	<i>May 9, 2011</i>	<i>September 30, 2012</i>
Commercial & Institutional Programs			
Efficiency: Equipment Replacement	Schedule C-2	<i>Jan 26, 2011</i>	<i>March 3, 2011</i>
Direct Install Lighting <ul style="list-style-type: none"> • General Service <50 kW 	Schedule C-3	<i>Jan 26, 2011</i>	<i>March 3, 2011</i>
Existing Building Commissioning Incentive	Schedule C-6	<i>Feb 2011</i>	<i>March 3, 2011</i>
New Construction and Major Renovation Initiative	Schedule C-4	<i>Feb 2011</i>	<i>December 15, 2011</i>
Energy Audit	Schedule C-1	<i>Jan 26, 2011</i>	<i>March 3, 2011</i>
Commercial Demand Response <ul style="list-style-type: none"> • General Service <50 kW 	Schedule B-3	<i>Jan 26, 2011</i>	<i>Not in market</i>

Industrial Programs			
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
Demand Response 3	Schedule D-6	May 31, 2011	May 31, 2011

In addition to the above, results were realized towards Whitby Hydro’s 2011-2014 targets 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.

Table 3: Pre-2011 IESO Programs

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.
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 between LDC and the IESO includes a program change management provision in Article 3. Collaboration between the IESO and LDC commenced in 2011, and continued in 2012, 2013 and 2014, as the change management process was implemented to enhance the saveONenergy program suite. The change management process allows for modifications to the Master CDM Program Agreement and initiative Schedules. The program enhancements give LDCs additional tools and greater flexibility to deliver programs in a way that meets the needs of customers and further drives participation in the Initiatives.

3.2 Program Descriptions

Full descriptions of IESO-contracted province-wide CDM programs are available on the IESO's intranet LDC 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. Discussion of LDC's experience with these programs is provided below.

3.2.1 RESIDENTIAL PROGRAM

Description: Provides residential customers with programs and tools to help them understand and manage the amount of energy they use in their home while aiding 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:

Through 2014, Whitby Hydro continued to maintain steady progress for the majority of Residential initiatives with significant increases in coupon participation. The addition of Light Emitting Diode ("LED") technology into the bi-annual retailer events in 2012 and the annual coupons in 2013, as well as LDC custom coded coupons, has had a positive effect on consumer engagement and provided LDC with opportunities to achieve additional savings in their service territory. The Residential Demand Response program is the main residential initiative which drives demand savings for LDCs and has been well received by some consumers eager to utilize an In-Home Display ("IHD") to help manage their energy consumption. Unfortunately, there were no savings associated with the Energy Display attributed to LDCs in the IESO's verified results. The IESO 2014 Key Evaluation Findings (EM&V document), simply states "IHD's yielded no statistically significant energy savings".

The Heating and Cooling incentives program continues to be one of the strongest performers in the residential suite of programs. This program is mainly driven by contractors participating in the program but they may not always deliver results in the required manner (e.g. allowing customers to apply for their own incentives and tardy reporting).

The Residential Program Portfolio is predominately a carryover of initiatives from previous programs. Three new initiatives were never 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 has provided value in all residential programs except for *peaksaver PLUS*[®] due to technological inconsistency across LDCs.

Work to revitalize and increase the effectiveness and breadth of the initiatives through the residential program needs to be a high priority. There are opportunities within the residential marketplace that need to be addressed, programs developed and offered to customers. The Version 5 changes to schedules under the Master Agreement implemented in Q1/Q2 2014 have increased the number of LDC-coded coupons available and made new installations of central heating and cooling systems eligible for the Heating and Cooling Incentive. The introduction of new or modified strong and effective residential initiatives are critical for the new Conservation First Framework as Whitby Hydro has a significantly higher than average residential customer base.

Whitby Hydro actively promoted the residential portfolio of programs at a significant number of community events including town festivals, seasonal celebrations; the Durham Home Show; as well as a Whitby Hydro sponsored free skating event along with other marketing efforts.

3.2.1.1 *Appliance Retirement Initiative (Exhibit D)*

Initiative Activities/Progress: Whitby Hydro continued to provide local marketing as well as customer support for this initiative. There has been a downward trend in participation starting in 2011 to 2014 in Whitby Hydro and province-wide. Whitby Hydro reallocated some marketing funds for this initiative into other residential programs however continued with general residential marketing (Newspaper/Radio Ads, Bus Shelter Signs, Community Events and Coupon Events), and specific Appliance Retirement Initiative advertising on buses in tandem with the province-wide marketing.

Additional Comments:

- Due to the duration of the program, and the revised appliance eligibility requirements to a minimum age of 20 years old, this initiative appears to have reached market saturation and has been under consideration for removal from the portfolio.
- IESO's results are very responsive to province-wide advertising, IESO provincial marketing should continue to play a key role.
- 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, prior to the conclusion of this program by December 31, 2014.
- Due to the announcement by the IESO that the Appliance Retirement program was going to cease at the end of 2014, many LDCs lowered (or removed) their marketing support for the program.

3.2.1.2 *Appliance Exchange Initiative (Exhibit E)*

Initiative Activities/Progress: Whitby Hydro continued with general residential marketing (Newspaper/Radio Ads, Bus Shelter Signs, Community Events and Coupon Events). Participation increased to 42 in 2014 over 29 in 2013 which was previously the highest to date.

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 IESO 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
- This initiative, eligible measures and incentive amounts are influenced by the retail partner with very limited involvement from the LDCs. The restrictive, limited and sometimes non-participation of local stores can diminish the savings potential for this initiative.
- To date there has only been one retailer participant in the Appliance Exchange Initiative.
- Evaluation, Measurement, and Verification (“EM&V”) results indicated that the value of savings for retired room air conditioners (“AC”) has dropped resulting in the retail participant not accepting window ACs during the Spring 2013 event.
- 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 the IESO’s contractor for appliance removal.

3.2.1.3 *HVAC Incentives Initiative (Exhibit B)*

Initiative Activities/Progress: Whitby Hydro continued to provide local marketing in the form of brochures and general residential marketing (Newspaper/Radio Ads, Bus Shelter Signs, Community Events and Coupon Events). Customer support was provided for this initiative by Whitby Hydro and contractors in order to answer questions about the different incentive amounts provided in this initiative. While 2014 marked the highest participation to date, it did not result in the highest savings to date which is indicative that either lower efficiency units were installed, only partial upgrades were complete (HVAC or furnace) or there was a reduction in the savings calculated per unit by the IESO.

Additional Comments:

- Incentive levels appear to be insufficient to prompt participants 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 central air conditioner sales to eligible units.
- There are cases where non-participating contractors are offering their own incentives (by discounting their installations to match the value of the IESO incentive) to make the sale. As this occurs outside of the initiative, savings are not credited to LDCs. IESO should consider this in future program impact evaluation studies.
- Changes to the schedules in 2014 to allow for incentives for new installations, rather than strictly replacement units, may prove to be effective in providing greater results, increasing provincial participation by 20% over 2013.

3.2.1.4 Conservation Instant Coupon Initiative (Exhibit A)

Initiative Activities/Progress: Whitby Hydro continued to provide local marketing and customer support for this initiative via website offering of the coupons and mainly through a cross-promotion of the bi-annual coupon event. Printed coupons were always available to customers visiting Whitby Hydro's offices. Whitby Hydro CDM staff promoted both the online-only annual coupons as well as the Spring/Fall bi-annual coupon event specific coupons. Participation greatly increased from 3,010 in 2013 to 9,005 in 2014.

Additional Comments:

- The timeframe for retailer submission of redeemed coupons vary from retailer to retailer, and in some cases has been lengthy. The delays and incomplete results reporting limits the ability to react and respond to initiative performance or changes in consumer behaviour.
- 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.
- All coupons have been provided with LDC custom coding in 2014 which allows LDCs to promote coupons based on local preferences. However, LDCs were not provided with customer coded coupon results until early 2015 and thus, had no indication of their redemption rates.
- 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 is on the list.
- The saveONenergy programs would benefit from specific end cap displays, aisle product stands and product-specific areas. Having products throughout a retail environment weakens the impact.

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

Initiative Activities/Progress: Whitby Hydro continued to provide local marketing and customer support. Posters and signs were erected in the stores which included Canadian Tire, Lowes and Home Depot. Whitby Hydro saw a significant increase in the allocated of savings related to this program (over 400% increased participation levels and over 600% increase in energy savings).

Additional Comments:

- Unfortunately although having participated in previous years coupon events, one store did not carry a significant amount of energy star certified LED bulbs causing frustration by consumers. It is highly recommended that retail store head offices are contacted well in advance of events and recommended to increase store inventory of qualified products.
- This initiative is strongly influenced by the retail participants and has no required 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 resources.
- The product list has had minimal changes over the past four years.
- Limited engagement of local retailers can restrict the savings potential for this initiative.
- Program evolution, including new products and review of incentive pricing for the coupon initiatives, must be a regular activity to ensure continued consumer interest.
- The product list could be distinctive from the Conservation Instant Coupon Initiative in order to gain more consumer interest and uptake.
- A review conducted by the EDA Residential Working Group in 2011 identified three areas of need for initiative evolution: 1) introduction of product focused marketing; 2) enhanced product selection; and 3) improved training for retailers as retail staffs 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.

3.2.1.6 *Retailer Co-op*

Initiative Activities/Progress: Whitby Hydro did not promote this initiative to local retailers since they had in previous years chosen to only support/participate in the bi-annual coupon retailer events. No local retailer applied to the IESO for specified funding under this Initiative.

Additional Comments:

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

3.2.1.7 New Construction Program (Schedule B-2)

Initiative Activities/Progress: Whitby Hydro continued to provide local marketing and customer support for this initiative. Marketing efforts focused on establishing relationships with builders and the Municipal Planning Department. Although the application process has been streamlined, the program continues to be perceived as too time consuming. Whitby Hydro had only 22 homes processed throughout the 2011-2014 framework.

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 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 continuing to under-achieve.
- Administrative requirements, particularly with individual home modeling, must align with perceived stakeholder payback.
- 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.

3.2.1.8 Residential Demand Response Program (Schedule B-3)

Initiative Activities/Progress: Whitby Hydro improved on 2013 results for Residential Demand Response (“RDR”) with participation increasing from 3,324 to 3,962. RDR was advertised specifically using newspaper ads, radio ads, buses, bus shelters, magazine articles and brochures. Direct mail and bill inserts were also used to promote this program. Community and coupon events also created opportunities whereby consumers could register interest in being contacted regarding RDR. Customers appreciated the in house display although there was some confusion as to the resolution of the display as some customers believed it would show individual electrical component’s energy consumption. One hurdle for this initiative was consumer understanding of the operation of thermostats during peak events. Many consumers assumed incorrectly that Whitby Hydro would shut off thermostats for significant portions of the day rather than cycling AC units. Typically consumer

interest peaked during coupon and home show and coupon events where either consultants or Whitby Hydro personnel were present for the conversation.

Additional Comments:

- IESO conducted a study in 2014, expanding its study territory beyond those included in the 2013 study to provincial rather than regional results. Results from the second study have remained the same with no savings attributed to IHDs provincially.
- The variable funding associated with installing a load controllable thermostat is not sufficient unless it is combined with an IHD. This might not be possible at all times or when IHD is optional.
- Smart meters installed by most LDCs do not have the capability to communicate directly to an IHD and any mass replacement of newly installed meters with communicating abilities is not fiscally responsible. When proposing technical initiatives that rely on existing LDC infrastructure or technology there should be an extensive consultative process in order to prevent this type of problem in the future.
- 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.
- Given the different LDCs' smart meter environments and needs, each LDC is positioning the initiative with subtle differences. As such, greater program flexibility is required to address unique LDC needs
- During this initiative, Whitby Hydro experienced significant issues with the *peaksaver* PLUS® administration and cost recovery process which has caused considerable burden to its business operations.

3.2.2 COMMERCIAL AND INSTITUTIONAL PROGRAM

Description: Provides commercial, institutional, agricultural and industrial organizations with energy-efficiency programs to help reduce their electrical costs while helping Ontario defer the need to build new generation and reduce its environmental footprint. Includes programs to help fund energy audits, replace energy-wasting equipment or pursue new construction that exceeds 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:

Whitby Hydro continued to focus on the Commercial and Institutional Program initiatives. While Retrofit did deliver the majority of demand and energy savings, Direct Install Initiative saw a renewed focus and improvement in participation over previous years. The pairing of informative workshops including those put on by Durham Partners in Project Green, as well as Facility Assessments has increased overall participation in Commercial and Institutional Program initiatives.

Throughout 2014, the Commercial and Institutional (“C&I”) Working Group continued its efforts to enhance the existing C&I programs and rectify identified program and system deficiencies. This has proven to be a challenging undertaking, normally taking months to complete sometimes relatively minor changes due to the current CDM framework. Overbuilt governance, numerous initiative requirements, complex program structure and lengthy change management have restricted growth without providing the anticipated improved measurement and verification results. In addition, Evaluation, Measurement and Verification (EM&V) has not yet achieved transparency. LDCs are held accountable for these results yet are mostly completely removed from the process.

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

Despite these challenges the C&I Working Group, working in cooperation with the IESO, have managed to iron out many of the issues which could be rectified. In particular, an accomplishment from 2012 was the advent of the expedited change management as a mean to accelerate certain program changes. The benefits of the expedited change management process were seen in 2013 and carried over into 2014.

Looking ahead there is an opportunity to make valuable changes to the current program suite for the Conservation First Framework, but LDCs and the IESO 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, Whitby Hydro has in the past and will continue to work closely with its neighbouring LDC (Veridian Connections) and will be increasing efforts to collaborate with Oshawa PUC, and gas distributors in Durham Region. Outside of the region Whitby Hydro welcomes and will push for collaboration with all other utilities.

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

Initiative Activities/Progress: Whitby Hydro continued to provide local marketing and customer support for this key Commercial and Institutional initiative. Application assistance and phone support was provided in order to alleviate delays in application processing as well as customized workshops, high level facility assessments, and eco-efficiency assessments completed by Durham Partners in Project Green. There were a total of 59 Retrofits completed in 2013 which increased to 75 in 2014. In addition to the increase in participation, more ambitious projects were submitted and overall kWh savings per application increased 12% from 2013 to 2014. In late 2014, exterior LEDs were added to the prescriptive worksheet, and although the entry of these incentives was late and complications occurred as initial incentive offers were rescinded, Whitby Hydro’s customers are interested in the incentives and exterior LED participation is expected to rise in 2015 if incentive amounts remain consistent.

Additional Comments:

- A large proportion of LDC savings are attributed to ERII. However, it is important to reiterate that early successes were realized in Whitby Hydro's service territory by uptake in the previous ERIP Retrofit program which resulted in 36 completed retrofits. Uptake in the previous ERIP program somewhat diminished the customer base to target in 2011-2014.
- Capability building programs from industrial programs have had very positive contributions to ERII program.
- A number of customer-facing issues in iCon (the IESO's centralized application system) have been resolved; however, key LDC administrative back office processing issues continue to be a challenge. For example, currently LDCs are unable to record back office information to complete review and approval process using iCon.
- 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 ("KAMs"), channel partner/contractor training and LDC staff acting as customer application representatives. Although this has been an effective method of overcoming these issues and encouraging submissions, it also reflects on the complexity and time consuming nature of the application process. As such, applicant representatives continue to influence the majority of applications submitted. Continued development of channel partners is essential to program success.
- Lighting is still the most popular measure. Other market sectors are not as engaged yet, specifically the mechanical sector. There continues to be significant barriers to program participation from HVAC (Unitary AC) and compressed air channel partners
- Prescriptive and engineered worksheets provide a much needed simplified application process for customers. However, the eligible measures need to be updated and expanded in both technology and incentive amounts to address changing product costs and evolution of the marketplace.
- A focus on demand incentives has limited some energy project opportunities. In particular, night lighting projects have significant savings potential for customers but tend to have incentives of 10% or less of project cost.
- 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 which can be extremely onerous, often requiring a dedicated resource.
- Streamlining of the settlements systems resulted in significant improvement in the payment process in 2013.

- IESO implemented a cut-off date of July 31, 2014 for approval of 2014 social housing adder (SHA) under ERII program. IESO had instructed that any SHA applications that will be submitted to IESO after July 31, 2014 will not be honored for SHA, however, they failed to mention that it is the timeline to submit the funding request to the IESO by the LDCs and not the submission date of the applications to IESO's ICON system by the Applicant (Customer). As a result there was confusion and some of the applications that were submitted to IESO's ICON by July 31, 2014 (but LDCs submitted the funding request to IESO at a later date - once LDCs have completed review of the applications), were not honored for SHA. Additionally, the formal letter confirming that the SHA annual allocation has been exceeded was received by conservation officers on July 15, 2014 leaving them only 15 days to inform the customers and this created a negative customer experience.
- The handling of the exterior lighting incentives was a negative customer experience. In the fall of 2014 a new section was introduced in the prescriptive Lighting worksheet. It offered generous incentives for some exterior lighting projects and many municipal customers took advantage of the available incentives. Within 2 weeks of introducing the incentives, several incentives were suddenly removed for approximately 6 weeks until new incentives were created due to \$/kWh incentive being too high for some of the measures. This caused a negative customer experience in several ways:
 - Some customers were planning on applying for rebates exterior prescriptive lighting measures based on the incentives offered but were suddenly not allowed to apply for prescriptive rebates.
 - The length of time from pulling out the exterior prescriptive lighting incentives to offering new incentives was too long. There should have been a temporary incentive level offered to allow LDCs to take in new applications.
 - The incentives should have been introduced at an appropriate level the first time. While market conditions can change, the incentives offered should have been researched and approved with the expectation that they would be in place for at least 6-12 months.
- Introduction of several new prescriptive measure worksheets including Plug Loads and Refrigeration were introduced in September 2014 allowing for new opportunities, albeit late in the framework.
- The Ministerial Directive provides continuity of the conservation programs for the participant, with clear direction on LDC administrative funding for 2015, which helps to avoid a gap in program delivery.

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

Initiative Activities/Progress: Whitby Hydro continued to provide local marketing and customer support for this initiative. A vendor partner was contracted in Q3 2011 and although 2013 saw the best results to date (48 applications) participation reached a standstill late in the year. As a result, in Q4 of 2013 Whitby Hydro made efforts to ensure outstanding projects were completed and made a decision to partner with a different vendor for delivery of this program to target any remaining qualified customers. Whitby Hydro worked closely with the newly-contracted vendor partner for a renewed focus on the program. The pace of the program slowly picked up in the beginning, and although the previous successful market saturation was an issue that Whitby Hydro has been grappling with overall, penetration on remaining untapped customers

was achieved through diligent efforts. This resulted in a significant increase in participation in 2014 (232 as compared to 48 in 2013).

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 estimated useful life, and considering the continuing improvement to lumens per watts in LEDs and customer interest, it is expected that LEDs will outpace all other lighting retrofits in the future.
- Cold start high output lighting was removed from the program. This particularly affected the farming customers who now have limited options within the program.
- Successful execution of the previous rendition of this Initiative (reaching a high market saturation rate of 80%) has resulted in diminished potential for the 2011-2014 Initiative in Whitby Hydro's area. 2013 saw greater traction regained through offering the program to bulk-metered accounts. 2014 resulted in a major increase in participation due to Whitby Hydro's initiative strategy and delivery changes.
- 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 measures has potential to provide additional energy and demand savings.
- Many customers are not taking advantage of any additional measures, which may present an opportunity for future savings with a new program offering.

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

Initiative Activities/Progress: While Whitby Hydro continued to provide local marketing and customer support for this initiative, minimal interest was garnered resulting in no successful applications in the 2011-2014 frameworks for Existing Building Commissioning. The low interest in Whitby mirrored province-wide results as only 5 buildings were completed in 2014 and none from 2011 through 2013 across the province.

Additional Comments:

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

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

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

Initiative Activities/Progress: During 2014, Whitby Hydro continued to work with its vendor partner for delivery of this initiative, however due to lengthy building cycle timeframes for such projects, only 2 buildings were completed in 2014, 1 in 2013 and none were completed prior to 2013.

Additional Comments

- With the Ministerial Directive issued December 21, 2012, facilities with a completion date near the end of 2014 have some confidence that they will be compensated for choosing efficiency measures.
- Participants have until the end of 2014 to submit their applications for the projects that will be completed in 2015. However savings achieved will be accounted for in the new framework (2015 - 2020).
- 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.
- 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.

3.2.2.5 Energy Audit Initiative

Initiative Activities/Progress: Whitby Hydro continued to provide local marketing and customer support for this initiative. During the end of Q4 2013, Whitby Hydro worked closely with the municipality on their mandated energy management requirements (O. Reg. 397/11) and focused particularly on the Energy Audit initiative and completed these in 2014 in addition to one other Audit. A draw back of the audits is the cost to the customer. Whitby Hydro provided free higher level alternatives which proved to be fruitful in increasing interest in participation in the retrofit program.

- The energy audit initiative is considered an ‘enabling’ initiative and ‘feeds into’ other saveONenergy initiatives.
- LDCs are receiving some savings towards their targets from an audit which is mainly attributable to operational savings.
- 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 IESO may be beneficial.
- Participants are limited to one energy audit which restricts 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 a neutral third party regarding the appropriate lighting solution for their facility instead of what a local supplier would like 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 a potential barrier to participation

3.2.3 INDUSTRIAL PROGRAM

Description: Owners of 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:

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

Discussion:

The Industrial Program Portfolio has been able to provide valuable resources to large facilities such as energy managers and enabling engineering studies. The engineering studies in particular provide a unique opportunity for a customer to complete a comprehensive analysis of an energy intensive process that they would not otherwise be able to undertake. Energy managers provide customers with a skilled individual whose only role is to assist them with conservation initiatives. To date these energy managers have played a key role in customer participation. The KAM and the industrial project supervisors have also been instrumental in managing the embedded energy managers (“EEM”) during the first and second half of the year respectively, and promoting activity to the Class A customers.

Although program uptake has been limited in Whitby Hydro’s service territory, it recognizes the strategic value of conducting Engineering Studies in particular as well as the holistic diagnostic benefit gained through the Monitoring Targeting initiative.

Due to the size, scope and long lead time of these initiatives and associated projects, the December 2012 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 improved the number of projects and savings achieved within Process and Systems Upgrades Initiation ("PSUI") on a provincial level although this did not have any impact on Whitby Hydro's participation. Likewise, a decision to proceed with applications for natural gas load displacement generation projects may also increase uptake, although the limited time to bring new projects into service is a barrier.

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

Initiative Activities/Progress: Whitby Hydro continued to provide local marketing and customer support for this initiative, however similar to most LDCs in the province, no PSUI projects resulted from the marketing campaigns in the 2011-2014 framework (5 projects in 2013 and 10 in 2014 province wide).

Additional Comments:

- 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 a long project development cycle. As such, limited results are expected to be generated in 2014. The majority of the results are expected in 2015 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.
- Given the size of the projects involved, the contract required for PSUI is a lengthy and complicated document. A key to making PSUI successful is the new agreement for 'small' projects with simplified and less onerous conditions for the customer. To partially address this, changes were made to the ERII program which allowed smaller projects to be directed to the commercial stream. Most industrial projects to-date has been submitted as ERII projects due to less onerous contract and M&V requirements. **Therefore, PSUI engineering studies and LDC's industrial resources (e.g., Energy managers, KAMs) contribute significant savings to other programs such as ERII.**
- A business case was submitted by the Industrial Working Group in July 2012 to remove the energy savings cap for a small project (set at 700 MWh) and replace it with an incentive-based cap of 1 million dollars. This allowed more projects to be eligible for the new small capital project agreement and increase participant uptake. This small capital project agreement was finalized through change management in September 2013.
- With the considerable customer interest in on-site load displacement (co-generation) projects, the initiative should be reviewed to ensure that these projects may be accepted as part of the PSUI Initiative. The IESO was reviewing waste heat projects only and all other co-generation projects were on hold prior to June 2013, when a decision was made to

allow natural gas load displacement generation projects to proceed under PSUI. It is expected that a number of projects may proceed although results may not be counted towards LDC 2011-2014 framework target unless applications are submitted before the end of 2014 and the projects are in service before December 31, 2015.

- The requirement for the customer to invoice the LDC and provide proof of payment to consultants for their incentive is very burdensome for the customer and results in a negative customer experience and another barrier to participation.

3.2.3.2 *Monitoring and Targeting (“M&T”) Initiative (Schedule D-2)*

Initiative Activities/Progress: Whitby Hydro continued to provide local marketing and customer support for this initiative. 2013 was the only year of incremental activity (2) for Whitby Hydro. M&T had very low activity province-wide with only 9 total projects completed during the 2011-2014 framework.

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, only five applications were completed in 2014, province-wide.
- The savings target required for this initiative can present a significant challenge for smaller customers.
- Through the change management process in 2013, changes were made to ERII to allow smaller facilities to employ M&T systems.

3.2.3.3 *Energy Manager Initiative (Schedule D-3)*

Initiative Activities/Progress: Whitby Hydro continued to provide local marketing and customer support for this initiative and aimed it exclusively at the institutional sector (Regional and local Municipality,). The Municipality did not employ an Embedded Energy Manager until 2015 and as such Whitby Hydro had no participation in the Energy Manager Initiative during the 2011-2014 framework.

Additional Comments:

- The Embedded Energy Managers (“EEMs”) have proven to be a popular and useful resource for larger customers. There are approximately 50 EEMs and 22 Roving Energy Managers (“REMs”) being utilized by customers across the province.
- At the beginning, it took longer than expected to set up the energy manager application process and unclear communication resulted in marketing and implementation challenges for many LDCs.
- The requirement that 30% of targets must come from non-incented projects is identified as an issue for most EEMs/REMs. The EDA Industrial Working Group has proposed to remove this requirement for REMs only as they are not resident full time at a customer facility to find the non-incented savings.

3.2.3.4 Key Account Manager (Schedule D-4)

Initiative Activities/Progress: Whitby Hydro continues to seek out efficiencies to be gained through working with neighbouring LDCs. However, due to its size, Whitby Hydro did not have a dedicated Key Account Manager as the CDM Program Manager and vendor partners provided the necessary aide to customers.

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.
- Many smaller or medium sized LDCs view their CDM Manager as fulfilling the role of a Key Account Manager whose task it is to engage and help customers, since these same customers are not large enough to qualify for this initiative.
- Finding this type of skill set has been difficult. In addition, the short-term contract and associated energy targets discourage some skilled applicants resulting in longer lead times to acquire the right resource.
- This resource has been found by some LDCs to be of limited value due to the part-time nature of the position and limited funding. In addition, the position role has been too narrow in scope to provide assistance to the wider variety of projects with which LDCs may be struggling.

3.2.3.5 Demand Response 3 (“DR3”) (D-6)

Initiative Activities/Progress: While Whitby Hydro continued its marketing efforts for Demand Response 3, only 2 facilities participated from the frameworks inception to its end in 2014.

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 confirm savings.
- The Industrial Working Group had a discussion with the IESO and representatives of the Ministry on proposed changes for the DR3 program. 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 are able to enter into contracts beyond 2014. This has allowed them to offer a more competitive contract price (five years) than the previously limited one- to two-year contracts. However on March 31, 2014 the Minister of Energy issued a directive entitled “Continuance of the IESO’s Demand Response Program under IESO management” which restricts the IESO from granting any more contract schedules to aggregators, as the program is being transitioned from to the IESO. This decision will prevent the DR3 program from continuing to grow until the IESO is ready to assign DR3 capacity through a new auction process.
- Metering and settlement requirements are complicated and can reduce customer compensation amounts, and present a barrier to some customers.
- Compensation amounts have been reduced from the previous version of this program and subsequently there has been a corresponding decrease in renewal rates.

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

Initiative Activities/Progress: Whitby Hydro and two of its neighbouring LDCs retained the same Home Assistance Program (“HAP”) channel partner from 2013. This collaboration resulted in combined outreach reducing advertising costs. While Whitby Hydro had no participation in 2011 and 2012, participation increased from 177 homes in 2013 to 263 homes in 2014.

Additional Comments:

- The process for enrolling in social housing was complicated and time consuming. This was addressed in late 2012 and showed benefits since 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 IESO contracted centralized delivery agent.

3.2.5 PRE-2011 PROGRAMS

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

4 2014 Whitby Hydro CDM Results

4.1 Participation and Savings

Participation and savings results provided by IESO reporting are found in the table below.

Table 4: Participation and Savings

		Table 1: Whitby Hydro Electric Corporation Initiative and Program Level Net Savings by Year													
Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011*	2012*	2013*	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
															2014
Consumer Program															
Appliance Retirement	Appliances	547	232	144	110	31	13	9	7	226,453	92,074	61,731	47,807	60	1,353,000
Appliance Exchange	Appliances	22	19	29	42	2	3	6	9	3,509	5,077	10,714	15,516	19	65,313
HVAC Incentives	Equipment	993	1,056	1,149	1,399	319	225	232	281	580,361	379,038	398,521	518,947	1,056	4,774,547
Conservation Instant Coupon Booklet	Items	5,338	267	3,010	9,005	12	2	4	18	191,285	12,096	66,677	245,067	36	1,179,846
Bi-Annual Retailer Event	Items	8,237	9,178	8,173	41,738	15	13	10	70	254,227	231,685	148,621	1,063,216	107	3,072,421
Retailer Co-op	Items	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residential Demand Response	Devices	0	869	3,324	3,962	0	450	1,883	2,047	0	3,263	1,485	0	2,047	4,749
Residential Demand Response (IHD)	Devices	0	867	3,303	3,971	0	0	0	0	0	0	0	0	0	0
Residential New Construction	Homes	0	0	22	0	0	0	0	0	0	0	0	0	0	0
Consumer Program Total						378	706	2,145	2,432	1,255,835	723,233	687,748	1,890,554	3,326	10,449,875
Business Program															
Retrofit	Projects	10	32	59	75	142	245	279	295	824,817	1,456,233	1,648,280	2,346,163	960	13,310,400
Direct Install Lighting	Projects	17	10	48	232	22	12	37	200	43,922	46,962	129,289	779,548	267	1,341,107
Building Commissioning	Buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Construction	Buildings	0	0	1	2	0	0	0	34	0	0	0	165,883	34	165,883
Energy Audit	Audits	0	0	0	7	0	0	0	94	0	0	0	456,915	94	456,915
Small Commercial Demand Response	Devices	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Small Commercial Demand Response (IHD)	Devices	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Demand Response 3	Facilities	1	1	1	1	108	109	110	76	4,235	1,581	1,473	0	76	7,289
Business Program Total						272	365	426	698	872,973	1,504,776	1,779,042	3,748,509	1,430	15,281,593
Industrial Program															
Process & System Upgrades	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Monitoring & Targeting	Projects	0	0	2	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	0	0	0
Retrofit	Projects	10	0	0	0	59	0	0	0	364,108	0	0	0	59	1,456,432
Demand Response 3	Facilities	2	2	2	2	237	440	494	448	13,901	10,604	11,248	0	448	35,752
Industrial Program Total						295	440	494	448	378,009	10,604	11,248	0	507	1,492,184
Home Assistance Program															
Home Assistance Program	Homes	0	0	177	263	0	0	5	9	0	0	66,033	99,080	14	231,107
Home Assistance Program Total						0	0	5	9	0	0	66,033	99,080	14	231,107
Aboriginal Program															
Home Assistance Program	Homes	0	0	0	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	0	0	0
Aboriginal Program Total						0	0	0	0	0	0	0	0	0	0

Table 1 cont.: Whitby Hydro Electric Corporation Initiative and Program Level Net Savings by Year															
Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011*	2012*	2013*	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
															2014
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	14	0	0	0	90	0	0	0	499,572	0	0	0	90	1,998,289
High Performance New Construction	Projects	2	0	0	0	8	1	0	0	38,721	947	0	0	9	157,723
Toronto Comprehensive	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Multi-family Energy Efficiency Rebates	Projects	0	0	0	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	0	0	0
Pre-2011 Programs completed in 2011 Total						98	1	0	0	538,293	947	0	0	99	2,156,012
Other															
Program Enabled Savings	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Time-of-Use Savings	Homes	0	0	0	n/a	0	0	0	449	0	0	0	0	449	0
LDC Pilots	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Total						0	0	0	449	0	0	0	0	449	0
Adjustments to 2011 Verified Results															
Adjustments to 2012 Verified Results															
Adjustments to 2013 Verified Results															
Energy Efficiency Total						698	513	582	1,464	3,026,974	2,224,112	2,529,865	5,738,143	3,253	29,562,980
Demand Response Total (Scenario 1)						345	999	2,488	2,572	18,135	15,448	14,206	0	2,572	47,790
Adjustments to Previous Years' Verified Results Total						0	-36	94	168	0	-36,367	660,365	491,214	226	2,825,638
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						1,043	1,476	3,164	4,204	3,045,110	2,203,193	3,204,436	6,229,357	6,051	32,436,408
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).												*Includes adjustments after Final Reports were issued			
Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year.												Full OEB Target:			
												% of Full OEB Target Achieved to Date (Scenario 1):			
												55.5%			
												83.0%			

Table 5: Summarized Program Results

#	Initiative	Activity Unit	Uptake/ Participation Units			
			2011	2012	2013	2014
Consumer Programs						
1	Appliance Retirement	Appliances	547	232	144	110
2	Appliance Exchange	Appliances	22	19	29	42
3	HVAC Incentives	Equipment	993	1,056	1,149	1,399
4	Conservation Instant Coupon Booklet		5,338	267	3,010	9,005
5	Bi-Annual Retailer Event	Coupons	8,237	9,178	8,173	41,738
6	Retailer Co-op	Items	0	0	0	0
7	Residential Demand Response (switch / Programmable Thermostat)	Devices	0	869	3,324	3,962
8	Residential Demand Response (IHD)	Devices	0	867	3,303	3,971
9	New Construction Program	Houses	0	0	22	0
Business Programs						
10	Efficiency: Equipment Replacement – Retrofit	Projects	10	32	59	75
11	Direct Installed Lighting	Projects	17	10	48	232
12	Existing Building Commissioning Incentive	Buildings	0	0	0	0

13	New Construction and Major Renovation Incentive	Buildings	0	0	1	2
14	Energy Audit	Audits	0	0	0	7
15	Commercial Demand Response (part of the Residential program schedule)	Devices	0	0	0	0
16	Demand Response 3 (part of the Industrial program schedule)	Facilities	1	1	1	1
Industrial Programs						
17	Process & System Upgrades	Projects	0	0	0	0
18	Monitoring & Targeting	Projects	0	0	2	0
19	Energy Manager	Managers	0	0	0	0
20	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Projects	10	0	0	0
21	Demand Response 3	Facilities	2	2	2	2
Home Assistance Program						
22	Home Assistance Program	Homes	0	0	177	263
Pre-2011 Programs						
23	Electricity Retrofit Incentive Program	Projects	14	0	0	0
24	High Performance New Construction	Projects	2	0	0	0
25	Toronto Comprehensive	Projects	0	0	0	0

26	Multifamily Energy Efficiency Rebates	Projects	0	0	0	0
27	Data Centre Incentive Program	Projects	0	0	0	0
28	EnWin Green Suites	Projects	0	0	0	0

Table 6: Verified Results

#	Initiative	Realization Rate		Gross Savings		Net-to-Gross Ratio		Net Savings		Contribution to Targets	
		Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings in 2014 (kW)	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Programs											
1	Appliance Retirement	-	-	15	101,385	42%	44%	7	47,807	60	1,353,000
2	Appliance Exchange	100%	100%	17	29,275	53%	53%	9	15,516	19	65,313
3	HVAC Incentives	100%	100%	589	1,092,314	51%	51%	281	518,947	1,056	4,774,547
4	Conservation Instant Coupon Booklet	100%	100%	11	141,957	169%	172%	18	245,067	36	1,179,846
5	Bi-Annual Retailer Event	100%	100%	40	607,762	174%	175%	70	1,063,216	107	3,072,421
6	Retailer Co-op	-	-	0	0	-	-	0	0	0	0
7	Residential Demand Response*	-	-	2,047	0	-	-	2,496	0	2,496	4,749
8	Residential New Construction	-	-	0	0	-	-	0	0	0	0
Business Programs											
9	Efficiency: Equipment Replacement	88%	111%	394	3,163,318	73%	73%	295	2,346,163	960	13,310,400
10	Direct Install Lighting	78%	83%	212	825,906	94%	94%	200	779,548	267	1,341,107
11	Existing Building Commissioning Incentive	-	-	0	0	-	-	0	0	0	0
12	New Construction and Major Renovation Incentive	97%	100%	62	307,190	54%	54%	34	165,883	34	165,883
13	Energy Audit	96%	100%	139	680,946	68%	67%	94	456,915	94	456,915
14	Commercial Demand Response (part of the Residential program schedule)	-	-	0	0	-	-	0	0	0	0
15	Demand Response 3* (part of the Industrial program schedule)	-	-	76	0	-	-	76	0	76	7,289

#	Initiative	Realization Rate		Gross Savings		Net-to-Gross Ratio		Net Savings		Contribution to Targets	
		Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings in 2014 (kW)	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Industrial Programs											
16	Process & System Upgrades	-	-	0	0	-	-	0	0	0	0
17	Monitoring & Targeting	-	-	0	0	-	-	0	0	0	0
18	Energy Manager	-	-	0	0	-	-	0	0	0	0
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	-	-	0	0	-	-	0	0	59	1,456,432
20	Demand Response 3*	-	-	448	11,248	-	-	0	0	448	35,752
Home Assistance Program											
21	Home Assistance Program	89%	81%	9	99,080	100%	100%	9	99,080	14	231,107
Electricity Retrofit Incentive Program											
22	Electricity Retrofit Incentive Program	-	-	0	0	-	-	0	0	90	1,998,289
23	High Performance New Construction	100%	100%	0	0	50%	50%	0	0	9	157,723
24	Toronto Comprehensive	-	-	0	0	-	-	0	0	0	0
25	Multifamily Energy Efficiency Rebates	-	-	0	0	-	-	0	0	0	0
26	Data Centre Incentive Program	-	-	0	0	-	-	0	0	0	0
	Adjustments to previous year's verified results			223	648,237			449	491,214	675	2,825,638

Table 7: Summarized 2014 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	2,719	1,972,899	2,432	1,890,554	3,326	10,449,875
Business Program Total	882	4,977,360	698	3,748,509	1,430	15,281,593
Industrial Program Total	448	0	448	0	507	1,492,184
Home Assistance Program Total	9	99,080	9	99,080	14	231,107
Pre-2011 Programs completed in 2011 Total	0	0	0	0	99	2,156,012
Other Adjustments to Previous Year's Verified Results (Including TOU)	672	648,237	617	491,214	675	2,825,638
Total IESO Contracted Province-Wide CDM Programs	4,730	7,697,576	4,204	6,229,357	6,051	32,436,408

4.2 Evaluation, Measurement and Verification (“EM&V”) Findings

The following table provides a summary of the 2014 EM&V findings for the evaluated saveONenergy program initiatives. These key evaluation findings are derived from the 2014 evaluations of the saveONenergy programs and issued by the IESO.

Table 8: Evaluation Findings

#	Initiative	IESO Province-Wide Key Evaluation Findings
Consumer Programs		
1	Appliance Retirement	<ul style="list-style-type: none"> • Participation increased slightly to 22,563 (7.7%) in 2014 compared with 20,952 in 2013. • Since 2011 overall Initiative participation has decreased nearly 60%. • The greatest decrease was seen in the number of refrigerators collected year-over-year • Of appliances collected, refrigerators and freezers remain the most dominate measures accounting for 90%. However, window AC units and dehumidifiers saw a marked increase of 29.6% and 27% respectively in 2014. • Net to gross ratio (NTG) increased slightly to 47% compared to 43% as reported for 2013 and 2012 program years.
2	Appliance Exchange	<ul style="list-style-type: none"> • Participation in 2014 increased by 6.5% to 5,685 appliances from 5,337 compared to 2013 • Per-unit savings has increased by 36.6% as ENERGY STAR criteria increases and more participants purchase ENERGY STAR replacements appliances. This resulted in a 6.5% increase in Net Energy & Demand savings. • Net to Gross ratio (NTG) remained unchanged from 2013 at 52.6%

#	Initiative	IESO Province-Wide Key Evaluation Findings
3	HVAC Incentives	<ul style="list-style-type: none"> • In 2014 net savings increased by 20% from 2013 and overall participation increased by 17% to 113,002 compared to 2013 • The ECM measure has remained the dominant source of savings since 2011 • Per unit furnace savings increased 12.7% due to a shift in the number of participants who use their furnace fan continuously both before and after the retrofit. • Per unit energy and demand savings assumptions for central air conditioners decreased by 56% due to reduced run hours • Net to Gross ratio (NTG) remained unchanged from 2013 at 48%
4	Conservation Instant Coupon Booklet	<ul style="list-style-type: none"> • Customers redeemed more than five times as many annual coupons in 2014 as in 2013. In total, approximately 500, 000 Annual Coupons were redeemed in 2014 with 110,000 being LDC Coded Coupons. • There was a further reduction in savings for lighting measures from changes in the baseline due to the phase out of 72W and 100W incandescent bulbs. • Despite the significant per unit savings reductions for lighting measure, the Net Annual Savings from Annual Coupons in 2014 was more than six times that in 2013. This is primarily because of higher participation and the inclusion of LED coupons and full year availability of all coupons. • Measured NTG ratios grew significantly in 2014. The NTG ratio is 53% higher in 2014 than in 2013 due to the inclusion of participant spillover, i.e., purchase of additional coupon initiative measures and general energy efficient measures without the use of a coupon but influenced by the coupon program.
5	Bi-Annual Retailer Event	<ul style="list-style-type: none"> • Over 2.5 million coupons were redeemed in 2014 compared with 2013 redemptions • The Bi-Annual Coupon Event saw a substantial increase in the number of coupons redeemed during the Spring and Fall Events in 2014 compared to 2013. The increase can be linked to a substantial increase in LED purchases with event coupons accounting for 84% of all Bi-Annual Coupons redeemed. • Reductions in per unit savings were overshadowed by the increase in coupon redemptions. Overall savings increased by approximately 85% in 2014 compared with 2013 Demand and Energy Savings. • Similar to the Annual Coupon Event measured NTG ratios rose by 53% compared to 2013 NTG ratios. The rise is due to the inclusion of participant spillover, i.e., purchase of additional coupon initiative and general energy efficient measures without the use of a coupon but influenced by the Bi-Annual Coupon event.

#	Initiative	IESO Province-Wide Key Evaluation Findings
7	Residential Demand Response	<ul style="list-style-type: none"> • There were an additional 55,000 CAC load control devices enrolled in the program in 2014 relative to 2013, which increased the capacity of the residential segment of the program from 129 MW in 2013 to 143 MW in 2014. • Ex-ante impacts on a per device basis were lower than 2013 average. • There were no energy savings in 2014 because there were no system-wide events were called. • Load impact estimates for the average small and medium business and for electric water heaters among residential customers remain consistent with prior year's analysis • IHD's yielded no statistically significant energy savings.
8	Residential New Construction	<ul style="list-style-type: none"> • The most significant growth in the initiative has been participation in the prescriptive track. MW savings in the prescriptive track increased from zero summer peak MW savings in 2011 to 352 summer peak kW savings in 2014. • The custom track saw participation for the first time in 2014. One custom project of 55 homes contributed 37 kW demand savings and 0.5 GWh of energy savings. • New deemed savings for performance track homes were developed and implemented, resulting more consistent realization rates for 2014. • ENERGY STAR New Homes was introduced as an eligible measure within the performance track in 2014. As a result, these ENERGY STAR New Homes provided 1% of peak kW savings and 4% of kWh savings.

#	Initiative	IESO Province-Wide Key Evaluation Findings
Business Programs		
9	Efficiency: Equipment Replacement	<ul style="list-style-type: none"> • The number of prescriptive projects increased slightly (1.2%) in 2014 to a total of 4,812. However, total net verified savings and peak demand savings dropped significantly (19% and 30% respectively). This is due to a 19% drop in per-project net verified savings, which can be attributed to lower track level realization rate and net-to-gross ratio and is related to smaller average project sizes. • The quantity of engineered projects increased 22% to a total of 3,906 in 2014, combined with a net verified savings per project increase of 17% the track saw a dramatic 47% increase in net energy savings. • Lower demand realization rates across the program as a whole were tied to equipment differences between reported and calculated values. For lighting projects the difference was most often seen in baseline and retrofit lamp wattages and ballast factors. Non-lighting tracks exhibited lower demand realization rates due to the following factors: <ul style="list-style-type: none"> ○ Variations in load profiles where the evaluation team found equipment that operated fewer hours or at a lower capacity than expected from the project documentation. ○ Inconsistencies in equipment nameplate data (typically efficiency or capacity) between project documentation and equipment installed on-site. ○ Weather dependent control systems leading to shifts in how often the equipment operated.

#	Initiative	IESO Province-Wide Key Evaluation Findings
10	Direct Install Lighting	<ul style="list-style-type: none"> • 23,784 projects were completed in 2014 (34% increase from 2013) • The category of 'Other' business type projects increased 71% when compared to 2013. Agribusinesses make up 74% of the 'Other' business type category. While growth in the number of projects is good, agribusinesses projects, in particular, have a realization rate of only 58.5%. This is primarily due to the verified annual operating hours being approximately 45% less than the assumed annual operating hours. • In 2014 LED measures provide the most net savings of any other SBL measure making up 59% of net energy savings in 2014. Their long effective useful life and retention of a larger amount of savings after the baseline adjustment allow LED measures to also contribute substantially more lifetime savings than CFLs and linear fluorescents. • Overall energy and demand realization rates decreased by 1.8 and 3.1 %, respectively, from 2013. <ul style="list-style-type: none"> ○ Sampled rural projects have lower energy realization rather than urban projects (63.8% compared to 83.5%) across the 2011 – 2014 sample ○ Sampled rural projects have even lower demand realization rather than urban projects (49.7% compared to 74.1%) across the 2011 – 2014 sample • The annual proportion of net energy savings from rural projects has increased from 30% in 2011 to 41% in 2014
11	Existing Building Commissioning Incentive	<ul style="list-style-type: none"> • 5 projects completed the Hand-off stage in 2014. • Energy realization rate was estimated at 116% and demand realization rate at 202%. • About 31 participants are still in the scoping stage or implementation stage.

#	Initiative	IESO Province-Wide Key Evaluation Findings
12	New Construction and Major Renovation Incentive	<ul style="list-style-type: none"> • Savings have increased every year of the initiative with an increased participation of 50% from 2013 • In 2014, most savings came from the custom track providing 71% of demand savings. • Participation from HVAC measures occurred for the first time in 2014 (providing 14% of summer peak kW savings and 5% of kWh savings). • The measures with the greatest impact on low realization rates for prescriptive measures were high volume low speed (HVLS) fans and variable frequency drives (VFDs). • Province-wide realization rates declined slightly for 2014, as a result of the wider variety of measures being implemented. • Key drivers for participation are: initial project cost, followed by electricity costs and expected energy savings are the key drivers to participation.

#	Initiative	IESO Province-Wide Key Evaluation Findings
Industrial Programs		
16	Process & System Upgrades	<p>Process and Systems – Capital Incentive Initiative</p> <ul style="list-style-type: none"> • 10 PSUI Capital Incentive projects implemented in 2014, compared to 5 in 2013. <ul style="list-style-type: none"> ○ 4 projects are Behind the Meter Generation (BMG) projects. ○ The remaining projects were energy efficiency improvements in pumping, cooling, compressed air systems and industrial processes. • Each project received its own Net to Gross (NTG) value. NTG ratios ranged from 62% to 100% for the 10 projects • Realization rates remained high in 2014, ranging from 90 to over 100% <p>Process and Systems Energy Managers Initiative – Non incented savings</p> <ul style="list-style-type: none"> • 379 Energy Manager projects were completed in 2014 compared to 306 in 2013 • Energy Managers are important drivers of non incented savings projects. • In 2014, the Energy Mangers initiative has contributed to 35% of energy savings for Industrial Programs <p>Process and Systems Monitoring and Targeting Initiative – Non incented savings</p> <ul style="list-style-type: none"> • 5 projects were completed in 2014, compared to 3 in 2013. • Low realization rates (36% for energy savings and 59% for demand savings) are attributed to reported savings based on total potential savings rather than non-incentivized realized savings, while the verified savings only include non-incentivized savings).
20	Demand Response 3	<ul style="list-style-type: none"> • The largest 25 contributors account for 60% of the contractual demand reduction – that is, less than 4% of contributors account for the majority of the load reductions. • A multi-year analysis indicates 2012 was the best year for program performance. After 2012, a single large contributor left the program, resulting in a decrease in overall performance in 2013 and 2014. This highlights the risk having a highly concentrated program with a few large contributors representing a large share of the program capacity. • There were no events called in 2014 and the contracted capacity was similar to 2013.

#	Initiative	IESO Province-Wide Key Evaluation Findings
Home Assistance Program		
21	Home Assistance Program	<ul style="list-style-type: none"> • Participation decreased by 5 % to 25,424 participants compared with 2013 (26,756). The decrease was due to six LDCs not participating in the Home Assistance Program in 2014. • Realization rates for demand doubled in 2014 to 56% compared with 2013 (26%). However, energy realization rates decreased by 10% to 77% compared with 2013 results. • Realization rate for demand savings increased due to the adoption of the new FAST Tool which incorporated updated kW savings for weatherization measures in particular insulation measures.

4.3 Spending

Table 9: 2014 Spending

Initiative	PAB	PBF	PI	CBF	TOTAL
Consumer Program					
Appliance Retirement	\$13,384	\$0	\$0	\$0	\$13,384
Appliance Exchange	\$13,384	\$0	\$0	\$0	\$13,384
HVAC Incentives	\$15,561	\$0	\$0	\$0	\$15,561
Conservation Instant Coupon Booklet	\$14,019	\$0	\$0	\$0	\$14,019
Bi-Annual Retailer Event	\$17,874	\$0	\$0	\$0	\$17,874
Retailer Co-op	N/A	N/A	N/A	N/A	N/A
Residential Demand Response	\$84,037	\$268,920	\$0	\$0	\$352,957
New Construction Program	\$22,508	\$11,000	\$0	\$0	\$33,508
Business Program					
Efficiency: Equipment Replacement	\$216,945	\$0	\$263,349	\$0	\$480,294
Direct Installed Lighting	\$31,960	\$366,309	\$0	\$0	\$398,269
Existing Building Commissioning Incentive	\$7,310	\$0	\$0	\$0	\$7,310
New Construction and Major Renovation Initiative	\$32,619	\$0	\$0	\$0	\$32,619
Energy Audit	\$31,675	\$27,751	\$0	\$0	\$59,427
Small Commercial Demand Response (part of the Residential program schedule)	\$0	\$0	\$0	\$0	\$0
Demand Response 3 (part of the Industrial program schedule)	\$0	\$0	\$0	\$0	\$0
Industrial Program					
Process & System Upgrades	\$0	\$0	\$0	\$0	\$0
a) preliminary engineering study	\$8,734	\$0	\$0	\$0	\$8,734
b) detailed engineering study	\$8,734	\$0	\$0	\$0	\$8,734
c) program incentive	\$0	\$0	\$0	\$0	\$0
Monitoring & Targeting	\$0	\$0	\$0	\$0	\$0
Energy Manager	\$8,734	\$0	\$0	\$0	\$8,734
Key Account Manager	\$8,734	\$0	\$0	\$0	\$8,734
Efficiency Equipment Replacement Incentive (part of the C&I program schedule)	\$0	\$0	\$0	\$0	\$0
Demand Response 3	\$8,734	\$0	\$0	\$0	\$8,734
Home Assistance Program					
Home Assistance Program	\$19,470	\$94,369	\$0	\$0	\$113,838
TOTAL SPENDING	\$564,417	\$768,349	\$263,349	\$0	\$1,596,115

Table 10: Cumulative Spending (2011-2014)

Initiative	PAB	PBI	PI	CBF	TOTAL
Consumer Program					
Appliance Retirement	\$87,801	\$0	\$0	\$0	\$87,801
Appliance Exchange	\$70,244	\$0	\$0	\$0	\$70,244
HVAC Incentives	\$99,973	\$0	\$0	\$0	\$99,973
Annual Coupons	\$83,595	\$0	\$0	\$0	\$83,595
Bi-Annual Retailer Event	\$80,865	\$0	\$0	\$0	\$80,865
Retailer Co-op	N/A	N/A	N/A	N/A	N/A
Residential Demand Response	\$368,910	\$1,659,366	\$0	\$0	\$2,028,276
New Construction Program	\$83,610	\$11,000	\$0	\$0	\$94,610
Business Program					
Equipment Replacement	\$558,427	\$0	\$962,280	\$0	\$1,520,707
Direct Installed Lighting	\$83,064	\$470,985	\$0	\$0	\$554,050
Existing Building Commissioning Incentive	\$30,247	\$0	\$0	\$0	\$30,247
New Construction and Major Renovation Initiative	\$53,962	\$0	\$0	\$0	\$53,962
Energy Audit	\$60,330	\$27,751	\$0	\$0	\$88,081
Small Commercial Demand Response	\$1,553	\$0	\$0	\$0	\$1,553
Demand Response	\$1,347	\$0	\$0	\$0	\$1,347
Industrial Program					
Process & System Upgrades	\$0	\$0	\$0	\$0	\$0
a) preliminary engineering study	\$20,795	\$0	\$10,000	\$0	\$30,795
b) detailed engineering study	\$8,780	\$0	\$0	\$0	\$8,780
c) program incentive	\$46	\$0	\$0	\$0	\$46
Monitoring & Targeting	\$12,108	\$0	\$37,500	\$0	\$49,608
Energy Manager	\$17,736	\$0	\$0	\$0	\$17,736
Key Account Manager ("KAM")	\$16,860	\$0	\$0	\$0	\$16,860
Equipment Replacement Incentive	\$0	\$0	\$0	\$0	\$0
Demand Response 3	\$18,207	\$0	\$0	\$0	\$18,207
Home Assistance Program					
Home Assistance Program	\$48,254	\$148,932	\$0	\$0	\$197,186
Pre 2011 Programs					
Electricity Retrofit Incentive Program	\$6,111	\$13,598	\$292,417	\$0	\$312,126
High Performance New Construction	\$0	\$0	\$0	\$0	\$0
Toronto Comprehensive	\$0	\$0	\$0	\$0	\$0
Multifamily Energy Efficiency Rebates	\$0	\$0	\$0	\$0	\$0
Data Centre Incentive Program	\$0	\$0	\$0	\$0	\$0
EnWin Green Suites	\$0	\$0	\$0	\$0	\$0
Initiatives Not In Market					
Midstream Electronics	N/A	N/A	N/A	N/A	N/A
Midstream Pool Equipment	N/A	N/A	N/A	N/A	N/A
Demand Service Space Cooling	N/A	N/A	N/A	N/A	N/A
Demand Response 1	N/A	N/A	N/A	N/A	N/A
Home Energy Audit Tool	N/A	N/A	N/A	N/A	N/A
Total CDM Program Spending	\$1,812,824	\$2,331,632	\$1,302,197	\$0	\$5,446,654

5 Combined CDM Reporting Elements

5.1 Progress Towards CDM Targets

Whitby Hydro's 2014 Net Peak Demand and Cumulative Energy Savings are summarized in Tables 11 and 12 below. Whitby Hydro has demonstrated continuous improvement in performance over the 2011-2014 CDM framework and has provided assistance and education to its customers with respect to conservation initiatives. Whitby Hydro made significant progress in 2014 achieving a 33% increase in incremental net peak demand savings and 94% increase in net incremental energy savings as compared to 2013. Over the 4 year framework, Whitby Hydro achieved 55.5% and 83% of its portion of the provincially assigned net peak demand and energy savings targets respectively.

Table 11: Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual (MW)			
	2011	2012	2013	2014
2011 – Verified by IESO	1.0	0.7	0.7	0.7
2012 – Verified by IESO	0.0	1.5	0.5	0.5
2013 – Verified by IESO	0.0	0.1	3.2	0.7
2014 – Verified by IESO	0.0	0.0	0.2	4.2
Verified Net Annual Peak Demand Savings in 2014:				6.1
Whitby Hydro 2014 Annual CDM Capacity Target:				10.9
Verified Portion of Peak Demand Savings Target Achieved (%):				55.5%

Table 12: Net Energy Savings at the End-User Level (GWh)

Implementation Period	Annual (GWh)				Cumulative (GWh)
	2011	2012	2013	2014	2011-2014
2011 – Verified by IESO	3.0	3.0	3.0	3.0	12.1
2012 – Verified by IESO	0.0	2.2	2.2	2.2	6.5
2013 – Verified by IESO	0.0	0.7	3.2	3.2	7.1
2014	0.0	0.0	0.5	6.2	6.7
Verified Net Cumulative Energy Savings 2011-2014:					32.4
Whitby Hydro 2011-2014 Cumulative CDM Energy Target:					39.1
Verified Portion of Cumulative Energy Target Achieved (%):					83.0%

5.2 Variance from Strategy

Whitby Hydro's CDM Strategy, as submitted on Nov. 1, 2010, was largely developed using the Resource Planning Tool provided by the IESO. The Tool forecasted based on a set percentage of the provincial forecast for each initiative. Whitby Hydro was provided with the total provincial forecasted estimate for Consumer participants (4,555,020) and was instructed to divide that number by the then current number of residential customers in Whitby (36,762), which created a value (0.0081) that would be inputted into each table and multiplied by the provincial forecast to determine the number of participants for each initiative. The Tool then calculated the estimated savings for each initiative based on the number of participants that had been forecasted for each initiative.

	2014 Summary				
	Actual	Target	% of Target	% of Strategy	% of Strategy
Net Peak Demand Savings (MW)	6.1	10.9	56.0%	9.2	66.4%
Cumulative Net Energy Savings (GWh)	32.4	39.1	82.9%	43.6	74.4%

It is important to reiterate that the resource planning results were not a calculation in relation to Whitby Hydro's targets, but rather provided a snapshot of a forecasted scenario. Whitby Hydro's CDM Strategy did not foresee the real delays associated with the new programs in 2011; further delays to market in 2012 (i.e., *peaksaver PLUS*[®], Home Assistance Program); and low customer interest in some programs province-wide. In addition, more timely information regarding TOU billing impacts on understanding demand and energy savings would have been of assistance.

Despite the 2013 and 2014 success of the *peaksaver PLUS*[®] program and strong incremental saving results in 2014 across most residential and business programs, the gains made were not sufficient to meet the final milestone targets set out in the original strategy. Program delays, saturation, and the lack of front-loaded savings activity made both strategy and target achievement more challenging. These challenges were highlighted in previous annual reports.

6 Conclusion

Over the course of 2014, Whitby Hydro has achieved an incremental 4.2 MW in peak demand savings and 6.2 GWh in energy savings, which represents 126% and 117% of Whitby Hydro's 2014 incremental targets provided in its CDM strategy document respectively.

The overall results achieved in 2011-2014 are 6.1 MW in peak demand savings and 32.4 GWh in energy savings, which represents 55.5% and 83.0% of Whitby Hydro's targets respectively over the framework timeframe.

These results are representative of considerable effort expended by Whitby 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. This achievement is a success and the relationships built within the 2011-2014 CDM program term will aid results in the next Conservation First CDM framework.

Appendix A: Initiative Descriptions

Residential Program

APPLIANCE RETIREMENT INITIATIVE (Exhibit D)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

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

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

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

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

Additional detail is available:

- Schedule B-1, Exhibit D. Available on IESO's extranet;
- saveONenergy website <https://saveonenergy.ca/Consumer/Programs/Appliance-Retirement.aspx>.

In Market Date: March 3, 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: IESO contracts with participating retailers for collection of eligible units. LDCs provide local marketing.

Additional detail is available:

- Schedule B-1, Exhibit C. Available on IESO's extranet;
- saveONenergy website <https://saveonenergy.ca/Consumer.aspx>.

In Market Date: May 2, 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: IESO contracts centrally for delivery of the program. LDCs provide local marketing and encourage local contractors to participate in the initiative.

Additional detail is available:

- Schedule B-1, Exhibit B. Available on IESO's extranet;
- saveONenergy website <https://saveonenergy.ca/Consumer.aspx>.

In Market Date: March 3, 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 IESO 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 IESO enters into agreements with retailers to honour the coupons.

Additional detail is available:

- Schedule B-1, Exhibit A. Available on IESO’s extranet;
- saveONenergy website <https://saveonenergy.ca/Consumer.aspx>.

In Market Date: February 21, 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 IESO enters into arrangements with participating retailers to promote the discounted products, and to post and honour related coupons. LDCs also refer retailers to the IESO and market this initiative locally.

Additional detail is available:

- Schedule B-1, Exhibit C. Available on IESO’s extranet;
- saveONenergy website <https://saveonenergy.ca/Consumer.aspx>.

In Market Date: April 1, 2011

RETAILER CO-OP

Target Customer Type(s): Residential Customers

Initiative Frequency: Year Round

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

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

Targeted End Uses: As per the Conservation Instant Coupon Initiative

Delivery: Retailers apply to the IESO for co-op funding to run special promotions that promote energy efficiency to customers in their stores. LDCs can refer retailers to the IESO. The IESO 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: N/A

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 IESO air coverage driving builders to their LDC for additional information.

Additional detail is available:

- Schedule B-1, Exhibit C. Available on IESO's extranet;

- saveONenergy website <https://saveonenergy.ca/Consumer.aspx>.

In Market Date: March 15, 2011

RESIDENTIAL DEMAND RESPONSE PROGRAM (Schedule B-3)

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

Initiative Frequency: Year round

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

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

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

Delivery: LDC's recruit customers and procure technology

Additional detail is available:

- Schedule B-1, Exhibit C. Available on IESO's extranet;
- saveONenergy website <https://saveonenergy.ca/Consumer.aspx>.

In Market Date: October 1, 2012

C&I Program

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

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

Initiative Frequency: Year round

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

Description: The Equipment Replacement Incentive Initiative (ERII) offers financial incentives to customers for the upgrade of existing equipment to energy efficient equipment. Upgrade projects can be classified into either: 1) prescriptive projects where prescribed measures replace associated required base case equipment; 2) engineered

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

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

Delivery: LDC delivered.

Additional detail is available:

- Schedule C-2. Available on IESO's extranet;
- saveONenergy website <https://saveonenergy.ca/Business/Program-Overviews/Retrofit-for-Commercial.aspx>.

In Market Date: March 3, 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 \$1,500 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 \$1,500 at no cost to qualifying small businesses. In addition, standard prescriptive incentives are available for eligible equipment beyond the initial \$1,500 limit.

Target End Uses: Lighting and electric water heating measures

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

Additional detail is available:

- Schedule C-3. Available on IESO's extranet;
- saveONenergy website <https://saveonenergy.ca/Business.aspx>.

In Market Date: March 3, 2011

EXISTING BUILDING COMMISSIONING INCENTIVE INITIATIVE (Schedule C-6)

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

Initiative Frequency: Year round

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

Description: This Initiative offers Participants incentives for the following:

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

Targeted End Uses: Chilled water systems for space cooling

Delivery: LDC delivered.

Additional detail is available:

- Schedule C-6. Available on IESO's extranet;
- saveONenergy website <https://saveonenergy.ca/Business/Program-Overviews/Existing-Building-Commissioning.aspx>.

In Market Date: March 3, 2011

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

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

Initiative Frequency: Year round

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

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

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

Delivery: LDC delivers to customers and design decision makers.

Additional detail is available:

- Schedule C-4. Available on IESO's extranet;
- saveONenergy website <https://saveonenergy.ca/Business/Program-Overviews/New-Construction.aspx>.

In Market Date: December 15, 2011

ENERGY AUDIT INITIATIVE (Schedule C-1)

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

Initiative Frequency: Year round

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

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

Targeted End Uses: Various

Delivery: LDC delivered.

Additional detail is available:

- Schedule C-1. Available on IESO's extranet;
- saveONenergy website <https://saveonenergy.ca/Business/Program-Overviews/Audit-Funding.aspx>.

In Market Date: March 3, 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 cost
- c) A one year pay back

Targeted End Uses: Process and systems

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

Additional detail is available:

- Schedule D-1. Available on IESO's extranet;
- saveONenergy website <https://saveonenergy.ca/Business.aspx>.

In Market Date: May 31, 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 ("M&T") 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 an M&T system to help them understand how their energy consumption might be reduced. A facility energy manager, who regularly oversees energy usage, will now be able to use historical energy consumption performance to analyze and set targets.

Targeted End Uses: Process and systems

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

Additional detail is available:

- Schedule D-2. Available on IESO's extranet;

- saveONenergy website <https://saveonenergy.ca/Business.aspx>.

In Market Date: Mar 31, 2011

ENERGY MANAGER INITIATIVE (Schedule D-3)

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

Initiative Frequency: Year round

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

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

Targeted End Uses: Process and systems

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

Additional detail is available:

- Schedule D-3. Available on IESO's extranet;
- saveONenergy website <https://saveonenergy.ca/Business.aspx>.

In Market Date: May 31, 2011

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

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

Initiative Frequency: Year round

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

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

Targeted End Uses: Process and systems

Delivery: LDC delivered

Additional detail is available:

- Schedule D-4. Available on IESO's extranet.

In Market Date: May 31, 2011

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 IESO. The IESO administers contracts with all DRPs and Direct Participants (who provide in excess of 5 MW of demand response capacity). IESO provides administration including settlement, measurement and verification, and dispatch. LDCs are responsible for local customer outreach and marketing efforts.

Additional detail is available:

- Schedule D-6. Available on IESO's extranet;
- saveONenergy website <https://saveonenergy.ca/Business.aspx>

In Market Date: May 31, 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., CFL bulbs)

Delivery: LDC delivered.

Additional detail is available:

- Schedule E. Available on IESO's extranet.

In Market Date: September 30, 2012

Appendix B: Pre-2011 Programs

ELECTRICITY RETROFIT INCENTIVE PROGRAM

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

Initiative Frequency: Year Round

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

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

Targeted End Uses: Electricity savings measures

Delivery: LDC Delivered

HIGH PERFORMANCE NEW CONSTRUCTION

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

Initiative Frequency: Year round

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

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

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

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

TORONTO COMPREHENSIVE INITIATIVE

Target Customer Type(s): Commercial and Institutional Customers

Initiative Frequency: Year round

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

MULTIFAMILY ENERGY EFFICIENCY REBATES

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

Initiative Frequency: Year round

Objective: Improve energy efficiency of Multi-unit building

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

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

Targeted End Uses: Electricity saving measures

Delivery: IESO contracted with Greensaver

DATA CENTRE INCENTIVE PROGRAM

Initiative Frequency: Year round

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

ENWIN GREEN SUITES

Initiative Frequency: Year round

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