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BY COURIER

September 30, 2014

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700,
2300 Yonge Street
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Hydro One Networks Inc. Conservation and Demand Management 2014 Annual Report

As per Section 2.2 of the Conservation and Demand Management Code for Electricity Distributors, please find enclosed a paper copy of Hydro One Networks Inc.'s 2014 Conservation and Demand Management Annual Report. This report provides a review of the activities undertaken by Hydro One Networks Inc. from January 1, 2014 to December 31, 2014 in order to achieve its Conservation and Demand Management Targets.

An electronic version of this report has been filed through the Board's Regulatory Electronic Submission System ("RESS").

For more information please contact Erin Henderson at 416-345-4479.

Sincerely,

ORIGINAL SIGNED BY ODED HUBERT

Oded Hubert

Attach.

Hydro One Networks Inc.

Conservation and Demand Management 2014 Annual Report

**Submitted to:
Ontario Energy Board**

Submitted on September 30, 2015

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Executive Summary

This annual report is submitted by HYDRO ONE NETWORKS INC.(HONI) 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 HONI Strategy filed with the Ontario Energy Board (“Board” or “OEB”) on November 1, 2010. Accordingly, this report outlines HONI’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, 2012, 2013, and 2014, CDM program activities, successes and challenges.

Since 2011, Hydro One has been working with the Independent Electricity System Operator (“IESO”) (formerly “OPA”) to deliver a portfolio of IESO-Contracted Province-Wide CDM Programs (“IESO CDM Programs”) to all customer segments including residential, agricultural, 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. This work continued into 2012, with addition of key delivery elements. In 2014 most HONI delivered IESO CDM Programs had record level results evidenced by the increased customer participation in the CDM initiatives, increased spending, and increased results towards targets in terms of both energy savings and peak demand reductions.

2014 Activities and Achievements

In 2014, Hydro One invested \$39.0M in CDM, an increase of 27% over 2013. This resulted in new energy savings of 211.7 GWh and incremental peak demand reduction savings of 120.0 MW, an increase of 33% and 143% respectively. More than 40,000 residential customers participated in our programs. This does not include the tens of thousands of HONI customers that redeemed a record 1.9 million SaveONenergy coupons. Over 8,400 CDM projects were completed for business customers, an increase of 37% over 2013.

In 2014 Hydro One continued to deliver all available IESO CDM programs to its residential, agricultural, business, and industrial customers. Residential programs were heavily promoted through a variety of marketing initiatives, including bill inserts, newsletters, e-Blasts, radio advertising, as well as various retail and community events. While some initiatives, such as Appliance Pick Up experienced diminishing results due to stringent requirements on age of appliances collected and overall market saturation, others such as the *Bi-Annual Retailer Event Initiative* generated significant uptake. The low income Home Assistance 8Program continued its upward trend in enrollment in 2014, mainly attributed to the addition of Social Housing as eligible participants in 2013. In total, the Residential and Low Income Programs generated 23.1 MW of incremental peak demand savings and 65.0 GWh of incremental energy savings in 2014. This represents an increase of 40% and 320% over 2013 respectively.

The commercial portfolio of Initiatives continued to benefit from considerable momentum. In 2012, Hydro One procured Union Gas to act as Commercial Key Account Managers in delivering commercial programs to Hydro One customers. This important partnership allowed Hydro One to bundle its delivery

of several programs through one vendor which helped increase program uptake. In 2014 Union Gas continued to be instrumental in the delivery of a large amount of projects in the business sector. Overall, Hydro One experienced record Commercial Program results, delivering 20.8 MW of incremental peak demand savings and 89.8 GWh of incremental energy savings in 2014. This represents an increase in demand reduction savings and energy savings of 168% and 177% respectively.

For Industrial Programs, Hydro One continued to focus on customers with an average demand of 1MW or more. By the end of 2014 Hydro One had visited 80% of our target customers and generated 52 potential Process and Systems Upgrade Initiative (PSUI) projects. The Embedded Energy Manager Initiative also proved to be very successful, generating a significant amount of potential projects.

The industrial programs delivered 64.6 MW of incremental peak demand savings and 40.4 GWh of incremental energy savings in 2014. These results stem mainly from 2 PSUI projects completed in 2014

In summary during 2014, HONI achieved 120.0 MW of net new incremental peak demand savings and 211.7 GWh, of net new incremental energy savings.

HONI has also achieved 167.4 MW or 78.4% and 898.4 GWh or 80% towards HONI's 2011-2014 peak demand reduction target and energy consumption reduction targets respectively.

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 LDC to require LDC, as a condition of its license, to achieve 1,130.2 GWh of energy savings and 213.6 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, HONI submitted its CDM Strategy on Month Day, 2010 which provided a high level of description of how HONI 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 HONI and has been prepared in accordance with the Code requirements and covers the period from January 1, 2014 to December 31, 2014.

HONI submitted its 2011 Annual Report on September 30, 2012 which summarized the CDM activities, successes and challenges experienced by HONI 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.

HONI submitted its 2013 Annual Report on September 30, 2014 which summarized the CDM activities undertaken by HONI for the January 1, 2013 to December 31, 2013 period. 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.

In 2014, LDCs collectively achieved approximately 19.5% of the energy savings target, adding to the overall cumulative result of approximately 109% of the net energy target of 6,000 GWh.

In 2015, the Conservation First Framework (CFF) for the period 2015 -2020 will be implemented effective on January 1, 2015, pending approval of our CDM Plans submitted to the IESO by May 1, 2015, to ensure a smooth transition, most 2011- 2014 Programs and Rules were extended into 2015 until the effective implementation start date of July 1, 2015. Under the Conservation First Framework HONI has staggered the implementation of the Conservation First Framework, with most business programs transitioning July 1, 2015 and most Consumer programs transitioning January 1, 2016.

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.

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 for all customers.

2. Board Approved 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 license, 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 HYDRO ONE NETWORKS INC. territory.

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 distributors. HYDRO ONE NETWORKS INC. has reported these results in this report.

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 behaviors from the residential customer class.

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

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.

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

Hydro One Networks Inc. began transitioning its RPP customers to TOU billing on May 1, 2010. At December 31st, 2014, approximately 1.1M customers were on TOU billing.

2.3 Hydro One Networks Inc.'s Application with the OEB

Hydro One Networks Inc. did not submit a CDM program application to the OEB in 2014.

2.4 Hydro One Networks Inc.'s Application with the IESO's Conservation Fund

In 2013, the IESO introduced the Conservation Fund's Program Innovation stream to help meet HYDRO ONE NETWORKS INC.'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.

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

IESO-Contracted Province-Wide CDM Programs

3.1 Introduction

Effective January 1 2011, (HYDRO ONE NETWORKS INC.) 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	Customer Class
Residential Programs			
Appliance Retirement	Schedule B-1, Exhibit D	Jan 26, 2011	All residential rate classes
Appliance Exchange	Schedule B-1, Exhibit E	Jan 26, 2011	All residential rate classes
HVAC Incentives	Schedule B-1, Exhibit B	Jan 26, 2011	All residential rate classes
Conservation Instant Coupon Booklet	Schedule B-1, Exhibit A	Jan 26, 2011	All residential rate classes
Bi-Annual Retailer Event	Schedule B-1, Exhibit C	Jan 26, 2011	All residential rate classes
Retailer Co-op	n/a	n/a	All residential rate classes
Residential Demand Response	Schedule B-3	Aug 22, 2011	All general service classes
New Construction Program	Schedule B-2	Jan 26, 2011	All residential rate classes
Home Assistance Program	Schedule E-1	May 9, 2011	All residential rate classes
Commercial & Institutional Programs			
Efficiency: Equipment Replacement	Schedule C-2	Jan 26, 2011	All general service classes
Direct Install Lighting	Schedule C-3	Jan 26, 2011	General Service < 50 kW
Existing Building Commissioning Incentive	Schedule C-6	Feb 2011	All general service classes
New Construction and Major Renovation Initiative	Schedule C-4	Feb 2011	All general service classes
Energy Audit	Schedule C-1	Jan 26, 2011	All general service classes
Commercial Demand Response	Schedule B-3	Jan 26, 2011	General Service <50 kW
Industrial Programs			
Process & System Upgrades	Schedule D-1	May 31, 2011	General Service 50 kW & above
Monitoring & Targeting	Schedule D-2	May 31, 2011	General Service 50 kW & above

Energy Manager	Schedule D-3	May 31, 2011	General Service 50 kW & above
Key Account Manager ("KAM")	Schedule D-4	May 31, 2011	General Service 50 kW & above
Demand Response 3	Schedule D-6	May 31, 2011	General Service 50 kW & above

In addition, results were realized towards HYDRO ONE NETWORKS INC.'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 in Table 3.

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 HONI and the IESO includes a program change management provision in Article 3. Collaboration between the IESO and HONI 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 and help the environment.

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

Discussion:

The addition of 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 HONI with opportunities to achieve additional savings in their service territory. The Residential Demand Response program has presented some technical challenges and as a result installations in 2014 were less than planned. Additionally there were no savings associated with the Energy Display attributed to LDCs in the IESO's verified results to date. The Heating and Cooling incentives program continues to be one of the strongest performers in the residential suite of programs. Contractors participating in the program mainly drive this CDM initiative

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, program developed and offered to customers. The Version 5 schedules changes 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.

3.2.1.1 *Appliance Retirement Initiative (Exhibit D)*

Initiative Activities/Progress:

HONI's increased marketing efforts in 2014 were effective in reversing a downward trend in participation, which had occurred over the past several years. In 2014 participation increased to 7,611 units from 6,274 in 2013 (and another 2,400 more units which were booked in late 2014 and not picked up until 2015).

Enhanced marketing included the use of a contest in a specified time period, which caused a sense of urgency and generated increased customer interest and subsequent participation. Also the use of premiums, which were provided to all participants within a specified time frame, resulted in a greater level of participation.

The award winning summer "Fridgestock" campaign included the following elements:

- Digital ads and Google search words for campaign
- Hydro One website Fridge page updates
- Banner ads: 7
- E-blast
- Event postcard: 3,000
- Bill inserts: 1,300,000
- Premiums provided: cooler bags, beach balls
- Radio ad (2 :30 second spots): 2,600 plays over 4 weeks at 26 stations
- Teasers: 86 publications
- FSI: 663,949 insertions
- Animated video: 2
- Cottage Life magazine ads - 2

The Fall "Last Chance" campaign included the following elements:

- Digital ads and Google search words for campaign

- Hydro One website Fridge page updates
- Banner ads: 7
- E-blast
- Premiums provided: 3,525 Ice scraper mitts
- Radio ad (:30 second spots): 2,600 plays over 4 weeks at 26 stations
- Teaser ad: 86 publications
- FSI: 1,358,456 insertions

This initiative was also promoted at the 70 community events which HONI's CDM group attended during 2014.

Additional Comments:

- Due to the long duration of the program, and the gradual decrease in participation, this initiative appears to be reaching market saturation. Re-design of the program is underway for likely 2016 introduction.
- Program results are very responsive to province-wide advertising, IESO provincial marketing should continue to play a key role.
- Enhanced relationships with appliance retailers could facilitate increased participation in this initiative. Retailers can provide opportunities to capture replaced appliances after a new appliance sale has occurred.
- In an effort to capture additional savings in the last year of the initiative, the minimum age requirement for refrigerators was revised from 20 years old to 15 years old in Q2 2014 (prior to the conclusion of this program on December 31, 2014.)

3.2.1.2 Appliance Exchange Initiative (Exhibit E)

Initiative Activities/Progress: HONI promoted this program with a strong multi-media marketing campaign and in-store events in the Fall event. Marketing support was not as strong for the Spring Event as the provincial election blackout required a number of planned marketing tactics to be cancelled and due to the fixed dates for the event there was no opportunity to reschedule to a later date.

The Spring Exchange event was supported through:

- Digital ads and Google search

- Hydro One website Exchange Event page updates
- Radio ad (:30 second spot): 1,066 plays over 1 week at 26 stations
- In-store events in 12 locations

The Fall Exchange event was promoted through:

- Digital ads and Google search
- Hydro One website Exchange Event page updates
- Radio ad (:30 second spot): 490 plays over 1 week at 40 stations
- Radio Remotes at participating retailers: 6 radio stations
- Teaser ad: 23 publications
- FSI: 524,624 insertions
- In-store events in 29 locations

Additional Comments:

- The design of the initiatives, including eligible measures and incentive 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
- The retail partner with very limited involvement from the LDCs influences this initiative, eligible measures and incentive amounts. 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 2014 events.
- 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.
- This initiative will not be offered by IESO as a provincial initiative in 2015.

3.2.1.3 HVAC Incentives Initiative (Exhibit B)

Initiative Activities/Progress:

HONI executed a strong multi-layered media marketing campaign for this initiative in Fall 2014.

Campaign elements included:

- Digital ads and Google search
- Digital banner ads: 7 in multiple placements
- Weather network digital take-over: 4 weeks
- Hydro One website HVAC page updates
- E-blast communication to 189,299 customers
- Direct mailer: 84,903 customers
- Bill insert: 1,100,000
- Radio (:30 second spot): 2600 plays over 4 weeks at 26 stations
- Teaser ad: 86 publications
- FSI: 670,458 insertions
- Billboards: 8
- Animated video: 2

The Spring marketing campaign was delayed by the election blackout, and eventually was executed in late June. It included a number of elements:

- Digital ads and Google search
- Digital banner ads: 7 in multiple placements
- Hydro One website HVAC page updates
- Bill insert: 1,300,000
- Radio ad (2 :30 second spots): 2,600 plays over 4 weeks at 26 stations
- Teaser ad: 86 publications
- FSI: 1,327,898 insertions

- Billboards: 9
- This initiative was also promoted at the 70 community events which HONI's CDM group attended during 2014.

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 and ran throughout 2014 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, have been effective in providing greater results, as provincial participation increased by 20% over 2013.

3.2.1.4 Conservation Instant Coupon Initiative (Exhibit A)

Initiative Activities/Progress:

Annual Coupons were promoted through:

- Coupon booklets which were designed and printed for use at community, retail, and other events
- Digital ads and Google search campaign
- Hydro One website Coupon page updates
- All program brochure bill insert: 1,000,000 customers
- Coupon booklet redesign and printing: 50,000 booklets
- All program brochure for distribution at events: 5,000
- E-Blast

Additional Comments:

- The timeframe for retailer submission of redeemed coupons vary from retailer to retailer, and in many 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 were provided with LDC custom coding in 2014, which allowed 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 on the list.

3.2.1.5 Bi-Annual Retailer Event Initiative (Exhibit C)

Initiative Activities/Progress: [HONI implemented multi-media campaigns to promote the spring and Fall Coupon Events.

The Spring campaign included the following elements:

- Digital ads and Google search campaign
- Hydro One website Coupon event page updates
- Twitter campaign
- E-blast
- Bill insert: 1,200,000 customers
- Radio ad (:30 second spot): 2500 plays over 4 weeks at 26 stations
- Teaser ads: 86 publications
- FSI: 684,179 insertions
- Billboards: 10

- In-store events in 51 locations were held at participating stores
- The Fall campaign included the following marketing tactics:
 - Digital ads and Google search campaign
 - Digital banner ads: 5
 - Weather Network take-over campaign: 1,608,369 impressions
 - Hydro One website Coupon event page updates
 - Twitter campaign
 - E-blast
 - Bill insert: 1,200,000 customers
 - Postcards
 - Radio ad (2 :30 second spots): 2500 plays over 4 weeks at 26 stations
 - Teaser ads: 172 publications
 - FSI: 1,367,736
 - Billboards: 10
 - In-store events at 54 participating stores
 - In addition, the Coupon Events were promoted at 70 community events across the province

Additional Comments:

- This initiative is strongly influenced by the retail participants and their ability/willingness to display program promotional materials in-store, to promote the initiative to customers, and to ensure sufficient quantities of eligible products are on hand.
- LDCs have the opportunity to stage in-store events to drive the distribution of LDC-coded coupons and promotion of other programs in the portfolio.
- The 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.
- This initiative may benefit from a more exclusive relationship with a retailer appropriate to the program. There should be a value proposition for both the retailer and LDC.

3.2.1.6 *Retailer Co-op*

Initiative Activities/Progress: HONI had no involvement with any retailer co-op initiatives in 2014.

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.
- This is not a province-wide initiative in 2015.

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

- **Initiative Activities/Progress:** The New Home Construction program had limited participation as builders found the administrative requirements of the initiative onerous. Steps were taken to simplify the application process in 2012 which yielded minimal savings. A new streamlined application and process was implemented in early 2013 in an attempt to reduce the administrative burden deterring builders from participating in the program. Initially this change only increased participation with smaller builders however, towards the end of 2013 and throughout 2014 it began to generate the interest of larger builders such as Mattamy and Monarch. Much of the results with regards to larger builders will be realized in the new framework due to the high volume of homes and the long lead time needed to complete construction.

In an effort to raise awareness with builders, marketing campaigns were launched throughout the year with the Ontario Home Builder Association (OHBA) and their Ontario Home Builder magazine. Additional marketing include mailing inserts to customers and letters builders alike as well as website online resources. The initiative was also promoted in an all-program bill insert sent to about 900,000 residential customers.

Additional marketing elements included:

- Digital Google search campaign
- Hydro One NHC web page updates

- Ontario Home Builder Directory Ad

Additional Comments:

- Prescriptive incentives are most popular with larger builders while performance measures continue to be extremely popular with the smaller builders.
- 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 homeowner 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:

- In 2014 Hydro One delivered an integrated marketing campaign to both residential and small commercial customers.
- Marketing to residential customers were done in two phases. The first phase focused on residential customers with programmable thermostat as the centre of the offer. In the second phase, the campaigns shifted focus of the offer from a programmable thermostat to an AMI integrated In-Home-Display (IHD). Both campaigns were successful. The shift in the focus of the program gave a substantial lift in program participation.
- In 2014, HONI introduced a door-to-door campaign in order to market the program to small commercial customers. This tactic was layered with a direct mail campaign. This combination of direct mail with door-to-door enrollment resulted in a tremendous improvement in program participation.
- Program participation in 2014 increased by 6,428 in the residential sector and by 572 in the small commercial sector. The cumulative (2011-2014) participation for year-end 2014 is 29,483 for the

residential sector and 858 for the small commercial sector. In 2014, 735 customers in the residential sector received an AMI integrated IHD.

- Incremental demand savings associated with a load control device for year-end 2014 was 14,104kW for residential sector and 574kW for the commercial sector. The incremental energy savings for year-end 2014 is 2,422 kWh for the residential sector and 0kWh for the commercial sector.
- Evaluation performed on the IHDs deployed by LDC's yielded no significant energy savings. Because Hydro One did not have a significant number of IHD deployed a separate evaluation was not performed to determine the energy savings of IHD's deployed by Hydro One.

Additional Comments:

- The EM&V results for 2014 do not show any significant energy savings associated with the IHD. This could be because the study was not done was not for Hydro One specific IHD device which is an AMI integrated IHD with time-of-use colours and pulsating light depending on the usage helping customers to shift and save.
- 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 financially feasible. 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.

Residential peaksaver® Plus and award winning Joule campaigns consisted of the following marketing elements:

- Digital Google search words
- Hydro One website peaksaver® Plus and Joule page updates
- Bill insert
- Direct mailer: 309,000 customers
- E-blast

- Animated video on Joule and peaksaver® program: 2
- Hydro One website peaksaver® Joule page updates
- Joule postcard: 10,000 customers
- Joule reminder postcard: 28,000 customers
- peaksaver®- IHD opt-in direct mailer: 50,000 customers
- peaksaver®- Joule direct mailer: 78,824 customers
- peaksaver®- Joule reminder direct mailer: 86,056 customers
- peaksaver® Plus welcome kit
- peaksaver® Plus- direct mailer 145,000 customers
- peaksaver® Plus- Legacy GEN 3: 145,000 customers
- Printing of participation agreement: 25,000 copies

The Commercial campaign consisted of the following marketing elements:

- peaksaver® postcards: 20,243 customers
- Combined SBL/peaksaver® letter mailer: 900
- Hydro One website peaksaver® for business page updates
- peaksaver® reminder direct mailer: 26,613
- peaksaver® for business survey

3.2.2 COMMERCIAL AND INSTITUTIONAL PROGRAM

Description: Provides commercial, institutional, agricultural and industrial organizations with energy-efficiency programs to help reduce their electrical costs while helping Ontario defer the need to build new generation and reduce its environmental footprint. Programs to help fund energy audits 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 and industrial.

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

Discussion:

Throughout 2014 the Commercial and Institutional (“C&I”) Working Group continued its efforts to enhance the existing C&I programs.

The C&I Working Group, working in cooperation with the IESO, have managed to enhance many of the program aspects. In particular, an accomplishment of 2012 was the advent of the expedited change management as a mean to accelerate certain program changes. The benefits of expedited change management process were seen in 2013 and carried over into 2014.

In 2014, the commercial portfolio of Initiatives continued to benefit from considerable momentum and success that had been developed in program’s previous years. The results once again were better than average as the strategies that were put into place by HONI previously continued to bear fruit. Our collaboration with the Gas Companies continued in 2014. A major contributor to our success in 2014 was the continuing customer adoption of new LED technologies, in particular in the small business and agriculture customer segments. Hydro One’s Business Program results in 2014 were 89.83 GWh and 20.8 MW saved.

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 will need to look beyond the current initiatives and work to launch new programs, built on the strengths of the 2011-2014 programs, to meet the needs of the industry and its consumers.

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

Initiative Activities/Progress:

Success: In 2014 HONI continued to deploy a multi-tiered marketing strategy that built on the existing momentum of the ERII initiative, resulting in record engagement of customers and overall interest in the ERII program. A total of 848 project applications were received and processed in 2014, which represents a slight decrease over our previous record of 995 customer applications received in 2013. This new intake of applications in 2013 once again provided excellent potential for project completions during the year as well as later in 2014.

- A record total of 1,377 ERII retrofit projects were completed by year end. The 2014 ERII results were buoyed from significant customer application volume to the program in 2013 that ultimately resulted in a new record for completed projects in 2014.
- Application volumes increased steadily as our Commercial Key Account Managers (CKAM’s) contacted more of our business customers. 414 CDM applications have been processed by our CKAM’s during 2014, which signifies an improvement of over 30%.

- Hydro One continued to employ a multifaceted marketing approach utilizing customer direct mailings, e-Blasts, trade shows, workshops, and our CKAM's provided multiple direct points of contact to our customers, directly impacting our results. Throughout the year, Hydro One also worked directly with many of its large customers. A maintained focus on National Accounts with HONI as the Lead LDC has continued to yield large retrofit projects with Tim Horton Ltd., LCBO, BELL Canada, Rogers, Wal-Mart and Home Depot to name a few.
- HONI continued to work with the IESO's Energy Efficiency Service Providers (EESPs) program to the Association of Municipalities of Ontario (AMO). The 2014 program targeted Municipal Street lighting and Water and Sewage processing facilities, with both seeing substantial increases in applications over the program's previous years.
- Marketing Strategy: In 2014, Hydro One continued to expand its key marketing strategy. There was a stronger emphasis placed on segmentation and integrated marketing by using targeted tactics focused on specific. Customer segmentation allowed for audience-specific campaigns including direct mail, B2B publications, email, and online ads to be addressed to the highest priority audiences.
- *Leveraging Channel Partners Relationship*: Hydro One also continued to leverage specific trade allies and vendor channels in order to work with customers throughout the CDM project sales cycle. Working with trade allies such as electrical wholesalers, consultants and CDM service providers and leveraging their client relationships is a cornerstone of the ERII marketing strategy. Key aspects are the provision of training and upsell opportunities available through the participation of Hydro One in 26 wholesale trade shows.
- *Increasing Awareness*: Creating heightened awareness through advertising, customer workshops and shows.
- Some of the marketing initiatives that were deployed included:
 - Email campaigns and quarterly news blasts were sent to 10,000 customers
 - 30 second radio spot advertisements which ran for 35 weeks each for a total number of 15,223 spots.
 - Printing of 3,000 brochures for use by our Key Account Manager and at events
 - Calendar ads (Greenhouse and Canadian Poultry)
 - 40,000 inserts were distributed in 3 issues of *Better Farming* magazine
 - 4,000 inserts were distributed in 2 issues of *Better Pork* magazine
 - 10,000 inserts were distributed in both Greenhouse and Grower Magazines
 - 2,300 inserts were distributed in both the April and November of the Canadian Poultry Magazine (Ontario only).
 - 2,000 half page advertisements in the London Poultry Show Feather Forum
 - 8 LED Banners
 - 1 Energy Innovator cheque and certificate award

- Google search campaign which generated 73,158 impressions and 641 clicks

Additional Comments:

- A large proportion of LDC savings are attributed to ERIL.
- Capability building programs from industrial programs have had very positive contributions to ERIL 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, outdoor lighting projects have significant savings potential for customers but tend to have incentives of 10% or less of project cost.
- 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.
- Several new prescriptive measure worksheets including Plug Loads and Refrigeration were introduced in September 2014 allowed 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:

- HONI exceeded forecast and achieved 6,088 SBL installations in 2014. In total there have been 18,448 installation completed in the current framework and in excess of 37,000 installations completed since the program inception in 2008.
- Since program launch in 2008 through to 2014 year-end, Hydro One’s program delivery partners were able to complete approximately 37,000 installations. Due to such high penetration rates and increased market saturation from past years, Hydro One advocated for several program enhancements including expanding the Eligible Measures list to include LED lighting. The new LED Measures were included in the updated Eligible Measures Price List effective September 1, 2013. The continuing market transformation of many lighting applications to LED provides a great opportunity for the Small Business Lighting Program to adopt this highly efficient technology and provide it as a standard offering. In addition to this, Hydro One continues to execute a multi-tiered marketing strategy focusing on LED measures. It is anticipated that this will result in sustainable participation rates through December 2015.
- Hydro One’s initiative to promote the expansion of the Eligible Measures to include LED has contributed to the increase in installations from 2013 to 2014.
- Multi-Layered Marketing Approach: Hydro One continued to inform its customers in 2014 through various marketing channels. Ultimately, delivering 65,000 direct mail pieces, 228,000 ads in local trade publications, and 54,000 collateral pieces were distributed throughout 70 community events. DIL was also part of an overall radio campaign promoting the saveONenergy program. There were 5 x 30 second radio spot advertisements, which ran for 35 weeks each for a total number of 15,223 spots.
- Agricultural Customers through Targeted Marketing: Direct mail, magazine inserts and collateral material were developed and designed specifically for agricultural customers promoting the new lighting measures
 - 52,000 direct mail pieces were sent in four separate waves to all Hydro One farm customers.
 - 54,000 collateral pieces (as part of an all programs brochure) were distributed throughout some of Ontario’s largest agricultural fairs
 - 40,000 inserts were distributed 3 issues of *Better Farming* magazine
 - 4,000 inserts were distributed in 2 issues of *Better Pork* magazine

- 2,300 inserts were distributed in both the April and November of the Canadian Poultry Magazine (Ontario only). 2,000 half page advertisements in the London Poultry Show Feather Forum.
- 1 ad was placed in the Canadian Poultry annual calendar with an annual circulation of 4,600.
- A video testimonial of one of our farming customers was developed
- Phone Calls: There was a strong outreach program in place via Hydro One's contracted outbound call centre. In 2014, there were over 39,000 calls placed to Hydro One's business customers resulting in contact with approximately 15,000 customers. There were 5,100 customer assessments booked via the call centre.
- Door-to-Door Campaign: Hydro One assessors visited over 1,700 customers to offer a no obligation assessment (audit) of their lighting system. A total of 1,200 assessments were carried out during the door to door campaign.
- 7,700 total customer assessments were carried out in 2014.
- Hydro One's turnkey vendor created formal alliances within local communities with 150 electrical contracting companies that completed 6,088 installations in 2014.
- At the end of 2014, just over 37,000 of Hydro One's eligible small business customers (GS<50 kW) have participated in the program and received up to \$1,500 energy-efficient lighting upgrades at no cost.

Additional Comments:

- Successful execution of the previous version of this initiative (Power Savings Blitz) has resulted in reduced potential for the 2011-2014 initiative in some LDC's territories.
- The standard incentive for additional measures continued to increase project size and drove higher energy and demand savings results in a significant amount of HONI projects. 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.

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

Initiative Activities/Progress:

- This initiative was promoted during all of Hydro One's outreach events.

- Chilled water systems for space cooling are not prevalent in Hydro One's service territory. Such systems are typically found in large office or multi-family residential buildings located in large urban centres. This is not typical of Hydro One's customer base.
- Uptake has been affected due to the limited size of facilities in Hydro One's territory. There is also limited potential for savings with this initiative. We estimate that there are approximately 200 Hydro One customers who may benefit from this initiative.

Additional Comments:

- 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 be expanded to include a broader range of measures for a more holistic approach to building commissioning and chilled water systems used for other purposes should be made eligible and considered through change management.
- This initiative should be reviewed for incentive alignment with ERII, as currently a participant will not receive an incentive if the overall payback is less than 2 years.

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

Initiative Activities/Progress:

- Hydro One continues to process HPNC applications to ensure completion in 2015.
- Hydro One cross-promoted HPNC in ERII marketing materials and in Ontario Home Builder Magazine's directory and publications
- Our delivery partner, Union Gas continued to work with the building design community, leveraging existing relationships. Hydro One partnered with other LDCs and Union Gas to deliver workshops to the building design community.
- Hydro One distributed approximately 500 copies of its HPNC case study at various municipal conferences.
- In 2014, Hydro One completed 89 HPNC projects.

Additional Comments

- 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 modeling.

3.2.2.5 *Energy Audit Initiative*

Initiative Activities/Progress:

- The introduction of the new audit component for one system (i.e. compressed air), has increased customer participation.
- The energy audit Initiative is considered an ‘enabling’ initiative and ‘feeds into’ other saveONenergy initiatives.
- 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.
- A total of 35 Energy Audits were completed in 2014 which is an increase of over 100% over the previous year. Many municipalities made use of this program to assist with their regulation 397/11 requirements

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.

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

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

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

Initiative Activities/Progress:

Hydro One undertook outreach initiatives in 2014 to improve participation in PSUI.

- Hydro One continued its telephone marketing initiative where we would attempt to contact key customer personnel about Hydro One’s conservation programs. Only customers with an average demand of 1 MW or greater were targeted. The goal was to generate customer site meetings with financial and facility staff and educate them on the benefits and uses of our conservation programs as well as offer an energy assessment. By the end of 2014 HONI visited 80% of our target customers and generated 52 potential PSUI projects.
- Marketing initiatives to support the sales team’s activities included 50,000 inserts in trade publications as well as the inclusion of PSUI in the all program brochure.

Our efforts towards direct marketing and customer outreach through workshops and energy assessments resulted in increased participation of large-scale projects. For example, Hydro One received applications for: 14 Preliminary Engineering Studies, 27 Detailed Engineering Studies, 9 Project Incentives, and 1 Energy Manager.

Additional Comments:

- Numerous energy studies have been submitted and completed. This is a strong indication that there is potential for large projects with corresponding energy savings. Most of these studies have been initiated through Energy Manager and Key Account Manager (“KAM”) resources.
- This initiative is limited by the state of the economy and the ability of a facility to complete large capital upgrades.
- 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.
- Hydro One expected to achieve significant savings from industrial co-generation projects. While the IESO issued guidelines for such projects at the beginning of 2012, the review and approval of all natural gas fired co-generation projects were put on-hold in October 2012. In June 2013, the IESO sent a notice to all LDCs that they would begin to review these projects again, although with incentives reduced from 70% of the project costs to 40%. While there is still strong potential for these projects in Hydro One’s service area, the yearlong hold on these projects made it unlikely that they would be in service before the end of 2014.

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

Initiative Activities/Progress: Monitoring & Targeting (“M&T”) was promoted along with all PSUI outreach activities. As such, M&T benefited from the activities referenced in Section 3.2.3.1.

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 has been 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: Hydro One had 1 customer hire an Embedded Energy Manager (EEM) in 2014 and 8 customers continue to employ their Energy Managers. Most EEMs were engaged in implementing projects proposed in 2013; activities in 2014 resulted in approximately 7.6 GWh of savings. The Energy Manager Initiative was promoted along with all PSUI outreach activities. As such, this program benefited from the activities referenced in Section 3.2.3.1.

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.
- There have been a number of studies identified by energy managers and they have been able to build capacity and deliver energy savings projects within their respective large commercial/industrial facilities.
- 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: In July 2012 Hydro One hired 2 Key Account Managers and in July 2013 we hired 2 more for a total of 4 Key Account Managers. They were instructed to target customers with an average demand of 1MW or more. Their task was to contact these customers, educate them on the conservation programs and provide them with a targeted energy assessment of the customer’s facility. In 2014 80% of the 280 target customers had been contacted about participating in Conservation Programs. This has led to 32 completed conservation projects.

Additional Comments

- Customers appreciate dealing with a single contact to interface with an LDC, a resource that has both the technical and business background who can communicate easily with the customer and the LDC.
- Finding the skill set required to be a successful Key Account Manager 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.

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

- **Initiative Activities/Progress:** In 2013 Hydro One continued their marketing partnership with the Demand Response Aggregators. The purpose was to identify ideal customers for participation in Demand Response 3 and educate those customers on the benefits of the program to encourage participation. The number of customers participating in demand response increased from 35 in 2011 to 86 in 2014. In April 2014 the IESO closed the program to any new customers.

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 the IESO 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.
- 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:** 5,219 homes were completed in 2014 and a total of 10,685 homes were completed since inception of the program in 2012. The continued inclusion of social housing properties helped the program surge past its previous participation levels as the easing of these guidelines led to significantly greater results in comparison with the previous eligibility standards which was exclusive of social housing. Activities initiated to bolster the program awareness included:
 - Leveraging the LEAP pool of recipients through Social service agencies such as United Way
 - Direct Mail inserts via Ontario Works (OW) and Ontario Disability Support Program (ODSP,
 - Regional Radio Campaigns targeting lower-income households,
 - Regional 'Blitzes' including community Events and presentations to sign large volumes of participants,
 - Local Landlord Association events and Seniors initiatives,
 - Advertising through Social Housing Providers Directory, Food banks and Community newspapers,
 - Direct mail letters and brochures by Hydro One to LEAP customers , Referrals from other Low-Income programs
- A radio campaign targeting Owen Sound was produced to generate awareness of the program and support the campaign:
 - Radio ad (:30 second spot): 280 plays in 4 days in one community

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.

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

Table 4: Summarized Program Results

#	Initiative	Activity Unit	Uptake/ Participation Units			
Consumer Programs			2011	2012	2013	2014
1	Appliance Retirement	Appliances	17,394	10,137	6,274	7,611
2	Appliance Exchange	Appliances	939	1,039	2,313	1,924
3	HVAC Incentives	Equipment	11,504	12,515	15,303	18,041
4	Conservation Instant Coupon Booklet		192,631	9,261	104,310	428,661
5	Bi-Annual Retailer Event	Coupons	285,443	318,045	283,231	1,446,402
6	Retailer Co-op	Items	0	0	0	0
7	Residential Demand Response (switch / Programmable Thermostat)	Devices	1,956	13,200	23,055	29,483
8	Residential Demand Response (IHD)	Devices	0	0	69	804
9	New Construction Program	Houses	5	4	14	2
Business Programs						
10	Efficiency: Equipment Replacement – Retrofit	Projects	321	648	1,167	1,377
11	Direct Installed Lighting	Projects	4,313	3,410	4,637	6,088
12	Existing Building Commissioning Incentive	Buildings	0	0	0	0
13	New Construction and Major Renovation Incentive	Buildings	15	31	59	89
14	Energy Audit	Audits	10	17	16	35
15	Commercial Demand Response (part of the Residential program schedule)	Devices	0	25	286	858
16	Demand Response 3 (part of the Industrial program schedule)	Facilities	15	15	16	15
Industrial Programs						

17	Process & System Upgrades	Projects	0	0	1	2
18	Monitoring & Targeting	Projects	0	1	1	1
19	Energy Manager	Managers	1	12	19	50
20	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Projects	55	0	0	0
21	Demand Response 3	Facilities	21	53	70	80
Home Assistance Program						
22	Home Assistance Program	Homes	0	673	4,762	5,219
Pre-2011 Programs						
23	Electricity Retrofit Incentive Program	Projects	385	0	0	0
24	High Performance New Construction	Projects	63	15	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 5: 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	100%	100%			42%	44%	528	3,259,803	2,530	49,873,757
2	Appliance Exchange	100%	100%			53%	53%	399	710,802	1,064	3,624,651
3	HVAC Incentives	100%	100%			51%	51%	4,016	7,561,880	14,525	67,825,875
4	Conservation Instant Coupon Booklet	100%	100%			152%	153%	855	11,566,791	1,575	47,108,237
5	Bi-Annual Retailer Event	100%	100%			174%	175%	2,411	36,844,766	3,714	106,471,885
6	Retailer Co-op	0%	0%			0%	0%	0	0	0	0
7	Residential Demand Response*	-	-			-	-	14,104	2,442	14,104	85,318
8	Residential New Construction	142%	82%			63%	63%	2	17,142	4	75,463
Business Programs											
9	Efficiency: Equipment Replacement	81%	96%			71%	71%	9,195	59,102,206	21,320	242,005,432
10	Direct Install Lighting	78%	83%			94%	94%	7,524	26,162,373	19,716	149,591,341
11	Existing Building Commissioning Incentive	-	-			-	-	0	0	0	0
12	New Construction and Major Renovation Incentive	42%	58%			54%	54%	476	2,280,550	1,273	9,830,182
13	Energy Audit	96%	100%			68%	67%	468	2,284,575	549	3,438,879

#	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)
14	Commercial Demand Response (part of the Residential program schedule)	-	-			-	-	574	0	574	118
15	Demand Response 3* (part of the Industrial program schedule)	-	-			-	-	2,564	0	2,564	67,823
Industrial Programs											
16	Process & System Upgrades	94%	90%			75%	75%	5,270	32,755,550	5,458	36,057,304
17	Monitoring & Targeting	-	6%			100%	100%	0	55,000	0	55,000
18	Energy Manager	91%	96%			90%	90%	1,112	7,612,192	1,251	11,533,225
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	-	-			-	-	0	0	453	12,389,680
20	Demand Response 3*	-	-			-	-	58,234	0	58,234	2,962,919
Home Assistance Program											
21	Home Assistance Program	34%	80%			100%	100%	790	5,390,898	1,252	14,068,360
Electricity Retrofit Incentive Program											
22	Electricity Retrofit Incentive Program	-	-			-	-			2,732	48,345,431
23	High Performance New Construction	100%	100%			50%	50%			2,575	49,236,719
24	Toronto Comprehensive	-	-			-	-				
25	Multifamily Energy Efficiency Rebates	-	-			-	-				

#	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)
26	Data Centre Incentive Program	-	-			-	-				
	Adjustments to previous year's verified results							1,973	11,267,789	2,133	35,727,413

Table 6: Summarized 2014 Program Results

Program	Gross Savings		Net Savings		Contribution to Targets	
	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program Total	N/A	N/A	22,315	59,963,636	37,516	275,065,185
Business Program Total	N/A	N/A	20,802	89,829,704	45,995	404,933,775
Industrial Program Total	N/A	N/A	64,616	40,422,742	65,395	62,998,128
Home Assistance Program Total	N/A	N/A	790	5,390,898	1,252	14,068,360
Pre-2011 Programs completed in 2011 Total	N/A	N/A	0	0	5,307	97,582,151
Other Adjustments to Previous Year's Verified Results	N/A	N/A	1,973	11,267,789	2,133	35,727,413
Total IESO Contracted Province-Wide CDM Programs *please make sure you complete the total line	N/A	N/A	120,043	211,669,008	167,405	898,316,505

*to include TOU, enabled savings and adjustments to previous year's results

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 7: 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%
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%

#	Initiative	IESO Province-Wide Key Evaluation Findings
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 additional 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. •
Business Programs		

#	Initiative	IESO Province-Wide Key Evaluation Findings
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.
Industrial Programs		
16	Process & System Upgrades	<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%. • 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 •
20	Demand Response 3	<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).
Home Assistance Program		

#	Initiative	IESO Province-Wide Key Evaluation Findings
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

Error! Reference source not found. Table 3 summarizes the total spending by initiative that Hydro One Networks Inc. has incurred in 2014 and cumulatively since 2011. It is detailed by the Program Administration Budget (PAB), Participant Based Funding (PBF), Participant Incentives (PI) and Capability Building Funding (CBF).

Table 8: 2014 Spending

	PAB	PBF	PI	TOTAL
Consumer Program				
Appliance Retirement	\$ 1,678,747	\$ -	\$ -	\$ 1,678,747
Appliance Exchange	\$ 463,241	\$ -	\$ -	\$ 463,241
HVAC Incentives	\$ 1,707,120	\$ -	\$ -	\$ 1,707,120
Conservation Instant Coupon Booklet	\$ 138,188	\$ -	\$ -	\$ 138,188
Bi-Annual Retailer Event	\$ 1,984,201	\$ -	\$ -	\$ 1,984,201
Retailer Co-op	\$ -	\$ -	\$ -	\$ -
Residential Demand Response	\$ 2,414,642	\$ 1,501,094	\$ -	\$ 3,915,736
New Construction Program	\$ 162,651	\$ -	\$ 28,104	\$ 190,755
2011-14 Midstream Incentives-Electronics	\$ 4,418	\$ -	\$ -	\$ 4,418
Social Benchmarking	\$ -	\$ 471,389	\$ -	\$ 471,389
Total Consumer Program	\$ 8,553,208	\$ 1,972,483	\$ 28,104	\$ 10,553,795
Business Program				
Efficiency: Equipment Replacement	\$ 3,907,895	\$ -	\$ 5,284,503	\$ 9,192,398
Direct Installed Lighting	\$ 587,315	\$ 1,633,725	\$ 8,511,950	\$ 10,732,990
Existing Building Commissioning Incentive	\$ 3,376	\$ -	\$ -	\$ 3,376
New Construction and Major Renovation Initiative	\$ 1,132,954	\$ -	\$ 904,585	\$ 2,037,539
Energy Audit	\$ 269,537	\$ -	\$ 118,022	\$ 387,559

Small Commercial Demand Response (part of the Residential program schedule)	\$ 425,847	\$ 121,808	\$ -	\$ 547,655
Demand Response 3 (part of the Industrial program schedule)	\$ 6,344	\$ -	\$ -	\$ 6,344
Total Business Program	\$ 6,333,268	\$ 1,755,533	\$ 14,819,060	\$ 22,907,861
Industrial Program				
Process & System Upgrades	\$ 325,386	\$ -	\$ 205,753	\$ 531,139
a) preliminary engineering study				
b) detailed engineering study				
c) program incentive				
Monitoring & Targeting				
Energy Manager				
Capability Funding	\$ -	\$ 1,455,618	\$ -	\$ 1,455,618
Efficiency Equipment Replacement Incentive (part of the C&I program schedule)	\$ 76,481	\$ -	\$ -	\$ 76,481
Demand Response 3/1	\$ 65,717	\$ -	\$ -	\$ 65,717
Total Industrial Program	\$ 467,584	\$ 1,455,618	\$ 205,753	\$ 2,128,955
Home Assistance Program				
Home Assistance Program	\$ 611,762	\$ 1,023,350	\$ 1,790,681	\$ 3,425,793
TOTAL SPENDING	\$ 15,965,822	\$ 6,206,984	\$ 16,843,598	\$ 39,016,404

Table 9: Cumulative Spending (2011-2014)

	PAB	PBF	PI	TOTAL
Consumer Program				
Appliance Retirement	\$ 3,265,544	\$ -	\$ -	\$ 3,265,544
Appliance Exchange	\$ 1,182,958	\$ -	\$ -	\$ 1,182,958
HVAC Incentives	\$ 3,296,327	\$ -	\$ -	\$ 3,296,327
Annual Coupons	\$ 797,462	\$ -	\$ -	\$ 797,462
Bi-Annual Retailer Event	\$ 4,390,353	\$ -	\$ -	\$ 4,390,353
Retailer Co-op				\$ -
Residential Demand Response	\$ 7,434,683	\$ 7,786,598	\$ -	\$ 15,221,281
New Construction Program	\$ 606,192	\$ -	\$ 28,104	\$ 634,296
Social Benchmarking	\$ -	\$ 582,202	\$ -	\$ 582,202
Home Energy Audit Tool				
2011-14 Midstream Incentives-Electronics				
2011-14 Midstream Incentives-Pool Contra				
TOTAL Consumer Program	\$ 20,973,519	\$ 8,368,800	\$ 28,104	\$ 29,370,423
Business Program				
Equipment Replacement	\$ 10,011,099	\$ -	\$ 14,679,323	\$ 24,690,422
Direct Installed Lighting	\$ 2,400,140	\$ 4,840,950	\$ 21,916,191	\$ 29,157,281
Existing Building Commissioning Incentive	\$ 7,195	\$ -	\$ -	\$ 7,195
New Construction and Major Renovation Initiative	\$ 2,399,890	\$ -	\$ 1,638,230	\$ 4,038,120
Energy Audit	\$ 437,663	\$ -	\$ 266,175	\$ 703,838
Small Commercial Demand Response	\$ 501,194	\$ 205,911	\$ -	\$ 707,105

Demand Response 3	\$ 50,282	\$ -	\$ -	\$ 50,282
2011-2014 ERIP 2010 Carry Over	\$ -	\$ -	\$ 3,448,645	\$ 3,448,645
TOTAL Business Program	\$ 15,807,463	\$ 5,046,861	\$ 41,948,564	\$ 62,802,888
Industrial Program				
Process & System Upgrades	\$ 1,165,773	\$ 2,934	\$ 555,963	\$ 1,724,670
a) preliminary engineering study				
b) detailed engineering study				
c) program incentive				
Monitoring & Targeting				
Energy Manager				
Capability Funding	\$ -	\$ 2,667,049	\$ -	\$ 2,667,049
Equipment Replacement Incentive	\$ 223,396	\$ -	\$ -	\$ 223,396
Demand Response 3	\$ 270,758	\$ -	\$ -	\$ 270,758
TOTAL Industrial Program	\$ 1,659,927	\$ 2,669,983	\$ 555,963	\$ 4,885,873
Home Assistance Program				
Home Assistance Program	\$ 1,891,895	\$ 1,894,441	\$ 2,637,782	\$ 6,424,118
Pre 2011 Programs				
Electricity Retrofit Incentive Program				
High Performance New Construction				
Toronto Comprehensive				
Multifamily Energy Efficiency Rebates				
Data Centre Incentive Program				
EnWin Green Suites				
Initiatives Not In Market				
Midstream Electronics	\$ 60,237	\$ -	\$ -	\$ 60,237
Midstream Pool Equipment	\$ 60,744	\$ -	\$ -	\$ 60,744
Demand Service Space Cooling				\$ -
Demand Response 1	\$ 125,075	\$ -	\$ -	\$ 125,075
Home Energy Audit Tool	\$ 2,492	\$ -	\$ -	\$ 2,492
Total	\$ 248,548	\$ -	\$ -	\$ 248,548
Total CDM Program Spending	\$ 40,581,352	\$ 17,980,085	\$ 45,170,413	\$ 103,731,850

Table 10: 2011-2014 Spending

	PAB	PBF	PI	TOTAL
Consumer Program				
Appliance Retirement	\$ 3,265,544	\$ -	\$ -	\$ 3,265,544
Appliance Exchange	\$ 1,182,958	\$ -	\$ -	\$ 1,182,958
HVAC Incentives	\$ 3,296,327	\$ -	\$ -	\$ 3,296,327
Annual Coupons	\$ 797,462	\$ -	\$ -	\$ 797,462
Bi-Annual Retailer Event	\$ 4,390,353	\$ -	\$ -	\$ 4,390,353
Retailer Co-op				
Residential Demand Response	\$ 7,434,683	\$ 7,786,598	\$ -	\$ 15,221,281
New Construction Program	\$ 606,192	\$ -	\$ 28,104	\$ 634,296
Social Benchmarking	\$ -	\$ 582,202	\$ -	\$ 582,202
Home Energy Audit Tool				
2011-14 Midstream Incentives-Electronics				
2011-14 Midstream Incentives-Pool Contra				
TOTAL Consumer Program	\$ 20,973,519	\$ 8,368,800	\$ 28,104	\$ 29,370,423
Business Program				
Equipment Replacement	\$ 10,011,099	\$ -	\$ 14,679,323	\$ 24,690,422
Direct Installed Lighting	\$ 2,400,140	\$ 4,840,950	\$ 21,916,191	\$ 29,157,281
Existing Building Commissioning Incentive	\$ 7,195	\$ -	\$ -	\$ 7,195
New Construction and Major Renovation Initiative	\$ 2,399,890	\$ -	\$ 1,638,230	\$ 4,038,120
Energy Audit	\$ 437,663	\$ -	\$ 266,175	\$ 703,837
Small Commercial Demand Response	\$ 501,194	\$ 205,911	\$ -	\$ 707,104
Demand Response 3	\$ 50,282	\$ -	\$ -	\$ 50,282
2011-2014 ERIP 2010 Carry Over	\$ -	\$ -	\$ 3,448,645	\$ 3,448,645
TOTAL Business Program	\$ 15,807,463	\$ 5,046,861	\$ 41,948,564	\$ 62,802,886
Industrial Program				
Process & System Upgrades	\$ 1,165,773	\$ 2,934	\$ 555,963	\$ 1,724,670
a) preliminary engineering study				

b) detailed engineering study				
c) program incentive				
Monitoring & Targeting				
Energy Manager				
Capability Funding	\$ -	\$ 2,667,049	\$ -	\$ 2,667,049
Equipment Replacement Incentive	\$ 223,396	\$ -	\$ -	\$ 223,396
Demand Response 3	\$ 270,758	\$ -	\$ -	\$ 270,758
TOTAL Industrial Program	\$ 1,659,927	\$ 2,669,983	\$ 555,963	\$ 4,885,873
Home Assistance Program				
Home Assistance Program	\$ 1,891,895	\$ 1,894,441	\$ 2,637,782	\$ 6,424,118
Pre 2011 Programs				
Electricity Retrofit Incentive Program				
High Performance New Construction				
Toronto Comprehensive				
Multifamily Energy Efficiency Rebates				
Data Centre Incentive Program				
EnWin Green Suites				
Initiatives Not In Market				
Midstream Electronics	\$ 60,237	\$ -	\$ -	\$ 60,237
Midstream Pool Equipment	\$ 60,744	\$ -	\$ -	\$ 60,744
Demand Service Space Cooling				
Demand Response 1	\$ 98,280	\$ -	\$ -	\$ 98,280
Home Energy Audit Tool	\$ 2,492	\$ -	\$ -	\$ 2,492
Total	\$ 221,753	\$ -	\$ -	\$ 221,753
Total CDM Program Spending	\$ 40,554,557	\$ 17,980,085	\$ 45,170,413	\$ 103,705,053

5 Combined CDM Reporting Elements

5.1 Progress Towards CDM Targets

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

Implementation Period	Annual (MW)			
	2011	2012	2013	2014
2011 – Verified by IESO	35.0	19.4	19.4	17.4
2012 – Verified by IESO	-0.2	42.5	13.0	12.9
2013 – Verified by IESO	0.0	0.4	84.2	17.1
2014 – Verified by IESO	0.0	0.4	1.9	120.0
Verified Net Annual Peak Demand Savings in 2014:				167.4
Hydro One 2014 Annual CDM Capacity Target:				213.7
Verified Portion of Peak Demand Savings Target Achieved (%):				78.4%

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	85.7	84.8	84.8	79.4	334.6
2012 – Verified by IESO	1.2	60.0	59.1	58.9	179.2
2013 – Verified by IESO	0.0	2.2	80.1	77.4	159.7
2014 – Verified by IESO	0.3	2.3	10.6	211.7	224.9
Verified Net Cumulative Energy Savings 2011-2014:					898.3
Hydro One 2011-2014 Cumulative CDM Energy Target:					1130.2
Verified Portion of Cumulative Energy Target Achieved (%):					80%

5.2 Variance from Strategy

Hydro One Networks did not deviate from its strategy as outlined in the Variance from Strategy section in its 2013 CDM Report to the OEB.

In 2014, Hydro One continued its efforts to achieve the 1,130 GWh energy and 213.6 MW demand target as we are took the following actions to fill the potential gap.

- Worked with the IESO to enhance results from IESO provincial CDM programs through:
 - improved program measures (e.g. fine-tune unit savings to appropriately reflect Hydro One customer profiles);
 - and expanding customer eligibility for programs (i.e. change management).
- Continued to work with the IESO and other LDCs to improve the effectiveness of current IESO provincial CDM programs;
- Apply customer segmentation (i.e. ability to target customers more effectively) to generate more customer participation and results.

6 Conclusion

Over the course of 2014, (Hydro One Networks Inc.) has achieved an incremental 120.0 MW in peak demand savings and 211.7 GWh in energy savings, which represents 56.2% and 18.7% of (Hydro One Networks Inc.) 2014 target, respectively.

The overall results achieved in 2011-2014 are 167.4 MW in peak demand savings and 898.4 GWh in energy savings, which represents 78.4% and 80% of (Hydro One Networks Inc.) 2014 target, respectively. These results are representative of a considerable effort expended by Hydro One Networks Inc. In cooperation with other LDCs, customers and channel partners. This achievement is a success and the relationships built within the 2011-2014 CDM program term will aid results in future CDM programs.

Future reports on Conservation First will be provided by HONI to the IESO who will report annually to the OEB.

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: January 26, 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: April, 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: January 26, 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: January 26, 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: March, 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: Not In Market

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: January 26, 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 is 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 load controllable 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/Programs/PeaksaverPlus.aspx> .

In Market Date: January 1, 2011

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: January 26, 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: January 26, 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: February, 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: February, 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: January 26, 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 a 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: May 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:

- ScheduleD-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: January, 2011

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

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

Target Customer Type(s): Income Qualified Residential Customers

Initiative Frequency: Year Round

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

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

Targeted End Uses: End use measures based on results of audit (i.e., CFL bulbs)

Delivery: LDC delivered.

Additional detail is available:

- Schedule E. Available on IESO’s extranet.

In Market Date: July, 2011

Appendix B: Pre-2011 Programs

ELECTRICITY RETROFIT INCENTIVE PROGRAM

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

Initiative Frequency: Year Round

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

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

Targeted End Uses: Electricity savings measures

Delivery: LDC Delivered

HIGH PERFORMANCE NEW CONSTRUCTION

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

Initiative Frequency: Year round

Objective: The High Performance New Construction Initiative provided incentives for new buildings to exceed existing codes and standards for energy efficiency. The Initiative uses both a prescriptive and custom approach and was delivered by Enbridge Gas under contract with the 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)