HYDRO ONE REMOTE COMMUNITIES INC.

Conservation and Demand Management Plan

Annual Report to December 31, 2006

RP-2005-0020/EB-2005-0511

March 31, 2007

Introduction

Hydro One Remote Communities Inc. (Remotes) serves off-grid communities in Ontario's far north. Remotes generates electricity for sale within these communities, primarily from diesel fuel. As Remotes' costs are unique, the avoided costs used in this report were filed in RP-2005-0020/EB-2005-0511 and include a 2.5% inflation factor.

Remotes is operated on a break-even basis and does not earn a return on equity. Remotes believes that energy efficiency and conservation programs have the potential to reduce short and long term operating costs, with accompanying environmental and social benefits.

The primary intent of Remotes' DSM initiative is to cost-effectively develop and implement a range of residential customer and supplier programs that will deliver energy reductions and reduce expenditures on diesel fuel.

The DSM initiative has three main programs:

1) Residential Energy Conservation (Pilot Project)

This program will involve pilot projects in up to three communities to investigate energy efficiency measures for available and to acquire/sponsor customer rebates. Residential customers. Activities supported through this initiative will include installing insulation on water pipes, insulating water heaters and lighting. Costs for transportation and project coordination are included in the program costs.

2) Energy Conservation Education and Awareness Program

This program is designed to educate customers about conservation. The program includes a school program, community workshops on conservation initiatives; translation of conservation information; and community consultations related to conservation, along with education around building design as the Ontario Building Code does not apply on reserve.

3) Product Supplier Program

Transportation costs make goods far more expensive in Remote Communities than road connected communities. Additionally, many customers within Remotes' service territory are economically disadvantaged. This program would attempt to work with product suppliers, Northern Stores and Band Councils and with NRCan to make Energy Star Labeled and other energy efficient products

Lessons Learned/Conclusions

Remotes has continued throughout 2006 with the same programs which were implemented in 2005. Lessons learned to date include the importance of consultation and community engagement. Remotes anticipates that as the program is more fully developed, learning will continue.

Appendix A - Evaluation of the CDM Plan

Highlighted boxes are to be completed manually, white boxes are linked to Appendix C and will be brought forward automatically.

	[5] Cumulative Totals Life-to-date	Total for 2006	Residential	Commercial	Institutional	Industrial	Agricultural	LDC System	[4] Smart Meters	Other #1	Other #2
Net TRC value ($):	*308,623.99*	**$ 173,513**	**$ 173,513**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**
Benefit to cost ratio:	*3.4*	3.35	3.35	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Number of participants or units delivered:	*2,674*	*1702*									
Lifecycle (kWh) Savings:	*1,398,090*	871,752	871,752	0	0	0	0	0		0	0
Report Year Total kWh saved (kWh):	*216,958*	199,413	199,413	0	0	0	0	0		0	0
Total peak demand saved (kW):	*N/A*	0	0	0	0	0	0	0		0	0
Total kWh saved as a percentage of total kWh delivered (%):	*0.22%*	0.40%									
Peak kW saved as a percentage of LDC peak kW load (%):	*N/A*	N/A	N/A								
[1] *Report Year Gross C&DM expenditures ($):*	*151,891*	$ 73,899	$ 73,899	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
[2] *Expenditures per KWh saved ($/kWh):*	$ 0.11	$ 0.08	$ 0.08	$ -	$ -	$ -	$ -	$ -		$ -	$ -
[3] *Expenditures per KW saved ($/kW):*	*N/A*	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -

Utility discount rate (%):	7.75%

[1] Expenditures are reported on accrual basis.
[2] Expenditures include all utility program costs (direct and indirect) for all programs which primarily generate energy savings
[3] Expenditures include all utility program costs (direct and indirect) for all programs which primarily generate capacity savings.
[4] Expenditures are for actual expenditures for the year.
[5] Hydro One Remote Communities conservation program is funded based on an annual allocation, not the third tranche of MARR. Cummulative numbers are not reported.

Appendix B - Discussion of the Program

(complete this Appendix for each program)

A. **Name of the Program:** Customer Education Program

Description of the program (including intent, design, delivery, partnerships and evaluation):

This program is designed to educate customers about conservation, and includes workshops, equipment exchanges, translation of inform

Measure(s):

	CFL exchanges	Xmas Light exchanges	Measure 3 (if applicable)
Base case technology:	Incandescent bulbs 60 & 100W	5 WATT and Incandescent mini	
Efficient technology:	CFL 13, 20 &23W	LED Lights	
Number of participants or units delivered for reporting year:	385	79	
Measure life (years):	4	20	
Number of Participants or units delivered life to date	385	79	

B. **TRC Results:**

		Reporting Year	Life-to-date TRC Results:
[1] *TRC Benefits ($):*		*$ 71,536.66*	$ 71,536.66
[2] *TRC Costs ($):*		*$ 21,595.00*	52,988.00
	Utility program cost (excluding incentives):	*$ 21,595.00*	52,988
	Incremental Measure Costs (Equipment Costs)		
	Total TRC costs:	$ 21,595.00	
Net TRC (in year CDN $):		$ 49,941.66	18,548.66
Benefit to Cost Ratio (TRC Benefits/TRC Costs):		$ 3.31	1.350053974

C. **Results:** (one or more category may apply)

Cumulative Results:

Conservation Programs:

Demand savings (kW): *Summer*

Winter

	lifecycle	*in year*	*Cumulative Lifecycle*	Cumulative Annual Savings
Energy saved (kWh):	*252,808*	57,830	252,808	57,830
Other resources saved :				
Natural Gas (m3):				
Other (specify):				

Demand Management Programs:

Controlled load (kW)

Energy shifted On-peak to Mid-peak (kWh):

Energy shifted On-peak to Off-peak (kWh):

Energy shifted Mid-peak to Off-peak (kWh):

Demand Response Programs:

Dispatchable load (kW):

Peak hours dispatched in year (hours):

Power Factor Correction Programs:

Amount of KVar installed (KVar):

Distribution system power factor at beginning of year (%):

Distribution system power factor at end of year (%):

Line Loss Reduction Programs:

	lifecycle	in year	
Peak load savings (kW):			
Energy savings (kWh):			

Distributed Generation and Load Displacement Programs:

Amount of DG installed (kW):		
Energy generated (kWh):		
Peak energy generated (kWh):		
Fuel type:		

Other Programs (specify):

Metric (specify):		

D. **Actual Program Costs:**

		Reporting Year	Cumulative Life to Date
Utility direct costs ($):	*Incremental capital:*		
	Incremental O&M:	$ 21,595.00	$ 52,988.00
	Incentive:	$ -	$ -
	Total:	$ 21,595.00	$ 52,988.00
Utility indirect costs ($):	*Incremental capital:*		
	Incremental O&M:		
	Total:		

E. Assumptions & Comments:

Kwh savings are calculated based on the assumptions and measures tables distributed by the OEB. Avoided costs are as filed in EB-200

[1] Benefits should be estimated if costs have been incurred and the technology has been deployed. Benefits reflect the present value of the measure for the number of units deployed in the year, i.e. the number of units times the net present value per unit b

[2] For technologies which have not been deployed but for which the LDC has incurred costs, report only the TRC costs on a present value basis. Incentives (e.g. rebates) from the LDC to a customer are not a component of the TRC costs. However, payments made

Appendix B - Discussion of the Program

(complete this Appendix for each program)

A. **Name of the Program:** Residential Eenrgy Conservation Pilot Program

Description of the program (including intent, design, delivery, partnerships and evaluation):

This program is designed to develop local energy efficiency experts by engaging the local First Nation in investigating energy efficiency o

Measure(s):

	CFL Exchanges	Xmas Lights	Measure 3 (if applicable)
Base case technology:	Incandescent bulbs 60 & 100W	5 WATT and Incandescent mini	
Efficient technology:	CFL 13, 20 &23W	LED Lights	
Number of participants or units delivered for reporting year:	942	266	
Measure life (years):	4	20	
Number of Participants or units delivered life to date	942	1238	

B. **TRC Results:**

		Reporting Year	Life-to-date TRC Results:
[1] *TRC Benefits ($):*		*$ 175,141.00*	310,251.96
[2] *TRC Costs ($):*			
Utility program cost (excluding incentives):		*$ 52,304.00*	98,903.00
Incremental Measure Costs (Equipment Costs)			
Total TRC costs:		$ 52,304.00	98,903.00
Net TRC (in year CDN $):		$ 122,837.00	211,348.96
Benefit to Cost Ratio (TRC Benefits/TRC Costs):		$ 3.35	3.14

C. **Results:** (one or more category may apply)

Cumulative Results:

Conservation Programs:

Demand savings (kW):	*Summer*			
	Winter			
	lifecycle	*in year*	*Cumulative Lifecycle*	Cumulative Annual Savings
Energy saved (kWh):	*618944*	141583	1,145,282.00	159,128
Other resources saved :				
Natural Gas (m3):				
Other (specify):				

Demand Management Programs:

Controlled load (kW)		
Energy shifted On-peak to Mid-peak (kWh):		
Energy shifted On-peak to Off-peak (kWh):		
Energy shifted Mid-peak to Off-peak (kWh):		

Demand Response Programs:

Dispatchable load (kW):		
Peak hours dispatched in year (hours):		

Power Factor Correction Programs:

Amount of KVar installed (KVar):		
Distribution system power factor at beginning of year (%):		
Distribution system power factor at end of year (%):		

Line Loss Reduction Programs:

Peak load savings (kW):			
	lifecycle	*in year*	
Energy savings (kWh):			

Distributed Generation and Load Displacement Programs:

Amount of DG installed (kW):		
Energy generated (kWh):		
Peak energy generated (kWh):		
Fuel type:		

Other Programs (specify):

Metric (specify):		

D. **Actual Program Costs:**

		Reporting Year	Cumulative Life to Date
Utility direct costs ($):	*Incremental capital:*		
	Incremental O&M:	$ 52,304.00	$ 98,903.00
	Incentive:	$ -	$ -
	Total:	$ 52,304.00	$ 98,903.00
Utility indirect costs ($):	*Incremental capital:*		
	Incremental O&M:		
	Total:		

E. Assumptions & Comments:

kWh savings are estimated using the assumptions and measures tables distributed by the OEB. Avoided costs are calculated based on t

[1] Benefits should be estimated if costs have been incurred and the technology has been deployed. Benefits reflect the present value of the measure for the number of units deployed in the year, i.e. the number of units times the net present value per unit b

[2] For technologies which have not been deployed but for which the LDC has incurred costs, report only the TRC costs on a present value basis. Incentives (e.g. rebates) from the LDC to a customer are not a component of the TRC costs. However, payments made

Appendix B - Discussion of the Program

(complete this Appendix for each program)

A. **Name of the Program:** Product Supplier Program

Description of the program (including intent, design, delivery, partnerships and evaluation):

This program attempts to work with product suppliers, Northern Stores, First Nation Band Councils to make Energy Star Labeled and othe

Measure(s):

	Measure 1	Measure 2 (if applicable)	Measure 3 (if applicable)
Base case technology:			
Efficient technology:			
Number of participants or units delivered for reporting year:			
Measure life (years):			
Number of Participants or units delivered life to date			

B. **TRC Results:**

	Reporting Year	Life-to-date TRC Results:
[1] *TRC Benefits ($):*		
[2] *TRC Costs ($):*		
Utility program cost (excluding incentives):		
Incremental Measure Costs (Equipment Costs)		
Total TRC costs:		
Net TRC (in year CDN $):		
Benefit to Cost Ratio (TRC Benefits/TRC Costs):		

C. **Results:** (one or more category may apply)

Cumulative Results:

Conservation Programs:

Demand savings (kW):	*Summer*			
	Winter			
	lifecycle	*in year*	*Cumulative Lifecycle*	Cumulative Annual Savings
Energy saved (kWh):				
Other resources saved :				
Natural Gas (m3):				
Other (specify):				

Demand Management Programs:

Controlled load (kW)		
Energy shifted On-peak to Mid-peak (kWh):		
Energy shifted On-peak to Off-peak (kWh):		
Energy shifted Mid-peak to Off-peak (kWh):		

Demand Response Programs:

Dispatchable load (kW):		
Peak hours dispatched in year (hours):		

Power Factor Correction Programs:

Amount of KVar installed (KVar):		
Distribution system power factor at beginning of year (%):		
Distribution system power factor at end of year (%):		

Line Loss Reduction Programs:

Peak load savings (kW):			
	lifecycle	*in year*	
Energy savings (kWh):			

Distributed Generation and Load Displacement Programs:

Amount of DG installed (kW):		
Energy generated (kWh):		
Peak energy generated (kWh):		
Fuel type:		

Other Programs (specify):

Metric (specify):		

D. **Actual Program Costs:**

		Reporting Year	**Cumulative Life to Date**
Utility direct costs ($):	*Incremental capital:*		
	Incremental O&M:		
	Incentive:		
	Total:		
Utility indirect costs ($):	*Incremental capital:*		
	Incremental O&M:		
	Total:		

E. Assumptions & Comments:

[1] Benefits should be estimated if costs have been incurred and the technology has been deployed. Benefits reflect the present value of the measure for the number of units deployed in the year, i.e. the number of units times the net present value per unit benefit specified in the TRC Guide.

[2] For technologies which have not been deployed but for which the LDC has incurred costs, report only the TRC costs on a present value basis. Incentives (e.g. rebates) from the LDC to a customer are not a component of the TRC costs. However, payments made to a third party service provider to run an incentives program are program costs, and are to be included as TRC costs under the "Utility Program Costs" line.

Appendix C - Program and Portfolio Totals

Report Year:

1. Residential Programs

List each Appendix B in the cells below; Insert additional rows as required.

Note: To ensure the integrity of the formulas, please insert the additional rows in the middle of the list below.

	TRC Benefits (PV)	TRC Costs (PV)	$ Net TRC Benefits	Benefit/Cost Ratio	Report Year Total kWh Saved	Lifecycle (kWh) Savings	Total Peak Demand (kW) Saved	Report Year Gross C&DM Expenditures ($)
Pilot Program	$ 175,141	$ 52,304	$ 122,837	3.35	141,583	618,944	N/A	$ 52,304
Customer Education Program	72,270.99	$ 21,595	$ 50,676	3.35	57,830	252,808	N/A	$ 21,595
Supplier Program	$ -	$ -	$ -	0.00	0	0	0	$ -
Name of Program D			$ -	0.00				
Name of Program E			$ -	0.00				
Name of Program F			$ -	0.00				
Name of Program G			$ -	0.00				
Name of Program H			$ -	0.00				
Name of Program I			$ -	0.00				
Name of Program J			$ -	0.00				
***Totals App. B - Residential**	$ 247,412	$ 73,899	$ 173,513	3.35	199,413	871,752	0	$ 73,899
Residential Indirect Costs not attributable to any specific program →								
Total Residential TRC Costs		$ 73,899						
****Totals TRC - Residential**	**$ 247,412**	**$ 73,899**	**$ 173,513**	**3.35**				

2. Commercial Programs

List each Appendix B in the cells below; Insert additional rows as required.

Note: To ensure the integrity of the formulas, please insert the additional rows in the middle of the list below.

	TRC Benefits (PV)	TRC Costs (PV)	$ Net TRC Benefits	Benefit/Cost Ratio	Report Year Total kWh Saved	Lifecycle (kWh) Savings	Total Peak Demand (kW) Saved	Report Year Gross C&DM Expenditures ($)
Name of Program A			$ -	0.00				
Name of Program B			$ -	0.00				
Name of Program C			$ -	0.00				
Name of Program D			$ -	0.00				
Name of Program E			$ -	0.00				
Name of Program F			$ -	0.00				
Name of Program G			$ -	0.00				
Name of Program H			$ -	0.00				
Name of Program I			$ -	0.00				
Name of Program J			$ -	0.00				
***Totals App. B - Commercial**	$ -	$ -	$ -	0.00	0	0	0	$ -

Commercial Indirect Costs not attributable to any specific program →				
Total TRC Costs		$ -		
****Totals TRC - Commercial**	**$ -**	**$ -**	**$ -**	**0.00**

3. Institutional Programs

List each Appendix B in the cells below; Insert additional rows as required.

Note: To ensure the integrity of the formulas, please insert the additional rows in the middle of the list below.

	TRC Benefits (PV)	TRC Costs (PV)	$ Net TRC Benefits	Benefit/Cost Ratio	Report Year Total kWh Saved	Lifecycle (kWh) Savings	Total Peak Demand (kW) Saved	Report Year Gross C&DM Expenditures ($)
Name of Program A			$ -	0.00				
Name of Program B			$ -	0.00				
Name of Program C			$ -	0.00				
Name of Program D			$ -	0.00				
Name of Program E			$ -	0.00				
Name of Program C			$ -	0.00				
Name of Program G			$ -	0.00				
Name of Program H			$ -	0.00				
Name of Program I			$ -	0.00				
Name of Program J			$ -	0.00				
***Totals App. B - Institutional**	$ -	$ -	$ -	0.00	0	0	0	$ -
Institutional Indirect Costs not attributable to any specific program →								
Total TRC Costs		$ -						
****Totals TRC - Institutional**	**$ -**	**$ -**	**$ -**	**0.00**				

4. Industrial Programs

List each Appendix B in the cells below; Insert additional rows as required.

Note: To ensure the integrity of the formulas, please insert the additional rows in the middle of the list below.

	TRC Benefits (PV)	TRC Costs (PV)	$ Net TRC Benefits	Benefit/Cost Ratio	Report Year Total kWh Saved	Lifecycle (kWh) Savings	Total Peak Demand (kW) Saved	Report Year Gross C&DM Expenditures ($)
Name of Program A			$ -	0.00				
Name of Program C			$ -	0.00				
Name of Program C			$ -	0.00				
Name of Program D			$ -	0.00				
Name of Program E			$ -	0.00				
Name of Program F			$ -	0.00				
Name of Program G			$ -	0.00				
Name of Program H			$ -	0.00				

Name of Program I			$ -	0.00				
Name of Program J			$ -	0.00				
***Totals App. B - Industrial**	$ -	$ -	$ -	0.00	0	0	0	$ -
Industrial Indirect Costs not attributable to any specific program →								
Total TRC Costs		$ -						
****Totals TRC - Industrial**	**$ -**	**$ -**	**$ -**	**0.00**				

5. Agricultural Programs

List each Appendix B in the cells below; Insert additional rows as required.

Note: To ensure the integrity of the formulas, please insert the additional rows in the middle of the list below.

	TRC Benefits (PV)	TRC Costs (PV)	$ Net TRC Benefits	Benefit/Cost Ratio	Report Year Total kWh Saved	Lifecycle (kWh) Savings	Total Peak Demand (kW) Saved	Report Year Gross C&DM Expenditures ($)
Name of Program A			$ -	0.00				
Name of Program C			$ -	0.00				
Name of Program C			$ -	0.00				
Name of Program D			$ -	0.00				
Name of Program E			$ -	0.00				
Name of Program F			$ -	0.00				
Name of Program G			$ -	0.00				
Name of Program H			$ -	0.00				
Name of Program I			$ -	0.00				
Name of Program J			$ -	0.00				
***Totals App. B - Agricultural**	$ -	$ -	$ -	0.00	0	0	0	$ -
Agricultural Indirect Costs not attributable to any specific program →								
Total TRC Costs		$ -						
****Totals TRC - Agricultural**	**$ -**	**$ -**	**$ -**	**0.00**				

6. LDC System Programs

List each Appendix B in the cells below; Insert additional rows as required.

Note: To ensure the integrity of the formulas, please insert the additional rows in the middle of the list below.

	TRC Benefits (PV)	TRC Costs (PV)	$ Net TRC Benefits	Benefit/Cost Ratio	Report Year Total kWh Saved	Lifecycle (kWh) Savings	Total Peak Demand (kW) Saved	Report Year Gross C&DM Expenditures ($)
Name of Program A			$ -	0.00				
Name of Program B			$ -	0.00				

Name of Program C			$ -	0.00					
Name of Program D			$ -	0.00					
Name of Program E			$ -	0.00					
Name of Program F			$ -	0.00					
Name of Program G			$ -	0.00					
Name of Program H			$ -	0.00					
Name of Program I			$ -	0.00					
Name of Program C			$ -	0.00					
***Totals App. B - LDC System**	$ -	$ -	$ -	0.00	0	0	0	$ -	
LDC System Indirect Costs not attributable to any specific program →									
Total TRC Costs		$ -							
****Totals TRC - LDC System**	**$ -**	**$ -**	**$ -**	**0.00**					

7. Smart Meters Program

Only spending information that was authorized under the 3rd tranche of MARR is required to be reported for Smart Meters.

Report Year Gross C&DM Expenditures ($) →

8. Other #1 Programs

List each Appendix B in the cells below; Insert additional rows as required.

Note: To ensure the integrity of the formulas, please insert the additional rows in the middle of the list below.

	TRC Benefits (PV)	TRC Costs (PV)	$ Net TRC Benefits	Benefit/Cost Ratio	Report Year Total kWh Saved	Lifecycle (kWh) Savings	Total Peak Demand (kW) Saved	Report Year Gross C&DM Expenditures ($)
Name of Program A			$ -	0.00				
Name of Program B			$ -	0.00				
Name of Program C			$ -	0.00				
Name of Program D			$ -	0.00				
Name of Program E			$ -	0.00				
Name of Program F			$ -	0.00				
Name of Program G			$ -	0.00				
Name of Program H			$ -	0.00				
Name of Program I			$ -	0.00				
Name of Program J			$ -	0.00				
***Totals App. B - Other #1**	$ -	$ -	$ -	0.00	0	0	0	$ -
Other #1 Indirect Costs not attributable to any specific program →								
Total TRC Costs		$ -						
****Totals TRC - Other #1**	**$ -**	**$ -**	**$ -**	**0.00**				

9. Other #2 Programs

List each Appendix B in the cells below; Insert additional rows as required.

Note: To ensure the integrity of the formulas, please insert the additional rows in the middle of the list below.

	TRC Benefits (PV)	TRC Costs (PV)	$ Net TRC Benefits	Benefit/Cost Ratio	Report Year Total kWh Saved	Lifecycle (kWh) Savings	Total Peak Demand (kW) Saved	Report Year Gross C&DM Expenditures ($)
Name of Program A			$ -	0.00				
Name of Program B			$ -	0.00				
Name of Program C			$ -	0.00				
Name of Program D			$ -	0.00				
Name of Program E			$ -	0.00				
Name of Program C			$ -	0.00				
Name of Program G			$ -	0.00				
Name of Program H			$ -	0.00				
Name of Program I			$ -	0.00				
Name of Program J			$ -	0.00				
***Totals App. B - Other #2**	$ -	$ -	$ -	0.00	0	0	0	$ -
Other #2 Indirect Costs not attributable to any specific program →								
Total TRC Costs		$ -						
****Totals TRC - Other #2**	**$ -**	**$ -**	**$ -**	**0.00**				

LDC's CDM PORTFOLIO TOTALS

	TRC Benefits (PV)	TRC Costs (PV)	$ Net TRC Benefits	Benefit/Cost Ratio	Report Year Total kWh Saved	Lifecycle (kWh) Savings	Total Peak Demand (kW) Saved	Report Year Gross C&DM Expenditures ($)
***TOTALS FOR ALL APPENDIX B**	$ 247,412	$ 73,899	$ 173,513	3.35	$ 199,413	$ 871,752	$ -	$ 73,899
*Any **other** Indirect Costs not attributable to any specific program* →								
TOTAL ALL LDC COSTS		$ 73,899						
****LDC' PORTFOLIO TRC**	$ 247,412	$ 73,899	$ 173,513	3.35				

* The savings and spending information from this row is to be carried forward to Appendix A.

** The TRC information from this row is to be carried forward to Appendix A.