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By Email only

March 1, 2007

To: All Licensed Electricity Distributors

Re: Amended Requirements for Annual Reporting of Conservation and Demand Management (“CDM”) Initiatives

- **Reporting for Funding Granted under Third Tranche of Market Adjusted Revenue Requirement (“MARR”)**
- **Reporting for Incremental CDM Funding Approved in Rates**

The Ontario Energy Board (the “Board”) has reviewed the requirements for the annual reporting of CDM initiatives (“reporting Requirements”) and has adjusted the Reporting Requirements to improve the consistency and quality of reporting. The amended Reporting Requirements are available from the Board’s website at:

www.oeb.gov.on.ca/html/en/industryrelations/ongoingprojects_distconservation.htm

Changes to Reporting Requirements

The main changes to the Reporting Requirements are:

- An Appendix C has been added to facilitate and document the consolidation of the individual programs (e.g. residential, industrial, commercial etc.), and to provide a place where indirect costs can be allocated to the program or the portfolio;
- A new column has been added to Appendix A where cumulative totals for third tranche spending are to be reported; and
- The totals columns in Appendix C have been linked to Appendix A to avoid errors due to the manual transfer of data, and to streamline the reporting process.

Reporting of CDM Funded under Third Tranche of MARR

The annual reports for CDM initiatives funded under the third tranche of MARR are due March 31st in accordance with the orders issued by the Board in proceedings RP-2004-0203. In the case of the 2006 report this translates to **April 2, 2007**. Any distributors that anticipate experiencing difficulty meeting this date should contact Anshula Ohri, Project Advisor, Regulatory Audit at 416-440-7659.

Reporting of Incremental CDM Funding Approved in Rates

The Board is now also requiring licensed electricity distributors that received incremental funding for CDM initiatives in their distribution rates to make separate annual filings in relation to those CDM initiatives. Distributors must apply the same Reporting Requirements as those used for annual reporting of CDM funded under the third tranche of MARR. The filing deadline for annual reports on incremental funding included in rates for a year is April 30th of the year following. In the case of CDM initiatives funded in 2006 rates the reporting due date is **April 30th, 2007**.

Other Board Activities Regarding CDM

By separate letter to be issued shortly, the Board will be providing guidance on the process for requesting additional CDM program funding through to April 30, 2008.

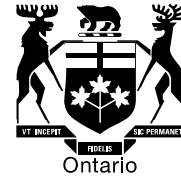
The Board is currently developing a comprehensive long-term framework for the regulatory treatment of CDM costs and revenues. Once complete, that framework will articulate the Board's policy on how new CDM expenditures will be dealt with from a rate-making perspective.

Please direct any questions you may have to the Market Operations Hotline at 416-440-7604 or by email at Market.Operations@oeb.gov.on.ca.

Yours truly,

Original signed by

Peter O'Dell
Assistant Board Secretary



Requirements for Annual Reporting of Conservation and Demand Management (“CDM”) Initiatives

- **Reporting for Funding Granted under Third Tranche of Market Adjusted Revenue Requirement (“MARR”)**
- **Reporting for Incremental CDM Funding Received in Rates**

Background:

The Board requires that each licensed electricity distributor file an annual report regarding its CDM initiatives, including a cost benefit analysis. These Reporting Requirements are an updated version of the Board's instructions issued in December 2005, on the content and format of the annual report(s).

These Reporting Requirements apply to CDM initiatives funded under the third tranche of MARR and to CDM initiatives funded through the electricity distribution rate process.

Instructions:

For electricity distributors that received both third tranche of MARR funding for CDM initiatives as well as funding for CDM through electricity distribution rate proceedings, a separate annual report is required for each source of funding. Future year CDM initiatives funded through incremental rate adjustments will also be included in the reporting requirement.

Annual reports for CDM initiatives funded under the third tranche of MARR are due on March 31st. Annual reports for CDM initiatives funded through rates are due on April 30th.

Distributors should file three (3) hard copies and two (2) electronic copies of their annual report for a given year with the Board Secretary by March 31st or April 30th, as applicable to the source of funding, of the following year. Hard copies should be filed with the Board Secretary at Ontario Energy Board, P.O. Box 2319, 2300 Yonge Street, Suite 2700, Toronto, ON, M4P 1E4. In addition, one electronic copy must be filed in PDF format, consisting of the entire report. A second electronic copy must also be filed in Excel format consisting only of the appendices. These electronic copies must be included on a disk with the hard copies. All filings should identify the name of the electricity distributor as well as the type of funding that is being reported and be titled “**200X Annual Report**,

CDM Third Tranche Funding, [Distributor Name] or **“200X Annual Report, CDM Funded Through Rates, [Distributor Name]”** as applicable.

These Reporting Requirements and Excel templates for Appendix A, Appendix B, and Appendix C are available from the Board’s website at:

http://www.oeb.gov.on.ca/html/en/industryrelations/ongoingprojects_distconservation.htm

Format:

The annual report should consist of the following sections:

1. Introduction
2. Evaluation of the CDM Plan
3. Discussion of the Programs
4. Lessons Learned
5. Conclusion

1. Introduction

In the “Introduction” section of the annual report, distributors should provide a general overview of their CDM initiatives including any relevant local context.

2. Evaluation of the CDM Plan

The “Evaluation of the CDM Plan” section will provide an overview of the effectiveness of a distributor’s CDM Plan. Distributors should report on all initiatives worked on within the previous year ended December 31. All data in the Appendices should pertain to only the programs and activities worked on in the year, with the exception of the “Cumulative Totals Life-to-Date” column in Appendix A and cumulative TRC in Appendix B.

To complete this section, please complete Appendix A and Appendix C as follows:

Appendix C

Appendix C is to be used to consolidate each of the programs (e.g., Residential, Industrial, Commercial etc.) and to allocate the indirect costs to the programs and/or to the portfolio.

Appendix A

Distributors should complete the information for each metric (rows) and broken down by category (columns). Where a category is not available, distributors should use one of the “other” columns.

3. Discussion of the Programs

The “Discussion of the Programs” section will provide details on each of the distributor’s programs. To complete this section, please complete Appendix B for **each** program in the CDM Plan. If the type of program or the benefits of a program do not fit in the cells provided, create the appropriate headings and measures under the “Other programs (specify)” section. In section C of Appendix B, one or more category may apply.

All data in Appendix B should pertain to only the programs and activities worked on in the year, with the exception of cumulative TRC calculations.

Note:

Stand alone education or marketing programs that do not have quantifiable benefits should report all relevant information (some relevant assessment criteria are identified in Table 3.1 of the TRC Guide). Marketing or support programs (i.e., programs designed to enhance market acceptance of other programs) should not be reported individually as they are components of other programs. Similarly, the costs of marketing or support programs should be allocated to the programs they support (see Appendix C).

Distributors who have pilot programs or other programs for which cost effectiveness data was not provided by the Board (in the TRC Guide) should provide their own values, if available, and report all relevant information (attach a separate table if required).

If the TRC test inputs used by the distributor vary from those provided in the TRC Guide, the distributor must identify the variation(s) and file additional information supporting the variation(s) in an appendix to this report. If the specific technology promoted by a distributor was not included by the Board (in the TRC Guide), the distributor may select a similar technology from the TRC Guide as a proxy for annual reporting purposes. A distributor that selects a proxy technology for reporting must identify the actual technology in its annual report and the similarities between the proxy technology and the actual technology.

4. Lessons Learned

In the “Lessons Learned” section the distributor will indicate what has been learned over the course of the year. The goal of this section is to evaluate and benchmark programs for greater efficiency in delivery and cost effectiveness, and to provide information to other distributors with respect to CDM programs. Distributors should indicate if a program is considered a success or not and whether the distributor should continue its delivery.

5. Conclusion

The “Conclusion” section will consist of the distributor’s summary of its performance during the previous year ended December 31 relative to the CDM Plan approved by the Board.

6. Instructions on completing the Appendices

Appendix B - An Appendix B is to be completed for each program in the distributor’s CDM Plan on which plan-to-date expenditures have been made. The Board’s TRC Guide provides guidance on completing the TRC calculations. Prescriptive load savings and cost values for most equipment are listed in the Assumptions and Measures List of the TRC Guide. A separate Appendix B is required for each CDM initiative.

Please provide life-to-date cumulative TRC calculations and savings information where indicated on Appendix B.

Appendix C - Appendix C is a new Appendix introduced for 2006 annual reporting to be used to consolidate the program information from Appendices B, and to allocate indirect costs to the programs and/or to the overall portfolio.

Appendix A – Information from Appendix C is to be brought forward to Appendix A, as described in Appendix C.