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VIA EMAIL AND WEB POSTING

August 26, 2015

**To: All Licensed Electricity Distributors
Independent Electricity System Operator
All Other Interested Parties**

**Re: 2011-2014 Conservation and Demand Management Targets
Board File No.: EB-2010-0215**

Reporting and Performance Incentives

This letter outlines the Ontario Energy Board's (OEB) expectations regarding information that electricity distributors should be including in their 2014 conservation and demand management (CDM) Annual Reports in relation to the achievement of their targets. It also provides information on how distributors that have achieved at least 80% of both their energy savings and peak demand targets can apply to the OEB for approval of a performance incentive.

Background

With its Decision and Orders issued on [November 12, 2010](#) and [March 14, 2011](#), the OEB assigned distributors specific peak demand and energy targets to be met by the end of the 2011 to 2014 period as a condition of their distribution licence. These targets relate to the CDM framework that ended on December 31, 2014 (2011-2014 CDM Framework). Electricity distributors will be filing their final Annual Reports with 2014 results by September 30, 2015.

Reporting on Target Shortfall

Appendix C of the Conservation and Demand Management Code for Electricity Distributors (CDM Code) sets out the information to be provided by distributors in their

Annual Reports, including information on a distributor's progress towards its CDM targets (section 3.1.1).

As the 2014 CDM Annual Reports will be the final Annual Reports under the 2011- 2014 CDM Framework, the OEB expects that distributors will provide detail on their performance in achieving their peak demand and energy savings targets, both successes and challenges. Distributors that have not met at least 80% of their energy savings target are also expected to include details of efforts they took during the 2011 to 2014 period to address the shortfall in the expected results and to explain why those efforts were insufficient or unsuccessful.

This information should be included in section 3.1.1 at the end of the distributor's 2014 Annual Report.

In the [letter](#) issued on December 17, 2014 that accompanied the OEB's *Conservation and Demand Management Report – 2013 Results*, the OEB noted that it has a wide range of options open to it if energy targets are not met. For the reasons indicated in the letter, the OEB will not take any compliance action related to a distributor who does not meet its peak demand target. However, once the results for 2014 are finalized the OEB will review on a case-by-case basis any instances where a distributor has not met 80% of its energy savings target and will determine next steps at that time.

Performance Incentive Applications

A distributor that meets 80% of each of its CDM targets is eligible for a performance incentive. Section 7 of the CDM Code describes how eligible distributors can apply to the OEB for approval of a performance incentive. Appendix D of the CDM Code sets out the manner in which a distributor must calculate its performance incentive.

Distributors may file applications for approval of a performance incentive for Board-Approved and Ontario Power Authority-Contracted Province-Wide CDM Programs once the final results have been received from the Independent Electricity System Operator (IESO), and performance incentive calculations must be based on these results.

The OEB will notify the IESO of approved performance incentive amounts and the timing of payments.

Please direct any enquiries to IndustryRelations@ontarioenergyboard.ca or at 416-440-7604. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary