



P.O. Box 2140
855 Confederation Street
Sarnia, Ontario N7T 7L6
Tel: (519) 337-8201
Fax: (519) 344-6094

November 1, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board,
2300 Yonge Street, 27th Floor,
Toronto, Ontario
M4P 1E4

Re: EB-2010-0215 – Conservation and Demand Management Code for Electricity Distributors

Dear Ms. Walli:

Bluewater Power Distribution Corporation (“Bluewater Power”) is required by section 2.1 of the above-noted Code to submit a CDM Strategy Plan by November 1, 2010. As such, a copy of the CDM Strategy Plan is attached and has been electronically filed with the OEB.

Two hard copies of the Bluewater Power Distribution Corporation CDM Strategy Plan will follow via courier.

Sincerely,

A handwritten signature in black ink, appearing to read "AP", is located below the text "Sincerely,".

Alex Palimaka
Vice President Corporate Services & General Counsel
Bluewater Power Distribution Corporation
Tel: (519) 337-8201 ext. 292
Fax: (519) 344-609
Email: apalimaka@bluewaterpower.com



Bluewater Power Distribution Corporation

Conservation and Demand Management Strategy

Submitted: November 1, 2010

Submitted to: Ontario Energy Board

As required by: Conservation and Demand Management Code for Electricity Distributors

EB-2010-0215

CDM Strategy Requirements 2011-2014

1. Name: Bluewater Power Distribution Corporation
2. Total Reduction in Peak Provincial Electricity Demand (MW) Target: 11MW.
3. Total Reduction in Electricity Consumption (kWh) Target: 56 GWh.
4. **CDM Strategy**

4.1 Bluewater Power Distribution Corporation (“Bluewater Power”) plans to focus our efforts on Ontario Power Authority (OPA) contracted province-wide CDM programs. We believe this suite of programs offers a comprehensive energy conservation strategy that provides an approach to conservation that is well balanced by customer type. Through the OPA programs we believe that we will be able to meet the vast majority of our targets as set forth in detail in this strategy. The shortfall that does exist will be addressed by, Bluewater Power through custom programs as set-out in Section 6 of this strategy.

Year One implementation planning typically requires significant investments in consultation and communication as discussed next. We feel that these demands, as well as the ongoing demands of increased activity in the area of C&DM necessitate the hiring of an additional full time employee.

With respect to consultation, we believe effective implementation will require additional data and analysis through the support and participation of stakeholder groups. The OPA has provided an LDC specific residential profile and the OPA is finalizing a report for Commercial and Industrial customers. That information will be helpful, but we will require community specific data and feedback. Creating a team of stakeholders will facilitate our ability to maximize the cost savings and environmental benefits of energy efficiency and planning for conservation. Bluewater Power plans to design a public engagement process to gather ideas from all sectors of the community. We will also use that process to identify potential resources and partners. This will require some up front work to put in place the structures and processes for reaching the ambitious but achievable targets.

With respect to communication, we note that Bluewater Power’s energy efficiency and conservation strategy will include new programs and projects to save energy and will require a communications strategy to engage residents and companies in specific programming. The OPA will provide “air cover” messaging while Bluewater Power will be the feet on the ground to educate our customers on the availability of programs with effective marketing tools such as targeted community events, localized radio and print media, newspaper inserts and direct mail.

In order to get the most leverage from our resources and capacities, Bluewater Power has utilized the OPA Planning Resource Tool to assist in providing estimated energy savings. This tool has allowed us to define our program rollout in some detail, but effective planning will require us to monitor our progress

and revise priorities as necessary to maximize energy reductions. This continuous improvement process is critical to our C&DM strategy.

Analysis to date points to the importance of rolling out or ramping up Residential Demand Response and Equipment Replacement (ERIP & PSB) programming from the outset of 2011 in order to gain the kWh energy savings. The importance of gaining kWh savings is critical from the very beginning. Since aspects of these programs have already been introduced to market, Bluewater Power will be required to “ramp up” our efforts in order to increase participation. It will allow Bluewater Power the time to understand newer programming that will be introduced later in 2011 or 2012. We plan to implement all available OPA programs through to 2014.

Bluewater Power plans to achieve the following annual milestones towards our 2011-2014 CDM strategy;

CDM Milestones	2011		2012		Cumulative		2013		Cumulative		2014		Cumulative	
	Mwh	MW	Mwh	MW	Mwh	MW	Mwh	MW	Mwh	MW	Mwh	MW	Mwh	MW
Consumer Programs	1,628	0.53	3,446	0.71	5,074	1.25	5,371	0.82	10,445	2.07	7,335	0.85	17,781	2.92
Commercial & Institutional Programs	2,250	2.14	4,741	2.34	6,991	3.07	6,501	2.47	13,492	4.05	8,364	2.64	21,856	5.17
Industrial Programs	9	1.38	567	1.48	577	1.48	1,125	1.48	1,702	1.58	1,683	1.48	3,386	1.67
Totals	3,887	4.05	8,754	4.53	12,642	5.8	12,997	4.77	25,639	7.7	17,382	4.97	43,023	9.76
BWP Target													56,000	11.0
% of Target													76.8	88.7

As can be seen in the projections reflected in the table above, we anticipate that existing OPA programs will result in a gap of approximately 10% in the achievement of our Peak Demand reduction target and a gap of approximately 20% in the achievement of our Kilowatt Hour reduction target. These gaps will be addressed through anticipated Low Income programs yet to be announced by the OPA and custom programs as set out in Section 6 below.

5. OPA Contracted Province Wide CDM Programs

At this time the budget allocation methodology has not been finalized by the OPA but we expect to be provided with a 4 year budget and a share of the forecasted budget for each program. Details may be made available to the Board if required.

5.1 Consumer Programs

i) **The Appliance Retirement Program** is an enhancement of the Great Refrigerator Round-Up. It includes free pick up and de-commissioning of old, inefficient, working appliances which include refrigerators, freezers, dehumidifiers and window air conditioners. The target customer is residential and will run 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (M)
Appliance Retirement	2661	0.15

ii) **Exchange Events** is a carry forward and enhancement of events previously hosted by retailers. It includes bi-annual events held at participating retailers for room air conditioners and dehumidifiers. It features a gift card or coupon towards a high efficiency replacement unit. The target customer is residential and will run 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
Exchange Events	146	0.04

iii) **Instant Rebates** is a carry forward of the Power Savings Event including year round coupons and bi-annual in store instant coupons. Product offerings include Energy Star compact fluorescent light bulbs, ceiling fans, hot water pipe wrap, timers, weatherstripping and clotheslines. Bluewater Power will conduct local marketing and in- store presence. In the past Bluewater Power has negotiated with local retailers for booth space and it will be a continued practice. The target customer is residential and will run 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
Instant Rebates	4675	0.08

iv) **HVAC Rebates** is a carry forward of the Cool Savings Rebate initiative where participating HVAC contractors deliver rebates to residential consumers who purchase and install high efficiency furnaces and Energy star qualified central air conditioners. Bluewater Power will be involved in the recruitment of contractors and local marketing efforts. The program runs 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
HVAC Rebates	2872	0.74

v) **Demand Response** is a re-design of peaksaver, a residential demand response initiative. The OPA is currently conducting pilot projects to test new technologies and further details will be made available in December 2010. Bluewater Power will continue to offer the existing peaksaver program through to June 2011. The proposed program offering will include two options; participation with demand response and participation without Demand Response. The four end uses available for load control will be central air conditioners, electric water heaters, room air conditioners and pool pumps. Participants will receive a Home Energy Interface giving them access to real time consumption and price. The program is scheduled to start July 1st 2011 and run till 2014. The target customer is residential consumers.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
Demand Response-Residential	6161	1.78

vi) **Mid-Stream Electronics** Incentives is a carry over of the midstream television incentive from the Power Savings Event. It will provide incentives to retailers to promote energy efficient televisions and also to satellite and cable providers to use high efficiency set top boxes. The target customer is residential consumers and the program will run 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
Mid Stream Electronics	634	0.04

vii) **Mid-Stream Pool Pumps** Incentives will provide contractors with incentives to install “right sized” pool equipment. The target customer will be residential consumers and the program will run 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
Mid Stream Pool Pumps	64	0.0

viii) **Residential New Construction** is a new initiative and includes incentives for builders to construct new single family homes that include energy efficiency standards above current building codes. It will include both prescriptive and custom projects. Bluewater Power will be responsible for local marketing, approvals, data collection and reporting. The OPA will be responsible for payments as well as enabling initiatives including training and consumer education. The target customer will be residential consumers and the program will run 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
Residential New Construction	567	0.1

5.2 Commercial and Institutional Programs (C&I)

The C&I Program will cover both existing and new buildings in all business market segments including Commercial Buildings (offices, retail, grocery, restaurants, hotels and motels), Institutional Buildings (health care facilities, universities, colleges & schools), Multi Family Buildings (apartments and condominiums) and Agricultural Facilities. This is the target customer for the following offerings;

i) **Existing Building Retrofit and Commissioning Projects –Medium and Large Business Customers** is an initiative where eligible participants will receive incentives to complete energy audits for equipment replacement projects. The incentives are intended to cover 50% of the cost of the audit and must be completed by a professional engineer or a Certified Energy manager (“CEM”). Access to an energy auditor that meets these criteria will enable participation into this program. Equipment replacement projects have traditionally been categorized in the Electricity Retrofit Incentive Program (ERIP) with both a Prescriptive and Custom stream. Commissioning projects will be available for existing buildings greater than 50,000 square feet. The program will run from 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
Existing Building Retrofits-Medium & Large	7166	2.04

ii) **Existing Building Retrofit Projects-Small Customers** is an initiative including Direct Installed Lighting targeting customers in the General Service <50kW account category. The existing version of this program is the Power Saving Blitz but will now include eligible equipment beyond the initial \$1,000 limit. This initiative will now also include Direct Serviced Space Cooling available to customers with roof top or ground mounted air conditioning systems with a capacity of 25 tons or less. The program will run 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
Existing Building Retrofits-Small	14514	1.97

iii) **Demand Response** is a re-design of peaksaver the residential demand response initiative. However, for commercial customers only central air conditioning systems will be available for load control participation. The program will run 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
Demand Response-Commercial	64	0.04

iv) **Demand Response 1 (DR1)** is an initiative where LDC connected customers voluntarily provide DR capability to reduce system peak. Participants must be on standby 1600 hours a year and participants are activated 100 hours a year when there is system need. Availability and utilization payments are then made to participants. There is no obligation for a participant to participate when called upon by the IESO. DR1 will be available to customers with peak demand of 50kW or more that have an hourly interval meter. The program will run 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
DR1	20	0.53

v) **Demand Response 3 (DR3)** is an initiative similar to DR1 however there is an obligation to participate when called upon. Failure to participate may result in a financial penalty. DR3 will be available to customers with peak demand of 50kW or more that have interval meters with 5 minute capability.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
DR3	92	0.85

5.3 Industrial Programs

i) **Demand Response 1 (DR1)** is an initiative where LDC connected customers voluntarily provide DR capability to reduce system peak. Participants must be on standby 1600 hours a year and participants are activated 100 hours a year when there is system need. Availability and utilization payments are then made to participants. There is no obligation for a participant to participate when called upon by the IESO. DR1 will be available to customers with peak demand of 50kW or more that have an hourly interval meter. Typical DR1 customers have self generation or stand by generation, load that can be turned off for four hours at a time or production load that can be shifted away from curtailment hours. The program will run 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
DR1	8	0.53

ii) **Demand Response 3 (DR3)** is an initiative similar to DR1 however there is an obligation to participate when called upon. Failure to participate may result in a financial penalty. DR3 will be available to customers with peak demand of 50kW or more that have interval meters with 5 minute capability. The OPA will enter into contracts directly with participants providing DR capacity of

greater than 5MW. Bluewater Power has a Memorandum of Understanding in place with an OPA contracted aggregator to work directly with participants with load less than 5MW. The program will run 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
DR3	32	0.85

iii) **Electricity Retrofit Incentive Program and Industrial Accelerator** are initiatives aimed at improving the energy efficiency of equipment and production processes offering capital and enabling initiatives. Applications for projects will require a detailed assessment of electricity savings and capital expenditures. Measurement and verification will be required for each individual project in order to assess performance of electricity savings. Access to a CEM that can provide these requirements will enable participation into this program. Equipment replacement projects have traditionally been categorized in the Electricity Retrofit Incentive Program (ERIP) with both a Prescriptive and Custom stream. The program will run 2011-2014.

Program Name	Total Consumption Reduction 2011-2014 (Mwh)	Total Peak Demand Reduction 2011-2014 (MW)
ERIP & Industrial Accelerator	3348	0.3

6. Potential Board Approved CDM Programs

Bluewater Power plans to focus our efforts on Ontario Power Authority (OPA) contracted province wide CDM programs. As set out earlier in this report, we anticipate that existing OPA programs will result in a gap of approximately 10% in the achievement of our Peak Demand reduction target and a gap of approximately 20% in the achievement of our Kilowatt Hour reduction target. These gaps will be addressed through anticipated Low Income programs, but also custom programs.

Bluewater Power does not propose through this high level C&DM strategy any specific custom programs. We resolve to scan best practices exhibited in other jurisdictions, examine and assess Ontario Energy Board approved CDM programs that do not duplicate OPA programming and demonstrate cost effectiveness. At such point that it has become clear that we will be required to develop custom programs in order to achieve the remaining gap in our C&DM targets, a custom program will be submitted to the OEB We would anticipate any such application would be filed prior to December 31, 2011 for approval.

7. Program Mix

Based on the fact that Bluewater Power anticipates achieving the vast majority of its target through OPA programs, we submit that it follows that Bluewater Power will provide a balanced approach to our CDM strategy by ensuring that programs address all rate classifications. Bluewater Power will offer a Consumer, Commercial and Institutional and Industrial stream of initiatives thereby demonstrating programming for all customer types within our service territory. In addition, Bluewater Power intends to offer a Low Income Program as part of our CDM strategy and we may provide an update to the Board when details on the program are made available from the OPA if required.

8. CDM Program Co-ordination

Over the years Bluewater Power has positioned itself as a champion of conservation and the local expert on energy efficiency. As stated previously, we plan to co-ordinate our CDM activities with stakeholders who would include local industry, the Chamber of Commerce, shareholder municipalities, community groups, environmental groups, housing authorities, social service agencies, the building industry, and energy planners. To the extent necessary, we will also work with natural gas distributors such as Union Gas and with other local electricity distribution companies.

In the event that a roving energy manager or Certified Energy Manager is available through the OPA, we would anticipate utilizing such person as a shared resource with other local LDCs. The earlier information is available about such programs, the more success we would anticipate in effectively and efficiently making that resource available to our customers.