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VIA EMAIL AND WEB POSTING

December 17, 2014

**To: All Licensed Electricity Distributors
All Other Interested Parties**

**Re: Conservation and Demand Management Report – 2013 Results
Board File No.: EB-2010-0215**

As directed by the Minister of Energy, the Board assigned distributors specific CDM targets to be met from 2011 to 2014 as a condition of their distribution licence. Today the Board posted the Board's "Conservation and Demand Management ("CDM") Report – 2013 Results" (the "2013 CDM Report") on its website summarizing the CDM results to the end of December 31, 2013.

The current CDM Framework ends on December 31, 2014 and this is the third report issued by the Board. The fourth and final report with the 2014 results will be issued in the fall of next year.

The Board is also taking this opportunity to provide some guidance to distributors related to overall CDM Target performance.

2013 CDM Results

The overall CDM Targets to be achieved by distributors from 2011 to 2014 are:

- A reduction in total electricity consumption accumulated over the four-year period of 6,000 gigawatt hours (GWh); and,
- A reduction in provincial peak demand persisting at the end of the four-year period (i.e., December 31, 2014) of 1,330 megawatts (MW).

The CDM results reported by distributors are summarized in the attached 2013 CDM Report. Highlights from this year's results include:

Net Energy Savings (kWh):

- Collectively, distributors achieved approximately 560 GWh of net energy savings from 2013 CDM programs¹ contributing 1,233 GWh to the persisting savings in 2014, or approximately 20% of the 2011-2014 energy savings target.
- Cumulative energy savings to-date is 5,139 GWh or approximately 86% of the total energy savings target.
- Overall, distributors remain generally optimistic regarding the possible achievement of the energy (kWh) savings target but will require a successful 2014 in order to meet their individual energy savings target.

Net Peak Demand Savings (kW):

- Collectively, distributors reduced provincial peak demand by approximately 405 MW in 2013.
- 2013 net incremental peak demand savings represent approximately 30% of the peak demand savings target.
- Persisting peak demand savings, which include peak demand savings from 2011 to 2013 CDM programs that are expected to persist in 2014, total 639 MW, or 48% of the peak demand target.
- A large majority of distributors cautioned the Board that they do not expect to meet their peak demand targets.

This is the third year of reporting and there is now higher confidence in the peak demand savings from 2011 to 2013 that will persist in 2014. Therefore the Board has included these persisting savings in its summary of results. This aligns with the approach used by the Ontario Power Authority (“OPA”).

Results for individual utilities can be found in the appendices to the 2013 CDM Report, and individual reports for each distributor are posted on the Board’s [industry website](#).

CDM Target Performance

Achieving both the energy and demand targets is a condition of licence and therefore meeting both targets by the end of 2014 is a matter of compliance. The Board has a wide range of options open to it if the targets are not met, including taking no action.

¹ This figure does not include adjustments made by the OPA to both 2011 and 2012 results. Adjustments to 2011 and 2012 results provide an additional 43.7 GWh of total savings realized over 2011 and 2012. The 2011 and 2012 adjustments made by the OPA are discussed in further detail in the Board’s 2013 CDM Summary Report.

A new CDM Framework will be in place starting January 1, 2015. In this new framework distributors will have a leadership role in developing and delivering CDM programs to achieve 7 terawatt-hours in energy savings over a six-year term. While it is important for the Board to review whether distributors have met their licence obligations for the 2011 to 2014 CDM Framework, the Board will also take into consideration the importance of distributors focussing their resources on delivering on significant commitments for the new framework.

The Board notes that the 2010 CDM Directive set out the government objective of providing a tiered incentive to distributors starting at 80% achievement of the targets. In view of this threshold for receiving incentive payments, the Board has determined that it will take no compliance action for distributors that reach at least 80% of their targets.

With respect to the peak demand savings target, the Board appreciates that many distributors do not expect to meet either 80% or 100% of its target. The Board notes that in December 2013, the Government of Ontario released its 2013 Long-Term Energy Plan (“LTEP”). The LTEP assigned responsibility to the Independent Electricity System Operator (“IESO”) to evolve existing demand response programs in Ontario and introduce new initiatives. This transition of demand initiatives to the IESO has been underway throughout 2014 and the Board is of the view that it was appropriate for the OPA to support the IESO in this transition rather than developing its own, new demand response programs in order to achieve the peak demand target. For this reason, the Board will not take any compliance action related to distributors who do not meet their peak demand targets.

Conservation is an important activity for distributors and it is clear from the 2013 CDM Report that all distributors were engaged in delivering CDM programs. The results at the end of 2013 show considerable success towards reaching the energy target. The Board expects that the majority of distributors will successfully surpass the 80% threshold of their energy savings target. In the event that a distributor does not meet 80% of its energy savings target, the Board will review the circumstances for these instances on a case-by-case basis and will contact the individual distributors once the results for 2014 are finalized.

(Original Signed By)

Kirsten Walli
Board Secretary