

**Conservation and Demand Management
Question and Answers
based on the October 15, 2010 CDM Webinar**

The following are questions that have been asked of Board Staff in relation to various components of the CDM Code. Board Staff has provided its response to these questions for clarification purposes only. The responses to the questions below are in no way binding on the Board.

The questions and answers have been grouped into the following sections:

- CDM Strategy
- CDM Programs
- CDM Targets
- Cost Effectiveness and EM&V
- Performance Incentive

CDM Strategy

Q: LDCs have been informed that the overall provincial targets include projected demand reductions associated with behavioural changes surrounding TOU rates. For the purpose of the CDM Strategy submissions, what savings should be attributed to the roll out of TOU rates?

A: The CDM Targets are to be met by the implementation of OPA-Contracted Province-Wide CDM Programs and/or Board-Approved CDM Programs. There is no specific exclusion in the CDM Code for programs related to Smart Meters and TOU. LDCs need to consider whether any proposed programs meet the requirements set out in the CDM Code. The Board will ultimately determine if a program is eligible upon their review and decision of a Tier 2/3 application.

Q: Is the first opportunity to revise and/or update the CDM strategy at the time the first annual report is due (i.e. September 30, 2012)?

A: Yes. However, if an LDC feels as though it is in its best interest to update the Board prior to the first annual report filing date of September 30, 2012, it is free to do so.

Q: Should prospective pilot programs and education programs be included in the CDM Strategy?

A: Yes. Both pilot programs and educational program information should be included in the CDM Strategy.

Q: Does the Board still see the November 1, 2010 deadline for filing CDM Strategy documents as reasonable?

A: Yes, the Board still views the November 1, 2010 deadline for filing CDM Strategies as reasonable. Board Staff feels as though this deadline will help LDCs focus their initial efforts during the planning stages of the new CDM period. Board Staff notes that the CDM Strategy document is meant to be completed at a high level and understands that there are variables that cannot be answered at this early stage of the process.

Q: How should LDCs factor the to-be-determined low income programs into the CDM strategy?

A: As stated in the CDM Code at section 3.3.1, LDCs may meet a portion of their CDM Targets through the delivery of CDM Programs targeted to low-income customers. If an LDC plans to deliver a low-income CDM program, the LDC should include reference to either the uptake of the OPA's imminent low-income program and/or details surrounding a Tier 2 and/or Tier 3 low-income program for which the LDC will be applying for approval from the Board. LDCs are encouraged to include as much information as is currently available to them.

Q: Section 5 of Appendix B of the CDM Strategy Template requires the OPA-Contracted Province-Wide CDM Programs to be described. This appears to be repetitive as all LDC submissions will contain this information. Is it expected that brief reference to the Provincial programs will be sufficient?

A: For the CDM Strategy, LDCs should include sufficient information regarding the Tier 1 programs it plans to uptake. This information should include, at a minimum, all of the items listed in Section 5 of Appendix B of the CDM Strategy.

Q: If a budget estimate is provided in the CDM Strategy for a Board-Approved CDM Program, will it later constrain the budget submitted in the program application based on better information?

A: No. The budget applied for in the Board-Approved CDM Program application will be the dollar amount that the Board considers when making its decision. The budgetary information included in the CDM Strategy is for informational and planning purposes only.

Q: If the OPA has not finalized the funding model for the OPA-Contracted Province-Wide CDM Programs, will the Board be

expecting any financial details in the CDM Strategy related to the Tier 1 programs?

A: Board Staff expects that the CDM Strategy documents will include as much information as is available to the LDCs by the November 1, 2010 filing deadline. Board Staff encourages LDCs to be in contact with the OPA regarding various program details for its own planning purposes.

Q: LDCs are currently in the process of developing Board-Approved CDM Programs. Limited details may be available at the time of filing the CDM Strategy. Is it acceptable to leave the Board-Approved CDM Programs section blank and indicate that these details will be conveyed in forthcoming applications?

A: LDCs should include as much information as possible in their CDM Strategy documents. If all the information is not available at the time of filing the CDM Strategy, the LDC will need to provide further details at the time it files for a Board-Approved Program. LDCs can also update their CDM Strategy at the time of the CDM annual report to include further information.

CDM Programs

Q: With reference to section 3.1.1 of the Code, does Board Staff agree that the first set of OPA-Contracted Province-Wide CDM Programs have now been established?

A: Board Staff is of the view that sufficient information has been established that will enable LDCs to complete their CDM Strategy. The OPA's Tier-1 programs can be found [here](#).

Q: When will distributors be able to begin submitting applications for Tier 2 and/or Tier 3 programs to the Board for approval?

A: Board Staff recommends that distributors wait to file applications for program approval until after they have filed their CDM Strategy documents. However, LDCs are able to submit applications for Board-Approved CDM Programs whenever they feel it is appropriate.

Q: How will LDCs receive funding for approved Tier 2 and/or Tier 3 programs?

A: At section 3.4.1 of the CDM Code it states that if the Board approves a CDM program pursuant to an application filed under section 3.1, such approval will include a determination regarding the amount and timing of

payments to be made by the IESO under section 78.5 of the Act in relation to the Board-Approved CDM Program. Board Staff encourages LDCs to include funding schedules in its Tier 2/3 program application(s).

Q: What will be the process and related timeline for hearings associated with Board-Approved CDM Program applications?

A: As found at section 1.6.1 of the CDM Code, any matter under this Code requiring an approval, consent, or determination of the Board may be determined by the Board without a hearing or through an oral, written or electronic hearing, at the Board's discretion.

Q: Is there a template for filing Tier 2 and/or Tier 3 programs with the Board?

A: There is no formal template for Tier 2 or 3 CDM programs however; Board Staff encourages LDCs to use the list of items in 3.1.4 of the CDM Code as a check-list when developing its applications for Tier 2 and Tier 3 CDM program applications. At a minimum, all of these items must be included in an application for a Board-Approved CDM Program.

Q: For Tier-2 Board-Approved CDM Programs (i.e. collaboration with other LDCs) will the Board require a single combined application or should the LDCs submit separate applications?

A: For efficiency reasons LDCs are encouraged to apply for Tier 2 programs on a combined basis. However, if each collaborating LDC feels as though it wants to file a separate application, it is free to do so.

Q: Do all programs have to be completed by December 2014 to count towards targets?

A: Yes. As stated in the CDM Code at section 3.1.3 Board-Approved CDM Programs must end by December 31, 2014. Further, as stated at section 1.7.1, the CDM Code applies to CDM Programs that start on January 1, 2011 and end on December 31, 2014 or occur anytime between those two dates. All electricity savings (kWh) and peak demand savings (kW) resulting from CDM Programs must also occur within that timeframe.

Q: Can you provide guidance to LDCs in the case where the programs results or achievement of targets is less than anticipated? How would an LDC modify their program mix?

A: If an LDC finds that it is not achieving the expected results from the CDM Programs it is implementing, it can modify its CDM Strategy and include

those details in its next annual report as well as look to seek approval for new Tier 2 or Tier 3 programs.

LDCs can also look to section 3.2 of the CDM Code for the guidelines surrounding re-allocating funds from its approved CDM Programs to help increase results.

Q: How would the OEB like LDCs to plan and budget for Board-Approved Programs when LDCs will not know the net savings results of their contribution to OPA programs for 2011 until, at the earliest, late 2012?

A: LDCs should be planning to meet 100% of their CDM Targets through either OPA-Contracted Province-Wide Programs and/or a mix of OPA programs and Board-Approved Programs. If an LDC finds that the OPA programs are not achieving the results it anticipated, the LDC is encouraged to come to the Board with an application for a Tier 2/3 program.

Q: Will program duplication be determined by the Board independently or with OPA advice?

A: The Board will decide on applications for Board-Approved CDM Programs independently. Board Staff may seek the advice of the OPA regarding certain program elements of Tier 1 programs while conducting its review.

Q: Where and how will LDCs be made aware of Tier 2 programs approved by the Board?

A: The Board will be posting both the applications for Tier 2/3 programs and the subsequent decisions on the [CDM section](#) of its website.

Q: How will the Tier 1 programs be funded by the OPA - will this be similar to 2007-2010? Will the funding be proportional to the level of activity indicated in the CDM strategy?

A: LDCs are encouraged to speak with the OPA directly regarding any program related questions, funding included.

Q: Are the Microfit and FIT programs included here?

A: No. As stated in the CDM Directive, CDM is exclusive of initiatives that are associated with the OPA Feed-in Tariff Program and the OPA Micro Feed-in Tariff Program.

Q: Would a sub-metering program be considered CDM under the Code?

A: There is no specific exclusion in the CDM Code for programs related to sub-metering. LDCs need to consider whether any proposed programs meet the requirements set out in the CDM Code. The Board will ultimately determine if a program is eligible upon their review and decision of a Tier 2/3 application.

CDM Targets

Q: Will there be any consideration given to 2010 pre-approved kW reduction projects from the existing OPA ERIP program that will not be installed and delivering kW savings until 2011? Will these projects count toward our CDM Targets?

A: As stated in the Directive, only those savings that occur between 2011 and 2014 will be counted against the CDM Targets. Board staff's view is that savings that have been accounted for in the past (i.e. those persisting from old programs) will not count towards an LDC's CDM Targets. However, it seems reasonable for savings that have yet to be realized (i.e. savings that take place in 2011 but are from programs that were contracted late in 2010) to be counted towards an LDC's CDM Target.

Q: What are the penalties the Board will impose on an LDC who falls short of the targets despite active involvement in CDM Programs?

A: The Board will determine the appropriate action for those LDCs who fail to comply with the conditions of its license related to both the CDM Code and the CDM Targets if or when that situation occurs.

Q: Can savings from the 2010 ERIP program that *persist* for the 2011-2014 CDM term be claimed as savings to be counted against an LDC's CDM Targets?

A: No. Only those savings that occur between 2011 and 2014 will be counted against the CDM Targets. Savings that persist from past programs will not be counted towards the CDM Targets.

Q: Can an LDC achieve 100% of their CDM Targets solely through the delivery of OPA-Contracted Province-Wide CDM Programs and receive full funding from the OPA?

A: The OPA is responsible for developing a funding formula for Tier 1 programs. Board Staff recommends that LDCs be in contact with the OPA regarding the amount of funding that will be made available to it. Board Staff is of the view that if an LDC is able to achieve 100% of its CDM Targets from its allocation of the OPA's overall funding budget that this would be acceptable.

Cost Effectiveness and EM&V

Q: Can the Board further define "Centrality" as it is laid out in the Code? What types of contributions will constitute centrality?

A: As found in the CDM Code at section 7.1.5, a distributor will be deemed to meet the test for centrality when it is providing OPA-Contracted Province-Wide CDM Programs. Further, for Board-Approved CDM Programs, as found at section 7.1.2, centrality is established on the basis of a distributor demonstrating that its role was central to the CDM Program(s). A distributor will establish centrality if its budgetary contribution was greater than 50% of program funding. If a distributor did not contribute greater than 50% of program funding, centrality will be established if the distributor can demonstrate that it initiated the partnership, initiated the program or initiated the implementation of the program. If a distributor's role does not meet the test for centrality as set out in the CDM Code at 7.1.2, the distributor still has the ability to submit its proposal for an attribution of benefits as outlined in section 7.1.3 of the CDM Code.

Q: What cost effectiveness test will LDCs need to use? When and where will information about these tests be available?

A: The OPA has made its cost effectiveness guide available on its website. It can be accessed here: [OPA Cost Effectiveness Guide](#)

Q: Can an LDC develop its own EM&V methodology for Smart Meters/TOU rates and apply for approval of it as a Tier 2 or 3 program?

A: As stated in the Directive the Board shall require distributors to use the OPA protocol process and third-party vendor of record list when conducting EM&V of Board-Approved CDM Programs.

Q: Will there be additional guidelines provided by the Board on EM&V plan requirements for Board-Approved Programs that indicate the particular aspects of the OPA protocols LDCs need to address?

A: No. As stated in the CDM Directive, the Board shall require distributors to use the OPA protocol process and third party vendor of record list when conducting EM&V of Board-Approved CDM Programs. The OPA EM&V Protocols will be found on the OPA's website in the near future.

Q: The Code indicates an EM&V plan should be submitted in conjunction with an application for a Board-Approved CDM Program. Is a preliminary plan required?

A: When filing an application for a Board-Approved CDM Program, a program evaluation plan, based on the OPA's EM&V Protocols, must be included as stated at 3.1.4(a) of the CDM Code.

Q: With regard to reporting results for OPA-Contracted CDM Programs (Tier 1 programs), what verification process is expected from the OPA and how will variations from current input assumptions be dealt with?

A: Board Staff expects that the OPA will follow its EM&V Protocols for all of the Tier 1 programs. The OPA has a process set up for updating the input assumption list and the details surrounding that process can be found on the OPA's website [here](#).

Q: How does the Board see LDCs fulfilling the obligations of Appendix C - section 2.5.1, regarding the provision of a detailed discussion that reports on the EM&V results for OPA programs? When and how will the OPA be providing this to LDCs so they can comply with this provision in the Code?

A: The OPA and LDC must work together to ensure that the EM&V results from Tier 1 programs are completed in time for the LDC to file its first annual report with the Board by September 30, 2012.

Performance Incentive

Q: What is the process and timeline for incentive payments to the LDCs?

A: As stated in the CDM Directive and CDM Code, a performance incentive will be made available for achievement from 80-150% of the CDM Targets. Once a distributor has achieved 80% of both its (kW and kWh) CDM Targets, it is able to apply for a performance incentive in accordance with the framework set out in Appendix D of the CDM Code. The performance incentive will only be approved for verified savings done in conjunction with the OPA's EM&V Protocols. Board Staff recommends

that LDCs file for a performance incentive after the final annual report has been submitted.

Q: Is a LDC's performance incentive tied to the overall program results (i.e. at the end of the 4 year period) or is there a concept of an annual performance incentive linked to annual targets identified in the CDM strategy?

A: The performance incentive is awarded based on verified savings results. An LDC is only eligible to earn a performance incentive once it has reached 80% of its overall CDM Target. There is no link to the annual milestones outlined in the CDM Strategy.