

Espanola Regional Hydro Distribution Corp.
(ED-2002-0502)

CONSERVATION and DEMAND MANAGEMENT (CDM) STRATEGY

2011-2014

November 1, 2010

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1. **Distributor's Name:** Espanola Regional Hydro Distribution Corp. (Espanola Regional Hydro, ED-2002-0502) is filing this CDM Strategy with the Ontario Energy Board (OEB) in accordance with the OEB's September 16, 2010 Issuance of the Conservation and Demand Management Code for Electricity Distributors (EB-2010-0215). This Strategy outlines how Espanola Regional Hydro will meet the electricity demand and consumption targets set out in its license.
2. **Total Reduction in Peak Provincial Electricity Demand (MW) Target:** 1 MW per the proposed CDM Targets for Electricity Distributors issued by the OEB on June 22, 2010. Please note that this is a preliminary figure currently under review by the OEB.
3. **Total Reduction in Electricity Consumption (kWh) Target:** 3,000,000 kWh per the proposed CDM Targets for Electricity Distributors issued by the OEB on June 22, 2010. Please note that this is a preliminary figure currently under review by the OEB.
4. **CDM Strategy**

High Level Description of CDM Strategy

Espanola Regional Hydro utilized the Ontario Power Authority's (OPA) Resource Planning Tool, taking into consideration Espanola Regional Hydro's service territory's residential profile and past CDM program results, to forecast their reductions in peak demand and energy consumption. The streamlined version of the Resource Planning Tool was used, as recommended by the OPA, along with the OEB 2009 Yearbook data to forecast the 2011-2014 results for the Consumer, Commercial & Institutional, and Industrial programs.

This strategy does not take into consideration the significant portion of the target that the OPA expects to result from smart meter and time-of-use rate implementation. OPA advised that the CDM targets assigned to all electricity distributors should include approximately 308 MW of savings related to smart meters and time-of-use rates. This advice was based on a study commissioned by the OPA and filed with the OEB as part of the Integrated Power Supply Plan proceeding.

Espanola Regional Hydro will continue to utilize a customer-centric marketing approach, including elements ranging from bill inserts to attending community events. Our strategy for commercial, institutional and industrial customers will be built on the capacity to build and maintain strong customer relationships in addition to traditional marketing approaches.

The following tables summarize both our annual and cumulative savings by year which at this time is our preliminary review of the expected annual milestones of both peak demand and energy consumption through the delivery of the OPA-Contracted Province-Wide programs.

| Annual Resource Savings | 2011 | 2012 | 2013 | 2014 |
|---|------|------|------|-------|
| Peak Demand Reduction – MW | 0.09 | 0.21 | 0.32 | 0.46 |
| Electricity Consumption Reduction - MWh | 335 | 698 | 969 | 1,289 |

| Cumulative Savings | 2011 | 2012 | 2013 | 2014 |
|---|------|-------|-------|-------|
| Electricity Consumption Reduction - MWh | 335 | 1,033 | 2,002 | 3,291 |

5. OPA-Contracted Province-Wide CDM Programs

The following information outlines the OPA-Contracted Province-Wide programs name, years of operation and target customers. Espanola Regional Hydro's plan is based upon the assumption that there will be sufficient funding available to manage and promote the OPA-Contracted Province-Wide programs. Due to the fact that our CDM Targets are currently under review and the funding formula has yet to be announced, the listing of programs and total expected reductions are preliminary. Adjustments to this plan may be required when final OEB CDM Targets are issued and OPA funding information is received. No budget projections have been included.

5.1. Consumer Programs

| Name | Years | Description | Target Customers |
|---------------------------------|--------------|--|-------------------------|
| Instant Rebates | 2011-14 | In-store discounts on energy efficient products | Residential |
| Midstream Electronics Incentive | 2011-14 | Retail promotion of energy efficient televisions | Residential |
| Midstream Pools Incentive | 2011-14 | Retail promotion of "right sized" pool equipment | Residential |
| HVAC Rebates | 2011-14 | On-line rebates on high efficiency replacement of heating/cooling systems | Residential |
| Appliance Retirement | 2011-14 | Free pick-up/decommissioning of old, working inefficient appliances | Residential |
| Exchange Events | 2011-14 | Room air conditioner and dehumidifier exchange events at retailers | Residential |
| Residential New Construction | 2011-14 | Incentives for builders to construct efficient, smart, and integrated new homes | Residential |
| Residential Demand Response | 2011-14 | Free, installed direct load control devices and in-home display systems/capability. Non-DR offers: subsidized in-home display systems/capabilities | Residential |
| TOTAL | 2011-14 | 90 KW | 539 MWh |

5.2. Commercial & Institutional Programs

| Name | Years | Description | Target Customers |
|---|---------|---|--------------------------|
| Equipment Replacement (currently ERIP) | 2011-14 | The Electricity Retrofit Incentive Program is an incentive program designed to encourage high-efficiency electricity retrofits to existing structures. | Commercial Institutional |
| Direct Install – Lighting (currently Power Savings Blitz) | 2011-14 | Continuation of existing lighting retrofit incentive program (PSB) for small business customers in the General Service < 50kW. | Commercial Institutional |
| Direct Install – Space Cooling | 2011-14 | New initiative that provides incentive towards servicing of roof-top and ground-mounted air conditioners with a capacity of 25 tons or less. | Commercial Institutional |
| New Construction (currently HPNC) | 2011-14 | Inclusion of existing HPNC program which provides incentives for energy efficient new building design as well as installation of energy efficient measures. | Commercial Institutional |
| Small Commercial Demand Response | 2011-14 | Free, installed direct load control devices and in-home display systems/capability. Non-DR offers: subsidized in-home display systems/capabilities | Commercial Institutional |
| Building Commissioning | 2011-14 | Commissioning of chilled water plants for customers with a demand > 50 kW and facilities larger than 50,000 sq ft. | Commercial Institutional |

| | | | |
|--------------|---------|--------|-----------|
| TOTAL | 2011-14 | 320 KW | 1,975 MWh |
|--------------|---------|--------|-----------|

5.3. Industrial Programs

| Name | Years | Description | Target Customers |
|--|---------|---|------------------|
| Equipment Replacement (currently ERIP) | 2011-14 | Incentive program designed to encourage high-efficiency electricity retrofits to existing structures. | Industrial |

| | | | |
|--------------|---------|-------|---------|
| TOTAL | 2011-14 | 50 KW | 777 MWh |
|--------------|---------|-------|---------|

5.4. Low Income Programs

Espanola Regional Hydro intends on participating in the OPA-Contracted Province-Wide Low Income Program. Our strategy and forecasted reductions in provincial peak electricity demand and electricity consumption will be filed with the Board once this program has been finalized and its details regarding funding and program components are made available.

6. **Potential Board-Approved CDM Programs**

At this time Espanola Regional Hydro Distribution Corp. does not have any Board-Approved programs planned. Our current assumption is that the OPA CDM programs will allow Espanola Regional Hydro to achieve 100% of its targets. Should this assumption need to be readdressed in order for us to meet our CDM Targets, we will potentially develop, or join with another Local Distribution Company (LDC), in seeking a Board-Approved CDM Program.

7. **Program Mix**

Section 5 above illustrates the programs which will be delivered to all customer types in Espanola Regional Hydro's service territory, including residential, commercial, institutional and industrial customers. The strategy was developed having regard to the composition of Espanola Regional Hydro's customer base.

Espanola Regional Hydro intends on participating in the OPA-Contracted Province-Wide Low Income Program once additional information has been made available regarding program options and funding.

8. **CDM Programs Co-ordination**

Espanola Regional Hydro has been working closely with other LDCs of similar size and/or geographical closeness in the administration, marketing and implementation of the current OPA-Contracted Province-Wide programs being offered. Through this continued collaboration Espanola Regional Hydro expects to achieve efficiencies of delivery and cost savings in the future.

Espanola Regional Hydro will work closely with local social service agencies, local municipal governments, natural gas distributors and other LDC's to deliver its portfolio of OPA-Contracted Province-Wide CDM Programs, including an OPA-Contracted Low Income program.