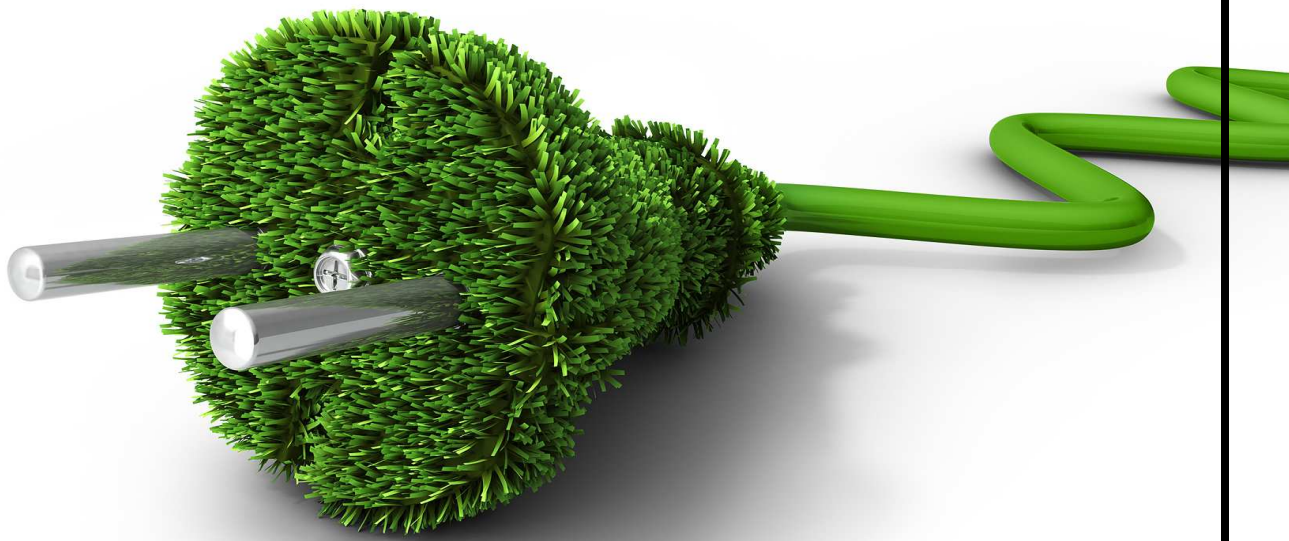




Conservation & Demand Management
Strategic Plan: 2011-2014
Essex Powerlines Corporation
Essex, ON



Prepared By: Kristopher Taylor

11/01/2010

Introduction

Engagement

On September 16th, 2010, the Ontario Energy Board (“OEB”) issued the new Conservation & Demand Management (“CDM”) code to Local Distribution Companies (“LDCs”) across Ontario. Within this code is a requirement for LDCs to file a Strategic Plan with the OEB on or before November 1st, 2010 outlining the variety of tasks that will be implemented by the LDC for the period 2011-2014. EPLC is proud to be able to present this Strategic Plan to the OEB and to its customer base across Southwestern Ontario.

About Essex Powerlines Corporation

Essex Powerlines Corporation (“EPLC”) is a mid-sized electrical utility in Southwestern Ontario with a customer base of approximately 28,000 households and businesses serving the communities of the Town of Tecumseh, the Town of Amherstburg, the Town of LaSalle and the Municipality of Leamington.

Strategic Plan - Essex Powerlines Corporation

1. **Distributor’s Name:**
Essex Powerlines Corporation
2. **The Total Reduction in Peak Provincial Electricity Demand (MW) Target*:**
7.84 MW

*Note that at the time of completion of this assessment, Electricity Demand Targets have not been formally announced. EPLC anticipates their targets to be reduced due to Hydro One embedded load within its system.

3. **Total Reduction in Electricity Consumption (kWh) Target*:**

23,868,000.89 kWh

*Note that at the time of completion of this assessment, Electricity Consumption Targets have not been formally announced. EPLC anticipates their targets to be reduced due to Hydro One embedded load within its system.

4. CDM Strategy:

EPLC plans to meet its CDM Target over the four year period by increasing the awareness of conservation to our customers.

Our marketing campaign will be maximized across our territory to ensure that customers are educated thoroughly on the topic of conservation. EPLC will use local media outlets, including radio and newspapers, to reach our customer base. Promoting the conservation programs at local retailers in our territory will also be an additional method of targeting our customer base. Using bill inserts and on bill messaging has been a successful marketing tool for us in the past and we plan on using this method over the next four years.

In 2011, EPLC will be introducing new and revised CDM Programs to our customers in an organized and professional manner. It will be crucial to inform each customer type with the appropriate program that matches their criteria. Using the Municipal Property Assessment Corporation (MPAC) database will ensure that this is done correctly. Leading into our second and third year, 2012 and 2013, marketing all CDM Programs will be a major asset to ensure our target is met. The final year, 2014, it will be important to finalize any uncompleted projects if necessary. As well as maintain all professional relationships with retailers, contractors and customers that will be established over the four year period.

Without formal knowledge of budget or finalized targets, it is difficult to set specific targets, however after completing an internal high level assessment, EPLC plans on achieving the following yearly targets:

Table 1

	Demand Target %	Consumption Target %	Budget Allocation %
2011	15%	15%	25%
2012	25%	25%	25%
2013	35%	35%	25%
2014	25%	25%	25%
Total	100%	100%	100%

It is anticipated that 2011 will be very much a year of learning and education both for ourselves and the customer base. It will take time for people to learn and understand the program offerings, therefore EPLC plans on allocating 25% of the available budget in order to raise consumer awareness and setup for the following two years where we feel the majority of work will be completed. As it relates to program specific targets, EPLC believes that it can achieve the following as described in Tables 2 through 4:

Table 2

	Consumer	
	Demand Target %	Consumption Target %
2011	2.25%	2.25%
2012	3.75%	3.75%
2013	5.25%	5.25%
2014	3.75%	3.75%
Total	15.00%	15.00%

Table 3

	C&I	
	Demand Target %	Consumption Target %
2011	9.00%	9.00%
2012	15.00%	15.00%
2013	21.00%	21.00%
2014	15.00%	15.00%
Total	60.00%	60.00%

Table 3

	Industrial	
	Demand Target %	Consumption Target %
2011	3.75%	3.75%
2012	6.25%	6.25%
2013	8.75%	8.75%
2014	6.25%	6.25%
Total	25.00%	25.00%

5. OPA-Contracted Province-Wide CDM Programs:

EPLC fully plans to leverage all available OPA contracted Province-Wide CDM programs that are available. The following briefly outlines the OPA-Contracted Province-Wide CDM Programs which EPLC plans to undertake from 2011-2014:

Residential Programs

1. i) *Program Name:* **Appliance Retirement**
- ii) *Year(s) of operation for the program:* 2011-2014
- iii) *Program Description:* The purpose of the program is to remove old inefficient appliances (old refrigerators, freezers, air conditioners and dehumidifiers) from the grid and allowing the items to be recycled in an environmentally friendly manner.
- iv) *Where the information is available, the project budget:* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

v) *Where the information is available, the total project reduction in peak provincial electricity demand (kW):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

vi) *Where the information is available, the total project reduction in electricity consumption (MWh):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

2. i) **Program Name: Exchange Event**

ii) *Year(s) of operation for the program:* 2011-2014

iii) *Program Description:* The Exchange event occurs year round and bi-annually. There will be spring/fall Exchange Events offered in participating retailers. By removing inefficient air conditioning units & dehumidifiers and replacing those with high efficiency product will conserve energy.

iv) *Where the information is available, the project budget:* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

v) *Where the information is available, the total project reduction in peak provincial electricity demand (kW):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

vi) *Where the information is available, the total project reduction in electricity consumption (MWh):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

3. i) **Program Name: Instant Discount**

ii) *Year(s) of operation for the program:* 2011-2014

iii) *Program Description:* Instant Discount (Rebates) will be offered year round and bi-annually. These instant discounts will be available at participating retailers and offered on Energy Star items such as lighting fixtures, ceiling fans, motion sensors, dimmers, hot water pipe wrap, water heater blanket, weather stripping, heavy duty plug in timer, advanced powerstrips, clotheslines and baseboard programmable thermostats for electric baseboard heaters.

iv) *Where the information is available, the project budget:* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

v) *Where the information is available, the total project reduction in peak provincial electricity demand (kW):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

vi) *Where the information is available, the total project reduction in electricity consumption (MWh):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

4. i) **Program Name: HVAC On-line Rebate Program**

ii) *Year(s) of operation for the program:* 2011-2014

iii) *Program Description:* HVAC discounts will be offered to customers when replacing their furnace with a high efficiency furnace equipped with ECM. The second HVAC measure is installing Energy Star qualified central air conditioners.

iv) *Where the information is available, the project budget:* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

v) *Where the information is available, the total project reduction in peak provincial electricity demand (kW):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

vi) *Where the information is available, the total project reduction in electricity consumption (MWh):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

5. i) **Program Name: Demand Response**

ii) *Year(s) of operation for the program:* 2011-2014

iii) *Program Description:* Residential Demand Response Initiative provides the equipment to customers that will assist them with managing their energy use in a time-of-use setting. The new devices will allow customers to have access to real time consumption/price information on-line.

iv) *Where the information is available, the project budget:* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

v) *Where the information is available, the total project reduction in peak provincial electricity demand (kW):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

vi) Where the information is available, the total project reduction in electricity consumption (MWh): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

6. *i) Program Name:* **Midstream Incentive Program**

ii) Year(s) of operation for the program: 2011-2014

iii) Program Description: This program consists of incentives to retailers, cable and satellite providers and pool contractors. This will encourage them to promote high efficiency products such as televisions, set-top boxes and pool pumps.

iv) Where the information is available, the project budget: Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

v) Where the information is available, the total project reduction in peak provincial electricity demand (kW): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

vi) Where the information is available, the total project reduction in electricity consumption (MWh): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

7. *i) Program Name:* **New Construction Program**

ii) Year(s) of operation for the program: 2011-2014

iii) Program Description: This program will be introducing incentives to contractors that construct new homes that are efficient. The OPA has provided a new construction measure that relates to a specific dollar amount that the contractor will receive.

iv) Where the information is available, the project budget: Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

v) Where the information is available, the total project reduction in peak provincial electricity demand (kW): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

vi) Where the information is available, the total project reduction in electricity consumption (MWh): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

8. i) *Program Name:* **Low Income Program**
- ii) *Year(s) of operation for the program:* Expected sometime in 2011. Details yet to be finalized.
- iii) *Program Description:* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.
- iv) *Where the information is available, the project budget:* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.
- v) *Where the information is available, the total project reduction in peak provincial electricity demand (kW):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.
- vi) *Where the information is available, the total project reduction in electricity consumption (MWh):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

Commercial and Institutional Programs

11. i) *Program Name:* **Existing Building Retrofits and New Construction**
- ii) *Year(s) of operation for the program:* 2011-2014
- iii) *Program Description:* This program provides incentives to those customers that move forward with energy efficient installations. The program is also intended to incent new construction projects to consider energy efficient alternatives. Contractors will be incented moving forward with the implementation of prescribed, energy efficient measures.
- iv) *Where the information is available, the project budget:* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.
- v) *Where the information is available, the total project reduction in peak provincial electricity demand (kW):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

vi) Where the information is available, the total project reduction in electricity consumption (MWh): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

12. *i) Program Name:* **Direct Installed Lighting**

ii) Year(s) of operation for the program: 2011-2014

iii) Program Description: Direct Installed Lighting offers small commercial customers \$1,000.00 in retrofit upgrades (Previously known as PSB). This year there will be additional standards incentives for those customers that go beyond the \$1,000.00 cap.

iv) Where the information is available, the project budget: Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

v) Where the information is available, the total project reduction in peak provincial electricity demand (kW): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

vi) Where the information is available, the total project reduction in electricity consumption (MWh): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

13. *i) Program Name:* **Direct Serviced Space Cooling**

ii) Year(s) of operation for the program: 2011-2014

iii) Program Description: For customers that service their rooftop or split system A/C equipment will receive an incentive under this program.

iv) Where the information is available, the project budget: Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

v) Where the information is available, the total project reduction in peak provincial electricity demand (kW): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

vi) Where the information is available, the total project reduction in electricity consumption (MWh): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

14. i) **Program Name: Demand Response**
- ii) *Year(s) of operation for the program:* 2011-2014
- iii) *Program Description:* The Peaksaver Program will carry forward until June 2011 for small commercial customers and then it will transition into the revised Demand Response Program. For medium and large customers, DR1 and DR 3 are available.
- iv) *Where the information is available, the project budget:* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.
- v) *Where the information is available, the total project reduction in peak provincial electricity demand (kW):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.
- vi) *Where the information is available, the total project reduction in electricity consumption (MWh):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

Industrial Programs

15. i) **Program Name: Demand Response 1 Industrial**
- ii) *Year(s) of operation for the program:* 2011-2014
- iii) *Program Description:* This program is designed to allow industrial and commercial customers (50kW or greater and with interval meters) to reduce the amount of energy being consumed during certain times of the year. DR1 has a schedule of 1600 hours per year where activations of up to 100 hours may occur with no obligation from the customer to participate. There is no payment to customer for DR1 as it is a voluntary initiative.
- iv) *Where the information is available, the project budget:* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.
- v) *Where the information is available, the total project reduction in peak provincial electricity demand (kW):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.
- vi) *Where the information is available, the total project reduction in electricity consumption (MWh):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

16. i) **Program Name: Demand Response 3 Industrial**
- ii) *Year(s) of operation for the program: 2011-2014*
- iii) *Program Description: Similar but not the same as DR 1, DR3 consists of a specific contract that results in financial benefits for participants. For those that register for DR3 they are on standby for 1,600 hours (approximately) per year for a possible dispatch of up to 100 hours or 200 hours within that year.*
- iv) *Where the information is available, the project budget: Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.*
- v) *Where the information is available, the total project reduction in peak provincial electricity demand (kW): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.*
- vi) *Where the information is available, the total project reduction in electricity consumption (MWh): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.*
17. i) **Program Name: The Industrial Accelerator**
- ii) *Year(s) of operation for the program: 2011-2014*
- iii) *Program Description: The Industrial Accelerator offers financial incentives for capital projects that move forward and complete energy efficient projects that are expected to generate at least 350MWh of annualized electricity savings or, in the case of Micro-Projects, 100MWh of annualized electricity savings.*
- iv) *Where the information is available, the project budget: Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.*
- v) *Where the information is available, the total project reduction in peak provincial electricity demand (kW): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.*
- vi) *Where the information is available, the total project reduction in electricity consumption (MWh): Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.*

18. i) **Program Name: Industrial Equipment Replacement**
- ii) *Year(s) of operation for the program:* 2011-2014
- iii) *Program Description:* The Industrial Equipment Replacement Program allows commercial customers to receive incentive for completing retrofits projects. This program offers payments up to \$400/kW or \$0.05/kWh for lighting measures, \$800/kW of \$0.010/kWh for all other measures; to maximum of 40% of projects costs.
- iv) *Where the information is available, the project budget:* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.
- v) *Where the information is available, the total project reduction in peak provincial electricity demand (kW):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.
- vi) *Where the information is available, the total project reduction in electricity consumption (MWh):* Information is not yet readily available. EPLC will update its Strategic Plan once the applicable information is known.

6. Potential Board-Approved CDM Programs:

Currently EPLC is creating possible 2011-2014 CDM Programs that may be presented at a future date to the Board for approval. Likely projects that will be pursued include:

- i) *Christmas Light Exchange:* An initiative that EPLC has undertaken for several years, EPLC customers can exchange their old, inefficient incandescent Christmas Lights for a new box of their LED counterparts free of charge.
- ii) *Distributed Generation Demand Response:* An opportunity for emergency/standby generators to become aggregated, grid-connected generators for use of the Independent Electricity System Operator in the wholesale electricity marketplace.
- iii) *Energy Management Audits:* An opportunity for customers to receive energy audits to assess their own specific usage and educate about ways to conserve energy.

7. Program Mix:

EPLC intends to offer CDM Programs to all potential customer types. Using the marketing research provided by the Ontario Power Authority (OPA) as well as leveraging the comprehensive interpersonal relationships that we have with our customer base, EPLC is able to produce an effective plan to ensure programs are offered to all customer types both cost effectively and efficiently. The MPAC assessment will be a useful tool for EPLC to assist in meeting our target as this data provides very specific profiles on customers.

Using the MPAC database will also be helpful when planning all marketing events and public advertisements. The PMB (Print Measurement Bureau) Media Usage and Habits Report will also be available to LDCs which is to be provided by the OPA. Using the PMB Reports will allow us to allocate our marketing budget in the appropriate areas and in return will allow us to more effectively reach our customers. EPLC offers our customers a conservation hotline for those that may have any questions or concerns relating to the CDM programs. The EPLC conservation team will also continue using the internet to keep events and programs posted on our website inclusive of demand response activations, local events, etc.

While specifics surrounding the Low Income Program are not yet available, EPLC definitely plans on servicing this market segment and plans on working directly with a variety of different local agencies that represent this customer classification.

8. CDM Programs Co-ordination:

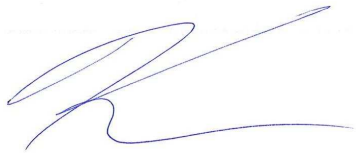
EPLC will seriously evaluate all possible avenues for cost efficiency whether through collaboration with other entities and LDCs, gas distributors, government agencies inclusive of the OPA and the Ministry of Energy, etc. EPLC believes firmly in joint collaboration with other LDCs as economies of scale can greatly reduce print, advertisement and program administration costs. Furthermore, customer confusion about branding has been a major concern locally; especially with 4 LDCs within Essex County. EPLC is committed to ensuring that all customers, not only in our distribution system, receive consistent, fair and equitable treatment and opportunities for helping Ontario meet its conservation targets for 2014.

EPLC has already begun speaking with LDCs within the County and plans on extending its arms to any interested party where joint collaboration makes the most sense.

Conclusion

EPLC is pleased to be able to provide this Strategic Plan to the OEB. We look forward to implementing a full suite of programs for our customer base in the spirit of conservation and sustainability. Should there be any issues or questions that arise throughout the course of reviewing this Strategic Plan, do not hesitate to contact us as soon as possible.

Sincerest Regards,



Kristopher W. A. Taylor, *MBA*
Conservation & Special Projects Manager

