

Norton Rose Fulbright Canada LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4 CANADA

F: +1 416.216.3930
nortonrosefulbright.com

John Beauchamp
+1 416.216.1927
John.Beauchamp@nortonrosefulbright.com

Assistant
+1 416.216.1877
Monique.Massabki@nortonrosefulbright.com

Your reference	Our reference
EB-2010-0215	01011840-0013
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June 6, 2013

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Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

Fort Albany Power Corporation – CDM Strategy (EB-2010-0215/EB-2010-0216)

We are counsel to Fort Albany Power Corporation. As per our correspondence of April 24, 2013, representatives of Fort Albany Power Corporation, Attawapiskat Power Corporation and Kashechewan Power Corporation have been diligently working with OPA staff towards finalizing an amended version of the Master CDM Program Agreement to account for the community-specific needs of Fort Albany, Attawapiskat and Kashechewan. We have now reached a consensus on CDM programming and the amended Master Agreements were executed on May 24th. As a result, we are now able to file Fort Albany Power Corporation's CDM strategy—see attached.

Please feel free to contact me if you have any questions or concerns.

Yours very truly,

Original signed by

John Beauchamp
Associate

JB/mm

Enclosure

Cop(y/ies) to: P. Nakochee (Fort Albany Power Corporation)
G. Lawlor/L. Edwards/R. Reimer (Five Nations Energy Inc.)
V. Sawler (Ontario Energy Board)
R. King (Norton Rose Canada)



**FORT ALBANY
POWER
CORPORATION**

2011-2014 Conservation and Demand Management Strategy

June 6, 2013

Fort Albany Power Corporation 2011-2014 Conservation and Demand Management Strategy

On September 16, 2010, the Ontario Energy Board (“OEB”) released the final version of the Conservation and Demand Management (“CDM”) Code for Electricity Distributors (the “CDM Code”). The CDM Code sets out the obligations and requirements that a licensed distributor must comply with in relation to the CDM targets set out in their licences.

Among these requirements, the CDM Code requires electricity distributors to file a CDM Strategy that sets out a high level description of how a distributor intends to achieve its CDM targets. On January 14, 2011, Fort Albany Power Corporation (“FAPC”) was advised by the OEB that it should refrain from filing its CDM Strategy until such time as the OPA released its aboriginal CDM program. That program was very recently released, and as a result, FAPC is now filing its CDM Strategy. It follows the template set out in Appendix B of the CDM Code. It should be noted that the OPA Aboriginal Program is not really designed for entities such as FAPC, and as a result, FAPC has worked with the OPA (as well as Attawapiskat Power Corporation and Kashechewan Power Corporation) to modify certain aspects of the OPA Tier 1 Programs (defined below) to suit the unique circumstances of these three distributors and their communities.

FAPC distributes electricity to consumers in the remote First Nation community of Fort Albany in the James Bay Lowlands. The unique geographic, social, and economic circumstances in FAPC’s service area make some of the OPA-Contracted Province-Wide CDM Programs (the “Tier 1 Programs”) untenable for FAPC. For instance, because there is no industry in Fort Albany, FAPC will not register to deliver the Industrial Program. In addition, many individual Initiatives¹ within the Tier 1 Programs do not make sense for FAPC and its customers (e.g., Initiatives targeting air conditioners). FAPC expects that most of the savings made to achieve its CDM targets will come about via the Tier 1 Low-Income Program and the

¹ Note that the Tier 1 Programs (Residential, Commercial/Institutional, etc.) are each comprised of multiple “Initiatives”.

Commercial/Institutional Direct Install Lighting Program. This raises three issues. Unlike other LDCs (who may have a small proportion of its customers living in low-income households), a majority of FAPC's customers are low-income. Second, because the Program Administration Budget ("PAB") funding under the OPA's CDM Master Agreement is tied to delivery of all Programs, the OPA will need to be flexible in terms of allowing FAPC's PAB funds attached to the Tier 1 Industrial Program to be re-allocated to the Programs and Initiatives that FAPC will be offering. Third, this CDM Strategy will need to be extensively amended to reflect the extra cost and effort to deliver CDM programs in a remote community.

As a result of these issues, FAPC is unable to provide certain information requested in the CDM Strategy template at this time, including Initiative-specific budget projections, years of operation or total projected reductions in peak demand and electricity consumption. We will update the Board as details become available.

1. Distributor Name

FAPC is a non-profit, non-share capital corporation owned² by the Fort Albany First Nation. It is the local distributor for, and sole supplier of electricity to, the community of Fort Albany, which has an on-Reserve population of 900.

2. Total Reduction in Peak Provincial Electricity Demand Target

Total Reduction in Peak Provincial Electricity Demand	0.0050 MW
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3. Total Reduction in Electricity Consumption Target

Total Reduction in Electricity Consumption	0.240 GWh
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4. CDM Strategy

² As a non-share capital corporation, there are no shares in APC.

FAPC intends to meet all of its targets through the Tier 1 Programs. The plan is to deliver all Tier 1 Programs and Initiatives with the exception of:

- Under the Residential Program:
 - **HVAC Discounts (Rebates)** – Residences in Fort Albany utilize electric baseboard heating and have only recently begun to utilize window air conditioners. The houses in this community do not use central air conditioning systems.
 - **Demand Response** – Residents in Fort Albany do not own central air conditioners, electric water heaters, or pool pumps required for this Initiative to be fruitful.
- Under the Commercial & Institutional Program:
 - **Existing Building Commissioning** – FAPC does not have any customers in the General Service >50kW with single building premises greater than 50,000 square feet in size and with chilled water plants.
 - **Demand Response 1 (DR 1) and Demand Response 3 (DR 3)** – FAPC does not have any customers with peak demand of 50kW or more.
- Under the Industrial Program: There is no industry in Fort Albany so FAPC cannot utilize any Initiatives under this Program.

FAPC believes that the most significant potential for demand and energy savings lies within FAPC's Residential and Institutional customer classes.

Fort Albany is a remote community (sitting on the south bank of the Albany River) and is, for most of the year, only accessible by air. As the community is situated in the far north of Ontario, residents face cold weather conditions for much of the year. They have no access to natural gas, and for the most part heat their homes via electric baseboard heating. Due to the poor quality of on-Reserve housing (coupled with extremely high unemployment rates), residents spend a significant portion of their income on electricity. Much of what little employment does exist in Fort Albany is seasonal, meaning that the majority of the population is dependent on

employment insurance for much of the year. The following table breaks down FAPC's forecasted demand reduction and energy savings per Program, with annual milestones:

FORT ALBANY	2013			2014			2015*		
	No. of Participants	MW	MWh	No. of Participants	MW	MWh	No. of Participants	MW	MWh
Residential Program	25	0.0000375	1.8	50	0.000075	3.6	25	0.0000375	1.8
Commercial and Industrial Program	5	0.000225	10.8	10	0.00045	21.6	5	0.000225	10.8
Industrial Program	0			0					
Low Income Program	25	0.0009875	47.4	50	0.001975	94.8	25	0.0009875	47.4
TOTAL	55	0.00125	60	110	0.0025	120	55	0.00125	60
TARGET		0.00125	60		0.0025	120		0.00125	60

*While FAPC is required to meet its CDM targets by the end of 2014, FAPC has been delayed in accessing the Tier 1 Programs due to: (a) having to wait for the OPA to release its aboriginal conservation program (as acknowledged by the OEB); and (b) the need to modify the OPA Master Agreement to suit the unique circumstances of the remote community served by FAPC. Consequently, it will be extremely difficult for the targets to be met in the shortened period available. Given that the OPA Tier 1 programs are set to be extended (in accordance with the Minister's direction dated December 21, 2012), we have incorporated the year 2015 in the table above. While meeting such targets by the end of 2015 will still be difficult, it is more realistic forecast than one that would end at December 31, 2014.

5. Tier 1 Programs

(1) Residential Program

The Residential Program will help consumers improve the energy efficiency of their homes, and empower consumers by giving them information (consumption and price) to help them better manage their electricity use.

(a) Appliance Retirement and Exchange

This Initiative is a carry forward and enhancement of the Great Refrigerator Roundup. It includes free pick-up and decommissioning of old, inefficient, working appliances. As well, the Exchange events target room air conditioners and dehumidifiers at retail locations.

The Exchange Events portion of the Program is a carry forward and enhancement of exchange events previously hosted by retailers. It includes exchange events held biannually at participating retailers for room air conditioners and dehumidifiers.

While FAPC hopes to utilize these Initiatives, we do not expect many appliances in the community to qualify for retirement/exchange (e.g. most fridges are not 20 years old and there are no dehumidifiers in the community). There are a number of window air conditioners that might qualify for exchange. Thus, we expect minimal reductions in electricity demand and consumption reductions as a result of this Initiative.

(b) Instant Discounts (Rebates)

This Initiative includes year round coupons and bi-annual in-store instant discounts (Rebates) for energy efficient products. A conservation discount card to replace the discount coupons may be distributed to FAPC's customers when available.

Measures for this program include: Energy Star CFLs, Energy Star qualified fixtures, Energy Star ceiling fans, lighting control products, hot water pipe wrap, water heater blanket, weather-stripping, heavy duty plug in timer, advanced power strips, clotheslines, and baseboard programmable thermostats for electric baseboard heaters.

There is one department store in Fort Albany – the Northern Store. The success of this Initiative will thus depend on whether the Northern Store is willing to participate in the program (i.e., whether the Northern Store will stock the eligible products and accept the coupons). FAPC is currently in the process of negotiating its involvement.

(c) New Construction

This Initiative provides incentives for builders to construct new, single family homes that include energy efficiency standards that are above current building codes. It includes incentives for prescriptive measures, custom projects, whole home EnerGuide 83 and 85, training on energy efficiency building techniques and practices and consumer education.

This Initiative will have to be coordinated in collaboration with the housing authority. FAPC believes that this Initiative could prove very successful in these communities in Fort Albany. FAPC expects a number of new residential builds in the community in the near future.

(2) Commercial and Institutional (C&I) Program

The main objective of this Program is to assist owners and operators of C&I buildings and multi-family residences to achieve reduced demand and energy savings through the purchase and operation of energy efficient equipment and to participate in demand response Initiatives. The Program also provides education to tenants and occupants regarding in-suite energy efficiency and demand response opportunities to facilitate a culture of conservation.

The buildings in Fort Albany that may qualify for this Program include: the Northern Store; Bella Jade's (variety store); Loone's Variety (variety store); the local school and related teacherages; the Fort Albany Band Office; the water plant; and the James Bay General Hospital and related buildings.

(a) Direct Installed Lighting

The Direct Installed Lighting Initiative targets customers in the General Service <50kW account category. In addition to offering eligible customers up to \$1,000 in equipment upgrades at no charge, standard prescriptive Incentives will now be available for eligible equipment beyond the initial \$1,000 limit.

FAPC believes that the commercial/institutional buildings in Fort Albany could benefit greatly from this Initiative.

(b) New Construction

This Initiative provides incentives for builders to construct new commercial/institutional buildings, which exceed existing codes and standards for energy efficiency.

FAPC believes that this Initiative could prove successful in these communities in the event any new commercial or industrial buildings are constructed. We are currently collecting data to determine the likelihood of this.

(c) Capability Building

This Initiative will offer three types of capability building activities: training and certification; energy efficiency solutions provider; and education.

FAPC could benefit greatly from training and certification activities (its limited staff will experience difficulty trying to satisfy all of the above-mentioned Initiatives). FAPC also believes that tenant education for residents of multi-family buildings with respect to in-suite energy efficiency and demand response opportunities could prove very fruitful.

(3) Low-Income Program

As noted above, a significant proportion of FAPC's customer base is comprised of low-income households that are heated exclusively with electric baseboards and cooled with window air conditioners. This is the program that FAPC expects will satisfy the majority of their demand and consumption targets. The delivery of this program requires amendments, which have been requested of OPA. Those amendments include the recognition of the extra costs to transport building materials to the community, the lack of qualified electricians, auditors and contractors and the need for a dedicated truck to move materials around the community. When feasible, materials will be shipped by ice road or barge to reduce transportation costs. Training community members to deliver parts of the program will reduce labour costs and build much needed capacity within the community.

Potential Board-Approved CDM Programs

FAPC has no plans to undertake Board-Approved Programs at this time.

6. Program Mix

For reasons set out above, FAPC will not offer the full spectrum of Tier 1 Programs. FAPC expects that most of the savings made to achieve its CDM targets will come about via the Low-Income Tier 1 Program.

7. CDM Programs Co-ordination

FAPC will pursue administrative efficiencies and coordinate its CDM activities with Kashechewan Power Corporation and Attawapiskat Power Corporation. It will also be coordinating its program delivery with: (a) Five Nations Energy Inc. (FNEI), through its existing FNEI Conservation Program; and (b) the Fort Albany First Nation Band Council and administrative institutions (e.g. housing authority, health authority, educational authority, etc.).