



P.O. Box 397, Stratford, Ontario N5A 6T5

187 Erie Street, Stratford
Telephone: 519-271-4700
Toll-Free: 1-866-444-9370
Fax: 519-271-7204
www.festivalhydro.com

November 1, 2010

BY RESS & COURIER

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street, 26th Floor, P.O. Box 2319
TORONTO, ON M4P 1E4

**Re: Festival Hydro Inc. CDM Strategy Template
2011 - 2014
EB-2010-0215**

Dear Ms. Walli,

Attached are two copies of Festival Hydro's CDM Strategy Template for 2011 – 2014.

The completed CDM Strategy Template was also submitted today via the Ontario Energy Board's RESS system.

If you have any questions please contact me at the number noted below or by email at bzehr@festivalhydro.com.

Yours truly,
Festival Hydro Inc.

W.G. Zehr, President
Tel (519) 271-4703 x. 243
Fax (519) 271-9470



CDM STRATEGY TEMPLATE

2011 TO 2014

**Festival Hydro Inc.
187 Erie Street, PO Box 397
Stratford, ON N5A 6T5**

November 1, 2010

1. Distributor's Name: **Festival Hydro Inc.**
2. Total Reduction in Peak Provincial Electricity Demand (MW) Target: **6 MW**
3. Total Reduction in Electricity Consumption (kWh) Target: **30,000,000 kWh**
4. CDM Strategy
 - a. Year-to-Year Plan

FHI expects to meet our assigned 6 MW and 30 GWh targets by the end of 2014. Having assessed these assigned targets in the context of maintaining sufficient program coverage within each sector, we have developed a methodology that apportions the targets as well as the resource requirements on the proportional size of a respective sector. Our service area is broken out as follows:

Table 1 - Approximate Breakout of Festival Hydro Service Area (as of August 2010)

	MWh	MW	# customers	Split (MWh %)
Industrial (GS>50)	231399	52	59	43.4
Industrial (GS<50)	49000	6	309	9.2
Commercial (GS>50)	97000	24	152	18.2
Commercial (GS<50)	16000	5	1700	3
Residential	139254	13	17311	26.1
Total	532653	100	19531	100

The system load can be summarized as follows:

- o Industrial 53%
- o Commercial 21%
- o Residential 26%

Planned sector targets have been established using the breakdown of customer sectors in Table 1. The following table outlines the expected results apportioned to each sector and then transposed into a breakout of yearly targets.

Table 2 - Breakout of Expected Yearly Results

Proposed Program Targets	2011 Net		2012 Net		2013 Net		2014 Net		kW	MWh
	Peak MW	Annual MWh	Peak MW	Annual MWh	Peak MW	Annual MWh	Peak MW	Annual MWh		
TOTAL INDUSTRIAL	0.3	500	1	2600	1.1	2000	0.7	1800	3.1	15600
TOTAL COMMERCIAL	0.2	300	0.6	1000	0.4	800	0.1	500	1.3	6300
TOTAL CONSUMER	0.2	300	0.7	1300	0.4	1000	0.2	500	1.5	7600
LOW INCOME CONSUMER	0.05	80	0.05	60	0		0	130	0.1	500
TOTALS									6	30000

Festival Hydro will enter into contracts with the OPA to deliver tier one province-wide CDM programs. After evaluating OPA's tier one programs we feel that the overall scope will be sufficient to meet our performance targets outlined in Table 2. Also, the suite of OPA programs will target all customer groups.

Festival Hydro service territory is industry-rich with approximately 52% of our system consumption attributed to this sector. Furthermore, an estimated 59 industrial customers are responsible for 43% of our system throughput. This will facilitate the implementation of direct marketing and face-to-face technical sales required for success in this sector. Festival Hydro employs an Energy Conservation Officer who is a licensed Professional Engineer with a Certified Energy Manager (CEM) designation. The Energy Conservation Officer has over 10 years experience selling conservation programs within the industrial sector.

We feel that our conservation experience in the industrial sector and the large industrial load in our service territory represent an ideal platform where we expect to be able to yield significant gains on our way to achieving targets.

Our Energy Conservation Officer is shared with the City of Stratford where he assists City staff by identifying conservation measures and then by developing business cases to support conservation projects. Our close involvement with City staff and our knowledge of conservation opportunities that are present within Stratford's institutional and low income buildings will facilitate our efforts in both of these sectors.

Due to the cumulative nature of kWh targets, we feel that it will be essential to realize success as early as possible. With this in mind, we will be looking for immediate gains in the residential sector. This sector has the shortest decision making window when compared to the large commercial or industrial sectors.

To maximize on the dissemination of information, we will be actively identifying and further developing our network of business partners. With a broad and well-trained network of business partners, we will be able to leverage the communication of information and implementation of projects.

b. Annual Milestones

The targeted annual milestones have been identified in table 2 that can be found in section a.

5. OPA-Contracted Province-Wide Programs

Festival Hydro Inc. feels that the OPA-contracted province-wide programs are comprehensive enough to allow us to successfully meet our targets. This section outlines the full suite of four (4) sector-based programs that the OPA has rolled out which Festival Hydro will be supporting. Within this suite of programs, each sector will be represented.

2011-2014 Industrial Province-Wide Program

- a) Program name: 2011-2014 Industrial Province-Wide Program
- b) Years of program operation: 2011 to 2014
- c) The Industrial Province-Wide Program is a new sector-based OPA offering exclusive to the industrial sector. The program initiative consists of the following 4 elements:
 - i. The *Industrial Accelerator* element tables project incentives and enabling initiatives such as feasibility studies and a meter lending library. Feasibility study incentive will be crucial in the development of business cases. Availability of various on-site measurement tools, through the central lending library, will facilitate the accuracy of feasibility study results and increase decision making confidence in identified projects. This element focuses on mid-to-large projects over 100 MWh of annual savings.

- ii. The *Industrial Equipment Replacement* element focuses mainly on listed prescriptive and engineered measures with projects below 100 MWh of annual savings.
 - iii. The *Demand Response 1* element is a voluntary incentivized initiative geared as a stepping stone to Demand Response 3.
 - iv. The *Demand Response 3* element requires firm obligation to provide DR with mandatory standby and activation times.
- d) The projected budget for the 2011-2014 Industrial Province-Wide Program is not known as the OPA budget has not been finalized. Preliminary OPA information projects the bulk of the fixed Industrial Program Administrative Budget at around \$40,000.
 - e) The total projected reduction in peak provincial electricity demand (kW) is 3,100 kW.
 - f) The total projected reduction in electricity consumption (MWh) is 15,600 MWh.

2011-2014 Commercial and Institutional Province-Wide Program

- a) Program name: 2011-2014 Commercial and Institutional Province-Wide Program
- b) Years of program operation: 2011 to 2014
- c) The Commercial and Institutional Province-Wide Program is a new sector-based OPA offering exclusive to the Commercial, Institutional, Multi-Family Buildings and Agricultural sectors. This program consists of the following 7 elements:
 - i. The *Building Commissioning* element of this program will offer incentive conditional upon installation of measures cited in a pre-commissioning scoping study that have payback periods up to 2 years.
 - ii. The *Direct Install* element will offer a small fixed incentive amount to offset the cost of energy efficient lighting equipment installation and the cost of servicing of rooftop or split system A/C equipment.
 - iii. The *EE Equipment Replacement element* will offer prescriptive incentive that is based on specified per unit amounts per measure. *Engineered and Custom* incentive will be available for measures that are based on the expected performance of that measure.

- iv. The *New Construction* element will offer custom incentive to both applicants and/or the architects/engineers. Custom incentive rates will depend on the magnitude of building design performance improvements above code. Prescriptive incentive based on per unit amounts per measure will also be available.
 - v. The *Demand Response 1* element will be voluntary based on activation of up to 100 hours per year.
 - vi. The *Demand Response 3* element will require a contractual obligation to dispatch up to 200 hours/year.
 - vii. The *Demand Response* element is a redesign of peaksaver that will be offered through June 30, 2011. Moving forward, Demand Response will be offered under the new *Residential and Small Commercial Demand Response* predefined options A or B.
- d) The projected budget for the 2011-2014 Commercial and Institutional Province-Wide Program is not known as the OPA budget has not been finalized. Preliminary OPA information projects the bulk of the fixed Commercial and Institutional Program Administrative Budget at around \$150,000.
 - e) The total projected reduction in peak provincial electricity demand (kW) is 1,300 kW.
 - f) The total projected reduction in electricity consumption (MWh) is 6,300 MWh.

2011-2014 Consumer Province-Wide Program

- a) Program name: 2011-2014 Consumer Province-Wide Program
- b) Years of program operation: 2011 to 2014
- c) The Consumer Province-Wide Program is a new sector-based OPA offering exclusive to the residential sector. This program consists of the following 8 elements:
 - i. *Free Pick-up and Decommissioning* of old, working, inefficient secondary appliances will be offered.
 - ii. The *Retailer Appliance Exchange Event* element will involve the retailer-based exchanges of room air conditioners and dehumidifiers.
 - iii. *In-store Discounts* on energy efficient products will provide instant rebates.

- iv. *Online rebates* will be available to facilitate replacement of heating/cooling systems.
 - v. The *Midstream retailer* incentives will incentivize promotion of efficient televisions and optimal pool sizing. We will support this program.
 - vi. The *Demand Response* element will offer the free installation of direct load control devices and in-home display systems to facilitate Demand Response capability. Load control will be offered for central air conditioners, electric water heaters, room air conditioners and pool pumps. This program component will be complemented by Rhizome, our affiliate's citywide Wi-Fi network. Festival Hydro will be using Rhizome's Wi-Fi network to meet the Ontario Energy Board's requirement to retrieve hourly time-of-use data from 18,000 residential and commercial electricity meters.
 - vii. In-home displays will also be subsidized for *Non Demand Response* programs.
 - viii. The *New Construction* element will offer builder incentives to construct energy efficient single-family homes.
- d) The projected budget for the 2011-2014 Consumer Province-Wide Program is not known as the OPA budget has not been finalized. Preliminary OPA information projects the bulk of the fixed Consumer Program Administrative Budget at around \$50,000.
 - e) The total projected reduction in peak provincial electricity demand (kW) is 1,500 kW.
 - f) The total projected reduction in electricity consumption (MWh) is 7,600 MWh.

2011-2014 Low Income Consumer Program

- a) Program name: 2011-2014 Low Income Consumer Program
- b) Years of program operation: 2011 to 2014
- c) The Low Income Consumer Province-Wide Program will be a new sector-based OPA offering exclusive to the low income sector. Although still preliminary, this OPA program is expected to consist of the following 2 elements:
 - i. The *Resident* component will offer support to homeowners/tenants through education and information about financial assistance.

The *Resident* component will also support efficiency home improvements with such measures as weatherization.

- ii. The Building Owners and Housing Providers component will offer owners and operators with education funding and operator training. Incentive will also facilitate the replacement of HVAC systems as well as in-suite measures.

- d) The projected budget for the 2011-2014 Low Income Consumer Program is not known as the OPA budget has not been developed yet.
- e) The total projected reduction in peak provincial electricity demand (kW) is 100 kW.
- f) The total projected reduction in electricity consumption (MWh) is 500 MWh.

6. Potential Board-Approved CDM Programs

We will be relying exclusively on OPA-contracted province-wide programs to meet our demand and consumption targets. As such, we do not anticipate participating in any board-approved programs at the start. Should the need arise, at a later date, for our program offering to require enhancement, we would then consider developing products for board-approval.

7. Program Mix

By delivering the entire suite of OPA programs, we will have covered all of the required sectors consisting of residential, low income, commercial, institutional and industrial. To ensure that the customer base within our service area is appropriately serviced with the right level of conservation assistance, we have apportioned our targets according to the actual load distribution within our customer base. It is assumed that the portion of the entire target that a sector can ultimately achieve will be proportional to the size of the sector. By approaching our customer base in this manner, all sectors will be serviced indiscriminately and resourced appropriately.

8. CDM Program Coordination

TBD