MIDLAND POWER UTILITY CORPORATION
16984 Highway#12 P.O. Box 820
Midland Ontario L4R 4P4

September 28, 2012

Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

Midland Power Utility Corporation – License #ED-2002-0541
2011 CDM Annual Report – EB-2010-0215

Attached please find the 2011 Annual CDM Report prepared for Midland Power Utility Corporation.

The Conservation and Demand Management Code for Electricity Distributors requires a distributor to file an annual report with the Board. The attached Annual Report is therefore prepared accordingly and covers the period from January 1, 2011 to December 31, 2011.

The 2011 Annual CDM Report for Midland Power Utility Corporation also includes an overview document which relates the experience of the CHEC Member LDCs which Midland Power Utility Corporation work in collaboration with to deliver CDM programs.

Yours very truly,

MIDLAND POWER UTILITY CORPORATION

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Cornerstone Hydro Electric Concepts (CHEC)

Combined Conservation and Demand Management Annual Report 2011

EB-2010-0215

Collaboration for Conservation

September 28, 2012

Executive Summary:

This represents the first year reporting as required by the CDM Code for the CHEC Association LDCs. The results and comments provided in this section are based on the combined experience of the CHEC LDCs.

The report format contains an overview section relating the combined experience of CHEC LDCs and twelve addendums containing the individual LDC Annual CDM Reports. The overview section provides a summary of the overall target achieved, conditions impacting strategy progress and a revised combined CDM Strategy.

The first year of the Strategy did not account for the amount of time which would be taken to develop initiatives and confirm appropriate delivery channels. Looking back on the plans filed, in many cases, the amount of target to be achieved in the first year was optimistic. Included in the Annual Report of each LDC is a revised CDM Strategy which takes into account the first year performance.

In 2011 all Provincial Programs were not available for launch. While this has had some impact it has not been critical to Strategy completion. The time to market for full delivery reduced the traction gained by previous programs and negatively impacted on program participation.

The lack of OEB Approved Programs will place a challenge on existing Provincial Programs to achieve the full target. Within the first year there was limited time to pursue OEB Approved Programs and to fully understand the requirements of program development.

The percentage of target achieved by each LDC has a high degree of variance. During the preparation of the Annual Report and revision to the Strategy, LDCs remain positive with respect to achieving the targets. In some instances it is recognized that reaching the full target will be a challenge, as noted in the attached LDC Reports. By building on the existing base and addition of resources such as the Roving Energy Manager and industry partners, the goal remains to achieve 100% of target.

1.0 Introduction:

Cornerstone Hydro Electric Concepts Association (CHEC) is an association of twelve (12) Local Distribution Companies (LDCs). The CHEC member LDCs have prepared this Conservation and Demand Management (CDM) Annual Report 2011 as required by the Conservation and Demand Management Code for Electricity Distributors. The report is a collaborative initiative of CHEC member LDCs and is consistent with the combined CDM Strategy filed in November 2010.

1.1 Distributors Included in CHEC Association CDM Strategy:

CHEC LDCs work collaboratively to meet regulatory and operational requirements. The Association facilitates LDCs' abilities to address initiatives in a cost effective manner, sharing information, expertise and resources. The development of a collaborative CDM Strategy and the subsequent CDM Annual Report is consistent with the CHEC philosophy of working together to meet the needs of the member LDCs and to work effectively for the customers served.

The LDCs, all members of CHEC, covered under this CDM Strategy include:

- Centre Wellington Hydro Ltd.
- COLLUS PowerStream (COLLUS Power)
- Innisfil Hydro Distribution Systems Limited
- Lakefront Utilities Inc.
- Lakeland Power Distribution Ltd.
- Midland Power Utility Corporation
- Orangeville Hydro Limited
- Parry Sound Power
- Rideau St. Lawrence Distribution Inc.
- Wasaga Distribution Inc.
- Wellington North Power Inc.
- West Coast Huron Energy Inc. (Goderich Hydro).

CHEC LDCs have worked collaboratively and as part of the Association since 2000. The CHEC Combined Annual Report includes an overview section and separate addendums for each LDC. The LDC addendum format follows the template developed by Hydro One and shared by the Electricity Distributors Association (EDA) with LDCs.

2.0 CDM Targets for Electricity Demand (MW) and Electricity Consumption (GWh):

The CDM target for each LDC has been established by the Ontario Energy Board (OEB) utilizing a methodology developed by the Ontario Power Authority (OPA). The CDM Strategy was based on the initial targets released to LDCs. The targets were later revised and incorporated into the LDC license requirements.

Table 1 illustrates the initial and revised targets for each LDC. The most recent targets have been incorporated into the revised CDM Strategy outlined in section 3.2 of each LDC's Addendum. The combined demand targets for CHEC LDCs increased by 3% while the combined energy targets decreased by 0.5%.

While the combined target remains relatively stable Table 1 illustrates that a number of LDC's experienced significant change regarding the target to achieve. Where the targets have increased significantly the CDM Strategy requires review to determine how best to meet these more aggressive targets.

Table 1 – OEB Defined Targets

	MW			GWH		
LDC	**Initial Target**	**Revised Target**	**% Change**	**Initial Target**	**Revised Target**	**% Change**
Centre Wellington Hydro	2.0	1.64	-18.0%	8.0	7.81	-2.4%
COLLUS Power	3.0	3.14	4.7%	15.0	14.97	-0.2%
Innisfil Hydro	2.0	2.50	25.0%	9.0	9.20	2.2%
Lakefront Utilities	3.0	2.77	-7.7%	14.0	13.59	-2.9%
Lakeland Power	2.0	2.32	16.0%	10.0	10.18	1.8%
Midland Power	2.0	2.39	19.5%	11.0	10.82	-1.6%
Orangeville Hydro	3.0	2.78	-7.3%	12.0	11.82	-1.5%
Parry Sound Power	1.0	0.74	-26.0%	4.0	4.16	4.0%
Rideau St. Lawrence	1.0	1.22	22.0%	5.0	5.10	2.0%
Wasaga Distribution	1.0	1.34	34.0%	4.0	4.01	0.2%
Wellington North Power	1.0	0.93	-7.0%	5.0	4.52	-9.6%
West Coast Huron Energy	1.0	0.88	-12.0%	8.0	8.28	3.5%
Total	22	22.65	3.0%	105	104.46	-0.5%

3.0 Progress Toward Achieving Target

Table 2 and Table 3 provide summaries of the progress made by CHEC LDCs in 2011 towards the combined demand target. The combined results are the summation for all member LDCs and represent reporting savings as per the OPA. The individual savings for each LDC are represented in the associated Addendum.

Table 2 Combined Net Demand Savings at End User Level Including DR Contribution

Implementation Period	**Annual (MW)**			
	2011	**2012**	**2013**	**2014**
2011 - Verified	3.906			3.906
2012				
2013				
2014				
Verified Net Annual Peak Demand Savings in 2014:				**3.906**
Combined CHEC 2014 Annual CDM Capacity Target:				**22.65**
Verified Portion of Peak Demand Savings Target Achieved (%):				**17.2%**
Combined CHEC Strategy, Milestone submitted for 2011				**-15.3%**
Variance:				1.9%

Table 2 includes the contribution from Demand Response (DR) Initiatives as these represent action within the reporting period. The objective is to maintain the DR projects for the duration of the program.

Removal of the DR contribution results in the Peak Demand Savings being reduced to 1,832 kW which represents 8.1% of the 2014 target.

Table 3 Combined Net Energy Savings at End User Level

Implementation Period	Annual (GWh)				Cumulative (GWh)
	2011	**2012**	**2013**	**2014**	**2011-2014**
2011 - Verified	8,372	8,372	8,3712	8,372	33,488
2012					
2013					
2014					
Verified Net Cumulative Energy Savings 2011-2014:					**33,488**
Combined CHEC 2011-2014 Cumulative CDM Energy Target:					**104,460**
Verified Portion of Cumulative Energy Target Achieved (%):					**32.1%**
Combined CHEC Strategy, Milestone submitted for 2011					**-41.6%**
Variance :					-9.5%

Contribution towards the peak target progressed well in the first year. The portion of target achieved when the 2010 contribution and 2011 projects including DR are counted, is generally on target.

Removal of the DR component would clearly indicate that the peak target is behind expectations. Within the initial strategies DR was to account for 413 kW versus the 1,602 kW reported. This interest in DR from customers is encouraging as it indicates the capacity within the customer base to adjust for demand response. Further initiative in this area will be an important element to achieving the peak target.

While behind expectations the energy savings achieved in the first year represents a reasonable portion of the total target. The kWh from pre-2011 projects assisted in the 2011 achievement and helped to offset the slower than anticipated start to the 2011 initiatives.

The combined demand and energy performance of the CHEC LDCs are generally in line with the overall performance across the province. LDC performance vary due to local parameters which are addressed in the addendums.

4.0 General Conditions Impacting Strategy Performance:

This section outlines issues which have impacted on the progress of Strategies. Early in the first year challenges with "getting going" and the associated impact became a reality. However, it is also fair to say that the work completed at that time, while taking longer than anticipated, set a strong base for conservation. The work completed not only developed a selection of conservation initiatives but also established criteria for the CDM marketplace moving forward.

4.1 Design, Release and Operational Delivery:

The CDM Strategy filed in November 2010 noted: "CDM Strategies can be further impacted by the Provincial Programs if the expected program design and release date do not meet the current schedules as set by the OPA." At the time of preparing the CDM Strategy the OPA and LDC representatives were working to design programs and the associated schedules to form the legal agreements to implement the programs. Strategies were developed with an optimistic expectation that the full program suite and delivery would be available in time to allow (in general terms) a full twelve months of program delivery. At the end of 2011 all Provincial Programs Initiatives were not designed and available for inclusion in the marketplace.

While the OPA and the LDC representatives are to be commended on the sheer volume of work completed and the programs designed, the release dates were delayed. Further, the schedules were very detailed, forming a complex working relationship to ensure accountability in the delivery. Reviewing the schedules to fully understand the deliverables and to determine how best to deliver the programs became a key element and time constraint. In those early days of reviewing schedules there were often discussions as to interpretation, which further complicated acceptance and implementation. The initial stage to understand and put in place the delivery of programs was underestimated when preparing the CDM Strategy.

The timing for the review stage and the ability to implement delivery channels in short order became problematic. Key initiatives such as Direct Install and ERIP were focused on to take advantage of the familiarity with the programs and the availability of past delivery partners. The previous experience would allow faster "to market" dates. Other initiatives were put on hold at the local level and in some cases by the OPA while initiatives more central to meeting the targets were fine tuned for delivery.

Market partners including delivery agents and electrical contractors were equally frustrated during this initial period. Delivery agents had lost momentum and would require a higher level of retooling than initially anticipated. Contractors who had experience in ERIP and had delivered a number of programs were finding it difficult to move projects forward. The full requirements of the new schedules and program processes were not fully established to support program delivery.

While the time to market was longer than anticipated the initiatives as they went into market were well received as a continuation of existing programs. During that time the OPA continued to run central initiatives such as the appliance and coupon initiatives. This allowed target to be achieved and maintained some presence in the marketplace. The success of these programs and contribution to target are evident on the details of Annual Reports. In many instances these programs met or exceeded the annual contribution to targets.

4.2 CRM:

The initiative to develop a comprehensive CRM system resulted in lost time in the initial stages. While the concept of a comprehensive system was supported, the system was still being developed during the launch, which required time for LDC staff to learn, problem solve and with the next update, relearn. At the same time OPA staff worked to provide the next system upgrade and respond to the questions from LDC staff. It is anticipated that the CRM system once fully implemented will provide a good portal for customers and LDC staff.

The expectation of a functional CRM and the lack of alternate systems forced market participants to utilize a system which did not appear to be ready for general application. The system while frustrating LDCs also frustrated contractors as they worked to initiate programs in the early stages of 2011. This resulted in disenchanted participants as well as the need for work- arounds, which generally involved LDC staff dealing with a paper copy of applications. Contractor engagement suffered during this period.

4.3 Pre-2011 Projects Completed in 2011:

Inclusion of pre-2011 projects completed in 2011 in the contribution to target is consistent with the Ministry Directive to capture incremental savings after January 1, 2011 and was welcomed by LDCs. Towards the end of 2010 as programs were said to be reaching their end date, there was an increase in activity with many projects moving forward at the application stage. The need to continue to work with the proponents and to support the application and payment process remained well into 2011.

The pre-2011 projects account for 10 % of the first year kW savings and 25% of the kWh savings. In service territories where there was significant project activity in late 2010 the projects assisted to offset the slow start into the 2011 projects. This rush to get projects complete under the current program (2010) may have consumed projects slated for the following year.

4.4 Support Position – Roving Energy Manager:

In 2011 CHEC LDCs applied for a Roving Energy Manager (REM) to assist with larger customers. The more sophisticated systems and processes in these facilities require a detailed review and understanding. Acquiring a REM, for the combined group of LDCs, was the most effective way to increase the resources available. Individually the LDCs would not be eligible for REM support or for Key Account Managers and hence required a combined application.

Application for the REM was made in mid-2011 however final approval was not received until January 2012. A project to hire a REM will be instituted in 2012 to utilize the additional funding and capacity enhancement of the REM position and to better impact on future results. (Position filled September 2012)

4.5 <u>Reporting of Results:</u>

The gathering of market information and impact of marketing activities has been difficult to determine. The reporting cycle of Consumer Provincial Programs is extended to three months after the quarter finishes. This extended time period makes it difficult to determine the results any local activity has on the outcome.

Reporting through the CRM has improved and provides some insight to project activity for follow up on the local level. It is anticipated the CRM system will continue to improve and provide useful information for project management.

4.6 <u>Return on Investment of Initiatives:</u>

Some indication has been shared with LDCs that the return on investment to fill out applications for the level of incentive available may not be sufficient. The amount of information required, the format and the time required limits the return and hence the interest. This could impact on subsequent applications from participants who have utilized at least one program. The ability to support and problem solve these issues will be required. Incentive levels will also require review to ensure they meet both the TRC and return for the participant.

A further consideration is the ability to make changes to the programs based on input from the field. When delivery issues such as reduced profit margins for contractors due to increasing supply costs become apparent, the time for review and remedial action needs to be reduced. Responsive solutions to field concerns will maintain the interest of delivery agents, partners and customers.

4.7 <u>OEB Approved Programs:</u>

OEB Approved Programs were included in 6 of the 12 LDCs Strategies filed in 2010. Initially it was anticipated that OEB Approved Programs would form a part of the results within the Strategy.

In the first year LDCs focused on implementing Provincial Programs with limited attention to developing programs for OEB approval. The ability to fully understand the evaluation, measurement and verification process was not within the scope of CHEC LDCs. Further the need to avoid any duplication with provincial initiatives limited potential program concepts. Further consideration of the options for OEB Approved programs is required.

4.8 DR 3 Contribution:

The Annual Reports contain an element of DR 3 within the reporting. Because DR may not persist to December 2014 the OPA has removed any contribution from the 2014 total. However as DR represents an indication of activity level of LDC customers and the industry in general, the impact of DR 3 should be considered in the interim years. As the contributions of DR 3 participants are evaluated it may be in the best interest of the LDC and the industry to work to maintain the participant within the program. For reporting purposes DR has been included in this report.

Demand response programs can be significant in the overall reduction of target. As noted in Section 3 DR represents a significant portion of the savings in the first year. To achieve the overall target LDCs will need to not only focus on promoting the option to customers but help ensure customers remain in the program beyond 2014. LDCs who have achieved well in the peak target in the first year often include some portion of DR. Service territories with limited ability for DR may experience difficulty in meeting the demand target.

5.0 Revised CDM Strategy:

The Addendums for each LDC contains a revised CDM Strategy in Section 3.2. The CDM Strategy in Section 3.2 incorporates the revised targets, the actual savings achieved in 2011 and adjustments to future years. To prepare the Revised Strategy the results of 2012, Q1 for Provincial Programs and CRM data were utilized to inform the development of the revision. The combined strategy for the 12 CHEC LDCs is summarized in Table 4.

The revised Strategies anticipate a total of 23.1 MW and 113.1 GWh to be saved over the four year period. These results are just above the target set for the LDCs.

Within this envelop 8 of the 12 LDCs expect to meet the requirements of both demand and energy targets while 2 of the 12 LDCs anticipate challenges to meet one of the targets and 2 LDCs have concerns about meeting either of the targets.

The ability to meet the proposed targets will be facilitated by a number of activities over the future years including:

- Roving Energy Manager to assist with larger industrial customers
- Peak Saver Plus to focus on residential demand
- Enhanced focus on support of Provincial Initiatives to help offset the lack of OEB Approved Programs.

The specific of activities associated with each LDC is outlined in the Addendums.

Table 4 – CHEC CDM Combined Strategy:

CDM Strategy - Setpember 2012 Revision

CHEC Summary

Annual Milestone - Contribution to 2014 Target

Category - Consumer	Focus (kW or kWh)	2011 Original Strategy kW	2011 Original Strategy kWh	Actual 2011 kW	Actual 2011 kWh	2012 Original kW	2012 Original kWh	2012 Revised kW	2012 Revised kWh	2013 Original kW	2013 Original kWh	2013 Revised kW	2013 Revised kWh	2014 Original kW	2014 Original kWh	2014 Revised kW	2014 Revised kWh	Original Total Projected Reduction kW	Original Total Projected Reduction kWh	Revised Total Projected Reduction kW	Revised Total Projected Reduction kWh
Provincial Programs																					
Appliance Retirement		92	2,124,284	73	2,101,386	89	1,521,717	77	1,124,617	65	665,998	62	658,469	59	291,982	57	291,280	305	4,603,981	269	4,175,752
Instant Discounts (Rebates)		28	2,893,444	58	3,942,107	19	1,317,962	28	1,787,544	19	878,641	20	928,510	19	439,321	20	464,255	85	5,529,367	126	7,122,416
HVAC Discounts (Rebates)		205	1,286,118	410	3,173,722	216	1,014,084	336	1,588,507	226	707,111	228	712,106	238	372,173	239	372,813	886	3,379,486	1,213	5,847,148
Demand Response		606	3,828,788	130	338	899	4,561,257	130	338	1,019	3,458,061	1,667	5,587,451	1,048	1,776,713	1,690	2,876,633	3,573	13,624,819	3,617	8,464,760
Midstream Incentives		3	82,243	0	0	4	63,859	0	0	4	42,572	3	27,596	4	21,286	3	16,298	15	209,960	6	43,895
New Construction		24	250,419	0	0	26	207,904	1	6,486	41	187,069	36	165,305	44	106,109	38	93,709	134	751,502	75	265,500
Low Income		0	0	3	56,115	0	0	8	130,230	0	0	160	1,687,323	0	0	157	780,563	0	0	328	2,654,231
Provincial Consumer Total		960	10,465,296	674	9,273,668	1,253	8,686,783	580	4,637,722	1,373	5,939,454	2,176	9,766,760	1,412	3,007,584	2,204	4,895,552	4,998	28,099,116	5,634	28,573,702
OEB Approved Programs																					
General Consumer		81	11,665	0	0	181	616,650	0	0	195	341,650	185	341,650	211	191,650	201	191,650	667	1,161,615	386	533,300
Low Income		25	4,995	0	0	45	204,995	0	0	55	154,995	50	154,995	65	104,995	60	104,995	190	469,980	110	259,990
EB Approved Programs Total		106	16,660	0	0	226	821,645	0	0	250	496,645	235	496,645	276	296,645	261	296,645	857	1,631,595	496	793,290
Consumer Program Total		1,066	10,481,956	674	9,273,668	1,479	9,508,428	580	4,637,722	1,623	6,436,099	2,410	10,263,405	1,688	3,304,229	2,465	5,192,197	5,856	29,730,711	6,129	29,366,992

OEB Projected Dollars			
kW	kWh	Total	
$ 1,028,880	$ 146,844	$ 1,175,724	Original
$ 595,080	$ 71,396	$ 666,476	Revised

CHEC Summary

Annual Milestone - Contribution to 2014 Target

Category - Commercial & Institutional	Focus (kW or kWh)	2011 Original Strategy kW	2011 Original Strategy kWh	Actual 2011 kW	Actual 2011 kWh	2012 Original kW	2012 Original kWh	2012 Revissed kW	2012 Revissed kWh	2013 Original kW	2013 Original kWh	2013 Revised kW	2013 Revised kWh	2014 Original kW	2014 Original kWh	2014 Revised kW	2014 Revised kWh	Original Total Projected Reduction kW	Original Total Projected Reduction kWh	Revised Total Projected Reduction kW	Revised Total Projected Reduction kWh
Provincial Programs																					
Existing Building Retrofits – Medium and Large Buildings		987	7,342,065	246	6,323,382	1,508	8,197,279	1,712	9,875,529	1,936	6,223,598	1,971	7,092,339	1,616	2,720,352	1,616	3,147,875	6,047	24,483,294	5,547	26,439,124
Existing Building Retrofits – Small Buildings		826	16,203,293	400	6,058,102	1,153	15,599,305	576	7,733,791	1,569	9,103,589	1,568	9,080,242	1,621	3,902,741	1,630	3,895,301	5,169	44,808,929	4,174	26,767,435
Small Commercial Demand Response		23	39,978	53	559,000	37	76,344	19	1,070	50	69,062	85	312,401	49	35,069	62	154,884	159	220,452	219	1,027,356
Demand Response 1		0	439	0	2,757	0	8	0	162	0	12	0	8	1	9	1	9	1	468	1	2,936
Demand Response 3		0	37	525	7,522	0	56	91	15,376	0	75	370	1,875	6	190	433	4,690	6	359	1,419	29,462
Provincial Commercial & Inst. Total		1,835	23,585,812	1,224	12,950,763	2,698	23,872,993	2,398	17,625,927	3,555	15,396,336	3,394	16,486,865	3,294	6,658,361	3,763	7,202,759	11,382	69,513,501	11,359	54,266,313
OEB Approved Programs																					
Retrofits		133	4,995	0	0	317	724,995	0	0	364	459,995	289	459,995	369	214,995	313	214,995	1,183	1,404,980	601	674,990
New Construction		27	4,995	0	0	63	34,995	0	0	85	22,495	50	322,495	69	12,495	49	12,495	244	74,980	98	334,990
EB Approved Programs Total		160	9,990	0	0	381	759,990	0	0	448	482,490	338	782,490	437	227,490	361	227,490	1,426	1,479,960	699	1,009,980
Commercial & Inst. Total		1,996	23,595,802	1,224	12,950,763	3,078	24,632,983	2,398	17,625,927	4,004	15,878,826	4,332	17,269,355	3,731	6,885,851	4,104	7,430,249	12,808	70,993,461	12,058	55,276,293

OEB Projected Dollars			
kW	kWh	Total	
$ 1,711,320	$ 133,196	$ 1,844,516	Original
$ 839,220	$ 90,898	$ 930,118	Revised

CDM Strategy - Setpember 2012 Revision

CHEC Summary

Annual Milestone - Contribution to 2014 Target

	2011 Original Strategy		Actual 2011		2012 Original		2012 Revissed		2013 Original		2013 Revised		2014 Original		2014 Revised		Original Total Projected Reduction		Revised Total Projected Reduction	
Category - Industrial	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Program Name																				
Industrial Accelerator	55	1,285,027	0	0	256	4,661,504	0	0	24	262,238	24	262,238	256	1,553,835	256	1,553,835	592	7,762,604	281	1,816,073
Industrial Equipment Replacement	346	8,040,997	53	2,938,736	700	12,311,683	436	5,576,430	490	5,670,891	554	5,590,689	772	4,570,417	672	3,964,858	2,308	30,593,988	1,715	18,070,712
Demand Response 1	0	8	0	0	0	301	0	54	0	155	0	152	49	178	3	8	49	641	3	214
Demand Response 3	0	19	1,549	90,925	0	1,356	10	39,912	0	1,356	410	1,344	151	1,566	450	1,553	151	4,297	2,419	133,733
Provincial Industrial Total	401	9,326,051	1,602	3,029,661	956	16,974,845	446	5,616,395	515	5,934,639	988	5,854,422	1,229	6,125,994	1,381	5,520,254	3,101	38,361,531	4,417	20,020,732
OEB Approved Programs																				
A	11	0	0	0	33	200,000	0	0	36	150,000	36	150,000	42	50,000	42	50,000	122	400,000	78	200,000
B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EB Approved Programs Total	11	0	0	0	33	200,000	0	0	36	150,000	36	150,000	42	50,000	42	50,000	122	400,000	78	200,000
Industrial Total	413	9,326,051	1,602	3,029,661	988	17,174,845	446	5,616,395	551	6,084,639	1,024	6,004,422	1,271	6,175,994	1,423	5,570,254	3,223	38,761,531	4,495	20,220,732
2010 Contribution	0	0	406	8,233,450	0	0	9	45010									0	0	415	8,278,460

OEB Projected Dollars			
kW	kWh	Total	
$ 145,800	$ 36,000	$ 181,800	Original
$ 93,300	$ 18,000	$ 111,300	Revised

Revised Target	2011 Original		Actual 2011		2012 Original		2012 Revised		2013 Original		2013 Revised		2014 Original		2014 Revised		Original Total Projected Reduction		Revised Total Projected Reduction	
	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
CDM Strategy Total	3,474	43,403,810	3,906	33,487,541	5,546	51,316,255	3,433	27,925,054	6,177	28,399,564	7,767	33,537,182	6,690	16,366,074	7,992	18,192,699	21,886	139,485,702	23,097	113,142,476
															Target to Achieve		22,650	104,460,000		
																	96.6%	133.5%	102.0%	108.3%

% of Target	2011 Original		2011 Actual		2012 Original		2012 Revised		2013 Original		2013 Revised		2014 Original		2014 Revised		Total Projected Reduction		Total Projected Reduction	
	15.3%	41.6%	17.2%	32.1%	24.5%	49.1%	15.2%	26.7%	27.3%	27.2%	34.3%	32.1%	29.5%	15.7%	35.3%	17.4%	96.6%	133.5%	102.0%	108.3%

Total OEB Projected Dollars			
kW	kWh	Total	
$ 2,886,000	$ 316,040	$ 3,202,040	Original
$ 1,527,600	$ 180,294	$ 1,707,894	Revised

6.0 Addendums:

Midland Power Utility Corporation

Addendum 6 – CHEC CDM Combined Annual Report 2011

Conservation and Demand Management

2011 Annual Report

Submitted to:

Ontario Energy Board

Submitted on September 30, 2012

TABLE OF CONTENTS

Executive Summary

This Midland Power Utility Corporation Conservation and Demand Management 2011 Annual Report contains the first year reporting required by the Ontario Energy Board (OEB) Conservation and Demand Management Code (CDM Code) for electrical distributors. The results and comments provided in this Report are based on the experience of Midland Power Utility Corporation (Midland PUC) and form the required regulatory reporting.

A combined report prepared by the CHEC Group is also included in this document. The combined report summarizes the efforts of Midland PUC and other CHEC members in working collaboratively to meet the CDM targets set for member LDCs.

The activity in Midland PUC service area over the first year resulted in 0.18 MW and 3.63 GWh savings as identified by the OPA 2011 Final Results. The savings achieved over the first year represent 7.65 % of the MW target and 33.57 % of the GWh target. These are compared to respectively 8.16 % and 26.1 % as stated in the CDM Strategy filed with the OEB. At first appearance the MW target was marginally missed, however due to the DR3 component having a persistence of one year its contribution is removed. With the DR3 component included the annual MW achieved in 2011 was 1.6 MW or 66.3%.

The MW and GWh identified in the Final 2011 CDM Annual Results Scenario 2 are consistent; indeed exceed the annual contributions identified in the first year of the CDM Strategy. Midland PUC remains confident that the continued performance will allow the targets to be achieved by December 2014.

The initial year of the Provincial Programs represented a partial year for market delivery. The challenges faced in finalizing the Master Agreement and schedules delayed the launch of programs during Q1 & Q2. Once the schedules were released, reviewed and the contracts entered into, Midland PUC commenced with determining the delivery mechanism. Much of this effort was carried out jointly with the CHEC Group.

Q3 & Q4 laid the foundation for building the initiatives in Midland PUC‘s service area. Strong efforts were directed to building capacity and developing channel partners in the community. Significant traction developed late in Q4 with potential projects filling the pipeline for Q1 & Q2 2012.

Support from the OPA has been consistently improving throughout 2011. Program delivery was challenging due to the number of initiatives, however the OPA was quick to respond to barriers for LDC’s and developed support mechanisms to carry the process forward. LDC staff new to the programs and CDM industry required a period of orientation and training to build capacity at the LDC level. The OPA made extended efforts to reach out and address this requirement.

The Initiatives that created the 2011 Q4 momentum in the Midland PUC’s Service area include the commercial Equipment Replacement Incentive Initiative (ERII) and the small business Direct Install Lighting (DIL). The industrial user group was dominated by the Demand Response 3 Program (DR3). These 3 programs were identified early 2011 as key programs for customers and targets. Significant capacity building was put in place resulting in a successful first year. Many opportunities still exist and these programs will be a key driver to the target milestones moving forward.

Key engagement opportunities were presented to Midland PUC's residential customers through the first year of the program. These include education seminars at the Midland Public Library, spring and fall retailer events, and visits by Midland PUC's Energy Services Manager to residences with high energy usage. Consumers expressed a strong desire to purchase LED lighting technology and await the LED saveONenergy coupons.

The CDM Strategy filed with the OEB did include OEB Approved Programs. One of which is Time of Use (TOU). A contribution from Midland PUC's portion of the TOU provincial total has yet to be determined, and remains a positive addition in the future. Midland PUC has recognized that OEB Approved Programs may not be required to meet the targets. The success of year 2011 and projects in the pipeline for 2012 are providing strong evidence that our objectives can be met by focusing on the OPA province wide initiatives.

Background

On March 31, 2010, the Minister of Energy and Infrastructure of Ontario, under the guidance of sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998*, directed the Ontario Energy Board (OEB) to establish Conservation and Demand Management (CDM) targets to be met by electricity distributors. Accordingly, on November 12, 2010, the OEB amended the distribution licence of Midland PUC to require Midland PUC, as a condition of its licence, achieve 10.82 GWh of energy savings and 2.39 MW of summer peak demand savings, over the period beginning January 1, 2011 through December 31, 2014.

In accordance with the same Minister's directive, the OEB issued the Conservation and Demand Management Code for Electricity Distributors (the Code) on September 16, 2010. The code sets out the obligations and requirements with which electricity distributors must comply in relation to the CDM targets set out in their licenses. To comply with the Code requirements, Midland PUC submitted its CDM Strategy on November 1st 2010 which provided a high level of description of how Midland PUC intended to achieve its CDM targets.

The Code also requires a distributor to file annual report with the Board. This Annual Report is therefore prepared accordingly and covers the period from January 1, 2011 to December 31, 2011.

1 Board-Approved CDM Programs

1.1 Introduction

In its Decision and Order dated November 12 2010 (**EB-2010-0215 & EB-2010-0216**), the OEB ordered, (to meet its mandatory CDM targets), "Each licensed electricity distributor must, as a condition of its licence, deliver Board-Approved CDM Programs, OPA-Contracted Province-Wide CDM Programs, or a combination of the two".

At this time, the implementation of Time-of-Use ("TOU") Pricing is the only Board-Approved Conservation and Demand Management ("CDM") program that is being offered in Midland PUC service area.

1.2 TOU Pricing

1.2.1 BACKGROUND

In its April 26, 2012 CDM Guidelines, the OEB recognizes that a portion of the aggregate electricity demand target was intended to be attributable to savings achieved through the implementation of TOU Pricing. The OEB establishes TOU prices and has made the implementation of this pricing mechanism mandatory for distributors. On this basis, the OEB has determined that distributors will not have to file a Board-Approved CDM program application regarding TOU pricing. The OEB has deemed the implementation of TOU pricing to be a Board-Approved CDM program for the purposes of achieving the CDM targets. The costs associated with the implementation of TOU pricing are recoverable through distribution rates, and not through the Global Adjustment Mechanism ("GAM").

In accordance with a Directive dated March 31, 2010 by the Minister of Energy and Infrastructure, the OEB is of the view that any evaluations of savings from TOU pricing should be conducted by the Ontario Power Authority (OPA) for the province, and then allocated to distributors. Midland PUC will report these results upon receipt from the OPA. As of September 30, 2012, the OPA has not released its preliminary results of TOU savings to distributors. Therefore Midland PUC is not able to provide any verified savings related to Midland PUC's TOU program at this time.

While results are not currently available for the impact of TOU on the overall strategy, a positive result is anticipated. Within the scope of the CDM Strategy no contribution from TOU has been included. Once received, the impact on the results of the CDM Strategy and any adjustments will be incorporated.

1.2.2 TOU PROGRAM DESCRIPTION

Target Customer Type(s): Residential and small business customers (up to 250,000 kWh per year).

Initiative Frequency: Year round

Objectives: TOU pricing is designed to incent the shifting of energy usage. Therefore peak demand reductions are expected, and energy conservation benefits may also be realized.

Description: In August of 2010, the OEB issued a final determination to mandate TOU pricing for Regulated Price Plan ("RPP") customers by June 2011, in order to support the Government's expectation for 3.6 million RPP consumers to be on TOU pricing by June 2011, and to ensure that smart meters funded at ratepayer expense are being used for their intended purpose.

The RPP TOU price is adjusted twice annually by the OEB. A summary of the RPP TOU pricing is provided below:

RPP TOU		Rates (cents/kWh)	
Effective Date	**On Peak**	**Mid Peak**	**Off Peak**
November 1, 2010	9.9	8.1	5.1
May 1, 2011	10.7	8.9	5.9
November 1, 2011	10.8	9.2	6.2
May 1, 2012	11.7	10.0	6.5

Delivery: The OEB sets the rates; LDCs install and maintain the smart meters; LDCs convert customers to TOU billing.

Initiative Activities/Progress:

Midland PUC began transitioning its RPP customers to TOU billing in June 2011. As of Dec 31 2011 all customers were on TOU billing. Workshops and information sessions were held by Midland PUC to educate residential and GS<50 customers on the necessary changes. Bill comparisons were sent out to each customer comparing TOU to RPP rates. This comparative exercise provided increased understanding of the change for concerned customers.

1.3 Midland PUC's Application with the OEB

Midland PUC did not have an application before the board for Board Approved Programs in 2011. The first year of the CDM program focused on developing the infrastructure to support and deliver Provincial Programs.

Midland PUC has recognized OEB Approved Programs may not be required to meet the targets. The success of year 2011 and projects in the pipeline for 2012 are providing strong evidence our objectives can be met by focusing the OPA province wide initiatives. This assumption will be reviewed on an annual basis to determine if it remains valid.

If in due course, an OEB Program is developed by a LDC that benefits our customer base and is successfully approved by the OEB, efforts would be made to include the initiative in our portfolio.

2 OPA-Contracted Province-Wide CDM Programs

2.1 Introduction

Effective March 2011 Midland PUC entered into an agreement with the OPA to deliver CDM programs extending from January 1, 2011 to December 31, 2014, which are listed below. In addition, results will be reported from projects started pre-2011 which completed in 2011:

Initiative	Schedule	Date schedule posted	Customer Class
Residential Program			
Appliance Retirement	Schedule B-1, Exhibit D	*Jan 26 2011*	*All residential rate classes*
Appliance Exchange	Schedule B-1, Exhibit E	*Jan 26 2011*	*All residential rate classes*
HVAC Incentives	Schedule B-1, Exhibit B	*Jan 26 2011*	*All residential rate classes*
Conservation Instant Coupon Booklet	Schedule B-1, Exhibit A	*Jan 26 2011*	*All residential rate classes*
Bi-Annual Retailer Event	Schedule B-1, Exhibit C	*Jan 26 2011*	*All residential rate classes*
Retailer Co-op		*Jan 26 2011*	*All residential rate classes*
Residential Demand Response	Schedule B-3	*Aug 22 2011*	*All general service classes*
New Construction Program	Schedule B-2	*Jan 26 2011*	*All residential rate classes*
Commercial & Institutional Program			
Efficiency: Equipment Replacement	Schedule C-2	*Jan 26 2011*	*All general service classes*
Direct Install Lighting	Schedule C-3	*Jan 26 2011*	*General Service < 50 kW*
Existing Building Commissioning Incentive	Schedule C-6	*Feb2011*	*All general service classes*
New Construction and Major Renovation Initiative	Schedule C-4	*Feb 2011*	*All general service classes*
Energy Audit	Schedule C-1	*Jan 26, 2011*	*All general service classes*
Commercial Demand Response (part of the Residential program schedule)	Schedule B-3	*Jan 26, 2011*	*All general service classes*
Demand Response 3 (part of the Industrial program schedule)	Schedule D-6	*May 31, 2011*	*General Service 50 kW & above*

Industrial Program			
Process & System Upgrades	Schedule D-1	*May 31, 2011*	*General Service 50 kW & above*
Monitoring & Targeting	Schedule D-2	*May 31, 2011*	*General Service 50 kW & above*
Energy Manager	Schedule D-3	*May 31, 2011*	*General Service 50 kW & above*
Key Account Manager (KAM)	Schedule D-4	*May 31, 2011*	*General Service 50 kW & above*
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Schedule C-2	*May 31, 2011*	*General Service 50 kW & above*
Demand Response 3	Schedule D-6	*May 31, 2011*	*General Service 50 kW & above*
Home Assistance Program			
Home Assistance Program	Schedule E-1	*May 9, 2011*	*All residential rate classes*
Pre-2011 Programs completed in 2011			
Electricity Retrofit Incentive Program	n/a	*n/a*	*All general service classes*
High Performance New Construction	n/a	*n/a*	*All general service classes*

Several Initiatives included in the schedules were not in market in 2011.The OPA has communicated the Initiatives listed in the table below were not in market in 2011 and they represent a very small percentage of the forecasted energy and demand savings. During the 2011 program year, the OPA placed emphasis on supporting the implementation of Initiatives which would offer the greatest ratepayer value and greatest amount of persisting savings. This approach recognized the resource management at both the OPA and LDC to initiate such a comprehensive suite of initiatives.

The CDM Strategy contained contributions from residential demand response, the peaksaver program. The program was not in market during 2011 due to technology issues. It is expected these issues will be resolved by the fall of 2012 and promoting the program will commence in the spring of 2013. This strategy will not prevent the final residential demand target from being met in 2014; therefore Midland PUC will not adjust its target for the program.

The CDM Strategy contained contributions from the Midstream Electronics program. The impact of the Midstream program not being in market increases the need for the remaining programs to make up the difference. Other successful residential programs are making up the shortfall.

Initiative Not in Market in 2011	Objective	Status
Residential Program		
Midstream Electronics	The objective of this initative is to encourage retailers to promote, and sell, high efficency televisions, and for distributors to distribute high efficiency set top boxes.	Not launched to market
Midstream Pool Equipment	The objective of this Initiative is to encourage pool installers to sell and install efficient pool pump equipment in residential in-ground pools.	Not launched to market
First Nations Program	First Nations programs are delivered by the OPA and results are attributed to LDCs for reporting.	Not launched to market
Home Energy Audit Tool	This is a provincial online audit tool to engage customers in conservation and help drive customer participation to CDM programs.	Not launched to market
Commercial & Institutional Program		
Direct Service Space Cooling	The objective of this Initiative is to offer free servicing of air conditioning systems and refrigeration units for the purpose of achieving energy savings and demand reduction.	Not launched to market in 2011. As per the OPA, there are no plans to launch this Initiative 2012.
Demand Response 1 (DR1)	This Initiative allows distribution customers to voluntarily reduce electricity demand during certain periods of the year pursuant to the DR 1 contract. The Initiative provides DR payment for the actual electricity reduction provided during a demand response event.	No customer uptake for this Initiative
Industrial Program		
Demand Response 1 (DR1)	As above	No customer uptake for this Initiative

The Master CDM Program Agreement includes a program change management provisions in Article 3. Collaboration between the OPA and the Local Distribution Companies (LDCs) commenced in 2011 as the change management process was implemented to enhance the saveONenergy program suite. The change management process allows for modifications to the Master Service Agreement and Initiative Schedules. The program enhancements give LDCs additional tools and greater flexibility to deliver programs in a way that meets the needs of customers and further drives participation in the Initiatives.

2.2 Program Descriptions

2.2.1 RESIDENTIAL PROGRAM

2.2.1.1 APPLIANCE RETIREMENT INITIATIVE (Exhibit D)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objectives: Achieve energy and demand savings by permanently decommissioning certain older inefficient refrigeration appliances.

Description: This is an energy efficiency Initiative which offers individuals and businesses free pick-up and decommissioning of old large refrigerators and freezers. Window air conditioners and portable dehumidifiers will also be picked up if a refrigerator or a freezer is being collected.

Targeted End Uses: Large refrigerators, large freezers, window air conditioners and portable dehumidifiers

Delivery: OPA centrally contracts for the province-wide marketing, call centre, appliance pick-up and decommissioning process. LDC's provide local marketing and coordination with municipal pick-up where available.

Additional detail is available:

- Schedule B-1, Exhibit D http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdfand
- SaveONenergy website https://saveonenergy.ca/Consumer/Programs/Appliance-Retirement.aspx

Initiative Activities/Progress:

The continuation of the program allowed for a relatively seamless transition from the previous program. The Appliance Program continues to be promoted in local advertising including: Front office displays, appliance retailer sales areas and website access. Information about the program is also delivered to consumers at educational workshops located at Midland Public Library twice annually and during retailer in-house events.

In Market Date: Jan 1, 2012.

Lessons Learned:

- The Appliance Retirement Initiative (previously The Great Refrigerator Round-Up) has been offered by LDCs since 2007. This Initiative is approaching market saturation.
- While the OPA and the LDCs have reviewed this Initiative to assess whether to include other products, appliances have a natural life cycle and the Initiative cannot be expected to continually deliver the high level of results in perpetuity. These lower expectations have been taken into account when developing conservation portfolios. Based on the first year results, the contribution of the appliance retirement program may be overstated in the CDM Strategy filed with the Board.
- This Initiative now faces some competition from independent retailers and municipalities.
- Results are very responsive to province wide advertising.
- Offering weekend pickups would have increased participation levels.

2.2.1.2 APPLIANCE EXCHANGE INITIATIVE (Exhibit E)

Target Customer Type(s): Residential Customers

Initiative Frequency: Spring and Fall

Objective: The objective of this Initiative is to remove and permanently decommission older, inefficient window air conditioners and portable dehumidifiers.

Description: This Initiative involves appliance exchange events. Exchange events are held at local retail locations and customers are encouraged to bring in their old room air conditioners (AC) and dehumidifiers in exchange for coupons/discounts towards the purchase of new energy efficient equipment.

Targeted End Uses: Window air conditioners and portable dehumidifiers

Delivery: OPA contracts with participating retailers for collection of eligible units. LDCs provide local marketing.

Additional detail is available:

- B-1, Exhibit E http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf and
- SaveONenergy website https://saveonenergy.ca/Consumer.aspx

Initiative Activities/Progress:

Midland PUC participated in 2 events during the first year. In most instances the activity level was moderate with limited appliances captured. In addition a good portion of the contacts were with customers from neighbouring LDCs. Co-operative retailer events have been initiated with other neighbouring LDC's and proved to be effective in reaching more customers and provides realistic time management.

In Market Date: May 1, 2011.

Lessons Learned:

- The spring event had the participation of 3 retailers with 300 – 400 locations across the province. However, the Fall 2011 event had no retailer participation, therefore savings budgeted by the LDCs did not materialize.
- Evaluation, Measurement, and Verification (EMV) results indicated the value of savings for retired room AC has dropped.
- The Initiative may be achieving market saturation.
- The type of unit turned in is very dependent upon what is promoted by the retailers.
- The return on investment of running an event may be limited depending on the number of potential units and the customer base of the LDC.
- Previous experience showed that communication to the local retailer level from the regional level was slow and problematic. Often the local store did not have any understanding of what event was to be held or the coordination with the LDC.

2.2.1.3 HVAC INCENTIVES INITIATIVE (Exhibit B)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to encourage the replacement of existing heating systems with high efficiency furnaces equipped with Electronically Commutated Motors (ECM), and to replace existing central air conditioners with ENERGY STAR qualified systems and products**.**

Description: This is an energy efficiency Initiative that provides rebates for the replacement of old heating or cooling systems with high efficiency furnaces (equipped with ECM) and Energy Star qualified central air conditioners by approved Heating, Refrigeration, and Air Conditioning Institute (HRAI) qualified contractors.

Targeted End Uses: Central air conditioners and furnaces

Delivery: OPA contracts centrally for delivery of the program. LDCs provide local marketing and encourage local contractors to participate in the Initiative.

Additional detail is available:

- Schedule B-1, Exhibit B http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf and
- SaveONenergy website https://saveonenergy.ca/Consumer.aspx

Initiative Activities/Progress:

Promotion to local HVAC contractors is completed on a seasonal basis and engagement has been made with residential energy auditors in the area. Information about the program is delivered at consumer education workshops located at the Midland Public Library twice annually. Activity to date does rely on the channel partners and advertising initiated by the OPA on a province wide basis.

In Market Date: May 1, 2011.

Lessons Learned:

- Channel engagement is a highly effective method of connecting with customers; however channel partners require timeliness of the Rebate process to maintain a positive relationship between consumers, contractors, the OPA, and the participating LDC.

- There appears to be spillover from non-HRAI contractors who are ineligible for this Initiative. There are cases where smaller independent contractors are offering their own incentives (by discounting their installations to match value of the OPA incentive) to make the sale. As this occurs outside of the Initiative, these installations are not being attributed to any LDC.

- The NRCan ecoENERGY program assisted with the awareness and participation in the program. It may indeed have been the main driver.

2.2.1.4 CONSERVATION INSTANT COUPON BOOKLET INITIATIVE (Exhibit A)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to encourage households to purchase energy efficient products by offering discounts.

Description: This Initiative provides customers with year round coupons. The coupons offer instant rebates towards the purchase of a variety of low cost, easy to install energy efficient measures and can be redeemed at participating retailers. Booklets were directly mailed to customers and were also available at point-of-purchase. Downloadable coupons were also available at www.saveONenergy.ca.

Targeted End Uses: ENERGY STAR® qualified standard compact fluorescent lights (CFLs), ENERGY STAR® qualified light fixtures, lighting control products, weatherstripping, hot water pipe wrap, electric water heater blanket, heavy duty plug-in timers, advanced power bars, clothesline, baseboard programmable thermostats.

Delivery: The OPA contracts centrally for the distribution of the coupon booklets across Ontario. LDCs distribute coupons at local events and market the Initiative locally. The OPA enters into agreements with retailers to honour the coupons.

Additional detail is available:

- Schedule B-1, Exhibit A http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf and
- SaveONenergy website https://saveonenergy.ca/Consumer.aspx

Initiative Activities/Progress:

Midland PUC began to actively promote the coupons with point of sale advertising and local distribution of coupons at customer service locations. The downloadable coupons can be obtained at the customer service area.

In Market Date: May 1, 2011

Lessons Learned:

- The downloadable coupons proved to be more successful than the mailed out booklets.
- This Initiative may benefit from an enabler such as a Conservation Card / Loyalty Card to increase customer participation.
- The timeframe for retailer submission of redeemed coupons vary from retailer to retailer and in some cases has been lengthy. This delays the results reporting, which in turn limits the OPA and LDC abilities to react and respond to Initiative performance or changes in consumer behaviour.
- The Product list should be distinctive from the Bi-Annual Retailer Event Initiative in order to gain more consumer interest and uptake.
- Program evolution, including new products (for example, LED lighting) and review of incentive pricing for the coupon Initiatives, should be a regular activity to ensure continued consumer interest.

2.2.1.5 BI-ANNUAL RETAILER EVENT INITIATIVE (Exhibit C)

Target Customer Type(s): Residential Customers

Initiative Frequency: Bi-annual events

Objective: The objective of this Initiative is to provide instant point of purchase discounts to individuals at participating retailers for a variety of energy efficient products.

Description: Twice a year (Spring and Fall), participating retailers host month-long rebate events. During the months of April and October, customers are encouraged to visit participating retailers where they can find coupons redeemable for instant rebates towards a variety of low cost, easy to install energy efficient measures.

Targeted End Uses: As per the Conservation Instant Coupon Booklet Initiative

Delivery: The OPA enters into arrangements with participating retailers to promote the discounted products, and to post and honour related coupons. LDCs also refer retailers to the OPA and market this Initiative locally.

Additional detail is available:

- Schedule B-1, Exhibit C http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf and
- SaveONenergy website https://saveonenergy.ca/Consumer.aspx

Initiative Activities/Progress:

Midland PUC has worked with local retailers to co-advertise the program, provide in store displays and have staff available to answer conservation questions. Co-operative retailer events have been initiated with neighbouring LDC's and proved to be effective in reaching more customers and provides realistic time management.

In Market Date: May 1, 2011.

Lessons Learned:

- The Product list has changed very little over the past four years.
- Program evolution, including new products (for example, LED lighting) and review of incentive pricing for the coupon Initiatives, must be a regular activity to ensure continued consumer interest.

- The Product list should be distinctive from the Conservation Instant Coupon Booklet Initiative in order to gain more consumer interest and uptake.
- A review conducted by the Residential Working Group in Q4 2011 identified three areas of need for Initiative evolution: 1) introduction of product focused marketing; 2) enhanced product selection and 3) improved training for retailers.

2.2.1.6 RETAILER CO-OP

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: Hold promotional events to encourage customers to purchase energy efficiency measures (and go above-and-beyond the traditional Bi-Annual Coupon Events).

Description: The Retailer Co-op Initiative provides LDCs the opportunity to work with retailers in their service area by holding special events at retail locations. These events are typically special promotions that encourage customers to purchase energy efficiency measures (and go above-and-beyond the traditional Bi-Annual Coupon Events).

Targeted End Uses: As per the Conservation Instant Coupon Booklet Initiative

Delivery: Retailers apply to the OPA for co-op funding to run special promotions that promote energy efficiency to customers in their stores. LDCs can refer retailers to the OPA. The OPA provides each LDC with a list of retailers who have qualified for Co-Op Funding as well as details of the proposed special events.

Initiative Activities/Progress:

Due and lack of retailer interest in the provincial program, Midland PUC was not able to actively pursue this initiative. Efforts to participate in the program on an annual basis are dependent on the OPA and retailer involvement.

In Market Date: Not in Market for 2011

Lessons Learned:

- In service territories where there are multiple LDCs in close proximity coordination of staffing and promotion may be appropriate.

2.2.1.7 NEW CONSTRUCTION PROGRAM (Schedule B-2)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to provide incentives to participants for the purpose of promoting the construction of energy efficient residential homes in the Province of Ontario.

Description: This is an energy efficiency Initiative that provides incentives to homebuilders for constructing new homes that are efficient, smart, and integrated (applicable to new single family dwellings). Incentives are provided in two key categories as follows:

- Incentives for homebuilders who install electricity efficiency measures as determined by a prescriptive list or via a custom option.
- Incentives for homebuilders who meet or exceed aggressive efficiency standards using the EnerGuide performance rating system.

Targeted End Uses: All-off switch, ECM motors, ENERGY STAR qualified central a/c, lighting control products, lighting fixtures, EnerGuide 83 whole home, EnerGuide 85 whole homes

Delivery: Local engagement of builders will be the responsibility of the LDC and will be supported by OPA air coverage driving builders to their LDC for additional information.

Additional detail is available:

- Schedule B-2 http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-2%20New%20Construction%20Program.pdf and
- SaveONenergy website https://saveonenergy.ca/Consumer.aspx

Initiative Activities/Progress:

Midland PUC service territory has experienced limited new building construction, limiting the opportunity of this initiative at this time.

In Market Date: June 2011.

Lessons Learned:

- Single unit contractors stated the incentives were not significant enough to justify the time spent on the application process. No tract builders are active in Midland PUC service area.
- Opportunities are being sought to ensure that whatever limited building does occur they are aware of the opportunity and assistance to apply.

2.2.1.8 RESIDENTIAL DEMAND RESPONSE PROGRAM (Schedule B-3)

Target Customer Type(s): Residential and Small Commercial Customers

Initiative Frequency: Year round

Objective: The objectives of this Initiative are to enhance the reliability of the IESO-controlled grid by accessing and aggregating specified residential and small commercial end uses for the purpose of load reduction, increasing consumer awareness of the importance of reducing summer demand and providing consumers their current electricity consumption and associated costs.

Description*:* *In* ***peaksaver***PLUS ™ participants are eligible to receive a free programmable thermostat or switch, including installation. Participants also receive access to price and real-time consumption information on an In Home Display (IHD). LDCs were given the choice to continue to offer the standard load control program (programmable thermostat or switch with a $25 bill credit) for the first 8 months of 2011 (referred to as ***peaksaver®***Extension). After August 2011, the Extension ended and the program (including marketing) ceased until new IHD product were available.

Targeted End Uses: Central air conditioning, electric hot water heaters and pool pumps

Delivery: LDC's recruit customers and procure technology

Additional detail is available:

- Schedule B-3 http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/SCHED_2011_ResDR_B_3_110727%28MJB%29v15_redacted.pdf and
- SaveONenergy website https://saveonenergy.ca/Consumer.aspx

Initiative Activities/Progress:

Midland PUC is actively reviewing delivery models and technology. LDC staff attended OPA peaksaver specific events as well as manufacturer tradeshows. Midland PUC is working as part of the CHEC Group to determine appropriate technologies and delivery agents. To date, concern has existed with the in home device functionality and the negative impact it could have on customer relations.

In Market Date: Not in market for 2011

Lessons Learned:

- The schedule for Peaksaver Plus was posted in August 2011, but this did not provide adequate time for product procurement for 2011, and part of 2012. The product procurement process uncovered the In Home Display units that communicate with installed smart meter technology were still in development and not ready for market deployment. Consequently, LDCs could not be in market with the Peaksaver Plus program until 2012.

- Introduction of new technology requires incentives for the development of such technology. Appropriate lead times for LDC analysis and assessment, product procurement, and testing and integration into the Smart Meter environment are also required. Making seemingly minor changes to provincial technical specifications can create significant issues when all LDCs attempt to implement the solution in their individual environments.
- Where a provincial solution is not available to all participants, attention to addressing specific LDC concerns is needed.
- In evaluation of in home devices on the market it became apparent they were not customer focused in that many required the reprogramming by the customer of the rate schedule. The interface between customer and device should be simplified to avoid customer questions and frustration with the in-home device.

2.2.2 COMMERCIAL AND INSTITUTIONAL PROGRAM

2.2.2.1 EFFICIENCY: EQUIPMENT REPLACEMENT INCENTIVE (ERII) (Schedule C-2)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives to non-residential distribution customers to achieve reductions in electricity demand and consumption by upgrading to more energy efficient equipment for lighting, space cooling, ventilation and other measures.

Description: The Equipment Replacement Incentive Initiative (ERII) offers financial incentives to customers for the upgrade of existing equipment to energy efficient equipment. Upgrade projects can be classified into either: 1) prescriptive projects where prescribed measures replace associated required base case equipment; 2) engineered projects where energy and demand savings and incentives are calculated for associated measures; or 3) custom projects for other energy efficiency upgrades.

Targeted End Uses: Lighting, space cooling, ventilation and other measures

Delivery: LDC delivered.

Additional detail is available:

- Schedule C-2 http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20C-2%20ERII%20Initiative.pdf and
- SaveONenergy website https://saveonenergy.ca/Business/Program-Overviews/Retrofit-for-Commercial.aspx

Initiative Activities/Progress:

The promotion of the program through various marketing initiatives has been on-going. These initiatives include:

- Cold calls on potential customers
- Walkthrough energy surveys and calculations of Return on Investment (ROI) for Energy Management Opportunities (EMO)
- Assistance with project development and file submission to the saveONenergy website
- Evening commercial customer awareness sessions at the Midland Public Library
- Workshops promoting programs for commercial customers in the hospitality industry and municipal staff
- Bill inserts on a quarterly basis
- Combined advertising with Commercial/Industrial programs in local media

In Market Date: March 1, 2011.

Lessons Learned:

- ERII (previously Equipment Replacement Incentive Program – ERIP) has been offered for many years. It is a high performing, cost-effective program.
- Completing the online applications on the saveONenergy site is an obstacle for most customers. A lack of skilled applicant representatives to provide support early in the program required much effort from Midland PUC's staff to build the capacity in the service area.
- Customers appeared most interested in moving forward on capital projects with a less than 2 year payback. Longer term projects have been difficult to get customer uptake.
- A major challenge for the ERII program in 2011 was payment delays. The centralized electronic processes were not ready as required by the Master Agreement. The lack of having these automated

processes, exasperated by a greater than expected volume of pre-2011 projects completing in 2011, caused considerable payment delays. Based on the lessons learned in the 2011 process, the centralized process review used for 2012 project payment has been streamlined.

- In March 2011, the new CRM system was launched by the OPA. This is the major online application system implemented to aid the 2011-2014 ERII application process. With system applications of this size and functionality, it was expected there would be various issues identified at the time of the release, and on-going, to prove the system was "ready for market." Unfortunately, the resolution of these issues, along with the corresponding time lags and workarounds, was seen to be a barrier to some customer participation in the 2011 program year. In addition, there were also on-going issues and limitations with the back-end CRM system that affected LDCs ability to effectively review and approve applications. Some LDCs (and their third party service providers) have developed parallel systems to monitor their applications.

2.2.2.2 DIRECT INSTALL INITIATIVE(DIL) (Schedule C-3)

Target Customer Type(s): Small Commercial, Institutional, Agricultural facilities and multi-family buildings

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer a free installation of eligible lighting and water heating measures of up to $1,000 to eligible owners and tenants of commercial, institutional, agricultural and multi-family facilities, for the purpose of achieving electricity and peak demand savings.

Description: The Direct Installed Lighting Initiative targets customers in the General Service <50kW account category. This Initiative offers turnkey lighting and electric hot water heater measures with a value up to $1,000 at no cost to qualifying small businesses. In addition, standard prescriptive incentives are available for eligible equipment beyond the initial $1,000 limit.

Target End Uses: Lighting and electric water heating measures.

Delivery: Participants can enroll directly with the LDC, or would be contacted by the LDC/LDC-designated representative.

Additional detail is available:

- Schedule C-3 http://www.powerauthority.on.ca/sites/default/files/page/Schedule%20C-3%20Direct%20Install%20Initiative%20-%20redacted.pdf and
- SaveONenergy website https://saveonenergy.ca/Business.aspx

Initiative Activities/Progress:

A contractor meeting was held Q2 2011 to reintroduce delivery partners to the program launch and key aspects of the 2011 program. Uptake was successful and quicker than the strategy had envisioned. As a result, Midland PUC worked with the parties to drive this program. Midland PUC recognizes in our strategy this program is central in meeting targets.

In Market Date: June 1, 2011.

Lessons Learned:

- In smaller communities such as Midland, the success of the program relies largely on an actively engaged local contractor(s) and a supportive LDC.

- The inclusion of a standard incentive for additional measures increased project size and drove higher energy and demand savings results in some situations.

- The cost of materials has experienced price volatility, reducing the margins of the electrical contractors and has led to a reduction in vendor channel participation in some regions.

- Due to backlogs in the payment system, participant incentive payments from the OPA to the LDC were delayed. Midland PUC chose to cash flow the program to avoid delays in payments to contractors to ensure they remained engaged in the program.

- To address these issues, the LDCs have been working with the OPA through Change Management to address:
    - extending the target Initiative population to include small agricultural customers;
    - increasing the incentive envelope of $1,000 to $1,500 to ensure ongoing marketability of the program; and
    - reviewing the eligible measure price list to support contractor participation.

2.2.2.3 EXISTING BUILDING COMMISSIONING INCENTIVE INITIATIVE (Schedule C-6)

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives for optimizing (but not replacing) existing chilled water systems for space cooling in non-residential facilities for the purpose of achieving implementation phase energy savings, implementation phase demand savings, or both.

Description: This Initiative offers Participants incentives for the following:

- scoping study phase
- investigation phase
- implementation phase
- hand off/completion phase

Targeted End Uses: Chilled water systems for space cooling

Delivery: LDC delivered.

Additional detail is available:

- Schedule C-6 http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20C-6%20Commissioning%20Initiative.pdfand
- SaveONenergy website https://saveonenergy.ca/Business/Program-Overviews/Existing-Building-Commissioning.aspx

Initiative Activities/Progress:

The opportunity for chilled water systems is limited in the Midland PUC service area due to the nature of the equipment and size of the feasible cooling load. No inquiries have been made from customers.

In Market Date: Not in Market 2011

Lessons Learned:

- There was no customer uptake for this Initiative. It is suspected that the lack of participation in the program provincially is a result of the Initiative being limited to space cooling. Accordingly chilled water systems used for other purposes should be made eligible and considered through Change Management.

- The customer expectation is that the program be expanded to include broader range of measures for a more holistic approach to building re-commissioning.

2.2.2.4 NEW CONSTRUCTION AND MAJOR RENOVATION INITIATIVE (HPNC) (Schedule C-4)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to encourage builders of commercial, institutional, and industrial buildings (including multi-family buildings and agricultural facilities) to reduce electricity demand and/or consumption by designing and building new buildings with more energy-efficient equipment and systems for lighting, space cooling, ventilation and other Measures.

Description: The New Construction Initiative provides incentives for new buildings to exceed existing codes and standards for energy efficiency. The Initiative uses both a prescriptive and custom approach.

Targeted End Uses: Building modeling, lighting, space cooling, ventilation and other Measures

Delivery: LDC delivers to customers and design decision makers.

Additional detail is available:

- Schedule C-4 http://www.powerauthority.on.ca/sites/default/files/page/ScheduleC-4NewContructionInitiativeV2.pdf and
- SaveONenergy website https://saveonenergy.ca/Business/Program-Overviews/New-Construction.aspx

Initiative Activities/Progress: This type of program is dependent upon the types of development and renovations being proposed in the service territory. The expectation is that Midland PUC will be able to work with project proponents as those projects are identified.

In Market Date: July 2011.

Lessons Learned:

- This is a continuation of the High Performance New Construction program previously delivered by Enbridge Gas under contract with the OPA (and subcontracted to Union Gas), which ran until December 2010.

- For 2011, new industry participation was limited due to the delays in redesign of certain aspects of the Initiative such as:

    - 2011 prescriptive incentives needed to be aligned with ERII incentives
    - In the cases of delivering large projects (i.e. custom applications), 2011 participation was limited due to:
        1) Building code changes
        2) Level of documentation required.

2.2.2.5 ENERGY AUDIT INITIATIVE (Schedule C-1)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives to owners and lessees of commercial, institutional, multi-family buildings and agricultural facilities for the purpose of undertaking assessments to identify all possible opportunities to reduce electricity demand and consumption within their buildings or premises.

Description: This Initiative provides participants incentives for the completion of energy audits of electricity consuming equipment located in the facility. Energy audits include development of energy baselines, use assessments and performance monitoring and reporting.

Targeted End Uses: Various

Delivery: LDC delivered.

Additional detail is available:

- Schedule C-1 http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20C-1%20Energy%20Audit%20Initiative.pdf and
- SaveONenergy website https://saveonenergy.ca/Business/Program-Overviews/Audit-Funding.aspx

Initiative Activities/Progress:

The audit program was promoted during site visits, through local media, mail inserts and customer information sessions. To date one application has been approved with ERII projects at the facility moving forward. It is anticipated uptake in the initiative will gain traction in 2012.

In Market Date: May 2011.

Lessons Learned:

- Customer uptake in the beginning of 2011 was slow, and increased provincially later in the year.
- Customers expect a greater connection with other CDM Initiatives as a result of completing the Energy Audit. The Initiative should be reviewed under Change Management for the means to readily incent Participants with Audits in hand to implement other electricity savings Initiatives.
- Customers appeared reluctant to do a full audit even after a walkthrough assessment indicated potential which could be further quantified in a full audit.

2.2.3 INDUSTRIAL PROGRAM

2.2.3.1 PROCESS& SYSTEMS UPGRADES INITIATIVE (PSUI) (Schedule D-1)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objectives: The objectives of this Initiative are to:

- Offer customers capital incentives and enabling Initiatives to assist with the implementation of large projects and project portfolios;
- Implement system optimization project in systems which are intrinsically complex and capital intensive; and
- Increase the capability of customers to implement energy management and system optimization projects.

Description: PSUI is an energy management Initiative that includes three Initiatives: (preliminary engineering study, detailed engineering study, and project incentive Initiative). The incentives are available to large distribution connected customers with projects or portfolio projects that are expected to generate at least 350 MWh of annualized electricity savings or, in the case of Micro-Projects, 100 MWh of annualized electricity savings. The capital incentive for this Initiative is the lowest of:

a) $200/MWh of annualized electricity savings

b) 70% of projects costs

c) A one year pay back

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional detail is available:

- Schedule D-1 http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20D-1%20Process%20and%20Systems%20Upgrades%20Initiative.pdf and
- SaveONenergy website https://saveonenergy.ca/Business.aspx

Initiative Activities/Progress:

General promotion of this initiative along with similar programs was completed at a Breakfast for Industrial User Event Q2 2011 and a Midland PUC sponsored Dollars to $ense Workshop Q3 2011. Limited opportunity in Midland PUC's service area exists due to the required MW kWh size of the project required to participate.

In Market Date: November 1, 2011.

Lessons Learned:

- The PSUI program targets large customers that are undertaking large capital projects. There is typically a long sales cycle for these projects, and then a long project development cycle. As such, results did not appear in 2011. Limited results are expected to appear in 2012. The majority of the results are expected in 2013-2014, with a much reduced benefit to cumulative energy savings targets.
- The OPA retained Technical Reviewer, an integral component of this Initiative, was not in place until late Q4 2011, thereby limited 2011 program uptake. In 2012, the Technical Reviewer has successfully worked through the project backlog and provided timely project reviews and recommendations.
- Steps are being taken in the 2012 change management process to simplify and streamline the micro-project application process and to allow smaller projects to be directed to the ERII stream.
- Given the size of the projects involved, the contract required for PSUI is a lengthy and complicated document. Attempts are being made through change management in 2012 to simplify the document while still protecting the ratepayer.
- In smaller service areas limited customer base and size exists to take advantage of program.

2.2.3.2 MONITORING & TARGETING INITIATIVE (Schedule D-2)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This Initiative offers access to funding for the installation of Monitoring and Targeting systems in order to deliver a minimum savings target at the end of 24 months, and sustained for the term of the M&T Agreement.

Description: This Initiative offers customers funding for the installation of a Monitoring and Targeting system to help them understand how their energy consumption might be reduced. A facility energy manager, who regularly oversees energy usage, will now be able to use historical energy consumption performance to analyze and set targets.

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional detail is available:

- Schedule D-2 http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20D-2%20Monitoring%20and%20Targeting%20Initiative.pdf and
- SaveONenergy website https://saveonenergy.ca/Business.aspx

Initiative Activities/Progress:

General promotion of this Initiative along with similar programs was utilized at the Breakfast for Industrial User Event in Q2. The opportunities in the Midland PUC's service area may be limited by the size of a facility required to be economically viable. Securing a Roving Energy Manager and modifying the schedule to allow smaller facilities to participate would contribute to the success of this Initiative locally.

In Market Date: September 1, 2011

Lessons Learned:

- The M&T Initiative was originally targeted at larger customers with the capacity to review the M&T data. This review requires the customer facility to employ an Energy Manager, or a person with equivalent qualifications, which has been a barrier for some customers. Through the change management process in 2012, changes are being made to both the M&T schedule and ERII to allow smaller facilities to employ M&T systems.

2.2.3.3 ENERGY MANAGER INITIATIVE (Schedule D-3)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to provide customers and LDCs the opportunity to access funding for the engagement of energy managers in order to deliver a minimum annual savings target.

Description: This Initiative provides customers the opportunity to access funding to engage an on-site, full time Embedded Energy Manager (EEM), or an off-site Roving Energy Manager (REM) who is engaged by the LDC. The role of the energy manager is to take control of the facility's energy use by monitoring performance, leading awareness programs, identifying opportunities for energy consumption improvement, and spearheading projects.

Participants are funded 80% of the EEM's salary up to $100,000 plus 80% of the energy manager's actual reasonable expenses incurred up to $8,000 per year. Each EEM or REM has an annual target of 300 kW of energy savings from one or more facilities. LDCs receive funding of up to $120,000 for a REM plus $8,000 for expenses.

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional detail is available:

- Schedule D-3 http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20D-3%20Energy%20Manager%20Initiative%202011-2014.pdf and
- SaveONenergy website https://saveonenergy.ca/Business.aspx

Initiative Activities/Progress:

As part of the CHEC Association, an application for a Roving Energy Manager (REM) was made to the OPA on June 6th 2011. The application was reviewed and (unofficially) approved by the OPA on December 1, 2011. Official approval was received by the OPA to proceed with the REM initiative, January 23, 2012. Midland PUC is pleased to have access to this individual. With the REM's advanced technical background, Midland PUC intends to capture potential industrial projects and provide enhanced support to the customer.

In Market Date: Not in Market in 2011

Lessons Learned:

- Energy managers are proving to be a popular resource and bring positive results to the industrial initiatives.
- At the beginning, it took longer than expected to set up the energy manager application process.
- As often is the case in building new programs, some LDCs are reporting difficulties in hiring capable REMs.
- CHEC Association made application for REM to qualify and determine sufficient projects to support the REM position.

2.2.3.4 KEY ACCOUNT MANAGER (KAM) (Schedule D-4)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This Initiative offers LDCs the opportunity to access funding for the employment of a KAM in order to support them in fulfilling their obligations related to the PSUI. The KAM is considered to be a key element in assisting the consumer in overcoming traditional barriers related to energy management and help them achieve savings since the KAM can build relationships and become a significant resource of knowledge to the customer.

Description: LDC delivered

Targeted End Uses: Process and Systems

Delivery:

Additional detail is available:

- ScheduleD-4 http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/projects_programs/pdfs/PSUI%20Initiative%20Schedule%20D-4.Key%20Account%20Manager.20110322.pdf

Initiative Activities/Progress:

Midland PUC does not qualify for a Key Account Manager but strives to use internal resources to meet the demands of local industry.

In Market Date: May 1 2011

Lessons Learned:

- Customers appreciate dealing with a single contact to interface with an LDC, a resource which has both the technical and business background who can communicate easily with the customer and the LDC.

2.2.3.5 DEMAND RESPONSE 3 (Schedule D-6)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This Initiative provides for Demand Response (DR) payments to contracted participants to compensate them for reducing their electricity consumption by a pre-defined amount during a demand response event**.**

Description: Demand Response 3 (DR3) is a demand response Initiative for commercial and industrial customers, of 50 kW or greater, to reduce the amount of power being used during certain periods of the year. The DR3 Initiative is a contractual resource that is an economic alternative to procurement of new generation capacity. DR3 comes with specific contractual obligations requiring participants to reduce their use of electricity relative to a baseline when called upon. This Initiative makes payments for participants to be on standby and payments for the actual electricity reduction provided during a demand response event. Participants are scheduled to be on standby approximately 1,600 hours per calendar year for possible dispatch of up to 100 hours or 200 hours within that year depending on the contract.

Targeted End Uses: Commercial and Industrial Operations

Delivery: DR3 is delivered by Demand Response Providers (DRPs), under contract to the OPA. The OPA administers contracts with all DRPs and Direct Participants (who provide in excess of 5 MW of demand response capacity). OPA provides administration including settlement, measurement and verification, and dispatch. LDCs are responsible for local customer outreach and marketing efforts.

Additional detail is available:

- Schedule D-6 http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20D-6%20Demand%20Response%203%202011-2014.pdf and
- SaveONenergy website https://saveonenergy.ca/Business.aspx

Initiative Activities/Progress: The DR3 program was promoted at the event Breakfast for Industrial Users Q2 and the Midland PUC sponsored Dollars to $ense workshop Q3 2011. Site visits by LDC staff to industrial ~~users~~ facilities were scheduled throughout Q3 & Q4 2011. Evaluation and discussion with aggregators have been held although no exclusive arrangements were entered into by Midland PUC to support any one aggregator. Midland PUC's DR3 program has been very successful in 2011 as a result of awareness activities initiated to date. Much of Midland's DR3 potential was captured in 2011, with efforts continuing into 2012.

In Market Date: May 1, 2011

Lessons Learned:

- Customer data is not provided by the OPA to the LDC on an individual customer basis due to contractual requirements with the aggregators. This limits the LDCs' ability to effectively market to prospective participants. LDCs are now approaching the Aggregators individually and working to develop agreements in order to identify potential customers of this Initiative.

- Aggregators reluctant to work with smaller users who would participate.
- Lack of information sharing removes the ability of the LDC to ensure that the customer is satisfied with the services provided by the aggregator. This could impact on ability to maintain in the program until December 2013.

2.2.4 LOW INCOME INITIATIVE (HOME ASSISTANCE PROGRAM) (Schedule E)

Target Customer Type(s): Income Qualified Residential Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer free installation of energy efficiency measures to income qualified households for the purpose of achieving electricity and peak demand savings.

Description: This is a turnkey Initiative for income qualified customers. It offers residents the opportunity to take advantage of free installation of energy efficient measures which assist in improving the comfort of their home, increase efficiency, and help the residents save money. All eligible customers receive a Basic and Extended Measures Audit, while customers with electric heat also receive a Weatherization Audit. The Initiative is designed to coordinate efforts with gas utilities.

Targeted End Uses: End use measures based on results of audit (i.e. compact fluorescent light bulbs)

Delivery: LDC delivered.

Additional detail is available:

- Schedule E
  http://www.powerauthority.on.ca/sites/default/files/page/Low%20Income%20Schedule%20-%20redacted%20version.pdf

Initiative Activities/Progress: The procurement process for this initiative was undertaken in late 2011. A qualified contractor has been determined and infrastructure is being prepared for delivery in 2012. Midland PUC is pleased to offer this Initiative to low income consumers and believes it will provide a valuable contribution to our community.

In Market Date: Not in market in 2011.

Lessons Learned:

- Difficulty in identifying eligibility and prioritizing customers may exist. The need to target and prioritize deep installs is required to maintain the integrity of the HAP program.

- This Initiative Schedule was finalized later (May 2011) than the majority of the OPA Initiatives and as a result, in 2011 only 2 LDCs were in market.
- The manner in which the PAB was assigned disservices some LDCs with primarily residential load.
- The financial scope, complexity, and customer privacy requirements of this Initiative resulted in a lengthy procurement process. Some LDCs must adhere to very transparent procurement processes which meant that delivery of the program did not start in 2011.

2.2.5 PRE-2011 PROGRAMS COMPLETED IN 2011

2.2.5.1 ELECTRICITY RETROFIT INCENTIVE PROGRAM

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives to non-residential distribution customers to achieve reductions in electricity demand and consumption by upgrading to more energy efficient equipment for lighting, space cooling, ventilation and other measures.

Description: Refer to section 2.2.2.1

Targeted End Uses: Manufacturing and Commercial facilities

Delivery: No longer in market

Initiative Activities/Progress: This is the recognition of work undertaken under the ERIP program that has been completed in 2011. Work in this area continued to encourage and assist applicants with the completion of previously approved projects. All participants in Midland PUC’s service are now complete.

2.3 Participation

Table 1 below outlines Midland PUC 2011 participation rates per initiative.

Table 1: Participation

Table 1: Participation[1]			
#	**Initiative**	**Unit**	**Uptake/ Participation Units**
Consumer Program			
1	Appliance Retirement	Appliances	73
2	Appliance Exchange	Appliances	11
3	HVAC Incentives	Equipment	73
4	Conservation Instant Coupon Booklet	Products	687
5	Bi-Annual Retailer Event	Products	1,040
6	Retailer Co-op	Products	0
7	Residential Demand Response	Devices	0
8	Residential New Construction	Houses	0
Business Program			
9	Efficiency: Equipment Replacement	Projects	7
10	Direct Install Lighting	Projects	83
11	Existing Building Commissioning Incentive	Buildings	0
12	New Construction and Major Renovation Incentive	Buildings	0
13	Energy Audit	Audits	1
14	Commercial Demand Response (part of the Residential program schedule)	Devices	0
15	Demand Response 3 (part of the Industrial program schedule)	Facilities	1
Industrial Program			
16	Process & System Upgrades	Projects	0
17	Monitoring & Targeting	Projects	0
18	Energy Manager	Managers	0
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Projects	0
20	Demand Response 3	Facilities	3
Home Assistance Program			
21	Home Assistance Program	Homes	0
Pre 2011 Programs Completed in 2011			
22	Electricity Retrofit Incentive Program	Projects	2
23	High Performance New Construction	Projects	0

2.4 Spending

In 2011 a total of $320,573.86 was spent by Midland PUC in delivering the OPA Provincial CDM programs while providing incentives to the community. As per Master Agreement the allocations of these funds is provided on a program rather than initiative basis.

Table 2: Spending

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Consumer Program	**$35,564.69**	**$0**	**$0**	**$0**	**$35,564.69**
Business Program	**$40,139.59**	**$21,165.00**	**$150,277.75**	**$0**	**$211,582.34**
Industrial Program	**$9,967.77**	**$0**	**$0**	**$0**	**$9,969.77**
Home Assistance Program	**$847.06**	**$0**	**$0**	**$0**	**$847.06**
Pre 2011 Programs Completed in 2011	**$0**	**$0**	**$62,610.00**	**$0**	**$62,610.00**
TOTAL Province-wide CDM PROGRAMS	**$86,519.11**	**$21,165.00**	$212,887.75	$0	$320,573.86

A number of initiatives were not in market for 2011. The initiatives and the Program which they are covered under are noted in Table 2a.

Table 2a: Initiatives Not In Market and Associated Program

CDM Initiatives Not In Market	Provincial Program
Midstream Electronics	Residential Program
Midstream Pool Equipment	Residential Program
Demand Service Space Cooling	Commercial & Institutional Program
Demand Response 1 (Commercial)	Commercial & Institutional Program
Demand Response 1 (Industrial)	Industrial Program
Home Energy Audit Tool	Residential Program.

2.4 Evaluation

2.5.1 EVALUATION FINDINGS

Table 3 below provides a summary of the province-wide evaluation findings for each initiative and highlights which initiatives were not evaluated.

Table 3: Province Wide Evaluation Findings

Table 3: OPA Province-Wide Evaluation Findings		
#	**Initiative**	
1	Appliance Retirement	Overall participation continues to decline year over year * Participation declined 17% from 2010 (from over 67,000 units in 2010 to over 56,000 units in 2011) 97% of net resource savings achieved through the home pick-up stream * Measure Breakdown: 66% refrigerators, 30% freezers, 4% dehumidifiers and window air conditioners 3% of net resource savings achieved through the Retailer pick-up stream * Measure Breakdown: 90% refrigerators, 10% freezers Net-to-Gross ratio for the initiative was 50% * Measure-level free ridership ranges from 82% for the retailer pick-up stream to 49% for the home pick-up stream * Measure-level spillover ranges from 3.7% for the retailer pick-up stream to 1.7% for the home pick-up stream
2	Appliance Exchange	Overall eligible units exchanged declined by 36% from 2010 (from over 5,700 units in 2010 to over 3,600 units in 2011) * Measure Breakdown: 75% window air conditioners, 25% dehumidifiers Dehumidifiers and window air conditioners contributed almost equally to the net energy savings achieved * Dehumidifiers provide more than three times the energy savings per unit than window air conditioners Window air conditioners contributed to 64% of the net peak demand savings achieved Approximately 96% of consumers reported having replaced their exchanged units (as opposed to retiring the unit) Net-to-Gross ratio for the initiative is consistent with previous evaluations (51.5%)
3	HVAC Incentives	Total air conditioner and furnace installations increased by 14% (from over 95,800 units in 2010 to over 111,500 units in 2011) * Measure Breakdown: 64% furnaces, 10% tier 1 air conditioners (SEER 14.5) and 26% tier 2 air conditioners (SEER 15) * Measure Breakdown did not change from 2010 to 2011 The HVAC Incentives initiative continues to deliver the majority of both the energy (45%) and demand (83%) savings in the consumer program * Furnaces accounted for over 91% of energy savings achieved for this initiative Net-to-Gross ratio for the initiative was 17% higher than 2010 (from 43% in 2010 to 60% in 2011) * Increase due in part to the removal of programmable thermostats from the program, and an increase in the net-to-gross ratio for both Furnaces and Tier 2 air conditioners (SEER 15)

4	Conservation Instant Coupon Booklet	Customers redeemed nearly 210,000 coupons, translating to nearly 560,000 products * Majority of coupons redeemed were downloadable (~40%) or LDC-branded (~35%) * Majority of coupons redeemed were for multi-packs of standard spiral CFLs (37%), followed by multi-packs of specialty CFLs (17%) Per unit savings estimates and net-to-gross ratios for 2011 are based on a weighted average of 2009 and 2010 evaluation findings Careful attention in the 2012 evaluation will be made for standard CFLs since it is believed that the market has largely been transformed
5	Bi-Annual Retailer Event	Customers redeemed nearly 370,000 coupons, translating to over 870,000 products * Majority of coupons redeemed were for multi-packs of standard spiral CFLs (49%), followed by multi-packs of specialty CFLs (16%) Per unit savings estimates and net-to-gross ratios for 2011 are based on a weighted average of 2009 and 2010 evaluation findings * Standard CFLs and heavy duty outdoor timers were reintroduced to the initiative in 2011 and contributed more than 64% of the initiative's 2011 net annual energy savings * While the volume of coupons redeemed for heavy duty outdoor timers was relatively small (less than 1%), the measure accounted for 10% of net annual savings due to high per unit savings Careful attention in the 2012 evaluation will be made for standard CFLs since it is believed that the market has largely been transformed.
6	Retailer Co-op	Initiative was not evaluated in 2011 due to low uptake. Verified Bi-Annual Retailer Event per unit assumptions and free-ridership rates were used to calculate net resource savings
7	Residential Demand Response	Approximately 20,000 new devices were installed in 2011 * 99% of the new devices enrolled controlled residential central AC (CAC) 2011 only saw 1 atypical event (in both weather and timing) that had limited participation across the province * The ex ante impact developed through the 2009/2010 evaluations was maintained for 2011; residential CAC: 0.56 kW/device, commercial CAC: 0.64 kW/device, and Electric Water Heaters: 0.30 kW/device
8	Residential New Construction	Initiative was not evaluated in 2011 due to limited uptake Business case assumptions were used to calculate savings
9	Efficiency: Equipment Replacement	Gross verified energy savings were boosted by lighting projects in the prescriptive and custom measure tracks Lighting projects overall were determined to have a realization rate of 112%; 116% when including interactive energy changes * On average, the evaluation found high realization rates as a result of both longer operating hours and larger wattage reductions than initial assumptions * Low realization rates for engineered lighting projects due to overstated operating hour assumptions Custom non-lighting projects suffered from process issues such as: the absence of required M&V plans, the use of inappropriate assumptions , and the lack of adherence to the M&V plan The final realization rate for summer peak demand was 94% * 84% was a result of different methodologies used to calculate peak demand savings * 10% due to the benefits from reduced air conditioning load in lighting retrofits Overall net-to-gross ratios in the low 70's represent an improvement over the 2009 and 2010 ERIP program where net-to-gross ratios were in the low 60's and low 50's, respectively. Strict eligibility requirements and improvements in the pre-approval process contributed to the improvement in net-to-gross ratios
	Direct Install Lighting	Though overall performance is above expectations, participation continues to decline year over year as the initiative reaches maturity 70% of province-wide resource savings persist to 2014 * Over 35% of the projects for 2011 included at least one CFL measure * Resource savings from CFLs in the commercial sector only persist for the industry standard of 3 years

		Since 2009 the overall realization rate for this program has improved * 2011 evaluation recorded the highest energy realization rate to date at 89.5% * The hours of use values were held constant from the 2010 evaluation and continue to be the main driver of energy realization rate * Lights installed in "as needed" areas (e.g., bathrooms, storage areas) were determined to have very low realization rates due to the difference in actual energy saved vs. reported savings
11	Existing Building Commissioning Incentive	Initiative was not evaluated in 2011, no completed projects in 2011
12	New Construction and Major Renovation Incentive	Initiative was not evaluated in 2011 due to low uptake Assumptions used are consistent with preliminary reporting based on the 2010 Evaluation findings and consultation with the C&I Work Group (100% realization rate and 50% net-to-gross ratio)
13	Energy Audit	The evaluation is ongoing. The sample size for 2011 was too small to draw reliable conclusions.
14	Commercial Demand Response	See residential demand response (#7)
15	Demand Response 3	See Demand Response 3 (#20)
16	Process & System Upgrades	Initiative was not evaluated in 2011, no completed projects in 2011
17	Monitoring & Targeting	Initiative was not evaluated in 2011, no completed projects in 2011
18	Energy Manager	Initiative was not evaluated in 2011, no completed projects in 2011
19	Efficiency: Equipment Replacement Incentive	See Efficiency: Equipment Replacement (#9)
20	Demand Response 3	Program performance for Tier 1 customers increased with DR-3 participants providing 75% of contracted MW for both sectors * Industrial customers outperform commercial customers by provide 84% and 76% of contracted MW, respectively Program continues to diversify but still remains heavily concentrated with less than 5% of the contributors accounting for the majority (~60%) of the load reductions. By increasing the number of contributors in each settlement account and implementation of the new baseline methodology the performance of the program is expected to increase
21	Home Assistance Program	Initiative was not evaluated in 2011 due to low uptake Business Case assumptions were used to calculate savings

22	Electricity Retrofit Incentive Program	Initiative was not evaluated Net-to-Gross ratios used are consistent with the 2010 evaluation findings (multifamily buildings 99% realization rate and 62% net-to-gross ratio and C&I buildings 77% realization rate and 52% net-to-gross ratio)
23	High Performance New Construction	Initiative was not evaluated Net-to-Gross ratios used are consistent with the 2010 evaluation findings (realization rate of 100% and net-to-gross ratio of 50%)
24	Toronto Comprehensive	Initiative was not evaluated Net-to-Gross ratios used are consistent with the 2010 evaluation findings
25	Multifamily Energy Efficiency Rebates	Initiative was not evaluated Net-to-Gross ratios used are consistent with the 2010 evaluation findings
26	Data Centre Incentive Program	Initiative was not evaluated
27	EnWin Green Suites	Initiative was not evaluated

2.5.2 EVALUATION RESULTS

Table 4 below provides Midland PUC specific initiative-level results (net and gross peak demand and energy savings, realization rates, net-to-gross ratios and how each initiative contributes to target).

Table 4: 2011 Midland PUC Evaluation Results

#	Initiative	Realization Rate		Gross Savings		Net-to-Gross Ratio		Net Savings		Contribution to Targets	
		Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program											
1	Appliance Retirement	100%	100%	8	60,991	52%	52%	4	31,401	4	125,604
2	Appliance Exchange	100%	100%	2	2,520	52%	52%	1	1,299	0	4,494
3	HVAC Incentives	100%	100%	39	75,046	60%	60%	23	44,774	23	179,095
4	Conservation Instant Coupon Booklet	100%	100%	1	22,729	113%	111%	1	24,940	1	99,761
5	Bi-Annual Retailer Event	100%	100%	2	32,158	113%	110%	2	35,133	2	140,531
6	Retailer Co-op	-	-	0	0	-	-	0	0	0	0
7	Residential Demand Response	0%	0%	0	0	-	-	0	0	0	0
8	Residential New Construction	-	-	0	0	-	-	0	0	0	0
Business Program											
9	Efficiency: Equipment Replacement	94%	135%	95	622,393	75%	76%	71	475,474	71	1,901,895
10	Direct Install Lighting	108%	90%	87	263,091	93%	93%	93	244,291	73	917,147
11	Existing Building Commissioning Incentive	-	-	0	0	-	-	0	0	0	0

12	New Construction and Major Renovation Incentive	-	-	0	0	-	-	0	0	0	0
13	Energy Audit	-	-	0	0	-	-	0	0	0	0
14	Commercial Demand Response	0%	0%	0	0	-	-	0	0	0	0
15	Demand Response 3	76%	100%	95	2,813	n/a	n/a	72	2,813	0	2,813
Industrial Program											
16	Process & System Upgrades	-	-	0	0	-	-	0	0	0	0
17	Monitoring & Targeting	-	-	0	0	-	-	0	0	0	0
18	Energy Manager	-	-	0	0	-	-	0	0	0	0
19	Efficiency: Equipment Replacement Incentive	-	-	0	0	-	-	0	0	0	0
20	Demand Response 3	84%	100%	1,553	76,826	n/a	n/a	1,309	76,826	0	76,826
Home Assistance Program											
21	Home Assistance Program	-	-	0	0	-	-	0	0	0	0
Pre-2011 Programs completed in 2011											
22	Electricity Retrofit Incentive Program	77%	77%	15	87,248	52%	52%	8	45,369	8	181,475
23	High Performance New Construction	100%	100%	0	1,379	50%	50%	0	689	0	2,757

Assumes demand response resources have a persistence of 1 year

Table 5 below provides a portfolio level view of achievement towards Midland PUC's OEB targets in 2011.

Table 5: 2011 Midland PUC Summarized Program Results

Program	Gross Savings		Net Savings		Contribution to Targets	
	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program Total	52	193,445	32	137,547	31	549,485
Business Program Total	277	888,298	236	722,578	144	2,821,855
Industrial Program Total	1,553	76,826	1,309	76,826	0	76,826
Home Assistance Program Total	0	0	0	0	0	0
Pre-2011 Programs completed in 2011 Total	15	88,626	8	46,058	8	184,232
Total OPA Contracted Province-Wide CDM Programs	**1,898**	**1,247,194**	**1,585**	**983,008**	**183**	**3,632,398**

2.6 Additional Comments

OPA province wide CDM Initiatives were in “start-up” mode in early 2011 as Midland PUC and the OPA finalized Schedules, developed processes, and procured services and resources, before Midland PUC could market the initiatives to customers. While the majority of the initial aspects of the programs were ultimately delivered during the course of 2011, target milestones suffered as a result. However, looking forward to 2012, there is significant traction across the entire initiative portfolio, such that Midland PUC is now beginning to see the results of a maturing program with a firm foundation in the market place.

In 2011, Midland PUC made efforts to establish priorities by building capacity in programs that would have the greatest impact on the community. These priorities were:

1) Support our industrial customers, to expand LDC target efforts and recognize that industrial user timelines for initiating projects could become stressed in some circumstances in a four year program.

2) Support small business customers, as the user group was being exposed to TOU. Midland PUC made strong efforts to support small business with the Direct Install Lighting Initiative.

3) Support residential customers adjusting to TOU rates by providing workshops and information sessions. In addition TOU to RPP bill comparisons were calculated and presented to each customer.

The success of this decision is evident in the participation rate across all customer classes. In addition, at year end, Midland PUC is in discussion with industrial users, identifying ERII projects entering into the pipeline in 2012.

The Peaksaver Program was not in market locally, as we were awaiting technology improvements. Midland PUC’s preference is not to use “temporary fixes” to start up programs. The final results can be frustrating for consumers and not cost effective for the effort. This has resulted in a lowering of peak demand reduction in the residential sector. However, this demand loss was offset by strong participation in the DR3 program.

3 Combined CDM Reporting Elements

3.1 Progress Towards CDM Targets

Table 6 and Table 7 below outline an overview of the progress made against the MW target and GWh target as set out in Midland PUC's license. From the summary tables a negative variance of -0.51% for MW and positive variance of 7.47% for GWh are noted.

The results attributed to targets, use current OPA reporting policies. Energy efficiency resources persist for the duration of the effective useful life. Any upcoming code changes are taken into account. Demand response resources persist for 1 year.

Table 6: Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual (MW)			
	2011	2012	2013	2014
2011 - Verified	1.58	0.20	0.20	0.18
2012				
2013				
2014				
Verified Net Annual Peak Demand Savings in 2014:				**0.18**
Midland Power Utility Corporation 2014 Annual CDM Capacity Target:				**2.39**
Verified Portion of Peak Demand Savings Target Achieved (%):				**7.65%**
Midland Power Utility Corporation Strategy, Milestone submitted for 2011				**8.16%**
Variance				**-0.51%**

Table 7: Net Energy Savings at the End-User Level (GWh)

Implementation Period	Annual (GWh)				Cumulative (GWh)
	2011	2012	2013	2014	2011-2014
2011 - Verified	0.98	0.90	0.90	0.90	3.63
2012					
2013					
2014					
Verified Net Cumulative Energy Savings 2011-2014:					**3.63**
Midland Power Utility Corporation 2011-2014 Cumulative CDM Energy Target:					10.82
Verified Portion of Cumulative Energy Target Achieved (%):					**33.57%**
Midland Power Utility Corporation Strategy, Milestone submitted for 2011					**26.1%**
Variance					**+7.47%**

The variance with the Peak Demand target at first glance, appears to be marginally negative. However, the verified portion of Peak Demand does not include DR3 due to a persistence of one year. Once DR3 is included, the Peak Demand is increased to 1.58 MW from 0.18 MW. This increases the Peak Demand Savings for 2011 to 65.4% or a variance of positive 58.1%. Efforts to maintain DR3 will be critical to achieve Peak Demand targets moving forward.

The main driver for the successful GWh achievement was the Direct Install Program and Midland PUC's strong support of the small business community. This was a positive result for small business, local electrical contractors and Midland PUC's target levels. It is predicted the participation rate will drop off in Midland without enhancements to the Direct Install Program and additional marketing to drive a resurgence into the market place in 2012. An increase in targets from ERII will be a strong focus to replace the Direct Install results in 2012.

Two absent Programs vital to our successful model are the Peaksaver and the Home Assistance Program (HAP). It is expected that HAP target contributions will be made in late Q4 2012 with the Peaksaver becoming active in Q1 2013. Although slow to get to the market place, the revisions and technology enhancements creating the delays are a positive improvement for the customer and the delivery/payment process. We anticipate these delays to have a marginal negative effect in overall target achievements in 2014.

As mentioned previously, within the scope of the CDM Strategy no contribution from TOU has been included. Once received, the impact to the results on the CDM Strategy will be incorporated. It is predicted that Midland PUC will not require additional OEB approved programs to be successful at reaching target goals in 2014. As a smaller LDC, and as a member of the CHEC Group, our efforts remain focused on fully utilizing the OPA Province Wide Programs which are appropriate for our community. Low levels of saturation have been observed in the community during site visits. Facilities with many EMO's have yet to be addressed by business owners.

Based on the results to date and review of the CDM Strategy and targets, Midland PUC maintains confidence in its ability to achieve the targets by December 2014.

3.2 CDM Strategy Modifications

The CDM Strategy filed with the OEB included the initial CDM targets as communicated to the LDCs. As such the LDC Strategy is provided below with the revised targets included. The CDM Strategy has also been revised to reflect the first year performance.

To illustrate the changes between the previous Strategy and the revised Strategy both CDM Strategies are presented on the same chart. In addition the actual targets achieved for 2011 are included to update the CDM Strategy accordingly.

CDM Strategy - Setpember 2012 Revision

Midland

Annual Milestone - Contribution to 2014 Target

Category - Consumer	Focus (kW or kWh)	2011 Original Strategy		Actual 2011		2012 Original		2012 Revissed		2013 Original		2013 Revised		2014 Original		2014 Revised		Original Total Projected Reduction		Revised Total Projected Reduction	
		kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Provincial Programs																					
Appliance Retirement		10	240,123	4	130,098	10	178,734	4	55,272	6	68,789	6	68,789	6	33,370	6	33,370	32	521,016	21	287,529
Instant Discounts (Rebates)		3	354,213	3	240,292	2	160,742	2	160,742	2	107,161	2	107,161	2	53,581	2	53,581	10	675,697	10	561,776
HVAC Discounts (Rebates)		25	157,567	23	179,095	26	123,855	24	123,855	28	86,359	28	86,359	29	45,402	29	45,402	108	413,183	104	434,711
Demand Response		36	175,391	0	0	62	314,152	0	0	77	261,794	77	261,794	80	135,261	80	135,261	255	886,598	157	397,055
Midstream Incentives		0	3,700	0	0	0	2,775	0	0	0	1,850	0	1,850	0	925	0	925	1	9,250	1	2,775
New Construction		3	27,122	0	0	3	22,696	0	0	4	20,238	4	20,238	5	11,530	5	11,530	15	81,585	9	31,768
Low Income		0	0	0	0	0	0	0	0	0	0	5	44,900	0	0	5	22,450	0	0	10	67,350
Provincial Consumer Total		78	958,117	30	549,485	104	802,953	30	339,869	118	546,191	123	591,091	123	280,068	128	302,518	422	2,587,330	311	1,782,964
OEB Approved Programs																					
General Consumer		0	0	0	0	60	600,000	0	0	65	325,000	65	325,000	70	175,000	70	175,000	195	1,100,000	135	500,000
Low Income		0	0	0	0	20	200,000	0	0	30	150,000	30	150,000	40	100,000	40	100,000	90	450,000	70	250,000
EB Approved Programs Total		0	0	0	0	80	800,000	0	0	95	475,000	95	475,000	110	275,000	110	275,000	285	1,550,000	205	750,000
Consumer Program Total		78	958,117	30	549,485	184	1,602,953	30	339,869	213	1,021,191	218	1,066,091	233	555,068	238	577,518	707	4,137,330	516	2,532,964

OEB Projected Dollars			
kW	kWh	Total	
$ 342,000	$ 139,500	$ 481,500	Original
$ 246,000	$ 67,500	$ 313,500	Revised

Midland

Annual Milestone - Contribution to 2014 Target

Category - Commercial & Institutional	Focus (kW or kWh)	2011 Original Strategy		Actual 2011		2012 Original		2012 Revissed		2013 Original		2013 Revised		2014 Original		2014 Revised		Original Total Projected Reduction		Revised Total Projected Reduction	
		kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Provincial Programs																					
Existing Building Retrofits – Medium and Large Buildings		69	847,566	71	1,901,895	234	920,703	98	1,225,260	321	1,056,877	321	1,056,877	0	0	0	0	623	2,825,145	490	4,184,032
Existing Building Retrofits – Small Buildings		30	664,209	73	917,147	33	561,721	20	420,225	46	217,156	46	217,156	45	81,260	45	81,260	155	1,524,346	184	1,635,788
Small Commercial Demand Response		3	6,776	0	0	5	12,047	0	0	7	10,048	7	10,048	7	5,185	7	5,185	23	34,056	14	15,233
Demand Response 1		0	0	0	2,757	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,757
Demand Response 3		0	0	72	2,813	0	0	0	7,113	0	0	0	0	0	0	0	0	0	0	72	9,926
Provincial Commercial & Inst. Total		103	1,518,550	216	2,824,612	273	1,494,472	118	1,652,598	374	1,284,081	374	1,284,081	52	86,445	52	86,445	801	4,383,548	760	5,847,736
OEB Approved Programs																					
Retrofits		0	0	0	0	120	720,000	0	0	130	455,000	130	455,000	140	210,000	140	210,000	390	1,385,000	270	665,000
New Construction		0	0	0	0	5	30,000	0	0	5	17,500	5	17,500	5	7,500	5	7,500	15	55,000	10	25,000
EB Approved Programs Total		0	0	0	0	125	750,000	0	0	135	472,500	135	472,500	145	217,500	145	217,500	405	1,440,000	280	690,000
Commercial & Inst. Total		103	1,518,550	216	2,824,612	398	2,244,472	118	1,652,598	509	1,756,581	509	1,756,581	197	303,945	197	303,945	1,206	5,823,548	1,040	6,537,736

OEB Projected Dollars			
kW	kWh	Total	
$ 486,000	$ 129,600	$ 615,600	Original
$ 336,000	$ 62,100	$ 398,100	Revised

CDM Strategy - Setpember 2012 Revision

Midland

Category - Industrial	Focus (kW or kWh)	2011 Original Strategy kW	2011 Original Strategy kWh	Actual 2011 kW	Actual 2011 kWh	2012 Original kW	2012 Original kWh	2012 Revissed kW	2012 Revissed kWh	2013 Original kW	2013 Original kWh	2013 Revised kW	2013 Revised kWh	2014 Original kW	2014 Original kWh	2014 Revised kW	2014 Revised kWh	Original Total Projected Reduction kW	Original Total Projected Reduction kWh	Revised Total Projected Reduction kW	Revised Total Projected Reduction kWh
		Annual Milestone - Contribution to 2014 Target																			
Program Name																					
Industrial Accelerator		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Industrial Equipment Replacement		14	343,392	0	0	14	257,544	180	2,287,974	14	171,696	14	171,696	14	85,848	14	85,848	56	858,480	208	2,545,518
Demand Response 1		0	3	0	0	0	3	0	0	0	3	0	3	1	3	1	3	1	11	1	5
Demand Response 3		0	6	1,309	76,826	0	6	0	39,786	0	6	0	6	1	6	1	6	1	25	1,310	116,624
Provincial Industrial Total		14	343,401	1,309	76,826	14	257,553	180	2,327,760	14	171,705	14	171,705	16	85,857	16	85,857	58	858,516	1,519	2,662,148
OEB Approved Programs																					
A		0	0	0	0	10	200,000	0	0	10	150,000	10	150,000	10	50,000	10	50,000	30	400,000	20	200,000
B		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EB Approved Programs Total		0	0	0	0	10	200,000	0	0	10	150,000	10	150,000	10	50,000	10	50,000	30	400,000	20	200,000
Industrial Total		14	343,401	1,309	76,826	24	457,553	180	2,327,760	24	321,705	24	321,705	26	135,857	26	135,857	88	1,258,516	1,539	2,862,148
2010 Contribution		0	0	8	184,232															8	184,232

OEB Projected Dollars			
kW	kWh	Total	
$ 36,000	$ 36,000	$ 72,000	Original
$ 24,000	$ 18,000	$ 42,000	Revised

Revised Target	2011 Original kW	2011 Original kWh	Actual 2011 kW	Actual 2011 kWh	2012 Original kW	2012 Original kWh	2012 Revised kW	2012 Revised kWh	2013 Original kW	2013 Original kWh	2013 Revised kW	2013 Revised kWh	2014 Original kW	2014 Original kWh	2014 Revised kW	2014 Revised kWh	Original Total Projected Reduction kW	Original Total Projected Reduction kWh	Revised Total Projected Reduction kW	Revised Total Projected Reduction kWh
CDM Strategy Total	195	2,820,068	1,563	3,635,155	605	4,304,978	328	4,320,227	746	3,099,477	751	3,144,377	455	994,870	460	1,017,320	2,001	11,219,393	3,102	12,117,080
															Target to Achieve		2,390	10,820,000		
																	83.7%	103.7%	129.8%	112.0%

% of Target	2011 Original		2011 Actual		2012 Original		2012 Revised		2013 Original		2013 Revised		2014 Original		2014 Revised		Total Projected Reduction		Total Projected Reduction	
	8.1%	26.1%	65.4%	33.6%	25.3%	39.8%	13.7%	39.9%	31.2%	28.6%	31.4%	29.1%	19.0%	9.2%	19.2%	9.4%	83.7%	103.7%	129.8%	112.0%

Total OEB Projected Dollars			
kW	kWh	Total	
$ 864,000	$ 305,100	$ 1,169,100	Original
$ 606,000	$ 147,600	$ 753,600	Revised

Midland PUC has achieved successful target results in 2011. For 2012 we will be required to adjust the Scenario 1 Demand (excluding DR3) milestone lower from 0.605 MW to 0.328 MW due to the delay of the Peaksaver Program. The Peaksaver Demand loss will be recovered in 2013 as the program enters the market in Midland PUC's area. The 2012 Demand reduction will be offset by the DR3 component, which is projected to be 1.35 MW for 2012 in Scenario 2, with the 0.2 MW carryover from 2011, the Scenario 2 estimate is 2.07 MW. The GWh milestone will remain at the predicted at 4.3 GWh.

Efforts to promote all Initiatives and meet Midland PUC's targets can at times be counterproductive. As in 2011, it is the intention of Midland PUC to identify key users groups that will benefit from individual Initiatives. This will continue to provide Midland PUC with enhanced annual target levels for MW and GWh. Midland PUC will drive these Initiatives forward using the techniques that produced positive results in 2011.

3.3 Midland PUC 2012 Action Plan

Consumer Program

- Participate in OPA scheduled spring and fall events to maintain uptake in the Initiatives. Continue to engage local appliance retailers, HVAC industry and residential energy auditors to participate in the residential programs.
- Continue efforts in bringing Peaksaver to market.

Business Program

- Expand efforts to identify channel partners, team with CHEC members and neighbouring LDC's to co-promote program Initiatives.
- Build capacity in business community and raise awareness of the saveONenergy Program through the identification of potential benefits for their business.
- Engage mid-size businesses and small manufacturing industries, driving targets into the ERII Program.
- Break business user groups into sectors and identify common EMO's. Sectors with elevated levels of EMO projects to be identified. Develop strategies to engage and exploit opportunities to the benefit of the business owners.
- Develop workshops and marketing materials to promote the Direct Install Lighting program deeper into the user group. Commence cold call activities and site visits to identify EMO's.

Industrial Program

- Make efforts to retain and increase DR3 component to Demand target.
- Provide courtesy Level 1 ASHRAE energy audits to identify EMO's and engage industrial users to participate in ERII program.

- Provide industrial user group access to proposed CHEC Roving Energy Manager (REM) as projects dictate.

Home Assistance Program

- Continue efforts to bring the Home Assistance Program to market.