



Niagara On-The-Lake HYDRO

September 28, 2012

Delivered by Courier and RESS

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

Attention: Ms. Kirsten Walli
Board Secretary

**Subject: Niagara-on-the-Lake Hydro Inc. (EB-2010-0215)
Conservation and Demand Management (CDM) Code for Electricity
Distributors – CDM 2011 Annual Report**

Dear Ms. Walli:

Niagara-on-the-Lake Hydro Inc. hereby submits its Conservation and Demand Management (CDM) 2011 Annual Report. This submission is filed in accordance with item 2.2 of the Ontario Energy Board's (the Board's) "*Conservation and Demand Management Code for Electricity Distributors*", issued on September 16, 2010.

Two hard copies of the submission are enclosed. An electronic copy of this submission in PDF format will be submitted through the Board's *Regulatory Electronic Submission System* ("RESS").

This document was developed based a template prepared by Hydro One Networks Inc. The template was reviewed by the Reporting and Evaluation Working Group and the Ontario Power Authority (OPA) through May and June 2012. Board Staff were consulted on May 28th, 2012. It was sent to the Electricity Distributors Associate (EDA) on July 17th, 2012, for circulation to all LDCs to use for their reporting requirement to the Board.

This CDM 2011 Annual Report is respectfully submitted for the Board's consideration.

Yours truly,
NIAGARA-ON-THE-LAKE HYDRO INC.

Jim Huntingdon
President

Niagara-on-the-Lake Hydro Inc.

Conservation and Demand Management 2011 Annual Report

**Submitted to:
Ontario Energy Board**

Template presented to July 17, 2012 EDA Forum

Submitted on September 30, 2012

Niagara-on-the-Lake Hydro Inc. 2011 CDM Annual Report

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Executive Summary

On November 1st, 2010, Niagara-on-the-Lake Hydro submitted our initial Conservation and Demand Management (CDM) strategy outlining our plan to meet mandated targets set by the Ontario Energy Board (the Board). Subsequent to our filing, the Board issued further direction May 20, 2011 requesting budgetary information. Niagara-on-the-Lake Hydro resubmitted our amended CDM Strategy on June 13, 2011 with both budgetary information derived from the Ontario Power Authority (the OPA)..

As detailed in *Section 3.1 Progress Towards CDM Targets*, Niagara-on-the-Lake Hydro has the mandated target of: Net Cumulative Energy Savings of 8.27 GWh (between 2011 and 2014) and a Net Annual Peak Demand Savings Target of 2.42 MW (summer 2014). With the results provided by the OPA for the 2011 Tier 1 provincial programs, Niagara-on-the-Lake Hydro has achieved: Net Cumulative Energy Savings of 3.87 GWh (between 2011 and 2014) and a Net Annual Peak Demand Savings Target of 0.23 MW (summer 2014). In our first year results, Niagara-on-the-Lake Hydro achieved 46.82% of our four-year Energy savings target and 9.51% of our four-year Demand savings target. Compared to our strategy forecast, Niagara-on-the-Lake Hydro fell short of reaching the forecasted 0.3318 MW by 4.21%. Alternatively, Niagara-on-the-Lake Hydro exceeded our forecasted cumulative energy of 1.277 GWh target by 31.35%.

In 2011, Niagara-on-the-Lake Hydro transitioned from offering 3 OPA CDM programs, to a suite of over 20 Tier 1 saveONenergy CDM Programs. Without a doubt, 2011 was a year of transition. Most of the CDM programs were not in-market for our customers until Q2 or Q3 2011, and unfortunately some programs were not available for 2011. The process of launching these programs for our customers was not as fast as anticipated, proving 2011 to be a year spent in “start-up mode” including building new branding under the saveONenergy banner, and securing third party vendors for delivery and verification services. Although 2011 was a year of transition, savings from residual 2010 projects were attributed to our 2011 results making our results slightly higher than if just from original saveONenergy programs as detailed in *Section 2.3 Participation Table 1*.

Niagara-on-the-lake Hydro believes that should our progress continue to follow our 2011 results, we may achieve our Energy targets for 2014 provided all saveONenergy programs are available to LDCs. However, should programs such as *peaksaver*[®] PLUS and Demand Response 3 fail to get into market successfully in 2012/13, our Demand savings for 2014 may not be achieved. An additional identified risk to our targets not being met is the long sales cycle required for many of the potential C&I projects. If large projects are not submitted for approval by March 2013, it is unlikely they will be installed and functional for the December 31, 2014 cut-off date, making these projects ineligible for the saveONenergy incentives and subsequently will not count towards Niagara-on-the-lake Hydro’s CDM targets.

Overall, Niagara-on-the-lake Hydro is on track with where we projected to be for 2011. We will continue to offer the full suite of saveONenergy CDM programs to our customers and hope to add additional Tier 2 programs in the future, with the objective of meeting our targets by 2014.

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 Niagara-on-the-Lake Hydro to require Niagara-on-the-Lake Hydro as a condition of its licence, to achieve **8.270 GWh** of energy savings and **2.420 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 licences. To comply with the Code requirements, Niagara-on-the-Lake Hydro submitted its CDM Strategy on November 1, 2010 which provided a high level of description of how Niagara-on-the-Lake Hydro 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.

This document was developed based a template prepared by Hydro One Networks Inc. The template was reviewed by the Reporting and Evaluation Working Group and the Ontario Power Authority (OPA) through May and June 2012. OEB Staff were consulted on May 28th, 2012. It was sent to the Electricity Distributors Associate (EDA) on July 17th, 2012, for circulation to all LDCs to use for their reporting requirement to the OEB.

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 that, (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 Niagara-on-the-Lake Hydro’s 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 OPA for the province, and then allocated to distributors. Niagara-on-the-Lake Hydro 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 Niagara-on-the-Lake Hydro is not able to provide any verified savings related to Niagara-on-the-Lake Hydro’s TOU program at this time.

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: OEB set rates; LDC installation and maintenance of the meter; LDC converts customers to TOU billing.

Initiative Activities/Progress:

Niagara-on-the-Lake Hydro began transitioning its RPP customers to TOU billing October 2011. At December 31, 2011, 7,344 RPP customers were on TOU billing.

1.3 Niagara-on-the-Lake Hydro’s Application with the OEB

Niagara-on-the-Lake Hydro does not currently have an application before the Board to deliver Board-Approved CDM Programs.

2 OPA-Contracted Province-Wide CDM Programs

2.1 Introduction

Effective February 3rd, 2011, Niagara-on-the-Lake Hydro entered into an agreement with the OPA to deliver CDM programs extending from January 1, 2011 to December 31, 2014, which, 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	Feb 2011	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 &

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			<i>above</i>
Energy Manager	Schedule D-3	<i>May 31, 2011</i>	<i>General Service 50 kW & above</i>
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Schedule C-2	<i>May 31, 2011</i>	<i>General Service 50 kW & above</i>
Demand Response 3	Schedule D-6	<i>May 31, 2011</i>	<i>General Service 50 kW & above</i>
Home Assistance Program			
Home Assistance Program	Schedule E-1	<i>May 9, 2011</i>	<i>All residential rate classes</i>
Pre-2011 Programs completed in 2011			
Electricity Retrofit Incentive Program	<i>n/a</i>	<i>n/a</i>	<i>All general service classes</i>
High Performance New Construction	<i>n/a</i>	<i>n/a</i>	<i>All general service classes</i>
Toronto Comprehensive	<i>n/a</i>	<i>n/a</i>	<i>All general service classes</i>
Multifamily Energy Efficiency Rebates	<i>n/a</i>	<i>n/a</i>	<i>All general service classes</i>
Data Centre Incentive Program	<i>n/a</i>	<i>n/a</i>	<i>All general service classes</i>
EnWin Green Suites	<i>n/a</i>	<i>n/a</i>	<i>All general service classes</i>

Several initiatives that were included in the schedules were not in market in 2011. The OPA has communicated that the initiatives listed in the table below were not in market in 2011 and that 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 that would offer the greatest ratepayer value and greatest amount of persisting savings.

Initiative Not in Market in 2011	Objective	Status
Residential Program		
Midstream Electronics	The objective of this initiative is to encourage retailers to promote and sell high efficiency 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	Not launched to market

	OPA and results are attributed to LDCs for reporting.	
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. The OPA has no plans to launch this initiative 2012
Demand Response 1	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 service for the actual electricity reduction provided during a demand response event.	No customer uptake for this initiative
Industrial Program		
Demand Response 1	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 CONSUMER 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 located in Ontario.

Description: This is an energy efficiency Initiative that 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 province-wide marketing, call centre, appliance pick-up and decommissioning process. LDC provides local marketing and coordination with municipal pick-up where available.

Additional detail is available:

- Schedule B-1, Exhibit
[Dhttp://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf](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/Programs/Appliance-Retirement.aspx>

Initiative Activities/Progress:

- On-bill messages
- Niagara-on-the-Lake Hydro website
- Advertising in community newspaper
- Handouts at community events
- Customer brochures

In Market Date: February 3rd, 2011– once Niagara-on-the-Lake Hydro signed the Master Agreement and Schedule B-1 we officially offered the Appliance Retirement program. However, as a roll-over program we did not stop promoting for January 2011. As well, Niagara-on-the-Lake Hydro is only responsible for marketing this initiative and coordination with municipal pick-up where available. The OPA is responsible for appliance pick-up and decommissioning.

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 in the province.
- 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.
- This initiative now faces some competition from independent retailers and municipalities.
- Results are very responsive to province wide advertising.

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 that are in Ontario.**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.

Additional detail is available:

- Schedule B-1, Exhibit
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:

- Niagara-on-the-Lake Hydro website

In Market Date: February 3rd, 2011– once Niagara-on-the-Lake Hydro signed the Master Agreement and Schedule B-1 we officially offered the Appliance Exchange program. However, the first event was not until Spring 2011 and marketing materials were not available until late March.

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 that 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.

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 and LDCs are encouraged to convince 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:

- Niagara-on-the-Lake Hydro website
- Advertising in community newspaper
- Handouts at community events
- Spreading awareness of program to local Contractors
- Customer brochures

In Market Date: February 3rd, 2011– once Niagara-on-the-Lake Hydro signed the Master Agreement and Schedule B-1 we officially offered the HVAC incentive and began promoting to customers and contractors in March 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 not being attributed to any LDC.

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.saveoneenergy.ca.

Targeted End Uses: ENERGY STAR® qualified Standard Compact Fluorescent Lights (CFLs), ENERGY STAR® qualified Light Fixtures lighting control products, weather-stripping, hot water pipe wrap, electric water heater blanket, heavy duty plug-in Timers, Advanced power bars, clothesline, baseboard programmable thermostats

Delivery: OPA contracts centrally for the distribution of the coupon booklets across Ontario. LDC distributes coupons at local events. 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:

- Niagara-on-the-Lake Hydro website
- Advertising in community newspaper
- Handouts at community events
- Customer brochures

In Market Date: February 3rd, 2011– once Niagara-on-the-Lake Hydro signed the Master Agreement and Schedule B-1 we officially offered the Coupon Booklet. However, the coupons were not mailed out until late March and Niagara-on-the-Lake Hydro did not receive our shipment of customized coupons until late April.

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. 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.

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: Same as 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.

Additional detail is available:

- Schedule B-1, Exhibit
[Chttp://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf](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:

- Niagara-on-the-Lake Hydro website
- Advertising in community newspaper

In Market Date: February 3rd, 2011– once Niagara-on-the-Lake Hydro signed the Master Agreement and Schedule B-1 we officially promoted the Bi-Annual Event. However, the first event was promoted in late March (for April start).

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.
- 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 with 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:

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: No participation by retailers in Niagara-on-the-Lake Hydro service territory.

In Market Date: No participation by retailers in Niagara-on-the-Lake Hydro service territory.

Lessons Learned:

- The availability of retailer and/or LDC staff with product knowledge and the ability to conduct demonstration in store during the events would be an asset. This could be a valuable role for LDCs.

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-1, Exhibit
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:

- Niagara-on-the-Lake Hydro website
- Local engagement of builders
- Specific sell sheet

In Market Date: February 3rd, 2011– once Niagara-on-the-Lake Hydro signed the Master Agreement and Schedule B-2 we officially offered the New Construction program and promoted to local builders.

Lessons Learned:

- There were limited (5) participants in the program. Because the online application system is a one to one relationship, this program was only practical for custom builders who were building one home at a time. Tract builders who might build 250 homes in a single phase would have to submit 250 applications to qualify for incentives. This administrative challenge has deterred all tract builders from participating in the program to date.
- Administrative requirements must align with perceived stakeholder payback. Changes are being processed through change management for 2012.

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, water heaters and pool pumps

Delivery: LDC's recruit customers and procure technology

Additional detail is available:

- Schedule B-1, Exhibit
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:

- To date Niagara-on-the-Lake Hydro has not promoted this program. We aim to launch in Spring 2013.

In Market Date: This program was not in market in the Niagara-on-the-Lake Hydro territory in 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 that 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 late 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.

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:

- Niagara-on-the-Lake Hydro website
- Advertising in community newspaper
- Handouts at community events
- Customer brochures
- Personal meetings with local large business customers
- Site visits to large business customers
- Contractor and customer cold calls
- Specific sell sheet

In Market Date: February 3rd, 2011– once Niagara-on-the-Lake Hydro signed the Master Agreement and Schedule C-2 we officially offered ERII to our customers. However, the online application system was not in place until March 2011.

Lessons Learned:

- ERII (previously Equipment Replacement Incentive Program – ERIP) has been offered by LDCs for many years. It is a high performing, cost-effective program, and there were many pre-2011 projects completing in 2011 (via ERIP).
- 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 revised iCON 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 that there would be various issues identified at the time of the release, and on-going, to prove that the system was “ready for market.” Unfortunately, the resolution of these issues, 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 and agricultural facilities and multi-family buildings, for the purpose of achieving electricity savings 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:

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:

- Niagara-on-the-Lake Hydro website
- Advertising in community newspaper
- Handouts at community events
- Customer brochures
- Customer cold calls
- Site visits to local businesses
- Specific sell sheet

- **In Market Date:** February 3rd, 2011– once Niagara-on-the-Lake Hydro signed the Master Agreement and Schedule C-3 we officially offered DIL to our customers. After third party delivery agent procurement, we began installations in July 2011.

Lessons Learned:

- The Direct Installed Lighting Initiative is a continuation of the Power Saving Blitz Initiative offered by LDCs from 2008-2010. Successful execution of the previous rendition of this Initiative has resulted in diminished potential for the 2011-2014 Initiative in some LDC territories.
- The inclusion of a standard incentive for additional measures increased project size and drove higher energy and demand savings results.
- 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 payment from the OPA to the LDC, and therefore to the customer, was commonly delayed.
- 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.pdf and
- Saveonenergy website <https://saveonenergy.ca/Business/Program-Overviews/Existing-Building-Commissioning.aspx>

Initiative Activities/Progress:

- Niagara-on-the-Lake Hydro Website

In Market Date: February 3rd, 2011– once Niagara-on-the-Lake Hydro signed the Master Agreement and Schedule C-6 we officially offered the Existing Building Commissioning Incentive Initiative to our customers.

Lessons Learned:

- There was no customer uptake for this Initiative. It is suspected that the scope of the Initiative being limited to space cooling contributed to the lack of participation. 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 building improvements for a more holistic approach to building recommissioning.

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-4NewConstructionInitiativeV2.pdf> and
- Saveonenergy website <https://saveonenergy.ca/Business/Program-Overviews/New-Construction.aspx>

Initiative Activities/Progress:

- Niagara-on-the-Lake Hydro website
- Specific sell sheet
- Contact with Municipality for information on new upcoming builds
- Contact with design decision makers

In Market Date: February 3rd, 2011– once Niagara-on-the-Lake Hydro signed the Master Agreement and Schedule C-4 we officially offered New Construction & Major Renovation to our customers.

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 and 2) level of documentation required.

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 and 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:

- Niagara-on-the-Lake Hydro Website

- Specific sell sheet
- customer cold calls
- Site visits to local businesses

In Market Date: February 3rd, 2011– once Niagara-on-the-Lake Hydro signed the Master Agreement and Schedule C-1 we officially offered the Energy Audit Initiative to our customers.

Lessons Learned:

- Customer uptake in the beginning of 2011 was slow, and increased later in the year. Hence, little if any savings were realized in 2011, but projects are expected for 2012.
- 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.

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 distribution 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 distribution 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:

- Niagara-on-the-Lake Hydro Website

In Market Date: Niagara-on-the-Lake Hydro signed the Master Agreement February 3rd, 2011 and Schedule D-1 was posted May 31, 2011 – at which time we officially offered PSUI to our customers.

Lessons Learned:

- The PSUI program targets large customers that are undertaking large capital projects. There is typically a long sales cycle to sell these projects, and then a long project development cycle. As such, results from PSUI 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.
- 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.
- With the considerable customer interest in on-site Load Displacement projects, the Initiative should be reviewed to ensure that these projects may be accepted as part of the PSUI Initiative.

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 sustain 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:

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_e

[lectricity_contracts/pdfs/Schedule%20D-2%20Monitoring%20and%20Targeting%20Initiative.pdf](#)
and

- Saveonenergy website <https://saveonenergy.ca/Business.aspx>

Initiative Activities/Progress:

- Niagara-on-the-Lake Hydro Website

In Market Date: Niagara-on-the-Lake Hydro signed the Master Agreement February 3rd, 2011 and Schedule D-2 was posted May 31, 2011 – at which time we officially offered Monitoring & Targeting Initiative to our customers.

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, or an off-site roving energy manager 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, and identifying opportunities for energy consumption improvement, and spearheading projects. Participants are funded 80% of the embedded energy manager's salary up to \$100,000 plus 80% of the energy manager's actual reasonable expenses incurred up to \$8,000 per year. Each embedded energy manager has a target of 300 kW/year of energy savings from one or more facilities. LDCs receive funding of up to \$120,000 for a Roving Energy Manager plus \$8,000 for expenses.

Targeted End Uses:

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:

- Niagara-on-the-Lake Hydro Website

In Market Date: Niagara-on-the-Lake Hydro signed the Master Agreement February 3rd, 2011 and Schedule D-3 was posted May 31, 2011 – at which time we officially offered the Energy Manager Initiative to our customers.

Lessons Learned:

- The energy managers have proven to be a popular resource.
- At the beginning, it took longer than expected to set up the energy manager application process.
- Some LDCs are reporting difficulties in hiring capable Roving Energy Managers (REM).
- LDCs that are too small to qualify for their own REM, are teaming up with other utilities to hire an REM.

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:

Targeted End Uses:

Delivery: LDC delivered

Additional detail is available:

- Schedule D-
[4http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/projects_programs/pdfs/PSUI%20Initiative%20Schedule%20D-4.Key%20Account%20Manager.20110322.pdf](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:** Niagara-on-the-Lake Hydro does not meet the criteria to have a KAM.
- **In Market Date:** Niagara-on-the-Lake Hydro signed the Master Agreement February 3rd, 2011 and Schedule D-4 was posted May 31, 2011 – however, this initiative is not applicable for Niagara-on-the-Lake Hydro due to lack of qualifying large use customer(s).

Lessons Learned:

- N/A for Niagara-on-the-Lake Hydro Inc.

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) payment for service to DR3 participants to compensate them for making available electricity demand response 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 energy payments for the actual energy 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:

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

- Niagara-on-the-Lake Hydro website
- Site visits with potential participants (large business customers)
- Established a relationship with an Aggregator in our territory and have them present at our customer meetings.

In Market Date: Niagara-on-the-Lake Hydro signed the Master Agreement February 3rd, 2011 and Schedule D-6 was posted May 31, 2011 – at which time we officially offered DR3 to our customers.

Lessons Learned:

- Customer data is not provided by the OPA on an individual customer basis due to contractual requirements with the aggregators. This limits 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.

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 that improve the comfort of their home, increase efficiency, and help them 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 uses based on results of audit

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:

- This Initiative was not launched in the Niagara-on-the-Lake Hydro service territory in 2011.
- **In Market Date:** This program was not in market in the Niagara-on-the-Lake Hydro territory in 2011. We aim to launch in late Fall 2012.

Lessons Learned:

- Difficulty identifying eligible customers.
- This Initiative Schedule was finalized later (May 2011) than the rest of the OPA Initiatives and in 2011 only 2 LDCs were in market.
- Centralized payment processes were not developed in 2011, but were in place mid-2012. This resulted in some LDCs delaying their launch to market, or for some pulling out of the market until the payment processes were completed.
- 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

Description: Refer to section 2.2.2.1

Initiative Activities/Progress: This program was not marketed in 2011

In Market Date: 2010 Initiative with projects completed in 2011

2.2.5.2 HIGH PERFORMANCE NEW CONSTRUCTION

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

Initiative Frequency: Year round

Description: Refer to section 2.2.2.5

Initiative Activities/Progress: n/a for Niagara-on-the-Lake Hydro.

In Market Date: 2010 Initiative through Enbridge Gas with projects completed in 2011 going towards Niagara-on-the-Lake Hydro targets.

~~2.2.5.3 TORONTO COMPREHENSIVE INITIATIVE: specific to Toronto Hydro's Service Area.~~

2.2.5.4 MULTIFAMILY ENERGY EFFICIENCY REBATES (MEER)

Target Customer Type(s): Multifamily Residential Buildings

Initiative Frequency: Year round

Objective: The objective of this Initiative was to offer incentives for multifamily building specific measures that achieve reductions in electricity demand and consumption by upgrading to more energy efficient equipment for lighting, space cooling, ventilation and other measures including an occupant educational component.

Targeted End Uses: lighting, HVAC, Energy Star® appliances and other measures

Initiative Activities/Progress: n/a for 2011

In Market Date: 2010 Initiative through GreenSaver with projects completed in 2011 going toward Niagara-on-the-Lake Hydro target. However, there were no projects completed in Niagara-on-the-Lake Hydro service territory.

~~2.2.5.5 DATA CENTRE INCENTIVE PROGRAM: specific to Powerstream's Service Area.~~

~~2.2.5.6 ENWIN GREEN SUITES: specific to EnWin's Service Area.~~

2.3 Participation

Table 1: Participation

#	Initiative	Activity Unit	Uptake/ Participation Units
Consumer Program			
1	Appliance Retirement	Appliances	112
2	Appliance Exchange	Appliances	3
3	HVAC Incentives	Equipment	180
4	Conservation Instant Coupon Booklet	Coupons	863
5	Bi-Annual Retailer Event	Coupons	1380
6	Retailer Co-op	Items	0
7	Residential Demand Response	Devices	0
10	New Construction Program	Houses	0
Business Program			
11	Efficiency: Equipment Replacement	Projects	6
12	Direct Installed Lighting	Projects	164
14	Existing Building Commissioning Incentive	Buildings	0
15	New Construction and Major Renovation Incentive	Buildings	1
16	Energy Audit	Audits	0
17	Commercial Demand Response (part of the Residential program schedule)	Devices	0
19	Demand Response 3 (part of the Industrial program schedule)	Facilities	0
Industrial Program			
20	Process & System Upgrades*	Projects	0
	a) preliminary study		0
	b) engineering study		0
	c) project incentive		0
21	Monitoring & Targeting	Projects	0

22	Energy Manager	Managers	0
23	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Projects	0
25	Demand Response 3	Facilities	0
Home Assistance Program			
26	Home Assistance Program	Units	0
Pre 2011 Programs Completed in 2011			
27	Electricity Retrofit Incentive Program	Projects	12
28	High Performance New Construction	Projects	1
29	Toronto Comprehensive	Projects	0
30	Multifamily Energy Efficiency Rebates	Projects	0
31	Data Centre Incentive Program	Projects	0
32	EnWin Green Suites	Projects	0

2.4 Spending

Table 2: Spending

#	Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Consumer Program						
1	Appliance Retirement	9,893.23				9,893.23
2	Appliance Exchange	2,119.24				2,119.24
3	HVAC Incentives	10,815.83				10,815.83
4	Conservation Instant Coupon Booklet	11,289.58				11,289.58
5	Bi-Annual Retailer Event	2,206.08				2,206.08
6	Retailer Co-op	-				-
7	Residential Demand Response	3,319.50				3,319.50
10	New Construction Program	4,598.89				4,598.89
Business Program						
11	Efficiency: Equipment Replacement	28,303.29		4,442.93		32,746.22
12	Direct Installed Lighting	19,394.05	40,800.00	143,140.25		203,334.30
14	Existing Building Commissioning Incentive	73.00				73.00
15	New Construction and Major Renovation Initiative	4,601.50				4,601.50

16	Energy Audit	5,236.61				5,236.61
17	Commercial Demand Response (part of the Residential program schedule)	-				-
19	Demand Response 3 (part of the Industrial program schedule)	-				-
Industrial Program						
20	Process & System Upgrades	-				-
	a) preliminary study	-				-
	b) engineering study	-				-
	c) program incentive	-				-
21	Monitoring & Targeting	-				-
22	Energy Manager	-				-
23	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	-				-
25	Demand Response 3	1,249.55				1,249.55
Home Assistance Program						
26	Home Assistance Program	2,090.34				2,090.34
Pre 2011 Programs Completed in 2011						
27	Electricity Retrofit Incentive Program			89,500.32		89,500.32
28	High Performance New Construction					

29	Toronto Comprehensive					
30	Multifamily Energy Efficiency Rebates					
31	Data Centre Incentive Program					
32	EnWin Green Suites					
	TOTAL Province-wide CDM PROGRAMS	105,190.69	40,800.00	237,083.50	-	383,074.19

Table 2a: Allocation of PAB funding for Programs Not In Market

#	Initiative	Program Administration Budget (PAB)
Initiatives Not In Market		
8	Midstream Electronics	-
9	Midstream Pool Equipment	-
13	Demand Service Space Cooling	-
18	Demand Response 1 (Commercial)	1054.62
19	Demand Response 1 (Industrial)	-
33	Home Energy Audit Tool	
	TOTAL Province-wide CDM PROGRAMS Not In Market	1054.62

2.5 Evaluation

2.5.1 EVALUATION FINDINGS

Table 3: Evaluation Findings

#	Initiative	Evaluation Findings
Consumer Program		
1	Appliance Retirement	<ul style="list-style-type: none"> *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	<ul style="list-style-type: none"> *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	<ul style="list-style-type: none"> *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

		<p>*Net-to-Gross ratio for the initiative was 17% higher than 2010 (from 43% in 2010 to 60% in 2011)</p> <p>*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)</p>
4	Conservation Instant Coupon Booklet	<p>*Customers redeemed nearly 210,000 coupons, translating to nearly 560,000 products</p> <p>*Majority of coupons redeemed were downloadable (~40%) or LDC-branded (~35%)</p> <p>*Majority of coupons redeemed were for multi-packs of standard spiral CFLs (37%), followed by multi-packs of specialty CFLs (17%)</p> <p>*Per unit savings estimates and net-to-gross ratios for 2011 are based on a weighted average of 2009 and 2010 evaluation findings</p> <p>*Careful attention in the 2012 evaluation will be made for standard CFLs since it is believed that the market has largely been transformed</p>
5	Bi-Annual Retailer Event	<p>*Customers redeemed nearly 370,000 coupons, translating to over 870,000 products</p> <p>*Majority of coupons redeemed were for multi-packs of standard spiral CFLs (49%), followed by multi-packs of specialty CFLs (16%)</p> <p>*Per unit savings estimates and net-to-gross ratios for 2011 are based on a weighted average of 2009 and 2010 evaluation findings</p> <p>*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</p> <p>*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</p> <p>*Careful attention in the 2012 evaluation will be made for standard CFLs since it is believed that the market has largely been transformed.</p>
6	Retailer Co-op	<p>*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</p>
7	Residential Demand Response	<p>*Approximately 20,000 new devices were installed in 2011</p> <p>*99% of the new devices enrolled controlled residential central AC (CAC)</p> <p>*2011 only saw 1 atypical event (in both weather and timing) that had limited participation across the province</p> <p>*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</p>
8	New Construction Initiative	<p>*Initiative was not evaluated in 2011 due to limited uptake</p> <p>*Business case assumptions were used to calculate savings</p>
Business Program		
9	Efficiency: Equipment	<p>*Gross verified energy savings were boosted by lighting projects in the prescriptive and custom measure tracks</p> <p>*Lighting projects overall were determined to have a realization rate of 112%; 116% when including interactive energy</p>

	Replacement	<p>changes</p> <ul style="list-style-type: none"> *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% <ul style="list-style-type: none"> *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. <ul style="list-style-type: none"> Strict eligibility requirements and improvements in the pre-approval process contributed to the improvement in net-to-gross ratios
10	Direct Installed Lighting	<ul style="list-style-type: none"> *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 <ul style="list-style-type: none"> *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 <ul style="list-style-type: none"> *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	<ul style="list-style-type: none"> *Initiative was not evaluated in 2011, no completed projects in 2011
12	New Construction and Major Renovation Initiative	<ul style="list-style-type: none"> *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	<ul style="list-style-type: none"> *The evaluation is ongoing. The sample size for 2011 was too small to draw reliable conclusions.
14	Commercial	<ul style="list-style-type: none"> *See residential demand response (#7)

	Demand Response (part of the Residential program schedule)	
15	Demand Response 3 (part of the Industrial program schedule)	*See Demand Response 3 (#20)
Industrial Program		
16	Process & System Upgrades	*Initiative was not evaluated in 2011, no completed projects in 2011
17	Monitoring & Targeting	n/a
18	Energy Manager	n/a
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	*See Efficiency: Equipment Replacement (#9)
20	Demand Response 3	<p>*Program performance for Tier 1 customers increased with DR-3 participants providing 75% of contracted MW for both sectors</p> <p style="padding-left: 40px;">*Industrial customers outperform commercial customers by provide 84% and 76% of contracted MW, respectively</p> <p>*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.</p> <p>*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</p>

Home Assistance Program		
21	Home Assistance Program	* Initiative was not evaluated in 2011 due to low uptake *Business Case assumptions were used to calculate savings
Pre-2011 Programs completed in 2011		
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	
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	
27	EnWin Green Suites	

2.5.2 EVALUATION RESULTS

Table 4: Evaluation Results

#	Initiative	NTG	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								
1	Appliance Retirement	0.52	14	91,133	7	46,772	7	186,785
2	Appliance Exchange	0.52	1	561	0	289	0	958
3	HVAC Incentives	0.6	80	145,071	49	89,998	49	347,993
4	Conservation Instant Coupon Booklet	1.11	2	29,179	2	32,225	2	128,900
5	Bi-Annual Retailer Event	1.1	2	42,656	3	46,602	3	186,408
6	Retailer Co-op	-	0	0	0	0	0	0
7	Residential Demand Response	-	0	0	0	0	0	0
10	New Construction Program	-	0	0	0	0	0	0
Business Program								
11	Efficiency: Equipment Replacement	0.72	21	105,750	15	78,074	15	312,295
12	Direct Installed Lighting	0.93	160	486,459	171	451,696	102	1,587,879
14	Existing Building Commissioning Incentive	-	0	0	0	0	0	0
15	New Construction and Major Renovation Incentive	0.5	9	44,442	5	22,211	5	88,844

16	Energy Audit	-	0	0	0	0	0	0
17	Commercial Demand Response (part of the Residential program schedule)		0	0	0	0	0	0
19	Demand Response 3 (part of the Industrial program schedule)		0	0	n/a	n/a	0	0
Industrial Program								
20	Process & System Upgrades	-	0	0	0	0	0	0
21	Monitoring & Targeting	-	0	0	0	0	0	0
22	Energy Manager	-	0	0	0	0	0	0
23	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	-	0	0	0	0	0	0
25	Demand Response 3		0	0	n/a	n/a	0	0
Home Assistance Program								
26	Home Assistance Program	-	0	0	0	0	0	0
Pre-2011 Programs completed in 2011								
27	Electricity Retrofit Incentive Program	0.52	58	317,432	30	165,618	30	662,472
28	High Performance New Construction	0.5	36	184,779	18	92,390	18	369,558
29	Toronto Comprehensive	-	-	-	-	-	-	-
30	Multifamily Energy Efficiency Rebates	-	0	0	0	0	0	0
31	Data Centre Incentive Program	-	-	-	-	-	-	-
32	EnWin Green Suites	-	-	-	-	-	-	-

Table 5: 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	99	308,601	60	212,886	60	851,044
Business Program Total	190	636,631	191	551,981	122	1,989,018
Industrial Program Total	0	0	0	0	0	0
Home Assistance Program Total	0	0	0	0	0	0
Pre-2011 Programs completed in 2011 Total	94	502,211	48	258,008	48	1,032,030
Total OPA Contracted Province-Wide CDM Programs	382	1,447,443	299	0.0	230	3,872,092

2.6 Additional Comments

Niagara-on-the-Lake Hydro based our CDM Strategy estimates on previous program participation. However, with only offering 3 CDM programs prior to 2011, we were unsure how some of our initiative assumptions would unfold.

Despite reaching market saturation in many territories in Ontario, the Direct Install Lighting program performed very well for us in 2011 as the majority of our savings came from it. The Appliance Retirement Initiative is another program reaching market saturation in Ontario; however it remained pretty consistent in the Niagara-on-the-Lake Hydro territory with participation in 2011 as in previous years. It was nice to see the HVAC Initiative off to such a great start pulling in the most savings in our Residential Portfolio.

In 2011, the saveONenergy Initiatives were truly in “start-up” mode as LDCs and the OPA finalized Schedules, developed processes, and procured services and resources before we could market the Initiatives to customers. While most of these initial aspects of the programs were ultimately delivered during the course of 2011, results suffered accordingly. The initiatives that brought in the most savings were business initiatives rolling over from past years as their mark was already known in our territory. Looking forward to 2012, there is significant traction across the entire Initiative portfolio, and we hope to see the results of the maturing programs.

3 Combined CDM Reporting Elements

3.1 Progress Towards CDM Targets

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

Implementation Period	Annual (MW)			
	2011	2012	2013	2014
2011 - Verified	0.30	0.30	0.29	0.23
2012				
2013				
2014				
Verified Net Annual Peak Demand Savings in 2014:				0.23
Niagara-on-the-Lake Hydro Inc. 2014 Annual CDM Capacity Target:				2.42
Verified Portion of Peak Demand Savings Target Achieved (%):				9.51%
Niagara-on-the-Lake Hydro Inc. Strategy, Milestone submitted for 2011				0.3318
Variance				-4.21%

*NOTE: milestone from Niagara-on-the-Lake Hydro 2011 Forecast = 0.3318 MW.

Niagara-on-the-Lake Hydro hopes to recover the 4.21% negative variance in the following years.

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	1.02	1.02	1.00	0.83	3.87
2012					
2013					

Niagara-on-the-Lake Hydro Inc. 2011 CDM Annual Report

2014					
Verified Net Cumulative Energy Savings 2011-2014:					3.87
Niagara-on-the-Lake Hydro Inc. 2011-2014 Cumulative CDM Energy Target:					8.27
Verified Portion of Cumulative Energy Target Achieved (%):					46.82
Niagara-on-the-Lake Hydro Inc., Milestone submitted for 2011					1.277
Variance					31.35%

*NOTE: milestone from Niagara-on-the-Lake Hydro 2011 Forecast = 1.277 GWh.

Niagara-on-the-Lake Hydro hopes a positive variance will persist over the next years, however; savings from residual 2010 projects were attributed to our 2011 results making our results slightly higher than if just from original saveONenergy programs.

3.2 CDM Strategy Modifications

As part of our CDM Strategy to the Board, Niagara-on-the-Lake Hydro Inc. forecasted energy and demand savings for each of the four years between 2011-2014. Niagara-on-the-Lake Hydro fell short of reaching the forecasted 0.3318 MW by 4.21%. Alternatively, Niagara-on-the-Lake Hydro exceeded our forecasted cumulative energy of 1.277 GWh target by 31.35%.

Several assumptions were made at the time forecasts were determined in October of 2010:

- That **ALL** saveONenergy Tier 1 programs would be available and marketable January 1, 2011.
- Historical customer participation could be used to reasonably forecast the next four years. This included both customer participation as well and anticipated energy and demand savings.
- Implementation of initiatives would follow the design concepts.
- There would be customer and retailer uptake where applicable.

Niagara-on-the-Lake Hydro Inc. is anticipating meeting our strategy forecast for years 2012-2014 should our current level of customer participation continue. This however, is contingent on the following assumptions:

- Customer uptake of DR3.
- Resolution of **peaksaver** PLUS operational challenges and implementation issues with the AMI.
- No further reduction in measures or programs being discontinued.
- Application process improvements continue

Niagara-on-the-Lake Hydro Inc. does not foresee any required changes to our CDM strategy in order to meet our targets. We are confident our strategy for meeting Energy targets is sound in requiring Tier one and Tier 2 programs to meet targets. Once our **peaksaver** PLUS program is in market (estimated early 2013), this will contribute to our targets for Demand savings.