

**NOTICE OF PROPOSAL TO ISSUE A NEW CODE  
CREATION OF THE CONSERVATION AND DEMAND MANAGEMENT CODE FOR  
ELECTRICITY DISTRIBUTORS**

**BOARD FILE NO.: EB-2010-0215**

**June 22, 2010**

**To: All Licensed Electricity Distributors  
All Other Interested Parties**

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The Ontario Energy Board (the "Board") is giving notice (the "Notice") under section 70.2 of the *Ontario Energy Board Act, 1998* (the "Act") of the creation of a proposed Conservation and Demand Management Code for Electricity Distributors (the "proposed CDM Code").

**I. Background**

**A. Green Energy and Green Economy Act, 2009**

On September 9, 2009, certain sections of the *Green Energy and Green Economy Act, 2009* (the "Green Energy Act") were proclaimed. The *Green Energy Act* amended section 27.2 of the *Act* and stated that a directive may require the Board to specify, as a condition of licence, conservation and demand management targets ("CDM Targets") for electricity distributors. The Minister of Energy and Infrastructure has now issued a directive, dated March 31, 2010, to the Board under sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998* (the "Directive"). A copy of the Directive is included as Attachment A to this Notice.

The Directive requires the Board to take steps to establish electricity CDM Targets to be met by certain licensed electricity distributors. The Directive requires the Board, without a hearing, to add a condition to the licence of each distributor that distributors must achieve reductions in electricity consumption and in peak provincial electricity demand by the amounts that the Board specifies in each distributor's licence. The reductions

are to be achieved through the delivery of CDM Programs. The distributors will be required to make the reductions over a four year period beginning January 1, 2011.

As part of a separate consultation process (EB-2010-0216), the Board is developing draft CDM Targets that will be included in the distributors' licences. These CDM Targets were issued for stakeholder comment on June 22, 2010.

As set out in the Directive, the requirement to amend licences does not apply to distributors that are not connected to the Independent Electricity System Operator (IESO)-controlled grid, with the exception of embedded distributors, and to distributors whose rates are not regulated by the Board.

The Directive further requires the Board to issue a code that includes rules relating to the reporting requirements and performance incentives associated with the CDM Programs. These rules also relate to the planning, design, approval, implementation and the evaluation, measurement and verification of Board-Approved CDM Programs and to such other matters as the Board considers appropriate.

The purpose of the proposed CDM Code, therefore, is to set out the obligations and requirements that licensed distributors must comply with in relation to the CDM Targets that will be set out in their licences. The proposed CDM Code also sets out the conditions and rules that licensed distributors are required to follow if they choose to apply for Board-Approved CDM Programs in order to meet the CDM Targets that will be set out in their licences.

## **B. CDM Programs for Low Income Customers**

As set out in the Directive, distributors may meet a portion of their CDM Targets through the delivery of CDM Programs targeted to low-income customers. In this respect, the Board's view is that the CDM Code could appropriately address a number of matters in relation to Board-Approved CDM Programs targeted to low-income customers. Those matters include cost effectiveness, cost(s) to the low income customer of participating in the program, coordination with social service agencies, and eligibility requirements.

However, as stakeholders are aware, by letter dated September 8, 2009, the then Minister of Energy and Infrastructure advised the Board of the government's plan to develop a province-wide integrated program for low-income energy customers. In light of these plans, the Minister requested that the Board not proceed to implement new support programs for low-income energy customers in advance of a ministerial direction.

The Board may consider the need to amend the CDM Code in the future to address any further developments in this area.

### **C. The Proposed CDM Code**

A summary of the proposed CDM Code is set out below. The complete text of the proposed CDM Code is included as Attachment B to this Notice.

#### *1. General Provisions*

Section 1 sets out the purpose of the proposed CDM Code, the definitions to be used in the proposed CDM Code, an interpretation clause, and a clause that allows the Board to make determinations under the proposed CDM Code with or without a hearing.

This part of the proposed CDM Code also includes the coming into force section and a section setting out to whom the proposed CDM Code applies.

#### *2. CDM Strategy and Annual Reports*

Section 2 of the proposed CDM Code sets out the requirements that distributors must meet when filing a CDM Strategy with the Board. The CDM Strategy is meant to provide the Board with a high level overview of each distributor's four year plan to meet its CDM Targets, irrespective of whether it intends to apply for Board-Approved CDM Programs.

This part of the proposed CDM Code also requires each distributor to file an annual report with the Board that provides an overview of the activities undertaken by the distributor in the calendar year in order to achieve its CDM Targets.

The proposed CDM Code will also require distributors to review the Ontario Power Authority ("OPA")-Contracted Province-Wide CDM Programs that are available, and to not apply for Board approval of a program that duplicates an existing OPA-Contracted Province-Wide CDM program.

#### *3. Board-Approved CDM Programs*

Section 3 of the proposed CDM Code sets out the requirements that distributors must meet when applying for Board-Approved CDM programs. Note that distributors can choose to rely entirely on OPA-Contracted Province-Wide CDM Programs.

The proposed CDM Code includes in this section provisions describing initiatives that are not considered CDM initiatives and that are not eligible for approval.

#### 4. *Cost Effectiveness*

Section 4 of the proposed CDM Code sets out the requirements relating to cost effectiveness. As required by the Directive, cost effectiveness will be measured by using the OPA's cost effectiveness tests.

This section also sets out the filing requirements for Board-Approved pilot and educational CDM Programs. In addition to the Board's consideration of demonstrably cost effective CDM Programs, it proposes to provide special consideration for pilot or educational CDM programs.

#### 5. *Accounting Treatment*

Section 5 of the proposed CDM Code requires that distributors use a fully allocated costing methodology, which results in the allocation of direct costs and of a proportional share of indirect costs.

Distributors will be required to keep separate earned revenues and expenses from OPA-Contracted Province-Wide CDM Programs and Board-Approved CDM Programs from the distributor's distribution operations. Any earned revenues or expenses from OPA-Contracted Province-Wide CDM Programs and Board-Approved CDM Programs should not be included in the distributor's distribution revenue requirement.

This means that all direct and indirect costs associated with CDM Programs, including staffing costs should be included in the program budget for recovery through the Global Adjustment Mechanism and not through a distributor's distribution rates.

The Board believes that this separation in costs is required to establish distribution rates by eliminating any cross subsidization between activities associated with OPA-Contracted Province-Wide CDM Programs and Board-Approved CDM Programs, and those activities funded through distribution rates. Adopting a fully allocated costing approach will also provide the information required to inform CDM investment decisions.

The proposed CDM Code also requires distributors to track spending for Board-Approved CDM Programs in a Board-Approved variance account, which will be used to record the difference between the funds awarded for Board-Approved CDM Programs and the actual spending incurred.

## 6. *Program Evaluation, Measurement and Verification*

Section 6 of the proposed CDM Code sets out the requirement that distributors' results for Board-Approved CDM Programs must be evaluated through an independent third party review.

As set out in the Directive, distributors are required to use the OPA protocol process and third-party vendor of record list when conducting evaluation, measurement and verification of Board-Approved CDM Programs.

## 7. *Performance Incentive*

Section 7 of the proposed CDM Code sets out the provisions relating to performance incentives, including what CDM Programs are eligible. In accordance with the Directive, a performance incentive will be available to distributors for verified electricity savings once a distributor meets 80% of its CDM Target; performance incentives will not be offered for electricity savings achieved beyond 150% of each CDM Target. The Board is proposing an incentive structure that would make available a total of \$72 million over the four-year period beginning 2011, if all distributors achieve 150% of their CDM Target. The total amount of funds available for the performance incentive is equal to approximately 5% of the total net income for all distributors. The amount of funds available is proportional to that which is available to the gas distributors that undertake Demand Side Management ("DSM") activities and achieve 150% of their DSM targets.

The Board's current performance incentive proposal does not include a cost efficiency element. However, the Board sees merit in providing an incentive to those distributors that achieve their CDM Target in the most cost-efficient manner.

The Board is interested in receiving specific proposals for possible cost efficiency incentive structures that reward those distributors who achieve their CDM Targets by using the least amount of program funds. If a specific proposal is deemed acceptable, the Board proposes that the total amount of dollars available through the performance incentive will remain \$72 million, inclusive of both the savings incentive (from 80 to 150% of the CDM Targets) and the cost efficiency incentive.

## 8. *Lost Revenues*

As set out in the Directive, the Board shall have regard to the objective that lost revenues that result from CDM Programs should not act as a disincentive to distributors. The Board has initiated a consultation process (EB-2010-0060) to examine the revenue adjustment and cost recovery mechanisms that are currently available to electricity and natural gas distributors to address revenue erosion resulting from unforecasted changes

in the volume of energy sold. As a result, lost revenues have not been addressed in the proposed CDM Code. The proposed CDM Code may be amended in future to provide further direction, if appropriate, once the Board has concluded its work in this area.

## **II. Anticipated Costs and Benefits of the Proposed Code**

The Board is proposing a CDM Code in order to comply with the Minister's Directive to the Board, dated March 31, 2010. The Board is of the opinion that under a new target-based regime, rules will need to be established for distributors to follow.

The proposed CDM Code sets out the obligations and requirements that certain licensed distributors must comply with in relation to the CDM Targets set out in their licences.

The Board anticipates that the proposed CDM Code will better enable distributors and other stakeholders to understand the Board's expectations with respect to the review of the CDM Strategy and approval of CDM Programs, which in turn will assist distributors with achieving their CDM Targets.

Overall, the Board anticipates that the benefits of the proposed CDM Code will outweigh the costs of implementing the proposed CDM Code.

## **IV. Coming into Force**

The Board proposes that the proposed CDM Code, described above and set out more fully in Attachment B to this Notice, come into force on the date on which it is published on the Board's website after having been made by the Board.

## **V. Invitation to Comment**

Interested parties are invited to make written submissions on the Board's proposed CDM Code set out in Attachment B to this Notice, in accordance with the filing instructions set out below.

## **VI. Cost Awards**

Cost awards will be available under section 30 of the *Act* to eligible persons in relation to the provision of comments on the proposed CDM Code. Costs awarded will be recovered from all licensed electricity distributors to whom the CDM Code applies, based on their respective distribution revenues. **Attachment C contains important information regarding cost awards for this notice and comment process, including eligibility requests and objections.**

In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

## **VII. Instructions on Filing Material with the Board**

Interested parties are invited to make written submissions on the Board's proposed CDM Code set out in Attachment B to this Notice by **4:30 p.m. on July 21, 2010**. Your submission must quote file number **EB-2010-0215** and include your name, address, e-mail address, telephone number, and fax number.

**Three (3) paper copies and one electronic copy of the written submissions must be provided.**

Paper copies should be sent to:

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
Suite 2700  
Toronto ON M4P 1E4

The Board requests that interested parties make every effort to provide electronic copies of their submissions in searchable/unrestricted Adobe Acrobat (PDF) format, and to file their submissions through the Board's web portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca). A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca), and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the RESS e-Filing Guides also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of submissions may be filed by e-mail at [boardsec@oeb.gov.on.ca](mailto:boardsec@oeb.gov.on.ca). Those that do not have internet access should provide a CD or diskette containing their submissions in PDF format.

This Notice, including the attached proposed CDM Code, and all written submissions received by the Board in response to this Notice, will be available for public viewing on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) and at the office of the Board during normal business hours.

Any questions relating to this Notice and the proposed CDM Code should be directed to the Board's Market Operations hotline, at 416-440-7604 or [market.operations@oeb.gov.on.ca](mailto:market.operations@oeb.gov.on.ca). The Board's toll free number is 1-888-632-6273.

**DATED** at Toronto, June 22, 2010

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary

- Attachment A: Directive from the Minister of Energy and Infrastructure dated March 31, 2010
- Attachment B: Proposed Conservation and Demand Management Code for Electricity Distributors
- Attachment C: Cost Awards



**Attachment A**

**Directive from the Minister of Energy and Infrastructure**



Ontario  
Executive Council  
Conseil des ministres

Order in Council  
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit:

**WHEREAS** it is desirable to achieve reductions in electricity consumption and reductions in peak provincial electricity demand.

**AND WHEREAS** the Minister may, with the approval of the Lieutenant Governor in Council, issue directives under section 27.1 of the *Ontario Energy Board Act, 1998* in order to direct the Board to take steps to promote energy conservation, energy efficiency, load management or the use of cleaner energy sources, including alternative and renewable energy sources.

**AND WHEREAS** the Minister may, with the approval of the Lieutenant Governor in Council, issue directives under section 27.2 of the *Ontario Energy Board Act, 1998* in order to direct the Board to establish conservation and demand management targets to be met by distributors and other licensees.

**NOW THEREFORE** the Directive attached hereto is approved and shall be and is effective as of the date hereof.

Recommended:   
Minister of Energy  
and Infrastructure

Concurred:   
Chair of Cabinet

Approved and Ordered: MAR 3 1 2010  
Date

Lieutenant Governor

## MINISTER'S DIRECTIVE

### TO: THE ONTARIO ENERGY BOARD

I, Brad Duguid, Minister of Energy and Infrastructure, hereby direct the Ontario Energy Board pursuant to sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998*, as described below.

The Board shall take the following steps in order to establish electricity conservation and demand management ("CDM") targets to be met by licensed electricity distributors ("distributors") within the timeframe specified herein:

1. Subject to paragraph 5, the Board shall, without a hearing and in accordance with the requirements of this Directive, which relate to the conservation and demand-management targets to be met by distributors and other licensees including the OPA, amend each distributor's licence to add a condition requiring the distributor to achieve reductions in electricity consumption and reductions in peak provincial electricity demand through the delivery of CDM programs ("CDM Programs") by the amounts specified by the Board (the "CDM Targets"), over a four-year period beginning January 1, 2011.
2. In establishing CDM Targets for each distributor, the Board shall:
  - (a) ensure that the total of the CDM Targets established for all distributors is equal to 1330 megawatts (MW) of provincial peak demand persisting at the end of the four-year period and 6000 gigawatt hours (GWh) of reduced electricity consumption accumulated over the four-year period;
  - (b) specify for each distributor, a CDM Target for the reduction of provincial peak electricity demand and a CDM Target for the reduction of electricity consumption, each of which must be greater than zero; and,
  - (c) have regard to information obtained from the Ontario Power Authority ("OPA"), developed in consultation with distributors, regarding the reductions in provincial peak electricity demand and electricity consumption that could be achieved by individual distributors through the delivery of CDM Programs.
3. The Board shall amend the licence of each distributor as follows:
  - (a) by adding a condition that specifies each distributor must meet its CDM Targets through:
    - (i) the delivery of Board approved CDM Programs delivered in the distributor's service area ("Board-Approved CDM Programs");

(ii) the delivery of CDM Programs that are made available by the OPA to distributors in the distributor's service area under contract with the OPA ("OPA-Contracted Province-Wide CDM Programs"); or,

(iii) a combination of (i) and (ii)

- (b) by adding a condition that specifies that the distributor must deliver a mix of CDM Programs to all consumer types in the distributor's service area, whether through Board-Approved CDM Programs, OPA-Contracted Province-Wide CDM Programs or a combination of the two, as far as is appropriate and reasonable having regard to the composition of the distributor's consumer base;
- (c) by adding a condition that requires the distributor to comply with rules mandated by a code issued by the Board.

4. The Board shall amend licenses of distributors to ensure that:

- (a) distributors utilize the same common Provincial brand (which includes any mark or logo that the Province has used or is using, created or to be created by or on behalf of the Province, and which will be identified to the Board by the Ministry as a provincial mark or logo for its conservation programs) with all Board-Approved CDM Programs;
- (b) that the brand identified in (a) shall be the same brand utilized by the OPA and distributors for OPA-Contracted Province-Wide CDM Programs, once those programs have been created; and,
- (c) that the brand shall be used by distributors in conjunction with or co-branded with distributor's own brand or marks.

and the Board shall, upon receipt of written direction from the Ministry, which may be issued from time to time, and as a condition of license, require any one or more distributors to cease using the Provincial brand described in this paragraph at such time or in such way as may be specified in such direction.

5. The Board shall not amend the licence of any distributor that meets the conditions set out below:

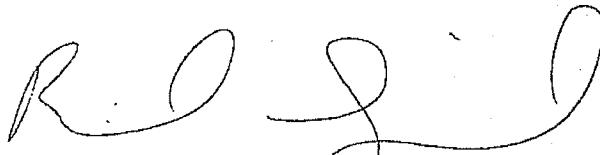
- (a) with the exception of embedded distributors the distributor is not connected to the Independent Electricity System Operator (IESO)-controlled grid; or,
- (b) the distributor's rates are not regulated by the Board.

6. The Board shall issue a code that includes rules relating to the reporting requirements and performance incentives associated with CDM Programs and to the planning, design, approval, implementation and the evaluation, measurement and verification ("EM&V") of Board-Approved CDM Programs and to such other matters as the Board considers appropriate.

In developing such rules, the Board shall have regard to the following objectives of the government in addition to such other factors as the Board considers appropriate:

- (a) that Board-Approved CDM Programs shall not duplicate OPA-Contracted Province-Wide CDM Programs that are available from the OPA at the time of Board approval;
- (b) that the Board shall encourage opportunities for coordinating CDM Programs between the distributor and other relevant entities such as other electricity distributors, natural gas distributors and the OPA;
- (c) that the Board shall not preclude consideration of CDM Programs or funding for CDM Programs on the basis that a distributor's CDM Targets have been or are expected to be exceeded;
- (d) that a tiered performance incentive mechanism shall be available to distributors for verified electricity savings with incentives beginning to accrue once a distributor meets 80% of each CDM Target; performance incentives shall not be offered for electricity savings achieved beyond 150% of each CDM Target;
- (e) that Board approval for funding of any given Board-Approved CDM Program shall correspond to the period in which the Board-Approved CDM Program is offered, provided that the period is no longer than the period for which CDM Targets are established;
- (f) that the Board shall require distributors to use OPA cost-effectiveness tests, as modified by the OPA from time to time, for assessing the cost-effectiveness of Board-Approved CDM Programs;
- (g) that the Board shall require distributors to use the OPA protocol process and third-party vendor of record list, as modified by the OPA from time to time, when conducting EM&V of Board-Approved CDM Programs;
- (h) that the Board shall consider the definition of CDM to be inclusive of load reduction from initiatives, such as geothermal heating and cooling, solar heating and fuel switching, but exclusive of initiatives that are associated with the OPA Feed-in Tariff Program and the OPA Micro Feed-in Tariff Program; and,

- (i) that all Board-Approved CDM Programs shall utilize the same common provincial brand (which includes any mark or logo that the Province has used or is using, created or to be created by or on behalf of the Province, and which will be identified to the Board by the Ministry as a provincial mark or logo for conservation) used for OPA-Contracted Province-Wide CDM Programs, once such programs are created, and used in conjunction with or co-branded with any brand or mark used by the distributor.
7. The Board shall not approve CDM Programs until OPA-Contracted Province-Wide CDM Programs have been established.
  8. The Board shall, in approving Board-Approved CDM Programs, continue to have regard to its statutory objectives, including protecting the interests of consumers with respect to prices.
  9. The Board shall conduct, or cause to be conducted, targeted audits of EM&V carried out by the distributor or third-parties on behalf of the distributor, as necessary.
  10. The Board shall annually review and publish the verified results of each individual distributor's CDM Programs and the consolidated results of all distributor CDM Programs, both Board-Approved CDM Programs and OPA-Contracted Province-Wide CDM Programs and take steps to encourage distributors to improve CDM Program performance.
  11. The Board shall permit distributors to meet a portion of their CDM Targets through the delivery of CDM Programs targeted to low-income consumers.
  12. The Board shall have regard to the objective that lost revenues that result from CDM Programs should not act as a disincentive to a distributor.



Minister of Energy and Infrastructure

**Attachment B**

**Proposed Conservation and Demand Management Code for Electricity  
Distributors**

**Ontario Energy  
Board**

**Commission de  
l'énergie  
de l'Ontario**



**CONSERVATION AND DEMAND MANAGEMENT CODE  
FOR ELECTRICITY DISTRIBUTORS**

**Issued: June 22, 2010**



# Conservation and Demand Management Code for Electricity Distributors

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# Conservation and Demand Management Code for Electricity Distributors

## 1. GENERAL AND ADMINISTRATIVE PROVISIONS

### 1.1 The Purpose of this Code

1.1.1 The purpose of this Code is to set out the obligations and requirements that licensed distributors must comply with in relation to the CDM Targets set out in their licences. This Code also sets out the conditions and rules that licensed distributors are required to follow if they choose to use Board-Approved CDM Programs to meet the CDM Targets.

### 1.2 Definitions

In this Code:

"Act" means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

"annual milestones" means the forecasted electricity savings (kWh) and peak demand savings (kW) that a distributor hopes to achieve each year in order to meet its CDM Targets;

"Annual Report" means the report that a distributor shall file with the Board each year that shows the distributor's progress in meeting the CDM Targets set out in its licence;

"attribution" means the division of CDM benefits between a distributor and another person;

"Board" means the Ontario Energy Board;

"Board-Approved CDM Programs" means a distributor's CDM Programs that have been approved by the Board in accordance with this Code and for which the distributor has received approval to recover the costs of the CDM Programs from the GAM;

"business day" means any day that is not a Saturday, a Sunday, or a legal holiday in the Province of Ontario;

"CDM" means conservation and demand management;

"CDM Programs" means programs that are designed to reduce electricity consumption and/or provincial peak electricity demand behind customers' meters, are GAM funded, and are either Board-Approved CDM Programs or OPA-Contracted Province-Wide CDM Programs;

"CDM Strategy" means the strategy that a distributor files with the Board that outlines how a distributor will meet the CDM Targets set out in their licences;

## Conservation and Demand Management Code for Electricity Distributors

"CDM Targets" means the targets for reductions in provincial peak electricity demand and electricity consumption established in a distributor's licence;

"Code" means this Conservation and Demand Management Code;

"distribution system" means a system for distributing electricity, and includes any structures, equipment or other things used for that purpose;

"distributor" means a person who owns or operates a distribution system;

"Electricity Act" means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

"electricity savings (kWh)" means the reduction in electricity consumption associated with the implementation of CDM Programs;

"EM&V" means Evaluation, Measurement and Verification;

"Environmental Attributes" means any certificates, credits, reduction rights, allocated pollution rights, emission reduction allowances, or any other benefit that relate to or result from a distributor's Board-Approved CDM Programs;

"GAM" means the Global Adjustment Mechanism;

"OPA" means the Ontario Power Authority;

"OPA-Contracted Province-Wide CDM Programs" means province-wide CDM programs that a distributor may undertake through a contract with the OPA;

"OPA EM&V Protocols" means the protocols and framework that the OPA has adopted for the evaluation, measurement and verification of OPA-Contracted Province-Wide CDM Programs;

"OPA's Cost Effectiveness Tests" means the cost effectiveness tests that the OPA has adopted for OPA-Contracted Province-Wide CDM Programs, including all related assumptions and avoided cost assessments;

"OPA's Measures and Assumptions Lists" means the OPA's collection of prescriptive and quasi-prescriptive input assumptions for electricity CDM measures;

"peak demand savings (kW)" means the reduction in a distributor's peak electricity demand that coincides with the provincial peak electricity demand that is associated with the implementation of CDM Programs; and

"service area" means the area in which a distributor is authorized by its licence to distribute electricity.

## **Conservation and Demand Management Code for Electricity Distributors**

### **1.3 Application and Interpretation**

- 1.3.1 All appendices attached to this Code form part of the Code.
- 1.3.2 Unless otherwise defined in this Code, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act, as the case may be. Headings are for convenience only and shall not affect the interpretation of this Code. Words importing the singular include the plural and vice versa. Words importing a gender include any gender. Words importing a person include (i) an individual, (ii) a company, sole proprietorship, partnership, trust, joint venture, association, corporation or other private or public corporate body; and (iii) any government, government agency or body, regulatory agency or body or other body politic or collegiate. A reference to a person includes that person's successors and permitted assigns. A reference to a body, whether statutory or not, that ceases to exist or whose functions are transferred to another body is a reference to the body that replaces it or that substantially succeeds to its powers or functions. Where a word or phrase is defined in this Code, the Act or the Electricity Act, other parts of speech and grammatical forms of the word or phrase have a corresponding meaning. A reference to a document (including a statutory instrument) or a provision of a document includes any amendment or supplement to, or any replacement of, that document or that provision of that document. The expression "including" means including without limitation.
- 1.3.3 If the time for doing any act or omitting to do any act under this Code expires on a day that is not a business day, the act may be done or may be omitted to be done on the next day that is a business day.

### **1.4 To Whom this Code Applies**

- 1.4.1 This Code applies to all licensed distributors that have CDM Targets as a condition of their licence.

### **1.5 Coming into Force**

- 1.5.1 This Code comes into force on the date on which it is published on the Board's website after it has been issued by the Board.
- 1.5.2 Unless expressly provided otherwise, any amendments to this Code shall come into force on the date on which they are published on the Board's website after they have been issued by the Board.

### **1.6 Requirements for Board Approvals**

- 1.6.1 Any matter under this Code requiring an approval, consent, or determination of the Board may be determined by the Board without a hearing or through an oral, written or electronic hearing, at the Board's discretion.

## **Conservation and Demand Management Code for Electricity Distributors**

### **1.7 Timeframe for the Code**

- 1.7.1 This Code applies to CDM Programs that start on January 1, 2011 and end on December 31, 2014 or occur anytime in between those two dates. All electricity savings (kWh) and peak demand savings (kW) resulting from CDM Programs must also occur within that timeframe.

## **2. CDM STRATEGY AND ANNUAL REPORTS**

### **2.1 CDM Strategy Requirements**

- 2.1.1 A distributor's CDM Strategy must provide a high level description of how a distributor intends to achieve its CDM Targets. The CDM Strategy must include:
- (a) a high level description of a distributor's year by year plan, including annual milestones, for achieving its CDM Targets;
  - (b) a description of each of the CDM Programs, divided into OPA-Contracted Province-Wide CDM Programs and potential Board-Approved CDM Programs, that the distributor plans to undertake to achieve its CDM Targets including, where the information is available, a description of:
    - (i) the program name;
    - (ii) the year(s) the program is intended to be in operation;
    - (iii) the purpose of the program;
    - (iv) the target customer type(s); and
    - (v) where the information is available, projected budgets and projected results;
  - (c) confirmation that CDM Programs will be offered for all customer types (residential, commercial, institutional, industrial) in a distributor's service area, as far as is appropriate and reasonable having regard to the composition of the distributor's customer base; and
  - (d) a section that details how, where applicable, the distributor will pursue administrative efficiencies and co-ordinate its CDM activities with other distributors, natural gas distributors, social service agencies, any level of government, government agencies, and the OPA.
- 2.1.2 Distributors shall file their CDM Strategy in the manner set out in Appendix B.
- 2.1.3 A distributor shall file its CDM Strategy with the Board by November 1, 2010.
- 2.1.4 After receiving an acknowledgement letter from the Board confirming that the CDM Strategy is complete, a distributor shall make its CDM Strategy available for public review at the distributor's offices. If the distributor has a website, the distributor shall also post its CDM Strategy on its website.

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### 2.2 Annual Reports

- 2.2.1 A distributor shall file an Annual Report with the Board by September 30 of each year. The Annual Report shall cover the period from January 1 to December 31 of the previous year. The first Annual Report shall be filed by September 30, 2012 and shall cover the period from January 1, 2011 to December 31, 2011.
- 2.2.2 Distributors shall file their Annual Reports in the manner set out in Appendix C.
- 2.2.3 A distributor shall make its Annual Report available for public review at the distributor's offices. If the distributor has a website, the distributor shall also post its Annual Report on its website by September 30 of each year for the previous calendar year.
- 2.2.4 The Annual Report shall provide an overall review of the activities undertaken by the distributor in the calendar year in order to achieve its CDM Targets.
- 2.2.5 The Annual Report shall consist of the following sections for both Board-Approved CDM Programs and OPA-Contracted Province-Wide CDM Programs:
- (a) an introduction that provides a general overview of the CDM Programs that the distributor offered in its service area;
  - (b) a description of the CDM Programs that the distributor offered in its service area, the targeted customer type or group for each of the CDM Programs, the objectives of each of the CDM Programs, and any activities associated with the CDM Programs;
  - (c) a section that details the participation levels (i.e., the number of participants by customer type) for each of the CDM Programs that the distributor offered in its service area;
  - (d) a section that describes and details the funds the distributor spent on each of the CDM Programs offered in its service area;
  - (e) a section that describes and details the verified electricity savings (kWh) and peak demand savings (kW) based on the OPA EM&V Protocols;
  - (f) a section that states the balance in the distributor's CDM variance account that shows the distributor's total spending on all of its Board-Approved CDM Programs for the year applicable to the Annual Report;
  - (g) a section that summarizes the distributor's progress towards meeting its CDM Targets, an explanation of any significant variances between the annual milestones contained in the distributor's CDM Strategy and the verified results achieved by the distributor for the reporting year, and an explanation of the potential impact that the aforementioned significant variances may have with respect to the distributor meeting its CDM Targets;
  - (h) a section that details any changes or planned modifications to the distributor's CDM Strategy; and

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- (i) a section that provides any additional information the distributor feels is appropriate, including but not limited to, recommending any improvements to its Board-Approved CDM Programs that could enhance program design, performance, and uptake by customers.

### **2.3 Co-ordination with the OPA**

- 2.3.1 Prior to applying for Board approval of any CDM Programs, a distributor must review the existing OPA-Contracted Province-Wide CDM Programs.
- 2.3.2 Distributors shall not apply for Board approval of CDM Programs that duplicate existing OPA-Contracted Province-Wide CDM Programs.
- 2.3.3 CDM Programs that will be considered duplicative of OPA-Contracted Province-Wide CDM Programs include, but are not limited to, CDM Programs that have:
  - (a) different customer incentive levels on products or services already offered through the OPA-Contracted Province-Wide CDM Programs;
  - (b) different qualification requirements to receive customer incentives or services already offered through the OPA-Contracted Province-Wide CDM Programs;
  - (c) different technology specifications for technologies already incentivized or utilized through the OPA-Contracted Province-Wide CDM Programs;
  - (d) different marketing approaches for promoting customer incentives or services already offered through the OPA-Contracted Province-Wide CDM Programs; and
  - (e) different budgets for delivering customer incentives or services already offered through the OPA-Contracted Province-Wide CDM Programs.

## **3. BOARD-APPROVED CDM PROGRAMS**

### **3.1 Requirements**

- 3.1.1 A distributor shall not apply for Board-Approved CDM Programs until the OPA has established its first set of OPA-Contracted Province-Wide CDM Programs.
- 3.1.2 Subject to the restrictions in sections 2.3.3 and 3.1.5, a distributor may apply to the Board for approval of CDM programs that are designed to assist the distributor in meeting the CDM Targets set out in its licence.
- 3.1.3 Board-Approved CDM Programs must end by December 31, 2014.
- 3.1.4 A distributor's application for a proposed Board-Approved CDM Program must include the following:

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- (a) a program evaluation plan, based on the OPA's EM&V Protocols, for each program;
- (b) a benefit-cost analysis of each program which shall be completed by using the OPA's Cost Effectiveness Tests;
- (c) a detailed explanation of the program's objective(s) and method of delivery;
- (d) the types of customers targeted by the program;
- (e) a forecasted number of participants that the distributor expects will participate in the program;
- (e) the total projected peak demand savings (kW) and electricity savings (kWh) per year, or if the program is for less than one year, the total projected peak demand savings (kW) and electricity savings (kWh) for the duration of the program;
- (f) a complete projected annual budget for each of the distributor's CDM Programs, including the following information:
  - (i) projected expenditures incurred on an annual basis, for each year of the CDM Programs, separated into customer incentive costs and program costs;
  - (ii) a division of program costs into direct and indirect expenditures incurred as a result of program implementation;
  - (iii) information on the allocation of total expenditures incurred by targeted customer types for each direct projected expenditure; and
  - (iv) total projected expenditures for each program evaluation conducted; and
- (g) a statement that confirms that the distributor has used the OPA's Measures and Assumptions Lists or if the distributor has varied from the OPA's Measures and Assumptions Lists the following information must be provided:
  - (i) a distributor must appropriately justify the reason for varying from the OPA's Measures and Assumptions Lists in the application and provide a statement that the distributor has followed the OPA's EM&V Protocols for custom measures not included in the OPA's Measures and Assumptions Lists.

### 3.1.5 Distributors shall not apply for CDM Programs that:

- (a) relate to a distributor's investment in new infrastructure or replacement of existing infrastructure;
- (b) relate to any measures a distributor uses to maximize the efficiency of its new or existing infrastructure; or
- (c) are associated with the OPA's Feed-in Tariff Program or the OPA's Micro Feed-in Tariff Program.



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Any initiatives that are captured in (a), (b) or (c) above will not be considered CDM initiatives and are therefore not eligible for approval under this Code.

### **3.2 Re-Allocation of Funding Among Existing Board-Approved CDM Programs**

3.2.1 A distributor must apply to the Board for cumulative fund transfers among the distributor's Board-Approved CDM Programs that exceed 30% of an approved budget for an individual CDM Program. An application to transfer more than 30% of a distributor's funds from an approved budget for an individual CDM Program shall include:

- (a) current and proposed budgets for programs affected by the re-allocation;
- (b) a description of the programs from which, and to which, funds are being re-allocated;
- (c) confirmation that CDM Programs will still be offered for all customer types (residential, commercial, institutional, industrial) in a distributor's service area, as far as is appropriate and reasonable having regard to the composition of the distributor's customer base; and
- (d) cost effectiveness calculations for all programs where re-allocation of funding has occurred and confirmation that the program receiving the additional funding is still cost effective.

### **3.3 CDM Programs for Low-Income Customers**

3.3.1 A distributor may meet a portion of its CDM Targets through the delivery of CDM Programs targeted to low-income customers.

## **4. COST EFFECTIVENESS**

### **4.1 Cost Effectiveness Tests**

4.1.1 A distributor may only apply to the Board for the approval of CDM programs that are cost effective. Cost effectiveness shall be measured by using the OPA's Cost Effectiveness Tests.

4.1.2 Despite section 4.1.1, a distributor may apply to the Board for approval of CDM programs where cost effectiveness cannot be demonstrated if the program is:

- (a) a pilot program; or
- (b) designed for educational purposes.

4.1.3 A distributor shall use the OPA's Measures and Assumptions Lists to conduct the cost effectiveness tests. If the distributor is using custom measures that are not included in the OPA's Measures and Assumptions Lists, the distributor must appropriately justify the reason for varying from the OPA's Measures and

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Assumptions Lists in the application and provide a statement that the distributor has followed the OPA EM&V Protocols for the custom measures that are not included in the OPA's Measures and Assumptions Lists.

- 4.1.4 Although there is no requirement that pilot or educational CDM programs be cost effective, distributors shall provide, in addition to the requirements set out in section 3.1.4, adequate evidence (as described in sections 4.2 and 4.3) that the CDM programs will likely result in peak demand savings (kW) and electricity savings (kWh). The Board will take into consideration the cost and the number of pilot and educational CDM Programs that a distributor already has undertaken or plans to undertake when approving these CDM programs.

### **4.2 Pilot CDM Programs**

- 4.2.1 A pilot CDM program will only be eligible for approval by the Board if:

- (a) it involves the testing, or evaluation of methodologies and/or technologies that are not already in use in Ontario and that may serve as a model for other distributors or the OPA to use in future CDM development;
- (b) it does not duplicate existing CDM pilot programs being undertaken by the OPA or other distributors; and
- (c) the distributor has already applied to the OPA for CDM program funding and was not approved by the OPA.

- 4.2.2 A distributor shall provide a detailed description of the costs and benefits of the proposed pilot program and demonstrate how the pilot program will increase the collective understanding of the methodology and/or technology and its benefits as a CDM activity.

- 4.2.3 A distributor shall file with the Board a report on the expected outcome(s) and benefits of the pilot program (i.e., projected data or information to be produced by the program and how the data or information will be used in the operations of, or planning frameworks for, future CDM initiatives).

- 4.2.4 A distributor must specify the customer type(s) and the number of participants that will be targeted by the pilot program.

### **4.3 Educational CDM Programs**

- 4.3.1 A distributor must demonstrate how the educational CDM program will promote the understanding of energy issues and lead to behavioural changes that result in the overall reduction of electricity demand and consumption.

- 4.3.2 A distributor must:

- (a) identify the customer type(s) that will be targeted;

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- (b) specify the number of participants that will be targeted;
- (c) explain why the educational CDM program is needed (i.e., why there is a need to educate the specified customer type(s) on the specified energy issues);
- (d) articulate the educational approaches that will be utilized by the distributor (i.e., brochures, seminars, etc.);
- (e) provide estimates of costs of the educational CDM program; and
- (f) describe the anticipated benefits of the educational CDM program.

### **5. ACCOUNTING TREATMENT**

- 5.1 A distributor shall follow all the Board's accounting policies and procedures specified for CDM activities.
- 5.2 A distributor shall use a fully allocated costing methodology for all CDM Programs. The fully allocated costing methodology that distributors must use for the CDM Programs it delivers is set out in Appendix A.
- 5.3 A distributor's earned revenues and incurred expenses from all Board-Approved CDM Programs are to be kept separate from a distributor's earned revenues and incurred expenses from all OPA-Contracted Province-Wide CDM Programs.
- 5.4 A distributor's earned revenues and incurred expenses from all Board-Approved CDM Programs and all OPA-Contracted Province-Wide CDM Programs are to be kept separate from the distributor's distribution operations and shall not be included in the distributor's distribution revenue requirement.
- 5.5 A distributor shall track spending for its Board-Approved CDM Programs in a Board-approved CDM variance account, which will be used to record the difference between the funding awarded for Board-Approved CDM Programs and the actual spending incurred for these programs. The disposition of the balance in this account shall be made at the time specified by the Board and in the manner specified by the Board.
- 5.6 A distributor shall not be the owner or beneficiary of any Environmental Attributes that are related to or result from Board-Approved CDM Programs.

### **6. PROGRAM EM&V**

#### **6.1 Independent Review**

- 6.1.1 A distributor's results for its Board-Approved CDM Programs must be evaluated through an independent third party review. The review of a distributor's results for its Board-Approved CDM Programs must be done by an independent third

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party selected from the OPA's third party vendor of records list. The third party reviewer must use the OPA EM&V Protocols when conducting EM&V on Board-Approved CDM Programs.

- 6.1.2 The independent third party reviewer's report on the distributor's Board-Approved CDM Programs must be filed by the distributor with the Board at the same time the distributor's Annual Report is filed with the Board (i.e., by September 30 of each year). The independent third party reviewer's report shall cover the period from January 1 to December 31 of the previous year.
- 6.1.3 The distributor shall co-operate with any Board initiated audits and shall provide documentation as requested.

## **7. PERFORMANCE INCENTIVE**

### **7.1 Eligible Programs**

- 7.1.1 A distributor may apply for a performance incentive for its CDM Programs.
- 7.1.2 A distributor may only claim a performance incentive in relation to its contribution to the CDM Programs. In order for a distributor to claim 100% attribution of benefits, the distributor shall demonstrate that its role was central to the CDM Programs. Centrality is established by the distributor if its budgetary contribution was greater than 50% of program funding or, where the distributor's budgetary contribution was less than 50% of program funding, the distributor initiated the partnership, initiated the program or initiated the implementation of the program. If the distributor's budgetary contribution was less than 50 percent, the distributor shall provide supporting documentation outlining its role in the CDM Programs.
- 7.1.3 If a distributor's role does not meet the test for centrality set out in section 7.1.2, the distributor shall then submit a proposal for an attribution of benefits to the Board for approval and the Board will determine whether the proposal is acceptable.
- 7.1.4 If more than one distributor applies for an attribution of benefits for the same CDM Program, the total applied for between the distributors cannot exceed 100%.

### **7.2 Calculation of the Performance Incentive**

- 7.2.1 Performance incentive payments shall be made on the basis of a distributor's achieved verified results in meeting its CDM Targets. A distributor must provide verified results for both electricity savings (kWh) and peak demand savings (kW) at the time of its application to the Board for a performance incentive. The

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verification must have been completed by an independent third party selected from the OPA's third party vendor of records list.

- 7.2.2 A distributor may accrue a performance incentive once it meets 80% of each of its CDM Targets. Performance incentives shall not exceed 150% of each CDM Target.
- 7.2.3 A distributor's performance incentive shall be calculated across the distributor's entire portfolio of Board-Approved CDM Programs and OPA-Contracted Province-Wide CDM Programs. A distributor's performance incentive shall be calculated in the manner set out in Appendix D.

# Conservation and Demand Management Code for Electricity Distributors

## APPENDIX A

### Fully-Allocated Costing Methodology for Non Rate-Regulated Activities

#### 1. DEFINITIONS

In this Appendix:

"Allocable Costs" means indirect costs (i.e., costs that would be incurred regardless of whether or not the Non Rate-Regulated Activities were undertaken);

"Cost Driver" means a measure used to allocate, to a Non Rate-Regulated Activity, the costs of any functions performed within the distribution company to undertake that Non Rate-Regulated Activity;

"Fully Allocated Costs" means the sum of Marginal Costs and Allocable Costs;

"Marginal Costs" means direct costs (i.e., costs that would be eliminated or reduced if the Non Rate-Regulated Activities were no longer undertaken); and

"Non Rate-Regulated Activities" means activities that are carried out by a distributor but are not rate-regulated by the Board, including but not limited to, OPA-Contracted Province-Wide CDM Programs, Board-Approved CDM Programs, billing and collection for water and sewage, and distributor-owned generation.

#### 2. COST ALLOCATION PROCESS

- 2.1 Marginal Costs can be directly assigned to Non Rate-Regulated Activities. Allocable Costs must be allocated, using a Cost Driver, to determine the proportional share of the Allocable Costs attributable to Non Rate-Regulated Activities.
- 2.2 In order to determine the costs associated with Non Rate-Regulated Activities, a distributor shall use an activity analysis to assess the nature and extent of the functions being performed throughout the distribution company to undertake the Non Rate-Regulated Activities. The analysis must include the identification of all activities performed within the distribution company regardless of whether or not these activities directly or indirectly support Non Rate-Regulated Activities.
- 2.3 The activity analysis referred to in section 2.2 must include the following Marginal Costs and Allocable Costs, where applicable:
  - (a) all salaries and labour costs including benefits;
  - (b) contractor expenses;

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- (c) billing and collection;
- (d) customer care, advertising, and marketing;
- (e) administration and general expenses;
- (f) IT costs;
- (g) office equipment; and
- (h) any other cost that a distributor can show is relevant and necessary for the program analysis.

2.4 A distributor must determine an appropriate Cost Driver for each Allocable Cost. Cost Drivers must be:

- (a) representative of how costs are being incurred;
- (b) implemented in a cost effective manner; and
- (c) verifiable and justifiable.

The types of Cost Drivers that distributors may use are included below in sections 2.5 to 2.7.

2.5 A distributor may use headcount as a Cost Driver for the allocation of salaries, other labour related costs, administration and general expenses, and IT costs. This Cost Driver is based on the number of full-time equivalents needed to support the Non Rate-Regulated Activities. A distributor shall calculate full time equivalents in accordance with the following examples:

- (a) if six employees each devoted 25 percent of their time to Non Rate-Regulated Activities, the full-time equivalent for those employees would be 1.5; and
- (b) if six part-time employees each devoted 25 percent of their time to Non Rate-Regulated Activities, the part-time positions would first need to be translated into a full-time position (i.e., if an employee works 3 days per week, the full-time position would be 0.6) and then apply the percentage (i.e.,  $6 \times 0.6 = 3.6$  and 25 percent of 3.6 = 0.9) so the full-time equivalent would be 0.9.

2.6 A distributor may use time as a Cost Driver for the allocation of executive and administrative functions, legal services, and financial analysis because these functions are typically project specific. A distributor shall calculate the percentage of time to be allocated to Non Rate-Regulated Activities by using the base hours per employee. A distributor shall calculate the percentage of time in accordance with the following examples:

- (a) if an employee's base hours are 40 hours per week and the employee actually worked 40 hours that week, which included 4 hours of his/her time on Non Rate-Regulated Activities, the allocation would be 10 percent; and

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- (b) if an employee's base hours are 40 hours per week and the employee actually worked 60 hours that week, which included 4 hours of his/her time on Non Rate-Regulated Activities, the allocation would still be 10 percent.
- 2.7 A distributor may use the frequency of an activity as a Cost Driver for the allocation of call centre costs and accounts payable processing because these activities can be repetitive in nature and consistent over time in terms of the level of effort required to provide the service. Call centre costs shall be allocated based on number of calls received in relation to Non Rate-Regulated Activities and accounts payable processing costs shall be allocated based on the number of invoices processed for Non Rate-Regulated Activities.



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## APPENDIX B

### CDM Strategy Template

1. **Distributor's Name:**
2. **Total Reduction in Peak Provincial Electricity Demand (MW) Target:**
3. **Total Reduction in Electricity Consumption (kWh) Target:**
4. **CDM Strategy**
  - 4.1 Provide a high level description of how the distributor plans to meet its CDM Targets over the 4-year period. The description must include the following elements:
    - (a) a division of the CDM Strategy into a year by year plan; and
    - (b) a statement of the annual milestones the distributor hopes to achieve.
5. **OPA-Contracted Province-Wide CDM Programs**
  - 5.1 Describe, to the extent known, the OPA-Contracted Province-Wide CDM Programs the distributor plans to undertake from 2011-2014. The following information must be provided for each program:
    - (a) program name;
    - (b) year(s) of operation for the program;
    - (c) program description (i.e., purpose of the program, target customer type(s));
    - (d) where the information is available, the projected budget;
    - (e) where the information is available, the total projected reduction in peak provincial electricity demand (kW); and
    - (f) where the information is available, the total projected reduction in electricity consumption (MWh).
6. **Potential Board-Approved CDM Programs**
  - 6.1 Describe, to the extent known, the potential Board-Approved CDM Programs the distributor plans to undertake from 2011-2014. The following information must be provided for each program:
    - (a) program name;
    - (b) year(s) of operation for the program;
    - (c) program description (i.e., purpose of the program, target customer type(s));
    - (d) where the information is available, the projected budget;

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- (e) where the information is available, the total projected reduction in peak provincial electricity demand (kW); and
- (f) where the information is available, the total projected reduction in electricity consumption (MWh).

### **7. Program Mix**

- 7.1 Provide a description of how the distributor will ensure that CDM Programs will be offered for all customer type(s) (i.e., residential, commercial, institutional and industrial) in the distributor's service area, as far as is appropriate and reasonable having regard to the composition of the distributor's customer base.

If the distributor will not offer any CDM Programs to a particular customer type, the distributor must provide the rationale for why it is appropriate and reasonable not to have CDM Programs for that type of customer.

### **8. CDM Programs Co-ordination**

- 8.1 Describe, where applicable, how the distributor will pursue administrative efficiencies and co-ordinate its CDM activities with other distributors, natural gas distributors, social service agencies, any level of government, government agencies, and the OPA.

# Conservation and Demand Management Code for Electricity Distributors

## APPENDIX C

### Annual Report Template

#### **1. BOARD-APPROVED CDM PROGRAMS**

##### **1.1 Introduction**

- 1.1.1 Provide a general overview of all of the Board-Approved CDM Programs that are being offered in the distributor's service area.

##### **1.2 Program Description**

- 1.2.1 Provide a detailed description of each of the Board-Approved CDM Programs that are being offered in the distributor's service area. For each program, include the targeted customer type or group for the Board-Approved CDM Program, the objectives of the Board-Approved CDM Program, and any other activities associated with the Board-Approved CDM Program.

##### **1.3 Participation**

- 1.3.1 Include the detailed participation levels (i.e., the number of participants by customer type) for each of the Board-Approved CDM Programs that the distributor offered in its service area.

##### **1.4 Spending**

- 1.4.1 Describe and detail the funds the distributor spent, both cumulatively and in the one year period applicable to the Annual Report, on each of its Board-Approved CDM Programs that the distributor offered in its service area.

##### **1.5 Evaluation**

- 1.5.1 Provide a detailed discussion that reports on the EM&V results for each of the distributor's Board-Approved CDM Programs using the OPA EM&V Protocols for peak demand savings (kW) and electricity savings (kWh).

##### **1.6 CDM Variance Account**

- 1.6.1 The distributor shall provide the Board with the balance in its CDM variance account that shows, as of December 31 of the year applicable to the Annual Report, the total spending on all of its Board-Approved CDM Programs.

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### **1.7 Additional Comments**

- 1.7.1 The distributor shall provide any additional information the distributor feels is appropriate, including but not limited to, recommendations for any improvements to its Board-Approved CDM Programs that could enhance program design, performance, and uptake by customers.

## **2. OPA-CONTRACTED PROVINCE-WIDE CDM PROGRAMS**

### **2.1 Introduction**

- 2.1.1 Provide a general overview of all of the OPA-Contracted Province-Wide CDM Programs that are being offered in the distributor's service area.

### **2.2 Program Description**

- 2.2.1 Provide a detailed description of each of the OPA-Contracted Province-Wide CDM Programs that are being offered in the distributor's service area. For each program, include the targeted customer type or group for the OPA-Contracted Province-Wide CDM Program, the objectives of the OPA-Contracted Province-Wide CDM Program, and any activities associated with the OPA-Contracted Province-Wide CDM Program.

### **2.3 Participation**

- 2.3.1 Include the detailed participation levels (i.e., the number of participants by customer type) for each of the OPA-Contracted Province-Wide CDM Programs that the distributor offered in its service area.

### **2.4 Spending**

- 2.4.1 Describe and detail the funds the distributor spent, both cumulatively and in the one year period applicable to the Annual Report, on each of the OPA-Contracted Province-Wide CDM Programs that the distributor offered in its service area.

### **2.5 Evaluation**

- 2.5.1 Provide a detailed discussion that reports on the EM&V results for each of the distributor's OPA-Contracted Province-Wide CDM Programs using the OPA EM&V Protocols for peak demand savings (kW) and electricity savings (kWh).

### **2.6 Additional Comments**

- 2.6.1 Provide any additional information related to the OPA-Contracted Province-Wide CDM Programs that the distributor feels is appropriate.

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### **3. COMBINED CDM REPORTING ELEMENTS**

#### **3.1 Progress Towards CDM Targets**

3.1.1 Provide a summary of the distributor's progress towards meeting its CDM Targets, an explanation for any significant variances between the annual milestones contained in the distributor's CDM Strategy and the verified results achieved by the distributor for the reporting year, and an explanation of the potential impact that the aforementioned significant variances may have with respect to the distributor meeting its CDM Targets.

#### **3.2 CDM Strategy Modifications**

3.2.1 Detail any changes or planned modifications to the distributor's CDM Strategy.

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## APPENDIX D

### Performance Incentive Calculation

The performance incentive has six (6) ranges, as shown in the table below:

Performance Tiers			Performance Incentive	
Range	Range Begins	Range Ends	¢/kWh	\$/kW
1	80%	up to 100%	0.30	13.50
2	100%	up to 110%	0.45	20.25
3	110%	up to 120%	0.75	33.75
4	120%	up to 130%	1.05	47.25
5	130%	up to 140%	1.35	60.75
6	140%	up to 150%	1.80	81.00

A distributor is eligible for a performance incentive when it has reached 80% of **both** of its CDM Targets (i.e., the distributor has achieved 80% of its electricity (kWh) target **and** 80% of its peak demand (kW) target).

#### **Range 1**

Range 1 begins when a distributor has reached 80% of **both** of its CDM Targets (i.e., the distributor has achieved 80% of its electricity (kWh) target **and** 80% of its peak demand (kW) target) and is applicable to all kWh and kW up to 100% of each target. For each kWh and kW saved from 80% of each target up to, but not including 100% of each target, a distributor will earn 0.30¢/kWh and \$13.50/kW, respectively.

#### **Range 2**

Range 2 begins when a distributor has reached 100% of **both** of its CDM Targets (i.e., the distributor has achieved 100% of its electricity (kWh) target **and** 100% of its peak demand (kW) target) and is applicable to all kWh and kW up to 110% of each target. For each kWh and kW saved from 100% of each target up to, but not including 110% of each target, a distributor will earn 0.45¢/kWh and \$20.25/kW, respectively.

#### **Range 3**

Range 3 begins when a distributor has reached 110% of **both** of its CDM Targets (i.e., the distributor has achieved 110% of its electricity (kWh) target **and** 110% of its peak demand (kW) target) and is applicable to all kWh and kW up to 120% of each target. For each kWh and kW saved from 110% of each target up to, but not including 120% of each target, a distributor will earn 0.75¢/kWh and \$33.75/kW, respectively.

## Conservation and Demand Management Code for Electricity Distributors

### Range 4

Range 4 begins when a distributor has reached 120% of **both** of its CDM Targets (i.e., the distributor has achieved 120% of its electricity (kWh) target **and** 120% of its peak demand (kW) target) and is applicable to all kWh and kW up to 130% of each target. For each kWh and kW saved from 120% of each target up to, but not including 130% of each target, a distributor will earn 1.05¢/kWh and \$47.25/kW, respectively.

### Range 5

Range 5 begins when a distributor has reached 130% of **both** of its CDM Targets (i.e., the distributor has achieved 130% of its electricity (kWh) target **and** 130% of its peak demand (kW) target) and is applicable to all kWh and kW up to 140% of each target. For each kWh and kW saved from 130% of each target up to, but not including 140% of each target, a distributor will earn 1.35¢/kWh and \$60.75/kW, respectively.

### Range 6

Range 6 begins when a distributor has reached 140% of **both** of its CDM Targets (i.e., the distributor has achieved 140% of its electricity (kWh) target **and** 140% of its peak demand (kW) target) and is applicable to all kWh and kW up to 150% of each target, where the performance incentive is capped. For each kWh and kW saved from 140% of each target up to 150% of each target, a distributor will earn 1.80¢/kWh and \$81.00/kW, respectively.

## Attachment C

### Cost Awards

#### Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person requesting cost eligibility must file with the Board a written submission to that effect by **June 30, 2010**, identifying the nature of the person's interest in this process and the grounds on which the person believes that it is eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board's website. Licensed electricity distributors to whom the proposed CDM Code applies will be provided with an opportunity to object to any of the requests for cost award eligibility. If any of these electricity distributors has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **July 14, 2010**. Any objections received will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting parties.

#### Eligible Activities

Cost awards will be available in relation to the provision of comments on the proposed CDM Code as set out in Attachment B, to **a maximum of 30 hours**.

#### Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the Board's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) on the "Rules, Guidelines and Forms" webpage.