



Energizing Our Community

Telephone: (705) 326-7315
Fax: (705) 326-0800

September 28, 2012

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

Dear Ms. Walli:

**RE: Orillia Power Distribution Corporation – Board File No. EB-2010-0215
2011 Conservation and Demand Management Annual Report**

On September 16, 2010 the Ontario Energy Board (OEB) issued its Conservation and Demand Management Code ("CDM Code") for Electricity Distributors. Section 2.2 of the CDM Code requires that distributors file Conservation and Demand Management (CDM) Annual Reports by September 30th each year.

Please find enclosed Orillia Power Distribution Corporation's (Orillia) Annual Report for the period January 1, 2011 to December 31, 2011. The report provides an overall review of the activities undertaken by Orillia in 2011 in order to achieve its CDM Targets. The report is available for public review at Orillia's office and on its website.

An electronic version of the report has been submitted using the OEB's e-filing services. Two paper copies will be sent by courier.

Sincerely,

Pat Hurley
Treasurer and Chief Conservation Officer
Orillia Power Distribution Corporation

cc Keith McAllister, President & CEO
Lisa Rae, CDM Coordinator

Orillia Power Distribution Corporation

Conservation and Demand Management 2011 Annual Report

**Submitted to:
Ontario Energy Board**

September 30, 2012

Orillia Power Distribution Corporation 2011 CDM Annual Report

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Executive Summary

Orillia Power Distribution Corporation ("Orillia Power") submitted its Conservation and Demand Management ("CDM") Strategic Plan pursuant to the requirements stated in the Ontario Energy Board's ("the Board") CDM Code (Board File No. EB-2010-0215) and with reference to the energy and peak demand reduction targets (Board File No. EB-2010-0216) set by the Board. Orillia Power's allocated CDM target is 3.07 MW of peak demand savings and 15.05 GWh of energy savings to be achieved over the four year period 2011 to 2014.

Under its CDM Strategic Plan, Orillia Power planned to commence activities in January 2011 aimed at achieving its targets mainly through delivery of Ontario Power Authority ("OPA")-Contracted Province-Wide Tier 1 Programs. All customer classes including low income consumers would be targeted over the course of the four year period. Time-of-Use ("TOU") Pricing is the only Ontario Energy Board-Approved CDM program currently offered in Orillia Power's service area.

Orillia Power has taken a measured approach to achieving the four-year targets established by the Board, leveraging its experience with implementing energy efficiency programs in the residential, commercial/institutional and industrial markets. Table 1 outlines Orillia Power's energy saving strategy, largely "front-end loaded" to take advantage of its previous experience and the persistence of savings over the four year timeframe. Low income sector and demand response activities were projected to ramp up more gradually over the four year period.

Table 1 - OPA-Contracted Province-Wide CDM Programs Strategy Submitted to the Board

	RESIDENTIAL		COMMERCIAL/ INSTITUTIONAL		INDUSTRIAL		LOW INCOME	
	Demand	Energy	Demand	Energy	Demand	Energy	Demand	Energy
	Proportion of Residential Target		Proportion of Commercial/ Institutional Target		Proportion of Industrial Target		Proportion of Low Income Target	
TIER 1	80%		80%		80%		80%	
Year 1	15%	25%	5%	25%	5%	25%	5%	5%
Year 2	20%	25%	15%	25%	15%	25%	20%	20%
Year 3	20%	20%	25%	20%	25%	20%	25%	25%
Year 4	25%	10%	35%	10%	35%	10%	30%	30%
TIER 2	20%		20%		20%		20%	
TIER 3	20%		20%		20%		20%	
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%

In developing its strategic plan, Orillia Power intended to maximize the energy savings and demand savings potential of the OPA Tier 1 program portfolio. Table 2 provides a “roll up” of the planned milestones for savings over the four years of the program. Projected savings reflect energy and demand savings, with target achievement in the first years accumulating (GWh) and persisting (MW) through subsequent years. Low income programs were not included in these projections.

Table 2 – OPA Program Portfolio Roll up – Original Savings Milestones

Milestones as Submitted to the Board	Projected savings in Energy (GWh)	Projected savings in Peak Demand (MW)
2011	2.13	0.52
2012	5.89	1.01
2013	10.01	1.23
2014 Total Savings	14.44	2.83
2014 Target	15.05	3.07
2014 Variance from Target	-0.61	-0.24
2014 Percentage Variance from Target**	95.9%	92.2%

** 2014 targets to be met through combination of TOU implementation and acceleration of programs

The purpose of this report is to provide an overall review of the activities undertaken by Orillia Power in 2011 in order to achieve its allocated CDM Targets. In addition, its findings will assist the Board in its review of conservation and energy efficiency programs for consumers in the electricity sector. The report describes each of the OPA-Contracted Province-Wide Programs being offered in Orillia Power’s service area with respect to:

- Consumer programs
- Commercial and Institutional programs
- Industrial programs
- Low Income initiative (Home Assistance Program)
- Pre-2011 programs completed in 2011

The report provides a summary of Orillia Power’s progress in 2011 towards meeting its allocated CDM Targets, with the achievement of 12.7% (scenario 2 - 31.6%) of its net annual peak demand savings (MW) and 50.3% of its net cumulative energy savings (GWh) targets (Table 3). Projected savings from Orillia Power’s sole Board-Approved CDM program - TOU Pricing are not included in these results. It is also important to note that forecasted four-year target achievements are based on four-year program availability.

The report provides details of customer type(s) targeted, the objectives of each CDM program, the number of participants by customer type, funds spent and the results of each program using OPA Evaluation, Measurement & Validation (“EM&V”) Protocols for peak demand savings (MW) and energy savings (GWh). Table 3 summarizes the variance between verified results and Orillia Power’s original milestone for 2011 (Table 2).

Table 3 – OPA Verified Results Compared to 2011 Milestone

		Net Energy Savings (GWh)	Net Peak Demand Savings (MW) Scenario 1	Net Peak Demand Savings (MW) Scenario 2
Allocated CDM Target in 2014	A	15.05	3.07	3.07
2011 Verified Net Annual Savings	B	7.57	0.39	Note ¹
Verified Portion of Allocated CDM Target Achieved in 2014	C = B / A	50.3%	12.7%	31.6%
2011 Milestone CDM Target	D	2.13	0.52	0.52
Portion of Allocated CDM Target Based on 2011 Milestone	E = D / A	14.2%	16.9%	16.9%
Variance	C - E	36.1%	-4.2%	14.7%

¹Verified net annual savings in MW not available

Net peak demand is shown under two scenarios. Scenario 1 assumes that demand response resources have a persistence of 1 year. Scenario 2 assumes that demand response resources remain in Orillia Power’s service area until 2014.

The milestone CDM targets shown in Table 3 represent the energy savings (GWh) and peak demand savings (MW) that Orillia Power forecasted they would achieve in 2011 in its plan to meet its 2011-2014 allocated CDM Targets. Orillia Power exceeded its energy savings (GWh) milestone by 36.1% as a result of higher levels of activity in some Tier 1 programs as well as the inclusion of savings from pre-2011 ERIP projects. Orillia Power has fallen slightly short of its peak demand savings (MW) milestone by 4.25% under scenario 1. This is partially attributable to the length of procurement processes, and extended wait periods for program schedules which may have impeded progress of some programs. Also, the assumption that demand response resources have a persistence of only 1 year means that 2011 results do not include any demand savings from Commercial/Industrial Demand Response 3 (DR3) contracts signed in 2011. Orillia Power’s strategic plan assumes that DR3 contracts will exist in 2014 and under scenario 2 it has actually exceed its demand savings (MW) milestone by 14.7%.

Orillia Power plans to continue with its original CDM Strategy but may need to accelerate some of the programs in order to achieve its allocated CDM Targets by the end of 2014. Orillia Power remains confident that OPA programs will continue to drive strong results towards meeting its allocated targets.

Background

On March 31, 2010, the Minister of Energy and Infrastructure of Ontario (“the Minister”), under the guidance of sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998*, directed the Ontario Energy Board (“the Board”) to establish Conservation and Demand Management (“CDM”) targets to be met by electricity distributors. Accordingly, on November 12, 2010, the Board amended the distribution licence of Orillia Power Distribution Corporation (“Orillia Power”) to require Orillia Power, as a condition of its licence, to achieve 15.050 GWh of energy savings and 3.070 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 Board issued the CDM 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, Orillia Power submitted its CDM Strategy on November 1, 2010 with Addendums filed on February 14, 2011 and June 13, 2011. The CDM Strategy provided a high level description of how Orillia Power intended to achieve its CDM targets.

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

1 Board-Approved CDM Programs

1.1 Introduction

In its Decision and Order dated November 12, 2010 (**EB-2010-0215 & EB-2010-0216**), the Board 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 CDM program that is being offered in Orillia Power’s service area.

1.2 TOU Pricing

1.2.1 BACKGROUND

In its April 26, 2012 CDM Guidelines, the Board 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 Board establishes TOU prices and has made the implementation of this pricing mechanism mandatory for distributors. On this basis, the Board has determined that distributors will not have to file a Board-Approved CDM program application regarding TOU pricing. The Board 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 Board is of the view that any evaluations of savings from TOU pricing should be conducted by the Ontario Power Authority (“the OPA”) for the province, and then allocated to distributors. Orillia Power 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 Orillia Power is not able to provide any verified savings related to Orillia Power’s TOU program at this time.

1.2.2 TOU PROGRAM DESCRIPTION

Target Customer Type(s): Residential and small business customers with less than 50 kW demand

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 Board issued a final determination to mandate TOU pricing for residential and small business 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 Board. A summary of the RPP TOU pricing is provided below:

RPP TOU Effective Date	Rates (cents/kWh)		
	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: Board set rates; LDC installation and maintenance of the meter; LDC converts customers to TOU billing.

Initiative Activities/Progress:

Orillia Power began transitioning its RPP customers to TOU billing June 30, 2011. At December 31, 2011, 12,864 RPP customers were on TOU billing.

1.3 Orillia Power’s Application with the Board

Time-of-Use Pricing is the only Board-Approved Conservation and Demand Management program that is being offered in Orillia Power’s service area. As this was a provincially mandated program, application to the Board was not a requirement.

2 OPA-Contracted Province-Wide CDM Programs

2.1 Introduction

Effective March 9, 2011, Orillia Power entered into an agreement with the OPA to deliver CDM programs extending from January 1, 2011 to December 31, 2014, which are listed in Table 4. In addition, results will be reported from projects started pre 2011 which were completed in 2011.

Table 4 – OPA Programs included in Agreement

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

Table 4 - OPA Programs included in Agreement (continued)

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

Several initiatives that were included in the schedules were not in market in 2011. The OPA has communicated that the initiatives listed in the Table 5 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.

Table 5 – OPA Programs not in Market in 2011

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 OPA and results are attributed to LDCs for reporting.	Not launched to market
Home Energy Audit Tool	This is a provincial online audit tool to engage customers in conservation and help drive customer participation to CDM programs.	Not launched to market
Commercial & Institutional Program		
Direct Service Space Cooling	The objective of this initiative is to offer free servicing of air conditioning systems and refrigeration units for the purpose of achieving energy savings and demand reduction.	Not launched to market in 2011. 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 program change management provisions in Article 3. Collaboration between the OPA and the Local Distribution Companies (LDCs) commenced in 2011 as the change management process was implemented to enhance the saveONenergy program suite. The change management process allows for modifications to the Master Service Agreement and initiative schedules. The program enhancements give LDCs additional tools and greater flexibility to deliver programs in a way that meets the needs of customers and further drives participation in the initiatives.

2.2 Program Descriptions

2.2.1 RESIDENTIAL PROGRAM

2.2.1.1 APPLIANCE RETIREMENT INITIATIVE (Exhibit D)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objectives: Achieve energy and demand savings by permanently decommissioning certain older, inefficient refrigeration appliances 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 D
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricty_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf and
- SaveONenergy website <https://saveonenergy.ca/Consumer/Programs/Appliance-Retirement.aspx>

Initiative Activities/Progress: Promotion through saveONenergy website, newspaper, TV.

In Market Date: January 2011

Orillia Power continued to promote this program as a continuation of the Great Refrigerator Roundup program delivered previously. This program was well received in 2011.

Lessons Learned:

- The Appliance Retirement Initiative (previously The Great Refrigerator Round-Up) has been offered by LDCs since 2007. This initiative is approaching market saturation.

- While the OPA and the LDCs have reviewed this initiative to assess whether to include other products, appliances have a natural life cycle and the initiative cannot be expected to continually deliver the high level of results in perpetuity. These lower expectations have been taken into account when developing conservation portfolios.
- 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 in use 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 C
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf and
- SaveONEnergy website <https://saveonenergy.ca/Consumer.aspx>

Initiative Activities/Progress: Promotion through saveONEnergy website, newspaper, TV.

In Market Date: January 2011

This program was less widely promoted and had limited success in our service area.

Lessons Learned:

- The spring event had the participation of three (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 air conditioners 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: Promotion through saveONEnergy website and contractor information session.**In Market Date:** January 2011

Success of the program was driven by promotion through local contractors responding to customer needs.

Lessons Learned:

- Channel engagement is a highly effective method of connecting with customers; however channel partners require timeliness of the rebate process to maintain a positive relationship between consumers, contractors, the OPA, and the participating LDC.
- There appears to be spillover from non-HRAI contractors who are ineligible for this initiative. There are cases where smaller independent contractors are offering their own incentives (by discounting their installations to match value of the OPA incentive) to make the sale. As this occurs outside of the initiative, these installations are not being attributed to any LDC.

2.2.1.4 CONSERVATION INSTANT COUPON BOOKLET INITIATIVE (Exhibit A)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

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

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

Targeted End Uses: ENERGY STAR® qualified Standard Compact Fluorescent Lights (CFLs), ENERGY STAR® qualified light fixtures and 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: Promotion through saveONenergy website, LDC front counter, newspaper, TV.

In Market Date: January 2011

Coupon program was generally well received.

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 varies 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 C
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricty_contracts/pdfs/Schedule%20B-1%20Residential%20Program.pdf and
- saveONenergy website <https://saveonenergy.ca/Consumer.aspx>

Initiative Activities/Progress: Promotion through saveONenergy website, newspaper, TV and in-store LDC presence.

In Market Date: April 2011 and October 2011

Program was well received. In-store promotion drew significant interest. Consumers expressed interest in new products such as LEDs not included in the initiative.

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 activity

In Market Date: January 2011

Lack of interest from retailers did not justify training LDC and retail staff at this time.

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 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 C
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: Promotion through saveONenergy website, outreach to local builders.

In Market Date: January 2011

No uptake of the program.

Lessons Learned:

- There were limited 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 products were available.

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

Delivery: LDCs recruit customers and procure technology.

Additional detail is available:

- Schedule B-1, Exhibit C
http://www.powerauthority.on.ca/sites/default/files/new_files/industry_stakeholders/current_electricity_contracts/pdfs/SCHED_2011_ResDR_B_3_110727%28MJB%29v15_redacted.pdf and
- SaveONenergy website <https://saveonenergy.ca/Consumer.aspx>

Initiative Activities/Progress: Not available in Orillia Power service area in 2011

In Market Date: Not applicable

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 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: Outsourced to third party provider who held contractor engagement session, mail out to larger customers.

In Market Date: May 2011

Good uptake in 2011 although many projects were not completed until 2012 and as a result not reflected in 2011 results. A solid foundation for this program is now in place.

Lessons Learned:

- ERII (previously Equipment Replacement Incentive Program – ERIP) has been offered by LDCs for several 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: Lighting

Delivery: Participants enroll directly with the LDC, or 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: Outsourced to third party provider who held contractor engagement session.

In Market Date: May 2011

We experienced very good uptake with this program. Focus was on direct target of small business.

Lessons Learned:

- The Direct Installed Lighting Initiative is a continuation of the Power Saving Blitz Initiative offered by LDCs from 2008 to 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: Outsourced to third party provider.

In Market Date: June 2011

There was no uptake of this program in 2011.

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: Outsourced to third party provider.

In Market Date: June 2011

There was no uptake of this program in 2011.

Lessons Learned:

- This is a continuation of the High Performance New Construction program previously delivered by Enbridge Gas under contract with the OPA (and subcontracted to Union Gas), which ran until December 2010.
- For 2011, new industry participation was limited due to the delays in redesign of certain aspects of the initiative such as:
 - 2011 prescriptive incentives needed to be aligned with ERII incentives.
 - In the cases of delivering large projects (i.e. custom applications), 2011 participation was limited due to 1) building code changes 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: Outsourced to third party provider.

In Market Date: June 2011

Customer contact initiated laying foundation for participation in early 2012.

Lessons Learned:

- Customer uptake in 2011 was slow. Hence, no 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 project cost
- c) A one year payback

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: Program information mail out to larger customers

In Market Date: October 2011

No activity in 2011.

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 (M&T) 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 M&T system to help them understand how their energy consumption might be reduced. A facility energy manager, who regularly oversees energy usage, will then 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_electricity_contracts/pdfs/Schedule%20D-2%20Monitoring%20and%20Targeting%20Initiative.pdf
and
- SaveONenergy website <https://saveonenergy.ca/Business.aspx>

Initiative Activities/Progress: Program information mail out to larger customers.

In Market Date: October 2011

No uptake in our service area.

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_electricty_contracts/pdfs/Schedule%20D-3%20Energy%20Manager%20Initiative%202011-2014.pdf and

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

Initiative Activities/Progress: None

In Market Date: Not applicable

Potential savings in service area do not meet minimum requirements for this program.

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 Key Account Manager (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:

Additional detail is available:

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

Initiative Activities/Progress: None

In Market Date: Not applicable

Potential savings in service area do not meet minimum requirements for this program.

Lessons Learned:

- Customers appreciate dealing with a single contact to interface with an LDC, a resource that has both the technical and business background who can communicate easily with the customer and the LDC. Finding this type of skill set has been difficult resulting in longer lead times to acquire the right resource.

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 (DRPs), 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: Program information mail out to large customers.

In Market Date: January 2011

Contracted with provincial aggregator to market Demand Side Management (“DSM”) solutions in service area and to develop opportunities for load interruption, load shifting, and distributed energy.

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: No activity in 2011.

In Market Date: Not in market until 2012.

Lessons Learned:

- Difficulty identifying eligible customers.
- This initiative schedule was finalized later (May 2011) than the rest of the OPA initiatives and only 2 LDCs were in market in 2011.
- 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 (ERIP)

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

Initiative Frequency: Year Round

Objective: The objective of this initiative was 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 Electricity Retrofit Incentive Program (ERIP) offered financial incentives to customers for the upgrade of existing equipment to energy efficient equipment. Upgrade projects were classified into either prescriptive projects where prescribed measures replaced associated required base case equipment or custom projects for other energy efficiency upgrades.

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

Delivery: LDC delivered.

Initiative Activities/Progress: Completion of projects initiated prior to 2011.

In Market Date: Not applicable

2.2.5.2 HIGH PERFORMANCE NEW CONSTRUCTION

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

Initiative Frequency: Year round

Objective: The objective of this initiative was 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 provided incentives for new buildings to exceed existing codes and standards for energy efficiency. The initiative used both a prescriptive and custom approach.

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

Delivery: LDC delivery to customers and design decision makers.

Initiative Activities/Progress: Completion of projects initiated prior to 2011.

In Market Date: Not applicable

2.3 Participation

Table 6 lists EM&V results for 2011 specific to Orillia Power as provided by the OPA on August 31, 2012. Detailed participation levels (i.e., the number of participants) are shown by customer type.

Table 6: Participation

#	Initiative	Activity Unit	Uptake/ Participation Units
Consumer Program			
1	Appliance Retirement	Appliances	211
2	Appliance Exchange	Appliances	7
3	HVAC Incentives	Equipment	183
4	Conservation Instant Coupon Booklet	Products	1,356
5	Bi-Annual Retailer Event	Products	2,369
6	Retailer Co-op	Products	0
7	Residential Demand Response	Devices	0
8	Residential New Construction	Houses	0
Business Program			
9	Efficiency: Equipment Replacement	Projects	7
10	Direct Installed Lighting	Projects	103
11	Existing Building Commissioning Incentive	Buildings	0
12	New Construction and Major Renovation Incentive	Buildings	0
13	Energy Audit	Audits	0
14	Commercial Demand Response (part of the Residential program schedule)	Devices	0
15	Demand Response 3 (part of the Industrial program schedule)	Facilities	1

Table 6: Participation (continued)

#	Initiative	Activity Unit	Uptake/ Participation Units
Industrial Program			
16	Process & System Upgrades	Projects	0
17	Monitoring & Targeting	Projects	0
18	Energy Manager	Managers	0
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Projects	0
20	Demand Response 3	Facilities	3
Home Assistance Program			
21	Home Assistance Program	Homes	0
Pre 2011 Programs Completed in 2011			
22	Electricity Retrofit Incentive Program	Projects	4
23	High Performance New Construction	Projects	2

2.4 Spending

Table 7 details the funds Orillia Power spent in 2011 on each of the OPA-Contracted Province-Wide CDM Programs that were offered in its service area.

Table 7: Spending

#	Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Consumer Program						
1	Appliance Retirement	3,614.00				3,614.00
2	Appliance Exchange	3,614.00				3,614.00
3	HVAC Incentives	3,614.00				3,614.00
4	Conservation Instant Coupon Booklet	3,614.00				3,614.00
5	Bi-Annual Retailer Event	3,614.00				3,614.00
6	Retailer Co-op					
7	Residential and Small Commercial Demand Response	2,985.73				2,985.73
8	Residential New Construction	3,614.00				3,614.00

Table 7: Spending (continued)

#	Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Business Program						
9	Efficiency: Equipment Replacement Incentive	13,502.26		3,165.00		16,667.26
10	Direct Install Lighting	5,245.38	24,335.00	86,883.00		116,463.38
11	Existing Building Commissioning Incentive	3,947.50				3,947.50
12	New Construction and Major Renovation	5,245.38				5,245.38
13	Energy Audit	5,245.38				5,245.38
14	Commercial Demand Response (part of the Residential program schedule)	0				0
15	Demand Response 3 (part of the Industrial program schedule)	0				0

Table 7: Spending (continued)

#	Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Industrial Program						
16	Process & System Upgrades					
	a) preliminary engineering study	585.83				585.83
	b) detailed engineering study	585.83				585.83
	c) project incentive	585.83				585.83
17	Monitoring & Targeting	585.83				585.83
18	Energy Manager	585.84				585.84
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)					
20	Demand Response 3	813.81				813.81
Home Assistance Program						
21	Home Assistance Program					
Pre 2011 Programs Completed in 2011						
22	Electricity Retrofit Incentive Program			99,055.32		99,055.32
23	High Performance New Construction					
	TOTAL Province-wide CDM PROGRAMS	61,598.60	24,335.00	189,103.32		275,036.92

Table 7a lists the OPA-Contracted Province-Wide CDM programs that over the course of 2011 were not in market.

Table 7a: Allocation of PAB funding for Programs Not in Market

#	Initiative	Program Administration Budget (PAB)
Initiatives Not In Market		
1	Midstream Electronics	
2	Midstream Pool Equipment	
3	Demand Service Space Cooling	3,947.50
4	Demand Response 1 (Commercial)	
5	Demand Response 1 (Industrial)	
6	Home Energy Audit Tool	
	TOTAL Province-wide CDM PROGRAMS Not In Market	3,947.50

2.5 Evaluation

OPA EM&V protocols have proven to be very thorough in evaluating LDC savings from OPA-Contracted Province-Wide CDM Programs. Taking into account both free-ridership and spillover effects, the OPA's EM&V contracted evaluators determine Net-to-Gross Ratios for each program. These were weighted based on either provincial allocation derived from customer participation or direct LDC customer participation, with savings allocated accordingly. Gross savings were determined based on reported savings multiplied by the realization rate. Realization rates were derived from factors such as quantities, interactive effects and persistence factors. Net-to-Gross (NTG) Ratios were determined for each program. Free-ridership, program participants who would have implemented program measures or practices in the absence of the program, was one factor in determining NTG. Another factor was spillover resulting when additional energy-efficient equipment is installed by a program participant due to program influences, but without any financial or technical assistance from the program. The NTG ratios multiplied by the gross savings resulted in the net savings totals.

Residential initiatives, specifically instant coupons and appliance retirement received very positive response in 2011 although nearing saturation of the market under the existing rules. These programs have existed for a number of years in other incarnations under previous CDM programs, so this is to be expected. The residential appliance exchange program was new to our service area and the HVAC component (air conditioners and furnaces with efficient motors) has proven to be the biggest source of savings by far among the residential initiatives. High customer satisfaction for this initiative bodes well for continuing interest among our customers.

Business initiatives, specifically Small Business Lighting (SBL) and Electricity Retrofit Incentive (ERII) have also seen very positive response in 2011. These programs have also been available to customers under previous CDM programs and customer satisfaction has been and continued to be very positive in 2011. Net-to-Gross (NTG) ratios for SBL is very close to 1 (93% for both demand savings and energy savings), meaning that every 1 kW of gross verified savings can be attributed to the program. The NTG ratio for ERII is 75 - 76%, as net savings for this initiative are discounted to include an assessment of the roles of free-ridership and spillover. Our success in 2011 with the business initiatives has been enhanced by the value of contractor training facilitated in the 2011 startup period. Contractor satisfaction has led to increased participation in both SBL and ERII as the contractor is better equipped to assist the customer through knowledge of the equipment, calculation of savings, application process, EM&V requirements and the engineering worksheet.

Industrial initiatives with the exception Demand Response 3 (DR3) were not taken up by customers in 2011 due to certain program barriers including customer size (smaller facilities),

application complexity and inability to engage an Energy Manager, or a person with equivalent qualifications. DR3 has grown substantially across the province since 2008 and LDCs have benefited from increasing awareness of the initiative and the work done by the provincial aggregators. In the 2011 program year, Orillia Power recorded 1 facility under the business program and 3 facilities under the industrial program. However, since the verified results are based on an assumption that demand response resources have a persistence of only one year, 2011 final results for demand savings are not reflected in Orillia Power's contribution to its net annual peak demand savings (MW) in 2014.

Table 8 in section 2.5.1 provides OPA province-wide evaluation findings. Orillia Power's findings are consistent with OPA findings. Table 9 in section 2.5.2 provides a summary of Orillia Power's program results and contribution to its 2014 CDM targets.

2.5.1 EVALUATION FINDINGS

Table 8: OPA Province-Wide Evaluation Findings

#	Initiative	OPA Province-Wide Key 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 * Net-to-Gross ratio for the initiative was 17% higher than 2010 (from 43% in 2010 to 60% in 2011) * Increase due in part to the removal of programmable thermostats from the program, and an increase in the net-to-gross ratio for both Furnaces and Tier 2 air conditioners (SEER 15)
4	Conservation Instant Coupon Booklet	<ul style="list-style-type: none"> * Customers redeemed nearly 210,000 coupons, translating to nearly 560,000 products * Majority of coupons redeemed were downloadable (~40%) or LDC-branded (~35%) * Majority of coupons redeemed were for multi-packs of standard spiral CFLs (37%), followed by multi-packs of specialty CFLs (17%) * Per unit savings estimates and net-to-gross ratios for 2011 are based on a weighted average of 2009 and 2010 evaluation findings * Careful attention in the 2012 evaluation will be made for standard CFLs since it is believed that the market has largely been transformed

Table 8: OPA Province-Wide Evaluation Findings (continued)

#	Initiative	OPA Province-Wide Key Evaluation Findings
Consumer Program		
5	Bi-Annual Retailer Event	<ul style="list-style-type: none"> * Customers redeemed nearly 370,000 coupons, translating to over 870,000 products * Majority of coupons redeemed were for multi-packs of standard spiral CFLs (49%), followed by multi-packs of specialty CFLs (16%) * Per unit savings estimates and net-to-gross ratios for 2011 are based on a weighted average of 2009 and 2010 evaluation findings * Standard CFLs and heavy duty outdoor timers were reintroduced to the initiative in 2011 and contributed more than 64% of the initiative's 2011 net annual energy savings * While the volume of coupons redeemed for heavy duty outdoor timers was relatively small (less than 1%), the measure accounted for 10% of net annual savings due to high per unit savings * Careful attention in the 2012 evaluation will be made for standard CFLs since it is believed that the market has largely been transformed.
6	Retailer Co-op	<ul style="list-style-type: none"> * Initiative was not evaluated in 2011 due to low uptake. Verified Bi-Annual Retailer Event per unit assumptions and free-ridership rates were used to calculate net resource savings
7	Residential Demand Response	<ul style="list-style-type: none"> * Approximately 20,000 new devices were installed in 2011 * 99% of the new devices enrolled controlled residential central AC (CAC) * 2011 only saw 1 atypical event (in both weather and timing) that had limited participation across the province * The ex ante impact developed through the 2009/2010 evaluations was maintained for 2011; residential CAC: 0.56 kW/device, commercial CAC: 0.64 kW/device, and Electric Water Heaters: 0.30 kW/device
8	Residential New Construction	<ul style="list-style-type: none"> * Initiative was not evaluated in 2011 due to limited uptake * Business case assumptions were used to calculate savings
Business Program		
9	Efficiency: Equipment Replacement	<ul style="list-style-type: none"> * Gross verified energy savings were boosted by lighting projects in the prescriptive and custom measure tracks * Lighting projects overall were determined to have a realization rate of 112%; 116% when including interactive energy changes * On average, the evaluation found high realization rates as a result of both longer operating hours and larger wattage reductions than initial assumptions * Low realization rates for engineered lighting projects due to overstated operating hour assumptions * Custom non-lighting projects suffered from process issues such as: the absence of required M&V plans, the use of inappropriate assumptions, and the lack of adherence to the M&V plan * The final realization rate for summer peak demand was 94% * 84% was a result of different methodologies used to calculate peak demand savings * 10% due to the benefits from reduced air conditioning load in lighting retrofits * Overall net-to-gross ratios in the low 70's represent an improvement over the 2009 and 2010 ERIP program where net-to-gross ratios were in the low 60's and low 50's, respectively. * Strict eligibility requirements and improvements in the pre-approval process contributed to the improvement in net-to-gross ratios

Table 8: OPA Province-Wide Evaluation Findings (continued)

#	Initiative	OPA Province-Wide Key Evaluation Findings
Business Program		
10	Direct Install 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 * Over 35% of the projects for 2011 included at least one CFL measure * Resource savings from CFLs in the commercial sector only persist for the industry standard of 3 years * Since 2009 the overall realization rate for this program has improved * 2011 evaluation recorded the highest energy realization rate to date at 89.5% * The hours of use values were held constant from the 2010 evaluation and continue to be the main driver of energy realization rate * Lights installed in “as needed” areas (e.g., bathrooms, storage areas) were determined to have very low realization rates due to the difference in actual energy saved vs. reported savings
11	Existing Building Commissioning Incentive	<ul style="list-style-type: none"> * Initiative was not evaluated in 2011, no completed projects in 2011
12	New Construction and Major Renovation Incentive	<ul style="list-style-type: none"> * Initiative was not evaluated in 2011 due to low uptake * (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 Demand Response (part of the Residential program schedule)	<ul style="list-style-type: none"> * See residential demand response (#7)
15	Demand Response 3 (part of the Industrial program schedule)	<ul style="list-style-type: none"> * See Demand Response 3 (#20)
Industrial Program		
16	Process & System Upgrades	<ul style="list-style-type: none"> * Initiative was not evaluated in 2011, no completed projects in 2011
17	Monitoring & Targeting	<ul style="list-style-type: none"> * Initiative was not evaluated in 2011, no completed projects in 2011
18	Energy Manager	<ul style="list-style-type: none"> * Initiative was not evaluated in 2011, no completed projects in 2011
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	<ul style="list-style-type: none"> * See Efficiency: Equipment Replacement (#9)
20	Demand Response 3	<ul style="list-style-type: none"> * Program performance for Tier 1 customers increased with DR-3 participants providing 75% of contracted MW for both sectors * Industrial customers outperform commercial customers by provide 84% and 76% of contracted MW, respectively * Program continues to diversify but still remains heavily concentrated with less than 5% of the contributors accounting for the majority (~60%) of the load reductions. * By increasing the number of contributors in each settlement account and implementation of the new baseline methodology the performance of the program is expected to increase

Table 8: OPA Province-Wide Evaluation Findings (continued)

#	Initiative	OPA Province-Wide Key Evaluation Findings
Home Assistance Program		
21	Home Assistance Program	<ul style="list-style-type: none"> * 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	<ul style="list-style-type: none"> * 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	<ul style="list-style-type: none"> * 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%)

2.5.2 EVALUATION RESULTS

Table 9: 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
Consumer Program Total	129	482,541	78	330,971	77	1,323,244
Business Program Total	253	949,345	231	788,073	141	2,999,589
Industrial Program Total	581	28,742	490	28,742	0	28,742
Home Assistance Program Total	0	0	0	0	0	0
Pre-2011 Programs completed in 2011 Total	339	1,598,389	171	804,831	171	3,219,325
Total OPA Contracted Province-Wide CDM Programs	1,302	3,059,017	970	1,952,617	390	7,570,900

#	Initiative	Realization Rate		Gross Savings		Net-to-Gross Ratio		Net Savings		Contribution to Targets	
		Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program											
1	Appliance Retirement	100%	100%	25	175,187	51%	52%	12	88,388	12	353,349
2	Appliance Exchange	100%	100%	1	1,666	52%	52%	1	859	0	2,996
3	HVAC Incentives	100%	100%	96	186,462	60%	60%	57	111,038	57	444,153
4	Conservation Instant Coupon Booklet	100%	100%	3	45,998	114%	111%	3	50,684	3	202,735
5	Bi-Annual Retailer Event	100%	100%	4	73,229	113%	110%	5	80,003	5	320,010
6	Retailer Co-op	-	-	0	0	-	-	0	0	0	0
7	Residential Demand Response	0%	0%	0	0	-	-	0	0	0	0
8	Residential New Construction	-	-	0	0	-	-	0	0	0	0

Assumes demand response resources have a persistence of 1 year

Table 9: Summarized Program Results (continued)

#	Initiative	Realization Rate		Gross Savings		Net-to-Gross Ratio		Net Savings		Contribution to Targets	
		Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Business Program											
9	Efficiency: Equipment Replacement	93%	133%	73	541,038	75%	76%	54	408,838	54	1,635,352
10	Direct Install Lighting	108%	90%	130	406,827	93%	93%	139	377,754	87	1,362,757
11	Existing Building Commissioning Incentive	-	-	0	0	-	-	0	0	0	0
12	New Construction and Major Renovation Incentive	-	-	0	0	-	-	0	0	0	0
13	Energy Audit	-	-	0	0	-	-	0	0	0	0
14	Commercial Demand Response (part of the Residential program schedule)	0%	0%	0	0	-	-	0	0	0	0
15	Demand Response 3 (part of the Industrial program schedule)	76%	100%	50	1,481	n/a	n/a	38	1,481	0	1,481
Industrial Program											
16	Process & System Upgrades	-	-	0	0	-	-	0	0	0	0
17	Monitoring & Targeting	-	-	0	0	-	-	0	0	0	0
18	Energy Manager	-	-	0	0	-	-	0	0	0	0
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	-	-	0	0	-	-	0	0	0	0
20	Demand Response 3	84%	100%	581	28,742	n/a	n/a	490	28,742	0	28,742

Assumes demand response resources have a persistence of 1 year

Table 9: Summarized Program Results (continued)

#	Initiative	Realization Rate		Gross Savings		Net-to-Gross Ratio		Net Savings		Contribution to Targets	
		Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings (kW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Home Assistance Program											
21	Home Assistance Program	-	-	0	0	-	-	0	0	0	0
Pre-2011 Programs completed in 2011											
22	Electricity Retrofit Incentive Program	77%	77%	83	281,832	52%	52%	43	146,553	43	586,211
23	High Performance New Construction	100%	100%	256	1,316,557	50%	50%	128	658,278	128	2,633,114

2.6 Additional Comments

Verified results for 2011 reflect the initial year of the 2011-2014 CDM programs. In many cases, initiatives were in “start-up” mode as LDCs and the OPA finalized schedules, developed processes, and LDCs procured services and resources. Much of these initial aspects of the programs were ultimately delivered during the course of 2011 but delayed delivery of the initiatives to market and the customer, having a direct impact on 2011 savings. However, looking forward to 2012, there should be significant traction across the initiative portfolio such that Orillia Power hopes to foster positive results under the maturing 2011-2014 CDM programs.

Realistically, some initiatives with the potential to drive significant savings in certain areas will not be available to Orillia Power customers based solely on customer size. Target achievement will look different when we are able to be in market with all possible CDM programs. The residential and commercial Peaksaver PLUS initiative is a good example. This initiative was in development in 2011 and is expected to attract strong customer interest once implemented.

Strategy milestones were developed based on a full complement of 4-year programs including Tier 2/Tier 3 programs as needed to reach allocated targets. TOU is currently the sole Board-approved program offered in Orillia Power’s service area, however further Board-approved programs could be offered if feasible. If offered on a province-wide basis, such programs would assist LDCs in achieving their CDM targets. Orillia Power will work with the OPA to facilitate other opportunities should they materialize.

3 Combined CDM Reporting Elements

3.1 Progress towards CDM Targets

In 2011 Orillia Power achieved 12.69% (scenario 2 - 31.6%) of its net annual peak demand savings (MW) and 50.30% of its net cumulative energy savings (GWh) targets. This varies from its 2011 CDM Strategy milestones targets of 16.94% of total peak demand savings and 14.18% of total cumulative energy savings across the entire Tier 1 CDM Program portfolio. The variances are attributable to a number of factors. Many programs were not available to customers for the whole of 2011 and others were not available at all. When schedules were published, there was invariably a period dedicated to interpretation of those schedules and the implementation of the necessary infrastructure involved in program delivery.

While these and other factors did impact potential demand and energy savings in 2011, overall customer response to the CDM programs has been positive, and uptake in the key initiatives on offer in Orillia Power's service area, namely Direct Install Lighting (DIL) and Equipment Efficiency Retrofit Initiative (ERII) was excellent. Tables 10 and 11 summarize Orillia Power's 2011 results for net peak demand savings (MW) and net energy savings (GWh).

Table 10: Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual			
	2011	2012	2013	2014
2011 - Verified	0.97	0.44	0.44	0.39
2012				
2013				
2014				0.00
Verified Net Annual Peak Demand Savings Persisting in 2014:				0.39
Orillia Power Distribution Corporation 2014 Annual CDM Capacity Target:				3.07
Verified Portion of Peak Demand Savings Target Achieved in 2014(%):				12.69%
LDC Milestone submitted for 2011				16.94%
Variance				-4.25%

In the results shown in Table 10, demand response resources are assumed to persist for one year (scenario 1). Verified results for this report are based on this assumption as contract terms are not known to the LDC and due to the ability of a customer to terminate participation in the program at any time. Under scenario 2 it is assumed that demand response resources remain in Orillia Power's service area until 2014. Orillia Power has actually exceeded its demand savings (MW) milestone by 14.7 under scenario 2 (Table 3). Orillia Power's strategic plan assumes that DR3 contracts will exist in 2014 and based on scenario 2, Orillia Power believes that the negative variance shown above can be recovered in the remaining years of the program.

Table 11: Net Energy Savings at the End User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011 - Verified	1.95	1.92	1.92	1.77	7.57
2012					
2013					
2014					
Verified Net Cumulative Energy Savings 2011-2014:					7.57
Orillia Power Distribution Corporation 2011-2014 Cumulative CDM Energy Target:					15.05
Verified Portion of Cumulative Energy Target Achieved (%):					50.30%
LDC Milestone submitted for 2011					14.18%
Variance					36.12%

Energy efficiency savings as shown in Table 11 persist for the duration of the effective useful life. Verified net savings (GWh) are 36.12% higher than anticipated in Orillia Power’s strategic plan as result of excellent response to residential and commercial/institutional OPA CDM programs. The Board decision to include pre-2011 programs completed in 2011 in verified results also contributed to the positive variance. The groundwork for energy savings is well underway and with program enhancements recently announced by the OPA, Orillia Power believes that the positive variance will persist into 2014.

3.2 CDM Strategy Modifications

Orillia Power is beginning to see significant traction across the initiative portfolio and hopes to foster continuing positive results going forward under the maturing 2011-2014 CDM programs. Given its progress toward targets in 2011 and continuing interest in conservation among its customers, Orillia Power plans to continue with its current strategy but is cognizant that it may need to accelerate programs to achieve its targets.

With program enhancements recently announced by the OPA, Orillia Power expects to see continuing, positive participation levels in OPA CDM programs. Enhancements recently announced will attract more interest in existing programs and include:

- Introduction of instant coupons for LED lights and extension of coupons for CFLs to 2014
- Streamlining of application process for builders under new home construction initiative
- Increased cap for Small Business Lighting from \$1,000 to \$1,500
- Modification to audit funding initiative for building systems within a building
- Expanded eligibility for Monitoring & Targeting

Achievement of the peak demand (MW) reduction target is dependent upon savings persistence as well as accessibility to qualified professionals able to offer services related to certain programs such as energy audit, process and systems, and energy manager. Orillia Power will be

pursuing various options in this regard and will continue to leverage LDC training and support offered by the OPA.

Time-of-Use (“TOU”) Pricing, Orillia Power’s sole Board-Approved CDM program is designed to incent the shifting of energy usage. As such, it has and will continue to contribute to peak demand and energy use reduction in its service area. Orillia Power is not able to provide the verified savings for 2011 at this time. The OPA is currently working with several parties, including LDCs, the Ministry, the OEB, and the IESO to develop the appropriate approach to estimating the energy and demand savings attributable to TOU rates.

Conservation is a long term goal for the Province of Ontario in contrast to the short term of the 2011-2014 CDM programs which will end on December 31, 2014. A long term framework for conservation will be needed to encourage larger projects among consumers.