



**St. Thomas Energy Inc
2011-2014 Conservation and Demand Management Strategy**

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On September 16, 2010, the Ontario Energy Board (OEB) released the final version of the Conservation and Demand Management (CDM) Code for electricity distributors. The CDM Code sets out the obligations and requirements that a licensed distributor must comply with in relation to the CDM targets set out in their licences. It 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. The CDM Code requires electricity distributors to file a CDM Strategy that outlines the high level description of how a distributor intends to achieve its targets. St. Thomas Energy Inc (STEI), as an Ontario licensed distributor, is filing this document to meet this requirement. The descriptions of each program to be offered, the program periods, target customers, projected results, program mix and coordination with other agencies are the contents of this Strategy.

I. CDM Targets

1. Distributor's Name	St. Thomas Energy Inc.
2. Total Reduction in Peak Provincial Electricity Demand Target	4MW
3. Total Reduction in Electricity Consumption Target	16GWh

II. CDM Strategy

STEI's intent is to meet the targets through all of Ontario Power Authority (OPA)-Contracted Province-Wide CDM programs (Tier 1 Programs). The plan is to execute Tier 1 programs yearly beginning January 2011 with the exception of Low-Income programs which are planned to be executed in July 2011. All programs are expected to end on December 31, 2014. Based on an analysis of the 2006-2009 program results provided by the OPA and an estimate of the 2010 program results, STEI believes that there is still significant potential for demand and energy savings within all customer classes. The table below compares the historical results, the forecasted savings and the allocated targets.

	MW	GWh
Historical Results	3.63	9.97
<i>Forecasted Results of Tier 1 Programs</i>	<i>3.90</i>	<i>14.84</i>
<i>Forecasted Results of Low Income Programs</i>	<i>0.10</i>	<i>1.16</i>
Total Forecast 2011-2014 Programs	4.00	16.00
2011-2014 Targets	4.00	16.00

The following tables break down the forecasted demand reduction and energy savings per program and the expected annual milestones. The programs that show no savings and milestones (Midstream Pool Incentives, Commercial Demand Response 1, Industrial Accelerator and Industrial Demand Response 1) are expected to achieve a smaller amount of savings compare to other programs. They are part of STEI's CDM portfolio but because of the small number of customers that are eligible in these programs, smaller amount of savings were predicted.

A. Energy and Demand Savings Forecasts and Annual Milestones per Program

1. CONSUMER PROGRAMS (2011-2014)

Programs	2014 Forecasts		Annual Milestones		
	<i>MW</i>	<i>MWh</i>	<i>Participants</i>	<i>MW</i>	<i>MWh</i>
Instant Rebates	0.024	627	1400	0.00625	156.75
Midstream Pool Incentives	-	-	-	-	-
Midstream Electronics Incentive	0.005	95	200	0.00125	23.75
HVAC Rebates	0.030	120	40	0.0075	30.00
Appliance Retirement	0.070	1,094	260	0.0175	273.50
Exchange Events	0.020	63	20	0.005	15.75
Residential New Construction	0.030	133	80	0.0075	33.25
Residential Demand Response	0.710	1,590	300	0.178	397.50
Total energy and demand savings	0.890	3,722		0.223	930.50

2. COMMERCIAL AND INSTITUTIONAL PROGRAMS (2011-2014)

Programs	2014 Forecasts		Annual Milestones		
	<i>MW</i>	<i>MWh</i>	<i>Participants</i>	<i>MW</i>	<i>MWh</i>
Equipment Replacement – Medium and Large	0.810	3,345	6	0.2025	836.25
Equipment Replacement – Small	0.480	3,397	10	0.12	849.25
Direct Installed Lighting and Direct Serviced Space Cooling	0.120	1,109	100	0.03	277.25
Small Commercial Demand Response	0.810	685	120	0.2025	171.25
Demand Response 1	-	-	-	-	-
Demand Response 3	0.240	13	8	0.06	3.25
Total energy and demand savings	2.460	8,549		0.615	2137.25

3. INDUSTRIAL PROGRAMS (2011-2014)

Programs	2014 Forecasts		Annual Milestones		
	<i>MW</i>	<i>MWh</i>	<i>Participants</i>	<i>MW</i>	<i>MWh</i>
Industrial Accelerator	-	-	-	-	-
Industrial Equipment Replacement	0.190	2,569	5	0.05	642.25
Demand Response 1	-	-	-	-	-
Demand Response 3	0.360	8	5	0.09	2.00
2014 energy and demand savings	0.550	2,577		0.14	644.25

4. LOW-INCOME PROGRAMS (July 2011-2014)

Programs	2014 Forecasts		Annual Milestones		
	<i>MW</i>	<i>MWh</i>	<i>Participants</i>	<i>MW</i>	<i>MWh</i>
Low-Income Program	0.100	1,152	4	0.025	288

5. SUMMARY OF FORECASTS AND MILESTONES

Programs	2014 Forecasts		Annual Milestones	
	MW	MWh	MW	MWh
Consumer	0.89	3,722	0.23	931
Commercial and Institutional	2.46	8,549	0.60	2137
Industrial	0.55	2,577	0.14	644
Low Income	0.10	1,152	0.03	288
TOTAL	4.00	16,000	1.00	4,000

A. Program Descriptions

1. Consumer Programs

The consumer programs intend to help consumers improve the energy efficiency of their homes, provide information and tools to better manage their electricity usage and increase market share of energy efficient technologies. The programs will benefit homeowners/consumers as well as retailers, contractors, suppliers and home builders.

a. Instant Rebates

Year round coupons and bi-annual in-store instant rebates are offered to consumers for energy efficient items such as compact fluorescent lights (CFL), light fixtures, ceiling fans, light control products, hot water pipe wraps, water heater blankets, heavy duty timers, powerstrips, clotheslines and programmable thermostats. A Conservation Discount Card to replace the discount coupons maybe distributed to STEI's customers when available.

b. Midstream Electronics and Pool Incentives

This program provides incentives to retailers for selling efficient televisions and to satellite and cable providers for providing high-efficiency set-top boxes and network configurations. It will also include incentives for contractors to install "right sized" pool equipment.

c. HVAC Rebates

This program provides incentive for high efficiency furnaces equipped with electronically commutated motors (ECM) and energy efficient central air conditioner. The HVAC rebates will be delivered to consumers through participating contractors and will be centrally fulfilled by the OPA.

d. Appliance Retirement and Exchange Events

Old inefficient working appliances are being picked up for free and decommissioned in an environmentally friendly way. Eligible appliances are refrigerators and freezers that are at least 15 years old in 2011 and 2012 and 20 years old in 2013 and 2014; room air conditioners, and dehumidifiers as secondary appliances.

The Exchange Events allows customers to exchange their old inefficient room air conditioners and dehumidifiers with incentives from retailers. Events are held twice a year, one in spring and one in fall.

e. Residential New Construction

This initiative provides incentives for builders to construct new, single family homes that include energy efficiency standards that are above current building codes. It includes incentives for prescriptive measures, custom projects, whole home EnerGuide 83 and 85, training on energy efficiency building techniques and practices and consumer education.

f. Residential Demand Response

STEI will continue offering peaksaver program to homeowners and small businesses until the new demand response (DR) program is launched by the OPA. The new residential DR program will provide two options for consumers, participation with load control and participation without load control. Four end-uses will be eligible for DR load control participation, these are central air conditioners, electric water heaters, room air conditioners and pool pumps. Participants will receive load control devices installed free and optional tools to access price and real-time consumption information (e.g. in-home displays) for a subsidized amount. Under the participation with no load control, consumers will only receive tools (e.g. in-home displays) for a subsidized amount.

2. Commercial and Institutional (C&I) Programs

The main objective of these programs is to assist owners and operators of C&I buildings, farms and multi-family residences achieve reduced demand and energy savings through the purchase and operation of energy efficient equipment. The programs also provide education to tenants and occupants regarding in-suite energy efficiency and demand response to facilitate a culture of conservation among these communities and the supply chains that serve them.

a. Equipment Replacement for Medium and Large Customers

This initiative is a carry forward and enhancement of Electricity Retrofit Incentive Program. General Service customers with greater 50kW demand are eligible to receive incentives for completing an energy efficient project in their premises that may either be a prescriptive, engineered or custom type project. Engineered types of projects are only available for existing buildings. Customers under this category are also eligible to receive grants for undergoing a pre-project assessment. This program also includes Existing Building Commissioning. The services that qualify for commissioning incentives are the development of a commissioning plan, procurement of devices and costs for third party services. Certification and training for building operators and tenants respectively are also subsidized by this program.

b. Direct Installed Lighting (DIL) and Direct Serviced Space Cooling (DSSC)

DI programs target customers in the General Service less than 50kW demand category. The measures are primarily lighting and space cooling. Participants will receive \$1000 worth of lighting upgrade and \$750 worth of space cooling services. The pre-project assessment is provided by the contractors and no additional payment is required to the customer.

c. Equipment Replacement for Small Customers

This program is a supplement for DIL and DSSC Programs. Standard prescriptive incentives will be available for equipment beyond the initial incentives provided by the DIL and DSSC programs.

d. Small Commercial Demand Response

STEI will be offering the current peaksaver program to small commercial customers until the new demand response program is launched by the OPA. Participants will receive a programmable thermostat that will enable STEI aggregator to cycle down the air conditioners during peak times. This program will be similar to the Residential DR mentioned earlier in this document.

e. Demand Response 1

DR1 is an initiative where distribution-connected electricity customers voluntarily provide DR capability to reduce system peak demand and increase system reliability. Participants contract through STEI or their preferred aggregator for a specific amount of DR capacity. Participants must be on standby for 1600 hours a year and are activated up to 100 hours/year. Payments are made monthly based upon performance relative to a baseline calculation. DR1 will be available to customers with peak demand of 50 kW or more that have minimum hourly interval meters.

f. Demand Response 3

DR3 is an initiative for distribution-connected electricity customers to provide DR capability to mandatorily reduce system peak demand and increase system reliability. The OPA will enter into contracts with the aggregators or directly with participants providing DR capacity of greater 5MW. Participants must be on standby approximately 1600 hours/year and are activated up to either 100 hours/year or 200 hours/year. There is an obligation to participate when called upon. Failure to do so may result in a financial penalty. DR3 will be available to customers with peak demand of 50kW or more that have interval meters supported by recorders with 5 minute interval capability.

3. Industrial Programs

Similar to the C&I programs, the objective of the industrial programs is to assist owners and operators of industrial facilities achieve reduced demand and energy savings through the purchase and operation of energy efficient equipment. The programs aim to improve the overall electrical system and process of industrial facilities.

a. Industrial Accelerator (IA)

IA is an initiative aimed at improving the energy efficiency of the equipment and production processes. IA offers capital incentives and enabling incentives for eligible customers. Projects under this initiative must realize an annual savings of at least 100MWh. Detailed assessment of electricity savings and capital expenditures are required. Other than the capital incentives, incentives are also available for a preliminary engineering study and detailed engineering study. Such studies may support IA applications for the capital incentive. A customer, given that the OPA requirements are met, maybe entitled for an Energy Manager (EM) or Roving Energy Manager (REM) funded by the OPA. The EM will be responsible to develop a comprehensive annual energy plan and issue regular reports.

b. Industrial Equipment Replacement

This program is similar to C&I Equipment Replacement Program but targets larger industrial customers.

c. Demand Response 1

The description of this program is identical to C&I DR1 program but targets larger industrial customers.

d. Demand Response 3

The description of this program is identical to C&I DR3 program but targets larger industrial customers.

4. Low-Income Programs

This program aims on providing energy efficient tools and to educate low-income customers in conserving, not just electricity but also other forms of energy such as gas. Measures may include compact fluorescent lights, programmable thermostats, energy efficient shower heads, pipe wrap, aerators, attic insulation, basement insulation, wall insulation and draft-proofing measures. In addition, free pre and post home energy audits are also provided. STEI plans on offering low-income programs in July 2011.

B. Board Approved Programs

St. Thomas Energy Inc's strategy is to realize 4MW of demand savings and 16GWh of energy savings by implementing OPA Contracted Province Wide (Tier 1) Programs over the next four years, starting in 2011, with the exception of the OPA's Low-Income Program, which STEI will offer beginning July 2011. By the end of 2011, STEI will monitor performance against the allocated targets and will adjust the Strategy accordingly. If necessary, STEI will collaborate with other local distribution companies in implementing Board Approved Regional Programs (Tier 2) or will implement programs that are specifically designed for local STEI customers (Tier 3) to meet the allocated targets and comply with the Code.

C. Program Mix

STEI has approximately 16,000 customers: 14,300 residential customers, 1,500 General Service customers with less than 50kW demand and 200 General Service customers with more than 50 kW demand. STEI is certain that it can offer at least one conservation and demand management program to an individual customer of any sector, including low-income customers.

D. CDM Programs Coordination

To be able to accomplish the projected milestones, STEI will look at partnership opportunities with appropriate channel partners that can help promote and execute the Strategy.

Consumer Programs	Channel Partners
Instant Rebates	Local retail stores
Midstream Pool Incentives	Contractors, home builders, renovators
Midstream Electronics Incentive	Local retail stores, home builders, renovators
HVAC Rebates	HVAC contractors, home renovators
Appliance Retirement	Municipality, local retailers, multi-residential building owners
Exchange Events	Local retailers
Residential New Construction	Home builders association
Residential Demand Response	HVAC contractors, home builders and renovators

Commercial and Institutional Programs	Channel Partners
Equipment Replacement	Service provider, Contractors, Ontario Electrical League
Direct Install	Local contractors, Ontario Electrical League, Chamber of Commerce
Small Commercial Demand Response	HVAC contractors, Chamber of Commerce
Demand Response 1	DR aggregator, Municipality, School Board
Demand Response 3	DR aggregator, Municipality, School Board

Industrial Programs	Channel Partners
Industrial Accelerator	Service Providers, Contractors
Equipment Replacement	Service Providers, Contractors, Ontario Electrical League
Demand Response 1	DR aggregators
Demand Response 3	DR aggregators

Low Income Programs	Channel Partners
Low Income Program	Gas Utilities, Social Service Agencies, Municipality

Marketing Coop Students – St. Thomas Energy Inc plans to engage marketing coop students in developing the yearly marketing plan for Tier 1 programs. STEI believes that marketing initiatives must be aggressive and efficient to contact hard to reach customers.

Third Party Service Providers – STEI plans to continue procuring services from a third party consultant to manage a number of commercial, institutional and industrial programs. The consultant will be engaged to work closely with commercial and industrial customers in developing an energy efficient project plan.

DR Aggregator – STEI will partner with an approved DR aggregator to introduce DR programs to eligible customers. This will provide an opportunity for the DR aggregator and the consultant to present opportunities to customers simultaneously.

Energy Manager/Roving Energy Manager – If eligible, STEI will take advantage of the opportunity to hire an Energy Manager or Roving Energy Manager to assist industrial customers in reducing demand and energy targets.