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August 3, 2011

VIA Email and RESS

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street,
Suite. 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

**RE: Toronto Hydro-Electric System Limited ("Toronto Hydro")
Response to CDM Decision (Board File No.: EB-2011-0011)**

Toronto Hydro has received the Board's Decision in Board File No.: EB-2001-0011 (the "CDM Decision").

In its CDM Decision, the Board provided permission for, but not direction to, Toronto Hydro to proceed with its proposed Hydronic System Balancing and Commercial Energy Management and Load Control as "test programs" for a limited term of 18 months, and with reduced budgets (the "Test Programs").

Toronto Hydro wishes to advise the Board that it has completed an assessment of the Test Programs approved on a limited basis by the Board. As a result of that assessment, Toronto Hydro has concluded that in their revised forms, the Test Programs are uneconomic to implement and will not contribute materially to the achievement of Toronto Hydro' CDM targets. Therefore, Toronto Hydro intends not to implement those programs. However, and as detailed in the attached letter from the OPA to Toronto Hydro dated July 27, 2011, Toronto Hydro has begun to work closely with the OPA to establish programs substantially similar to those that Toronto Hydro originally applied for in its EB-2001-0011 application as Tier 1 programs.

In particular, the Test Programs depart significantly from the plans and strategies proposed by Toronto Hydro in its CDM application to the Board in this matter. The modifications imposed on the Test Programs so constrain those programs that they cannot now be implemented in a meaningful and cost effective way. For example, the Test Programs offer no sustainable long-term incentives to the market. In fact, the upfront design and mobilization efforts would be significant, followed by a very short sales period which would effectively need to be terminated after 12 months to avoid overrunning the 18 month program life. The reduced customer incentives would act to suppress market demand for those programs, and the reduced market penetration would detract from the economic performance of those programs. Recruitment of program managers for such a short period

would also be problematic. Furthermore, the Test Programs no longer pass the OPA's cost-effectiveness tests.

Toronto Hydro advises the Board of its position in this matter by way of this letter as a result of the nature of the Board's CDM Decision, and the fact that the proceeding has ended - which did not allow Toronto Hydro an opportunity to present its position on the Test Programs during the course of the proceeding. Given that the approval granted by the Board in the CDM Decision was permissive, rather than directive, and given that the program development intent of the CDM Decision with respect to the Test Programs will be satisfied by Toronto Hydro's cooperation with the OPA, Toronto Hydro believes that its intended course of action is consistent with the CDM Decision and respectfully requests confirmation as such.

Sincerely,



Chris Tyrrell

Vice President, Customer Care & Chief Conservation Officer

Copy To: Andrew Pride, Vice President, Conservation, Ontario Power Authority
Intervenors of Record in EB-2011-0011



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July 27, 2011

Anthony Haines
President
Toronto Hydro Corporation
14 Carlton St.
Toronto, ON
M5B 1K5

RE: OPA Support for LDC Conservation Strategy Implementation

Dear Mr. Haines, 

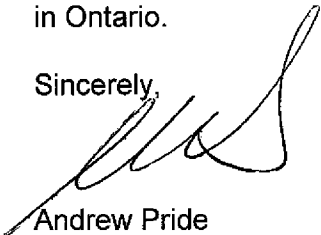
Now that we have all had an opportunity to consider the recent decision by the OEB regarding Toronto Hydro's application for board approved CDM programs, I wanted to reach out and assure you that the OPA is here to help you achieve your CDM targets.

Together, the LDCs and the OPA will help Ontario meet some of the most ambitious conservation targets in North America. The Province-wide Programs, which were a collaborative effort of the OPA and the LDCs, were designed to help LDCs achieve a large share, but not necessarily all, of their CDM targets. At the request of LDCs, room was left for additional programs to address unique LDC needs. We would be pleased to work with you as you develop these additional initiatives.

We have commenced discussion with some LDCs on developing a strategy for achieving their additional CDM programs. We are more than happy to work with any LDC who is interested in developing additional programs to supplement the Province-wide Programs. Please feel free to contact me directly or Julia McNally should you wish to discuss your programs or CDM strategy. Alternatively, the Business Development Team led by Sean Brady is always available for further discussion. For your reference I have attached a chart of contacts for Team Conservation at the OPA.

We look forward to continuing our collaboration to achieve CDM goals and create a culture of conservation in Ontario.

Sincerely,



Andrew Pride
Vice President, Conservation

Copy:
Julia McNally – Director, Market Transformation, OPA
Sean Brady – Director, Business Development, OPA
Chris Tyrrell – Conservation Officer, Toronto Hydro Corporation

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