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BY EMAIL AND WEB POSTING

June 22, 2010

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

**RE: Electricity Conservation and Demand Management Targets
EB-2010-0216**

The Minister of Energy and Infrastructure has now issued a directive (the "Directive"), dated March 31, 2010 to the Ontario Energy Board (the "Board") with regard to electricity conservation and demand management ("CDM") Targets to be met by licensed electricity distributors. The Directive is attached as Appendix A to this letter.

The purpose of this letter is to inform distributors of their proposed respective CDM Targets, and to allow interested parties to comment on these targets.

The CDM Targets

In accordance with the Directive, the Board is required to amend certain electricity distributors' licences to include a requirement to achieve reductions in electricity consumption and reductions in peak provincial electricity demand by the amounts specified by the Board, through the delivery of CDM programs, over a four year period beginning January 1, 2011. This amendment is to be effected without a hearing and in a manner consistent with the requirements of the Directive.

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

The Directive also sets out the total of the CDM Targets that the Board must allocate to the respective distributors:

- 1,330 megawatts (MW) of provincial peak demand persisting at the end of the four year period; and,

- 6,000 gigawatt hours (GWh) of reduced electricity consumption accumulated over the four year period.

Allocation of the CDM Targets

As set out in the Directive, the Board is responsible for determining the allocation of the total CDM targets to each licensed electricity distributor, having regard to information from the Ontario Power Authority (“OPA”), developed in consultation with distributors. It is the Board’s understanding that the OPA has consulted with the distributors and based on those consultations, has provided the required information to the Board in a letter dated June 21, 2010.

The allocation of the distributor-specific CDM Targets to each distributor was developed by the OPA in accordance with its methodology that is attached as Appendix B to this letter.

CDM Code

As part of a separate consultation process (EB-2010-0215), the Board is also developing a Conservation and Demand Management Code (the “CDM Code”) as required by the Directive. The purpose of the CDM Code is to set out the obligations and requirements that licensed distributors must comply with in order to achieve the CDM Targets set out in their licences.

The proposed CDM Code was issued for stakeholder comment on June 22, 2010.

Invitation to Comment on Proposed CDM Targets

Interested parties are invited to submit written comments on the distributor-specific CDM Targets that have been proposed by the OPA, and on the OPA’s methodology used for this allocation. The Board expects that parties will provide detailed information and justification for any requested changes to the OPA’s proposed allocations of the CDM Targets. Please note that, pursuant to the Directive, this is not a hearing, and the Board may or may not make provisions for adding procedural steps prior to amending each distributor’s licence.

Given that the total CDM Targets are set out in the Directive, parties should focus any comments on the distributor-specific allocation, and not the total. Parties should be mindful that any reductions to one distributor’s CDM Target must result in offsetting increases to other distributors’ CDM Targets.

The Board would be particularly assisted by parties’ views on whether it is appropriate to base the CDM Targets (electricity and peak demand savings) on one year’s data (which in this case is 2008 but could be revised before licences are amended to be based on 2009 data), or should they be based on an average of multiple years? If

multiple years, how many years are appropriate? If one year's data is acceptable, is there merit in using the most current year available?

Following review and consideration of the comments received, the Board will determine what, if any, additional process is required.

Written comments are due by **July 7, 2010**.

The Board will not be granting cost awards in this matter.

Three (3) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Suite 2700
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The Board requests that interested parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at www.errr.oeb.gov.on.ca. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at www.oeb.gov.on.ca, and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@oeb.gov.on.ca.

Those that do not have internet access should provide a CD or diskette containing their filing in PDF format.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2010-0216** and include your name, address, telephone number and, where available, your e-mail address and fax number.

All materials related to this consultation will be posted on the Board's web site at www.oeb.gov.on.ca. The material will also be available for public inspection at the Board's office during normal business hours.

If you have any questions regarding this consultation, please contact the Market Operations hotline at (416) 440-7604 or by email at: market.operations@oeb.gov.on.ca.

The Board's toll free line is 1-888-632-6273.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

APPENDIX A

Directive from the Minister of Energy and Infrastructure

APPENDIX B

Advice to the Ontario Energy Board: CDM Target Allocation for Ontario LDCs