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**via RESS e-filing – original to follow by courier**

Ms. Kirsten Walli, Board Secretary  
Ontario Energy Board  
2300 Yonge St, 27<sup>th</sup> Floor  
P.O. Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Electricity Conservation and Demand Management Targets  
Board File Number EB-2010-0216**

The Board has invited comment from stakeholders on the matter of establishing CDM targets for distributors. These submissions from Toronto Hydro-Electric System Limited (THESL) are in addition to those made by the Coalition of Large Distributors.

#### ORDER OF SUBMISSIONS

THESL views itself and other stakeholders as being at a disadvantage in assessing the CDM targets without knowledge of key provisions of the final CDM Code and other policy parameters, such as any that may concern funding, free ridership rates, program continuity post-2014, and exemptions or findings of non-culpable failure to meet CDM targets. THESL acknowledges that not all of these factors are under direct control of the Board but wishes to register its view that assessment of quantitative targets should ideally come near the end of the process rather than the beginning, and that significant changes in these other areas may necessitate revisiting of the targets in the future.

## TRANSITION ARRANGEMENTS

THESL submits that successful achievement of CDM targets requires, centrally, consideration of the circumstances of customers and the incentives faced by customers. In the commercial and industrial sectors, where most of the target reductions will be achieved, customers depend on program predictability and continuity in order to make decisions on project investments and participation.

It is artificial, and a deterrent to customer participation, to segregate a fixed period in time over which to start, conduct, and then stop CDM programs. Customer participation tends to drop sharply before the start of a new regime because the features of the new regime are not known and cannot be relied upon for planning; similarly, it drops again toward the end of the regime because the features of the succeeding regime are not known and cannot be relied upon for planning. In effect, this can reduce the actual time available to achieve the targets from four years to approximately three years, as customers ramp up and then ramp down their participation.

Therefore, with respect to the cost-effective management of programs to meet the targets, it is essential for utilities to know both what results from programs initiated in the period prior to 2011 will be counted toward achievement of targets, and what continuity of programs there will be after 2014. These, among other factors, will determine the actual time period over which the defined targets must be achieved.

Yours truly,

(Original signed by)

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