

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

July 5, 2010

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

Ms. Walli,

Welland Hydro-Electric System Corp. (WHESC) would like to express its appreciation for the opportunity to comment on the Ontario Energy Board's Electricity Conservation and Demand Management (EB-2010-0216) document dated June 22, 2010.

After reviewing the aforementioned document, WHESC understands the methodology used to calculate its conservation and demand management (CDM) targets; however, WHESC does have concerns that its CDM targets will be unattainable based on the following factors.

1. Loss of Industry and Jobs

Welland is a town built around the steel and manufacturing industries. The economic downturn has significantly impacted these sectors resulting in massive layoffs and job losses in Welland since 2007. New industry has yet to replace what has been lost and WHESC believes that this will be a major barrier as it tries to achieve its CDM targets. The industries that have survived are running at significantly lower production levels due to a reduced demand for their products – which directly affects their financial capacity to participate in commercial CDM programs. Furthermore, the complete shutdown of John Deere Welland Works at the end of 2009 has impacted our load by reducing our demand by almost 8% (over 5.3 MW) and the community has suffered the loss of 600 well-paying jobs. Other industries, as previously mentioned, have reduced load, reduced the number of shifts they are running and laid off more than 50% of their work force in 2009. One other steel plant has gone into receivership recently. Welland is a manufacturing based city and the economic downturn has significantly impacted our community and our industrial economic base. As will probably be the case with most LDCs, WHESC's ability to reach its targets will depend heavily on the CDM program participation we receive from our commercial, institutional and industrial consumers.

As a direct result of the struggles faced by our local industries, the layoffs and job losses inhibit residential CDM program participation from the local families affected by them since they no longer have the financial resources to participate in the residential CDM programs. Many have already reduced their energy consumption due their reduced income.

We have outlined the direct impact of the closure of John Deere Welland Works below. We also have had two other large industries significantly reduce their loads resulting in a reduced average load of more than 1800kW and 1, 800,000 kWh per month.

2. Closure of John Deere - Welland Works

One of WHESC's few remaining large users, John Deere, stopped production at their operations in 2009. The corporation, which had been located in our city for almost 100 years, decided it could increase profits by moving its assembly plant from Welland to Mexico. Between January 2008 and September 2009, this consumer averaged 5,367 kW of demand and 2,458,654 kWh of consumption each month. Due to the fact that this consumer's consumption was such a large portion of WHESC's non-residential energy, it is requesting that the OEB take into consideration the loss of this load and direct the OPA to recalculate WHESC's non-residential consumption portion and demand percentage using update figures (which we could provide). This recalculation in WHESC's non-residential consumption and demand percentage would not require other LDCs to assume WHESC's reductions as this consumer's load has been moved out of the Province.

We do believe that the erosion of the industrial base in Welland will reduce our ability to hit our targets as drafted by the Ontario Energy Board and we would appreciate the Ontario Energy Board's consideration of the impact of the economic downturn on the load and usage used to calculate our CDM targets. Thank you again for the opportunity to provide our comments.

Sincerely,

Ross Peever
President and CEO
Welland Hydro-Electric System Corp.