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BY EMAIL & WEB POSTING

January 5, 2012

**To: All Electricity Distributors
All Participants in the Conservation and Demand Management Code and
Target Proceedings EB-2010-0215 and EB-2010-0216**

**Re: Conservation and Demand Management (CDM) Guidelines for Electricity
Distributors (EB-2012-0003)**

This letter is to advise all electricity distributors and the parties to the proceedings on the Conservation and Demand Management Code for Electricity Distributors (the “CDM Code”) and the CDM Targets of the Board’s recently developed CDM Guidelines for Electricity Distributors (the “CDM Guidelines”). This letter also invites interested stakeholders to provide written comments on the CDM Guidelines.

Background

On September 16, 2010 the Board issued the CDM Code. The CDM Code was developed in accordance with the Minister of Energy and Infrastructure’s directive, dated March 31, 2010, that was issued to the Board under sections 27.1 and 27.2 of the Ontario Energy Board Act, 1998 (the “Directive”).

The CDM Code sets out the obligations and requirements with which electricity distributors must comply in relation to the CDM targets set out in their licences. The CDM Code also sets out the conditions and rules that licensed electricity distributors are required to follow if they choose to apply for Board-Approved CDM programs to meet the CDM targets.

The CDM Guidelines provide more specific guidance on certain provisions in the CDM Code and what evidence should be filed by distributors in support of an application for Board-Approved CDM programs. The CDM Guidelines include sections on CDM targets in relation to Time-of-Use pricing and savings resulting from pre-2011 Ontario Power Authority (“OPA”)-Contracted Province-Wide CDM programs; duplication with OPA programs; OPA program establishment; reporting; Board-Approved CDM program types, including low-income programs and educational programs; cost effectiveness;

accounting treatment; program evaluation, measurement and verification; program development costs; and, other funding sources for Board-Approved CDM programs. The CDM Guidelines also provide the details on the lost revenue adjustment mechanism (LRAM) that will be effective for the 2011 to 2014 period.

The Board expects that the CDM Guidelines may be updated from time to time as required.

Invitation to Comment

Parties are invited to provide written comments on the CDM Guidelines, and in particular, in relation to the section on LRAM. The Board will not consider comments related to the CDM Directive, CDM Code, CDM Targets or other conservation issues not found in these guidelines.

The Board reminds parties that groups representing the same interests or class of persons are expected to make every effort to communicate and co-ordinate their participation in this process.

Written comments are due on or before **January 26, 2012**.

Cost Awards

The Board has determined that cost awards will be available in relation to the provision of written comments on the CDM Guidelines for up to a total of **8 hours**. Parties who were found eligible for an award of costs in the CDM Code proceeding (EB-2010-0215) and/or the CDM Targets proceeding (EB-2010-0216) will be deemed eligible for costs awards in this consultation. When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process.

Filing Instructions

All filings to the Board in relation to this consultation must be addressed to the Board Secretary. Two paper copies of each filing must be provided. The Board asks that participants make every effort to provide an electronic copy of their filings in searchable/unrestricted Adobe Acrobat (PDF) format and to submit their filings through the Board's web portal at <https://www.errr.ontarioenergyboard.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-filing services" webpage on the Board's website at www.ontarioenergyboard.ca and fill out a user ID password request. Additionally, interested stakeholders are asked to follow the document naming conventions and document submission standards outlined in the document entitled *RESS Documents 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@ontarioenergyboard.ca. Those who do not have internet access should submit the electronic copy of their filing on a CD.

Filings must be received by **4:45 pm** on the required date. They must quote file number **EB-2012-0003** and include your name, postal address, telephone number and, if applicable, an e-mail address and fax number.

All materials related to this consultation will be posted on the "Regulatory Proceedings" portion of the Board's website at www.ontarioenergyboard.ca. The material will also be available for public inspection at the Board's office during normal business hours.

Questions regarding this consultation should be directed to Josh Wasylyk at 416-440-7723 or by e-mail at josh.wasylyk@ontarioenergyboard.ca. The Board's toll free number is 1-888-632-6273.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary