



Executive Council  
Conseil des ministres

Order in Council  
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

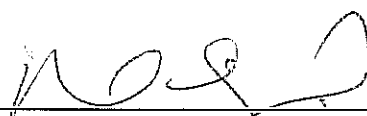
Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit:

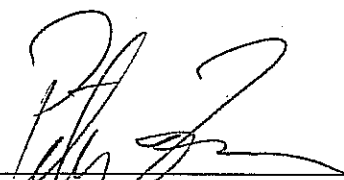
**WHEREAS** it is desirable to achieve reductions in electricity consumption and reductions in peak provincial electricity demand.

**AND WHEREAS** the Minister may, with the approval of the Lieutenant Governor in Council, issue directives under section 27.1 of the *Ontario Energy Board Act, 1998* in order to direct the Board to take steps to promote energy conservation, energy efficiency, load management or the use of cleaner energy sources, including alternative and renewable energy sources.

**AND WHEREAS** the Minister may, with the approval of the Lieutenant Governor in Council, issue directives under section 27.2 of the *Ontario Energy Board Act, 1998* in order to direct the Board to establish conservation and demand management targets to be met by distributors and other licensees.

**NOW THEREFORE** the Directive attached hereto is approved and shall be and is effective as of the date hereof.

Recommended:   
Minister of Energy  
and Infrastructure

Concurred:   
Chair of Cabinet

Approved and Ordered: MAR 31 2010  
Date

  
Lieutenant Governor

## MINISTER'S DIRECTIVE

### TO: THE ONTARIO ENERGY BOARD

I, Brad Duguid, Minister of Energy and Infrastructure, hereby direct the Ontario Energy Board pursuant to sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998*, as described below.

The Board shall take the following steps in order to establish electricity conservation and demand management ("CDM") targets to be met by licensed electricity distributors ("distributors") within the timeframe specified herein:

1. Subject to paragraph 5, the Board shall, without a hearing and in accordance with the requirements of this Directive, which relate to the conservation and demand-management targets to be met by distributors and other licensees including the OPA, amend each distributor's licence to add a condition requiring the distributor to achieve reductions in electricity consumption and reductions in peak provincial electricity demand through the delivery of CDM programs ("CDM Programs") by the amounts specified by the Board (the "CDM Targets"), over a four-year period beginning January 1, 2011.
2. In establishing CDM Targets for each distributor, the Board shall:
  - (a) ensure that the total of the CDM Targets established for all distributors is equal to 1330 megawatts (MW) of provincial peak demand persisting at the end of the four-year period and 6000 gigawatt hours (GWh) of reduced electricity consumption accumulated over the four-year period;
  - (b) specify for each distributor, a CDM Target for the reduction of provincial peak electricity demand and a CDM Target for the reduction of electricity consumption, each of which must be greater than zero; and,
  - (c) have regard to information obtained from the Ontario Power Authority ("OPA"), developed in consultation with distributors, regarding the reductions in provincial peak electricity demand and electricity consumption that could be achieved by individual distributors through the delivery of CDM Programs.
3. The Board shall amend the licence of each distributor as follows:
  - (a) by adding a condition that specifies each distributor must meet its CDM Targets through:
    - (i) the delivery of Board approved CDM Programs delivered in the distributor's service area ("Board-Approved CDM Programs");

(ii) the delivery of CDM Programs that are made available by the OPA to distributors in the distributor's service area under contract with the OPA ("OPA-Contracted Province-Wide CDM Programs"); or,

(iii) a combination of (i) and (ii)

- (b) by adding a condition that specifies that the distributor must deliver a mix of CDM Programs to all consumer types in the distributor's service area, whether through Board-Approved CDM Programs, OPA-Contracted Province-Wide CDM Programs or a combination of the two, as far as is appropriate and reasonable having regard to the composition of the distributor's consumer base;
- (c) by adding a condition that requires the distributor to comply with rules mandated by a code issued by the Board.

4. The Board shall amend licenses of distributors to ensure that:

- (a) distributors utilize the same common Provincial brand (which includes any mark or logo that the Province has used or is using, created or to be created by or on behalf of the Province, and which will be identified to the Board by the Ministry as a provincial mark or logo for its conservation programs) with all Board-Approved CDM Programs;
- (b) that the brand identified in (a) shall be the same brand utilized by the OPA and distributors for OPA-Contracted Province-Wide CDM Programs, once those programs have been created; and,
- (c) that the brand shall be used by distributors in conjunction with or co-branded with distributor's own brand or marks.

and the Board shall, upon receipt of written direction from the Ministry, which may be issued from time to time, and as a condition of license, require any one or more distributors to cease using the Provincial brand described in this paragraph at such time or in such way as may be specified in such direction.

5. The Board shall not amend the licence of any distributor that meets the conditions set out below:

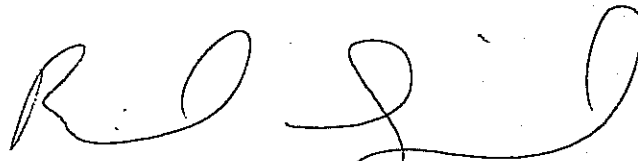
- (a) with the exception of embedded distributors the distributor is not connected to the Independent Electricity System Operator (IESO)-controlled grid; or,
- (b) the distributor's rates are not regulated by the Board.

6. The Board shall issue a code that includes rules relating to the reporting requirements and performance incentives associated with CDM Programs and to the planning, design, approval, implementation and the evaluation, measurement and verification ("EM&V") of Board-Approved CDM Programs and to such other matters as the Board considers appropriate.

In developing such rules, the Board shall have regard to the following objectives of the government in addition to such other factors as the Board considers appropriate:

- (a) that Board-Approved CDM Programs shall not duplicate OPA-Contracted Province-Wide CDM Programs that are available from the OPA at the time of Board approval;
- (b) that the Board shall encourage opportunities for coordinating CDM Programs between the distributor and other relevant entities such as other electricity distributors, natural gas distributors and the OPA;
- (c) that the Board shall not preclude consideration of CDM Programs or funding for CDM Programs on the basis that a distributor's CDM Targets have been or are expected to be exceeded;
- (d) that a tiered performance incentive mechanism shall be available to distributors for verified electricity savings with incentives beginning to accrue once a distributor meets 80% of each CDM Target; performance incentives shall not be offered for electricity savings achieved beyond 150% of each CDM Target;
- (e) that Board approval for funding of any given Board-Approved CDM Program shall correspond to the period in which the Board-Approved CDM Program is offered, provided that the period is no longer than the period for which CDM Targets are established;
- (f) that the Board shall require distributors to use OPA cost-effectiveness tests, as modified by the OPA from time to time, for assessing the cost-effectiveness of Board-Approved CDM Programs;
- (g) that the Board shall require distributors to use the OPA protocol process and third-party vendor of record list, as modified by the OPA from time to time, when conducting EM&V of Board-Approved CDM Programs;
- (h) that the Board shall consider the definition of CDM to be inclusive of load reduction from initiatives, such as geothermal heating and cooling, solar heating and fuel switching, but exclusive of initiatives that are associated with the OPA Feed-in Tariff Program and the OPA Micro Feed-in Tariff Program; and,

- (i) that all Board-Approved CDM Programs shall utilize the same common provincial brand (which includes any mark or logo that the Province has used or is using, created or to be created by or on behalf of the Province, and which will be identified to the Board by the Ministry as a provincial mark or logo for conservation) used for OPA-Contracted Province-Wide CDM Programs, once such programs are created, and used in conjunction with or co-branded with any brand or mark used by the distributor.
7. The Board shall not approve CDM Programs until OPA-Contracted Province-Wide CDM Programs have been established.
  8. The Board shall, in approving Board-Approved CDM Programs, continue to have regard to its statutory objectives, including protecting the interests of consumers with respect to prices.
  9. The Board shall conduct, or cause to be conducted, targeted audits of EM&V carried out by the distributor or third-parties on behalf of the distributor, as necessary.
  10. The Board shall annually review and publish the verified results of each individual distributor's CDM Programs and the consolidated results of all distributor CDM Programs, both Board-Approved CDM Programs and OPA-Contracted Province-Wide CDM Programs and take steps to encourage distributors to improve CDM Program performance.
  11. The Board shall permit distributors to meet a portion of their CDM Targets through the delivery of CDM Programs targeted to low-income consumers.
  12. The Board shall have regard to the objective that lost revenues that result from CDM Programs should not act as a disincentive to a distributor.



Minister of Energy and Infrastructure