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Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs

April 30, 2010

VIA COURIER

Ms. Kirsten Walli
Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
P.O. Box 2319
Toronto, ON
M4P 1E4

Dear Ms. Walli:

2009 Annual Report of CDM Activities for Hydro One Remote Communities Inc

Hydro One Remote Communities Inc. has prepared information for the 2009 Annual Reporting under the Board's Electricity Reporting and Record Keeping Requirements.

Please find attached Hydro One Remote Communities Inc.'s Annual Report of CDM Activities for the year ended December 31, 2009. These statements comply with the Board's Annual Reporting Item 2.1.12.

Sincerely,

A handwritten signature in cursive script that reads "Susan Frank".

Susan Frank

Attachment

Introduction

Hydro One Remote Communities Inc. (“Remotes”) serves off-grid communities in the far north. Remotes generates electricity for sale within these communities, primarily from diesel fuel. As Remotes' costs are unique, the avoided costs used in this report were filed in RP-2005-0020/EB-2005-0511, and include 2.5% inflation.

Remotes is operated on a break-even basis and does not earn a return on equity. Remotes believes that energy efficiency and conservation programs have the potential to reduce short and long term operating costs, with accompanying environmental and social benefits.

The primary intent of Remotes' CDM initiative is to cost-effectively develop and implement a range of customer (primarily residential) and supplier programs that will deliver energy reductions and reduce expenditures on diesel fuel.

The CDM initiative focuses on local community engagement to develop conservation awareness and expertise in the communities that Remotes serves. In 2008, Remotes planned to procure, deliver and install insulating water-heater blankets (hot water wraps) for residential customers. However, the program was not completed as Remotes' community delivery system was not mature.

During 2009, Remotes revamped its community delivery system. In order to retain and develop community knowledge on conservation, regular quarterly activities with community coordinators were undertaken. Community coordinators participated in local radio talk shows, community meetings and school presentations. As part of this educational effort, coordinators wrapped hot water tanks, turned down the temperature of hot water tanks and demonstrated to residents how to change the temperatures on the tanks and to shut them off when expected to be outside of the community. In order to keep the coordinators engaged, and to promote additional community awareness, coordinators delivered cold water detergent, and power cost monitors. Additionally, coordinators participated in local radio programs and community meetings in order to raise the profile of conservation activities.

Program costs in 2009 were \$316,957.

Lessons Learned/Conclusions

During 2008, Remotes worked with local community coordinators, but found that the irregular nature of the work did not fully engage them. The establishment of quarterly community activities is anticipated to improve community acceptance and understanding of conservation and is expected to assist in retaining the community coordinators.