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BY RESS & OVERNIGHT COURIER

September 30, 2014

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

Dear Ms. Walli:

**Re: Enersource Hydro Mississauga Inc.
Conservation and Demand Management 2013 Annual Report
Board File No. EB-2010-0215**

Please find attached Enersource's Conservation and Demand Management 2013 Annual Report.

Additionally, two hard copies will be mailed to the Board on the next business day.

If you have any questions or concerns with this report, please do not hesitate to contact the undersigned at (905) 283-4098.

Sincerely,

Original signed by

Gia M. DeJulio
Director, Regulatory Affairs

cc. Norm Wolff, Executive Vice-President and Chief Financial Officer

Enersource Hydro Mississauga Inc.

Conservation and Demand Management

2013 Annual Report

Submitted to:

Ontario Energy Board

Submitted on September 30, 2014

Enersource Hydro Mississauga Inc. 2013 CDM Annual Report

September 30, 2014

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Executive Summary

This annual report is submitted by Enersource Hydro Mississauga Inc. (“Enersource”) in accordance with the filing requirements set out in the Conservation and Demand Management Code for Electricity Distributors, issued September 16, 2010, Board File No. EB-2010-0215 (“CDM Code”), and specifically, the Appendix C Annual Report Template, as a progress report and update to the Enersource CDM Strategy filed with the Ontario Energy Board (“Board” or “OEB”) on November 1, 2010. Accordingly, this report outlines Enersource’s CDM activities for the period of January 1, 2013 to December 31, 2013. It includes net peak demand and net energy savings achieved in 2011, 2012 and 2013, discussion of the current/future CDM framework, CDM program activities, successes and challenges, as well as forecasted savings to the end of 2014.

Enersource did not apply for any Board-approved CDM programs during 2013; however, as noted in the Guidelines for Electricity Distributors Conservation and Demand Management (“CDM Guidelines”), released April 26, 2012, the Board has deemed Time-of-Use (“TOU”) pricing to be a province-wide Board-approved CDM program. The Ontario Power Authority (“OPA”) is to provide measurement and verification on TOU. At the time of this report the OPA has not released any verified results of TOU savings to Enersource.

In 2011, Enersource contracted with the OPA to deliver a portfolio of OPA-contracted province-wide CDM programs (“OPA Programs”) to all customer segments including residential, commercial, institutional, industrial and low income. Most of these programs were rolled-out by the OPA in June 2011. These 2011 program activities were centered on building a foundation for full program execution over the next three years of the program term, including staffing, procurement, and program delivery.

Enersource achieved 8.54 MW of net incremental peak demand savings and 39,441 MWh of net incremental energy savings in 2013, based on Scenario 1 of OPA’s report which excludes demand response. These results are shown in Table 1 and Table 2 below. These results are reflective of a considerable effort expended by Enersource, in cooperation with other LDCs, customers, channel partners and stakeholders to overcome many operational and structural issues that limited program effectiveness across all market sectors. This achievement is a success and the relationships built within the 2011-2014 CDM program term will aid results in a subsequent CDM term.

Despite continuing improvements to existing programs, Enersource faces challenges in the remaining current CDM framework. With the current slate of available OPA Programs, and the current forecast of implementation and projected savings, Enersource expects to meet 96% of its 417,220 MWh energy consumption target but will struggle to meet its 92.98 MW demand savings target. As a result, Enersource has forecasted a 36 MW shortfall to its demand target by the end of 2014.

Table 1: Enersource Net Energy Consumption CDM Savings Results for Programs Implemented 2011 - 2013

	As At December 31, 2013 Net Incremental MWh Savings			2011 - 2014 Net Cumulative MWh Savings		
CDM PROGRAM	Target Savings	Actual Savings	% Targets Achieved	Target Savings	Actual Savings	% Targets Achieved
Residential	13,580	3,672	27	123,357	44,286	36
Commercial & Institutional	14,290	31,590	221	197,517	298,860	151
Industrial	3,919	4,179	107	96,346	14,546	15
TOTAL CDM	31,789	39,441	124	417,220	357,692	86

Table 2: Enersource Net Peak Demand CDM Savings Results for Programs Implemented 2011 - 2013 ⁽¹⁾

	As at December 31, 2013 Net Incremental MW Savings			2011 - 2014 Net Annual MW Savings		
CDM PROGRAM	Target Savings	Actual Savings	% Targets Achieved	Target Savings	Actual Savings	% Targets Achieved
Residential	5.112	1.431	28	18.500	5.037	27
Commercial & Institutional	6.387	6.135	96	48.079	20.016	42
Industrial	4.925	0.974	20	26.401	1.312	5
TOTAL CDM	16.424	8.540	52	92.980	26.365	28

⁽¹⁾ The net incremental actual savings as at December 31, 2013 shown on Table 2 are based on Scenario 1 OPA Results, which exclude the savings of demand response programs, or 24,508 MW.

Enersource will continue delivering all available OPA Programs in order to progress towards its CDM targets by December 31, 2014. Enersource also expects to receive additional savings credits, not currently factored into the results shown on Table 1 and Table 2, in 2014 through the delivery of the OEB-approved CDM programs via the TOU pricing savings.

The updated forecast to 2014 prepared for this report, taking into consideration of latest Net-to-Gross (“NTG”) ratios, shows that there will be a shortfall of approximately 36 MW, or 39%, versus Enersource’s 2014 peak demand reduction target. Enersource also expects to achieve 96% of its 2014 energy savings target. To improve upon these expected shortfalls, Enersource continues to work actively on participant engagement. Enersource has partnered with other LDCs, and has been working with the OPA and the Electricity Distributors Association (“EDA”) to improve program effectiveness.

Background

On March 31, 2010, the Minister of Energy and Infrastructure of Ontario, under the guidance of sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998*, directed the OEB to establish Conservation and Demand Management (“CDM”) targets to be met by electricity distributors. Accordingly, on November 12, 2010, the OEB amended the distribution license of Enersource to require Enersource, as a condition of its license, to achieve 417.2 GWh of energy savings and 92.98 MW of summer peak demand savings, over the period beginning January 1, 2011 through December 31, 2014.

In accordance with the same Minister’s directive, the OEB issued the Conservation and Demand Management Code for Electricity Distributors (the “Code”) on September 16, 2010. The Code sets out the obligations and requirements with which electricity distributors must comply in relation to the CDM targets set out in their licenses. To comply with the Code requirements, Enersource submitted its CDM Strategy on November 1, 2010 which provided a high level of description of how Enersource intended to achieve its CDM targets.

The Code also requires a distributor to file annual reports with the Board. This is the third Annual Report by Enersource and has been prepared in accordance with the Code requirements and covers the period from January 1, 2013 to December 31, 2013.

Enersource submitted its 2011 Annual Report on October 1, 2012 which summarized the CDM activities, successes and challenges experienced by Enersource for the January 1, 2011 to December 31, 2011 period. The OEB’s 2011 CDM Results Report identified that the delay in the full suite of CDM programs being made available by the OPA, and the absence of some programs negatively impacted the final 2011 results for the LDCs. This issue was also highlighted in Volumes I and II of the Environmental Commissioner’s *Report on Ontario’s Annual Energy Conservation Progress*.

On December 21, 2012, the Minister of Energy directed the OPA to fund CDM programs which meet the definition and criteria for OPA-contracted province-wide CDM programs for an additional one-year period from January 1, 2015 to December 31, 2015.

The Ministerial Directive did not amend the timelines for LDCs to achieve their energy savings and demand savings targets. Therefore, the main focus of the LDCs remains the achievement of CDM targets by December 31, 2014.

Enersource submitted its 2012 Annual Report on September 30, 2013 which summarized the CDM activities undertaken by Enersource for the January 1, 2012 to December 31, 2012 period. The OEB’s 2012 CDM Results report identified that the majority of LDCs achieved close to 20% of their net peak demand (MW) target from their 2012 results.

However, LDCs generally advised the Board that meeting their peak demand (MW) target is not likely and that a shortfall is expected.

In 2013, LDCs collectively achieved approximately 10% of the energy savings (GWh) target needed each year to achieve the energy savings target. Overall the cumulative results represent approximately 86% of the net energy target of 6,000 GWh.

The report identifies that although there have been improvements to programs there still remains some shortcomings to the design and delivery of certain initiatives that have resulted in a negative impact to some programs. In particular, the change management process still requires improvements to expedite enhancements to initiatives. The report also noted that certain initiatives may be reaching the point of market saturation and that new initiatives may need to be developed in order to take the place of the existing initiatives under the new framework.

1 Conservation Framework

1.1 Current Framework

Ontario's current CDM framework is a key step towards creating a culture of conservation in the Province. The Ontario Government ("Government") Directive to the OEB to establish CDM targets that would be met by electricity distributors recognizes the importance of CDM for both electricity customers and the electricity system. CDM helps customers manage rising energy costs, supports the provincial integrated supply plan, and addresses local distribution and transmission supply constraints. The current framework was intended to enable customers to benefit from a suite of both Board-approved and OPA province-wide programs and provide a portfolio that would meet both broad and specific customer needs.

The state of Board-approved programs and the current suite of province-wide OPA programs has limited CDM offerings to customers. This has produced limited savings and has restricted the associated opportunity for LDCs to meet their targets. The process to introduce changes to current program initiatives or to pilot new initiatives has been challenging, involving considerable cost and effort, which has resulted in limited benefits to customers and CDM savings.

Challenges faced by LDCs in the current framework, such as overbuilt governance and unnecessarily excessive legal requirements and misalignment of control and risks, have been addressed by the new directive. However, there are still many challenges to overcome and the future CDM framework should address other challenges of the current framework and build on its strengths.

1.2 Future Framework

LDCs are supportive of the Government's renewed commitment for CDM in Ontario. LDCs are committed to working with the Government and other stakeholders to develop the next framework for CDM in the Province.

Long-term commitment for CDM funding and confirmation of the role of LDCs have been provided in the Minister's directive dated March 31, 2014, allowing LDCs to maintain current program infrastructure, including LDC staff and third party contracts as required.

The commitment also provided LDCs the program extensions required for continuity into the next framework which was critical for all customers. Additionally, clarity regarding the new framework allows LDCs to focus on program development and design, economic analysis, procurement and launching of new CDM program initiatives in 2014, going into 2015.

2 Board-Approved CDM Programs

2.1 Introduction

In its Decision and Order dated November 12, 2010 in EB-2010-0215 and EB-2010-0216, the OEB ordered that, to meet its mandatory CDM targets, “Each licensed electricity distributor must, as a condition of its licence, deliver Board-approved CDM programs, OPA-contracted province-wide CDM programs, or a combination of the two”.

At this time, the implementation of TOU pricing is the only Board-approved CDM program that is being offered in Enersource’s service area.

2.2 TOU Pricing

2.2.1 Background

In its April 26, 2012 CDM Guidelines, the OEB recognizes that a portion of the aggregate electricity demand target was intended to be attributable to savings achieved through the implementation of TOU pricing. The OEB establishes TOU prices and has made the implementation of this pricing mechanism mandatory for distributors. On this basis, the OEB has determined that distributors will not have to file a Board-approved CDM program application regarding TOU pricing. The OEB has deemed the implementation of TOU pricing to be a Board-approved CDM program for the purposes of achieving the CDM targets. The costs associated with the implementation of TOU pricing are recoverable through distribution rates, and not through the Global Adjustment Mechanism (“GAM”).

In accordance with a Directive dated March 31, 2010 by the Minister of Energy and Infrastructure, the OEB is of the view that any evaluation of savings from TOU pricing should be conducted by the OPA for the Province, and then allocated to distributors. Enersource will report these results upon receipt from the OPA.

At the time of preparation of this report the OPA had retained the Brattle Group as the TOU evaluation contractor and will be working with an expert panel convened to provide advice on methodology, data collection, and models. The initial evaluations were conducted in 2013 with five LDCs – Hydro One Networks Inc., Toronto Hydro-Electric System Limited, Hydro Ottawa Limited, Thunder Bay Hydro Electricity Distribution Inc. and Newmarket-Tay Power Distribution Ltd. Preliminary results from these five LDCs were issued to the five LDCs involved in the study in August 2013 and are now publically available on the OPA website. Preliminary results demonstrated load shifting behaviours from the residential customer class.

Three additional LDCs were added to the study in 2014 – Cambridge-North Dumphries, PowerStream and Sudbury. Preliminary results from this study are planned to be issued to the eight LDCs in September 2014. The OPA advised that the TOU study will be completed in the summer of 2015 and final verified savings will be available for LDCs to include in the 2014 Annual Report.

As of September 30, 2014, the OPA has not released any verified results of TOU savings to Enersource. Therefore Enersource is not able to provide any verified savings related to the TOU program at this time.

2.2.2 TOU Program Description

Target Customer Type(s): Residential and small business customers (up to 250,000 kWh per year)

Initiative Frequency: Year-round

Objectives: TOU pricing is designed to incent the shifting of energy usage. Therefore peak demand reductions are expected, and energy conservation benefits may also be realized.

Description: In August of 2010, the OEB issued a final determination to mandate TOU pricing for Regulated Price Plan (“RPP”) customers by June 2011, in order to support the Government’s expectation for 3.6 million RPP consumers to be on TOU pricing by June 2011, and to ensure that smart meters funded at ratepayer expense are being used for their intended purpose.

The RPP TOU price is adjusted twice annually by the OEB. A summary of the RPP TOU pricing is provided below.

Table 3: RPP TOU Pricing Summary

Effective Date	Prices (cents/kWh)		
	On Peak	Mid Peak	Off Peak
November 1, 2010	9.9	8.1	5.1
May 1, 2011	10.7	8.9	5.9
November 1, 2011	10.8	9.2	6.2
May 1, 2012	11.7	10.0	6.5
November 1, 2012	11.8	9.9	6.3
May 1, 2013	12.4	10.4	6.7
November 1, 2013	12.9	10.9	7.2
May 1, 2014	13.5	11.2	7.5

Delivery: The OEB sets the TOU prices; LDCs install and maintain the smart meters; LDCs convert customers to TOU billing.

2.2.3 TOU Initiative Activities/Progress

Enersource began transitioning its customers to TOU in September 2011. On December 31, 2011, 25,494 customers and on December 31, 2012 178,509 customers were on TOU. At December 31, 2013, 192,921 customers were on TOU.

2.3 Enersource's CDM-Related Applications with the OEB

Enersource did not submit a CDM program application to the OEB in 2013.

2.4 Enersource's Application with the OPA's Conservation Fund

In 2013, the OPA introduced the Conservation Fund to help meet LDCs' interest in the development and launch of new local, regional and province-wide initiatives. The Conservation Fund's LDC Program Innovation Stream fast-tracks LDC-led program design and the launch of successfully piloted initiatives prior to full scale deployment. By driving program innovation through the Conservation Fund, LDCs have the opportunity to both realize additional savings through the piloting and implementation of initiatives not currently addressed by the OPA portfolio and the means to test concepts for future local or province wide programs post 2014. As per the OPA, as of March 2014, three pilots have been contracted and are underway with Toronto Hydro and Niagara Peninsula Energy and ten others are in various stages of the contracting and development process.

In addition, building on LDC interest in social benchmarking services for the residential sector, in 2013 the Conservation Fund in collaboration with Hydro One, Milton Hydro and Horizon Utilities completed the procurement of three social benchmarking pilot projects. Beginning in 2014 these services will be offered to more than 100,000 customers for a one year period, with evaluation reports published shortly thereafter.

Enersource did not submit a CDM program application to the OPA's Conservation Fund in 2013 but has submitted an application in 2014.

Enersource has submitted two pilots to OPA's conservation fund in 2014. The first pilot was Enersource's industrial, commercial and institutional (ICI) benchmarking pilot and the second pilot is for small business pilot.

3 OPA-Contracted Province-Wide CDM Programs

3.1 Introduction

Effective March 1, 2011, Enersource entered into an agreement with the OPA to deliver CDM programs extending from January 1, 2011 to December 31, 2014. The programs included under this agreement are listed in Table 4 below. Further program details are included in Appendix A.

Table 4: OPA-Contracted Province-Wide CDM Program Initiatives

Initiative	Schedule	Date schedule posted	Customer Class
Residential Programs			
Appliance Retirement	Schedule B-1, Exhibit D	Jan 26, 2011	All residential rate classes
Appliance Exchange	Schedule B-1, Exhibit E	Jan 26, 2011	All residential rate classes
HVAC Incentives	Schedule B-1, Exhibit B	Jan 26, 2011	All residential rate classes
Conservation Instant Coupon Booklet	Schedule B-1, Exhibit A	Jan 26, 2011	All residential rate classes
Bi-Annual Retailer Event	Schedule B-1, Exhibit C	Jan 26, 2011	All residential rate classes
Retailer Co-op	n/a	n/a	All residential rate classes
Residential Demand Response	Schedule B-3	Aug 22, 2011	All general service classes
New Construction Program	Schedule B-2	Jan 26, 2011	All residential rate classes
Commercial & Institutional Programs			
Efficiency: Equipment Replacement	Schedule C-2	Jan 26, 2011	All general service classes
Direct Install Lighting	Schedule C-3	Jan 26, 2011	General Service < 50 kW
Existing Building Commissioning Incentive	Schedule C-6	Feb 2011	All general service classes
New Construction and Major Renovation Initiative	Schedule C-4	Feb 2011	All general service classes
Energy Audit	Schedule C-1	Jan 26, 2011	All general service classes
Commercial Demand Response (part of the Residential program schedule)	Schedule B-3	Jan 26, 2011	All general service classes
Demand Response 3 (part of the Industrial program schedule)	Schedule D-6	May 31, 2011	General Service 50 kW & above
Industrial Programs			
Process & System Upgrades	Schedule D-1	May 31, 2011	General Service 50 kW & above
Monitoring & Targeting	Schedule D-2	May 31, 2011	General Service 50 kW & above
Energy Manager	Schedule D-3	May 31, 2011	General Service 50 kW & above
Key Account Manager ("KAM")	Schedule D-4	May 31, 2011	General Service 50 kW & above
Efficiency: Equipment Replacement	Schedule C-2	May 31, 2011	General Service 50 kW &

Initiative	Schedule	Date schedule posted	Customer Class
Incentive (part of the C&I program schedule)			<i>above</i>
Demand Response 3	Schedule D-6	<i>May 31, 2011</i>	<i>General Service 50 kW & above</i>
Home Assistance Program			
Home Assistance Program	Schedule E-1	<i>May 9, 2011</i>	<i>All residential rate classes</i>

In addition, results were realized towards Enersource's 2011-2014 targets through the following pre-2011 OPA programs shown in Table 5.

Table 5: Pre-2011 OPA Programs

Initiative	Schedule	Date Schedule Posted	Customer Class
Electricity Retrofit Incentive Program	<i>n/a</i>	<i>n/a</i>	<i>All general service classes</i>
High Performance New Construction	<i>n/a</i>	<i>n/a</i>	<i>All general service classes</i>
Multifamily Energy Efficiency Rebates	<i>n/a</i>	<i>n/a</i>	<i>All general service classes</i>

As per Table 6 below, several OPA program initiatives are no longer available to customers or have not been launched in 2013.

Table 6: OPA CDM Programs Not in Market in 2013

Initiative Not in Market in 2013	Objective	Status
Residential Programs		
Midstream Electronics	The objective of this initiative is to encourage retailers to promote and sell high efficiency televisions, and for distributors to distribute high efficiency set top boxes.	Never launched and removed from Schedule in Q2, 2013.
Midstream Pool Equipment	The objective of this initiative is to encourage pool installers to sell and install efficient pool pump equipment in residential in-ground pools.	Never launched and removed from Schedule in Q2, 2013.
Home Energy Audit Tool	This is a provincial online audit tool to engage customers in conservation and help drive customer participation to CDM programs.	Never launched and removed from Schedule in Q2, 2013.
Commercial & Institutional Programs		

Initiative Not in Market in 2013	Objective	Status
Direct Service Space Cooling	The objective of this initiative is to offer free servicing of air conditioning systems and refrigeration units for the purpose of achieving energy savings and demand reduction.	Not launched to market in 2011/2012. As per the OPA there are no plans to launch this initiative in 2013.
Demand Response 1 ("DR1")	This initiative allows distribution customers to voluntarily reduce electricity demand during certain periods of the year pursuant to the DR 1 contract. The initiative provides DR payment for service for the actual electricity reduction provided during a demand response event.	No customer uptake for this initiative. As a result this initiative was removed from the Schedule in Q4, 2012.
Industrial Programs		
DR1	As above	No customer uptake for this initiative. Removed in Q4, 2012.

The Master CDM Program Agreement between LDCs and the OPA includes a program change management provision in Article 3. Collaboration between the OPA and the LDCs commenced in 2011, and continued in 2012 and 2013, as the change management process was implemented to enhance the saveONenergy program suite. The change management process allows for modifications to the Master CDM Program Agreement and Initiative Schedules. The program enhancements give LDCs additional tools and greater flexibility to deliver programs in a way that meets the needs of customers and further drives participation in the initiatives.

3.2 Program Descriptions

Full descriptions of OPA-contracted province-wide CDM programs are available on the OPA's intranet and additional initiative information can be found on the saveONenergy website at <https://saveonenergy.ca>. The targeted customer types, objectives, and individual descriptions for each program initiative are detailed in Appendix A. Discussion of Enersource's experience with these programs is provided below.

3.2.1 RESIDENTIAL PROGRAMS

Description: Provides residential customers with programs and tools to help them understand and manage the amount of energy they use throughout their entire home and help the environment.

Objective: To provide incentives to both existing homeowners and developers/builders to motivate the installation of energy efficiency measures in both existing and new home construction.

Discussion:

The inclusion of Light Emitting Diode ("LED") technology into the bi-annual retailer events in 2012 and the annual coupons in 2013, as well as some LDC custom coded coupons, has had a positive effect on consumer engagement. The revamped **peaksaver PLUS**[®] program is the main residential initiative which drives savings for LDCs and has been well received by consumers eager to utilize an In-Home Display ("IHD") to help manage their energy consumption.

The residential program portfolio is predominately a carryover of initiatives from previous programs. It is mostly driven by retailers and contractors who may not have fully delivered what was anticipated. Three new initiatives were never launched and subsequently removed from the schedule in 2013 with no new additions. Delays in communication with regards to initiative offerings and results reporting have hampered LDCs' abilities to engage customers and promote participation. Province-wide advertising has provided value in all residential programs except for **peaksaver PLUS**[®] due to technological inconsistency across LDCs.

Work to revitalize and increase the effectiveness and breadth of the initiatives through the residential program needs to be a high priority. There are opportunities within the residential marketplace that need to be identified, developed and offered to customers. The version 5 schedules changes implemented in Q1/Q2 2014 have increased the number of LDC-coded coupons available and made new installations of central heating and cooling systems eligible for the Heating and Cooling Incentive.

3.2.1.1 Appliance Retirement Initiative (Exhibit D)

Initiative Activities/Progress:

- Enersource received credit for 576 appliances collected, down from 1,075 in 2012, contributing an incremental 37 kW and 247,739 kWh.

- Total achievement for 2011-2013 is approximately 205 kW and 5,034,331 kWh, approximately 0.22% and 1.21% of Enersource's 2011-2014 targets respectively.
- Decline in program results experienced in 2012 continues into 2013, despite increased marketing efforts.
- Enersource will continue to promote this initiative in combination with the saveONenergy residential programs in addition to social advertising to increase program uptake.

Additional Comments:

- Due to the duration of the program, and the revised appliance eligibility requirements to a minimum age of 20 years old, this initiative appears to have reached market saturation and has been under consideration for removal from the portfolio.
- Rather than strictly remove this initiative from the schedules, the OPA and LDCs could review opportunities for other similar measures for stoves, dishwashers, washers and dryers. The framework of this initiative may be a suitable foundation for a more holistic residential appliance retirement program. As such, the residential portfolio could be strengthened through program evolution rather than weakened through diminished program offerings.
- As results are very responsive to province-wide advertising, OPA provincial marketing should continue to play a key role.
- Better relationships with retailers may play a role in increasing participation in this initiative. Retailers can provide opportunities to capture replacement appliances and have them decommissioned after a sale has been committed.
- In an effort to capture additional savings in the perceived last year of the initiative, the eligibility requirement for refrigerators was revised from 20 years old to 15 years old in Q2 2014.

3.2.1.2 Appliance Exchange Initiative (Exhibit E)

Initiative Activities/Progress:

- Promotion of this program in Enersource's territory has been made difficult with short notices of the timing of retail exchange events and the incentive involved. Enersource continues to make best efforts in booking media slots for this initiative.
- Enersource continues to promote this program through social media channels in addition to radio and print.
- This program is not a major contributor in terms of savings for Enersource. Enersource targets to collect 300 units annually through this initiative, but only 89 units were collected in 2013, contributing an incremental 18 kW and 32,880 kWh savings.
- Total achievement for 2011-2013 is approximately 39 kW and 196,202 kWh, approximately 0.04% and 0.05% of Enersource's 2011-2014 targets respectively.

Additional Comments:

- The design of the initiatives, including eligible measures and incentives amounts are developed through the Residential Working Group. Retail partner(s) are contracted by the OPA to deliver the initiatives province-wide. Individual LDCs have the opportunity to stage in-store events to drive the distribution of LDC coded coupons and promotion of other programs in the portfolio
- This initiative, eligible measures and incentive amounts are influenced by the retail partner with no direct involvement from the LDCs. The restrictive, limited and sometimes non-participation of local stores can diminish the savings potential for this initiative.
- To date there has only been one retailer participant in the Appliance Exchange Initiative.
- Evaluation, Measurement, and Verification (“EM&V”) results indicated that the value of savings for retired room air conditioners (“AC”) has dropped resulting in the retail participant not accepting window ACs during the Spring 2013 event.
- Notification regarding retailer participation and eligible measures continues to be delayed. Improved communications will aid in appropriate resource allocation and marketing of the initiative.
- This initiative may benefit from the disengagement of the retailer and allowing LDCs to conduct these events, possibly as part of a larger community engagement effort, with the backing of the OPA’s contractor for appliance removal.
- The initiative appears to require more promotion from retailers and LDCs.

3.2.1.3 HVAC Incentives Initiative (Exhibit B)**Initiative Activities/Progress:**

- The HVAC incentives program continues to bring in the bulk of energy and demand savings for Enersource. An increase in the number of incentive rebate credits in 2013 compared to 2012 may be credited to the warm summer.
- The reduction in NTGNTG ratio continues to reduce Enersource’s demand and energy savings despite increased participation in 2013.
- Enersource continues to market this program heavily utilizing social media, print, television and radio with a focus on either “cool savings” or “warm up to” messaging, depending on the season, in addition to utilizing an events team to promote the program at local events to create awareness for the program.
- The OPA have issued rebates to Enersource’s customers for 6,174 HVAC units, contributing and incremental 1,289 kW and 2,205,223 kWh savings towards targets
- Total achievement for 2011-2013 is approximately 4,486 kW and 24,915,596 kWh, approximately 4.82% and 5.97% of Enersource’s 2011-2014 targets respectively.

Additional Comments:

- Incentive levels appear to be insufficient to prompt participants to upgrade HVAC equipment prior to end of useful life.
- This initiative is contractor driven with LDCs responsible for marketing efforts to customers. More engagement with the HVAC contractor channel should be undertaken to drive a higher proportion of furnace and central air conditioner sales to eligible units.
- Channel partners require timeliness of the rebate process to maintain positive relationships among consumers, contractors, the OPA, and the participating LDC. Due to a contracting delay no applications were processed from approximately the end of October 2012 to February 2013.
- In an effort to build capacity, mandatory training has been instituted for all participating HVAC contractors. This could present too much of a barrier for participation for some contractors as the application process already presents a restriction to contractor sales. It has been noted that there are approximately 4,500 to 5,000 HVAC contractors in Ontario, however in 2013, only a total of 1,587 contractors completed the mandatory HVAC training and can participate in the program.
- There are cases where non-participating contractors are offering their own incentives (by discounting their installations to match the value of the OPA incentive) to make the sale. This occurs outside of the Initiative, and savings are not credited to LDCs. OPA should consider this in future program impact evaluation studies.
- Changes to the schedules in 2014 to allow for incentives for new installations, rather than strictly replacement units, may provide greater initiative results.

3.2.1.4 Conservation Instant Coupon Initiative (Exhibit A)**Initiative Activities/Progress:**

- Coupons were made available on Enersource's website for the entire year and Compact Fluorescent Light ("CFL") coupons were printed on bill inserts to be distributed to customers on a regular basis.
- Additional coupons were printed for distribution at events, through Enersource's main reception and also provided to various contractors for distribution. Additionally, the CFL coupon was printed in The Mississauga News flyers several times a year.
- Enersource has received credit for 13,621 coupons, contributing an incremental 20 kW and 302,637 kWh savings towards target.
- Total achievement for 2011-2013 is approximately 76 kW and 3,823,695 kWh, approximately 0.08% and 0.92% of Enersource's 2011-2014 targets, respectively.

Additional Comments:

- The timeframe for retailer submission of redeemed coupons vary from retailer to retailer, and in some cases has been lengthy. The delays and incomplete results reporting limits the ability to react and respond to initiative performance or changes in consumer behaviour.
- Coupon booklets were not printed and mailed out in 2013. As such, coupons were not widely available to consumers without the ability to download and print them.
- Without provincial coupon distribution, and delay in initiative launch, consumers may not have been aware of the online coupons. This initiative could benefit from provincial marketing as a substitute to distribution.
- The product list could be distinctive from the Bi-Annual Retailer Event Initiative in order to gain more consumer interest and uptake.
- Program evolution, including new products and review of incentive pricing for the coupon initiatives, should be a regular activity to ensure continued consumer interest.
- In 2013, LDCs were provided with three custom coded coupons with an additional LED coupon provided in Q4 2013. All coupons have been provided with LDC custom coding in 2014 which allows LDCs to promote coupons based on local preferences.
- Consumer experience varies amongst retailers offering coupon discounts which can limit redemptions. For example, a particular high volume 'participating retailer' does not accept coupons and have their own procedure. In addition, some retailers have static lists of eligible products and will not discount eligible products unless the product on the list.
- The saveONenergy programs would benefit from specific end cap displays, aisle product stands and product-specific areas. Having products throughout a retail environment weakens the impact.

3.2.1.5 Bi-Annual Retailer Event Initiative (Exhibit C)**Initiative Activities/Progress:**

- As Enersource does not have direct influence over the actual savings as a result of this event (i.e., regardless of the number of coupons claimed by Enersource customers, only approximately 4% is attributed to Enersource), Enersource utilizes best efforts to promote this program.
- Enersource published flyer jackets in The Mississauga News, dispatched events teams to all The Home Depot locations in its service territory at least once during the span of the program month and hired a Mississauga-based online radio station to do live broadcasting as a kick off to the event.
- Enersource views this as a good opportunity to promote energy efficient products, cross promote other residential initiatives and to survey customer satisfaction/response to saveONenergy programs.

- Addition of the LED light bulb rebate has certainly increased program participation in Mississauga. Retailers with whom Enersource worked on this event have reported higher LED sales during the event period.
- Enersource has received credit for 37,096 coupons, contributing an incremental 46 kW and 674,564 kWh savings towards target.
- Total achievement for 2011-2013 is approximately 171 kW and 9,119,444 kWh, approximately 0.18% and 2.19% of Enersource's 2011-2014 targets, respectively.

Additional Comments:

- This initiative is strongly influenced by the retail participants and has no direct involvement from the LDCs.
- LDCs have the opportunity to stage in-store events to drive the distribution of LDC-coded coupons and promotion of other programs in the portfolio; however, this requires cooperation from the local retailer and LDC staff resources.
- The product list has changed very little over the past five years.
- Limited engagement of local retailers can restrict the savings potential for this initiative.
- Program evolution, including new products and review of incentive pricing for the coupon initiatives, must be a regular activity to ensure continued consumer interest.
- The product list could be distinctive from the Conservation Instant Coupon Initiative in order to gain more consumer interest and uptake.
- A review conducted by the EDA Residential Working Group in 2011 identified three areas of need for initiative evolution: 1) introduction of product focused marketing; 2) enhanced product selection; and 3) improved training for retailers as retail staffs tend not to be knowledgeable regarding the products or promotion.
- This initiative may benefit from a more exclusive relationship with a retailer appropriate to the program. There should be a value proposition for both the retailer and LDC.
- Independently, the Retailer Co-op and Bi-Annual Retailer Event Initiative may not present a value for the investment of LDC resources to support these events and should be backed by a strong residential portfolio.

3.2.1.6 *Retailer Co-op*

Initiative Activities/Progress:

- This initiative is strongly influenced by the retail participants and has no direct involvement from the LDCs. In 2013, Enersource had no interest from local retailers in this program.

Additional Comments:

- This is strictly a retailer initiative with no direct benefit to the LDCs. Limited engagement of local retailers can restrict the savings potential for this initiative.
- The availability of retailer and/or LDC staff with product knowledge and the ability to conduct demonstration in store during the events would be an asset. This could be a valuable role for LDCs, however many LDCs are limited by available resources and unable to participate.

3.2.1.7 New Construction Program (Schedule B-2)**Initiative Activities/Progress:**

- Enersource has not received any interest from builders as the opportunity in Mississauga for eligible new builds is limited.

Additional Comments:

- This initiative provides incentives to home builders for incorporating energy efficiency into their buildings. To support this, LDCs need to provide education to consumers regarding the importance of choosing the energy efficient builder upgrade options without an immediate benefit to the consumer.
- In 2012 the application process was streamlined, however continues to be too cumbersome for builders. This, combined with limited return, has resulted in this initiative to continue to under-achieve.
- Administrative requirements, in particular individual home modeling, must align with perceived stakeholder payback.
- Performance applications are expected to increase in 2014 due to some industry players' interest in the initiative. However, it is anticipated that the performance track will be the primary track used in applications, which provides low savings for the incentive provided. Savings and associated incentives may need to be revised to an appropriate level.
- The addition of LED light fixtures, application process improvement, and moving the incentive from the builder to the home-owner may increase participation.
- This initiative may benefit from collaboration with the natural gas utilities.

3.2.1.8 Residential Demand Response Program (Schedule B-3)**Initiative Activities/Progress:**

- Enersource performed well in 2013. Regular mailing to its customers recruited an additional 8,356 new participants, bringing the total number of participants to 11,098 with an approximate split of 60% new customers and 40% converted legacy customers.
- The total number of participants resulted in an incremental 6,291 kW and 10,205 kWh savings.

- Assuming all participants remain active in the program at the end of 2014, Enersource will receive at a minimum 6,291 kW and 21,053 kWh credit towards its targets. This equates to approximately 6.77% and 0.01% of its overall 2011-2014 target.
- Energy and demand savings have not been reported for the IHD portion of the program as 2013 EM&V results have determined zero savings associated with the IHD. OPA will be conducting another study in 2014, expanding its study territory beyond Toronto to achieve provincial rather than regional results.

Additional Comments:

- Enersource has approximately 11,867 existing participants (“continuing” participants in OPA terms) from the prior Peaksaver program and will continue to aggressively market and promote the IHD device to these customers. Also, Enersource’s existing contracts with pre-2011 customers are open ended and the OPA continues to provide funding for maintenance and is including these devices in demand response events up to December 2014. In this regard, Enersource expects the OPA to provide demand response savings for continuing participants at December 31, 2014, regardless if they signed on to a new agreement or not.
- The variable funding associated with installing a load controllable thermostat is not sufficient unless it is combined with an IHD. This might not be possible at all times or when IHD is optional.
- Smart meters installed by most LDCs do not have the capability to communicate directly to an IHD. When proposing technical initiatives that rely on existing LDC hardware or technology there should be a consultative process in order to prevent this type of problem in the future.
- Introduction of new technology requires incentives for the development of such technology. Appropriate lead times for LDC analysis and assessment, product procurement, and testing and integration into the smart meter environment are also required. Making seemingly minor changes to provincial technical specifications can create significant issues when all LDCs attempt to implement the solution in their individual environments.
- Given the different LDCs’ smart meter environments and needs, each LDC is positioning the initiative with subtle differences. As such, greater program flexibility is required to address unique LDC needs.
- This is the main initiative within the residential portfolio that was to drive savings for LDCs; however, the 2012 evaluation indicated savings realized from the IHD were not statistically significant. LDCs were advised that the evaluation of the IHDs would continue with 2013 data.
- Verified demand savings in 2012 from the load control devices were less than originally anticipated. This prompted an increase to the load cycling strategy in 2013 in order to increase savings closer to the original business case.

3.2.2 COMMERCIAL AND INSTITUTIONAL PROGRAMS

Description: Provides commercial, institutional, agricultural and industrial organizations with energy-efficiency programs to help reduce their electrical costs while helping Ontario defer the need to build new generation and reduce its environmental footprint. Programs help fund energy audits, replace energy-wasting equipment or pursue new construction that exceeds existing codes and standards. Businesses can also pursue incentives for controlling and reducing their electricity demand at specific times.

Targeted Customer Type(s): Commercial, institutional, agricultural, multi-family buildings, industrial.

Objective: Designed to assist building owners and operators as well as tenants and occupants in achieving demand and energy savings, and to facilitate a culture of conservation among these communities as well as the supply chains which serve them.

Discussion:

Throughout 2011, 2012 and 2013 the EDA Commercial and Institutional (“C&I”) Working Group has strived to enhance the existing C&I programs and rectify identified program and system deficiencies. This has proven to be a challenging undertaking, normally taking months to complete sometimes relatively minor changes due to the current CDM framework. Overbuilt governance, numerous initiative requirements, complex program structure and lengthy change management have restricted growth without providing the anticipated improved measurement and verification results. In addition, EM&V has not yet achieved transparency. LDCs are held accountable for these results yet are mostly completely removed from the process.

LDC program management has been hampered by varying rule interpretation, limited marketing ability, a somewhat inflexible online system of checks and balances and revolving OPA support personnel.

Despite these challenges the EDA C&I Working Group, working in cooperation with the OPA, have managed to iron out many of the issues which could be rectified. In particular, an accomplishment of 2012 was the advent of the expedited change management as a means to accelerate certain program changes. The benefits of expedited change management process were seen in 2013.

Looking ahead there is minimal opportunity to make valuable changes to the current program suite and have these changes reflected in LDC 2014 results. LDCs and the OPA should look beyond the current initiatives and work to launch new programs, built on the strengths of the 2011-2014 programs, which will meet the needs of the industry and consumers.

3.2.2.1 *Efficiency: Equipment Replacement Incentive (“ERII”) (Schedule C-2)*

Initiative Activities/Progress:

- Enersource received credit for 547 retrofit project applications completed in 2013; a significant increase in the number of applications by 37% from 399 retrofit project applications

in 2012, contributing 4,348 kW net incremental demand savings and 23,178 MWh net incremental energy savings in 2013.

- Program to date ERII initiative net cumulative demand and energy savings of 10,946 kW and 167,151 MWh from ERII account for 12% and 40% of Enersource's 2011-2014 total demand and energy targets respectively.
- Enersource achieved 37% and 162% of 2013 commercial demand and energy savings targets, respectively, through this initiative.
- The delivery approach involves utilizing largely internal resources for managing program delivery and utilizes a third party vendor to complete technical evaluations for custom track applications, sales and marketing.

Additional Comments:

- The Final Verified Annual 2013 CDM Report did not include 49 ERII projects with net demand savings of 511 kW and net energy savings of 8,095.8 MWh, which includes Enersource's street lighting project that was completed in 2013 with net energy savings of 5,644 MWh. When the OPA gathered data for their 2013 annual verified report, the status for these projects was "pre-approved". In order for the projects to be included in the OPA report for any year, the projects will have to be in post project status must be 'Post Project' and have completion dates within that year. These projects now satisfy both conditions and are qualified to be included in the OPA report. Enersource expects to receive credit for these projects when the OPA generates the 2014 verified CDM report.
- It appears that the marketplace largely understands the programs now and a large proportion of LDC savings are attributed to ERII.
- Capability building programs from industrial programs have had very positive contributions to ERII program.
- This initiative is limited by the state of the economy and the ability of commercial/institutional facilities to complete capital upgrades.
- A number of customer-facing issues in CRM (the OPA's centralized application system) have been resolved; however, key LDC administrative back office processing issues continue to be a challenge.
- Applicants and applicant representatives continue to express dissatisfaction and difficulty with the online application system. This issue has been addressed by LDCs through application training workshops, Key Account Managers ("KAMs"), channel partner/contractor training and LDC staff acting as customer application representatives. Although this has been an effective method of overcoming these issues and encouraging submissions, it also reflects on the complexity and time consuming nature of the application process. As such, applicant representatives continue to influence the majority of applications submitted. Continued development of channel partners is essential to program success.

- Lighting is still the most popular measure. Other market sectors are not as engaged yet, specifically the mechanical sector. There continues to be significant barriers to program participation from HVAC (Unitary AC) and compressed air channel partners
- Prescriptive and engineered worksheets provide a much needed simplified application process for customers. However, the eligible measures need to be updated and expanded in both technology and incentive amounts to address changing product costs and evolution of the marketplace.
- A focus on demand incentives has limited some energy project opportunities. In particular, night lighting projects have significant savings potential for customers but tend to have incentives of 10% or less of project cost.
- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and another barrier to participation.
- There is redundancy in the application process as customers may need to complete a worksheet and then enter most of that information over to the online application form. This can be cumbersome.
- Processing head office application became much easier for the lead LDC after schedules changes came into effect in August 2013. The changes implemented allowed the lead LDC to review and approve all facilities in a head office application on behalf of all satellite LDCs under certain circumstances.
- The application process for head office projects remains a significant barrier. Applicants need to manually enter one application per facility associated with the project which can be extremely onerous, often requiring a dedicated resource.
- Streamlining of the settlements systems resulted in significant improvement in the payment process in 2013.
- Expanding the capacity of the engineered applications can offer customers an opportunity to maximize savings and incentives. Recognizing this, Toronto Hydro and London Hydro worked together to develop and provide the OPA with compressed air engineered worksheets for inclusion in the initiative in Q3, 2012.
- An identified deficiency in the various versions of the equipment replacement is the “hard stop” of the program as of a specific date. Without a streamlined transition into a new program, many customers became frustrated and refused to participate. LDCs struggle to repair customer and channel partner relationships and gain momentum in the market place once again.
- The Ministerial Directive provides continuity of the conservation programs for the participant, with clear direction on LDC administrative funding for 2015, which helps to avoid a “stop and start” process.

3.2.2.2 Direct Install Initiative (“DIL”) (Schedule C-3)

Initiative Activities/Progress:

- Enersource received credit for 1,248 small business retrofit upgrades in 2013, a minor decrease in activities level compared to 1,558 retrofit upgrades completed in 2012. An increase in participation rate was anticipated in Q4Q4 of 2013 with the addition of LED measures; however, the increase was not realized until 2014.
- Enersource achieved 1,193 kW net incremental demand savings and 3,914 MWh net incremental energy savings.
- Total cumulative savings of 5,375 kW and 54,612 MWh accounts for 5.78% and 13.09% of Enersource’s 2011-2014 energy and demand savings targets.
- The delivery approach involves utilizing largely internal resources for marketing and promotion activities and utilizes the third party vendor to complete sales, assessment and retrofit installations.

Additional Comments:

- LED lighting was introduced in 2013 as a new measure and has been well received by customers who may not have previously qualified for DIL eligible upgrades. This is an efficient product with a long estimate useful life.
- Cold start high output lighting was removed from the program. This particularly affected the farming customers who now have limited options within the program to utilize.
- Successful execution of the previous version of this initiative has resulted in diminished potential for the 2011-2014 initiative in some LDC’s territories.
- The inclusion of a standard incentive for additional measures increased project size and drove higher energy and demand savings results in some situations.
- Electrical contractors’ margins have been reduced due to no labour rate increase, increase cost of materials, greater distances between retrofits, more door knocking required before a successful sale and no funding for lifts. This has led to a reduction in vendor channel participation in some regions.
- Currently LDCs are unable to offer these standard incentives to prior participants. The ability to return to prior participants and offer a standard incentive on the remaining measures has potential to provide additional energy and demand savings.

3.2.2.3 Existing Building Commissioning Incentive Initiative (Schedule C-6)

Initiative Activities/Progress:

- Enersource has not received any applications or expressions of interest to date in this program.

- The delivery approach involves utilizing a third party vendor to complete sales, marketing and promotion and technical assessments for application approvals. Internal resources were used to complement third party vendor services to drive program uptake.

Additional Comments:

- Initiative name does not properly describe the initiative.
- There was minimal participation for this initiative. It is suspected that the lack of participation in the program is a result of the initiative being limited to space cooling and a limited window of opportunity (cooling season) for participation.
- Participation is mainly channel partner driven, however the particulars of the initiative have presented too much of a significant barrier for many channel partners to participate.
- The customer expectation is that the program be expanded to include a broader range of measures for a more holistic approach to building recommissioning chilled water systems used for other purposes should be made eligible and considered through change management.
- This initiative should be reviewed for incentive alignment with ERII, as currently a participant will not receive an incentive if the overall payback is less than 2 years.

3.2.2.4 New Construction and Major Renovation Initiative (“HPNC”) (Schedule C-4)

Initiative Activities/Progress:

- Enersource received credit for one HPNC application that contributed 97 kW net incremental demand savings and 247 MWh net energy savings for 2013 which represent 0.8% and 1.73% achievement towards 2013 commercial demand and energy savings targets, respectively.
- The delivery approach involves utilizing third party vendors to complete sales, marketing and promotion and technical assessments for application approvals. Internal resources were used to complement third party vendor services to drive program uptake.

Additional Comments:

- The Ministerial Directive issued December 21, 2012, provided facilities with a completion date near the end of 2014 with some confidence that they will be compensated for choosing efficiency measures.
- Participants have until the end of 2014 to submit their applications for the projects that will be completed in 2015. However savings achieved will be accounted for in the new framework (2015 - 2020).
- Participants’ estimated completion dates tend to be inaccurate and are usually six months longer. This could result in diminished savings towards 2011 – 2014 targets when facilities are not substantially completed by December 31, 2014.

- The effort required to participate through the custom stream exceeds the value of the incentive for many customers.
- This initiative has a very low NTG ratio, which results in half the proposed target savings being 'lost'.
- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and a potential barrier to participation.

3.2.2.5 Energy Audit Initiative

Initiative Activities/Progress:

- Enersource received credit for eleven energy audit applications in 2013, compared to 46 uptakes in 2012.
- Enersource achieved 97 kW net incremental demand savings and 532.9 MWh net energy savings from Energy Audit Initiative which represent 0.8% and 3.7% achievement towards total 2013 commercial targets of demand and energy savings, respectively.
- The delivery approach involves utilizing a third party vendor to complete sales, marketing and promotion. Internal resources were used to perform technical assessments for application approvals and to complement third party vendor services to drive program uptake.

Additional Comments

- Customer uptake was good in 2012, however lowered throughout 2013.
- The Energy Audit Initiative is considered an 'enabling' initiative and 'feeds into' other saveONenergy initiatives. LDCs are receiving some savings towards their targets from an audit which is mainly attributed due to operational savings.
- Audit reports from consultants vary considerably and in some cases, while they adhere to the initiative requirements, do not provide value for the participant. A standard template with specific energy saving calculation requirements should be considered.
- Customers look to the LDCs to recommend audit companies. A centralized prequalified list provided by the OPA may be beneficial.
- Participants are limited to one energy audit which restricts enabling and direction to the other initiatives. This has been revised in 2014 and LDCs are now able to consider additional customer participation when presented with a new scope of work.
- Consideration should be given to allowing a building owner to undertake an audit limited to their lighting system. This way they may receive valuable information from a neutral third party regarding the appropriate lighting solution for their facility instead of what a local supplier wants to sell.

- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and another barrier to participation

3.2.3 INDUSTRIAL PROGRAMS

Description: Owners of large facilities are discovering the benefits of energy efficiency through the Industrial Programs which are designed to help identify and promote energy saving opportunities. It includes financial incentives and technical expertise to help organizations modernize systems for enhanced productivity and product quality, as well as provide a substantial boost to energy productivity. This allows facilities to take control of their energy so they can create long-term competitive energy advantages which reach across the organization.

Targeted Customer Type(s): Industrial, Commercial, Institutional, Agricultural

Objective: The objectives of this initiative are to:

- Offer distribution customers capital incentives and enabling initiatives to assist with the implementation of large projects and project portfolios;
- Implement system optimization projects in systems which are intrinsically complex and capital intensive; and
- Increase the capability of distribution customers to implement energy management and system optimization projects.

Discussion:

The industrial program portfolio has been able to provide valuable resources to large facilities such as energy managers and enabling engineering studies. The engineering studies in particular provide a unique opportunity for a customer to complete a comprehensive analysis of an energy intensive process that they would not otherwise be able to undertake. Energy managers provide customers with a skilled individual whose only role is to assist them with conservation initiatives. To date these energy managers have played a key role in customer participation. The KAM and the industrial project supervisors have also been instrumental in managing the embedded energy managers (“EEM”) during the first and second half of the year respectively, and promoting activity to the Class A customers.

Due to the size, scope and long lead time of these initiatives and associated projects, the December 2012 Ministerial Directive provides some security for the continuation of the conservation programs and associated compensation for the participant; however the subsequent savings would not be attributed to an LDC’s current target for projects that go into service after 2014. Participants have until the end of 2014 to submit their project incentive applications. However savings achieved will be accounted for in the new framework (2015-2020).

Extensive legal documents, complex program structure and lengthy change management have restricted the change and growth of this portfolio. While the expedited change management has benefited the commercial portfolio, the industrial portfolio has not seen the same results due to the narrow scope of the process. For 2013 the change to the threshold for small capital projects and the new small capital project agreement improved the number of projects and savings

achieved within Process and Systems Upgrades Initiation (“PSUI”). Likewise, a decision to proceed with applications for natural gas load displacement generation projects also increased uptake, although the limited time to bring new projects into service is a barrier.

3.2.3.1 Process and Systems Upgrades Initiative Schedule D-1)

Description: PSUI is an energy management initiative that includes three components: a preliminary engineering study; a detailed engineering study; and a project incentive initiative. The incentives are available to large distribution connected customers with projects or portfolio projects that are expected to generate at least 350 MWh of annualized electricity savings or, in the case of micro-projects, 100 MWh of annualized electricity savings. The capital incentive for this initiative is the lowest of:

- a) \$200/MWh of annualized electricity savings;
- b) 70% of projects costs; or
- c) A one year pay back.

Initiative Activities/Progress:

- The PSUI programs include the project incentive stream and engineering studies.
- Enersource has been actively promoting the PSUI program to its key customer base as well as promoting the programs working with associations like Canadian Manufacturers and Exporters Association; Partners in Projects Green; Retail Council of Canada; Mississauga Board of Trade, and Greensaver.
- PSUI Project Incentive: Enersource has held breakfast sessions with customers and training sessions to promote PSUI as well as through its Roving Energy Managers (“REMs”). During 2013 Enersource signed two Project Incentive agreements. Prior to 2013 five agreements had been signed.
- Engineering studies: Enersource has engaged in two Preliminary Engineering Studies and fifteen Detailed Engineering Studies in 2013.

Additional Comments:

- There is potential for large projects with corresponding energy savings. Most of these studies have been initiated through the Embedded Energy Manager and KAM resources.
- This initiative is limited by the state of the economy and the ability of a facility to complete large capital upgrades.
- There is typically a long sales cycle for these projects, and a long project development cycle. As such, limited results are expected to be generated in 2013. The majority of the results are expected in 2014 with a much reduced benefit to cumulative energy savings targets.

- Delays with processing funding payments have caused delayed payments to participants beyond contract requirements. In some cases, LDCs have developed a separate side agreement between the LDC and participant acknowledging that the participant cannot be paid until the funds are received.
- Given the size of the projects involved, the contract required for PSUI is a lengthy and complicated document. A key to making PSUI successful is the new agreement for 'small' projects with simplified and less onerous conditions for the customer.
- To partially address this, changes were made to the ERII program which allowed smaller projects to be directed to the commercial stream. Most industrial projects to-date have been submitted as ERII projects due to less onerous contract and M&V requirements.
- A business case was submitted by the EDA Industrial Working Group in July 2012 which changed the limit for a small project from 700 MWh to \$1 million in incentives. This would allow more projects to be eligible for the new small capital project agreement and increase participant uptake, while still protecting the ratepayer. This small capital project agreement was finalized through change management in September 2013.
- With the considerable customer interest in on-site load displacement (co-generation) projects, the initiative should be reviewed to ensure that these projects may be accepted as part of the PSUI Initiative. The OPA was reviewing waste heat projects only and all other co-generation projects were on hold prior to June 2013, when a decision was made to allow natural gas load displacement generation projects to proceed under PSUI. It is expected that a number of projects may proceed although results may not be counted towards LDC targets unless applications are submitted before the end of 2014 and the projects are in service before December 31, 2015.
- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and another barrier to participation.

3.2.3.2 *Monitoring and Targeting ("M&T") Initiative (Schedule D-2)*

Initiative Activities/Progress:

- Enersource has promoted the M&T program. However, due to the eligibility criteria discussed below, Enersource had only one application under this program in 2013 which was achieved by one of the REMs.

Additional Comments:

- The M&T initiative is targeted at larger customers with the capacity to review the M&T data. This review requires the customer facility to employ an energy manager, or a person with equivalent qualifications, which has been a barrier for some customers. As such, only one application has been received to date.

- The savings target required for this initiative can present a significant challenge for smaller customers.
- Through the change management process in 2013, changes were made to ERII to allow smaller facilities to employ M&T systems.

3.2.3.3 Energy Manager Initiative (Schedule D-3)

Initiative Activities/Progress:

- Enersource has two REMs and six EEMs, who have helped drive activity in studies and retrofit applications.
- The EEMs have undertaken eleven studies and submitted over 860 kW in project incentive applications. Enersource is in constant touch with its EEMs and through a monthly meeting tracks progress of projects and startups of new projects. Enersource has also been actively inviting EEMs to training sessions such as certified energy manager as well as informative sessions offered by the OPA. Most of Enersource's PSUI applications have come from facilities with an EEM.

Additional Comments:

- The EEMs have proven to be a popular and useful resource for larger customers. There are approximately 70 EEMs and 25 REMs being utilized by customers across the province.
- LDCs that are too small to qualify for their own REM are teaming up with other utilities to hire a REM to be shared by the group of utilities.
- At the beginning, it took longer than expected to set up the energy manager application process and unclear communication resulted in marketing and implementation challenges for many LDCs.
- Some LDCs and customers are reporting difficulties in hiring capable REMs and EEMs, in some instances taking up to seven months to have a resource in place.
- New energy managers require training, time to familiarize with facilities and staff and require time to establish "credibility". Energy managers started filling their pipeline with projects but few projects were implemented until 2013.
- Delays with processing EEM payments have caused LDCs to delay payments to participants beyond contract requirements.
- There have been a number of studies identified by Energy Managers and they have been able to build capacity and deliver energy savings projects within their respective large commercial/industrial facilities.
- The requirement that 30% of targets must come from non-incented projects is identified as an issue for most EEMs/REMs. The EDA Industrial Working Group has proposed to remove this

requirement for REMs only as they are not resident full time at a customer facility to find the non-incented savings.

- This is an important initiative which should continue beyond 2014.

3.2.3.4 Key Account Manager (Schedule D-4)

Initiative Activities/Progress:

- Enersource has funding for one full time KAM. The KAM provided support to the energy managers and key customers until the beginning of September 2013, resulting in 1.25 MW of potential projects in 2013, but savings should be realized by December 2014. The KAM was replaced with an Industrial Project Supervisor. KAM meets with key customers on a monthly basis and every two weeks with the EEM to ensure the projects are progressing towards completion.

Additional Comments

- Customers appreciate dealing with a single contact to interface with an LDC, a resource that has both the technical and business background who can communicate easily with the customer and the LDC.
- Finding this type of skill set has been difficult. In addition, the short-term contract and associated energy targets discourage some skilled applicants resulting in longer lead times to acquire the right resource.
- This resource has been found by some LDCs to be of limited value due to the part-time nature of the position and limited funding. In addition, the position role has been too narrow in scope to provide assistance to the wider variety of projects with which LDCs may be struggling.

3.2.3.5 Demand Response 3 (“DR3”) (D-6)

Initiative Activities/Progress:

- Enersource has held two demand response promotion sessions inviting customers, the OPA and aggregators. These sessions are a way for the customer to interact directly with the aggregators and set up meetings.
- Enersource also promoted the DR3 program with Partners in Project Green as a “Smart shift challenge”, thus accessing a new membership base and creating a competition among participants to curtail load.
- Enersource saw an uptake after June 2013 with industrial participants increasing from 10 (average of 4 MW) to 19 (average of 18.5 MW) until the end of the year.

Additional Comments:

- Until early 2013, customer data was not provided on an individual customer basis due to contractual requirements with the aggregators. This limited the LDCs' abilities to effectively market to prospective participants and verify savings.
- The EDA Industrial Working Group had a discussion with the OPA and representatives of the Ministry on proposed changes for the DR3 program. No program improvements were made in 2013. However, it was accepted that prior participants who renew their DR3 contract within the 2011-2014 term will contribute to LDC targets.
- As of 2013, aggregators are able to enter into contracts beyond 2014. This has allowed them to offer a more competitive contract price (five years) than the previously limited one- to two-year contracts. However on March 31, 2014 the Minister of Energy issued a directive entitled "Continuance of the OPA's Demand Response Program under IESO management" which restricts the OPA from granting any more contract schedules to aggregators, as the program is being transitioned from the OPA to the IESO. This decision will prevent the DR3 program from continuing to grow until the IESO is ready to assign DR3 capacity through a new auction process.
- Metering and settlement requirements are complicated and can reduce customer compensation amounts, and present a barrier to some customers.
- Compensation amounts have been reduced from the previous version of this program and subsequently there has been a corresponding decrease in renewal rates.

3.2.4 LOW INCOME INITIATIVE (HOME ASSISTANCE PROGRAM) (Schedule E-1)**Initiative Activities/Progress:**

- Enersource has completed approximately 441 projects in 2013 based on the number of projects submitted to the OPA for payment. Although all 441 projects were paid out by the OPA, only 240 projects were accounted for in the 2013 report. Enersource continues to be in discussion with the OPA to resolve the reporting discrepancies.
- Based on the reported 240 projects, Enersource achieved an incremental 20 kW and 198,590 kWh savings for a cumulative 59 kW and 1,175,564 kWh savings. This accounts for approximately 0.06% and 0.28% of Enersource's 2011-2014 targets.
- Enersource continues to work closely with local social agencies as well as Peel Living to increase awareness and program uptake in its service area.

Additional Comments:

- The process for enrolling in social housing was complicated and time consuming. This was addressed in late 2012 and is showing benefits in 2013.

- The financial scope, complexity, and customer privacy requirements of this initiative are challenging for LDCs and most have contracted this program out. This initiative may benefit from an OPA contracted centralized delivery agent.

3.2.5 PRE-2011 PROGRAMS

Savings were realized towards all LDCs' 2011-2014 targets through pre-2011 programs. The targeted customer types, objectives, descriptions, and activities of these programs are detailed in Appendix B.

4 2013 LDC CDM Results

4.1 Participation and Savings

Table 7: Enersource Hydro Mississauga Inc. Initiative and Program Level Net Savings by Year (Scenario 1)

Initiative	Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program										
Appliance Retirement	110	59	37		812,064	430,436	247,739		205	5,034,331
Appliance Exchange	10	17	18		11,343	30,332	32,880		39	196,202
HVAC Incentives	1,995	1,202	1,289		3,614,070	2,016,291	2,205,223		4,486	24,915,596
Conservation Instant Coupon Booklet	47	9	20		763,430	54,900	302,637		76	3,823,695
Bi-Annual Retailer Event	66	58	46		1,153,895	1,051,579	674,564		171	9,119,444
Retailer Co-op	0	0	0		87	0	0		0	349
Residential Demand Response	298	1,262	6,291		773	10,075	10,205		0	21,053
Residential Demand Response (IHD)	0	0	0		0	0	0		0	0
Residential New Construction	0	0	0		0	0	0		0	0
Consumer Program Total	2,526	2,608	7,701		6,355,663	3,593,614	3,473,248		4,977	43,110,670
Business Program										
Retrofit	2,236	4,531	4,348		12,075,272	24,392,637	23,178,167		10,946	167,151,966
Direct Install Lighting	3,359	1,340	1,193		8,483,296	4,890,220	3,914,521		5,375	54,612,963
Building Commissioning	0	0	0		0	0	0		0	0
New Construction	0	97	0		0	247,001	0		97	741,003
Energy Audit	0	192	97		0	931,521	532,958		288	3,860,481
Small Commercial Demand Response	0	0	0		0	0	0		0	0
Small Commercial Demand Response (IHD)	0	0	0		0	0	0		0	0
Demand Response 3	1,800	2,171	1,079		70,271	31,557	17,169		0	118,997
Business Program Total	7,395	8,331	6,717		20,628,839	30,492,936	27,642,815		16,706	226,485,411
Industrial Program										
Process & System Upgrades	0	0	0		0	0	0		0	0
Monitoring & Targeting	0	0	0		0	0	0		0	0
Energy Manager	0	3	974		0	17,296	3,762,469		890	5,872,976
Retrofit	422	0	0		1,994,497	0	0		422	7,977,989
Demand Response 3	3,236	3,670	17,139		189,961	88,449	416,174		0	694,584
Industrial Program Total	3,658	3,673	18,113		2,184,459	105,744	4,178,643		1,312	14,545,550
Home Assistance Program										
Home Assistance Program	0	40	20		0	261,837	198,590		59	1,175,564
Home Assistance Program Total	0	40	20		0	261,837	198,590		59	1,175,564
Aboriginal Program										
Home Assistance Program	0	0	0		0	0	0		0	0
Direct Install Lighting	0	0	0		0	0	0		0	0
Aboriginal Program Total	0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011										
Electricity Retrofit Incentive Program	2,148	0	0		12,349,671	0	0		2,148	49,398,684
High Performance New Construction	161	189	0		828,974	418,130	0		350	4,570,284
Toronto Comprehensive	0	0	0		0	0	0		0	0
Multifamily Energy Efficiency Rebates	0	0	0		314	0	0		0	1,258
LDC Custom Programs	0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011 Total	2,309	189	0		13,178,959	418,130	0		2,498	53,970,226
Other										
Program Enabled Savings	0	0	0		0	0	0		0	0
Time-of-Use Savings	0	0	0		0	0	0		0	0
Other Total	0	0	0		0	0	0		0	0
Adjustments to 2011 Verified Results		331	1			1,650,430	900		322	6,583,728
Adjustments to 2012 Verified Results			496				3,946,292		490	11,820,424
Energy Efficiency Total	10,554	7,736	8,043		42,086,913	34,742,180	35,049,747		25,553	338,452,786
Demand Response Total (Scenario 1)	5,335	7,104	24,508		261,006	130,081	443,548		0	834,635
Adjustments to Previous Years' Verified Results Total	0	331	497		0	1,650,430	3,947,192		812	18,404,153
OPA-Contracted LDC Portfolio Total (inc. Adjustments)	15,889	15,171	33,048		42,347,919	36,522,691	39,440,488		26,365	357,691,574
									Full OEB Target:	417,220,000
									% of Full OEB Target Achieved to Date (Scenario 1):	85.7%

Table 8: 2011 - 2013 CDM Program Activities – Enersource Participation Results

#	Initiative	Activity Unit	Uptake/ Participation Units		
			2011	2012	2013
Consumer Programs					
1	Appliance Retirement	Appliances	2,062	1,075	576
2	Appliance Exchange	Appliances	98	118	89
3	HVAC Incentives	Equipment	6,055	5,780	6,174
4	Conservation Instant Coupon Booklet		20,708	1,213	13,621
5	Bi-Annual Retailer Event	Coupons	37,386	41,656	37,096
6	Retailer Co-op	Items	5	0	0
7	Residential Demand Response (switch / Programmable Thermostat)	Devices	533	2,742	11,098
8	Residential Demand Response (IHD)	Devices	0	587	10,425
9	New Construction Program	Houses	0	0	0
Business Programs					
10	Efficiency: Equipment Replacement - Retrofit	Projects	240	399	547
11	Direct Installed Lighting	Projects	3,450	1,558	1,248
12	Existing Building Commissioning Incentive	Buildings	0	0	0
13	New Construction and Major Renovation Incentive	Buildings	0	1	0
14	Energy Audit	Audits	0	46	11
15	Commercial Demand Response (part of the Residential program schedule)	Devices	0	0	0
16	Demand Response 3 (part of the Industrial program schedule)	Facilities	10	12	7
Industrial Programs					
17	Process & System Upgrades	Projects	0	0	0
18	Monitoring & Targeting	Projects	0	0	0
19	Energy Manager	Managers	0	1	20
20	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Projects	32	0	0
21	Demand Response 3	Facilities	8	10	18
Home Assistance Program					
22	Home Assistance Program	Homes	0	246	240

Pre-2011 Programs Completed in 2013					
23	Electricity Retrofit Incentive Program	Projects	185	0	0
24	High Performance New Construction	Projects	5	5	0
25	Toronto Comprehensive	Projects	0	0	0
26	Multifamily Energy Efficiency Rebates	Projects	2	0	0
27	Data Centre Incentive Program	Projects	0	0	0
28	EnWin Green Suites	Projects	0	0	0

Table 9: EM&V Results for Enersource

#	Initiative	Realization Rate		Gross Savings		Net-to-Gross Ratio		Net Savings		Contribution to Targets	
		Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings in 2014 (kW)	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Programs											
1	Appliance Retirement	100%	100%	79	525,307	42%	44%	37	247,739	205	5,034,331
2	Appliance Exchange	100%	100%	35	62,470	53%	53%	18	32,880	39	196,202
3	HVAC Incentives	100%	100%	2,655	4,620,192	48%	48%	1,289	2,205,223	4,486	2,4915,596
4	Conservation Instant Coupon Booklet	100%	100%	18	268,660	111%	113%	20	302,637	76	3,823,695
5	Bi-Annual Retailer Event	100%	100%	45	645,567	104%	104%	46	674,564	171	9,119,444
6	Retailer Co-op	0%	0%			0%	0%				349
7	Residential Demand Response*	-	-	6,291	10,205	-	-	6,291	10,205		21,053
8	Residential New Construction	-	-			-	-				
Business Programs											
9	Efficiency: Equipment Replacement	91%	105%	5,817	31,277,603	76%	75%	4,348	23,178,167	10,946	167,151,966
10	Direct Install Lighting	69%	84%	1,263	4,147,308	94%	94%	1,193	3,914,521	5,375	54,612,963
11	Existing Building Commissioning Incentive	-	-			-	-				
12	New Construction and Major Renovation Incentive	100%	100%	0	0	0%	0%	0	0	97	741,003
13	Energy Audit	-	97%	148	806,418	-66%	-66%	97	532,958	288	3,860,481
14	Commercial Demand Response (part of the Residential program schedule)	-	-			-	-				
15	Demand Response 3* (part of the Industrial program schedule)	-	-	1,079	17,169	-	-	1,079	17,169		118,997

#	Initiative	Realization Rate		Gross Savings		Net-to-Gross Ratio		Net Savings		Contribution to Targets	
		Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Peak Demand Savings	Energy Savings	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Program-to-Date: Net Annual Peak Demand Savings in 2014 (kW)	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Industrial Programs											
16	Process & System Upgrades	-	-			-	-				
17	Monitoring & Targeting	-	-			-	-				
18	Energy Manager	-	-90%	1,083	4,180,521	-90%	90%	974	3,762,469	890	5,872,976
19	Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	-	-			-	-			422	7,977,989
20	Demand Response 3*	-	-	17,139	416,174	-	-	17,139	416,174		694,584
Home Assistance Program											
21	Home Assistance Program	12%	90%	20	198,590	100%	100%	20	198,590	59	1,175,564
Electricity Incentive Programs											
22	Electricity Retrofit Incentive Program	-	-	0		-	-			2,148	49,398,449
23	High Performance New Construction	100%	100%			50%	50%	0	0	350	4,570,284
24	Toronto Comprehensive	-	-	0		-	-				
25	Multifamily Energy Efficiency Rebates	-	-	0		-	-				1,258
26	Data Centre Incentive Program	-	-	0		-	-				
	Adjustments to previous year's verified results			680	5,602,114			497	3,947,192	812	18,404,153

Table 10: Summarized 2013 Program Results for Enersource

Program	Gross Savings		Net Savings		Contribution to Targets	
	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)	Incremental Peak Demand Savings in 2013 (kW)	Incremental Energy Savings in 2013 (kWh)	Program-to-Date: Net Annual Peak Demand Savings in 2014 (kW)	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program Total	9,122	6,132,400	7,701	3,473,248	4,977	43,110,670
Business Program Total	8,307	36,248,497	6,717	27,642,815	16,706	226,485,411
Industrial Program Total	18,221	4,596,695	18,113	4,178,643	1,312	14,545,550
Home Assistance Program Total	20	198,590	20	198,590	60	1,175,564
Pre-2011 Programs completed in 2013 Total					2,498	53,970,226
Adjustments to Previous Year's Verified Results	680	5,602,114	497	3,947,192	812	18,404,153
Total OPA-Contracted Province-Wide CDM Programs	36,350	52,778,296	33,048	39,440,488	26,365	357,691,574

Note: Net incremental peak demand savings in 2013 are based on Scenario 2 OPA Results, which include demand response program savings of 7.105 MW.

4.2 Evaluation, Measurement and Verification (“EM&V”) Findings

The following table provides a summary of the 2013 EM&V findings for the evaluated saveONenergy program initiatives. These key evaluation findings are derived from the 2013 evaluations of the saveONenergy programs and issued by the OPA.

Table 11: Evaluation Findings

#	Initiative	OPA Province-Wide Key Evaluation Findings
Consumer Programs		
1	Appliance Retirement	<ul style="list-style-type: none"> Per unit savings increased for both energy (+15.4%) and demand (+4.0%) between 2012 and 2013 due to a greater proportion of refrigerators/freezers with large volumes and a manufacturer date before National Appliance Energy Conservation Act (“NAECA”) was implemented. Dehumidifiers also show a higher per unit savings related to the change in Energy Star definitions. Overall participation continues to decline with 20,952 appliances recycled in 2013, compared with 34,146 in 2012 and 56,011 in 2011. The program has experienced close to a 40% reduction (39.1% 2011 to 2012, 41.1% 2012 to 2013) in recycled appliances in each subsequent year of operation. NTG ratio remained constant at around 43% between 2012 and 2013.
2	Appliance Exchange	<ul style="list-style-type: none"> Increased per unit energy and demand savings due to an adjustment to the assumed consumption of “conventional” and Energy Star dehumidifiers. The calculated weighted average annual energy savings of an exchanged dehumidifier increased 36.6%. Of the participants surveyed who reported they had replaced the dehumidifiers they exchanged, 100% reported purchasing Energy Star models. 21% increase in the number of eligible dehumidifiers collected in the program. In 2013, 5,337 dehumidifier units were collected compared to 3,617 dehumidifier units and 219 window air conditioners. NTG was 52.6% which is a slight increase of the 2012 NTG of 51.5%

#	Initiative	OPA Province-Wide Key Evaluation Findings
3	HVAC Incentives	<ul style="list-style-type: none"> • Total participation (equipment) increased 7.5% from 2012 to 91,581. • Per unit furnace savings decreased from 1,139 kWh/yr. in 2012 to 1,090 kWh/yr. due to a slight shift in the number of participants who uses their furnace fan on-continuously both before and after the retrofit as opposed to changing from continuous to non-continuous operation. • Per unit energy and demand savings assumptions for central air conditioners did not change from 2012.
4	Conservation Instant Coupon Booklet	<ul style="list-style-type: none"> • Customers redeemed more than ten times as many annual coupons in 2013 as in 2012 because of new LED coupons and full year availability of all coupons. Customers redeemed 13% more annual coupons in 2013 than in 2011, the first full year of annual coupons due to the high volume of new LED coupons. • There was a significant reduction in savings from specialty CFL related measures. In 2013, the findings showed around 30% of participants are replacing incandescent bulbs compared to 60% in 2012. • Despite the significant per unit savings reductions, the net annual savings from annual coupons in 2013 was more than 5.5 times that in 2012. This is primarily because of higher participation due to the inclusion of LED coupons and full year availability of all coupons. • 93% of coupons redeemed in 2013 were for general purpose LEDs and specialty CFLs and LEDs, producing 89% of net annual energy savings and 84% of net demand savings. • Measure NTG ration was approximately 8% higher in 2013 than in 2012 due to the inclusion of participant spillover, i.e., purchase of additional coupon initiative measures without using coupons as a result of program influence.

#	Initiative	OPA Province-Wide Key Evaluation Findings
5	Bi-Annual Retailer Event	<ul style="list-style-type: none"> • 19% increase in the number of coupons redeemed during the spring and fall events in 2013 compared to 2012 because of substantial increase in LED purchases with event coupons. • 36% lower net annual savings in 2013 compared to 2012 primarily because of significant reductions in per unit savings estimates for standard and specialty CFLs. In 2013, findings showed a decrease in replacement rate of incandescent bulbs. Only 30% of 2013 participants are estimated to have replaced incandescent bulbs compared to 60% of participants in 2012. This led to a change in the baseline assumption for savings calculations. • 87% of coupons redeemed were for general purpose and specialty CFLs and LEDs, accounting for 80% of net annual energy savings and 73% of net demand savings. • Measure NTG ratio was approximately 8% higher in 2013 than in 2012 due to the inclusion of participant spillover, i.e., purchase of additional coupon initiative measures without using coupons as a result of program influence.
7	Residential Demand Response	<ul style="list-style-type: none"> • The cycling strategy for Central Air Conditioners (“CAC”) load control was changed from 50% simple cycling to 60% simple cycling. • Under 1-in-10 year weather conditions, the 2013 estimated impacts for load control devices are higher than the 2012 estimates in all months and are between 10 and 15% higher during the core summer months of June through August. • Load impact estimates for the average small and medium business and for electric water heaters among residential customers are also unchanged from the prior year’s analysis. • This year’s IHD analysis has yielded an estimate of no statistically significance energy savings.
8	Residential New Construction	<ul style="list-style-type: none"> • Energy and demand savings for the initiative increased by 300% compared to the combined 2011 and 2012 results; number of projects also increased from 45 in 2011 and 2012 to 86 in 2013. • All projects are opting for the prescriptive or performance path. No customer project applications were received in 2013, similar to 2011-2012. • NTG ratio for the initiative was higher by 14% from 49% in 2012 to 63% in 2013.
Business Programs		

#	Initiative	OPA Province-Wide Key Evaluation Findings
9	Efficiency: Equipment Replacement	<ul style="list-style-type: none"> • A total of 8,785 projects completed in 2013. Reported energy savings for individual projects ranged from 1kWh to over 5,000,000 kWh. • NTG for energy was 72.8%, consistent with prior years. • NTG for demand was 72.0%, consistent with prior years. • NTG ratios are comparable to similar programs across North America.
10	Direct Install Lighting	<ul style="list-style-type: none"> • In 2013, the initiative introduced: <ul style="list-style-type: none"> ○ An increase in incentive, from \$1,000 to \$1,500; ○ New LED measures; and ○ Agribusiness eligibility. resulting in the stabilization of participant and an increase in savings. • 17,782 projects completed in 2013 (3.8% decrease from 2012). • 12.2% increase in net verified energy savings relative to 2012. • Average incentive per project and savings per project both increased between 2012 and 2013. • NTG for 2013 remained unchanged at 94%.
11	Existing Building Commissioning Incentive	<ul style="list-style-type: none"> • 29 unique participants under the program in 2013. • 2013 sample saw more recommended measures implemented without incentives (33% in 2013 versus 13% in 2012). • The average per audit summer peak demand savings is estimated to be 13 kW.
12	New Construction and Major Renovation Incentive	<ul style="list-style-type: none"> • Number of projects increased by 25% from 69 in 2012 to 86 in 2013. • Custom projects, representing only about 8% of the total number of projects, account for 67% of verified demand savings and 54% of verified energy savings. • A realization rate of 72% for energy savings is low due to the low realization rate of the Agribusiness high ventilation, low speed fans which comprised of 15% of the HPNC prescriptive project energy savings. • NTG for the initiative was higher by 5% from 49% in 2012 to 54% in 2013.

Industrial Programs

#	Initiative	OPA Province-Wide Key Evaluation Findings
16	Process & System Upgrades	<ul style="list-style-type: none"> In 2013, three PSUI projects were put into service. Projects were very well documented and technical reviews were thorough. Most projects are delivering the level of energy savings expected or more (realization rates of 87% for energy savings and 86% for summer demand savings). Good level of quality on measurements and verification conducted on each project. The level of free-ridership was found to be very low, at only 7% for energy savings and 6% for demand savings, and no spillover was identified. Energy managers are seen as important drivers of program enabled savings projects. Almost a 3055 increase versus 2012 in the amount of energy savings from program enabled savings projects.
20	Demand Response 3	<ul style="list-style-type: none"> The largest 20 contributors account for 50% of the contractual demand reduction – in other words, less than 5% of contributors account for the majority of load reductions. In 2013, Demand Response 3 was successfully dispatched locally for the first time in order to provide assistance in restoring power after a prolonged power outage due to substation flooding.
Home Assistance Program		
21	Home Assistance Program	<ul style="list-style-type: none"> Participation increased significantly to 26,756 participants in 2013 from 5,033 in 2012. Realization rates were slightly lower in 2013 (0.88 in energy and 0.32 in demand) than in 2012 (0.98 for energy and 0.32 for demand) primarily due to updated verified per unit assumptions. Realization rate for demand savings remained low as Field Audit Support Tool (“FAST”) calculated KW savings for certain insulation measures remained very high and recommended revisions to kW savings factors were not yet in use in 2013 (changes to FAST to address these issues were made in early 2014).

4.4 Spending

Table 12 and Table 13 summarize the total spending by initiative that Enersource has incurred in 2013 and cumulatively since 2011. It is detailed by the Program Administration Budget (PAB), Participant Based Funding (PBF), and Capability Building Funding (CBF).

Table 12: 2013 Spending

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Consumer Programs					
Appliance Retirement	176,517.80				176,517.80
Appliance Exchange	20,731.28				20,731.28
HVAC Incentives	280,385.80				280,385.80
Conservation Instant Coupon Booklet	159,000.53				159,000.53
Bi-Annual Retailer Event	169,180.04				169,180.04
Retailer Co-op					
Residential Demand Response	1,241,620.59	3,122,789.34			4,364,409.93
New Construction Program	10,400.75				10,400.75
Business Programs					
Efficiency: Equipment Replacement	679,719.11		4,078,969.68		4,758,688.79
Direct Installed Lighting	206,930.14	366,765.00	1,464,715.45		2,038,410.59
Existing Building Commissioning Incentive					
New Construction and Major Renovation Initiative	81,647.65		64,541.50		146,189.15

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Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Energy Audit	227,067.22		268,433.15		495,500.37
Small Commercial Demand Response (part of the Residential program schedule)	3,193.77				3,193.77
Demand Response 3 (part of the Industrial program schedule)	36,825.66				36,825.66
Industrial Programs					
Process & System Upgrades					
a) preliminary engineering study	2,144.78		9,950.00		12,094.78
b) detailed engineering study	4,115.66		13,829.50		17,945.16
c) program incentive	233,254.98				233,254.98
Monitoring & Targeting	11,155.40				11,155.40
Energy Manager	13,152.86			300,455.30	313,608.16
Roving Energy Manager	41,687.55			313,475.78	355,163.33
Key Account Manager ("KAM")				128,475.00	128,475.00
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)					
Demand Response 3	133,119.36				133,119.36
Home Assistance Program					
Home Assistance Program	164,126.88		238,048.51		402,175.39
Pre-2011 Programs					
Electricity Retrofit Incentive Program					

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Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
High Performance New Construction					
Toronto Comprehensive					
Multifamily Energy Efficiency Rebates					
Data Centre Incentive Program					
EnWin Green Suites					
Total CDM Program Spending	3,895,977.81	3,489,554.34	6,138,487.79	742,406.08	14,266,426.02

Table 13: 2011 - 2013 Cumulative Spending

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Consumer Programs					
Appliance Retirement	412,308.43				412,308.43
Appliance Exchange	59,424.03				59,424.03
HVAC Incentives	468,432.01				468,432.01
Conservation Instant Coupon Booklet	227,936.45				227,936.45
Bi-Annual Retailer Event	335,698.21				335,698.21
Retailer Co-op					
Residential Demand Response	1,772,021.32	3,147,070.87			4,919,092.19
New Construction Program	22,226.82				22,226.82
Business Programs					
Efficiency: Equipment Replacement	2,769,877.08		10,502,958.62		13,272,835.70
Direct Installed Lighting	395,981.80	1,619,505.00	6,097,843.20		8,113,330.00
Existing Building Commissioning Incentive	4,126.06				4,126.06
New Construction and Major Renovation Initiative	118,403.98		64,541.50		182,945.48
Energy Audit	445,613.90		300,657.15		746,271.05
Small Commercial Demand Response (part of the Residential program schedule)	1,616,454.46				1,616,454.46
Demand Response 3 (part of the Industrial program schedule)	39,963.43				39,963.43

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Industrial Programs					
Process & System Upgrades					
a) preliminary engineering study	37,428.74		9,950.00		47,378.74
b) detailed engineering study	38,728.03		109,629.50		148,357.53
c) program incentive	420,657.70	10,330.00	1,434,960.00		1,865,947.70
Monitoring & Targeting	11,467.34				11,467.34
Energy Manager	15,084.26			594,104.30	609,188.56
Roving Energy Manager	41,687.55			397,929.06	439,616.61
Key Account Manager ("KAM")	9,601.00			307,875.80	317,476.80
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	144,509.00		572,301.00		716,810.00
Demand Response 3	145,892.79				145,892.79
Home Assistance Program					
Home Assistance Program	244,624.13		344,503.75		589,127.88
Pre-2011 Programs					
Electricity Retrofit Incentive Program			2,317,102.00		2,317,102.00
High Performance New Construction					
Toronto Comprehensive					
Multifamily Energy Efficiency Rebates					
Data Centre Incentive Program					
EnWin Green Suites					

Initiative	Program Administration Budget (PAB)	Participant Based Funding (PBF)	Participant Incentives (PI)	Capability Building Funding (CBF)	TOTAL
Total CDM Program Spending	8,198,148.52	4,776,905.87	21,754,446.72	1,299,909.16	36,029,410.27

Note: Residential Demand Response Extension (legacy peaksaver) PAB, PBF and PI expenses of \$222,261, \$124,056 and \$10,700, respectively, was included in the 2011 OEB Report, is now reversed. Expenses for the legacy peaksaver program were covered under a separate extension funding and outside the scope of the current 2011-2014 CDM framework. Additionally, \$11,750 was re-allocated from Residential Demand Response into Small Commercial Demand Response for tracking accuracy. This amount was originally added to the Residential Demand Response line in 2011 OEB report to maintain consistency with OPA reporting.

5 Combined CDM Reporting Elements

5.1 Progress Towards CDM Targets

Table 14 and Table 15 below provide a summary of Enersource's progress towards meeting its CDM Targets. In 2013 Enersource achieved a cumulative 26.4 MW of peak demand reductions and 357.7 GWh of energy savings.

Table 14: Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual (MW)			
	2011	2012	2013	2014
2011 – Verified	15.9	10.6	10.5	10.1
2012 – Verified	0.3	15.2	8.0	7.9
2013 – Verified	0.0	0.5	33.0	8.4
2014				
Verified Net Annual Peak Demand Savings in 2014:				26.4
Enersource 2014 Annual CDM Capacity Target:				93.0
Verified Portion of Peak Demand Savings Target Achieved (%):				28.4%
Enersource Milestone submitted for 2013				57.9
Variance in Demand Savings for 2013				-31.5

Table 15: Net Energy Savings at the End-User Level (GWh)

Implementation Period	Annual (GWh)				Cumulative (GWh)
	2011	2012	2013	2014	2011-2014
2011 — Verified	42.3	42.1	41.8	40.7	167.0
2012 — Verified	1.7	36.5	36.3	35.9	110.4
2013 — Verified	0.0	3.9	39.4	36.9	80.3
2014					
Verified Net Cumulative Energy Savings 2011-2014:					357.7
Enersource 2011-2014 Cumulative CDM Energy Target:					417.2
Verified Portion of Cumulative Energy Target Achieved (%):					85.7%
Enersource Milestone submitted for 2013					340.7
Variance in Energy Savings for 2013					-16.6

5.2 Variance from Strategy

Table 14 and Table 15 above show a peak demand reduction shortfall of 31.5 MW and an energy savings shortfall of 16.6 GWh, respectively, towards Enersource's 2013 milestone targets as submitted within the CDM Strategy on November 1, 2010.

The main reasons for the shortfall towards the savings targets include the following factors:

- (i) The withdrawal of several program initiatives in the marketplace in 2012 including Residential Program Midstream Electronics and Midstream Pool Equipment, Small Business Direct Service Space Cooling, and Demand Response 1.
- (ii) Several program initiatives continued to attract zero or very low uptake by participants, including Residential New Construction, New Construction and Major Renovations, Building Commissioning, Process and Systems Upgrade Initiatives.
- (iv) The average savings achieved in 2013 for some program initiatives continued to be much lower than forecasted. This includes Industrial Project Incentives, Equipment Replacement Initiative and all residential programs with the exception of Heating and Cooling Incentives.
- (v) Enersource continued to receive delays and cancellations in 2013 for several CDM projects due to restrictions in capital budget allocations relating to the economic climate in Ontario.

- (vi) Long lead times are expected for project completion under the Industrial Programs Process and Systems Upgrade Initiative, which would result in savings being achieved beyond December 31, 2014.
- (vii) Some of the program initiatives or similar programs were being run prior to 2011 and are now experiencing the market saturation phase, along with smaller average project savings, including Residential Appliance Retirement, Small Business Direct Install Program, and Equipment Replacement Incentive Initiative.

5.3 Outlook to 2014 and Strategy Modifications

Enersource now forecasts it will achieve approximately 61% of its peak demand savings and 96% of its energy savings targets by December 2014. Enersource will not provide any modification to its strategy filed in November 1, 2010 at this time since new programs or enhancements of existing programs by the OPA are not likely to be effected in a timely manner in order to create significant market impact before December 2014.

Enersource will continue with best efforts in delivering all available OPA-contracted programs in order to progress towards its CDM targets by December 31, 2014. Enersource also expects to receive additional savings credits in 2014, which are not currently factored into the results shown in the tables above, through the delivery of the OEB-approved CDM programs via the TOU pricing savings.

On March 31, 2014 the Minister of Energy issued a directive entitled “Continuance of the OPA’s Demand Response Program under IESO management” which effectively halts new customer enrollments in the DR3 program until the IESO has a program in market. This is estimated to be some time in 2015.

The DR3 Initiative is a significant contributor to helping LDCs achieve their demand savings targets. The program has taken some time to get traction and LDCs have been diligently working with their customers to encourage participation in the DR3 program. LDC customers are now in a position where many of them have contracted with an aggregator but will be unable to participate due to the inability of the aggregator to receive new contract schedules resulting in the current “pipeline” of potential DR contributors being stranded.

6 Conclusion

Over the course of 2013, excluding DR, Enersource has achieved an incremental 8.54 MW in peak demand savings and 39,441 MWh in energy savings, which represents 9.2% and 9.5% of Enersource's 2011-2014 demand and energy targets, respectively. As a result, the cumulative savings achieved for the 4 year period, 2011-2014, through programs implemented in 2011-2013 are 26.4 MW demand savings and 357,691 MWh energy savings, which represent 28.4% (excludes DR) and 85.7% of Enersource's 2014 savings targets, respectively.

These results are representative of a considerable effort expended by Enersource, in cooperation with other LDCs, customers, channel partners and stakeholders to overcome many operational and structural issues that limited program effectiveness across all market sectors. This achievement is a success and the relationships built within the 2011-2014 CDM program term will aid results in a subsequent CDM term.

However, despite continuing improvements to existing programs, Enersource faces challenges in the remaining years of the current CDM framework. With the current slate of available OPA programs, and the current forecast of implementation and projected savings, Enersource expects to meet 96% of its 417,220 MWh energy consumption target but will struggle to meet its 93 MW demand savings target. Enersource expects a 39% shortfall to its demand target by the end of 2014.

Looking ahead there is limited opportunity to make valuable changes to the current program portfolios and have these changes reflected in 2014 results. However, LDCs and the OPA can build on the strengths and key successes of the 2011-2014 programs to launch new programs which will meet the needs of the industry and consumers.

Appendix A: Initiative Descriptions

Residential Program

APPLIANCE RETIREMENT INITIATIVE (Exhibit D)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objectives: Achieve energy and demand savings by permanently decommissioning certain older, inefficient refrigeration appliances.

Description: This is an energy efficiency Initiative that offers individuals and businesses free pick-up and decommissioning of old large refrigerators and freezers. Window air conditioners and portable dehumidifiers will also be picked up if a refrigerator or a freezer is being collected.

Targeted End Uses: Large refrigerators, large freezers, window air conditioners and portable dehumidifiers.

Delivery: OPA centrally contracts for the province-wide marketing, call centre, appliance pick-up and decommissioning process. LDC's provides local marketing and coordination with municipal pick-up where available.

Additional detail is available:

- Schedule B-1, Exhibit D. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Consumer/Programs/Appliance-Retirement.aspx>.

In Market Date: March 5, 2011

APPLIANCE EXCHANGE INITIATIVE (Exhibit E)

Target Customer Type(s): Residential Customers

Initiative Frequency: Spring and Fall

Objective: The objective of this initiative is to remove and permanently decommission older, inefficient window air conditioners and portable dehumidifiers that are in Ontario.

Description: This initiative involves appliance exchange events. Exchange events are held at local retail locations and customers are encouraged to bring in their old room air conditioners

(AC) and dehumidifiers in exchange for coupons/discounts towards the purchase of new energy efficient equipment.

Targeted End Uses: Window air conditioners and portable dehumidifiers

Delivery: OPA contracts with participating retailers for collection of eligible units. LDCs provide local marketing.

Additional detail is available:

- Schedule B-1, Exhibit C. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Consumer.aspx>.

In Market Date: March 5, 2011

HVAC INCENTIVES INITIATIVE (Exhibit B)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this initiative is to encourage the replacement of existing heating systems with high efficiency furnaces equipped with electronically commutated motors (ECM), and to replace existing central air conditioners with ENERGY STAR qualified systems and products.

Description: This is an energy efficiency initiative that provides rebates for the replacement of old heating or cooling systems with high efficiency furnaces (equipped with ECM) and Energy Star qualified central air conditioners by approved Heating, Refrigeration, and Air Conditioning Institute (HRAI) qualified contractors.

Targeted End Uses: Central air conditioners and furnaces

Delivery: OPA contracts centrally for delivery of the program. LDCs provide local marketing and encourage local contractors to participate in the initiative.

Additional detail is available:

- Schedule B-1, Exhibit B. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Consumer.aspx>.

In Market Date: March 5, 2011

CONSERVATION INSTANT COUPON INITIATIVE (Exhibit A)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this initiative is to encourage households to purchase energy efficient products by offering discounts.

Description: This initiative provides customers with year round coupons. The coupons offer instant rebates towards the purchase of a variety of low cost, easy to install energy efficient measures and can be redeemed at participating retailers. Booklets were directly mailed to customers and were also available at point-of-purchase. Downloadable coupons were also available at www.saveoneenergy.ca.

Targeted End Uses: ENERGY STAR® qualified standard CFLs, ENERGY STAR® qualified Light Fixtures lighting control products, weather-stripping, hot water pipe wrap, electric water heater blanket, heavy duty plug-in Timers, Advanced power bars, clothesline, baseboard programmable thermostats.

Delivery: The OPA develops the electronic version of the coupons and posts them online for download. Three LDC specific coupons were made available for local marketing and utilization by LDCs. The OPA enters into agreements with retailers to honour the coupons.

Additional detail is available:

- Schedule B-1, Exhibit A. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Consumer.aspx>.

In Market Date: March 5, 2011

BI-ANNUAL RETAILER EVENT INITIATIVE (Exhibit C)

Target Customer Type(s): Residential Customers

Initiative Frequency: Bi-annual events

Objective: The objective of this initiative is to provide instant point of purchase discounts to individuals at participating retailers for a variety of energy efficient products.

Description: Twice a year (Spring and Fall), participating retailers host month-long rebate events. During the months of April and October, customers are encouraged to visit participating retailers where they can find coupons redeemable for instant rebates towards a variety of low cost, easy to install energy efficient measures.

Targeted End Uses: As per the Conservation Instant Coupon Initiative

Delivery: The OPA enters into arrangements with participating retailers to promote the discounted products, and to post and honour related coupons. LDCs also refer retailers to the OPA and market this initiative locally.

Additional detail is available:

- Schedule B-1, Exhibit C. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Consumer.aspx>.

In Market Date: March 5, 2011

RETAILER CO-OP

Target Customer Type(s): Residential Customers

Initiative Frequency: Year Round

Objective: Hold promotional events to encourage customers to purchase energy efficiency measures (and go above-and-beyond the traditional Bi-Annual Coupon Events).

Description: The Retailer Co-op Initiative provides LDCs with the opportunity to work with retailers in their service area by holding special events at retail locations. These events are typically special promotions that encourage customers to purchase energy efficiency measures (and go above-and-beyond the traditional Bi-Annual Coupon Events).

Targeted End Uses: As per the Conservation Instant Coupon Initiative

Delivery: Retailers apply to the OPA for co-op funding to run special promotions that promote energy efficiency to customers in their stores. LDCs can refer retailers to the OPA. The OPA provides each LDC with a list of retailers who have qualified for Co-Op Funding as well as details of the proposed special events.

In Market Date: March 5, 2011

NEW CONSTRUCTION PROGRAM (Schedule B-2)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this initiative is to provide incentives to participants for the purpose of promoting the construction of energy efficient residential homes in the Province of Ontario.

Description: This is an energy efficiency initiative that provides incentives to homebuilders for constructing new homes that are efficient, smart, and integrated (applicable to new single family dwellings). Incentives are provided in two key categories as follows:

- Incentives for homebuilders who install electricity efficiency measures as determined by a prescriptive list or via a custom option.
- Incentives for homebuilders who meet or exceed aggressive efficiency standards using the EnerGuide performance rating system.

Targeted End Uses: All off switch, ECM motors, ENERGY STAR qualified central a/c, lighting control products, lighting fixtures, EnerGuide 83 whole home, EnerGuide 85 whole homes

Delivery: Local engagement of builders will be the responsibility of the LDC and will be supported by OPA air coverage driving builders to their LDC for additional information.

Additional detail is available:

- Schedule B-1, Exhibit C. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Consumer.aspx>.

In Market Date: March 5, 2011

RESIDENTIAL DEMAND RESPONSE PROGRAM (Schedule B-3)

Target Customer Type(s): Residential and Small Commercial Customers

Initiative Frequency: Year round

Objective: The objectives of this initiative are to enhance the reliability of the IESO-controlled grid by accessing and aggregating specified residential and small commercial end uses for the purpose of load reduction, increasing consumer awareness of the importance of reducing summer demand and providing consumers their current electricity consumption and associated costs.

Description: In *peaksaver* PLUS[®] participants are eligible to receive a free programmable thermostat or switch, including installation. Participants also receive access to price and real-time consumption information on an In-Home Display (IHD).

Targeted End Uses: central air conditioning, electric hot water heaters and pool pumps

Delivery: LDC's recruit customers and procure technology

Additional detail is available:

- Schedule B-1, Exhibit C. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Consumer.aspx>.

In Market Date: June 27, 2011

C&I Program

EFFICIENCY: EQUIPMENT REPLACEMENT INCENTIVE (ERII) (Schedule C-2)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives to non-residential distribution customers to achieve reductions in electricity demand and consumption by upgrading to more energy efficient equipment for lighting, space cooling, ventilation and other measures.

Description: The Equipment Replacement Incentive Initiative (ERII) offers financial incentives to customers for the upgrade of existing equipment to energy efficient equipment. Upgrade projects can be classified into either: 1) prescriptive projects where prescribed measures replace associated required base case equipment; 2) engineered projects where energy and demand savings and incentives are calculated for associated measures; or 3) custom projects for other energy efficiency upgrades.

Targeted End Uses: lighting, space cooling, ventilation and other measures

Delivery: LDC delivered.

Additional detail is available:

- Schedule C-2. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Business/Program-Overviews/Retrofit-for-Commercial.aspx>.

In Market Date: Enersource registered with the OPA in March 2011 for this initiative, but experienced delays in program launch due to the OPA CRM / ICON system not fully functional and the requirements for competitive procurement process.

DIRECT INSTALL INITIATIVE (DIL) (Schedule C-3)

Target Customer Type(s): Small Commercial, Institutional, Agricultural facilities and multi-family buildings

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer a free installation of eligible lighting and water heating measures of up to \$1,500 to eligible owners and tenants of small commercial, institutional

and agricultural facilities and multi-family buildings, for the purpose of achieving electricity and peak demand savings.

Description: The Direct Installed Lighting Initiative targets customers in the General Service <50kW account category. This Initiative offers turnkey lighting and electric hot water heater measures with a value up to \$1,500 at no cost to qualifying small businesses. In addition, standard prescriptive incentives are available for eligible equipment beyond the initial \$1,500 limit.

Target End Uses: Lighting and electric water heating measures

Delivery: Participants can enroll directly with the LDC, or would be contacted by the LDC/LDC-designated representative.

Additional detail is available:

- Schedule C-3. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Business.aspx>.

In Market Date: Enersource registered with the OPA in March 2011 for this initiative, but experience delays in launching the program to small business customers until June 2011 due to the competitive procurement process.

EXISTING BUILDING COMMISSIONING INCENTIVE INITIATIVE (Schedule C-6)

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year round

Objective: The objective of this initiative is to offer incentives for optimizing (but not replacing) existing chilled water systems for space cooling in non-residential facilities for the purpose of achieving implementation phase energy savings, implementation phase demand savings, or both.

Description: This Initiative offers Participants incentives for the following:

- scoping study phase
- investigation phase
- implementation phase
- hand off/completion phase

Targeted End Uses: Chilled water systems for space cooling

Delivery: LDC delivered.

Additional detail is available:

- Schedule C-6. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Business/Program-Overviews/Existing-Building-Commissioning.aspx>.

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In Market Date: Enersource registered with the OPA in March 2011 for this initiative, but experience delays in launching program to business customer until June 2011 due to competitive procurement process.

NEW CONSTRUCTION AND MAJOR RENOVATION INITIATIVE (HPNC) (Schedule C-4)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this initiative is to encourage builders/major renovators of commercial, institutional, and industrial buildings (including multi-family buildings and agricultural facilities) to reduce electricity demand and/or consumption by designing and building new buildings with more energy-efficient equipment and systems for lighting, space cooling, ventilation and other Measures.

Description: The New Construction initiative provides incentives for new buildings to exceed existing codes and standards for energy efficiency. The initiative uses both a prescriptive and custom approach.

Targeted End Uses: New building construction, building modeling, lighting, space cooling, ventilation and other Measures

Delivery: LDC delivers to customers and design decision makers.

Additional detail is available:

- Schedule C-4. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Business/Program-Overviews/New-Construction.aspx>.

In Market Date: Enersource registered with the OPA in March 2011 for this initiative, but experience delays in launching program to business customer until June 2011 due to competitive procurement process.

ENERGY AUDIT INITIATIVE (Schedule C-1)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this initiative is to offer incentives to owners and lessees of commercial, institutional, multi-family buildings and agricultural facilities for the purpose of

undertaking assessments to identify all possible opportunities to reduce electricity demand and consumption within their buildings or premises.

Description: This initiative provides participants incentives for the completion of energy audits of electricity consuming equipment located in the facility. Energy audits include development of energy baselines, use assessments and performance monitoring and reporting.

Targeted End Uses: Various

Delivery: LDC delivered.

Additional detail is available:

- Schedule C-1. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Business/Program-Overviews/Audit-Funding.aspx>.

In Market Date: Enersource registered with the OPA in March 2011 for this initiative but experienced further delays in launching the program to business customers due to the competitive procurement process, thus in market date was June 2011.

Industrial Program

PROCESS & SYSTEMS UPGRADES INITIATIVE (PSUI) (Schedule D-1)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objectives: The objectives of this initiative are to:

- Offer distribution customers capital incentives and enabling initiatives to assist with the implementation of large projects and project portfolios;
- Implement system optimization project in systems which are intrinsically complex and capital intensive; and
- Increase the capability of distribution customers to implement energy management and system optimization projects.

Description: PSUI is an energy management initiative that includes three initiatives: (preliminary engineering study, detailed engineering study, and project incentive Initiative). The incentives are available to large distribution connected customers with projects or portfolio projects that are expected to generate at least 350 MWh of annualized electricity savings or, in the case of Micro-Projects, 100 MWh of annualized electricity savings. The capital incentive for this Initiative is the lowest of:

- a) \$200/MWh of annualized electricity savings

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b) 70% of projects cost

c) A one year pay back

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional detail is available:

- Schedule D-1. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Business.aspx>.

In Market Date: This initiative was available from June 2011.

MONITORING & TARGETING INITIATIVE (Schedule D-2)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This initiative offers access to funding for the installation of Monitoring and Targeting ("M&T") systems in order to deliver a minimum savings target at the end of 24 months and sustained for the term of the M&T Agreement.

Description: This initiative offers customers funding for the installation of a MM&T system to help them understand how their energy consumption might be reduced. A facility energy manager, who regularly oversees energy usage, will now be able to use historical energy consumption performance to analyze and set targets.

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional detail is available:

- Schedule D-2. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Business.aspx>.

In Market Date: This initiative was available June 2011.

ENERGY MANAGER INITIATIVE (Schedule D-3)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: The objective of this initiative is to provide customers and LDCs the opportunity to access funding for the engagement of energy managers in order to deliver a minimum annual savings target.

Description: This initiative provides customers the opportunity to access funding to engage an on-site, full time embedded energy manager, or an off-site roving energy manager who is engaged by the LDC. The role of the energy manager is to take control of the facility's energy use by monitoring performance, leading awareness programs, and identifying opportunities for energy consumption improvement, and spearheading projects. Participants are funded 80% of the embedded energy manager's salary up to \$100,000 plus 80% of the energy manager's actual reasonable expenses incurred up to \$8,000 per year. Each embedded energy manager has a target of 300 kW/year of energy savings from one or more facilities. LDCs receive funding of up to \$120,000 for a Roving Energy Manager plus \$8,000 for expenses.

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional detail is available:

- Schedule D-3. Available on OPA's extranet;
- saveONenergy website <https://saveonenergy.ca/Business.aspx>.

In Market Date: May 2011

KEY ACCOUNT MANAGER (KAM) (Schedule D-4)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This initiative offers LDCs the opportunity to access funding for the employment of a KAM in order to support them in fulfilling their obligations related to the PSUI.

Description: This initiative provides LDCs the opportunity to utilize a KAM to assist their customers. The KAM is considered to be a key element in assisting the consumer in overcoming traditional barriers related to energy management and help them achieve savings since the KAM can build relationships and become a significant resource of knowledge to the customer.

Targeted End Uses: Process and systems

Delivery: LDC delivered

Additional detail is available:

- ScheduleD-4. Available on OPA's extranet.

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In Market Date: Enersource had the key account manager start in December 2011.

DEMAND RESPONSE 3 (Schedule D-6)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This initiative provides for Demand Response (“DR”) payments to contracted participants to compensate them for reducing their electricity consumption by a pre-defined amount during a DR event.

Description: Demand Response 3 (“DR3”) is a demand response initiative for commercial and industrial customers, of 50 kW or greater to reduce the amount of power being used during certain periods of the year. The DR3 Initiative is a contractual resource that is an economic alternative to procurement of new generation capacity. DR3 comes with specific contractual obligations requiring participants to reduce their use of electricity relative to a baseline when called upon. This Initiative makes payments for participants to be on standby and payments for the actual electricity reduction provided during a demand response event. Participants are scheduled to be on standby approximately 1,600 hours per calendar year for possible dispatch of up to 100 hours or 200 hours within that year depending on the contract.

Targeted End Uses: Commercial and Industrial Operations

Delivery: DR3 is delivered by Demand Response Providers (“DRPs”), under contract to the OPA. The OPA administers contracts with all DRPs and Direct Participants (who provide in excess of 5 MW of demand response capacity). OPA provides administration including settlement, measurement and verification, and dispatch. LDCs are responsible for local customer outreach and marketing efforts.

Additional detail is available:

- Schedule D-6. Available on OPA’s extranet;
- saveONenergy website <https://saveonenergy.ca/Business.aspx>.

In Market Date: January 2011

It is noted that while the schedule for this initiative was not posted until May 2011, the Aggregators reported that they were able to enroll customers as of January, 2011.

LOW INCOME INITIATIVE (Schedule E)

Target Customer Type(s): Income Qualified Residential Customers

Initiative Frequency: Year Round

Objective: The objective of this initiative is to offer free installation of energy efficiency measures to income qualified households for the purpose of achieving electricity and peak demand savings.

Description: This is a turnkey initiative for income qualified customers. It offers residents the opportunity to take advantage of free installation of energy efficient measures that improve the comfort of their home, increase efficiency, and help them save money. All eligible customers receive a Basic and Extended Measures Audit, while customers with electric heat also receive a Weatherization Audit. The Initiative is designed to coordinate efforts with gas utilities.

Targeted End Uses: End use measures based on results of audit (i.e., CFL/CFL bulbs)

Delivery: LDC delivered.

Additional detail is available:

- Schedule E. Available on OPA's extranet.

is lower than expected due to a lack of electrically heated homes in the program.

In Market Date: June 2012

Appendix B: Pre-2011 Programs

ELECTRICITY RETROFIT INCENTIVE PROGRAM

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year Round

Objective: The objective of this initiative is to offer incentives to non-residential distribution customers to achieve reductions in electricity demand and consumption by upgrading to more energy efficient equipment for lighting, space cooling, ventilation and other measures.

Description: The Equipment Replacement Incentive Program (ERIP) offered financial incentives to customers for the upgrade of existing equipment to energy efficient equipment. This program was available in 2010 and allowed customers up to 11 months following Pre-Approval to complete their projects. As a result, a number of projects Pre-Approved in 2010 were not completed and in-service until 2011. The electricity savings associated with these projects are attributed to 2011.

Targeted End Uses: Electricity savings measures

Delivery: LDC Delivered

HIGH PERFORMANCE NEW CONSTRUCTION

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year round

Objective: The High Performance New Construction Initiative provided incentives for new buildings to exceed existing codes and standards for energy efficiency. The Initiative uses both a prescriptive and custom approach and was delivered by Enbridge Gas under contract with the OPA (and subcontracted to Union Gas), which ran until December 2010.

Description: The objective of this initiative is to encourage builders of commercial, institutional, and industrial buildings (including multi-family buildings and agricultural facilities) to reduce electricity demand and/or consumption by designing and building new buildings with more energy-efficient equipment and systems for lighting, space cooling, ventilation and other Measures.

Targeted End Uses: New building construction, building modeling, lighting, space cooling, ventilation and other measures

Delivery: Through Enbridge Gas (and subcontracted to Union Gas)

TORONTO COMPREHENSIVE INITIATIVE

This initiative is not within Enersource's service area.

MULTIFAMILY ENERGY EFFICIENCY REBATES

Target Customer Type(s): Residential Multi-unit buildings

Initiative Frequency: Year round

Objective: Improve energy efficiency of Multi-unit building

Description: OPA's Multifamily Energy Efficiency Rebates (MEER) Initiative applies to multifamily buildings of six units or more, including rental buildings, condominiums, and assisted social housing. The OPA contracted with GreenSaver to deliver the MEER Initiative outside of the Toronto Hydro service territory. Activities delivered in Toronto were contracted with the City of Toronto.

Similar to ERII and ERIP, MEER provides financial incentives for prescriptive and custom measures, but also funds resident education. Unlike ERII, where incentives are paid by the LDC, all incentives through MEER are paid through the contracted partner (i.e. GreenSaver).

Targeted End Uses: Electricity saving measures

Delivery: OPA contracted with Greensaver

DATA CENTRE INCENTIVE PROGRAM

This initiative is not within Enersource's service area.