

Hydro Ottawa Limited
3025 Albion Road North, PO Box 8700
Ottawa, Ontario K1G 3S4
Tel.: (613) 738-6400
Fax: (613) 738-6403
www.hydroottawa.com

Hydro Ottawa limitée
3025, chemin Albion Nord, C.P. 8700
Ottawa (Ontario) K1G 3S4
Tél. : (613) 738-6400
Télééc. : (613) 738-6403
www.hydroottawa.com



August 23, 2007

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Attn: Board Secretary

Re: RP-2004-0203\EB-2004-0487\EB-2006-0190
Hydro Ottawa Limited
Request for Approval of Extension to Conservation and Demand Management Spending

On February 3, 2005 Hydro Ottawa Limited ("Hydro Ottawa") received approval for a budget of \$9,279,000 for its conservation and demand management ("CDM") plan as submitted for the Board's review in the application dated November 4, 2004 and amended on December 6, 2004. On December 13, 2006 further approval was received to re-allocate \$2,300,000 previously allocated to Distribution Loss Reduction, Distributed Energy and Program Support to Residential and Small Commercial (<50 kW) programs. At the same time, approval was granted to extend the spending deadline for Commercial, Industrial & Institutional ("CI&I") programs from September 30, 2007 to September 30, 2008. The approved revised budget is provided in Appendix A for information.

Hydro Ottawa has been proceeding with the development and implementation of programs in order to complete all of the third tranche CDM funding, except the \$710,000 earmarked for CI&I programs, by September 30, 2007. For the Distributed Energy ("DE") programs, Hydro Ottawa has encountered a number of delays in the implementation of the projects and is concerned that the spending will not be completed by the September 30, 2007 deadline.

Current projects underway in the Distributed Energy program area include:

- A solar thermal and photovoltaic demonstration project to be installed at one of Hydro Ottawa's facilities. A Purchase Order has been issued, however it is anticipated that the system will not be installed until after September 30, 2007.
- Delivery of 1000 kW of Distributed Energy by an external supplier. A letter of intent has been issued and Hydro Ottawa is currently negotiating the terms of the contract. The supplier will be

targeting customers with potential projects and working with them to cultivate interest in participating in a DE program with Hydro Ottawa. They will manage all aspects of eligible customer projects including customer engagement, project identification, project scoping, customer negotiations, development of customer contracts, project development, project management and contracting with Hydro Ottawa.

Once the contract has been finalized, it is anticipated that long customer sales cycles plus the time required for customer project implementation will result in the funds not been spent until 2008. In addition, the distributed generation will require Connection Impact Assessments and Interconnection Contracts which take time and which are currently backlogged due to the volume of requests resulting from the OPA's standard offer program.

- A contract with an existing generator to transfer control of 3,500 kW of generation to Hydro Ottawa. Negotiations are underway, however it is not anticipated that this will be completed before September 30, 2007.

As a result of the delays outlined above, Hydro Ottawa hereby requests the Board's approval for an extension to the spending deadline for the \$628,000 for Distributed Energy, to September 30, 2008. There is no overall change in our CDM budget, which will be fully spent by September 2008. The revised budget is shown in Appendix A.

Please direct any questions or comments to the undersigned at (613) 738-5499 ext. 527 or lynneanderson@hydroottawa.com.

Yours truly,

A handwritten signature in black ink, appearing to read "Lynne Anderson".

Lynne Anderson
Chief Regulatory Affairs and Government Relations Officer
Hydro Ottawa

APPENDIX A

HYDRO OTTAWA APPROVED CDM BUDGET

CDM PROGRAM	Approved Budget (\$000)	Revised Approved Budget to be spent by September 30, 2007 (\$000)	Revised Approved Budget to be spent by September 30, 2008 (\$000)
CONSERVATION AND DEMAND MANAGEMENT-Residential and Small Commercial (< 50 kW)	\$1,949	\$4,249	
CONSERVATION AND DEMAND MANAGEMENT-Commercial, Industrial & Institutional Market (>50 kW)	\$2,783	\$2,073	\$710
DISTRIBUTION LOSS REDUCTION	\$3,155	\$1,255	
DISTRIBUTED ENERGY	\$928	\$628	
PROGRAM SUPPORT	\$464	\$364	
TOTAL	\$9,279	\$8,569	\$710

HYDRO OTTAWA PROPOSED CDM BUDGET

CDM PROGRAM	Approved Budget (\$000)	Revised Approved Budget to be spent by September 30, 2007 (\$000)	Revised Approved Budget to be spent by September 30, 2008 (\$000)
CONSERVATION AND DEMAND MANAGEMENT-Residential and Small Commercial (< 50 kW)	\$1,949	\$4,249	
CONSERVATION AND DEMAND MANAGEMENT-Commercial, Industrial & Institutional Market (>50 kW)	\$2,783	\$2,073	\$710
DISTRIBUTION LOSS REDUCTION	\$3,155	\$1,255	
DISTRIBUTED ENERGY	\$928		\$628
PROGRAM SUPPORT	\$464	\$364	
TOTAL	\$9,279	\$7,941	\$1,338