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Via Mail and Email: ctyrrell@torontohydro.com

Toronto Hydro
14 Carlton Street, 4th Floor
Toronto, Ontario, M5B 1K5

Attention: Chris Tyrrell, VP of Customer Care and Chief Conservation Officer

Dear Mr. Tyrrell:

**RE: Toronto Hydro-Electric System Limited's ("THESL")
Board-Approved CDM Program Application – Board file number EB-2011-0011**

On behalf of the OPA, I would like to personally thank you and your conservation staff for your support over the past 14 months as we have worked together to design and launch the new suite of OPA-Contracted Province-Wide Conservation Programs ("Province-Wide Programs"). The collaboration between LDCs, including Toronto Hydro, and the OPA was a critical factor in developing programs which we believe will stand among the 'best-in-class'.

Based on recent discussions, I am writing this letter to state that the OPA is supportive of innovative conservation and demand management (CDM) initiatives that foster a culture of conservation in Ontario. The OPA supports the efforts of Toronto Hydro to promote Ontario as a leader in CDM. CDM initiatives, including potential OEB-Approved programs, will increase Ontario's overall CDM results and provide added opportunities for learning and informing the development of future programs for Ontario.

The OPA has reviewed Toronto Hydro's evidence related to nine proposed CDM programs that have been submitted to the OEB for approval. The nine programs under review are:

1. Greening Greater Toronto Commercial Building Energy Initiative
2. Business Outreach and Education
3. In Store Engagement and Education
4. Community Outreach and Education Initiative
5. Commercial, Institutional and Small Industrial Monitoring and Targeting
6. Flat Rate Water Heater Conversion and Demand Response
7. Multi-Unit Residential Demand Response
8. Hydronic System Balancing
9. Commercial Energy Management and Load Control

The OPA is of the opinion that programs 1 – 4 above are payable through the existing Program Administration Budget provided under the Province-Wide Programs.

The OPA is of the opinion that the remaining five programs (programs 5 - 9 listed above) proposed by Toronto Hydro are not duplicative, based on the following reasons and the conditions which have been agreed to by Toronto Hydro:

- Toronto Hydro will for all 5 programs: deliver the programs in a way that enhances the overall effectiveness of the Province-Wide Programs; work with the OPA to adopt these programs, where cost effective, into Province-Wide Programs; and align its program delivery, including harmonizing dispatch, with the Province-Wide Programs.
- **Commercial, Institutional and Small Industrial Monitoring and Targeting:** Monitoring and targeting is not currently offered to the commercial, institutional and small industrial markets.
- **Flat Rate Water Heater Conversion and Demand Response:** This program includes two bundled components: 1) flat rate water heater conversion and 2) **peak saver®**. Flat rate water heater conversion is not a product or service currently offered to customers in the Province-Wide Programs. Toronto Hydro has agreed to subtract the funding related to the **peak saver** component of the proposed program from their application. This will allow Toronto Hydro to pursue the program resulting in energy savings from the changed billing method, as well as bringing new devices into the Province-Wide **peak saver** initiative that would not otherwise have been available.
- **Multi-Unit Residential Demand Response (MURB DR):** MURB DR is unique and focused on high-density applications. This program integrates the concepts of **peak saver** and commercial demand response into a single program.
- **Hydronic System Balancing:** This program targets a niche opportunity within the multi-unit residential building (MURB) market that is not currently targeted in the Equipment Replacement Incentive Initiative (ERII). The work done by Toronto Hydro on this proposed program could allow the OPA to introduce a new engineered worksheet to the ERII at a future date, and Toronto Hydro has agreed to work closely with the OPA to develop such a worksheet. The development of this worksheet could facilitate increased participation of the MURB sector in the Province-Wide program.
- **Commercial Energy Management and Load Control (CEMLC):** The small commercial market demand response and load control program is planned for a future iteration of the Province-Wide Programs. It would be beneficial to the development of the new initiative to have Toronto Hydro proceed with the CEMLC to test program design concepts.

The OPA believes that the experience gained by Toronto Hydro in implementing these programs now can contribute to the continuous improvement of OPA-Contracted Province-Wide Programs.

Yours truly,

Original signed by Julia McNally on behalf of

Andrew Pride
Vice President, Conservation Division