

June 13, 2011

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

Attn: Kirsten Walli, Board Secretary

**RE: Norfolk Power Distribution Inc. (Board File No.: EB-2010-0215)
Conservation and Demand Management (CDM) Code for Electricity
Distributors – Amended CDM Strategy**

Dear Ms. Walli,

Norfolk Power Distribution Inc. (NPDI) submitted a Conservation and Demand Management (CDM) Strategy on November 1, 2010 in accordance with the CDM Code. In a November 30, 2010 letter, the Board directed Norfolk Power Distribution Inc. to provide estimated, prospective budgets for planned OPA-Contracted Province Wide CDM programs and Board-Approved CDM Programs. Norfolk Power Distribution Inc. is therefore submitting an amended CDM Strategy to update NPDI's final CDM targets and include estimated budget information.

The budget information is NPDI's best estimate using the best available information at this time. The proposed budget includes administration costs; participant based funding and customer incentives. We have also updated the targets, which were finalized by the Board after we had submitted our Strategy. Revised forecasts are also being included as OPA-Contracted Province Wide CDM program Master Agreement and program Schedules were posted after we submitted our Strategy.

Two hard copies of the submission are enclosed. An electronic copy of this submission in PDF format will be submitted through the Board's *Regulatory Electronic Submission System* ("RESS").

Norfolk Power Distribution Inc. collaborated with 13 other electricity distributors, known as the "Niagara Erie Power Alliance (NEPA) GEA Group", on the development of its Conservation and Demand Management (CDM) Strategy. The following table lists the

NEPA participating distributors and their respective customer counts and revised CDM proposed targets issued by the Ontario Energy Board on November 12, 2010.

NEPA Participating Distributors:

| LOCAL DISTRIBUTION COMPANY | Customer Count 2009 OEB Yearbook | 2011-2014 Energy Savings Target (GWh) | 2014 Summer Peak Demand Savings Target (MW) |
|--------------------------------------|--|--|--|
| Algoma Power Inc. | 11,688 | 7.37 | 1.28 |
| Brant County Power Inc. | 9,614 | 9.85 | 3.3 |
| Brantford Power Inc. | 37,668 | 48.92 | 11.38 |
| Canadian Niagara Power Inc. | 28,291 | 15.81 | 4.07 |
| Espanola Regional Hydro Distribution | 3,383 | 2.76 | 0.52 |
| Greater Sudbury Hydro Inc. | 46,539 | 43.71 | 8.22 |
| Grimsby Power Inc. | 10,073 | 7.76 | 2.06 |
| Haldimand County Hydro Inc. | 20,911 | 13.3 | 2.85 |
| Niagara Peninsula Energy Inc. | 50,823 | 58.04 | 15.49 |
| Niagara-on-the-Lake Hydro Inc. | 7,880 | 8.27 | 2.42 |
| Norfolk Power Distribution Inc. | 18,895 | 15.68 | 4.25 |
| PUC Distribution Inc. | 32,825 | 30.83 | 5.58 |
| Welland Hydro-Electric System Corp. | 21,916 | 20.6 | 5.56 |
| Westario Power Inc. | 21,805 | 20.95 | 4.24 |

The amended CDM Strategy is respectfully submitted for the Board's consideration.

Sincerely,
Norfolk Power Distribution Inc.

Original signed by:

Brad Randall, P. Eng.
President & CEO

Norfolk Power Distribution Inc.

(ED-2002-0521)

Conservation and Demand Management (CDM) Strategy

2011 to 2014

Filed: November 1, 2010

Amended: June 13, 2011

1. **Distributor's Name:** Norfolk Power Distribution Inc. (NPDI) is filing its amended CDM Strategy with the Ontario Energy Board (OEB) in accordance with the OEB's November 30, 2010 letter and in accordance to the Issuance of the Conservation and Demand Management Code for Electricity Distributors (EB-2010-0215) issued on September 16, 2010.
2. **Total Reduction in Peak Provincial Electricity Demand (MW) Target:** 4.25 MW per the revised CDM Targets for Electricity Distributors issued by the OEB on November 12, 2010 as part of our amended Distribution Licence. On September 30th, 2010 in response to an OEB request, NPDI filed a request for target review based on embedded load with Hydro One Networks Inc. This submission takes into account the requested target adjustment.
3. **Total Reduction in Electricity Consumption (KWh) Target:** 15,680,000 kWh per the revised CDM Targets for Electricity Distributors issued by the OEB on November 12, 2010 as part of our amended Electricity Distribution Licence. On September 30th, 2010 in response to an OEB request, NPDI filed a request for target review based on embedded load with Hydro One Networks Inc. This submission does take into account the requested target adjustment.

4. High Level CDM Strategy

It is NPDI's intent to meet energy and demand reduction requirements by delivering OPA-Contracted Province-Wide programs should funding be available to do so. At the time of this amended filing, there are initiatives, or portions/processes of initiatives, in each OPA program segment that are not available to LDCs or ready for launch and/or delivery.

This strategy does not take into consideration the significant portion of the target that the OPA expects to result from smart meter and time-of-use rate implementation. OPA advised that the CDM targets assigned to all electricity distributors should include approximately 308MW of savings related to smart meters and time-of-use rates. This advice was based on a study commissioned by the OPA and filed with the OEB as part of the Integrated Power Supply Plan proceeding.

NPDI utilized the Ontario Power Authority's (OPA) Resource Planning Tool, taking into consideration NPDI's service territory's residential profile and past CDM program results, to forecast its reductions in Peak Demand and Energy Consumption.

The following table summarizes both annual and cumulative savings by year which, at this time, represents a preliminary summary of the expected annual milestones of both peak demand and energy consumption reductions through the delivery of the OPA-contracted Province-Wide programs.

| OPA Provincial Programs | | 2011 | 2012 | 2013 | 2014 | Total Projected Budget |
|---------------------------------|------------|-------------------|---------------------|---------------------|---------------------|------------------------|
| Consumer | kW | 177 | 436 | 704 | 1530 | \$ 1,596,171 |
| | MWh | 691 | 1698 | 2741 | 5958 | |
| Commercial | kW | 271 | 666 | 1075 | 2338 | \$ 2,006,240 |
| | MWh | 855 | 2100 | 3390 | 7370 | |
| Industrial | kW | 44 | 109 | 176 | 383 | \$ 477,676 |
| | MWh | 273 | 670 | 1082 | 2352 | |
| Total Annual Peak Demand | kW | 493 | 1211 | 1955 | 4250 | |
| Total Cumulative Energy | MWh | 1819 | 4469 | 7213 | 15680 | |
| Projected Budget | \$ | \$ 694,201 | \$ 1,007,349 | \$ 1,352,251 | \$ 1,026,286 | \$ 4,080,087 |

5. OPA Contracted Province-Wide CDM Programs

NPDI's plan is based upon the assumption that there will be sufficient funding available to manage and promote the OPA-contracted Province-Wide programs. Should the Tier One Program funding not provide to be adequate, NPDI will need to re-evaluate its CDM Strategy. Adjustments to our strategy are incorporated to accommodate NPDI's revised targets and finalized portion of the Program Administration Budget funding. Further adjustments to this plan may be required should program deliverables change or market conditions change.

Norfolk Power Distribution Inc. will continue to utilize a customer-centric marketing approach to deliver the OPA Contracted Province-Wide CDM Programs. Where there is opportunity for local marketing initiatives, NPDI will be using the following media to reach our customers:

- Billing inserts
- On-Bill promotion
- Norfolk Power Customer Newsletter
- NPDI and saveONenergy Website
- CSR Training
- Promotional material for reception area
- Media Events: including a media advisory and press release
- Local community events

For NPDI's commercial, institutional and industrial customers, information sessions and face to face meetings have proven to be effective in the past. Going forward, NPDI will focus on building and maintaining strong customer relationships with commercial, institutional and industrial customers in addition to the traditional marketing efforts listed above. In addition, collaboration with other LDCs to educate local contractors about the conservation programs available to their clients will be fundamental in the ability to meet CDM Targets.

The following information outlines the OPA-Contracted Province-Wide programs by name, years of operation and target customers.

5.1 Consumer Programs

| Name | Years | Description | Target Customers |
|---|--------------|--|-------------------------|
| Conservation Instant Coupon Booklet Initiative and Bi-Annual Retailer Event Initiative – Initiative Schedule B1 | 2011-14 | In-store discounts on energy efficient products | Residential |
| Midstream Electronics Initiative – Initiative Schedule B1 | 2011-14* | Retail promotion of energy efficient televisions | Residential |
| Midstream Pool Equipment Initiative – Initiative Schedule B1 | 2011-14* | Retail promotion of “right sized” pool equipment | Residential |
| HVAC Incentives Initiative – Initiative Schedule B1 | 2011-14 | On-line rebates on high efficiency replacement of heating/cooling systems | Residential |
| Appliance Retirement Initiative – Initiative Schedule B1 | 2011-14 | Free pick-up/decommissioning of old, working inefficient appliances | Residential |
| Appliance Exchange Incentive – Initiative Schedule B1 | 2011-14 | Room air conditioner and dehumidifier exchange events at retailers | Residential |
| Home Energy Assessment Tool Initiative – Initiative Schedule B1 | 2011-14* | On-line, home energy assessment and recommendations on how energy consumption can be reduced. | Residential |
| Residential New Construction – Initiative Schedule B2 | 2011-14 | Incentives for builders to construct efficient, smart, and integrated new homes | Residential |
| Residential Demand Response (DR) | 2011-14* | Free, installed direct load control devices and in-home display systems/capability. Non-DR offers: subsidized in-home display systems/capabilities | Residential |

* At the time of this filing, this initiative was not made available by the OPA to the LDC.

5.2 Commercial & Institutional Programs

| Name | Years | Description | Target Customers |
|--|--------------|--|-----------------------------|
| Energy Audit – Initiative Schedule C1 | 2011-14 | An Incentive program designed to encourage commercial and institutional facilities to undertake assessment to identify reductions in electricity demand and consumption. | Commercial Institutional |
| Efficiency: Equipment Replacement Incentive – Initiative Schedule C2 | 2011-14 | An incentive program designed to encourage high-efficiency electricity retrofits to existing structures. | Commercial Institutional |
| Direct Install Lighting and Water Heating – Initiative Schedule C3 | 2011-14 | A retrofit incentive program for small business customers in the General Service < 50kW. | Commercial Institutional |
| Direct Service Space Cooling Refrigeration Initiative – Initiative Schedule C5 | 2011-14* | An initiative that provides incentive towards servicing of roof-top and ground-mounted air conditioners with a capacity of 25 tons or less. | Commercial Institutional |
| New Construction and Major Renovation – Initiative Schedule C4 | 2011-14 | An Initiative which provides incentives for energy efficient new building design as well as installation of energy efficient measures. | Commercial Institutional |
| Small Commercial Demand Response | 2011-14* | Free, installed direct load control devices and in-home display systems/capability. Non-DR offers: subsidized in-home display systems/capabilities | Commercial Institutional |
| Demand Response 1 – Initiative Schedule D5 | 2011-14 | An initiative where distribution-connected electricity customers voluntary provide DR capabilities to reduce peak demand and increase system reliability | Commercial Institutional |
| Demand Response 3 – Initiative Schedule D6 | 2011-14 | An initiative where distribution-connected electricity customers provide firm, contract DR capability to reduce peak demand and increase system reliability | Commercial Institutional |
| Existing Building Commissioning – Initiative Schedule C6 | 2011-14 | Commissioning of chilled water plants for customers with a demand > 50 kW and facilities larger than 50,000 sq ft. | Commercial Institutional |

* At the time of this filing, this initiative was not made available by the OPA to the LDC.

5.3 Industrial Programs

| Name | Years | Description | Target Customers |
|--|---------|---|------------------|
| Efficiency: Equipment Replacement Incentive – Initiative Schedule C2 | 2011-14 | An incentive program designed to encourage high-efficiency electricity retrofits to existing structures. | Industrial |
| Preliminary Engineering Study, Detailed Engineering Study, Project Incentive and Monitoring & Targeting – Initiative Schedules D1 & D2 | 2011-14 | New component aimed at improving the energy efficiency of equipment and production processes by offering capital incentive and enabling initiatives. | Industrial |
| Energy Manager – Initiative Schedule D3 | 2011-14 | Access funding for customer-employed energy manager(s) for eligible consumers. Access funding for LDC-employed roving energy manager(s). | Industrial |
| Key Accounts Manager – Initiative Schedule D4 | 2011-14 | Join with other LDCs in close geographical proximity to apply for a shared Key Accounts Manager. | Industrial |
| Demand Response 1 – Initiative Schedule D5 | 2011-14 | An initiative where distribution-connected electricity customers voluntary provide DR capabilities to reduce peak demand and increase system reliability | Industrial |
| Demand Response 3 – Initiative Schedule D6 | 2011-14 | An initiative where distribution-connected electricity customers provide firm, contract DR capability to reduce peak demand and increase system reliability | Industrial |

* At the time of this filing, this initiative was not made available by the OPA to the LDC.

5.4 Low Income Program

NPDI intends on participating in the OPA-Contracted Province-Wide Low Income Program. The objective of the Initiative is to improve the electric efficiency of the existing housing stock; generate electric demand reductions and energy savings; realize the adoption of conservation behavior by all occupants of low-income household; educate low income customers in the management of their electricity use; support utility service continuity amongst participants; and coordinate the delivery of electric and natural gas low income customer offerings.

6. Potential Board-Approved CDM Programs

At this time NPDI does not have any Tier 2 or Tier 3 Board-Approved program information to include in our strategy. It is our intent to meet energy and demand reduction requirements by delivering OPA-Contracted Province-Wide programs should funding be available to do so. In the event that the intended demand and energy savings are not being met through the delivery of the OPA-Contracted Province-Wide programs within the determined prescribed OPA funding model, NPDI will be required to participate in Board-Approved Programs. It is our intent to review opportunities to collaborate with other LDCs in Tier Two programs.

7. Program Mix

Section 5 above illustrates the programs which will be delivered to all customer types in NPDI's service territory, including residential, commercial, industrial, institutional, and low income customers. The strategy was developed having regard to the composition of NPDI's customer base.

8. CDM Programs Co-ordination

Norfolk Power Distribution Inc. has been working closely with other LDCs of similar size and/or geographical proximity in the administration, marketing and implementation of the current OPA Contracted Province-Wide programs being offered. Through this continued collaboration NPDI expects to achieve efficiencies in delivery of programs.

Norfolk Power Distribution Inc. will, where appropriate, work closely with local Social Service Agencies, local municipal governments, natural gas distributors and other LDC's to deliver its portfolio of OPA-contracted Province-Wide CDM Programs, including an OPA-contracted Low Income program.