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Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
27th Floor
2300 Yonge Street
Toronto, Ontario M4P 1E4
Via portal

June 20, 2011

Dear Ms. Walli:

RE: Addendum to the Conservation and Demand Management Strategy
Board File # EB-2010-0215

On behalf of Erie Thames Powerlines Corporation (ETPL), with respect to the above-referenced matter, the Ontario Energy Board (OEB) Decision EB-2010-0386 granted the amalgamation of West Perth Power Inc. (WPP) and Clinton Power Corporation (CP) with ETPL on June 1, 2011.

As requested by the OEB, ETPL is submitting an addendum which will complement the three original Conservation and Demand Management Strategy documents, previously filed with the Board on November 1, 2010. The addendum provides prospective budget figures that will be used to implement and operate the Conservation and Demand Management (CDM) programs/initiatives as indicated in the original Strategy. In addition, the attached addendum will illustrate most recent information and criteria released by the Ontario Power Authority (OPA) for ETPL's overall 2011-2014 CDM budget.

If you have any questions, please contact myself at (519) 518-6117 ext. 504 or email dorth@ebt.erthcorp.com

Regards

A handwritten signature in black ink, appearing to read "Duane Orth".

Duane Orth
Director, Energy Services

Addendum to the Erie Thames Powerlines Conservation and Demand Management Strategy

2011-2014 Conservation & Demand Management Framework Review

A directive issued by the Minister of Energy (MOE), on March 31, 2010, instructed the OEB to establish electricity CDM targets for a four-year period beginning January 1, 2011. The nature of these targets is to achieve energy savings and demand reductions through province-wide programs designed by the OPA. Licensed Local Distribution Companies (LDCs) are required to meet these targets during the 2011 to 2014 time frame by implementing the OPA programs through methods of marketing and promotion. In addition, if LDCs require more assistance to complete their targets they may supplement additional Board Approved Programs (BAPs) to push their targets.

On June 22, 2010 the OEB issued a *Notice of Proposal to Issue a New Code: Creation of the Conservation and Demand Management Code for Electricity Distributors*. At the same time, the OEB released a methodology for allocating the provincial targets across LDCs that had been developed by the OPA.

On September 16, 2010 the OEB issued the final code entitled; Conservation and Demand Management Code for Electricity Distributors. Following the final code release, the OEB, the Electricity Distributors Association (EDA) and the OPA held various information sessions and provided several tools for evaluating the programs offered to the LDCs.

ETPL, WPP and CP submitted their CDM Strategy's to the OEB on November 1, 2010. The strategy's carefully considered the characteristics of their consumers and diligently reviewed the requirements set out by the CDM Code. Moreover, it measured the market potential based on the pre-2011 OPA programs and third tranche CDM initiatives as well as the barriers ETPL, WPP and CP may endure throughout program implementation.

On November 12, 2010, the Board posted revised CDM targets for each LDC. The revisions had minor changes for:

Erie Thames Powerlines Corporation

1. 2014 – Net Annual Demand Savings Target (MW) – 4.28 MW
2. 2014 – Net Cumulative Energy Savings Target (GWh) – 18.6 GWh

West Perth Power Inc.

1. 2014 – Net Annual Demand Savings Target (MW) – 0.62 MW
2. 2014 – Net Cumulative Energy Savings Target (GWh) – 2.99 GWh

Clinton Power Corporation

1. 2014 – Net Annual Demand Savings Target (MW) – 0.32 MW
2. 2014 – Net Cumulative Energy Savings Target (GWh) – 1.38 GWh

Following the amalgamation of the three utilities, the “New” CDM targets for ETPL’s service territory are:

1. 2014 – Net Annual Demand Savings Target (MW) – 5.22 MW
2. 2014 – Net Cumulative Energy Savings Target (GWh) – 22.97 GWh

On November 1, 2010, funding formulas along with Tier 2 and Tier 3 programs were not yet available and therefore were not included in ETPLs CDM Code. However, given the OPA’s hypothesis that their programs would account for approximately 91% of the provincial energy target and approximately 78% of the provincial demand reduction target by 2014, the majority of ETPL’s CDM budget is expected to be associated with OPA programs.

In late November of 2010, ETPL received a letter from the OEB with the following direction:

“The Ontario Energy Board directs ETPL to file an addendum to its CDM Strategy that contains estimated, prospective budgets for planned OPA-Contracted Province-Wide CDM Programs and Board-Approved CDM Programs.”

Current 2011-2014 CDM Program Budgets & Prospective Totals

Following the signing of the OPA CDM Master Agreement on March 31st, 2011, the three utilities (ETPL, WPP and CP) were allocated Program Administration Budgets (PAB) for the four OPA programs. **Tables 1(a,b & c)** illustrate the four different program types offered by the OPA and the budget dollars assigned to the three utilities. **Tables 2(a,b & c)** identify the prospective budgets estimated breakdown for each utility for the four year term.

The addendum lists the specific Program Administrative Budgets for the OPA initiatives and the five funding components that ETPL expects to receive to support the delivery of 2011-2014 OPA initiatives. The five funding components are expected to be as follows:

- Program administrative budget (“PAB”)
- Capability Building Funding (“CBF”)
- Participant Based Funding (“PBF”)
- Customer Incentives (“CI”)
- Cost Efficiency Incentive (“CEI”)

The prospective budget outlined in this addendum covers four of the funding components: PAB, CBF, PBF, and CI. The CEI is an incentive given to the LDCs for efficient use of program funding and has not been considered in the estimated budget.

Erie Thames Powerlines Corporation

Table 1a - Four-year PAB funding for OPA-contracted CDM programs

Erie Thames Powerlines 2011 - 14 CDM Program Budget	
Programs	Four-year PAB Funding
Consumer	\$341,785.00
Commercial/Institutional	\$385,784.43
Industrial	\$53,182.99
Low Income	\$31,453.03
OPA Total	\$812,205.45

Table 2a – Prospective Budget for OPA-contracted CDM programs

Erie Thames Powerlines 2011 - 14 CDM Prospective Budget Totals	
Programs	Four-year Proposed Funding
Consumer	\$541,785.00
Commercial/Institutional	\$2,085,784.43
Industrial	\$453,182.99
Low Income	NA*
OPA Total	\$3,080,752.42

*Note- The budgets associated with the OPA Low Income program do not need to be included as per the Board file No. EB-2010-0215

West Perth Power Inc.

Table 1b - Four-year PAB funding for OPA-contracted CDM programs

West Perth Power Inc. 2011 - 14 CDM Program Budget	
Programs	Four-year PAB Funding
Consumer	\$50,936.28
Commercial/Institutional	\$150,000.00
Industrial	\$40,000.00
Low Income	\$3,899.23
OPA Total	\$244,835.51

Table 2b – Prospective Budget for OPA-contracted CDM programs

West Perth Power Inc. 2011 - 14 CDM Prospective Budget Totals	
Programs	Four-year Proposed Funding
Consumer	\$79,100.00
Commercial/Institutional	\$525,000.00
Industrial	\$99,100.00
Low Income	NA*
OPA Total	\$703,200.00

**Note- The budgets associated with the OPA Low Income program do not need to be included as per the Board file No. EB-2010-0215*

Clinton Power Corporation

Table 1c - Four-year PAB funding for OPA-contracted CDM programs

Clinton Power Corporation 2011 - 14 CDM Program Budget	
Programs	Four-year PAB Funding
Consumer	\$50,000.00
Commercial/Institutional	\$150,000.00
Industrial	\$40,000.00
Low Income	\$3,672.91
OPA Total	\$243,672.91

Table 2c – Prospective Budget for OPA-contracted CDM programs

Clinton Power Corporation 2011 - 14 CDM Prospective Budget Totals	
Programs	Four-year Proposed Funding
Consumer	\$77,115.00
Commercial/Institutional	\$509,215.57
Industrial	\$97,717.01
Low Income	<i>NA*</i>
OPA Total	\$684,047.58

**Note- The budgets associated with the OPA Low Income program do not need to be included as per the Board file No. EB-2010-0215*

Limitations of the estimated budget

The prospective budget estimates in **Table 2(a,b & c)** are based on meeting the requirements set out by the OEB with the CDM targets. The final budget dollars may amount to a higher or lower sum than to the estimated totals depending on the following:

- The merging of the three utilities budgets
- The ability to meet the typical cost in our service area
- Actual program designs and the actual cost to deliver them
- New technologies and how they perform
- Previous consumer activity in programs

ETPL will provide annual reporting on the progression of their CDM programs to the OPA and the OEB. At this time, actual program costs will be monitored and compared to the proposed budget amounts.

Board-Approved CDM Programs (Tier 2 & Tier 3)

ETPL will deliver the OPA Province-Wide programs and perform a detailed analysis to identify areas where the needs are not being addressed or where further potential savings exist. Although ETPL is projected to achieve their targets through the delivery of the OPA Province-Wide CDM Programs, Tier 2 and 3 Board-Approved Programs (BAPs) will still be considered as a possibility.

ETPL contemplates that potential economical and cost effective BAPs may be developed and deployed to address particular consumers in our service territory. Potential program ideas could include electric water heaters, electric thermal storage, accent signs, street and parking lot lighting as well as providing significant education on the impending Time-of-use (“TOU”) rates and how consumers can benefit from reducing and shifting their energy consumption.

Marketing Strategy

ETPL aims to fully apply all marketing and promotional material that compliments the Contracted Province-Wide Programs provided by the OPA. Moreover, ETPL also anticipates using third party resources to promote certain programs in our service territory.