Consumers Council of Canada (CCC) INTERROGATORY #1

Issue 1.0 Custom Application

Interrogatory

Reference: Exhibit A/Tab 3/Schedule 1

With respect to the "Approvals Requested" please set out a schedule that lists the Revenue Requirements, OM&A, Capital Expenditures, Regulatory Assets, Rate Base, Depreciation, Rate Impacts and Bill Impacts for each year (2015-2019) – under the January 31 filing and the May 30 update. Please provide a high level variance analysis explaining the reason for the changes with respect to each item in each year.

Response

Please see the table on the following page for a comparison between January 31 filing and May 30 update. The variance between the original filing and the update is mainly as a result of updating for 2013 actual information when it became available and a change in load forecast. The 2013 actuals were generally consistent with the 2013 year end forecast included in the January filing. There was no change in the OM&A and capital forecast, except $22 million addition to Capital Expenditure in 2017 for capital contribution to Leamington TS due to the recent Supply to Essex County Transmission Reinforcement Project lead by the OPA. There was also an error found in the in service addition numbers related to the timing of the projects completion in the January filing; the error has been corrected in the May update and results in a change in the rate base, depreciation and revenue requirement. The various factors discussed above led to a change in overall rates impacts and bill impacts from January to May as shown in the table.

1

	January 31 Filing					May 30 Update					Variance				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Revenue Requirements	1411.3	1514.9	1571.0	1615.3	1666.0	1,415.0	1,523.0	1,578.0	1,615.0	1,660.0	3.7	8.1	7.0	-0.3	-6.0
OM&A	564.3	610.2	614.0	603.9	600.0	564.3	610.2	614.0	603.9	600.0	0.0	0.0	0.0	0.0	0.0
Capital Expenditures	648.9	654.7	639.4	655.1	669.1	648.9	654.7	661.4	655.1	669.1	0.0	0.0	22.0	0.0	0.0
Regulatory Assets	40.4	32.3	24.2	16.2	8.1	21.3	17.0	12.8	8.5	4.3	-19.1	-15.3	-11.5	-7.6	-3.8
Rate Base	6,476.9	6,758.9	7,097.1	7,512.4	7,916.7	6,553.0	6,864.0	7,191.0	7,541.0	7,870.0	76.1	105.1	93.9	28.6	-46.7
Depreciation and Amortization	353.6	373.2	390.5	404.6	416.6	355.4	374.9	390.2	402.9	413.6	1.8	1.7	-0.3	-1.7	-3.0
Rate Impacts	-1.3%	4.2%	2.6%	1.9%	2.9%	-1.4%	3.8%	2.3%	1.2%	2.6%	-0.1%	-0.4%	-0.3%	-0.7%	-0.3%
Bill Impacts	-1.1%	1.5%	0.9%	0.7%	1.1%	-1.5%	1.3%	0.8%	0.4%	0.9%	-0.4%	-0.2%	-0.1%	-0.3%	-0.2%

Sustainable Infrastructure Alliance of Ontario (SIA) INTERROGATORY #1

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference: Exhibit A, Tab 9, Schedule 1, Page I of 1

HONI states that "Intervenors have previously requested that the format of Hydro One Distribution's Application not change to simplify their ability to compare it with previous applications."

a) Please specify what particular elements of the application were requested to remain unchanged in this iteration.

b) Please provide any publically available copies or references to these intervenor requests.

Response

a) Hydro One notified intervenors and Board Staff of its intention to follow (i) the format of its previous applications and (ii) Hydro One's internal characterization of investments as Sustaining, Development, Operations, and shared services (which are also referred to as "Common Corporate Costs" in the application). Hydro One found general support for the reason stated above.

b) Reference is made to p.5 of Exhibit A, Tab 20, Schedule 2, Appendix B (Stakeholder Consultation Notes, April, 29, 2013), which evidences the notice that Hydro One gave to stakeholders (including, without limitation, AMPCO, Energy Probe, SIA, VECC, SEC, PWU, OEB, CCC, FOCA, CME) of Hydro One's intended format. Pages 17-28 of Appendix B also summarize the key actions and considerations that came out of the stakeholder session, none of which address Hydro One's intended format of the application.

Sustainable Infrastructure Alliance of Ontario (SIA) INTERROGATORY #2

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference: Exhibit A/Tab 9/Schedule 1/p.1

HONI states that its "Application generally follows the format used in its previous distribution rate application proceeding".

a) Given the new format outlined by the OEB in the RRFE Report and required by the updated Filing Requirements for Electricity Transmission and Distribution Applications, when does HONI intend to convert to reporting under the new approach?

b) Is HONI concerned that by not adopting to the new tiling format, intervenors and the OEB are denied the benefits that the new filing framework is intended to produce?

Response

a) Based on the feedback it received during the technical conferences, Hydro One updated its application on May 30, 2014 to incorporate participant suggestions to further align the evidence with the RRFE report. No further changes in format are planned pending the Board's review of this application.

b) Hydro One is not concerned because it has substantively complied with the new filing framework and has complied with explicit formatting requirements to the extent that they did not compromise the accurate reflection of Hydro One's internal investment planning and reporting processes and decisions.

Canadian Manufacturers & Exporters (CME) INTERROGATORY #1

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

The Renewed Regulatory Framework for Electricity Distributors ("RRFE") Report dated October 18, 2012, states that one of 3 incentive ratemaking methods will be applied to determine the rates of electricity distributors. Hydro One has repeatedly stated that the ratemaking method which it proposes is not an incentive method but a cost of service method. In this context, please list the criteria which Hydro One wishes the Board to consider when determining whether a rate setting methodology other than one of the 3 approved methods described in the RRFE Report is justified.

Response

Please refer to Hydro One's response to Exhibit I, Tab 1.1, Schedule 6 VECC 1.

Canadian Manufacturers & Exporters (CME) INTERROGATORY #2

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Hydro One characterizes its Application as a "Custom" Cost of Service Application. Are there any differences between a "Custom" Cost of Service application and a traditional Cost of Service application? If so, then please list those differences.

Response

Hydro One notes that Custom IR Applications are expected to meet the cost-of-service filing requirements under the RRFE, so there will should be similarities between the applications. However, Hydro One's Custom Application differs from a traditional cost-of-service application because it contains the incentives described in Hydro One's response to Exhibit I, Tab 1.1, Schedule 6 VECC 1.

Canadian Manufacturers & Exporters (CME) INTERROGATORY #3

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

In its Natural Gas Forum ("NGF") Report dated March 30, 2005, the Board indicates at page 21 that fixing rates based on an application of the cost of service methodology for a period greater than 2 years is inherently unreliable. Please explain how Hydro One's 5 Year Cost of Service approach protects ratepayers against the consequences of this inherent unreliability.

Response

Kindly refer to the language CME is relying on in the NGF Report when asserting that the Board believes setting rates using a cost-of-service methodology is inherently unreliable.

On page 21 of the March 30, 2005 NGF Report, the Board states that it is "unlikely that a utility could make *[cost and revenue]* forecast with an acceptable level of precision beyond two years... ." Hydro One respectfully submits that, since 2005, there have been significant improvements and innovations in the data, tools and processes available to utilities. The 5-year Custom IR rate-setting method established by the RRFE and the associated 5-year forecasting requirements set out in the Board's *Filing Requirements for Electricity Distribution Rate Applications* (last revised July 17, 2013) suggest the Board now believes that costs can be reasonably forecast for 5-years for rate-setting purposes.

Hydro One has a high degree of confidence in the forecasted expenditures set out in its Custom Application because of its rigorous planning process and improved data and tools, which are described in Hydro One's application at Exhibit A, Tab 17.

Canadian Manufacturers & Exporters (CME) INTERROGATORY #4

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

In connection with Hydro One's 5 Year Cost of Service ratemaking proposal, please provide the following:

(a) The approximate value of 300 basis points of equity return for Hydro One grossed-up for taxes. In deriving this value, assume that the Rate Base value to be used is Hydro One's proposed average Rate Base over the period 2015 to 2019.
(b) Please indicate whether Hydro One accepts that a multi-year prospective test period Cost of Service approach to ratemaking provides a significant incentive to under-forecast revenues and over-forecast expenditures.
(c) Advise whether Hydro One expects to be rewarded with an enhanced Return on Equity of up to 300 basis points for under-forecasting revenues and over-forecasting expenditures.
(d) Advise whether Hydro One will accept an asymmetric annual true-up of rates for 2016, 2017, 2018 and 2019 to reflect the extent to which it has under-forecast revenues and over-forecast expenses in the preceding year. If the answer is no, then please explain why Hydro One regards such mechanism to be an inappropriate component of a multi-year cost of service rate-making approach.

Response

(a) The approximate value of 300 basis points of equity return grossed-up for taxes is $117.6 million.

(b) No, Hydro One does not agree that a multi-year prospective test period Cost of Service approach to ratemaking provides a significant incentive to under-forecast revenues and over-forecast expenditures. Based on the actual historical ROE provided in Hydro One's response to Exhibit I, Tab 6.3, Schedule 6 VECC 76, Hydro One did not over-earn in comparison to its allowed return for the last two multi-year Cost of Service years, 2010 and 2011.

Hydro One's responses to Exhibit I, Tab 2.6, Schedule 10 CCC 15 and to Exhibit I, Tab 6.6, Schedule 6 VECC 78 show that Hydro One has demonstrated no biases of understating its load forecast.

In terms of expenditures, please see Summary of Capital Expenditures in Exhibit D1-3-1 and Summary of OM&A Expenditures in Exhibit C1, Tab 2, Schedule 1. Hydro

One's actual expenditures have been consistent with the Board approved amounts in the last two multi-year Cost of Service years, 2010 and 2011.

(c) No, Hydro One does not expect to earn a return up to 300 bps in the test years.

(d) Please see the actual ROEs provided in Hydro One's response to Exhibit I, Tab 6.3, Schedule 6 VECC 76, Hydro One has under-earned compared to its allowed ROE consistently throughout 2010 to 2013.

No, Hydro One will not accept an asymmetric annual true-up of revenue and expenses.

Neither the Board's Filing Requirement nor the RRFE Report specifies the requirement for distributor to true up expenses on a yearly basis. Rates are set prospectively. Consistent with the principle against retroactive ratemaking, Hydro One proposes that no adjustments be made in the interim to reflect differences between actual spending and planned spending. However, in compliant with the Board's RRFE report, Hydro One will report capital spending against approved plan on an annual basis and true-up its rate base to reflect actual in-service capital additions at the end of the rate term.

Canadian Manufacturers & Exporters (CME) INTERROGATORY #5

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Please provide an exhibit which will show the extent to which the revenue requirement Hydro One proposes in each of the years 2015 to 2019 and cumulatively for the 5 years will reduce in the following scenarios:

A. Using 2014 as the Base Year:

(a) An inflation rate of 1.7% is applied for each year;
(b) A stretch factor of 0.2% is applied in each year;
(c) An escalator of 1.5% is applied in each year, along with the Board approved Incremental Capital Module ("ICM");
(d) The overall Cost of Capital is held to its 2015 level of 6.76% shown at Exhibit A, Tab 5, Schedule 2, page 4, Table 2; and
(e) OM&A expenses are reduced in each year to hold compensation at the level which results from applying, in this case, the same benchmark which the Board applied in its last Decision determining just and reasonable rates for Hydro One Distribution, for the years 2011 and 2012, being a decision which was upheld by the Divisional Court.

B. Using 2015 as the Base Year:

(a) An inflation rate of 1.7% is applied for each year;
(b) A stretch factor of 0.2% is applied in each year;
(c) An escalator of 1.5% is applied in each year, along with the Board approved Incremental Capital Module ("ICM");
(d) The overall Cost of Capital is held to its 2015 level of 6.76% shown at Exhibit A, Tab 5, Schedule 2, page 4, Table 2; and
(e) OM&A expenses are reduced in each year to hold compensation at the level which results from applying, in this case, the same benchmark which the Board applied in its last Decision determining just and reasonable rates for Hydro One Distribution, for the years 2011 and 2012, being a decision which was upheld by the Divisional Court.

Response

A. 2014 rates have already been set under an IRM/ICM; therefore 2014 cannot be rebased in order to serve as the base year for the requested IRM/ICM scenario in A above.

B. The table below provides results for scenario B, assumptions (a) to (d). The decision quoted under assumption (e) is entirely inapplicable to Hydro One Distribution's Custom Application. The decision pertained to Hydro One's proposed transmission rates for 2011 and 2012 and was based on an old compensation benchmarking study which indicated Hydro One's compensation levels were approximately 17% above the market median. The updated compensation benchmarking study filed with the Custom Application evidences Hydro One's progress on this front; Hydro One's compensation levels are currently only 10% above market median, with non-unionized compensation being slightly below the market median. Embedded in the forecasted OM&A expenditures are (a) the cost efficiencies in compensation Hydro One has already achieved, and (b) additional forecasted compensation-related savings described in Exhibits A, Tab 19, Schedule 1, C1, Tab 3, Schedule 1 and C1, Tab 3, Schedule 2.

	2015	2016	2017	2018	2019
Base revenue requirement	1414.9	1436.2	1457.7	1479.6	1501.8
ICM rider amount	-	10.2	34.3	61.0	84.6
Total revenue requirement	1414.9	1446.3	1492.0	1540.6	1586.4
Variance from filing	-	(76.3)	(86.0)	(74.8)	(73.3)
Cumulative variance	-	(76.3)	(162.2)	(237.0)	(310.3)

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #1

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference: Reference: A/T1/S1/pg.1

The Board's Renewed Regulatory Framework (RRFE) policy states:

> *The Board is establishing three rate-setting methods. Each distributor will select the method that best meets its needs and circumstances, and apply to the Board to have its rates set on that basis. 4th Generation Incentive Rate-setting ("4th Generation IR"), which builds on 3rd Generation IR, is most appropriate for distributors that anticipate some incremental investment needs will arise during the plan term. The Board expects that this method will be appropriate for most distributors.*
>
> *Distributors with relatively steady state investment needs (i.e., primarily sustainment), may prefer the Annual Incentive Rate-setting Index ("Annual IR Index").*
>
> *The Custom Incentive Rate-setting ("Custom IR") method may be appropriate for distributors with significantly large multi-year or highly variable investment commitments with relatively certain timing and level of associated expenditures.*
>
> Webster's Ninth Edition defines incentive as "*something that incites or has a tendency to incite to determination or action*"

a) Which of the three proscribed rate setting methods does Hydro One believe this Application falls under?
b) If Hydro One is applying under the Customer Incentive Rate-Setting please list each of the incentive mechanisms which will be applied during the rate period. For each incentive mechanism please categorize it into one of the four functions of: (1) Revenues; (2) Costs (3) Reliability/Service Quality; (4) Safety. Describe how each mechanism will incite action to improve performance in one of these areas.

Response

a) Hydro One's application has been submitted under the Custom IR rate-setting method and will be evaluated as a Custom IR application. The RRFE states that the Custom IR rate-setting method is intended to be customized to fit the specific applicant's circumstances.

b) Hydro One has been upfront in explaining how it has customized this rate-setting method. Hydro One has adopted a cost-of-service approach to calculating revenue requirement and incorporated what it considers to be strong incentives to act as a competitive, cost-minimizing, profit-maximizing company. Specifically, in its application, Hydro One has committed to the incentive mechanisms described below.

1. REVENUES – Hydro One has proposed a **rate-smoothing approach** that will mitigate the impact on customers in the early period and encourage the company to find ways to manage the impact, in the near term, of a reduction in coverage ratios for debt issues.

2. COSTS – Hydro One has committed to **aggressive productivity savings targets**, which are embedded in its forecasted expenditures. Hydro One's projected productivity savings function essentially as targets because the risk of failing to meet these targets is borne by Hydro One. More specifically, the risk is borne by Hydro One's shareholder as failing to realize the forecasted savings will directly impact the shareholder's return on equity. (See Hydro One's response to interrogatory 6.3-VECC-76.) Therefore, Hydro One is incented to meet these targets by achieving the efficiencies it plans to achieve. The outsourcing contract is an area where Hydro One has targeted productivity savings which are a challenge given the limitations on where the outsourced work can be performed.

3. RELIABILITY/SERVICE QUALITY – Hydro One has committed to **targets for 8 key performance metrics** for its investment plan which are important to reliability and service quality. Please refer to Hydro One's response to interrogatory 2.4-Staff-17 for information on how these metrics act as an incentive to improve reliability and service quality. Hydro One is also incented to improve reliability and service quality because it has committed internally, and in its Application, to improving customer satisfaction. Improved reliability and service quality should improve customer satisfaction.

4. SAFETY – Safety is a top priority for Hydro One. Several of the 8 key performance metrics described in Exhibit A, Tab 4, Schedule 4 reflect Hydro One's commitment to promoting safety. The **PCB line equipment target** promotes the reduction of carcinogenic substances and, therefore, is in the best interest of public health. Vegetation-related and pole-related outages are caused by incidents that could harm individuals and property. Hydro One's

proposed **pole replacement and vegetation management targets** promote a reduction of these incidents. Also, power outages can compromise public safety, particularly for vulnerable customers. Accordingly, **all of the outage reduction-related targets** advance the cause of customer safety. In part, Hydro One's **customer satisfaction target** will reflect how Hydro One is performing on the customer safety front.

5. COSTS – **The revenue requirement set out in its Application is fixed and subject to only a very limited number of adjustments over the 5-year rate term. These** adjustments have been explicitly described in its Application. Hydro One is greatly incented to manage its costs, meet the embedded productivity targets and 8 performance metric targets, and complete its planned work program within the budget reflected in the revenue requirement. Failing to complete the planned work will likely adversely impact service quality and reliability as well as customer satisfaction.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #2

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference: Exhibit A/Tab 4/Schedule 1/p.2

a) Throughout the Application and in the earlier parts of this proceeding Hydro One has explicitly noted the Application as being "Custom Cost of Service" or "Custom Application" and avoided calling it an "incentive" rate application. Please explain why.

b) Please explain how this application differs from a standard multi-year cost of service application in which one simply forecasts costs and revenues for the defined period.

Response

a) Hydro One has referred to its application as a "Custom Cost-of-Service" to be upfront about how it has arrived at its revenue requirement calculation. Hydro One has avoided calling its Custom Application an "IR" application because "IR" is often associated with a formulaic adjustment to base revenue requirement. There are incentives for Hydro One to behave as a cost-minimizing, profit-maximizing company, which are described in Hydro One's response to Exhibit I, Tab 1.1, Schedule 6 VECC 1. However, the incentives in Hydro One's Custom Application are not expressed as a formula.

b) Please refer to Hydro One's response to Exhibit I, Tab 1.1, Schedule 6 VECC 1.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #3

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference: Exhibit A/Tab 3/Schedule 1

HONI notes that its Application promotes the four outcomes endorsed in RRFE. The RRFE also sets out related policies "to facilitate the achievement of these performance outcomes (RRFE Report, pg.3)". These are: (1) Rate Setting; (2) Planning; (3) Measuring Performance. The Board has not yet articulated the requirements of Measuring Performance.

a) In the absence of Board approved Performance Measurements what measures does Hydro One propose?
b) What Performance Reporting measurements does Hydro One propose?

Response

a) Reference is made to *EB-2010-0379 Report of the Board – Performance Measurement for Electricity Distributors: A Scorecard Approach* (March 5, 2014), which sets out the Board's policies on the measures it will use to assess a distributor's effectiveness and improvement in achieving the four RRFE outcomes. Hydro One does not propose using any measures in addition to what is set out in the Board's report or its Custom Application.

b) Please see Hydro One's response to a).

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #4

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference: A/T4/S1/

a) At page 2-6 of the above reference Hydro One articulates how it tried to reduce its forecast risk by adjustments and off-ramps. What mechanisms did Hydro One include in this Application to mitigate the risk to customers that Hydro One would risk 6

Response

a) The risks referred to in the cited evidence are borne by Hydro One's shareholder, not ratepayers, because Hydro One has to execute its investment plan while locked into its requested revenue requirement for a 5-year term, subject only to the conditions set out in its rates application.

School Energy Coalition (SEC) INTERROGATORY #1

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference:

Please provide a copy of all material provided to the Applicant's Board of Directors in approving this application and the underlying 2015-2019 budgets and business plans.

Response

Hydro One has filed the attached Interrogatory request pursuant to the Board's Practice Direction on Confidential Filing. Hydro One's Disclosure Policy, as well as applicable securities legislation, prohibits the release of non-public, financial information on a selective basis to individuals or groups of individuals. In addition the Business Plan includes information with respect to matters that are outside the scope of this proceeding. Hydro One is prepared to share a copy of the confidential filing with intervenors who sign the Board's confidential undertaking form. Please see Attachment 1 and 2 for redacted versions of the requested information.

Also attached un-redacted, are copies of Board memo's specifically dealing with the 5-year Custom Application.

Please note, the above attachments do not reflect the final blue page application numbers filed on May 30, 2014.

Filed: 2014-07-04
EB-2013-0416
Exhibit I-1.1-9 SEC 1
Attachment 1
Page 1 of 38

Hydro One Inc.
Submission to the Board of Directors

hydro One

Date: November 14, 2013

Subject: Hydro One Inc. 2014 Budget & 2015-2019 Business Plan

Submitted by:

Sandy Struthers
Executive Vice President and
Chief Financial Officer

Approved for Submission to the Board by:

Carmine Marcello
President and Chief Executive Officer

RECOMMENDATION

THAT the Board of Directors of Hydro One Inc. (Hydro One or Company) approve the 2014 Budget and the 2015-2019 Business Plan (Budget) set out in Schedule A.

KEY HIGHLIGHTS

- The Budget has been prepared based on information available at the date of this memorandum. It assumes no substantial change in the nature of the Company's role in the Ontario electricity industry, or in its corporate mandate or structure. The Budget is consistent with the Hydro One Board approved Strategic Plan. The success in achieving that Strategic Plan is measured by how well the Company can deliver safe, reliable and affordable electricity services to its customers.

- The Budget seeks to strike the right balance between keeping customers' rates low, making prudent asset risk-based investments, improving operating efficiencies and obtaining cost savings, while increasing Shareholder value. The Company does that by taking intelligent risks leading to targeted investments in the Company's assets to ensure the safe and reliable delivery of power for the homes and businesses of Ontario.

- The development of the Budget has taken into account discussions with our customers and reflects the planned development and delivery of targeted customer segment strategies, products and delivery channels which will respond to customers' unique needs. The Company is focused on achieving the long term vision of improving customer satisfaction, maintaining affordable rates for the portion of the customer bill within its control and building a trusted partner relationship with customers.

- The Budget does not include additional funding for Local Distribution Company (LDC) acquisitions other than Norfolk Power Distribution Inc. or assume any disposition of the Company's service territory. These opportunities will be managed as they arise. However, this budget does include $6 million per year over the Budget period for pursuit of LDC acquisitions funded by the Shareholder.

- The Budget is consistent with the budget and spending envelopes established in the 2013 Budget and 2014/2015 Outlook, and will be reflected in the 2015 and 2016 Transmission Cost of Service (COS) rate filing and the 2015-2019 Distribution 5-year Custom COS filing.

- The Company will continue to focus on driving the transformation to a culture that is accountability-based and the Craft of Management (CoM) program continues to serve as the foundation for establishing that culture of accountability. Investments in this program, coupled with existing programs which enhance employee skills and ability, will help the Company deliver best-in-class service to its customers, improve employee engagement and productivity and continue the drive to zero injuries in the workplace.

- Over the budget period Hydro One will manage the Hydro One Networks regular staff headcount down to 5,000 by 2019, a reduction of approximately 500. As attrition occurs (retirements are forecast at approximately 100 staff annually), there will be a managed process to increase the proportion of staff who work directly on projects or programs, while decreasing those in an indirect or support roles. The managed process will be facilitated in part through the efficiencies afforded by the Company's investments in technology and the continued alignment of accountabilities through the CoM program.

- Core to the Budget is achieving identified productivity improvements and demonstrating a strategic approach to cost optimization. Further development of the existing technology platform is providing tools which allow the Company to effectively plan and reprioritize work and integrate customers' needs into multi-year investment plans. The results are consistent with the Ontario Energy Board's (OEB's) direction in its new Outcomes Based Approach to regulation.

- The Budget includes approximately $1.2 billion of embedded savings over the 6-year Budget period which directly benefits customers by reducing otherwise required increase in our customer's rates. Delivery of the work plan contemplated in the Budget will increase the average total customer bill over the same period by approximately 2.1%, which is slightly higher than the average annual CPI assumption of 2.0%. Operations, Maintenance and Administration over the Budget period increase by 1.6%, which is less than the inflation assumption, primarily as a result of an increase in required sustainment spending.

- The Budget continues to provide funding to build on the Cornerstone program, which most recently delivered the Customer Information System. Over the 6-year planning period there is a focus on delivering integrated asset to work planning, optimized scheduling and dispatch as well as field mobility. Combined this is known as the Workflow of the Future.

- The current outsourcing contract with Inergi expires in 2015, with the re-tendering process currently underway. The new outsourcing agreement will contain significant transformation and continuous improvement initiatives that will result in reduced costs of operating the information technology infrastructure; these reduced costs have been included in the Budget. The Shareholder has provided Hydro One a directive related to the renewal of the outsourcing contract which indicates its expectation "that all new outsourcing agreements should leverage work being performed in Ontario, by people employed and residing in

Ontario". As a result of this directive Hydro One may forgo an opportunity for savings associated with the delivery of some of the outsourced services outside of Ontario.

- The Budget does NOT include funding for:
  - Energy East, which is the connection of 32 pumping stations for TransCanada Pipelines conversion of a gas pipeline to oil transportation
  - East-West Terminal Station expansion work to connect the proposed East-West Tie transmission line.
  - Leamington Transformer Station (TS) the connection of new load and address system reliability issues.

  Any funding requirements for these projects will be brought forward to the Hydro One Board for approval as required.

- To enable work program delivery, approval to release work program funding envelopes for 2014-19 is requested, consistent with the Organizational Authority Register (OAR). Projects will continue to be released upon business case approval consistent with the OAR. Implicit in the work program approval is the approval to purchase long-lead materials that support work and work programs. With the aging of assets reaching elevated levels, work program flexibility to reprioritize programs and projects, as required, will be maintained.

- The Company sought and received an exemption from the Ontario Securities Commission allowing it to file its Consolidated Financial Statements and Management Discussion and Analysis (MD&A) in U.S. Generally Accepted Accounting Principles (US GAAP) for the period of January 1, 2012 to December 31, 2014. The use of US GAAP has now been formalized without an end date through the Company's recent Securities and Exchange Commission (SEC) registration. Hydro One Networks has received approval from the Ontario Energy Board to have its transmission and distribution rates set on the basis of US GAAP rather than modified International Financial Reporting Standards (IFRS).

- Hydro One registered a global debenture offering with the SEC in Q2 of 2013 and was listed with the New York Stock Exchange in Q3 of 2013. As a result, the Company now has ongoing reporting obligations under US GAAP which is beneficial to both our customers and to the Shareholder.

The Budget presentation is attached as Schedule B and Hydro One Networks' work program details are attached as Schedule C.

This Board Memorandum was reviewed and approved for submission to the Board of Directors of Hydro One Inc. by the Audit and Finance Committee at its meeting on November 13, 2013.

EXECUTIVE SUMMARY

- **Strategy**

The 2014 Budget and 2015-19 Business Plan (Budget) establishes the level of Operations, Maintenance and Administration (OM&A) and capital expenditures over the Budget period, as well as the net income and critical financial metrics. The Budget is developed having considered the risks identified in the Corporate Risk Profile and is aligned with the Company's mission, vision, and values. The Company's strategic objectives underpin and drive the Budget. Risk management and investment decision processes ensure the Company remains focused on achieving its ultimate goal of providing safe, reliable and affordable service to customers, today and tomorrow while increasing enterprise value to our Shareholder.

The Budget seeks to strike the right balance between keeping customers' rates low, making prudent asset risk-based reliability investments, improving operating efficiencies, obtaining cost savings and maintaining or increasing Shareholder value.

The Budget achieves this objective by taking intelligent risk-based investment decisions which lead to targeted investments enabling the safe and reliable delivery of power for the homes and businesses of Ontario.

A long term investment plan has been developed for Transmission and Distribution that includes the investments required to support Distributed Generation (DG), changes in generation mix and government policies. The investment plan recognizes the increasing proportion of Hydro One's assets which are in poor condition and beyond their expected service life. This is reflected in in the Budget through the inclusion of funding for robust sustainment investments to meet asset needs and maintain system reliability. Due to uncertainty as a result of government policy and customer requests, only those development projects that are relatively certain have been included in this plan.

- **Purpose**

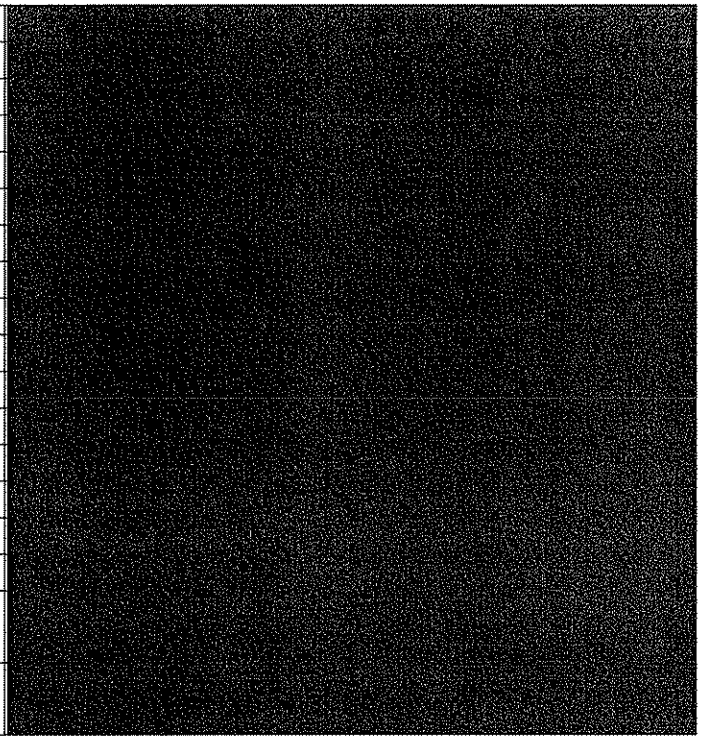
The Budget supports the governance, financial and performance requirements of the Shareholder. The Budget attempts to mitigate identified risks and to deliver a work program and financial performance that support the Company in delivering its corporate strategy, including recognizing the impact of rate increases to our customers.

The Budget sets out the financial requirements and requests approval to release work programs for the Budget period through a structured process.

Programs represent known recurring work and the structured multi-year release process necessary to maximize critical skill sets, increase productivity and enable long lead-time materials to be acquired on a timely and cost-effective basis. Work program flexibility to reprioritize work programs and projects, as required, will be maintained. Projects are released on the basis of individual business cases, as there may be several alternatives available with respect to scope and design. Implicit in the work program approval is the authority to purchase long-lead materials that support project work and work programs. Once approved, authority will be delegated to implement these requirements in accordance with the OAR.

Key financial results in US GAAP are as follows:

$M except where noted	2013[1]
Revenue	6,045
Income before PILs	894
Net Income	805
EBITDA	1,936
Cash Flow	(124)
Debt Ratio	55%
FFO Coverage	4.5x
Total Rate Base	15,025
ROE (GAAP)	11.6%
Capital Expenditures	1,407
OM&A	1,077
Dividends	218
PILs	89
Total Long Term Debt	9,064
Total Equity	7,418
Transmission Tariff Rate	0.0%
Distribution Tariff Rate	1.4%



(1) Projected

Net Income for the Budget period reflects increases in Transmission and Distribution revenue associated with rate base growth and an assumed increase in the allowed regulated Return on Equity (ROE) beyond 2014. Rate base growth, reflecting the in-servicing of ongoing capital work programs originating in both the current and prior years, is the primary cause for the increased revenue requirement and net income. OM&A spending over the Budget period increases by 1.7% mainly as a result of increased sustainment spending.

The Shareholder consolidates the Company's net income and payments in lieu of corporate taxes (PILs) in the Province's books and records using a modified equity method. Over the 2014 to 2019 period, net income and PILs amount to $5,886 million. Common dividends payments have been managed and reflect ongoing reinvestment by the Shareholder to maintain the required regulatory debt/equity levels and the necessary capital structure required to maintain appropriate financial coverage metrics.

Embedded in the Budget is over $1.2 billion of savings which directly benefit our customers during the Budget period. Approximately $583 million of the savings is delivered through information technology (IT) transformation projects or process enabled savings with a further $625 million delivered through improved operational efficiencies.

The Budget continues to include significant funding requirements reflecting Government policy decisions, funding required for investments necessary to maintain system reliability, and funding necessary to meet safety and regulatory requirements.

Highlights include:

- Transmission system expenditures for component replacements, such as circuit breakers and switchgear, high voltage underground cable replacement and transformer replacement.
- Transmission sustainment investments at several critical stations to ensure operating reliability and increased investment to comply with North American Electric Reliability Corporation (NERC) cyber security requirements, in addition to the Network Management System (NMS) at OGCC being upgraded over the Budget period.
- Transmission development expenditures reflect the most conservative estimates based on most likely projects only. Major maintenance investments include updates to new/existing standards to meet regulatory requirements. Major capital projects include the new 500/230kv station at Clarington TS, Midtown Toronto Infrastructure Renewal, Toronto Station Area Upgrades, Hearn SS, Beck #1 Switching Station, Orleans TS, Guelph Area Transmission Reinforcement, and enabling DG connections through transmission upgrades.
- Major maintenance expenditures in the distribution sustainment work programs are for the vegetation management program, trouble calls, customer locates and disconnections. Capital program expenditures include wood pole replacements and station refurbishments to address aging assets and joint use to address required connectivity for DG.
- Distribution development expenditures primarily related to customer demand work, DG connections, and ongoing maintenance for Smart Meters and for investments related to Smart Grid. Delivery of the next phase of the Advanced Distribution System project with focus on leveraging the smart metering network for operations and revenue protection and expand our monitoring and control capabilities beyond the Owen Sound area.
- The 'Workflow of the Future' initiative which is based on next generation work planning, scheduling, dispatch, vehicle telematics and field mobility improving field staff performance. Vehicle telematics and optimizing lower value paper based field processes will be the areas of focus in 2014.
- The HR/Pay transformation project will align the Company's performance, compensation, recruitment, learning, expense management and payroll business processes with industry best practices to realize end to end business process efficiencies, reduce overall operating costs, and improve user adoption. The project is underway with planned in-service in 2014.
- Outsourcing Agreement Retendering and transition will also be a large area of focus in 2014.

While the Budget excludes funding for Local Distribution Company (LDC) acquisitions other than Norfolk Power Distribution Inc. the Budget does include $6 million per year over the Budget period for pursuit of LDC acquisitions funded by the Shareholder.

- **Regulatory**

The electricity industry in Ontario has undergone significant change during the past several years which has impacted customers' bills. The Ontario Energy Board (OEB) has recognized customer concerns about rising costs and consequently Hydro One will continue to face increased regulatory scrutiny of any request for rate increases above inflation.

In May 2012, Hydro One filed a two year Cost of Service (COS) Transmission Rate Application for approval of its 2013 and 2014 revenue requirement. Hydro One reached a Settlement Proposal with the intervenors in this case which was accepted by the OEB. The OEB's decision resulted in a 0% transmission rate increase in 2013 and an increase of approximately 6.3% on transmission rates in 2014 or a 0.5% increase on the Hydro One portion of the total bill. The 2014 increase supports the requirements to maintain and replace an aging infrastructure and address government energy policy initiatives.

In June 2012, Hydro One filed an Incentive Rate Mechanism (IRM) application for 2013 distribution rates, including a request for an Incremental Capital Module (ICM) to recover certain capital expenditures. Hydro One reached a Settlement Proposal with the intervenors in this case. The OEB accepted the Settlement Proposal and approved new rates for 2013. The OEB's decision resulted in an increase to distribution rates of approximately 1.4% in 2013. This represents an increase of 0.5% to the Hydro One portion of the total bill.

In April 2013, Hydro One filed an IRM application for 2014 distribution rates, including a request for a Smart Grid Rider to recover OM&A and capital in-service additions for Smart Grid. Hydro One reached a Settlement Proposal with the intervenors in this case for the Smart Grid funding. The OEB accepted the Settlement Proposal and asked for submissions on other aspects of the filing including the IRM adjustment, Shared Tax Savings Rider and adjustments to RTSRs. An OEB decision on these matters is expected in late 2013. The proposed revenue requirement would result in a rate increase in 2014 of 2.0% on distribution rates or 0.7% on the Hydro One portion of the total bill.

Based on the OEB's Renewed Regulatory Framework options, Hydro One plans to file a 5-year Custom COS application for distribution rates for 2015 - 2019 in Q1 of 2014. Hydro One also plans to file a 2-year COS application for transmission rates for 2015 and 2016 in Q2 of 2014.

As part of Hydro One's 2013 Distribution Rate Application, Hydro One was directed to review the rate classifications of its customers to ensure that customers are within the appropriate density based rate classifications and carry out a consultation with interested stakeholders to review the rates for seasonal customers. The results of the rate classification work and the rate review for seasonal customers will be submitted as evidence as part of the 5-year Custom COS application for distribution rates for 2015-2019.

- **Risk Summary**

A number of risks could negatively affect the achievement of this Budget. Relative to last year's business plan:

- **Government Policy Uncertainty** has been reduced. The selection of a Liberal leader and Premier, the release of the Distribution Sector Review Panel report, the release of the Morneau report on public sector pensions, and the completion of the KPMG Benchmarking Study have combined to reduce uncertainty and therefore this risk. Nevertheless, the risk remains high as the Company may be impacted by actions taken by a minority government, by opposition parties which have starkly contrasting electricity platforms, and changes to the current government's Long Term Energy Plan which remain uncertain.

- Hydro One successfully cut-over to the new Customer Information and Billing System (CIS) without excessive customer or business disruption. This has reduced its **IT** and **Customer Relationship** risks. The Company will continue to be vigilant for any disruptions or performance problems as it completes the "burn in" period for the new CIS. Moreover, as always, the Company is alert to the threat of cyber-attacks on its IT infrastructure.

- The Company successfully reached acceptable collective agreements with both the Power Workers Union and the Society of Energy Professionals in the first half of this year. This dramatically reduced its **Labour Unions Relationship Uncertainty**. During the Budget period contract negotiations are scheduled to occur with all labour unions that represent Hydro One unionized staff.

- Finally, while considerable uncertainty accompanies Hydro One's **Outsourcing** situation, especially concerning the replacement of the current deal with Inergi, in the first half of 2013 the Company issued a Request for Pre-Qualification (RFPQ) and received a healthy range of responses from the marketplace across all business areas. This, along with the release of the Request for Proposal before the 2013 year-end, results in some reduction in this risk.

The storm on July 8, 2013, which brought flooding and power interruption to parts of Toronto, together with general patterns we have observed in localized storms across Ontario, suggest a theme which influences several risks in the profile: the uncertain effect of climate change on our business. This 'emerging risk' offsets other operational improvement which we have made in the currently-tracked risks of **Inadequate or Uncertain Transmission Asset Condition, Non-Achievement of Operational Work Program**, and **Cost and Productivity Uncertainty**. Therefore all of these risks remain on the profile as "Medium" Overall Residual Risks.

Hydro One continues to be concerned about **First Nations and Métis Relationship** risk. The full implications of the expanding "Idle No More" movement for the business remain to be seen, and the Company continues to be exposed to the risk of direct action against its assets and work program activities. Also, as a matter of course, the Company is continually renewing land use agreements with First Nations where Hydro One has assets on their land, and there is a risk that these negotiations may not have favorable outcomes.

Other risks on the profile are largely unchanged since mid-2011.

- The future relationship with **customers** is threatened by the prospect of ongoing increases in the total cost of electricity, expectations about the Company's ability to control those costs while delivering its work program and maintaining or improving reliability and performance, and as a result difficulty in meeting certain or all of customers' expectations.

- The uncertainties that continue to exist in the **regulatory** environment including the OEB's introduction of a 5 year Custom COS filing are a potential threat to the business.

- The Company continues to be concerned about its ability to attract and retain **human resources**, especially in management and executive positions.

- The trend of improvement in **Pension Fund Performance** risk continues, due to a more stable global economic outlook and an expectation of a higher interest rate environment.
- Hydro One continues to address the demands placed on its workforce and its **distribution system** to connect Distributed Generators and is concerned about the longer-term implications of embedded DG for reliability and power quality.

SCHEDULE A

HYDRO ONE INC.
2014 BUDGET & 2015 – 2019 BUSINESS PLAN

1. INTRODUCTION

The 2014 Budget and 2015-2019 Business Plan (Budget) summarize the financial results reflecting Hydro One Inc.'s (Hydro One or the Company) commitment to making the necessary investments in its core transmission and distribution infrastructure, consistent with the Strategic Plan. Hydro One's focus continues to be on the operating and economic performance of its core utility operations (comprising of Hydro One Networks Inc.'s Transmission and Distribution businesses, Hydro One Brampton Networks Inc. (Brampton) and Hydro One Remote Communities Inc. (Remotes) and on the corporate goal of providing safe, reliable and affordable service to customers, today and tomorrow, while increasing enterprise value for the Company's Shareholder.

Hydro One's strategic objectives reflect the Company's continued commitment to safety (as its first priority), innovation, the environment and effective cost management, while pursuing an LDC consolidation strategy that is robust but prudent and that delivers benefits to customers and to its Shareholder.

The Company's strategic objectives also reflect a renewed focus in the following areas:

- ***Customer:*** Hydro One's strategy further emphasizes the focus of a company that exists to serve its customers through the delivery of safe, reliable, and affordable electricity. This is based on the Company's efforts to continuously drive improvement to processes, actions and behaviours to reduce costs, improve our customer interactions, and maintain the current levels of reliability while improving customer service and satisfaction.
- ***Championing People & Culture:*** Hydro One will continue on its transformation to an accountability-based culture. Developing a culture of accountability is a key component to helping the Company deliver best-in-class service to its customers, improve employee engagement and continue the drive to zero injuries in the workplace.

The Budget includes over $1.2 billion of embedded savings which directly benefit our customers through avoiding costs that we would otherwise seek recovery of in our electricity rates. The average total bill impact of Hydro One's portion of the bill (Transmission and Distribution) over the Budget period is approximately 2.1%, which is slightly higher than the CPI assumption of 2.0%. OM&A costs over the Budget period increase by 1.7% mainly as a result of an increased focus on required sustainment spending. During the same time period underlying costs are estimated to rise by 2.0% annually due to inflation.

The Budget includes investments required to connect and support Distributed Generation (DG) and investments made consistent with the generation mix and government policies.

This Budget is based on a number of assumptions which are included in Section 3 "Key Planning Assumptions". If, subsequent to approval of the Budget, information arises or decisions are made that materially impact these assumptions, including regulatory decisions, this Budget will be revised and resubmitted to the Hydro One Board of Directors for consideration and approval.

2. STRATEGY

The Budget is aligned with the Company's mission, vision and values. The Company's strategic objectives underpin and drive the plan. Risk management and investment decision processes ensure the Company remains focused on achieving its ultimate goal of providing safe, reliable and affordable service to customers, today and tomorrow while increasing enterprise value to the Province of Ontario. Additionally, the Corporate Scorecard is utilized to measure annual progress toward achieving the corporate strategic objectives. The proposed Budget delivers a work program and financial performance that supports the Company in delivering on its strategy, as follows:

i. Health and Safety

Given the nature of the work undertaken by Hydro One employees and contractors, Health and Safety remains the Company's top priority. The Company continues to focus on creating an injury-free workplace and maintaining public safety through several health and safety initiatives, including Journey to Zero and our successful certification to the Occupational Health and Safety Assessment Series (OHSAS) 18001 standard. The Company continues to focus on integrating health and safety into all that it does and will continue to invest in building a culture of accountability to continue the drive to zero workplace injuries. Initiatives like improving safety meetings, increased employee involvement in risk assessments, employee Health and Wellness, for mental health issues, and ergonomic assessments for musculoskeletal disorders continue to positively impact employees' well-being.

ii. Championing People and Culture

A key element of the Corporate strategy is to build on the progress made in developing an environment which will lead to a fully engaged workforce. Employee engagement continues to be a critical success factor given the challenges of leadership succession and employee retention, labour demographics and the need to further develop critical staff. Engaged employees are safe employees, and are the Company's front-line to driving work efficiency, effectiveness and improvements in productivity, as well as higher levels of customer satisfaction.

The Company will continue to use Gallup Canada to administer and report on the Q12 Engagement Survey for another three years, including assisting with employee engagement initiatives. The combination of the Gallup supported program and the Company's focus on leadership practices driven by the Craft of Management (CoM) program are expected to help drive and sustain improved levels of employee engagement and more effective leadership practices.

The CoM initiative, an accountability based performance management system, will continue to be emphasized. Emphasis is being placed on having managers make more effective use of their staff by their being held accountable for ensuring required work programs are delivered in an efficient, effective and timely manner.

CoM II is being rolled out with the focus being on the critical role of the Manager Once Removed (MOR). The focus of this training will be the key accountability of the MOR in holding their direct report managers accountable for being great managers of people. Additional work to support CoM will be to develop and deliver specific training specific to highlight and address specific accountabilities for each level in the organization.

As the principles and practices of CoM are becoming more engrained in the organization, greater clarity of accountabilities and expectations for improved decision-making are already being seen.

The recently approved HR/Pay Transformation Project will align talent management (performance assessments, succession planning, recruitment and learning), expense management and payroll business processes with CoM and industry standards. These systems will be integrated with the existing SAP system for more complete and accurate employee data assessment, reporting and training that will improve the effectiveness of Hydro One's managers and employees and help drive engagement.

Hydro One will continue to manage the resourcing requirements of an increasing work program via appropriate overall compensation policies, labour negotiations, outsourcing, use of multi-skilled staff, and support of internal and external college and university training programs. Improved results in compensation benchmarking as compared to prior years demonstrates successes in moving closer towards market median. Aging workforce demographics provide opportunities, through retirements, to restructure and transform the workforce.

iii. Satisfying Our Customers

The Company is focused on achieving the long term vision of improving customer satisfaction, maintaining affordable rates for the portion of the customer bill within its control and building a trusted partner relationship with customers.

The development of the Budget has taken into account discussions with our customers and reflects the planned development and delivery of targeted customer segment strategies, products and delivery channels which will respond to customers' unique needs.

The Company has developed a Customer Experience Vision which aims at driving Hydro One to consistently deliver positive customer interactions and shift the organization's focus towards customer-centricity. Investing in the customer will enable Hydro One to build a trusted relationship with customers by providing ease of access through low cost communication channels, driving efficiency and lowering operations costs, meeting its commitment to customers, providing customized programs and seamless service delivery.

Hydro One's customer service strategy includes providing customers:

- A customized service by gathering and leveraging customer information, and proactively segmenting that information to enable Hydro One to treat customers' needs individually.

- A trusted partnership by simplifying and shortening timeframes for delivery of services, better leveraging the Company's local presence, being proactive in addressing customer issues, demonstrating an understanding of the impact of rising rates, and delivering programs which help customers manage energy consumption and reduce rates through providing objective advice regarding customer choices.

- Seamless service and consolidated accurate information with real time updates through a laterally integrated, engaged and empowered team.

- Enhanced accessibility in person, by phone, or through the web, to ensure effective self-service for all simple transactions.

- A more cost optimized service by driving efficiency and effectiveness through innovations and service delivery transformation. This will be demonstrated through the 'Workflow of the Future' initiative which is based on next generation work planning, scheduling, dispatch, vehicle telematics and field mobility improving field staff performance.

iv. Cost Management and Productivity

Efficiently and effectively managing costs is critical to meeting the Company's strategic objectives and in particular, achieving value for customers and the Company's Shareholder. Productivity savings of more than $1.2 billion are embedded in the plan between 2014 and 2019. These savings, which are keys to delivering a work program that ratepayers can afford, consist of multiple initiatives, as described below:

In Place:

The following initiatives are producing savings from productivity initiatives that have been implemented and are in place:

- Information Technology (IT)-enabled solutions continue to generate savings by providing platforms for new tools and applications, and supporting analytics, while reducing costs. Examples of these initiatives include Time Reporting, Strategic Sourcing, and Application Rationalization. Anticipated savings between 2014 and 2019 are approximately $300 million.
- Savings resulting from the Inergi contract extension continue to accrue, and with the introduction of the new contract and transition costs associated, savings will still amount to almost $205 million between 2014 and 2019.
- Enhancements to telephone, video and web conferencing will continue to reduce costs by approximately $27 million between 2014 and 2019.

In Progress

The following initiatives are the "next wave", producing savings that will come on-stream in 2014 and future years:

- Several IT-enabled productivity-enhancing initiatives such as advancements in Asset Analytics, Engineering Design Transformation, Asset Investment Planning, Business Planning & Consolidation and 'Workflow of the Future' will produce savings between 2014 and 2019 of approximately $114 million.
- CIS will start to produce savings in 2013, and over three years this will amount to approximately $142 million, in addition to improved customer service levels and providing greater transparency to customers.
- Other operational savings begin to accrue in 2013, and continue throughout the Budget period. Between 2014 and 2019, these savings amount to approximately $420 million ($58 million in 2014; $63 million in 2015, $68 million in 2016 and $77 million in each 2017, 2018 and 2019) for such initiatives as:

- Administration expense management (reducing expenses for such items as training, travel, supplies);
- Centralizing Operations;
- Leveraging technology, through such initiatives as energy efficient retrofits for our facilities and where possible, more mechanized approaches in forestry work;
- Implementing process enhancements, such as improving distribution pole replacement scheduling, more efficient utilization of our equipment and more effective use of rental equipment;
- Increasing staff flexibility through such initiatives as contracting out, and better scheduling and use of our more experienced staff in higher value work.

v. Reliable Transmission and Distribution

The Company will maintain the current levels of transmission (first quartile) and distribution (fourth quartile,) reliability, with a view to continuous improvement within the quartile bands, while improving customer service and satisfaction. The Budget recognizes that rates will need to finance the necessary investment in infrastructure to meet customers' expectations regarding reliable power supply and power quality while maintaining affordable service.

To ensure the electricity system's reliability in the public interest, significant investments in transmission and distribution infrastructure are being planned. The Budget includes targeted investments to maintain, refurbish and replace existing assets that are in poor condition and beyond their expected service life. These investments will continue to focus on specific mission critical equipment and stations that support generation facilities and the unrestricted supply of energy to customers throughout the Province, as well as responding to customer supply issues.

The successful implementation of Asset Analytics has created an opportunity to manage and access large amounts of data which enables the asset managers to perform comprehensive reviews of asset performance to assist in the preparation of their investment plans. This tool and related approaches leads to the surgical replacement of equipment approaching end of service life and better bundling and work scheduling.

Ongoing analysis of asset requirements will continue to be conducted and evaluated to ensure reliability of the system is optimized within financial and resource constraints.

vi. Shareholder Value

Consistent with the Memorandum of Agreement with the Company's Shareholder, the Province of Ontario, and as a reporting issuer under the Ontario Securities Act, the Company is required to operate on a financially sustainable basis, and in a commercial manner to maintain or increase corporate value for the benefit of its Shareholder. The Budget delivers financial returns consistent with the allowed return on equity (Regulated ROE) permitted by the OEB while balancing customer rate impacts and the requirements associated with addressing aging infrastructure and government policy requirements.

The Budget maintains the financial metrics and coverage ratios required to fund work programs and to provide access to capital at cost-effective rates. Throughout the Budget period the allowed return on equity (ROE) is earned and corporate value continues to grow through the

conversion of construction work in progress into rate base. Over the Budget period rate base is forecast to grow by more than 37% to $20,646 million.

The Company will pursue growth opportunities through LDC consolidation to increase enterprise value and customer service by leveraging its existing assets; enterprise technologies; unparalleled experience in LDC acquisitions; and extensive geographic Distribution and Transmission footprint and resources. While the Budget excludes funding for LDC acquisitions, and does not assume any disposition of the Company's territory, it does include $6 million per year over the Budget period, funded by the Shareholder, for the pursuit of LDC acquisitions.

3. KEY PLANNING ASSUMPTIONS

The Budget is based upon a number of key assumptions. Given the level of uncertainty in the industry, new information, such as rate decisions and policy direction, could materially impact the validity of the underlying assumptions and ultimately the achievement of the Budget. The key planning assumptions are outlined below.

i. Regulatory

The financial results being put forward are based on obtaining timely OEB approval for current and future Rate Applications consistent with the recovery of infrastructure requirements and existing rate riders and variance accounts. The Regulated ROE for 2014 is 9.4%, up from 8.9% in 2013. From 2015 to 2019, the Regulated ROE is projected to start at 9.7% growing to 10.2% by the end of 2019.

ii. Load

The transmission load is forecasted to decline by 2.3% in 2014 and grow marginally by 0.1% in 2015 primarily due to the effects of Conservation Demand Management (CDM). Load is forecasted to increase by 0.7% in 2016, 1.1% in 2017, 0.7% in 2018, and 1.27% in 2019 mainly driven by base load growth. The transmission load forecast reflects the current OPA CDM forecast and is consistent with the evidence filed in the Hydro One 2013/14 Transmission Rate Application. Similarly, the distribution load is forecasted to decline by 0.4% in 2014 and by 0.4% in 2015. The distribution load is forecasted to decrease by 0.1% in 2016, 0.4% in 2017, 0.7% in 2018, and 0.1% in 2019.

iii. Employees

Over the Budget period regular headcount in Hydro One Networks will be reduced to 5,000 by 2019. The strategy is to utilize regular headcount in the core business where specialized ongoing skills are required while using other flexible resourcing methods to perform work in indirect or support business functions which require less specialized skillsets and reduces the Company's long term financial burden. The regular headcount will be reduced. As attrition occurs, there will be a managed process to increase the proportion of staff who work directly on projects or programs, while decreasing those in an indirect or support role. Within the Budget, all indirect or support

Headcount HOI	2013 Fcst	2014 BP	2015 BP	2016 BP	2017 BP	2018 BP	2019 BP
2014 -2019 BP	5,856	5,821	5,720	5,652	5,582	5,501	5,412
YoY Variance		(35)	(101)	(68)	(70)	(81)	(89)
Variance Cumulative		(35)	(136)	(204)	(274)	(355)	(444)

work is assumed to be completed by regular or non-regular staff. During the Budget period management will look for opportunities to reduce the financial burden of regular staff and then revisit the staffing strategy for work performed in indirect or support business functions. The Budget assumes all management staff salaries are escalated at 2% annually, for unionized staff the ratified agreements are used as the escalator for the contract periods, and then 2% annually for the remainder of the Budget period.

The Company has reviewed the employee benefit cost forecasts and the assumptions relating to health care trend rates, demographics, and claims data have been updated. Although benefits to Hydro One employees' remains unchanged, benefit costs (excluding pension costs) have increased in aggregate compared to last year (2014 Budget of $208 million versus $180 million in the 2013 Budget). The increase is primarily due to updated demographic data and the lower discount rate.

Annual pension contributions are established as a result of a pension valuation which is completed tri-annually. A new pension valuation was received in 2012, resulting in increased annual pension contributions (2014 Budget of $160 million versus $162 million for 2013). The decrease is primarily due to updating employee demographics. No new pension entitlements have been granted. The next valuation for the Hydro One defined benefit plan is December 31, 2014. It is anticipated that if long term interest rates remain low and stock markets do not perform that this amount will continue to increase. Similarly with limited smoothing options available, employee benefits will also be impacted by lower interest rates which increase the present value of the future liability, increasing annual contribution amounts. The Company is looking at how it can mitigate these increased costs as they directly impact customer rates. The Company has worked with its unions to change the benefits payable under the plans and increase employee contributions in an effort to move to a 50/50 employer/employee contribution structure. The Budget does not include the impact of any changes to the benefits payable nor a change in contribution structures that have not been ratified by its unions.

iv. Financial

Borrowing requirements range [redacted] Long Term corporate debt at the end of 2019 is forecast to be [redacted]

[redacted] will be maintained throughout the Budget period in the form of the syndicated line of credit and/or the liquid reserve fund. To maintain enterprise value and to address the requirements of the capital program, while maintaining financing ratios and the deemed regulated equity structure, common dividends have been managed to maintain the regulated capital structure. [redacted] Payments to the Shareholder through payments in lieu of taxes (PILs) and dividends, over the Budget period total approximately [redacted]

The Budget reflects the statutory tax rates of 26.50% for 2014 and onwards.

The Budget assumes that work program execution strategies to address identified risks will be successful. These strategies include a variety of initiatives dealing with work program execution, and include the procuring of materials and land acquisition, various regulatory and other required

approvals, obtaining funding and the ongoing maintenance of First Nation and Métis relationships.

4. REGULATORY ISSUES

Based on the OEB's Renewed Regulatory Framework, Hydro One now has three options to use in filing Distribution Rate Applications for 2015 rates and beyond. Hydro One has decided to file a 5-year Custom Cost of Service (COS) application to address the high capital needs of the business. In Q1 of 2014, Hydro One plans to file a 5-year Custom COS application for distribution rates for the 2015- 2019 rate years. The application will seek approval of a revenue requirement for each of the five years (2015-2019). The application will propose a number of annual adjustments to deal with changes in the cost of capital and other predictable factors, as well as off-ramps and re-openers to deal with unforeseen events that might occur over the period and impact the amount or timing of investments in the plan. The application will also propose annual reporting so the OEB and stakeholders can monitor the outcomes of the plan over the 5-year period.

If approved, the proposed revenue requirements for 2015-2019 would increase distribution rates by approximately 12.1%, 7.4%, 3.6%, 3.0%, 2.9% respectively. The application will propose the use of a rate smoothing methodology, which if acceptable by the OEB, could result in an average increase of 2.4% on the Hydro One portion of the total bill each year.

The OEB's Renewed Regulatory Framework does not impact the filing of Transmission Rate Applications. In Q2 of 2014 Hydro One will file a 2-year COS application for 2015 and 2016 transmission rates. If approved, the proposed revenue requirements would increase transmission rates by approximately [redacted] which would result in of [redacted] on the total bill.

As part of Hydro One's 2013 Distribution Rate Application, Hydro One was directed to review the rate classifications of its customers to ensure that customers are within the appropriate density based rate classifications and carry out a consultation with interested stakeholders to review the rates for seasonal customers.

In the review the rate classifications, no further changes to Hydro One's revenue to cost ratios can be made until Hydro One's review of its customers' current rate classifications is complete. Hydro One was able to perform the rate class review by using new Geographic Information System (GIS) capability. Going forward, the GIS tool will be leveraged to ensure that new and existing customers are assigned to their appropriate density based rate classes.

The rate class review moves customers to their appropriate density based rate classes. A total of 135,000 (11%) customers will be moving to different rate classes, 112,000 customers will be moving to lower rates. This net movement to lower rates will require Hydro One to raise rates across all rate classes, to offset the revenue lost, in order for Hydro One to continue to earn its approved revenue requirement. All Hydro One rates will increase by about 3.4% to offset approximately $40 million of lost revenue resulting from customers moving to lower rates.

For the review of rates for seasonal customers, the intent of the review was to identify options to ensure that those rates are as fair and equitable as possible and are in accordance with rate

making principles. The results of the consultation will be filed in Hydro One's next cost of service proceeding.

Hydro One has held seasonal rate stakeholder sessions and focus groups that considered a number of options and has completed an analysis of the seasonal rate class. The option preferred by stakeholders is to move seasonal customers that have consumption characteristics similar to year round residential customers to Hydro One's residential customer classes. Hydro One's analysis of this option indicates that approximately 11,000 seasonal customers, or 7% of total seasonal customers, will move to residential rate classes (R1 and R2). This movement to lower rates will require Hydro One to raise rates across all rate classes, to offset the revenue lost, in order for Hydro One to continue to earn its approved revenue requirement. All Hydro One rates will increase by about 0.5% to offset approximately $7 million of lost revenue resulting from current seasonal customers moving to lower residential rates.

5. FINANCIAL ACCOUNTING FRAMEWORK

Hydro One has sought and received an exemption from the Ontario Securities Commission allowing it to file its Consolidated Financial Statements and MD&A in US GAAP for the period of January 1, 2012 to December 31, 2014. The use of US GAAP has now been formalized without an end date through the Company's recent Securities and Exchange Commission registration. In addition, the Ontario Energy Board has accepted the use of US GAAP as the approved basis for rate setting for all of the Company's rate regulated subsidiaries and businesses except Hydro One Brampton Inc., which will use legacy Canadian GAAP for 2014 and may transition to International Financial Reporting Standards (IFRS) for 2015 and subsequent years, assuming no future optional deferrals in adoption are offered by the Canadian Accounting Standards Board and accepted by Hydro One Brampton Inc. management. For subsidiary financial reporting, all subsidiaries and businesses except Hydro One Brampton and Hydro One Telecom (Telecom) will also adopt US GAAP. Brampton and Telecom will use IFRS.

US GAAP is very similar to legacy Canadian GAAP used prior to January 1, 2012 with the exception of minor differences in the presentation of balance sheet items such as preferred shares and employee benefits. The Company's preferred shares, which are held entirely by the Province of Ontario, are now classified as mezzanine equity under US GAAP. In accordance with OEB rate orders, under US GAAP, pension expense continues to be recorded on a cash basis when employer contributions are paid to the pension fund in accordance with the *Pension Benefits Act* (Ontario). Employee future benefits other than pensions are recorded on an accrual basis, both for accounting and for rate setting.

6. FINANCIAL RESULTS

The adjacent table summarizes key financial results for the 2013 to 2019 period. Revenues, net income, and EBITDA increase over the Budget period reflecting a growing rate base in both Transmission and Distribution as a result of core infrastructure investments.

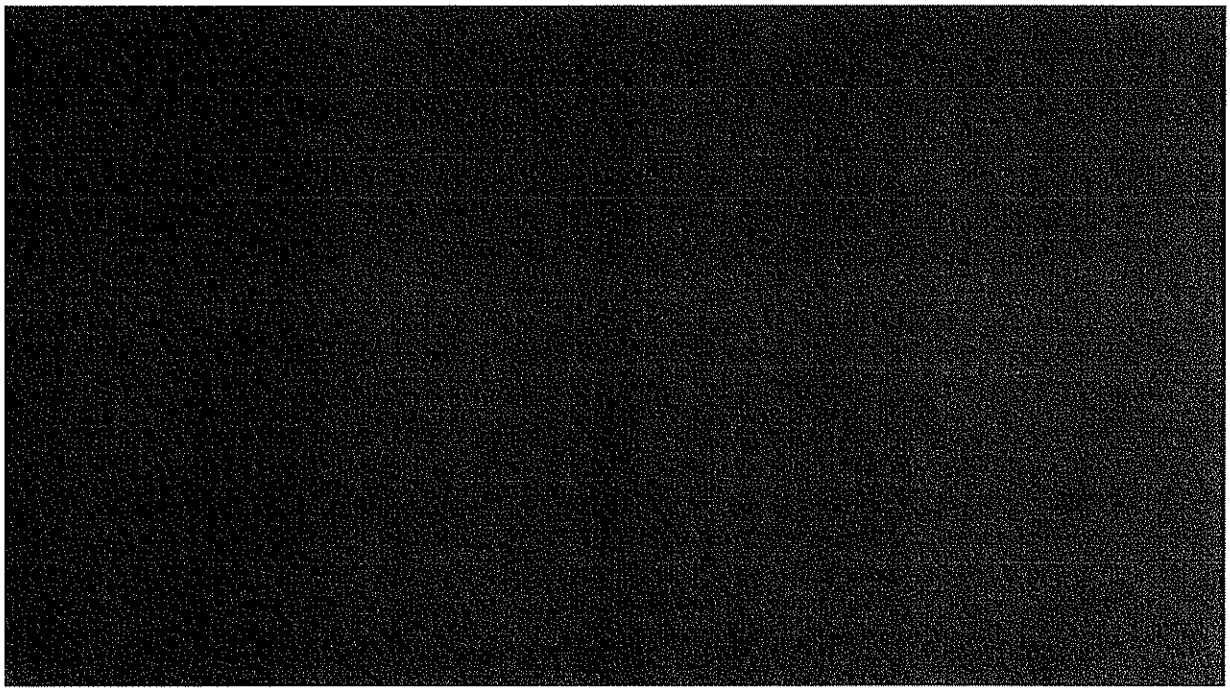
Hydro One Inc. (US GAAP)	2013 Projected
Revenue ($M)	6,045
Income before PILs ($M)	894
Net Income ($M)	805
EBITDA ($M)	1,936
Cash Flow ($M)	(124)
Debt Ratio (%)	55%
FFO Coverage (X)	4.5x
Total Rate Base ($B)	15,025
ROE (GAAP) (%)	11.6%
Capital Expenditures ($M)	1,407
OM&A ($M)	1,077
Dividends ($M)	218
PILs ($M)	89
Cash Requirements Incl. Refinancing (M$)	(571)
Long-Term Debt ($M)	9,064
Regular Staff	5,856

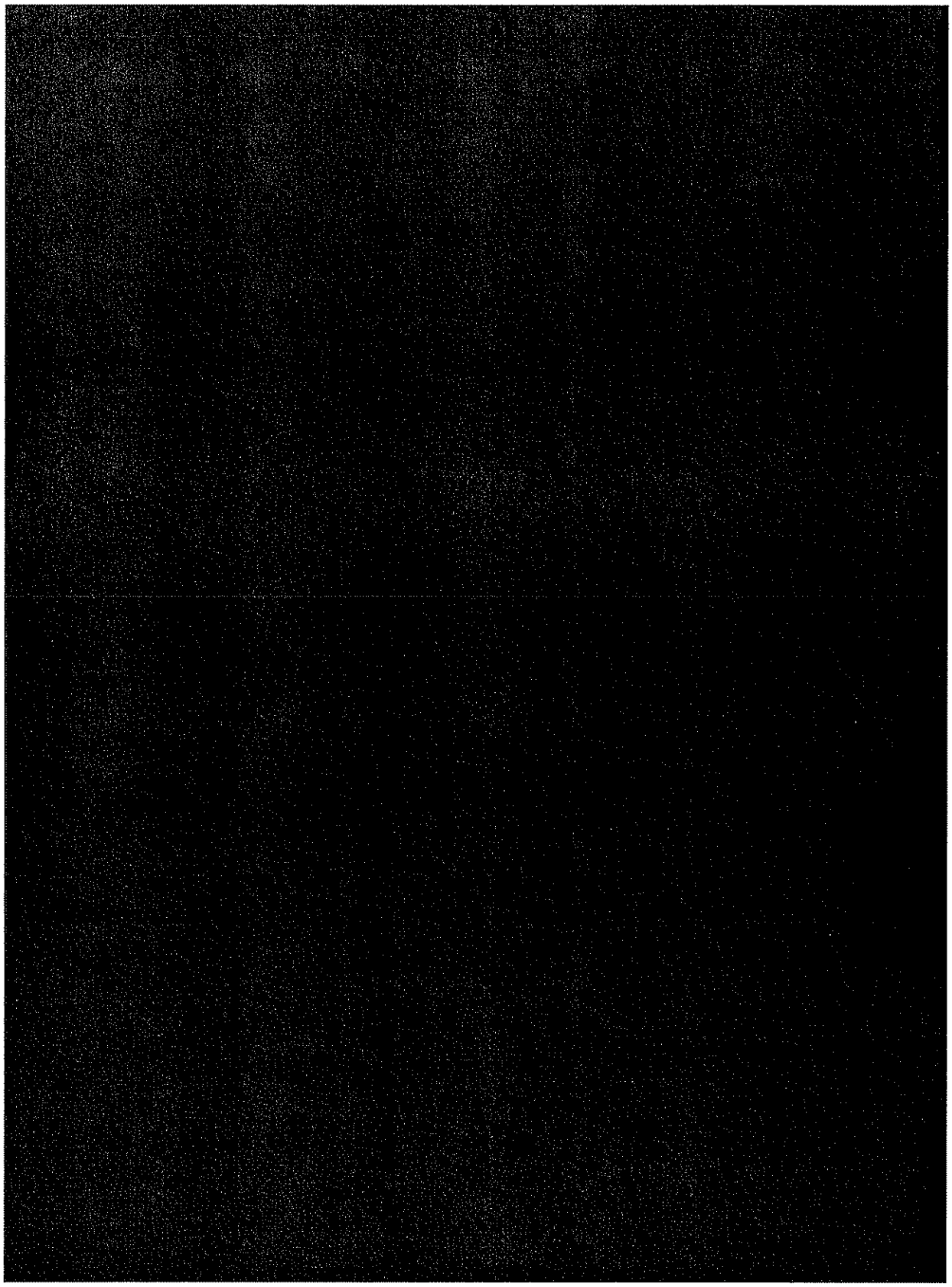
The financial results support the Company's credit fundamentals. Plan-over-Plan credit metrics have improved due to lower debt levels, and in later years reduced capital spending. Barring any negative industry impacts, or further adjustments to the Province's credit rating, the Company's "A" credit rating should remain stable.

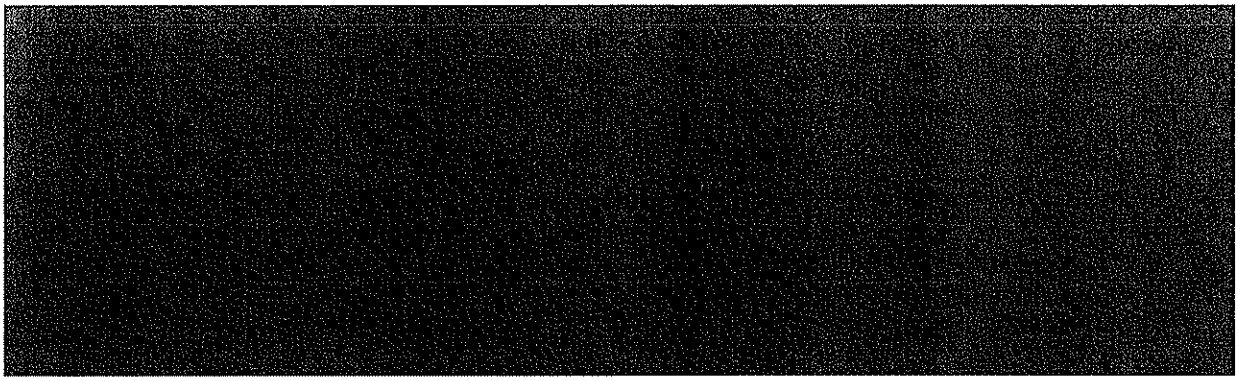
Dividends are managed to maintain capital structure and enterprise value.

7. SUBSIDIARY HIGHLIGHTS

7.1 Hydro One Networks – Transmission







7.2 Hydro One Networks – Distribution

2014 Net income reflects the proposed IRM application and a Regulated ROE from the last approved Cost of Service filing. Net income and the Regulated ROE for 2015 onward are based on the proposed 5 year Custom COS application for the 2015-2019 period.

Networks Dx (USGAAP)	2014 Budget	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan
Net Income ($M)	**262**	282	302	324	346	365
Regulatory ROE (%)	**9.7%**	9.7%	10.0%	10.2%	10.2%	10.2%
OM&A ($M)	**581**	564	610	614	604	600
Capital ($M)	**624**	649	655	639	655	669

Net income increases over the Budget period reflecting the assumed Regulated ROE under a cost of service basis. The Regulated ROE is based on the OEB-prescribed formula which calculates allowed rate of returns based on forecasted interest rates.

Distribution OM&A Investments

Distribution OM&A expenditures are mainly for sustainment programs such as vegetation management, equipment maintenance and trouble calls associated with approximately 117,000 circuit kilometres of low-voltage distribution lines, numerous stations and approximately 1.3 million rural and urban customers.

Consistent with the prior plan, Hydro One's distribution OM&A sustainment work program in 2014 and beyond reflects a forestry maintenance clearing cycle aligned with the OEB's decision on the 2010/11 Rate Application.

In respect of line maintenance programs, the number of planned defect corrections has been reduced below historical levels. This results in a growing backlog of defects, and increases the risk of failures and trouble calls. System reliability will be monitored and by leveraging the asset analytics application investments will be prioritized to minimize customer impact while maintaining safety and reliability.

Distribution Capital Investments

Over the Budget period, capital sustainment programs as a proportion of the total distribution capital spend increase, reflecting a focus on asset replacement and the accommodation of customer demand projects (in particular, required connectivity for DG). System reliability will

be supported through the use of Asset Analytics to prioritize work and minimize customer impact.

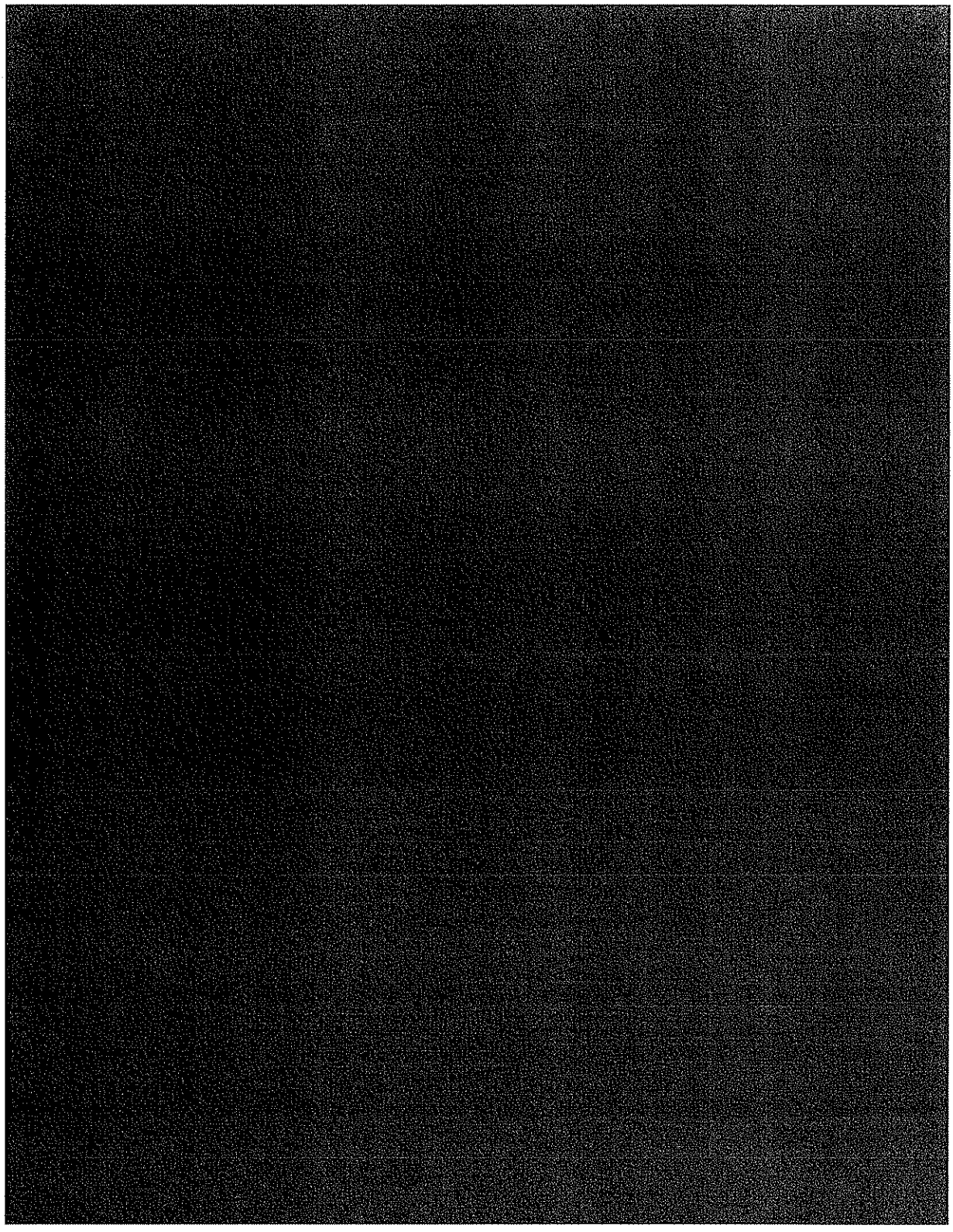
In sustainment capital, the wood pole replacement program has been increased by roughly $10 million (net) annually, so that a pole replacement average of approximately 15,200 poles per year (from about 11,000) is reached over the next six years. The increase in this program is required to address the aging population of 1.7 million poles. Currently, 3% of the poles are experiencing premature decay and a further 32% will approach their expected service life in the next ten years. The station refurbishment/replacement program is set to materially increase, to address aging distribution station assets (e.g. transformers and related components). A new standard design utilizing an integrated modular prefabricated layout is being piloted and is critical in meeting the program's needs from a cost and work execution perspective.

Distribution capital development expenditures over the Budget period are primarily related to the development of an ADS and related grid modernization standards, customer demand work (connections and upgrades), Smart Meters, DG connections, including station upgrades, protection and control, new lines and some contestable work for which the Company will receive capital contributions. There is little flexibility with reducing this work as most of it is customer demand-driven.

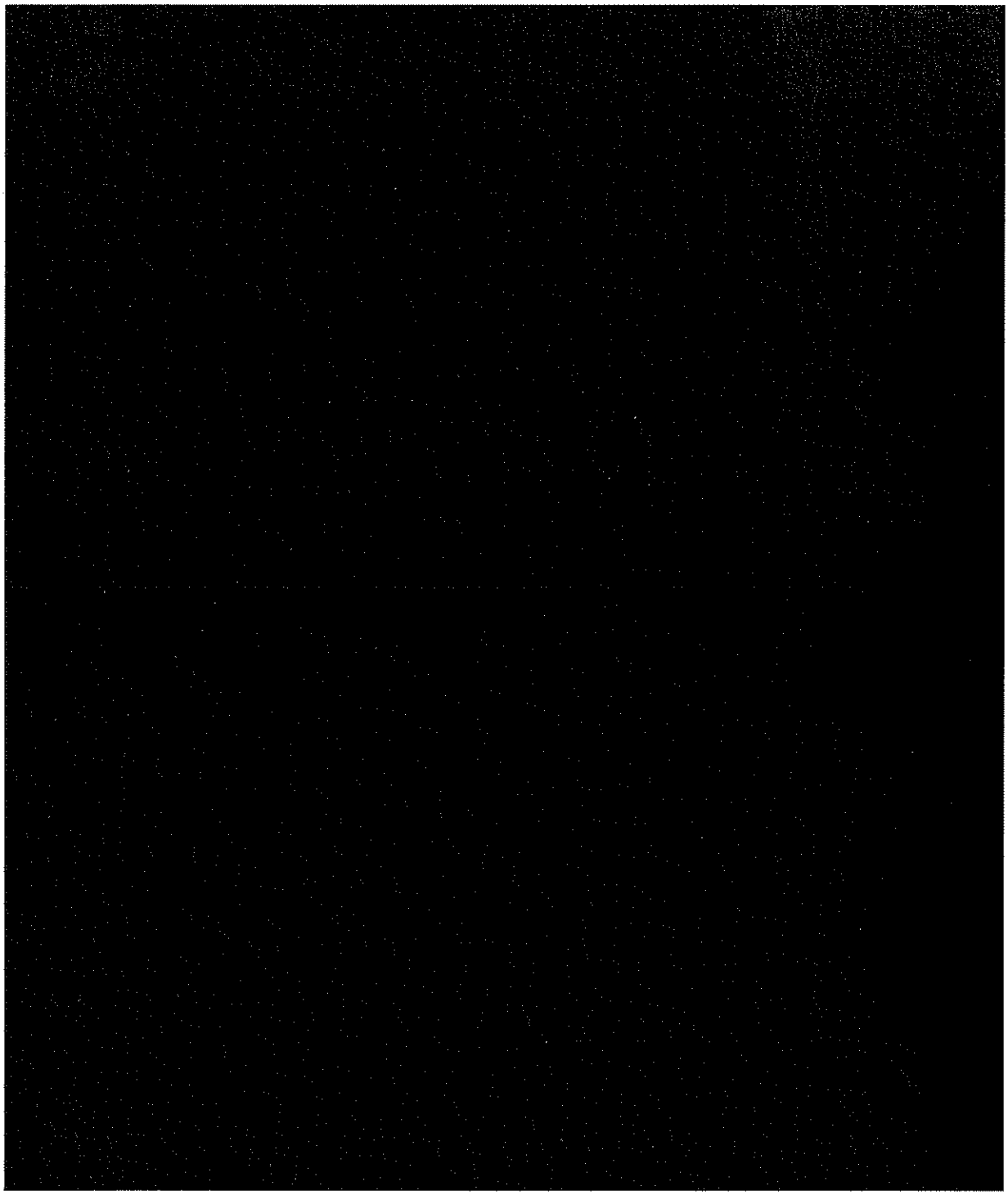
On a plan-over-plan basis, the capital development expenditures are higher in 2014, mainly due to delays in the Smart Meter project and an increased forecast for DG Connections to reflect the impact of FIT Version 2.1/3. From 2016 onward capital development expenditures are reduced. This is in part due to lower projected expenditures for DG based on the most conservative estimates. For the Mid-to Large Non-CAE Projects, the Budget only reflects expenditures for projects with FIT contracts that are expected to connect to Hydro One's distribution system. Expenditures for CAE and MicroFIT projects that are expected to connect are also included.

On a year-over-year basis, capital development decreases by $30 million (net) from 2015 to 2016 primarily due to reductions in DG projects that reflect the most conservative estimates based on committed projects only. This is partially offset by increases in Customer Connections/Upgrades program, to meet customer requirements for connection within five business days. In 2015, the conclusion of the Smart Meter project is offset by a capital contribution to transmission to enable upstream capacity for distribution. In the latter years of the plan the contributions to transmission are conservative and exclude uncertain new developments such as Leamington which could result in significant unfunded expenditures.

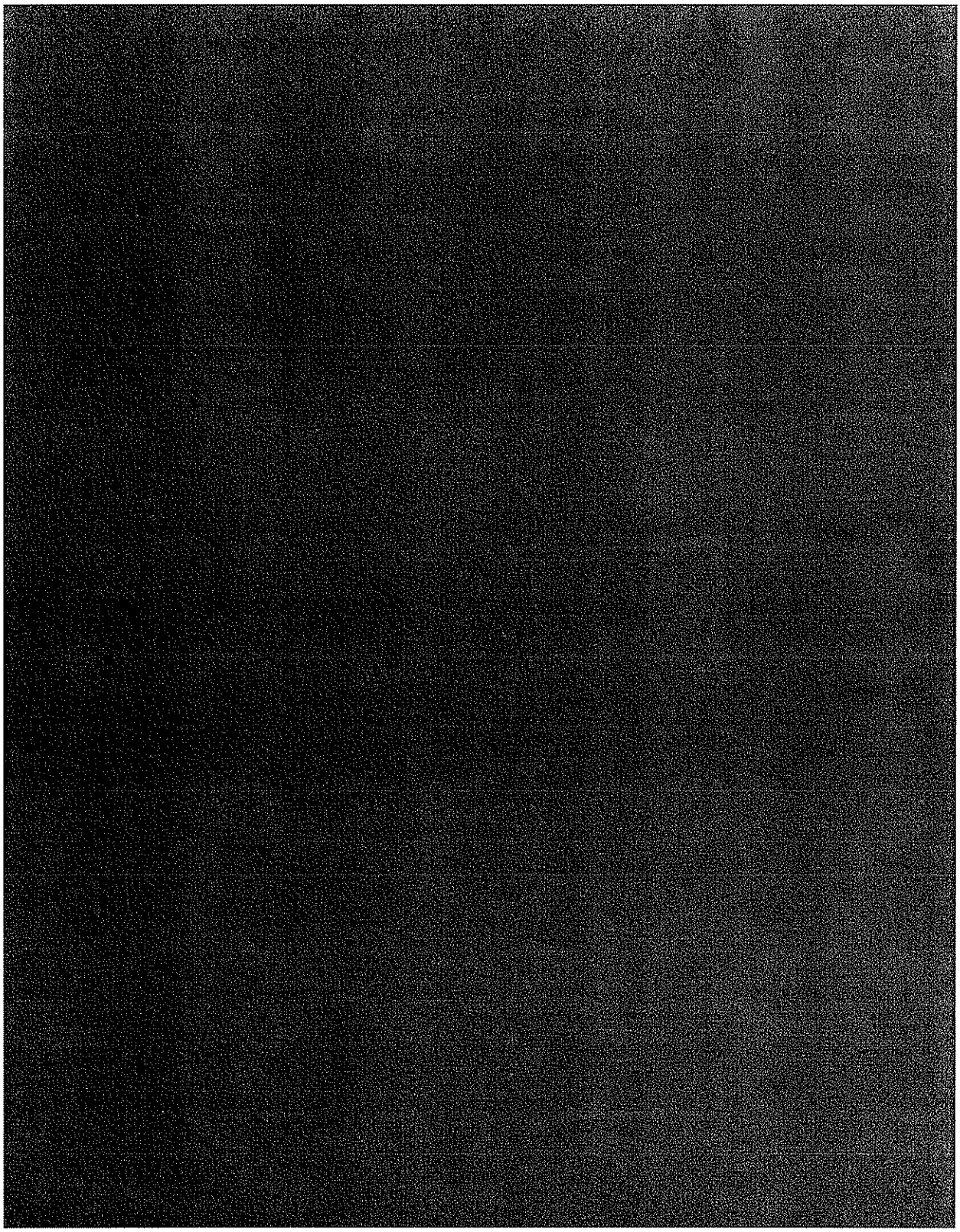
7.3 Hydro One Brampton Networks Inc. (Brampton)



7.4 Hydro One Remote Communities Inc. (Remotes)



7.5 Hydro One Telecom Inc. (Telecom)



consolidation, if it does occur, would be intended to be beneficial to both of the entities and to Hydro One's customers.

Hydro One Telecom reports in IFRS since the Company is not a "rate regulated" entity. For Hydro One consolidation purpose, Telecom results are reported in US GAAP.

7.6 Hydro One Norfolk Inc. (Norfolk)

8. BORROWING REQUIREMENTS

Borrowing will take into consideration the average term of the debt portfolio, cost-effectiveness, diversification of investor base, as well as investor preferences. [redacted]

The principal risks associated with the corporate financing program are liquidity risk and the risk of rising interest rates. The strategy incorporates recommended flexibility to manage these risks. [redacted] The risk of rising long term interest rates may be managed through advance rate setting transactions to fix the interest rate on planned borrowing using forward start interest rate swaps. The risk of rising short term interest rates on outstanding floating rate debt may be managed using forward rate agreements or interest rate swaps.

9. RISKS

As reflected in the Corporate Risk Profile, there are a number of risks that could impact the accomplishment of this Budget. In developing the Budget, Hydro One has sought to prudently allocate resources to mitigate the risks it faces.

i. Employee Injuries/Absenteeism

The nature of our work inherently carries a high risk to worker safety.

Hydro One continually stresses the importance of work safety audits, and implements safety initiatives such as Journey to Zero and has achieved OHSAS 18001 certification. In addition, Hydro One instills core health and safety values in new employees and apprentices. Safety targets continue to be aggressive, consistent with the belief that an injury-free workplace is the only acceptable result.

ii. Inadequate Distribution Asset Capacity/Configuration

The impact of widespread DG on the operation of the electricity system remains largely unknown. It is a challenge to regulate and control such a system and there is the risk of back feed and "islanding", all of which increase employee safety risks by putting additional pressure on the Work Protection procedures. In order to connect and manage these generators, Hydro One is placing more and more "intelligent" devices on the distribution network; this increases lifecycle costs, raises cyber-security issues, and represents a change-management issue for maintenance employees not used to working on such complex assets.

In the longer term, the Company is concerned about the impact of proliferation of Electric Vehicles (EVs) on power system reliability and power quality.

Hydro One is taking steps in the short term to protect the integrity of our distribution system prior to connecting new generators. The Company is in parallel improving its understanding of power quality impacts on customers, and using the ADS program to test and evaluate new technology to provide a more modern, flexible distribution system for customers.

iii. Outsourcing Risks

Hydro One relies to a great extent on third parties to complete program and project work and to execute back office processes.

The current $130 million per year back office outsourcing agreement with Inergi expires in 2015, and Hydro One is executing a competitive bidding process. In undertaking the competitive renewal process Hydro One will follow the Shareholder directive.

Risks include the complexities in a possible transition to a new provider or providers, and would include any labour relations implications as well. Mitigation measures in the Inergi agreement include extensive governance and performance management processes, termination transition provisions, and a parental guarantee to ensure work performance through a transition period.

Hydro One uses and will continue to make use external service providers to complete the coming years' work program cost-effectively. There are complexities and risks associated with these programs and projects and in a transition to a larger outsourced work approach

iv. Non-Achievement of Operational Work Program

Successful completion of the operational work program has been a challenge in prior years, especially the transmission capital work program. Hydro One has a large capital work program, which includes DG connections and associated infrastructure improvements, aging infrastructure refurbishment/replacement needs, and transmission development requirements. Many of these projects are high profile for customers and the Shareholder. There is a risk that the workforce will be unable to complete this work as scheduled.

To address this we have made changes to organizational structure, improved planning processes to ensure the released program can be accomplished with available resources, hastened the "early" release of work to the field, and made improvements to collective agreements to allow more contracting out of work in areas that have historically been "bottlenecks." Note that this is a risk area where the impact of climate change on our assets is a potential source of uncertainty.

v. Information Technology Risk

The deployment of the new SAP Customer Information and Billing System (CIS) means the Company has successfully migrated all our Enterprise systems to "off the shelf," fully supported technology. The use of "off the shelf" technology will continue in future IT projects. However, IT risk remains on the Profile with a risk rating of Medium due to two sources: the threat of cyber-attacks, and the increase in complexity and volume of business data relied upon to run the business.

Adherence to "off the shelf" technology throughout the Cornerstone project has reduced the complexity of maintenance and disaster recovery planning for these systems. Active cyber-security measures, vulnerability assessments, intrusion and malware detection systems are maintained. Further, in the Budget period, Hydro One will be directing increased attention to asset data quality and data governance.

vi. Inadequate or Uncertain Transmission Asset Condition

Thanks to recent initiatives and investments in transmission infrastructure, Hydro One is delivering first quartile transmission reliability, and recent investments in risk-based analytical tools will assist in ensuring continued performance. However, apparent changes in weather, resulting in increased severity of storms, raises questions regarding its transmission system

condition and design and maintenance standards. The Company is involved in studies to examine the effects and appropriate responses to this new uncertainty.

vii. Cost and Productivity Uncertainty

Given rising customer electricity bills, strong downward pressure on costs will be a part of the landscape for Hydro One's foreseeable future.

Hydro One's investment in SAP has yielded much improved work accomplishment reporting and better visibility to the work program. These investments have helped us to monitor costs and look for efficiency opportunities. Initiatives which include the CoM, Asset Analytics, and Asset Investment Prioritization will yield cost and productivity gains allowing the Company to be more efficient and effective in how it operates.

viii. Human Resources Risks

Hydro One continues to be concerned about the impact of public sector wage restraint on its ability to attract and retain key staff, especially in management and executive positions.

The Company expects that the ongoing rollout of CoM will aid in the mitigation of this risk by improving role clarity, performance management, and employee engagement. Hydro One has succession plans in place for key roles. The development of staff who have demonstrated leadership potential is ongoing.

ix. Customer Relationship Uncertainty

Increasing total-bill electricity costs across all customer segments have increased the level of customer dissatisfaction for all customer segments. There is an expectation that this dissatisfaction will continue as electricity costs increase further, and as the power quality implications of widespread distributed generation are felt. For larger commercial customers, a key dissatisfier has been a perception that we are less responsive, and more focused on implementing government initiatives than on satisfying the Companys's own customers' needs.

To mitigate this risk, there is a range of initiatives targeted at individual customer segments, which are designed to take proactive steps to improve our customer relationship. Further, our recent investment in our new CIS solution includes features which will allow us to be proactive, to be better able to satisfy our customers' needs and to provide better service.

x. Labour Relationships Uncertainty

The successful conclusion of collective bargaining with both the PWU and the Society, combined with a general softening of the Ontario Government's position with regard to public sector unions, have resulted in a drop in the level of concern about labour relations risk in the short term. However, downward pressure on costs, progress towards higher pension contributions, and an increased focus on the use of external providers and/or more flexible labour arrangements will continue to put pressure on the Company's relationship with its bargaining units.

Hydro One has an effective labour relations function and a positive relationship with its unions. The PWU contract terminates March 31, 2015 and the Society contract terminates March 31, 2016. Contracts with Hydro One's other labour unions will also terminate and renew during the Budget period.

xi. Regulatory Uncertainty

Hydro One's experience with the regulatory process to date has been positive. Going-forward uncertainty revolves around the manner of implementation of the 5-year Customer COS Framework, future Service Area Amendments decisions by the OEB which could drive up costs on a per-customer basis, and ongoing compliance requirements given evolving regulatory standards and complexity.

To address this risk, Hydro One has developed experienced and capable regulatory staff and maintains frequent contact with OEB staff. An Integrated Compliance Process and a broader application of our Compliance Management System continue to be implemented to improve assurance of regulatory compliance.

xii. First Nations and Metis Relationship Uncertainty

Much of Hydro One's asset base crosses or is adjacent to First Nations or Métis lands or areas claimed as "traditional lands." There is a very real risk that future work or work- in- progress could be delayed until First Nations and Métis expectations are met.

While Hydro One has successfully entered into commercial partnerships with First Nations on transmission development projects, the full implications of the "Idle No More" movement for the business remain to be seen. This movement represents a shift because of its grassroots origins; the Company's recently-adopted approach of commercial partnerships with band councils may have limited effectiveness in mitigating risks of direct action against its operations or assets by Idle No More activists.

To mitigate this risk in the Budget period, Hydro One will continue to maintain an effective First Nations and Métis relationship staff group, and will leverage recent successes in establishing equity partnerships. Supply chain procurement and selection rules have been implemented that incorporate considerations for First Nations and Métis suppliers.

xiii. Government Policy Uncertainty

The Government of Ontario is in a challenging position. Customers' total-bill electricity costs have been climbing in recent years, and the provincial government's own fiscal position is challenged. To address these issues, the Government has been taking steps to limit or to reduce public sector labour costs for both unionized and management employees, and address pension fund liabilities. These actions impact our Human Resources, Labour Unions Relationship, and Pension Fund Risks.

Meanwhile the Government has maintained its commitment to the Green Energy Act and DG, which may have a negative effect on work program cost effectiveness and system reliability. The fact that Ontario currently has a minority government adds to the ongoing uncertainty.

To mitigate this risk, Hydro One maintains an ongoing relationship with the Shareholder, by holding regular briefings with ministry officials. The Company provided submissions to various Government task forces, including the LDC review panel, the benchmarking study and the Morneau panel on pension reform. Tight controls are maintained to address past Auditor General expense and procurement issues and related Government policy directives.

xiv. Market Risk – Pension Fund Performance

Uncertain market and financial conditions have the potential for a negative impact on the Company's pension fund's assets and liabilities. Low interest rates and exceptionally uncertain global economic conditions have combined to create an unusually risky environment for the pension fund. Further, as mentioned above, the Government of Ontario is exploring options and structural changes to public sector pensions to attempt to contain or reduce fund liabilities and improve performance.

Due to a more stable global economic outlook, and Hydro One's defensive, downside protection investment strategy, Pension Fund risk is lower than in recent periods.

Hydro One's pension fund maintains a defensive asset mix structured to minimize the downside impact to invested capital. Increases in the levels of Society, PWU, and MCP staff pension contributions offset some of the contribution imbalances for Hydro One.

SCHEDULE B

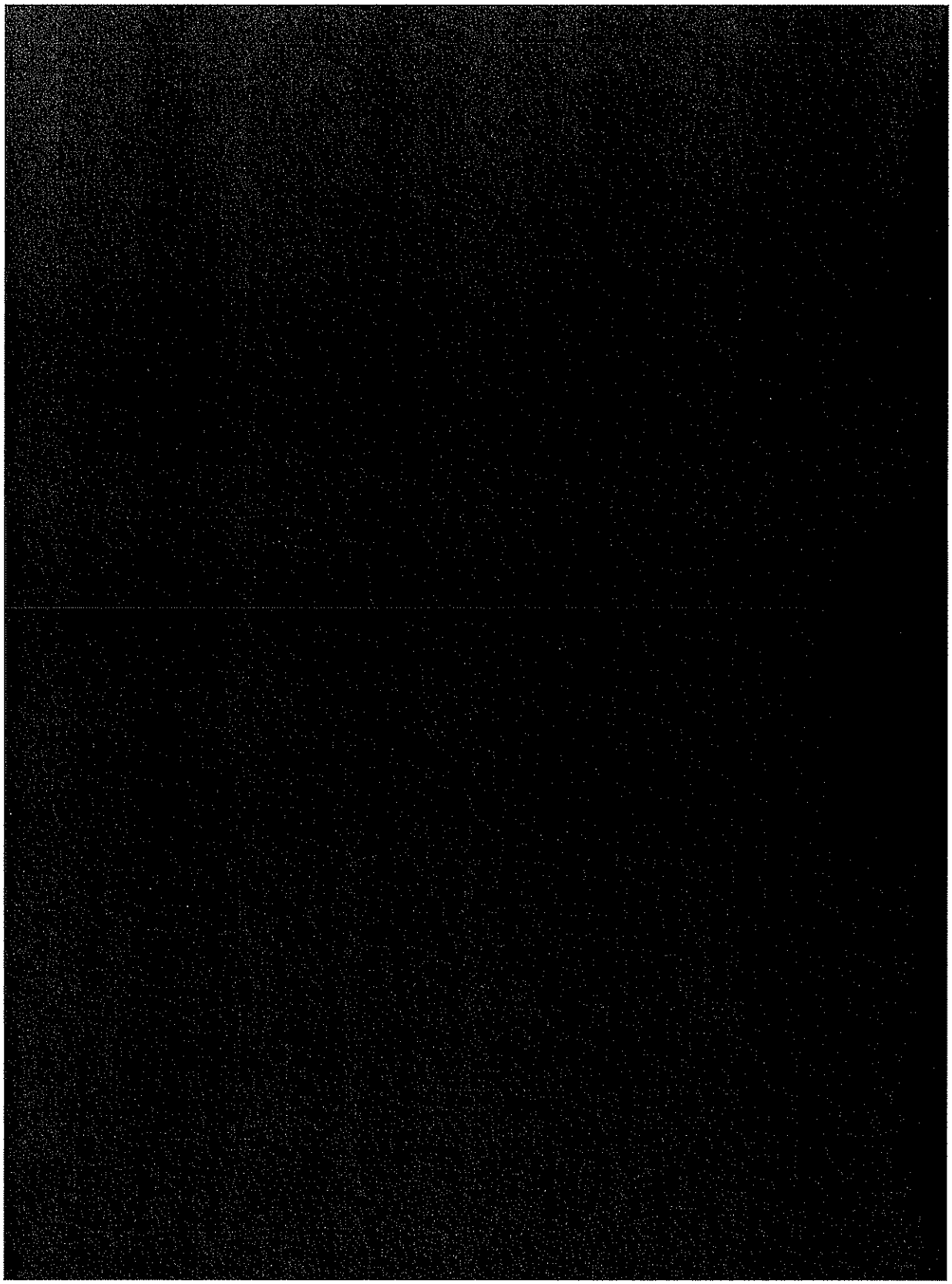
HYDRO ONE INC.
2014 BUDGET & 2015 – 2019 BUSINESS PLAN

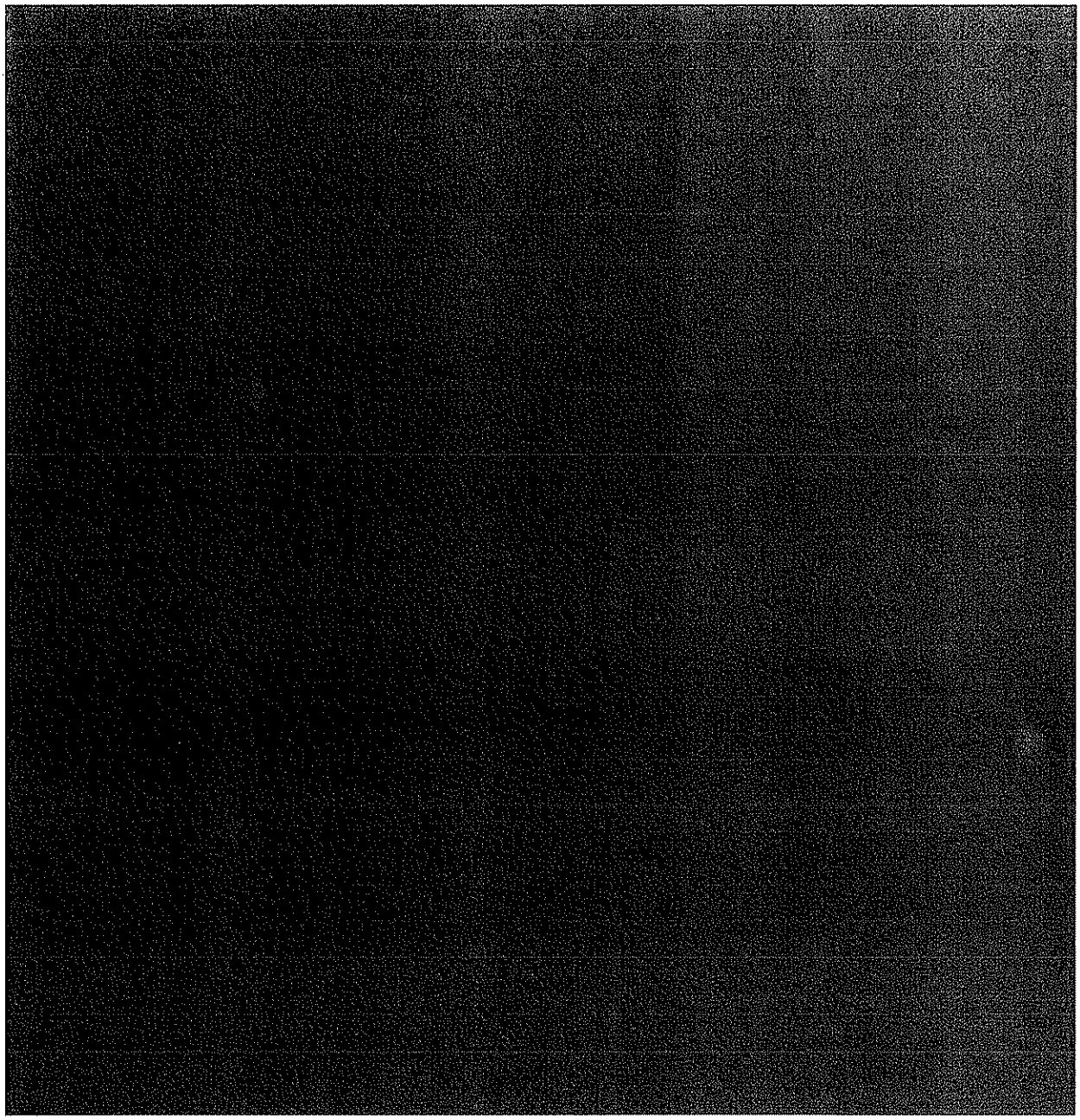
Budget Presentation

SCHEDULE C

HYDRO ONE INC.
2014 BUDGET & 2015 – 2019 BUSINESS PLAN

Hydro One Networks Work Program Details





Distribution Maintenance

Net $		2014 - 2019 Business Plan					
		2014	2015	2016	2017	2018	2019
Sustainment							
N.D.M.1.01	Trouble Calls Customer Locates & Disconn	95.909	92.422	93.191	94.706	95.619	97.369
N.D.M.1.02	Line Maintenance and Repair	16.835	23.451	23.920	24.398	24.886	25.384
N.D.M.1.03	Vegetation Management	139.136	142.022	177.602	180.274	161.086	152.897
N.D.M.1.04	Distributing and Regulating Stations	21.463	21.876	22.157	22.574	22.932	22.844
N.D.M.1.05	Customer Meters	15.429	14.522	14.649	14.849	15.213	15.598
N.D.M.1.06	PCB Test and Destruction	7.419	11.320	18.329	18.659	19.066	19.447
N.D.M.1.07	Other Services	13.843	14.140	14.260	14.668	14.961	15.260
N.D.M.1.08	Land Assessment and Remediation	6.475	5.692	6.237	6.318	5.678	5.502
N.D.M.1.09	Telecom Monitoring and Control	2.955	2.992	3.063	3.125	3.187	3.251
N.D.M.1.17	Protection, Control and Telecom Maintenance	0.505	0.514	0.524	0.535	0.546	0.556
N.D.M.1.60	IT Business Improvements & Enhancements	3.970	3.830	4.430	4.620	4.220	4.220
N.D.M.1.80	Security Infrastructure	0.360	0.370	0.390	0.400	0.420	0.430
Total Sustainment		324.297	333.151	378.750	385.116	367.816	362.758
Development							
N.D.M.2.02	Engineering and Technical Services	4.714	4.712	4.714	4.716	4.857	5.004
N.D.M.2.03	Distributed Generation Connections	1.990	2.177	2.034	1.998	2.044	2.090
N.D.M.2.06	Smart Grid	14.933	10.366	13.487	11.767	16.785	15.129
N.D.M.2.20	Standards Program	3.840	3.840	3.703	3.856	3.973	4.092
N.D.M.2.21	Technology Program	1.774	1.804	2.098	2.136	2.175	2.214
N.D.M.2.22	Smart Grid Distribution Studies	6.061	2.911	5.221	4.267	4.346	4.361
N.D.M.2.50	Conservation and Demand Management	1.000	1.000	1.000	1.000	1.000	1.000
N.D.M.2.51	Smart Metering	0.500	0.500	0.500	-	-	-
Total Development		34.813	27.309	32.757	29.741	35.179	33.890
Total Sustainment and Development		359.110	360.460	411.507	414.857	402.995	396.649
Operating							
N.D.M.3.01	Operations Contract	2.472	2.519	2.569	2.621	2.673	2.727
Total Operating		2.472	2.519	2.569	2.621	2.673	2.727
Customer							
N.D.M.4.01	Customer Care Services Dx	101.950	89.855	89.683	90.237	91.516	93.127
Total Customer		101.950	89.855	89.683	90.237	91.516	93.127
Common P&Ps Allocated to Dx							
N.C.M.1.25	Business Telecom	8.316	8.090	8.274	8.274	8.292	8.382
N.C.M.1.50	Real Estate Facility	22.044	22.524	22.414	22.907	23.430	24.416
N.C.M.1.60	IT Business Improvements & Enhancements	2.699	2.732	2.861	3.324	3.324	3.324
N.C.M.1.70	IT - Sustainment and Operations	51.754	54.364	53.775	52.606	54.147	55.312
N.C.M.2.10	Business Transformation - Cornerstone	2.071	-	-	-	-	-
N.C.M.2.50	Conservation and Demand Management	0.399	0.407	0.415	0.423	0.432	0.441
N.C.M.2.60	IT-Business Solution Development	1.653	1.132	0.979	1.188	0.868	0.799
N.C.M.2.70	IT - Project & Architecture Services	5.971	6.008	6.851	7.098	6.665	6.665
N.C.M.3.01	Common Operating Infrastructure	2.775	2.831	2.833	2.834	2.835	2.836
N.C.M.3.03	Environment Health and Safety	2.049	2.248	2.427	2.190	2.127	2.279
Total Common P&Ps		99.732	100.337	100.829	100.845	102.121	104.454
		563.263	553.172	604.588	608.560	599.305	596.956
Total Shared Services		33.287	30.971	31.027	30.477	31.460	31.609
Total Operations		47.825	47.980	47.179	46.804	47.079	47.555
Total Corporate Relations		5.407	5.371	5.358	5.384	5.432	5.403
Total People & Culture		5.097	5.034	4.682	4.639	4.706	4.765
Total Customer Service		23.986	24.037	23.298	23.386	23.136	23.473
Total General Counsel and Secretariat		4.109	4.134	4.143	4.152	4.204	4.248
Total Audit		1.118	1.129	1.132	1.136	1.159	1.179
Total HOI		2.366	2.361	2.391	2.401	2.424	2.443
Total Common Corporate		123.175	121.038	119.209	118.358	119.600	120.675
Direct							
External Work COS		2.019	2.059	2.101	2.143	2.186	2.229
Property Taxes		4.571	4.718	4.870	5.029	5.194	5.366
Environmental Provn		(11.205)	(14.158)	(21.995)	(22.358)	(22.032)	(21.616)
Overheads Recovered		(84.308)	(85.858)	(81.373)	(80.214)	(82.476)	(85.326)
Corporate Level Adj		(16.200)	(16.666)	(17.218)	(17.548)	(17.914)	(18.280)
Total Distribution Maintenance		581.316	564.305	610.182	613.969	603.864	600.001

Distribution Capital

Net $		2014 - 2019 Business Plan					
		2014	2015	2016	2017	2018	2019
Sustainment							
N.D.C.1.02	Wood Pole Replacement	82.536	88.692	95.145	105.003	115.216	125.797
N.D.C.1.03	Joint Use and Relocations	26.234	26.732	27.267	27.812	28.369	28.936
N.D.C.1.04	PCB Transformer Replacement	-	1.849	4.950	10.616	10.829	11.045
N.D.C.1.06	Trouble Calls & Storm Damage	58.336	58.237	60.837	61.611	62.060	62.517
N.D.C.1.07	Lines	32.313	46.909	48.031	51.063	52.276	53.518
N.D.C.1.08	Distributing & Regulating Stations	48.715	61.662	63.297	63.666	70.367	71.162
N.D.C.1.09	Metering	13.103	14.647	20.546	23.806	21.294	10.506
N.D.C.1.80	Security Infrastructure	1.009	1.028	1.049	1.070	1.091	1.113
Total Sustainment		262.246	299.756	321.123	344.648	361.501	364.593
Development							
N.D.C.2.01	New Load Connection Upg/Cancel/Meters	105.545	108.854	112.104	115.799	119.329	122.901
N.D.C.2.02	System Capability Reinforcement	61.076	81.411	71.503	61.166	61.996	74.232
N.D.C.2.03	Distribution Generation Connection	33.164	33.071	22.663	8.729	2.132	2.018
N.D.C.2.05	Wholesale Metering	0.405	-	-	-	-	0.000
N.D.C.2.06	Smart Grid	29.261	30.000	25.000	20.000	20.000	20.000
N.D.C.2.51	Smart Metering	18.800	2.000	-	-	-	-
N.D.C.2.60	IT Business Solution Development	9.000	5.000	1.000	5.000	1.000	4.000
Total Development		257.251	260.334	232.270	210.694	204.458	223.151
Total Sustainment and Development		519.496	560.091	553.393	555.341	565.959	587.744
Operating							
N.D.C.3.08	Operating Infrastructure	3.000	8.000	8.000	-	-	-
Total Operating		3.000	8.000	8.000	-	-	-
Common P&Ps							
N.C.C.1.30	Fleet	46.903	39.616	45.441	41.217	45.690	42.882
N.C.C.1.40	Work Equipment	4.522	4.180	3.624	3.624	3.214	3.214
N.C.C.1.50	Real Estate Facilities	16.435	15.481	13.620	13.620	15.890	15.890
N.C.C.1.55	MFA - Real Estate Facilities	2.492	2.492	0.680	0.680	0.680	0.680
N.C.C.1.70	IT - Sustainment and Operations	4.954	4.496	4.223	4.223	4.686	4.686
N.C.C.1.75	IT - MFA	8.951	7.869	8.820	8.041	6.591	6.410
N.C.C.2.10	Business Transformation - Cornerstone	8.739	-	-	-	-	-
N.C.C.2.60	IT Business Solution Development	6.852	5.232	6.065	5.602	5.324	3.473
N.C.C.3.01	Common Oper Infrast & Control Facilities	2.130	1.402	10.816	7.047	7.048	4.167
Total Common		101.978	80.767	93.288	84.053	89.123	81.401
Total Distribution Capital		624.474	648.858	654.681	639.394	655.081	669.145

hydro One

Hydro One Inc.
2014 Budget & 2015-2019 Business Plan

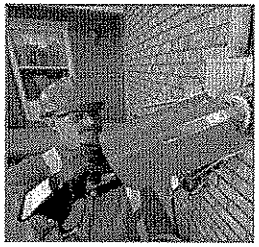
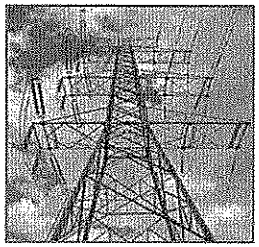
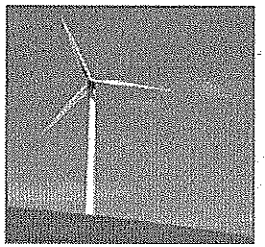
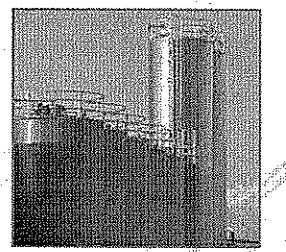
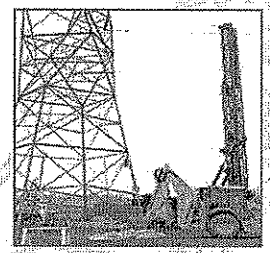
November 14, 2013

Carmine Marcello
President & Chief Executive Officer

Peter Gregg
Chief Operating Officer

Sandy Struthers
Chief Administration Officer and Chief Financial Officer

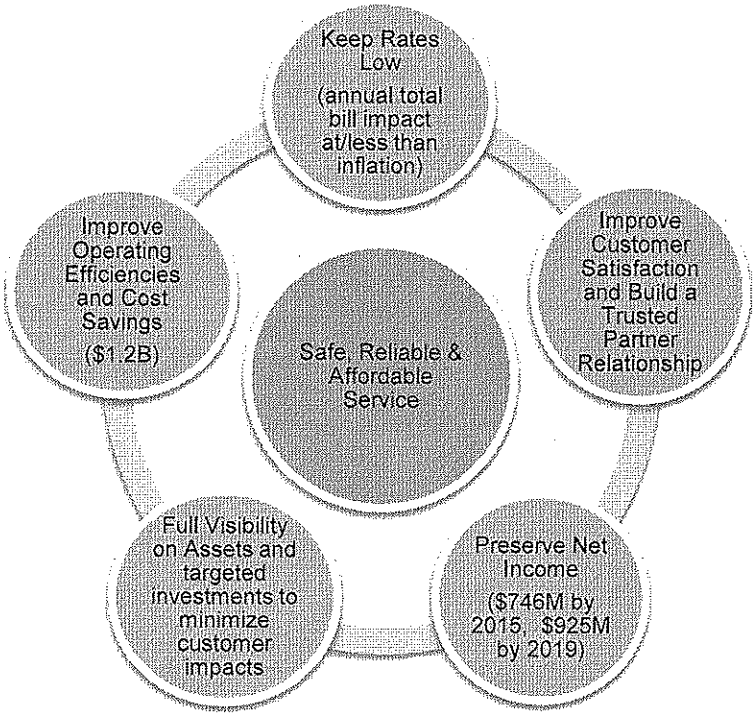
2014 – 2019 Value Proposition

Value Proposition

Productivity / Cost Effectiveness: Over $1.2B

hydro One



IT/Process-Enabled $583M

- Business System ($300M) [1]
- Telephony Improvements ($27M)
- Business Transformation ($256M) [2]

Back Office $205M

Inergi Contract

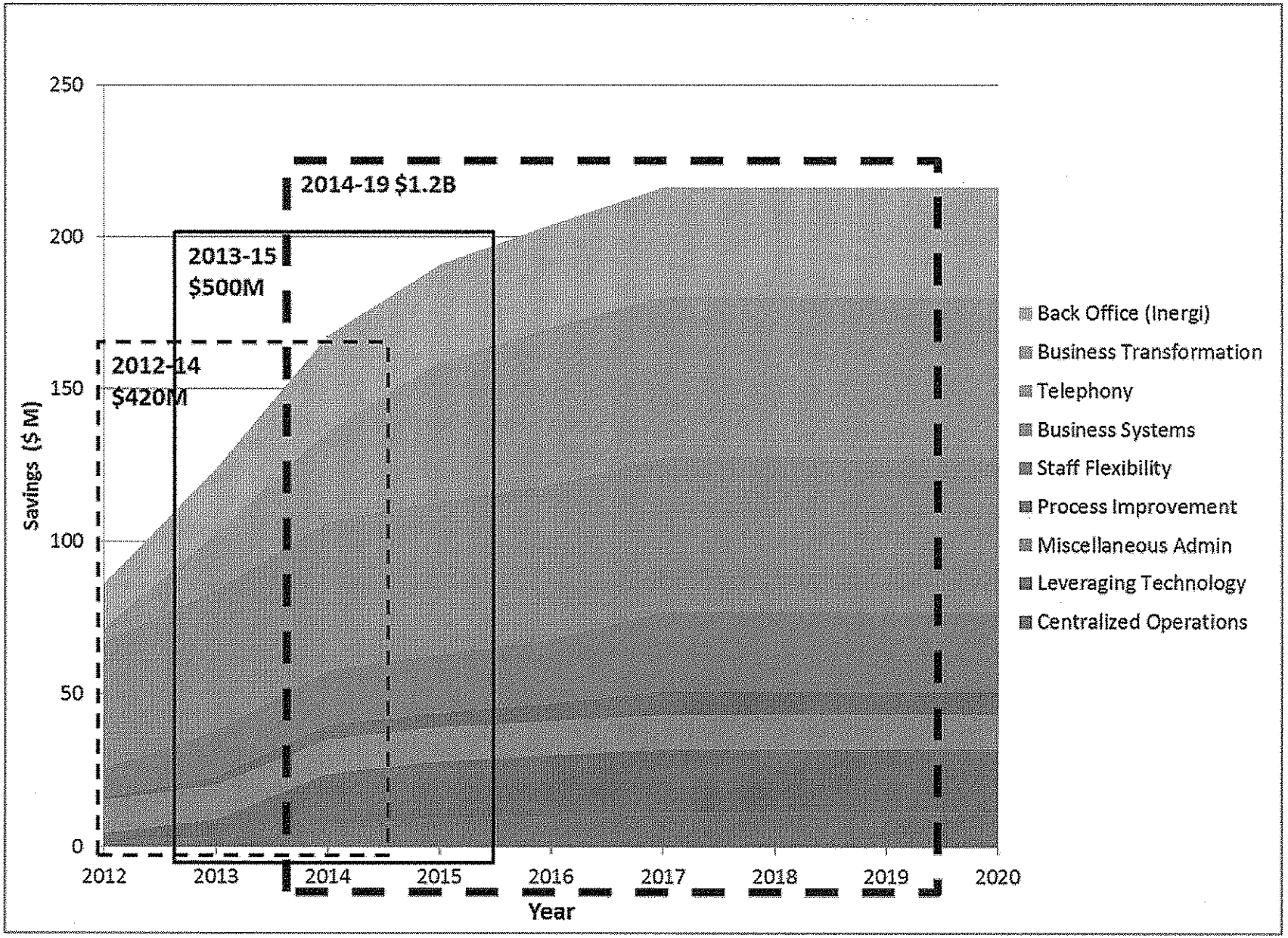
Operations $420M

- Centralizing Operations
- Leveraging Technology
- Process Improvements
- Staff Flexibility

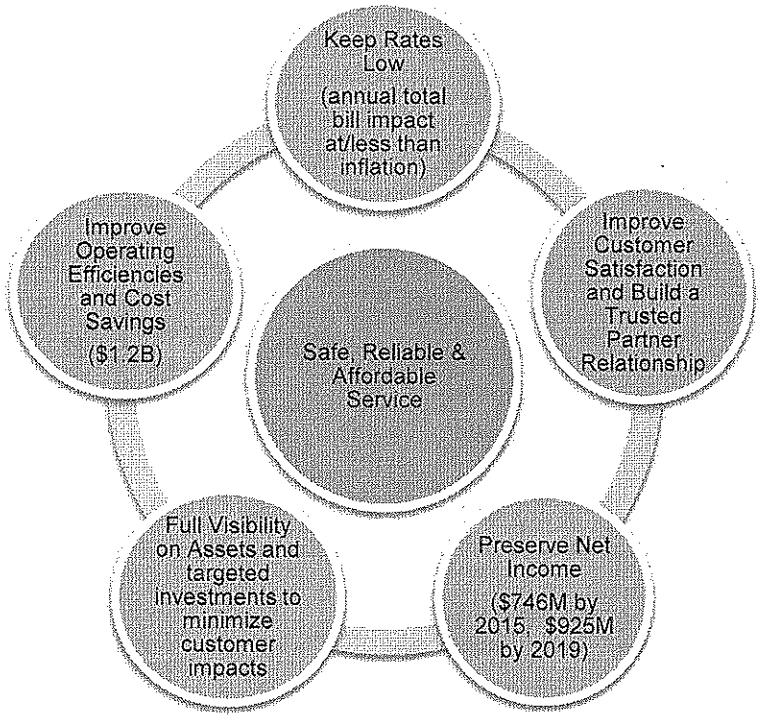
[1] Cornerstone 1,2
[2] Cornerstone 3,4

Productivity / Cost Effectiveness Details

hydro One



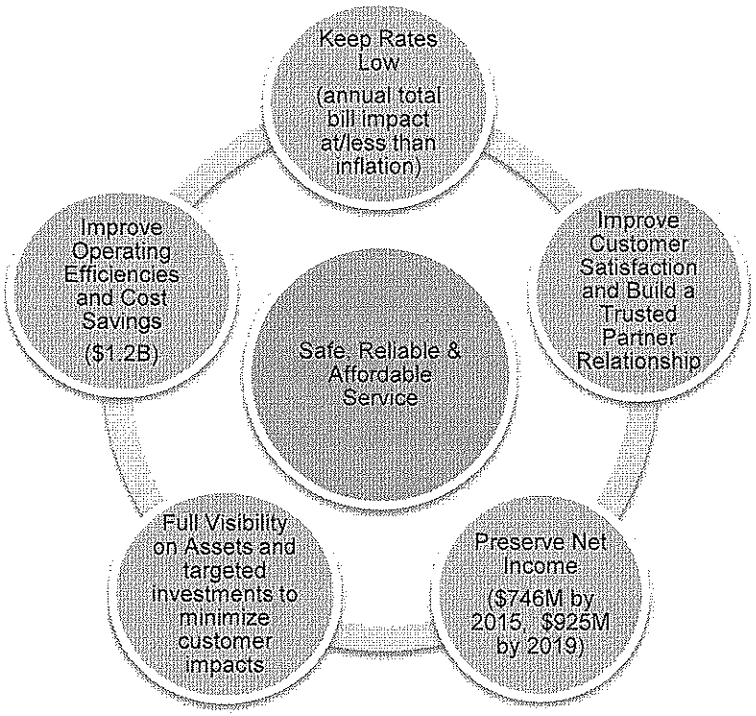
Future Savings Strategy



Business Plan Tactics

- Facilities – Continue with reviewing opportunities to outsource ground and site maintenance.
- Pension – Increase the employee contributions to reduce the employers funding obligations.
- Outsourcing Agreement – Current outsourcing agreement expires in 2015. Reaffirm business requirements and processes to streamline next agreement. Adjust contract end dates to coincide with fiscal year end.
- Shared Services – Operations strategy is to make better use of indirect labour optimizing outputs and deliverables
- Labour – Maintain full-time equivalent headcount by use of increased hiring hall and contractors to fulfill demand work. Facilitate conversion of indirect labour force to direct labour force to achieve increased level of productivity.
- Innovation – Continue to invest in technology that improves productivity. Additional business analytics, mobility in the field and data collection to facilitate intelligent investing.

Delivering Our Core Business: Manage Risk



- Hydro One's assets are in the midst of a demographic change: an increasing proportion of assets reaching end of expected service life and an increasing average asset age.
- The challenge is to deliver on the core business while balancing the expectations of our shareholder, regulator and our customers by:
  - keeping rates low
  - Improving customer satisfaction
  - preserving net income
  - taking intelligent risks in the management of the assets
  - improving operating efficiencies and cost savings
- As a result, this plan is about making targeted investments using next-generation business tools that provide us with:
  - full visibility on our assets and investments to minimize customer impacts
  - real-time asset condition and performance data
  - data which allows the Company to optimize assets
  - opportunities to improve procurement
  - opportunities to optimize asset life-cycle
  - means to better deploy work crews

Addressing Key Challenges

hydro One

Improve customer satisfaction and build a trusted advisor relationship:

- Takes into account discussions with customers
- Reflects the planned development and delivery of customer strategies and plans

Balance an increasing work program while minimizing impacts to the customer's bill:

- Includes risked-based, targeted investments to maintain, refurbish and replace existing assets
- Reflects a resource strategy that supports the delivery of a growing work program
- Continues the drive to improve operating efficiencies and cost savings

Transform to an accountability-based culture:

- Reflects continued investments in the Craft of Management program, among other programs, to drive and sustain improved levels of employee engagement

Maintain stable financial results and business profile:

- Manages economic risks of an increasing borrowing program due mainly to infrastructure investment
- Maintains enterprise value and FFO coverage ratios by constraining dividends and maintaining capital structure

Key Assumptions

hydro One

Employee Compensation

- Assumed base salary increases in accordance with new collective agreements for represented staff.
- Assumed base salary increase for MCP staff.
- Assumed no labour disruption and increased units of work.

Productivity

- $1.2B of productivity and cost effectiveness over 6 year period

Value Growth

- Bruce x Milton partnership reflected in Tx tariffs and HOI financial statements.
- Norfolk Power financial results included in consolidated operations as of Q1 2014
- Annual budget for Value Growth group is $6M

Competitive Bidding

- Not included in the business plan are costs associated with competitive designation process and business development (e.g. East West Tie) and Potential LDC acquisitions/divestitures.

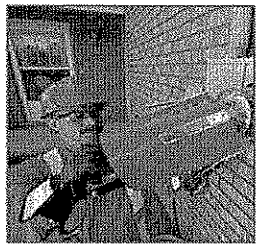
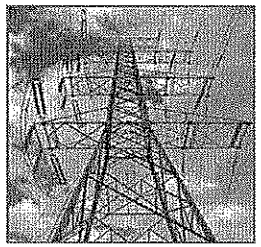
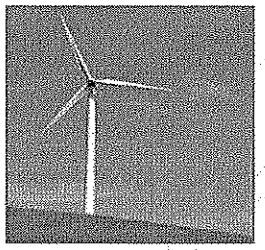
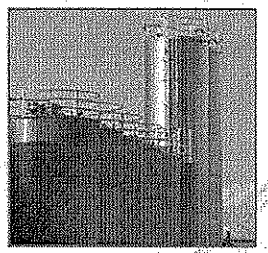
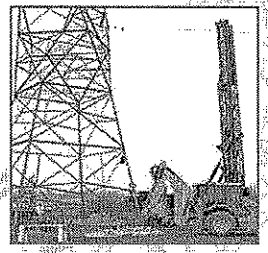
Regulatory

- New regulatory framework is considered.
- The impacts of Tx and Dx settlements and OEB decisions are reflected.

Outsourcing

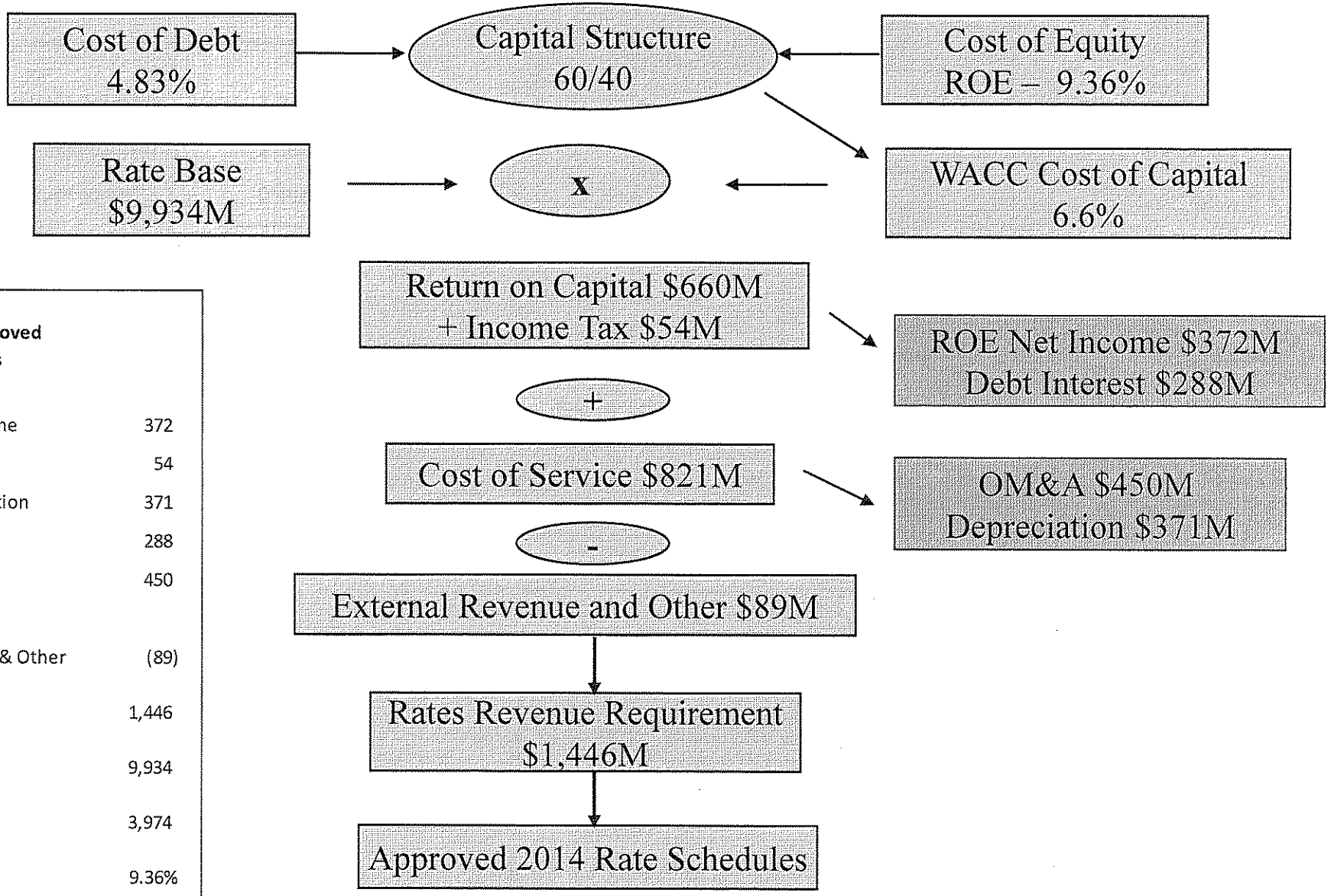
- Assumed current cost structure continues beyond 2014.

2014 – 2019 Financial Results

Approved 2014 Transmission Revenue - Cost of Service Requirement

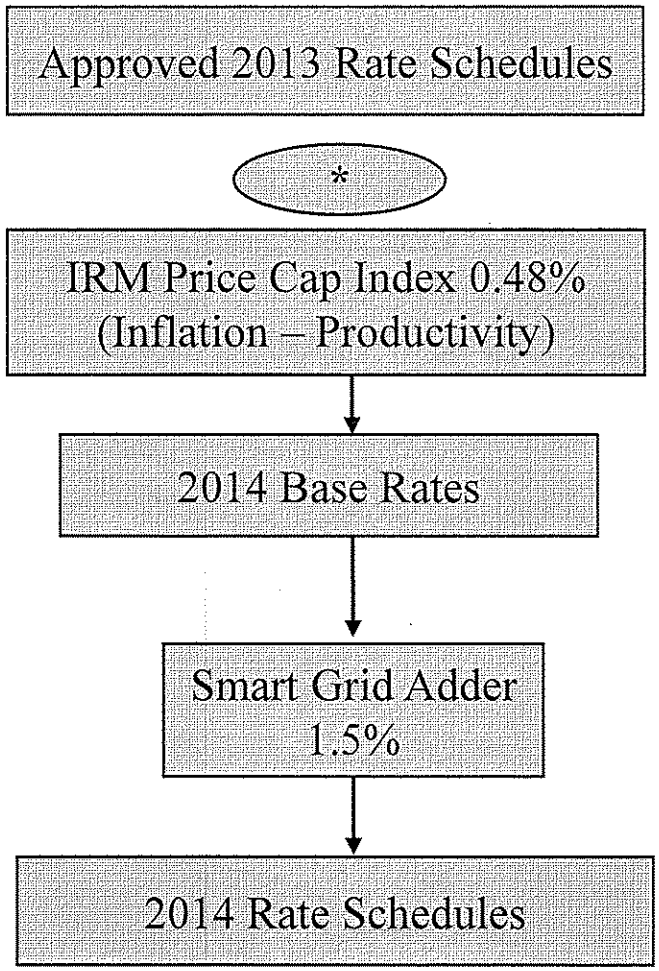
hydro One



OEB Approved **$ millions**	
Net Income	372
PILs	54
Depreciation	371
Interest	288
OM&A	450
External Revenue & Other	(89)
Revenue	1,446
Rate Base	9,934
Equity	3,974
ROE	9.36%

Approved 2014 Distribution Rates – IRM/ICM

hydro One

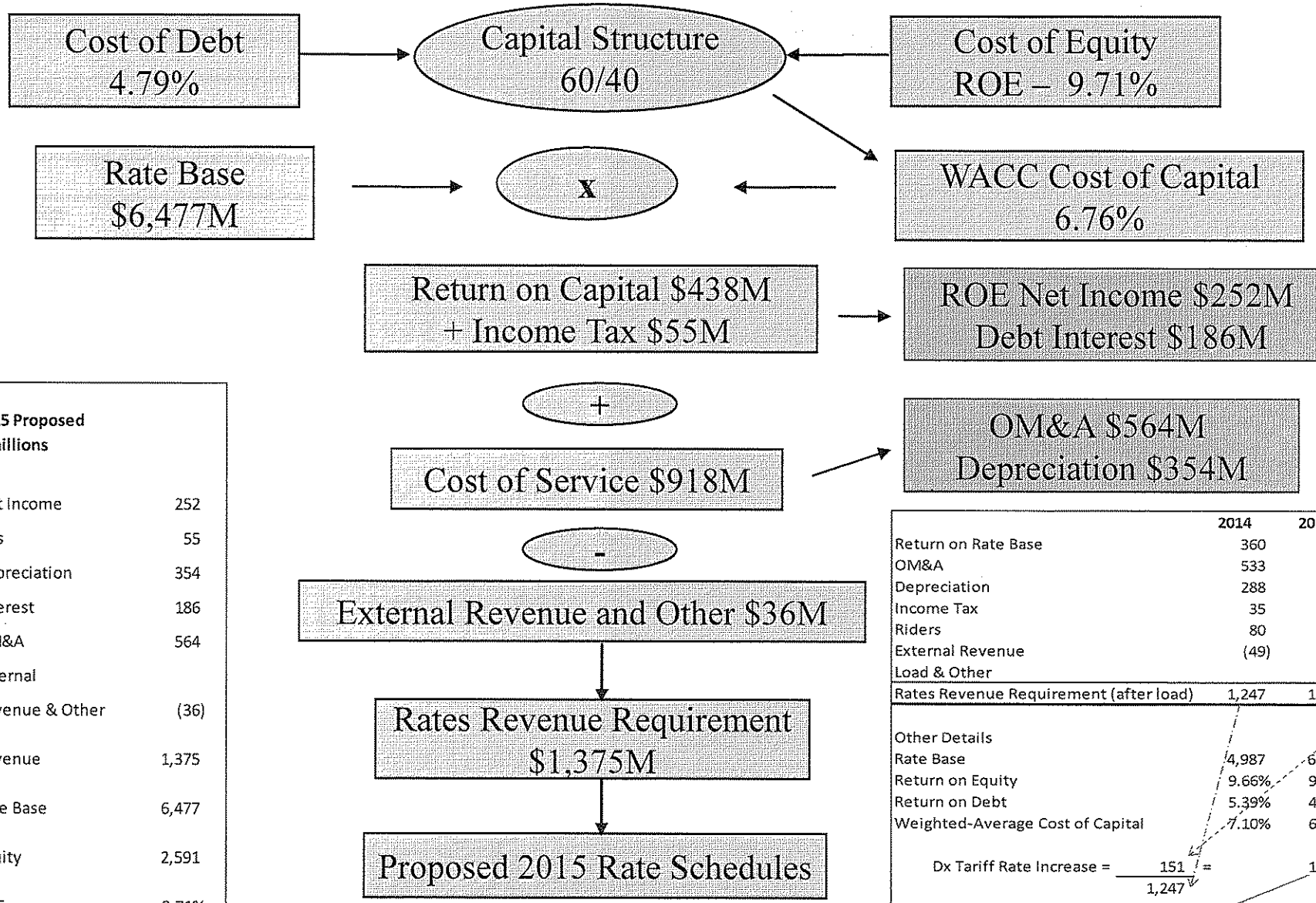


2013 Rate Increase

Approved 2013 Rates	Base
PCI Adjustment	0.48%
2014 Base Rates	0.48%
Smart Grid Adder	1.50%
2014 Rate Increase	1.98%

Proposed 2015 Distribution Revenue – Cost of Service Requirement

hydro One



2015 Proposed $ millions	
Net Income	252
PILs	55
Depreciation	354
Interest	186
OM&A	564
External Revenue & Other	(36)
Revenue	1,375
Rate Base	6,477
Equity	2,591
ROE	9.71%

	2014	2015	Change
Return on Rate Base	360	438	78
OM&A	533	564	31
Depreciation	288	354	66
Income Tax	35	55	20
Riders	80	9	(71)
External Revenue	(49)	(45)	4
Load & Other		23	23
Rates Revenue Requirement (after load)	1,247	1,398	151
Other Details			
Rate Base	4,987	6,477	1,490
Return on Equity	9.66%	9.71%	0.05%
Return on Debt	5.39%	4.79%	-0.60%
Weighted-Average Cost of Capital	7.10%	6.76%	-0.34%

Dx Tariff Rate Increase = 151 / 1,247 = 12.1%

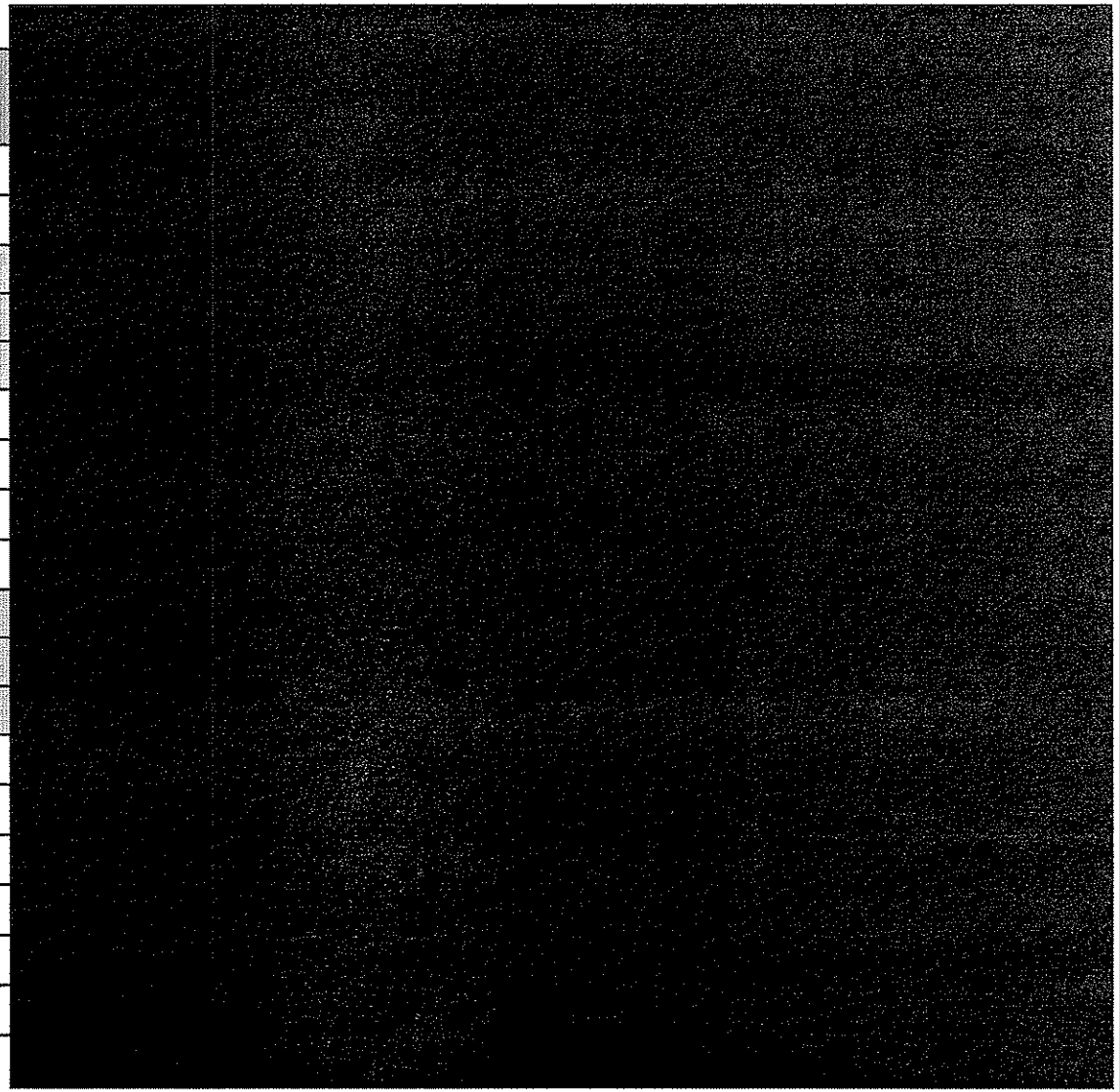
Dx Bill Impact = 12.1% x 33% = 4.0%

Tx Bill Impact = 8.6% x 8% = 0.7%

HOI - Financial Results

hydro One

$M except where noted	Actual 2012	Forecast 2013
Revenue	5,729	6,045
Income before PILs	867	894
Net Income	**746**	**805**
EBITDA	**1,884**	**1,936**
Cash Flow	**(476)**	**(124)**
Debt Ratio	55%	55%
FFO Coverage	4.1x	4.5x
Actual Rate Base	14,625	15,025
ROE (GAAP)	11.5%	11.6%
Capital Expenditures	**1,455**	**1,407**
OM&A	**1,047**	**1,077**
Depreciation	**659**	**688**
Dividends	370	218
PILs	121	89
Total Long-term Debt	8,480	9,064
Total Equity	6,833	7,418
Headcount	5,762	5,856

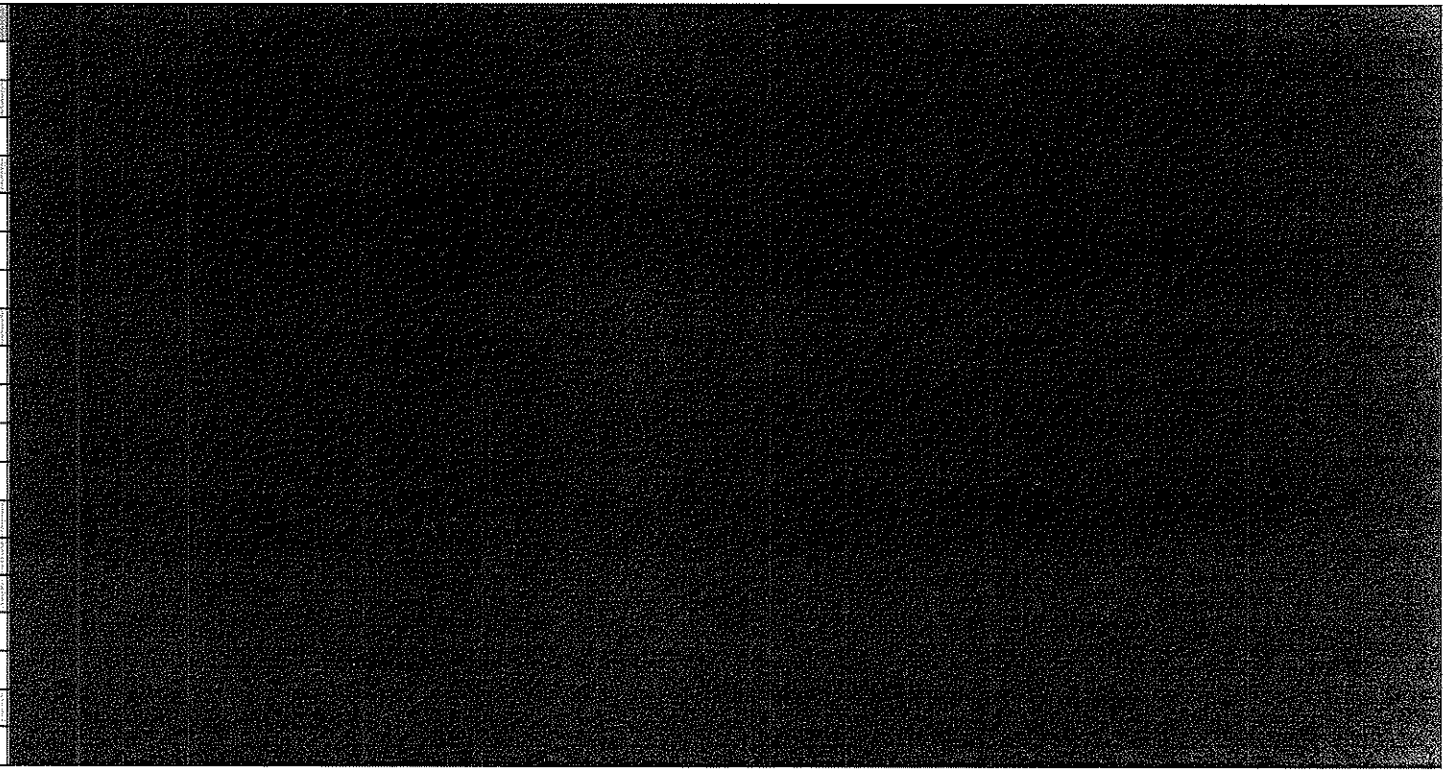


Results in US GAAP

HOI - Long-Term Financial Results

hydro One

$M except where noted	2012	2013
Revenue	5,729	6,045
Income before PILs	**867**	**894**
Net Income	746	805
EBITDA	**1,884**	**1,936**
Cash Flow	(476)	(124)
Debt Ratio	55%	55%
FFO Coverage	4.1x	4.5x
Actual Rate Base	**14,625**	**15,025**
Tx Rate Increase (%)	7.8%	0.0%
Dx Rate Increase (%)	-0.2%	1.4%
Allowed Regulatory ROE	9.4%	8.9%
ROE (GAAP)	11.5%	11.6%
Capital Expenditures	**1,455**	**1,407**
OM&A	**1,047**	**1,077**
Depreciation	**659**	**688**
Dividends	370	218
PILs	121	89
Total Long-term Debt	**8,480**	**9,064**
Total Equity	6,833	7,418



Assumptions

- Distribution IRM/ICM for 2014, Custom COS for 2015-19 and onward (simulates new regulatory framework)
- Transmission Cost of Service for 2013/14, 2015/16 and onward.
- 2018 onward includes 2% escalation of OM&A and Capital expenditures.

Results in US GAAP

Business Plan – Projected Cash Flow

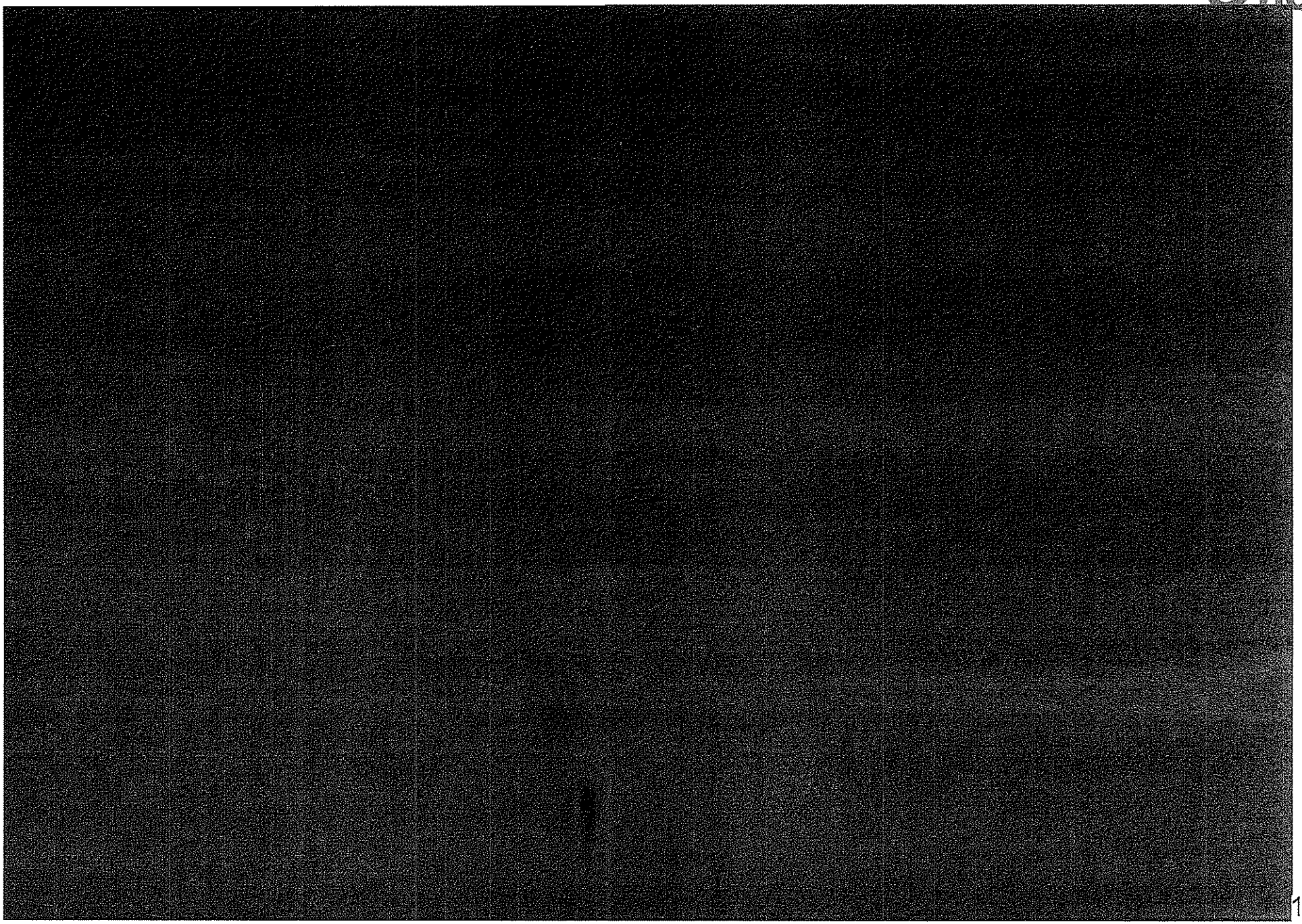
hydro One

	Actual 2012	Forecast 2013
Cash from Operations	1,349	1,501
Less:		
Dividends	**370**	**218**
Capital Expenditures		
Sustainment	637	789
Development	600	339
Green Development/Connection	73	60
Other	146	219
Total Capital	**1,455**	**1,407**
Cash Outflow (Dividends + Capital)	1,825	1,625
Cash from Operations less Outflow	(476)	(124)
Liquidity reserve	0	0
Less:		
Debt Refinancing	600	600
Short Term Refinancing	51	(153)
Cash Requirements Including Refinancing	**(1,127)**	**(571)**

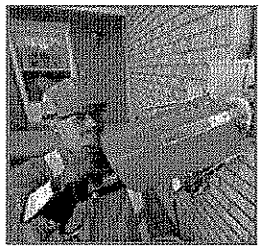
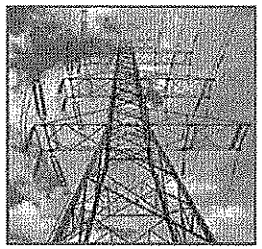
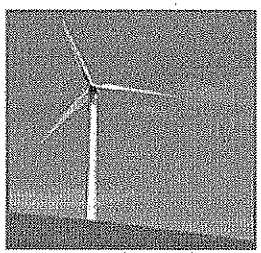
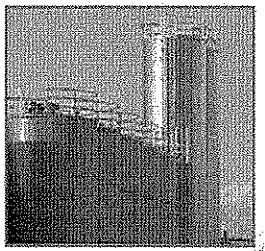
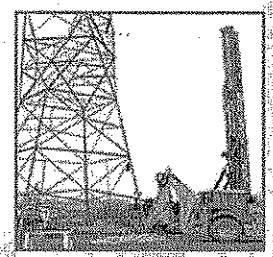
[redacted]

Results in US GAAP

Subsidiaries



2014 – 2019 Planning Assumptions

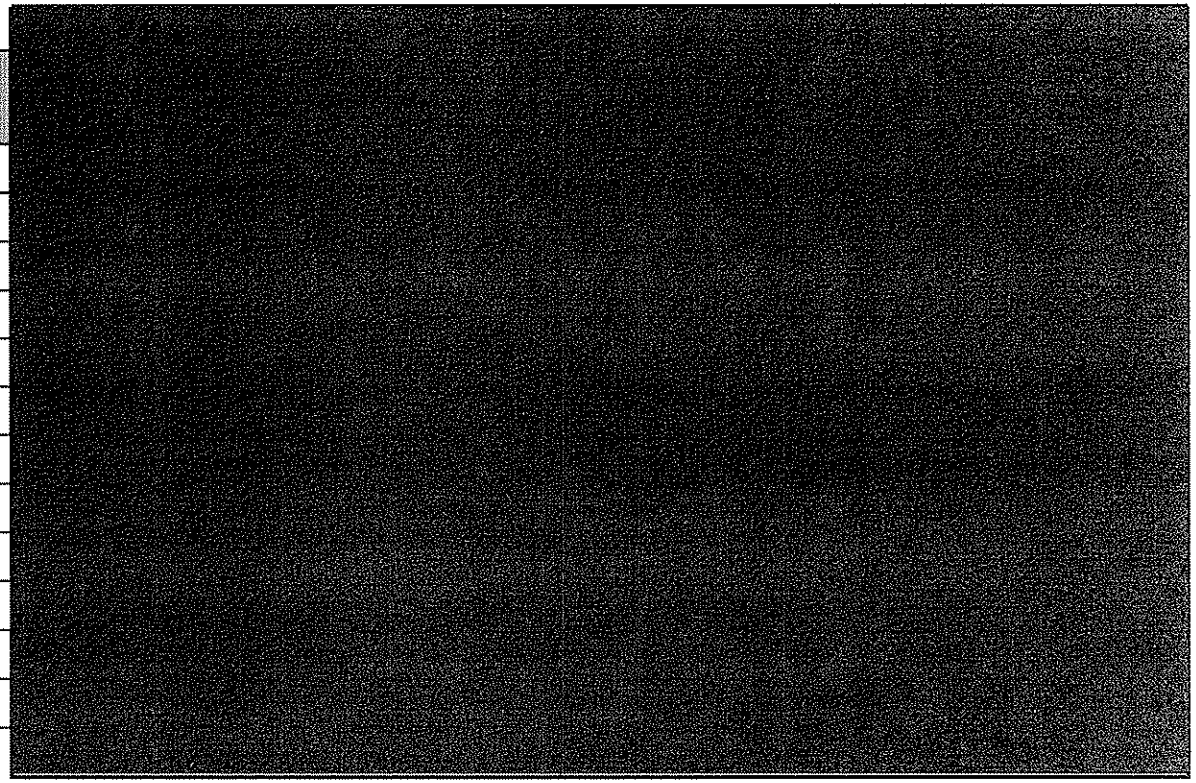






Key Financial Assumptions

hydro One

2013 Budget & 2014-2019 Plan Economic Assumptions

		Budget* 2013
Transmission Load Growth		-0.10%
Distribution Load Growth		-1.00%
CPI		2.10%
Employee Benefit Costs		$180M
Pension		$162M
Labour Escalation	MCP	1.00%
	Society	1.00%
	PWU	1.00%
Income Tax Rates		26.50%
Cost of Borrowing	5 Year	2.30%
	10 Year	3.05%
	30 Year	4.02%



* From 2013-2017 Business Plan

Key Regulatory Assumptions

hydro One

2013 Forecast & 2014-2019 Plan Regulatory Assumptions

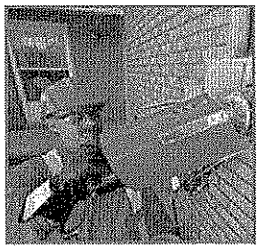
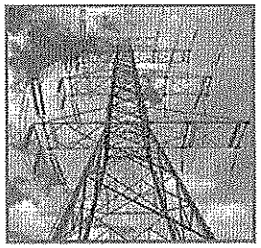
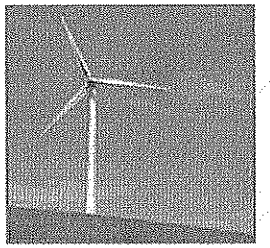
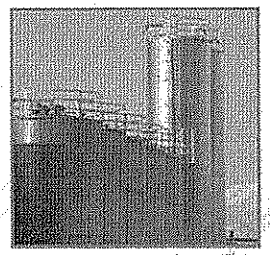
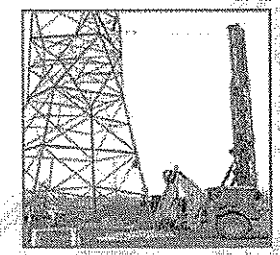
	Forecast	Business Plan					
	2013	2014	2015	2016	2017	2018	2019
Filing Method							
Transmission	COS						
Distriubtion	IRM	IRM	CCOS	CCOS	CCOS	CCOS	CCOS
Brampton	IRM						
Remotes	COS						
Norfolk	IRM						
BxM	COS						
Regulatory ROE	8.93%	9.36%	9.71%	9.96%	10.16%	10.21%	10.21%
HONI Regulatory Accounts							
Smart Meter	✓	✓	X	X	X	X	X
Smart Grid	✓	✓	X	X	X	X	X
DG/Green	✓	✓	X	X	X	X	X

CCOS = Custom Cost of Service

Notes:

- Norfolk rates will be set consistent with purchase agreement
- Remotes RRRP variance account may be cleared through the IRM process

Business Planning Risk Profile

Corporate Risk Profile (Mid-year 2013)

hydro One

Risk Name	Controllability	Internal Residual Risk[1]	Controls Strength[2]	Overall Residual Risk (External and Internal) [3]	Trend since last profile
Employee Injuries/Absenteeism	High	High	▲	High	-
Inadequate Distribution Asset Capacity/Configuration		Medium	■	High	↓
Outsourcing Risks		Medium	■	Medium-High	↓
Non-Achievement of Work Program ("Getting the Work Done")		Medium	■	Medium	↓
Information Technology Risk		Medium	■	Medium	↓
Inadequate or Uncertain Transmission Asset Condition		Medium	■	Medium	-
Cost and Productivity Uncertainty		Medium	■	Medium	↓
Human Resources Risks	Moderate	Medium-High	▲	Medium-High	-
Customer Relationship Uncertainty		Medium-High	▲	High	↓
Labour Unions Relationship Uncertainty		Medium	■	Medium	↓
Regulatory Uncertainty		Medium	■	Medium-High	↓
First Nations and Métis Relationship Uncertainty	Low	High	▲	Very High	-
Government Policy Uncertainty		Low	■	High	↓
Market Risk: Pension Fund Performance		Low	■	Medium	↓

[1] **Internal Residual Risk** is the residual risk that is available for management to mitigate – from internal/operational risk sources

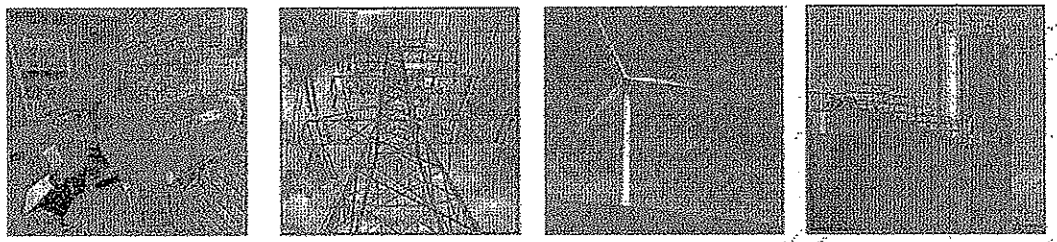
[2] **Controls Strength** is rated as either

■ full or substantial (current controls are adequately scaled to risk) or

▲ partial (improvement areas of management focus; initiatives are underway to strengthen controls – see detailed sheets for description)

[3] **Overall Residual Risk** is the worst-credible risk to Corporate objectives in consideration of both internal (controllable) and external (uncontrollable) risk sources

2014 – 2019 Customer Rates



Customer Rate Impact

Tariff Details:

		Distribution			
		Total Base and Other Tariff Impact	Rate Rider	Total Tariff Impact	Impact on Total Bill
IRM/ICM	2013	1.0%	0.4%	1.4%	0.5%
IRM	2014	0.5%	1.5%	2.0%	0.7%
CIR	2015	17.9%	-5.8%	12.1%	4.0%
	2016	7.4%	0.0%	7.4%	2.4%
	2017	3.6%	0.0%	3.6%	1.2%
	2018	3.0%	0.0%	3.0%	1.0%
	2019	2.9%	0.0%	2.9%	1.0%

		Transmission			
		Total Base and Other Tariff Impact	Rate Rider	Total Tariff Impact	Impact on Total Bill
COS	2013	0.0%	0.0%	0.0%	0.0%
	2014	8.5%	-2.2%	6.3%	0.5%

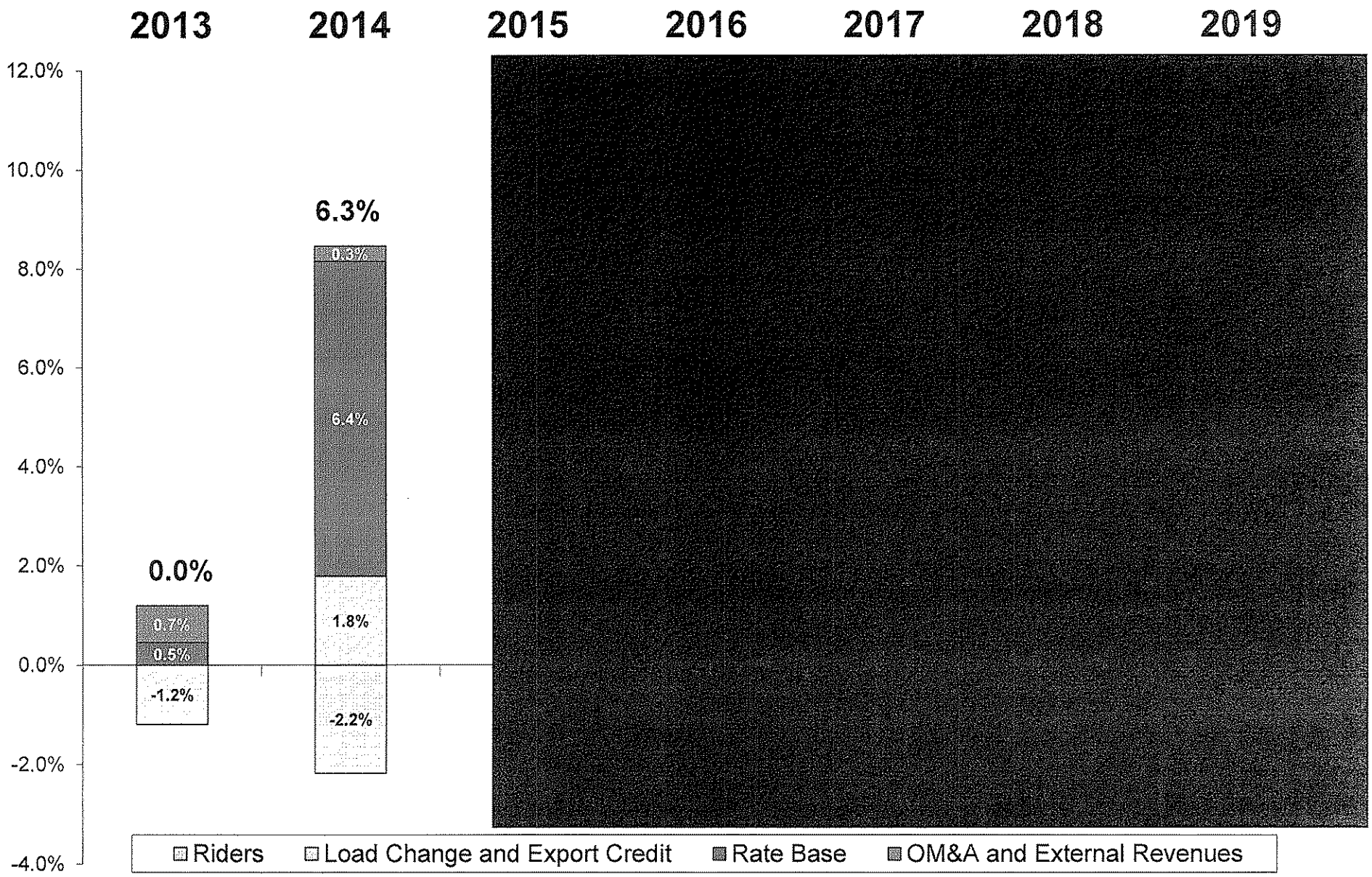
Tariff Summary:

	Tariff Impacts			
	Without Riders		With Riders	
	Dx	Tx	Dx	Tx
2014	0.5%	8.5%	2.0%	6.3%
2015	17.9%		12.1%	
2016	7.4%		7.4%	
2017	3.6%		3.6%	
2018	3.0%		3.0%	
2019	2.9%		2.9%	
6 Yr Avg	5.9%		5.2%	
5 Yr Avg	7.0%		5.8%	

Bill Impact:

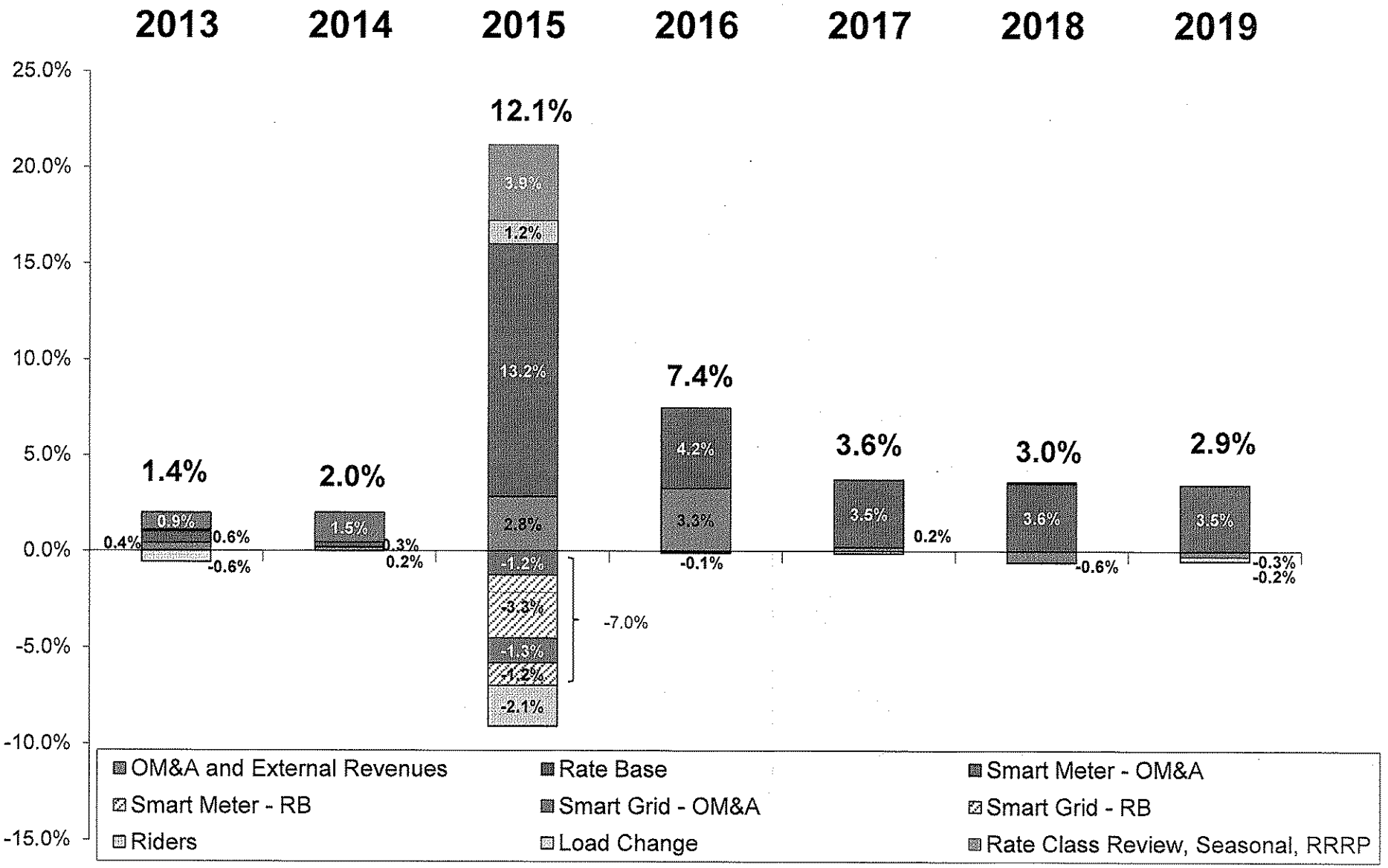
	Total Bill Impact		
	Dx	Tx	Total
2014	0.7%	0.5%	1.2%
2015	4.0%		
2016	2.4%		
2017	1.2%		
2018	1.0%		
2019	1.0%		
6 Yr Avg	1.7%		
5 Yr Avg	1.9%		

Tx Rate Increase



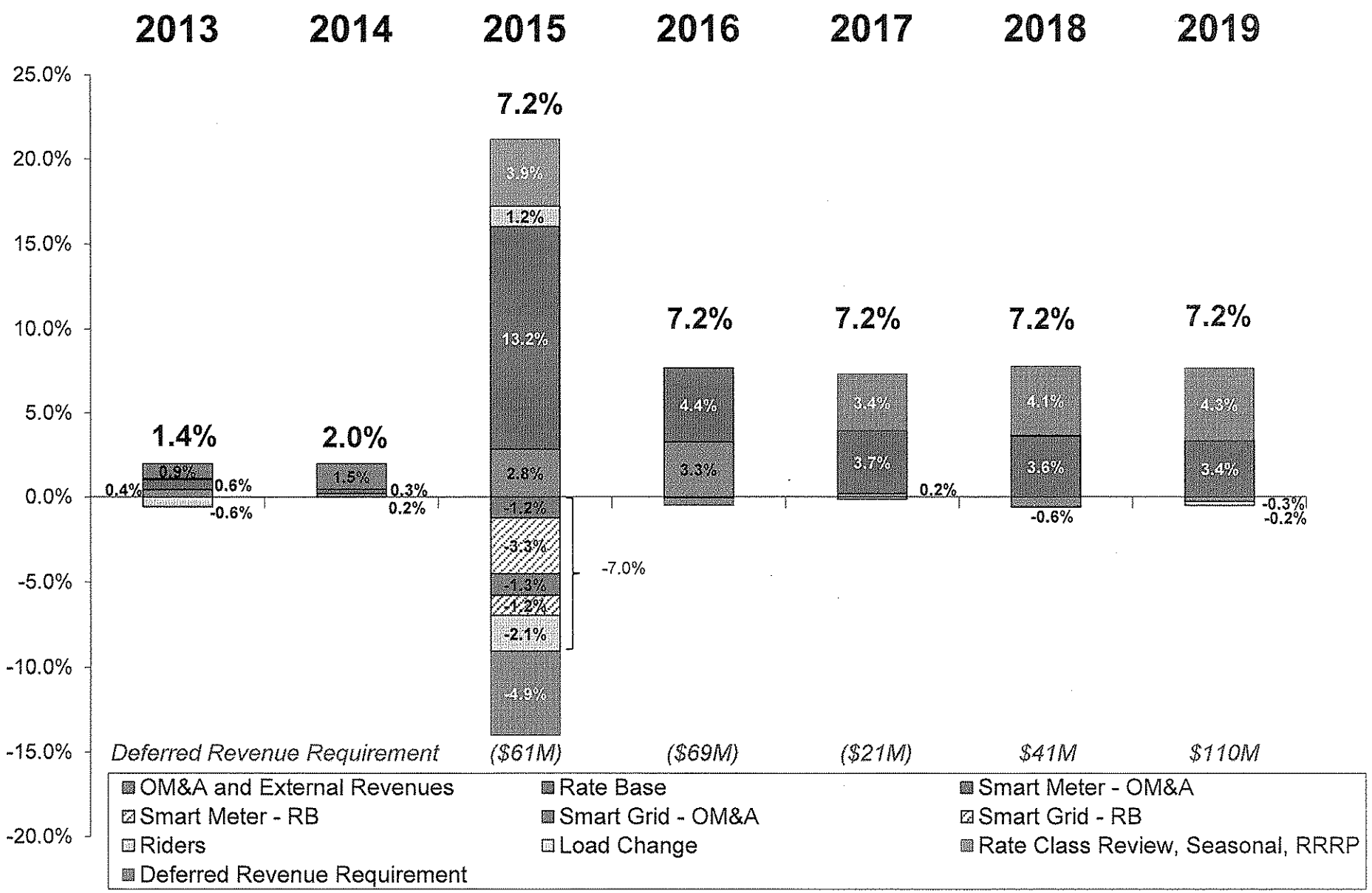
- Rate adders and riders causes changes to rates as collections or refunds begin and end
- Rate base component of rate change increases due mainly to in-servicing of capital projects

Dx Rate Increase



- Rate adders and riders causes changes to rates as collections or refunds begin and end
- Rate base component of rate change increases due mainly to in-servicing of capital projects

Smoothed Dx Rate Increase



- Rate smoothing achieved by deferring Revenue Requirement over the 2015-19 period
- Net Revenue Requirement collected over the 2015-19 period is unchanged

Smoothed Customer Rate Impact

hydro One

Tariff Details:

		Distribution			
		Total Base and Other Tariff Impact	Rate Rider	Total Tariff Impact	Impact on Total Bill
IRM/ICM	2013	1.0%	0.4%	1.4%	0.5%
IRM	2014	0.5%	1.5%	2.0%	0.7%
CIR	2015	12.9%	-5.8%	7.2%	2.4%
	2016	7.2%	0.0%	7.2%	2.4%
	2017	7.2%	0.0%	7.2%	2.4%
	2018	7.2%	0.0%	7.2%	2.4%
	2019	7.2%	0.0%	7.2%	2.4%

		Transmission			
		Total Base and Other Tariff Impact	Rate Rider	Total Tariff Impact	Impact on Total Bill
COS	2013	0.0%	0.0%	0.0%	0.0%
	2014	8.5%	-2.2%	6.3%	0.5%

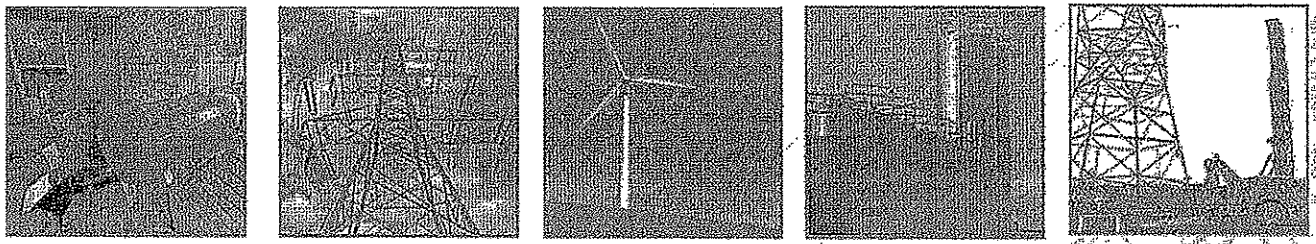
Summary Tariff:

	Tariff Impacts			
	Without Riders		With Riders	
	Dx	Tx	Dx	Tx
2014	0.5%	8.5%	2.0%	6.3%
2015	12.9%		7.2%	
2016	7.2%		7.2%	
2017	7.2%		7.2%	
2018	7.2%		7.2%	
2019	7.2%		7.2%	
6 Yr Avg	7.0%		6.3%	
5 Yr Avg	8.3%		7.2%	

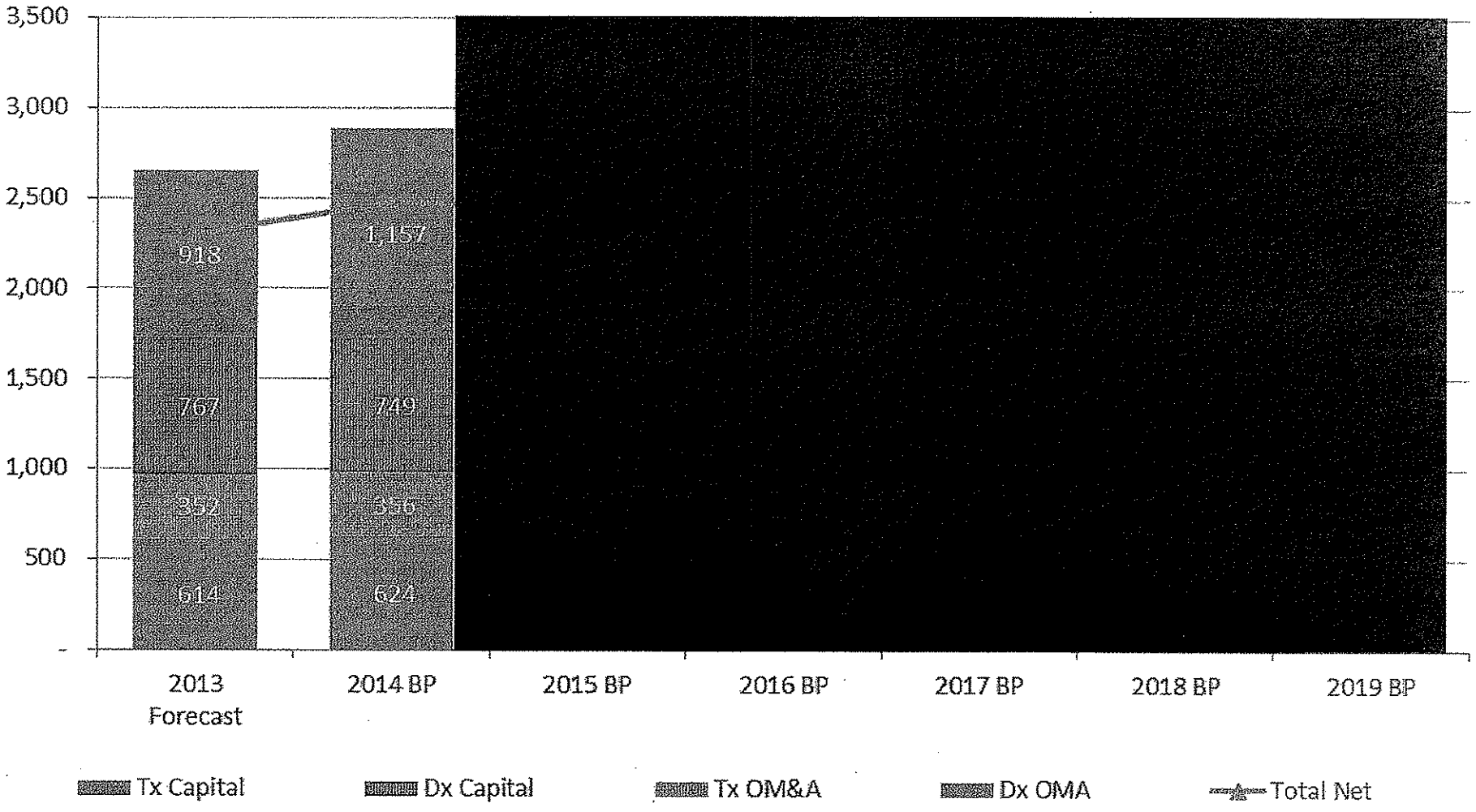
Bill Impact:

	Total Bill Impact		
	Dx	Tx	Total
2014	0.7%	0.5%	1.2%
2015	2.4%		
2016	2.4%		
2017	2.4%		
2018	2.4%		
2019	2.4%		
6 Yr Avg	2.1%		
5 Yr Avg	2.4%		

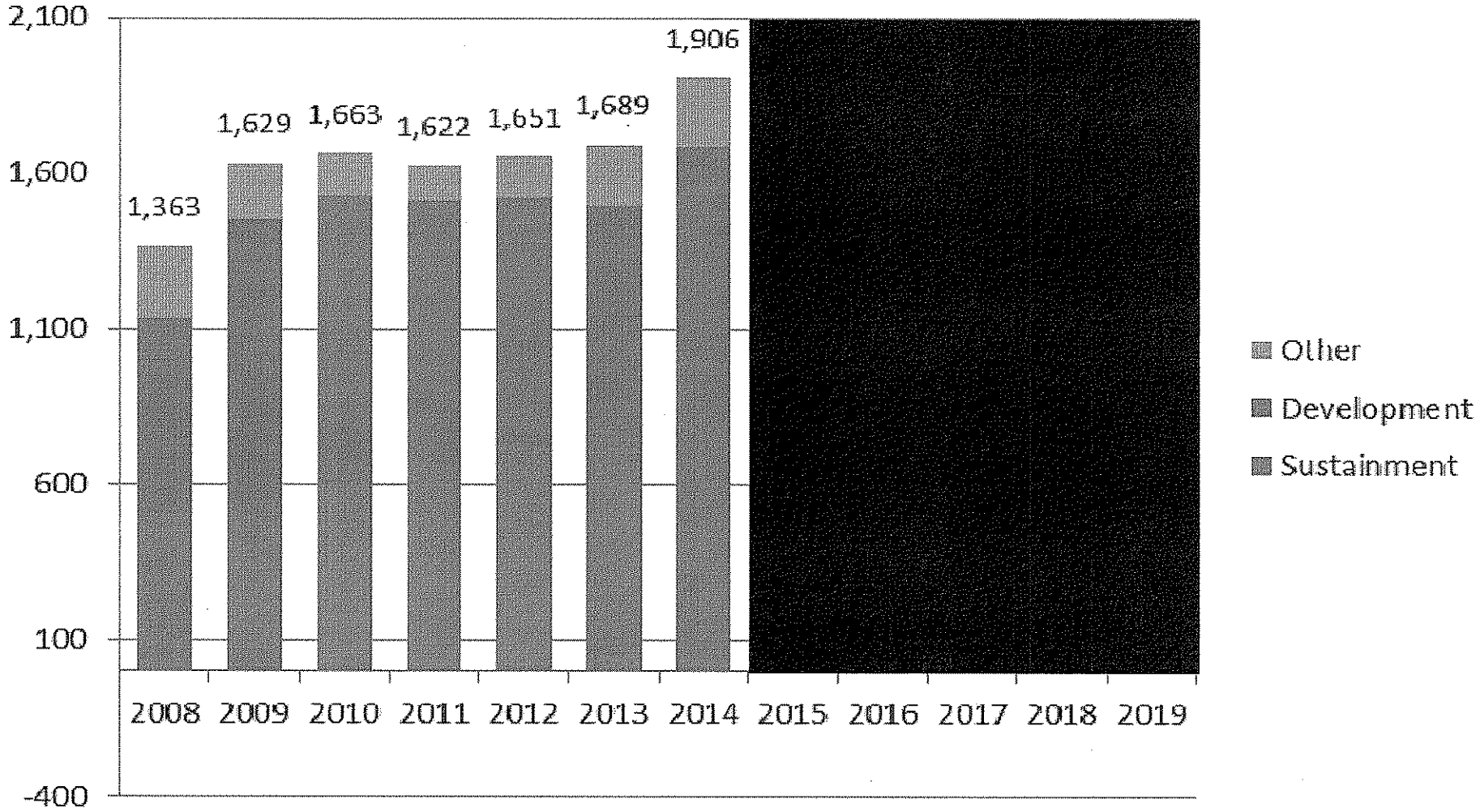
2014 – 2019 Networks Work Programs



Networks Work Program (Gross $M)



Networks Capital Work Program (Gross $M)

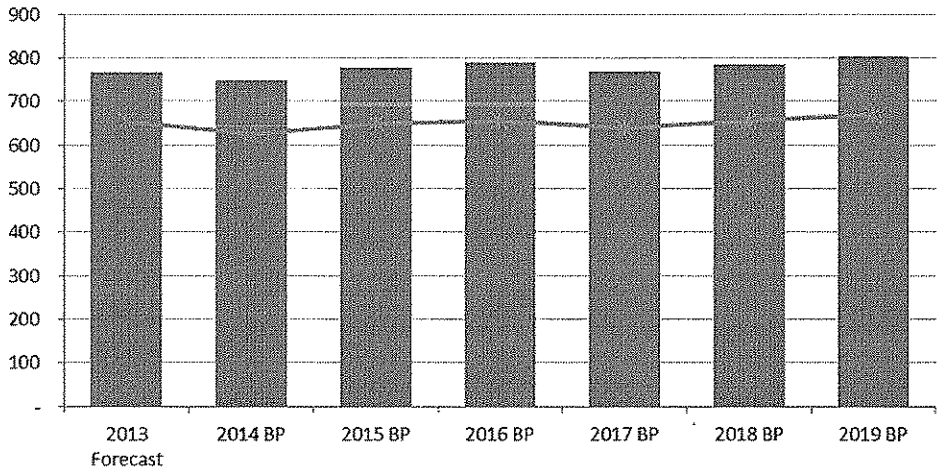


Notes: 2008 to 2012: Actuals
2013 to 2019: per 2014-2019 Business Plan

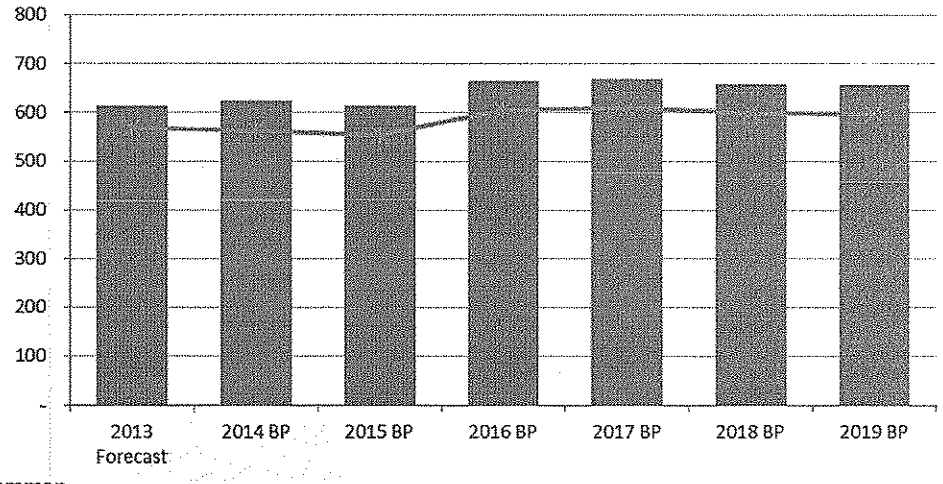
Networks Work Program (Gross $M)

hydro One

DISTRIBUTION CAPITAL

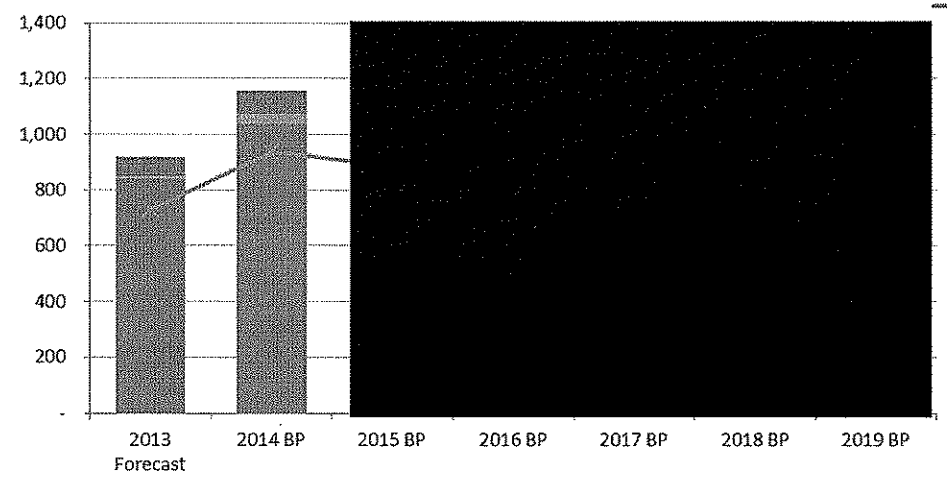


DISTRIBUTION OM&A

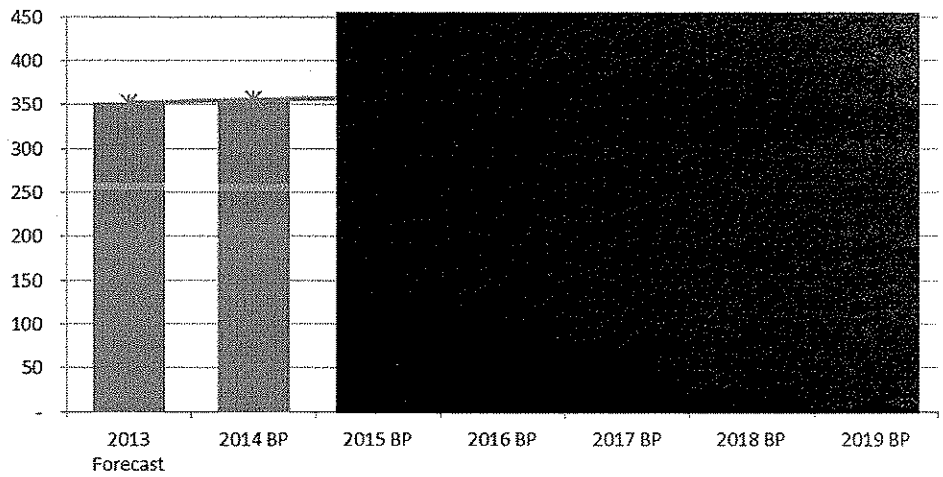


Common
Operations
Development
Sustainment
Net

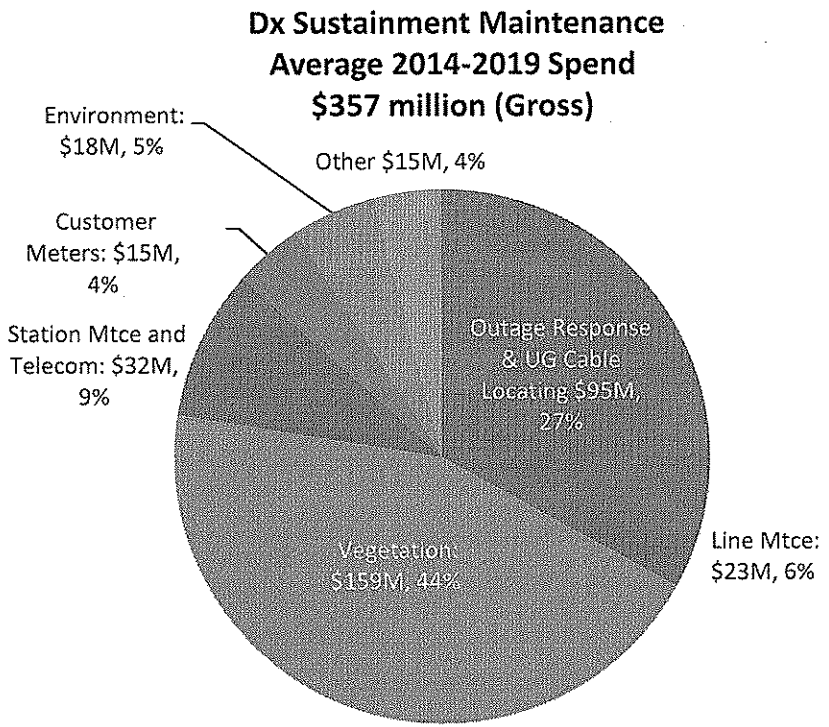
TRANSMISSION CAPITAL

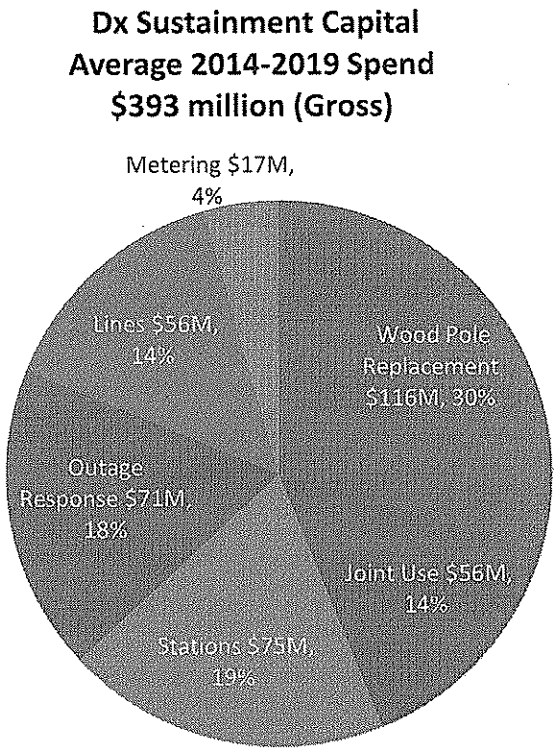


TRANSMISSION OM&A



Distribution - Sustainment



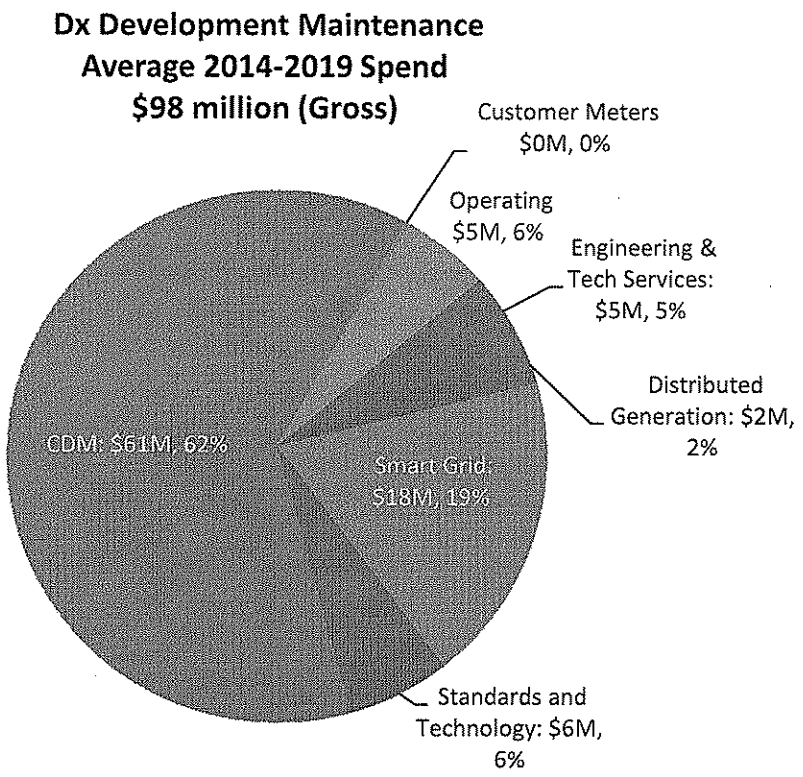


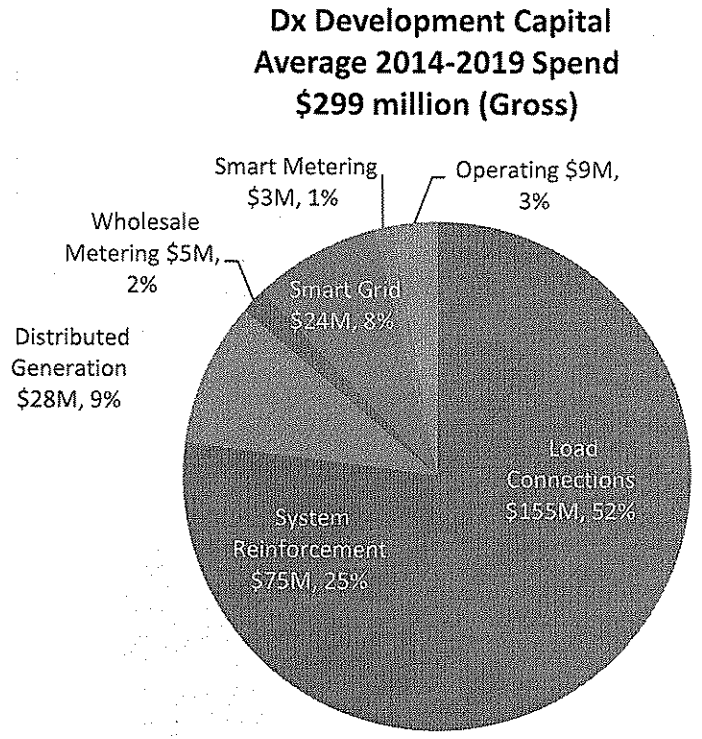
- Significant Maintenance program impacts:
  - Vegetation Management – Increases in 2016/17 to achieve an 8 year forestry cycle target by 2019.

- Capital program growth to address aging assets and customer demand:
  - Wood Pole Replacements – address the increasing pole demographics in poor condition and premature decay.
  - Station refurbishment/replacement programs to address assets that have reached the end of their expected service life.
  - Joint Use arrangements to enable required connectivity for Distributed Generation.

- System reliability will be supported through the use of Asset Analytics to prioritize work and minimize customer impact

Distribution – Development/Operating



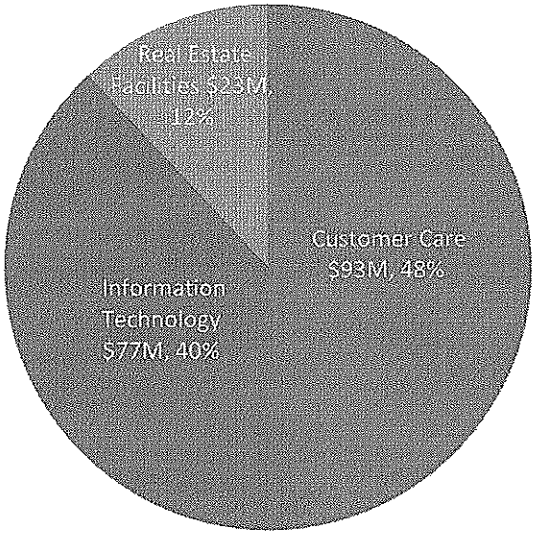


Development expenditures are primarily related to customer demand work (connections and upgrades), Distributed Generation connections, and Smart Grid.

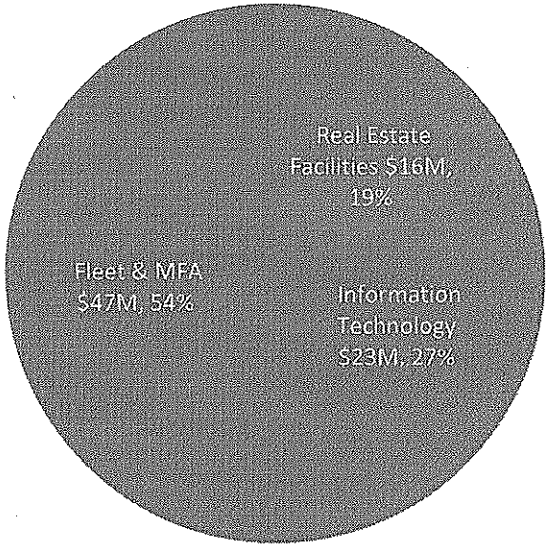
- Smart Grid - expenditures enable the province-wide rollout of Smart Grid in the latter part of the plan.
- Smart Meters – capital program near completion, sweep back for last 150K customers. Ongoing maintenance expenditures have been transferred to the appropriate sustainment programs.
- Customer Connections / Upgrades – aim to meet customer requirements within five business days.
- System Upgrade Reinforcement – investments to meet anticipated system load growth.
- Distributed Generation expenditures decrease over the planning period and reflect the most conservative estimates of the impact of FIT Version 2.1/3.

Distribution – Customer and Common

Dx Common Maintenance
Average 2014-2019 Spend
$193 million (Gross)



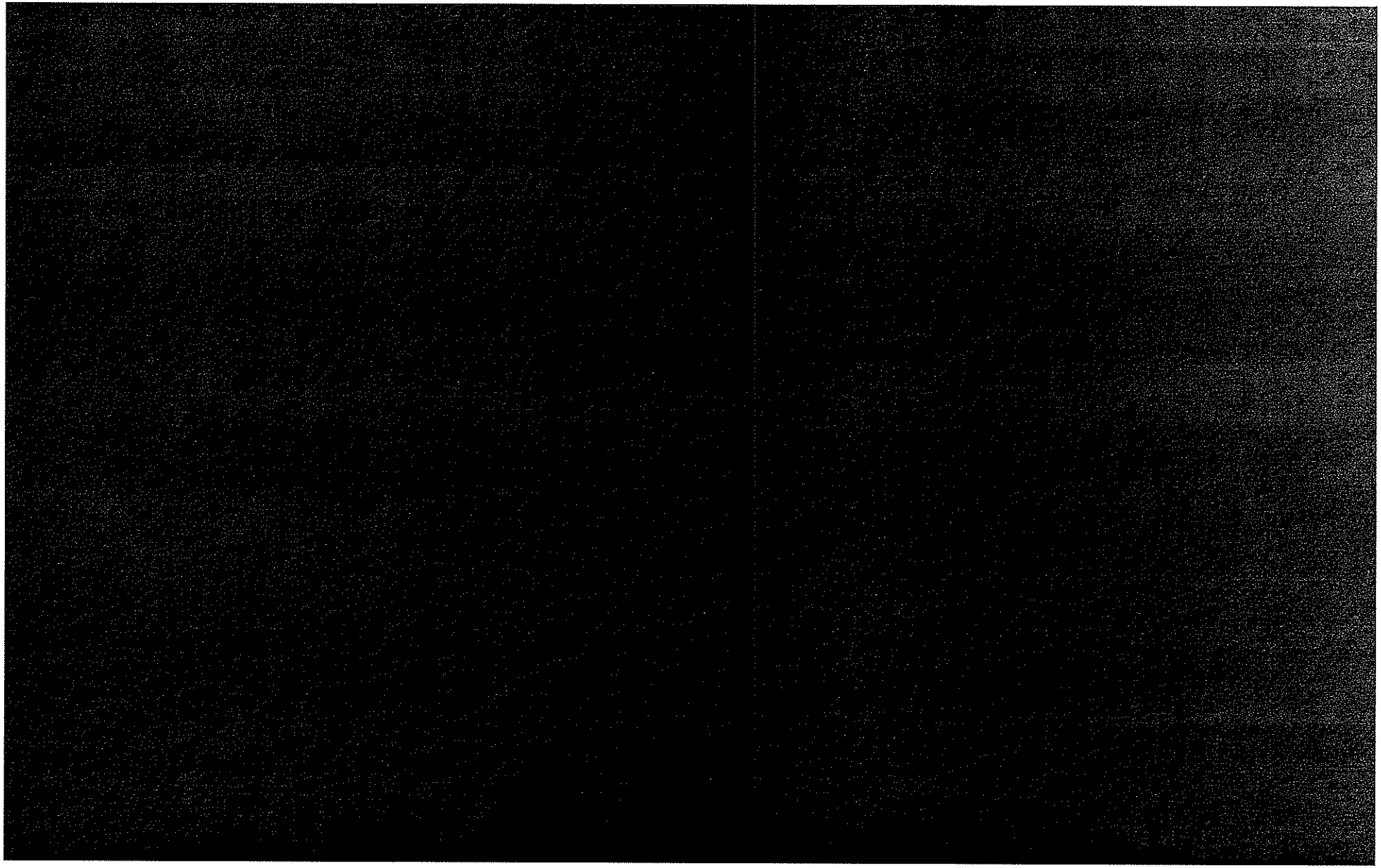
Dx Common Capital
Average 2014-2019 Spend
$87 million (Gross)



- Customer Care includes costs related to Meter Reading and Billing, Special Investigation, as well as Customer Contact Handling and Customer Service Enhancements.
- Real Estate & Facilities – includes allocated portion of Trinity upgrades (2013 - 2015).
- Information Technology – includes completion of Cornerstone Phase 3 initiatives, GIS initiatives, Inergi Support, Business Telecom, application rationalization and streamlining.
- Fleet – increases to support growth in distribution work program and purchase of helicopters.

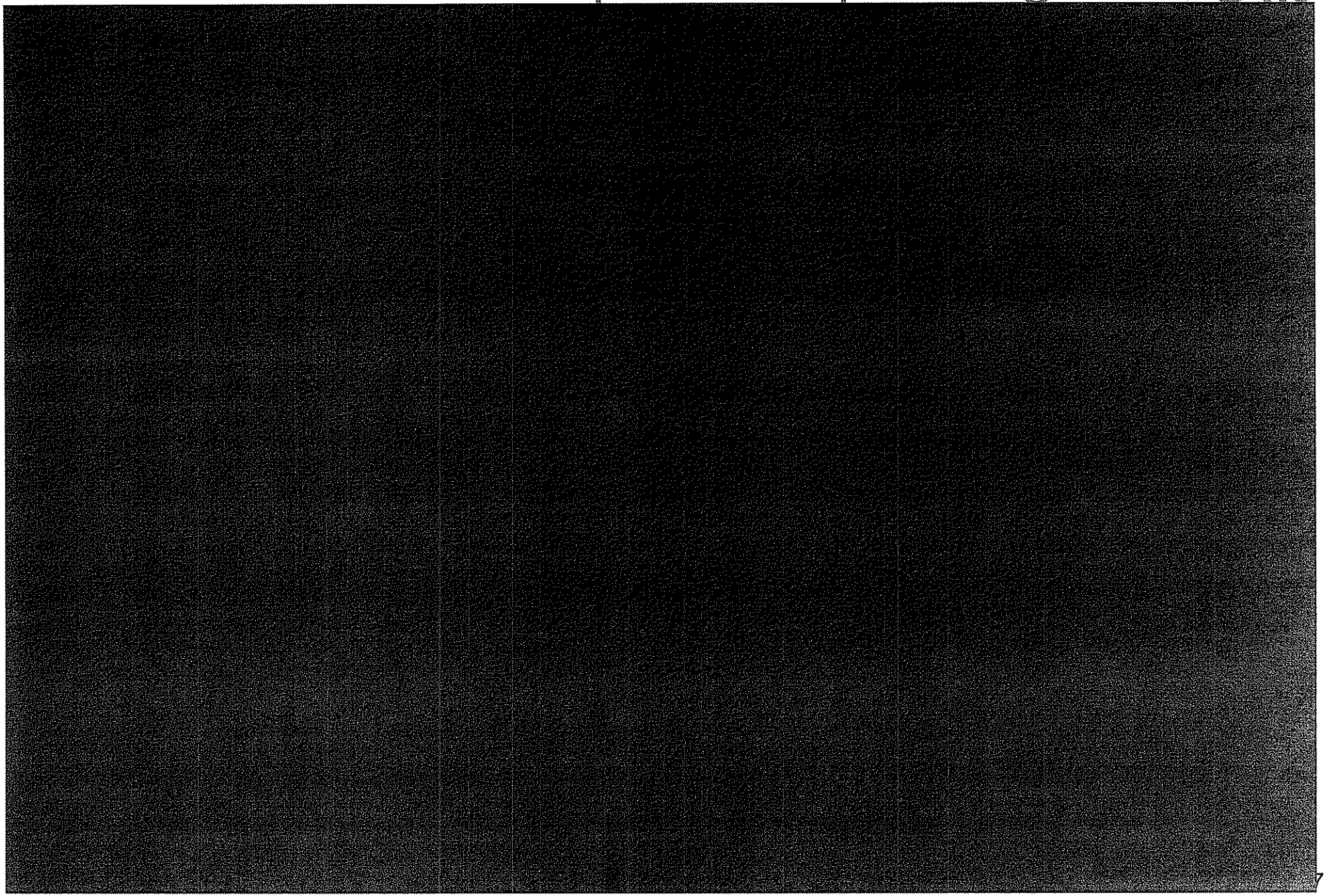
Transmission - Sustainment

hydro One



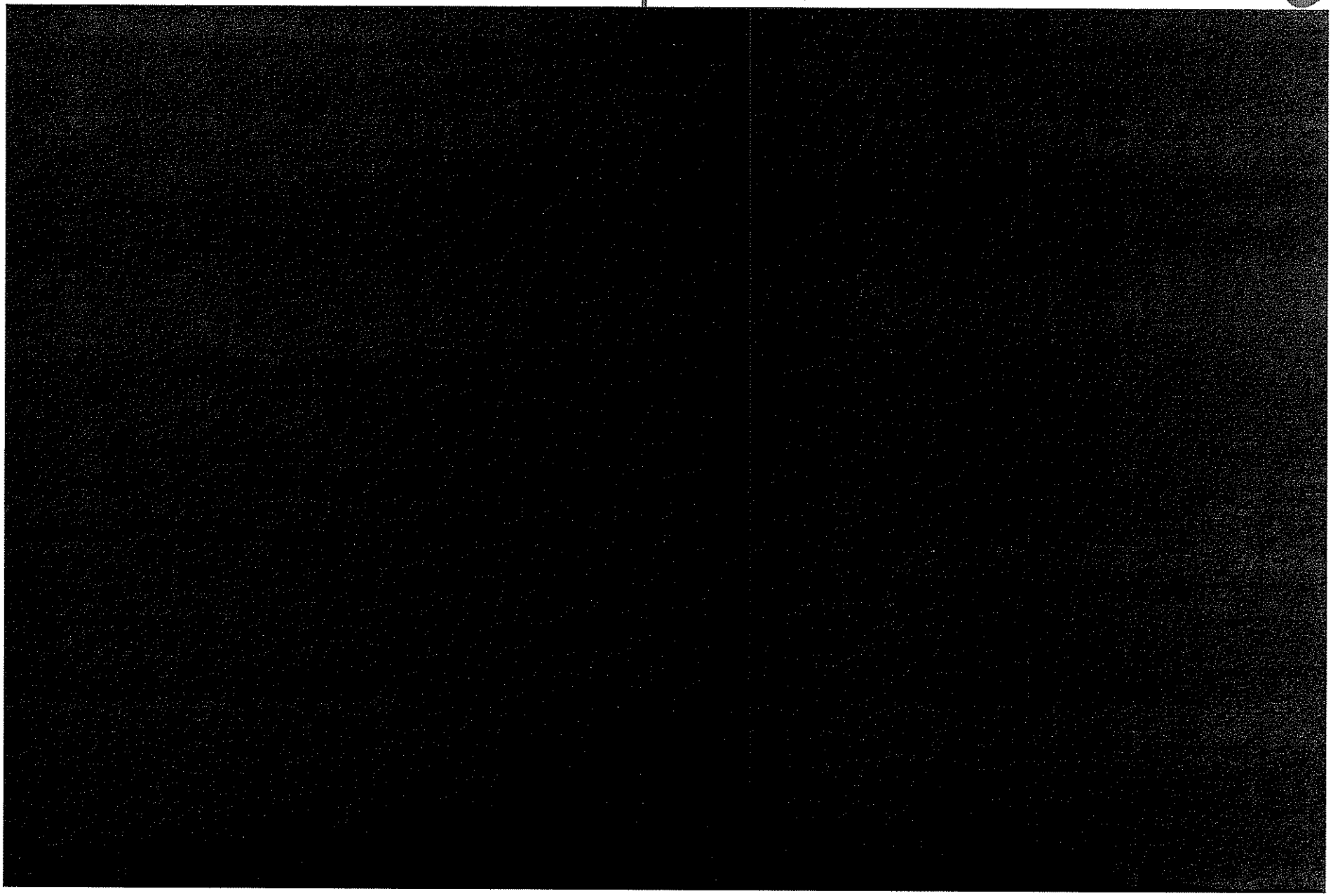
Transmission – Development/Operating

hydro One



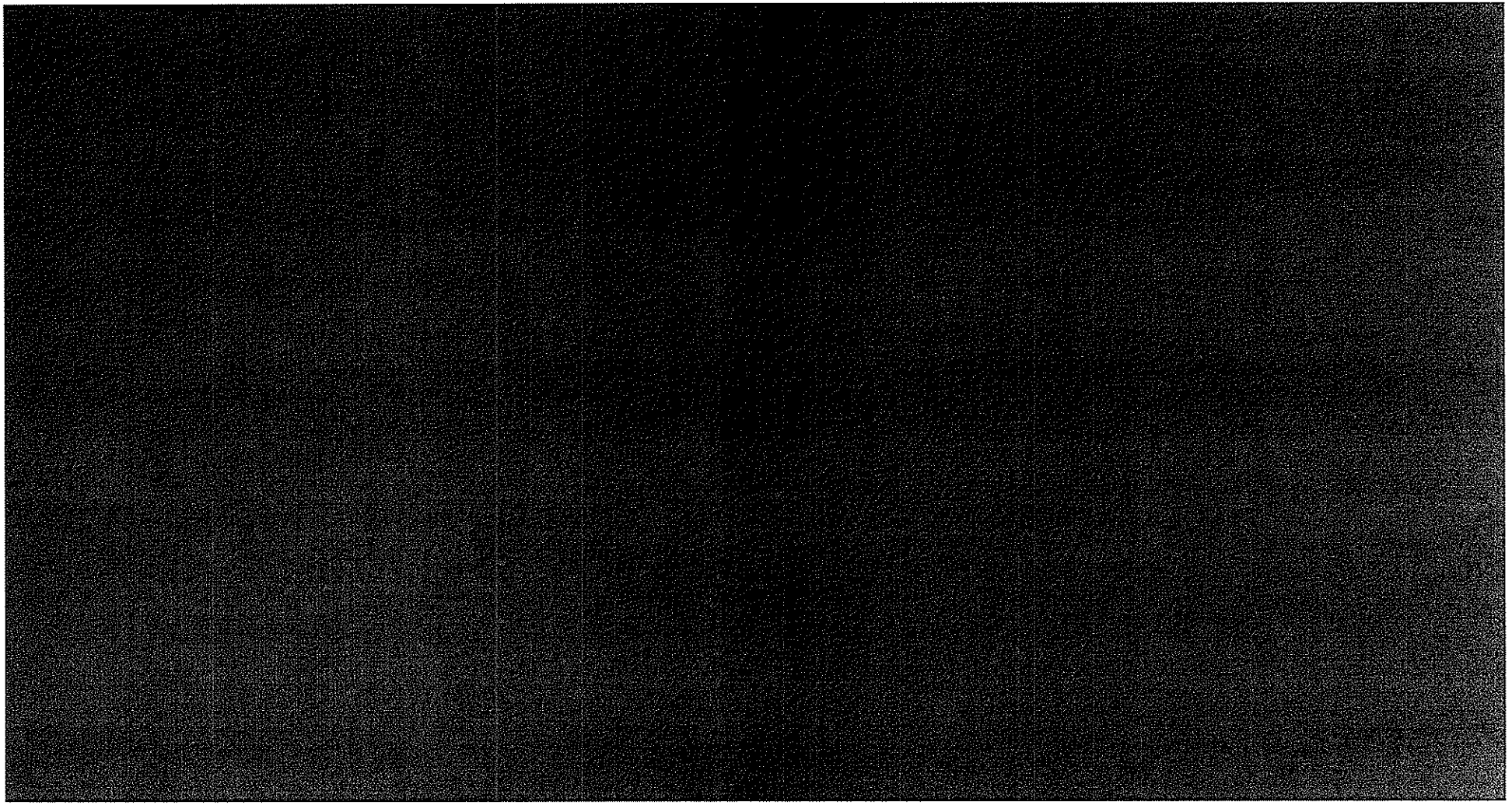
Transmission – Development

hydro One



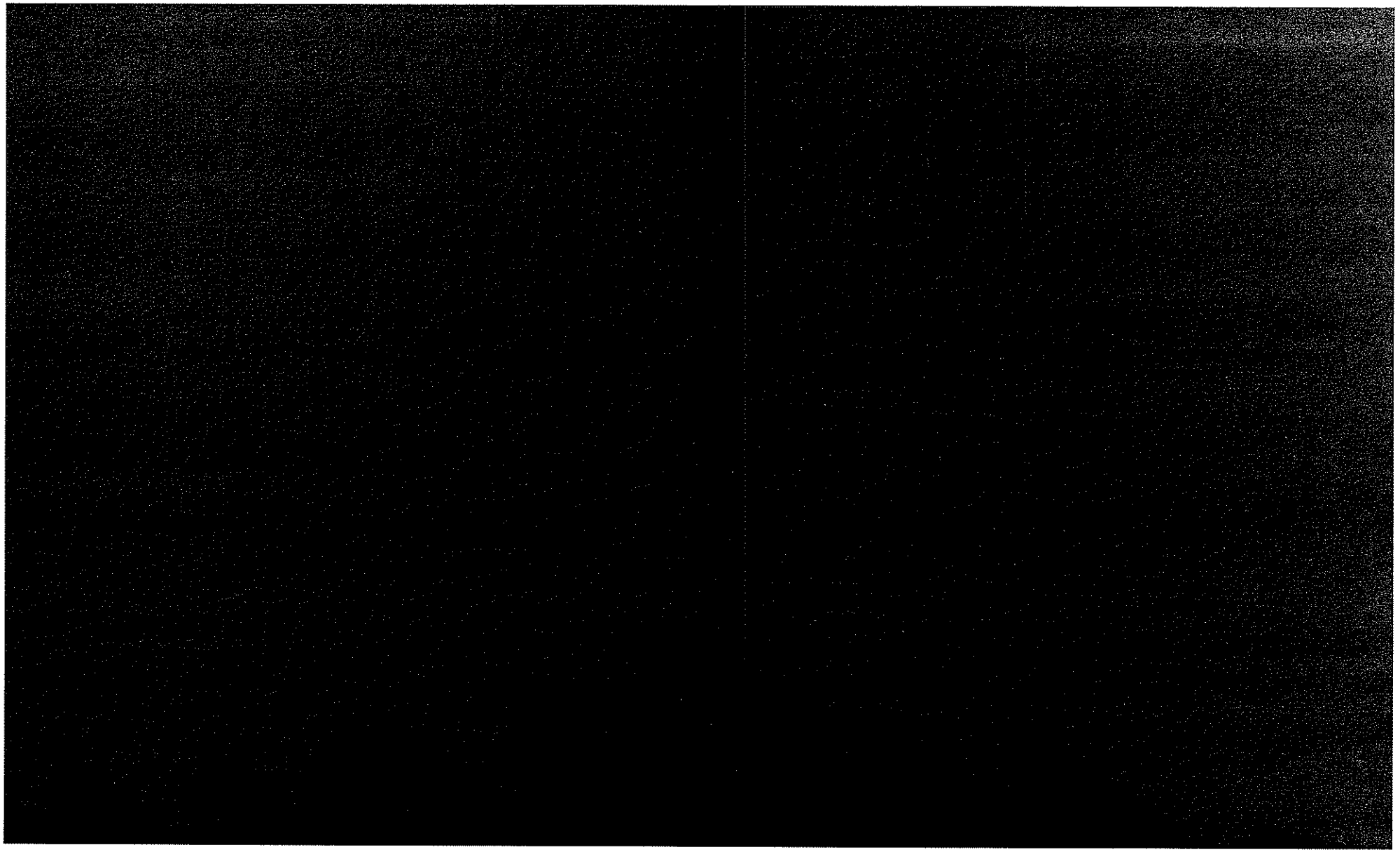
Transmission – Customer and Common

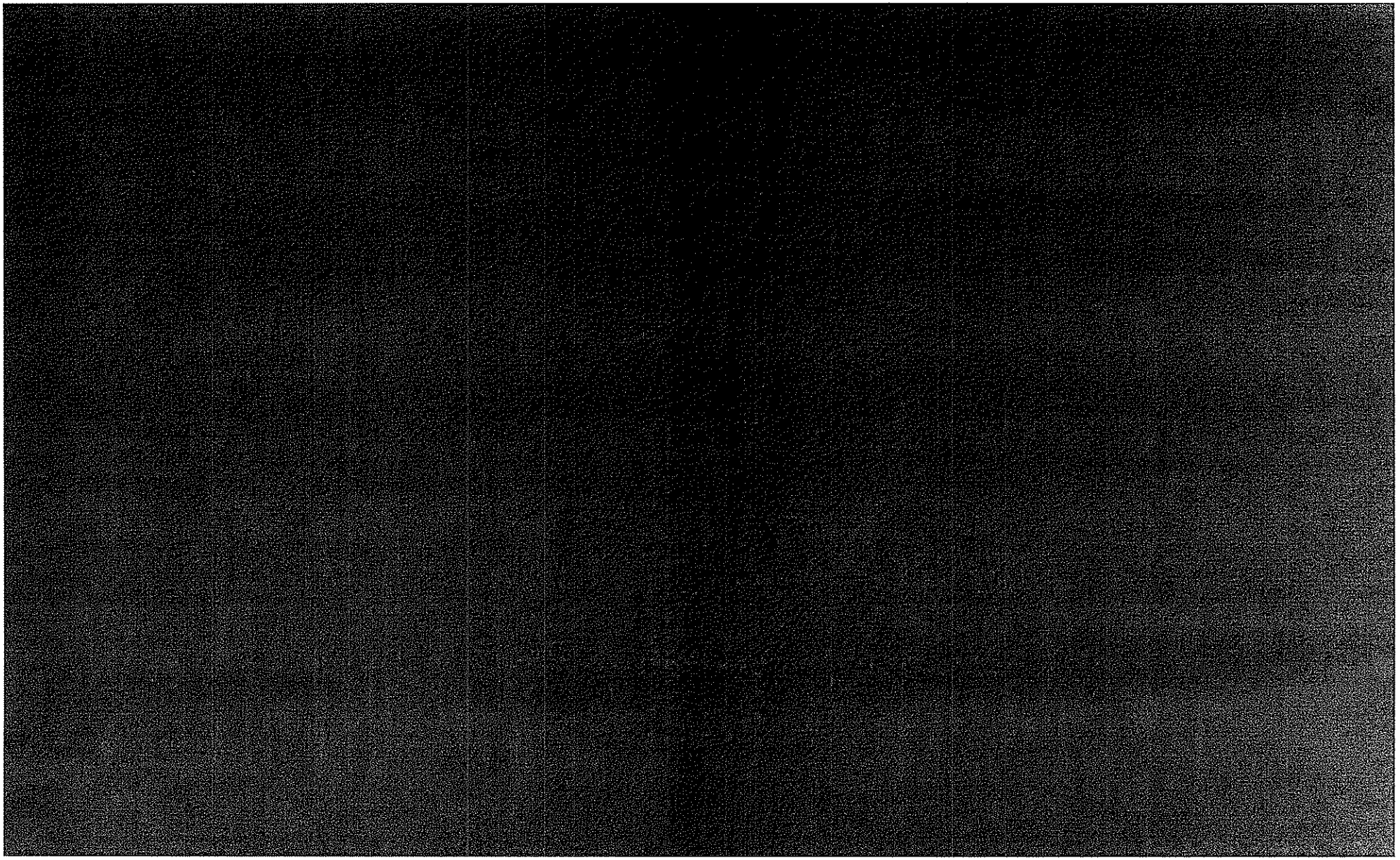
hydro One



Networks Lines & Forestry

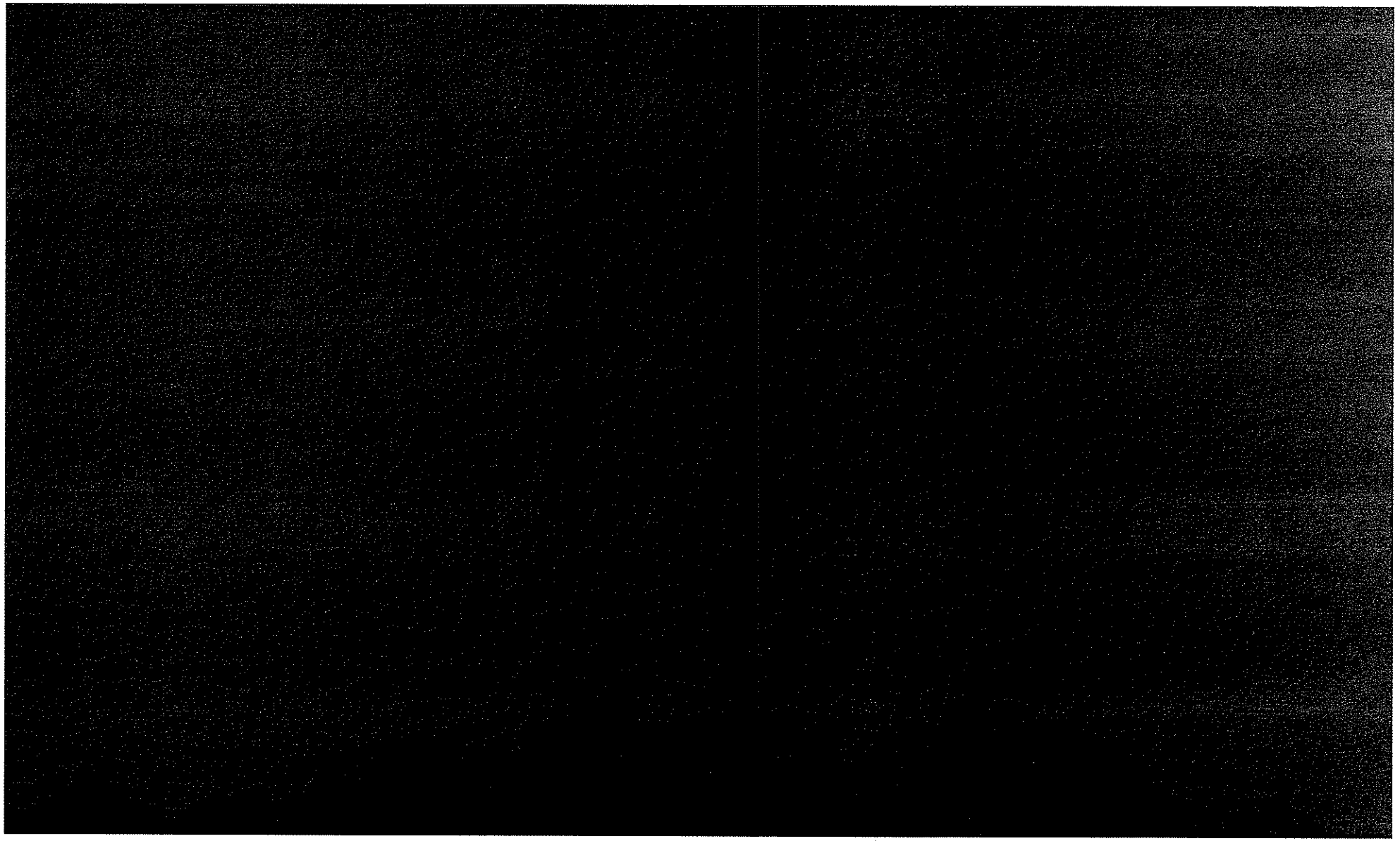
hydro One





Networks Stations

hydro One



Delivery Challenges

- Timely approvals and resolution of external factors (OPA, OPG, Environmental Assessments, Generator approval/project delays):
  - T&D Customer Connections work – requires timely customer commitments and CCRA agreements
  - Clarington TS – pending the MoE ruling on bump up requests to Environmental Study Report filed
  - Guelph Area Transmission Reinforcement – requires Board approval in 2014
  - Copeland (Bremner) MTS – THES obtained Environmental Assessment and Section 92 approvals; requires THES agreement following H1 Board approval (February 2014)

- Effective redirection if unplanned development work materializes (e.g. Energy East, East-West Terminal Station expansion work, Leamington TS)
- Implications of the Government's new LTEP
- Availability of outages
- Resource Constraints
  - Changing the labour mix
  - Implementing negotiated PSAs
  - Internal work related to outsourcing and managing external projects

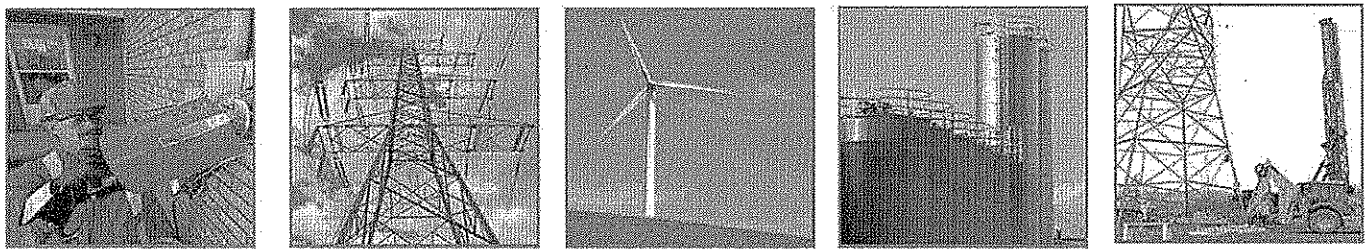
Resourcing Strategy

hydro One

- The following approaches will be utilized to augment resourcing of the work program;
  - Continue to hire P&C engineers and technologist to address increase in sustainment work
  - Convert Indirect to Direct resources in Networks
  - Managed indirect headcount reduction and direct headcount outsource strategy to reduce 482 regular staff by 2019 by using non-regular resources (Total 5,000 Regular staff for Hydro One Networks by 2019)
  - Increase utilization of hiring hall resources for the Operations and Maintenance group
  - Continue with productivity and indirect cost reduction initiatives within Network Operations allowing redirection of resources to direct work
  - Contract out project work

hydro One

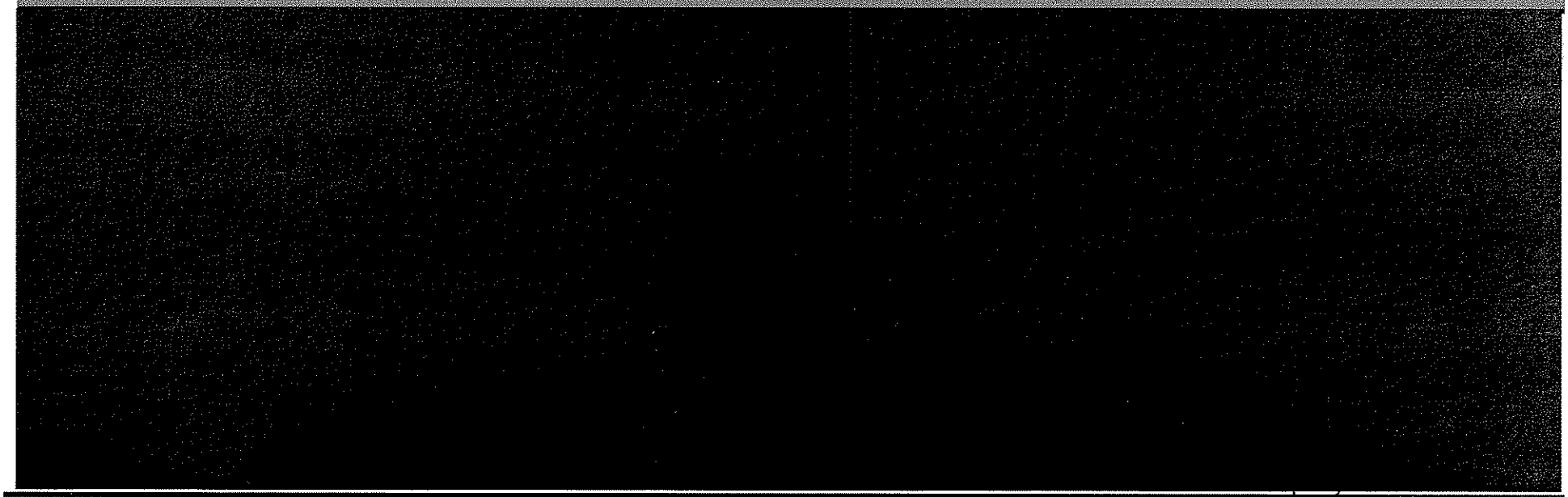
Reliability & Equipment Beyond Expected Service Life



Investment Plan Summary

hydro One

Transmission

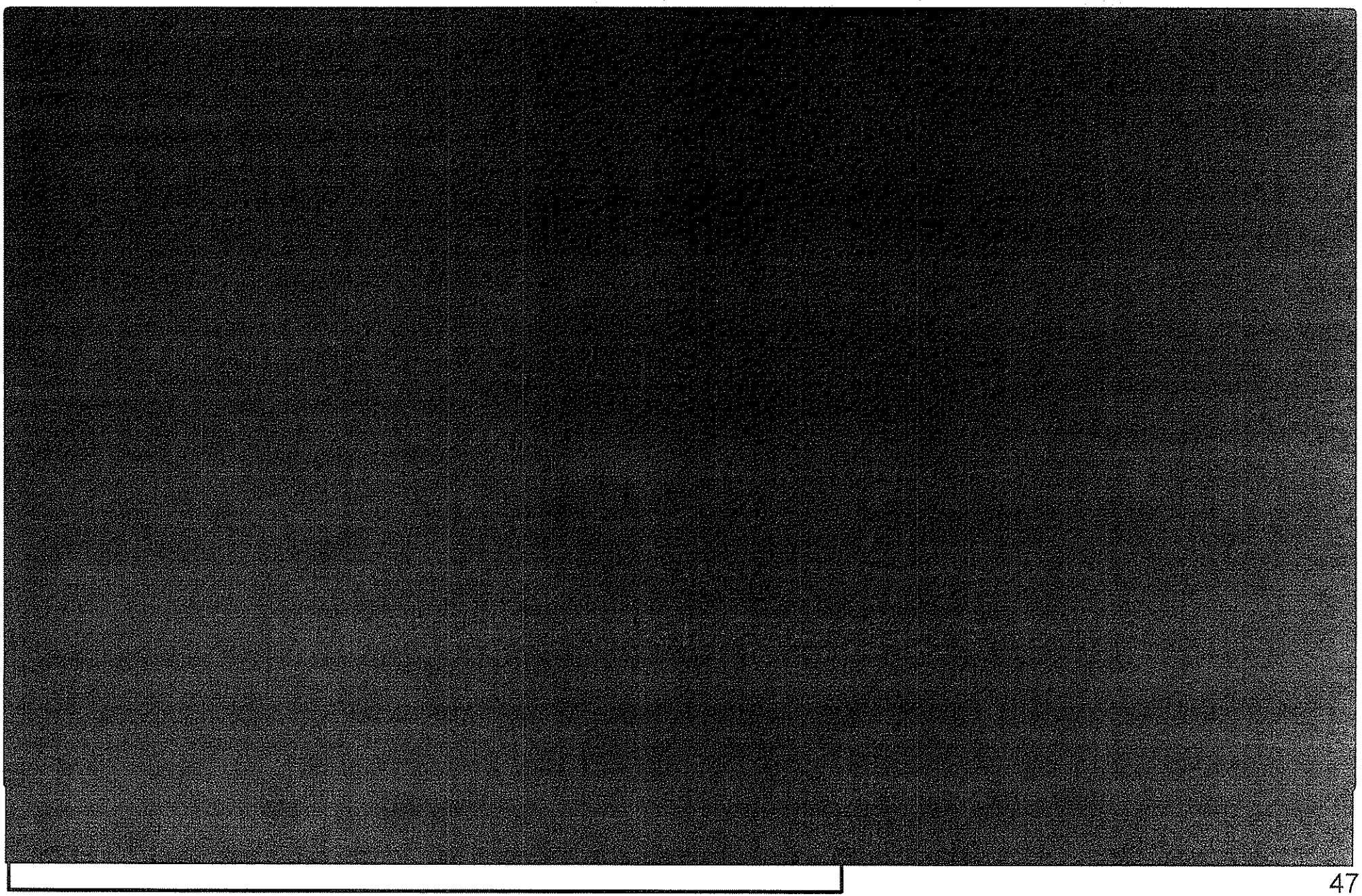


Distribution

Context	2013-17 Proposal	2014-19 Proposal
• 4th Quartile Reliability	▪ Remain in Q4	▪ Remain in Q4 but improving
• Approx. ½ of all outages are tree related	▪ 10 yr. Forestry cycle maintained…no gains made towards optimal cycle	▪ 8 yr. Forestry cycle achieved
• Approaching Bow Wave of Aging Assets	▪ Will continue to fall behind end of ESL & Premature Decay pole replacement requirements	▪ Will continue to fall behind end of ESL & Premature Decay pole replacement requirements

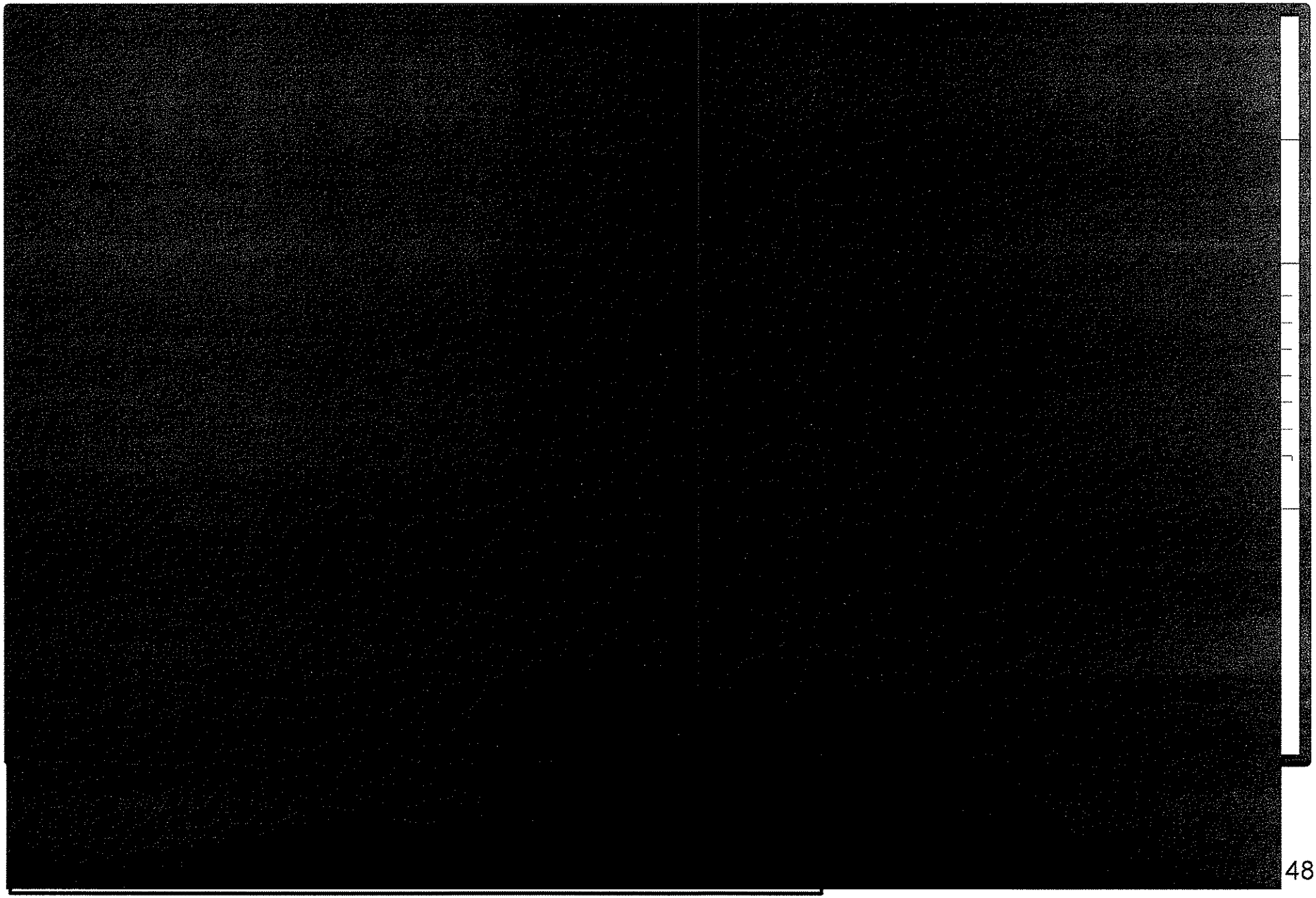
Transmission Transformers

hydro One



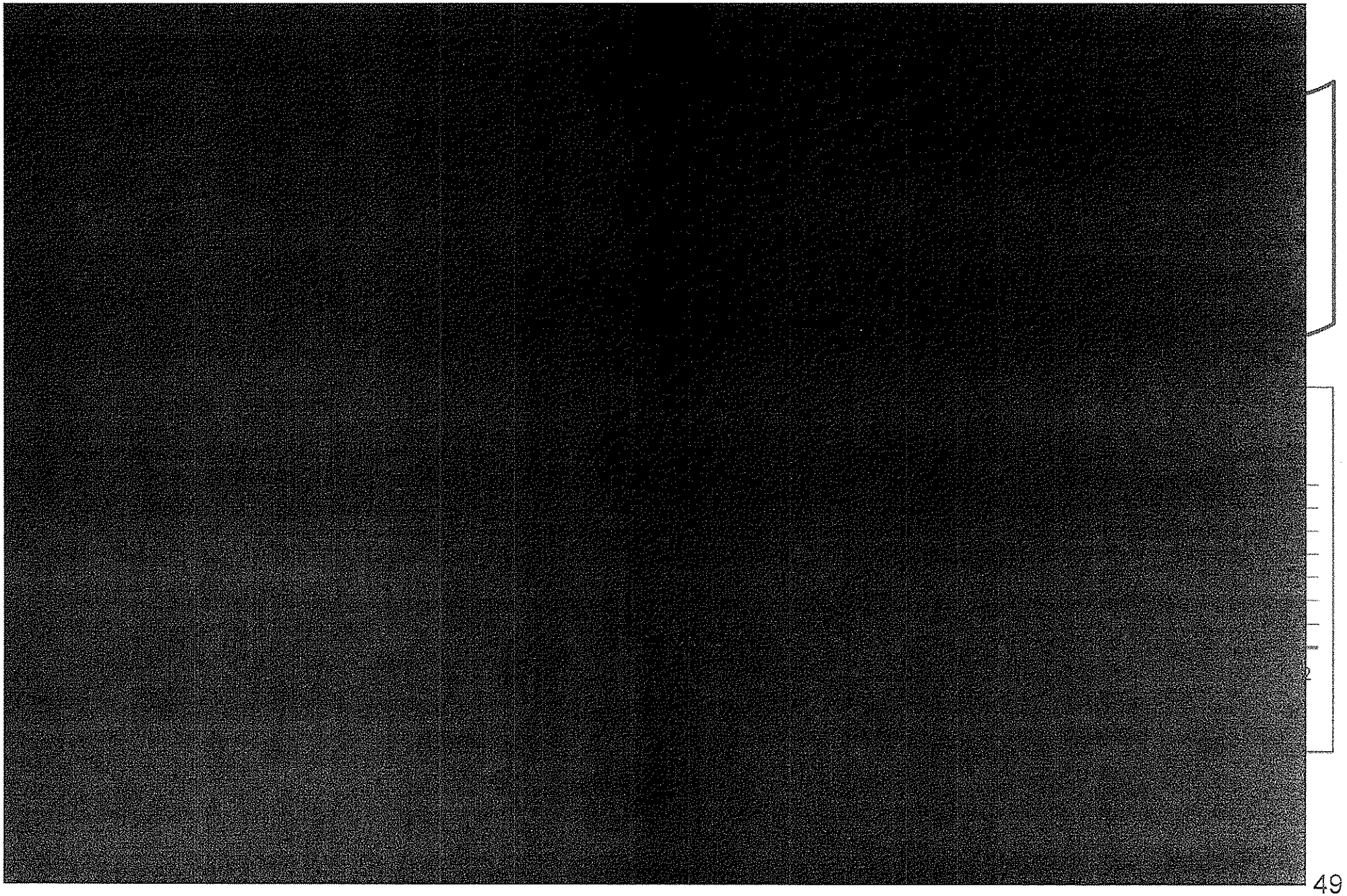
Transmission Breakers

hydro One



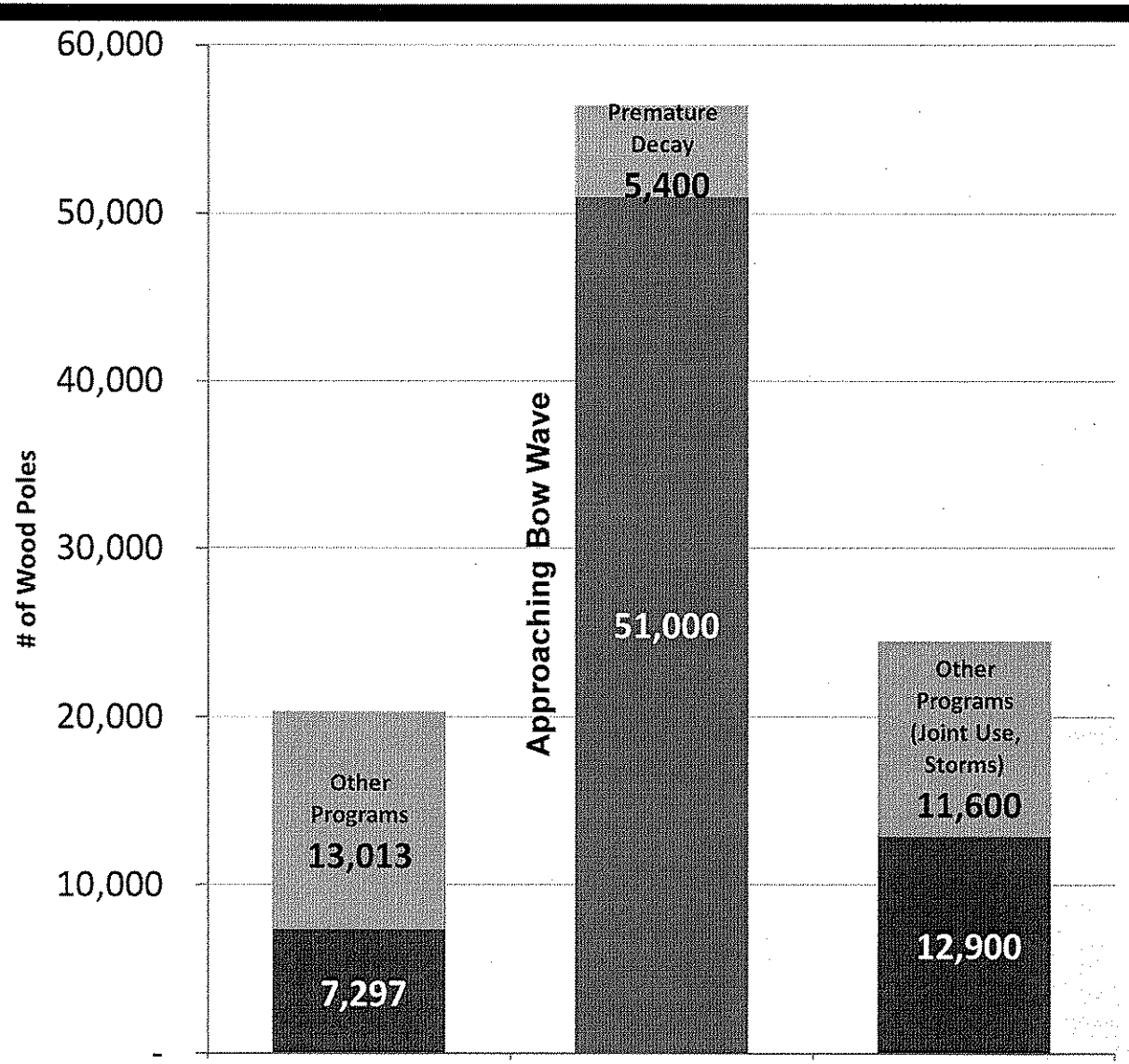
Transmission Equipment Performance

hydro One



Distribution Wood Poles

hydro One



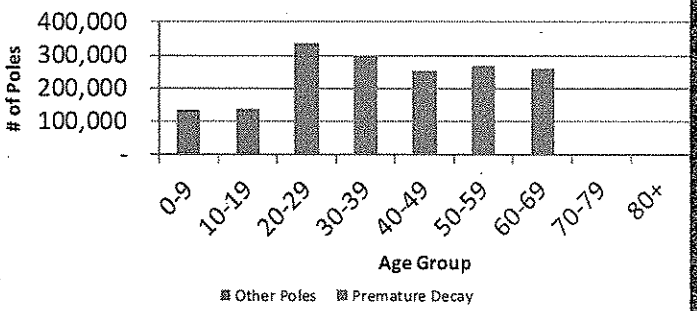
Fleet:
1,700,000 Dx Wood Poles

Current:
12% - Beyond Expected Service Life

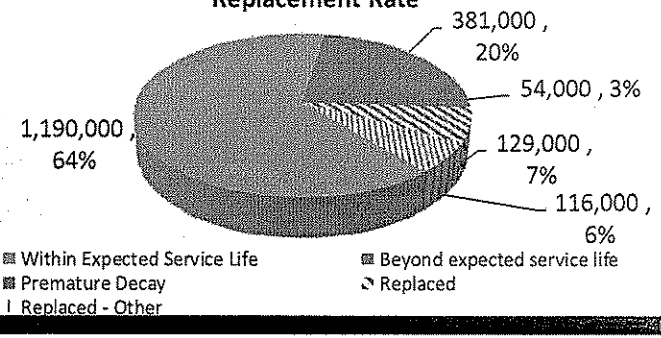
54,000 poles experiencing premature decay

Expected Service Life:
62 yrs

Current Pole Age Profile

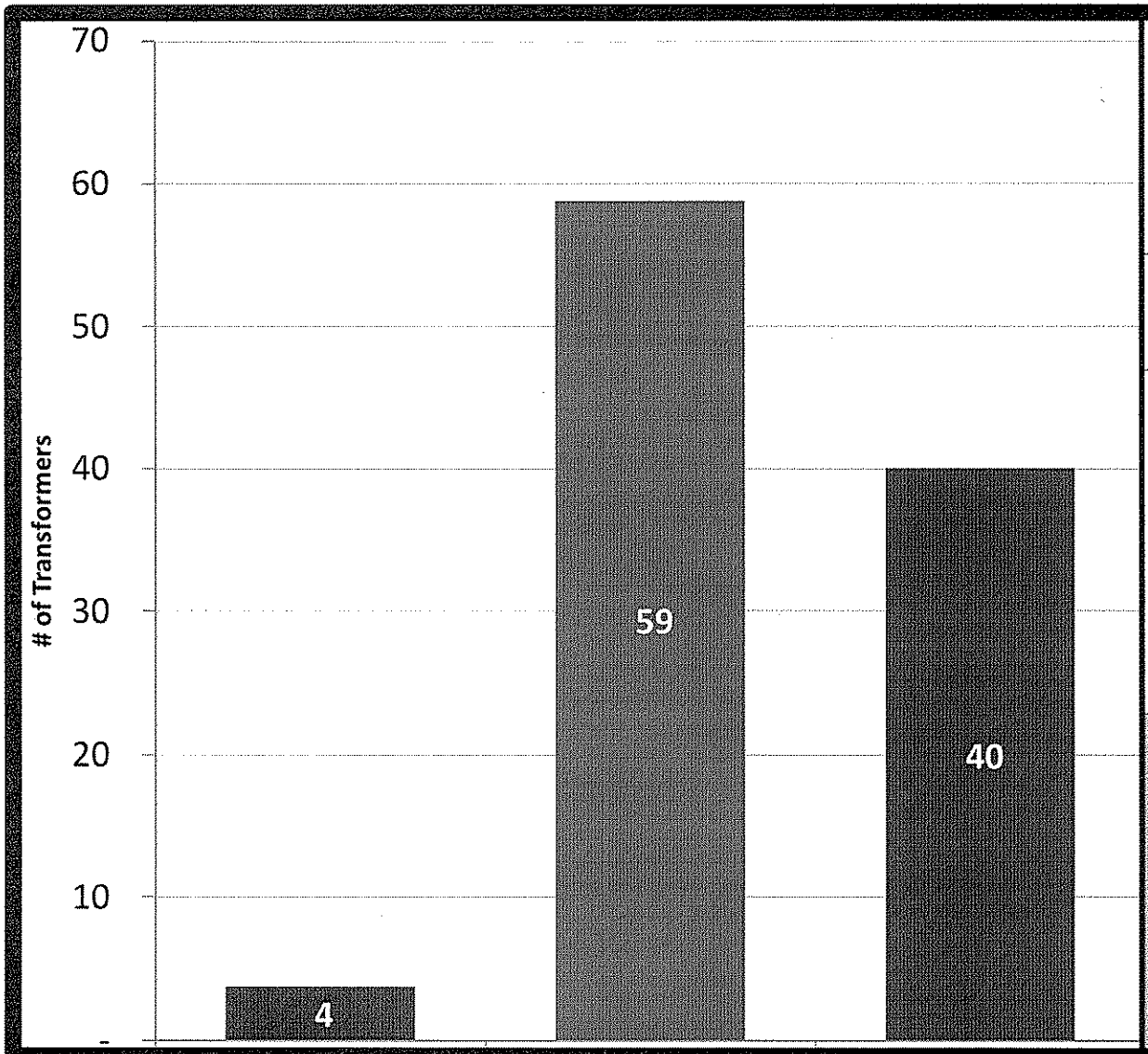


10 Year Demographic Outlook - Proposed Replacement Rate



Distribution Stations

hydro One



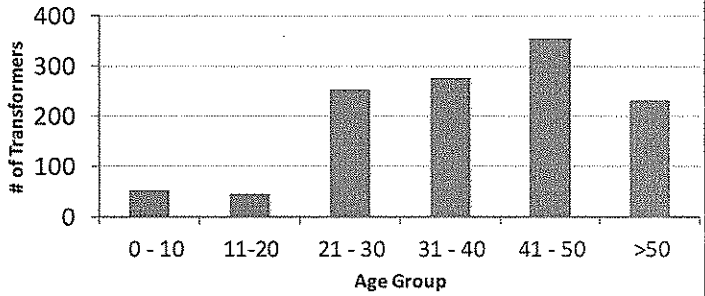
Fleet:
1,212 Dx Power Transformers

Current:
19% - Beyond Expected Service Life

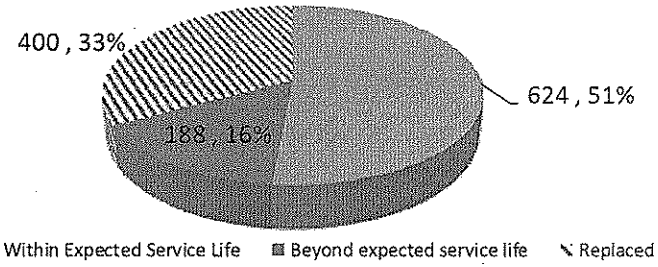
Average of 9 major Dx Transformer Failures per year

Expected Service Life:
50 yrs

Current Age Profile

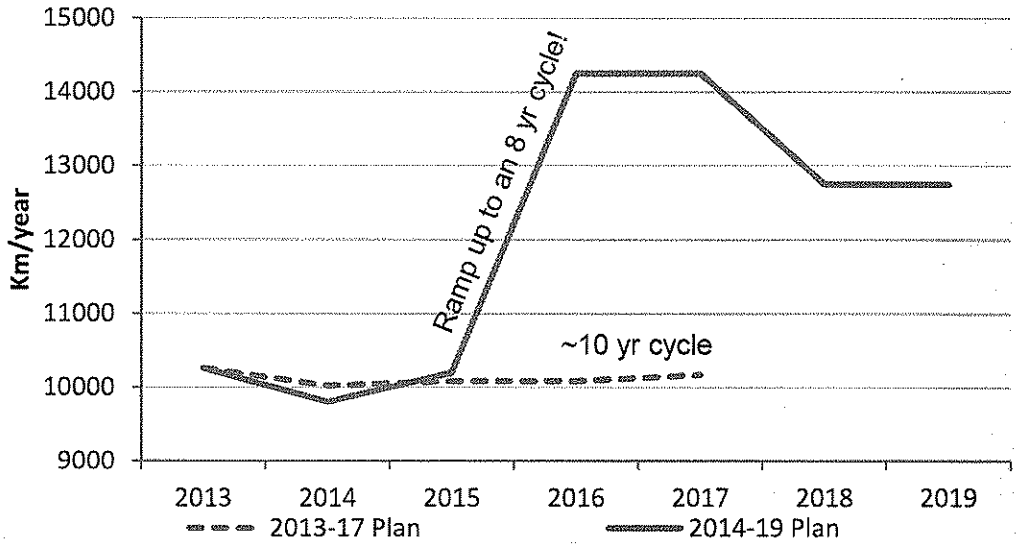


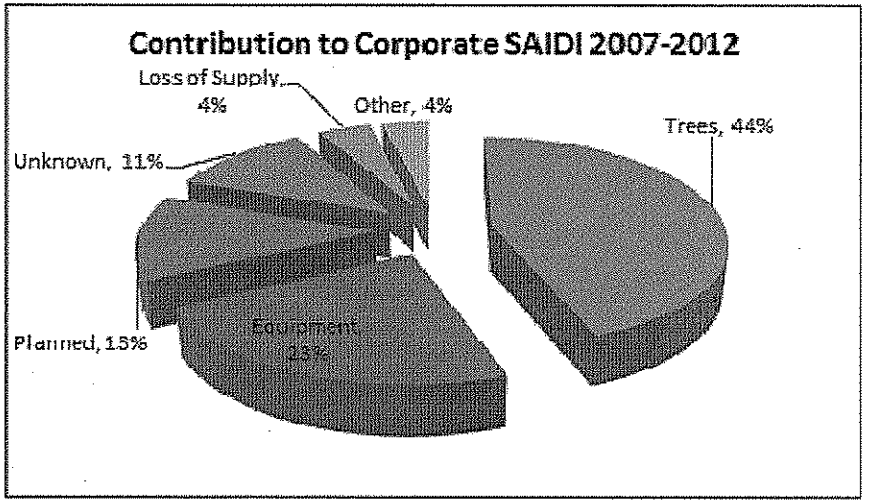
10 Year Demographic Outlook - Proposed Replacement Rate

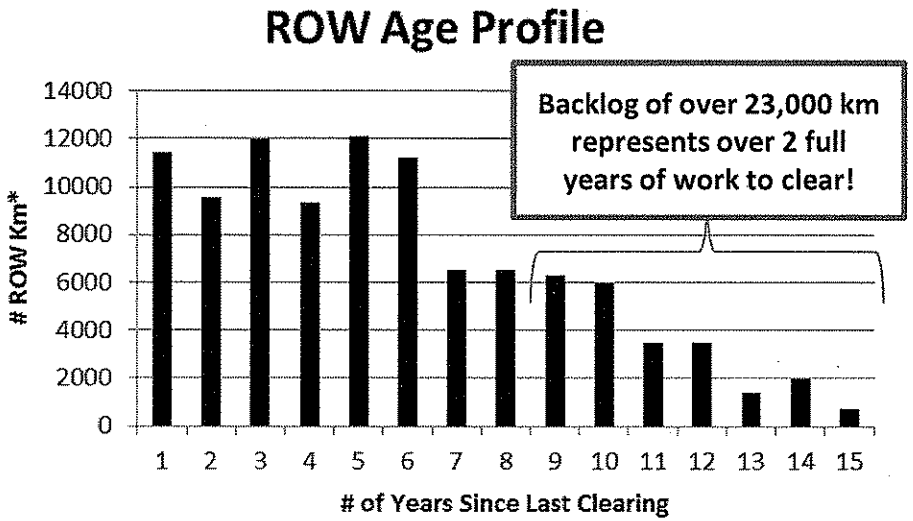


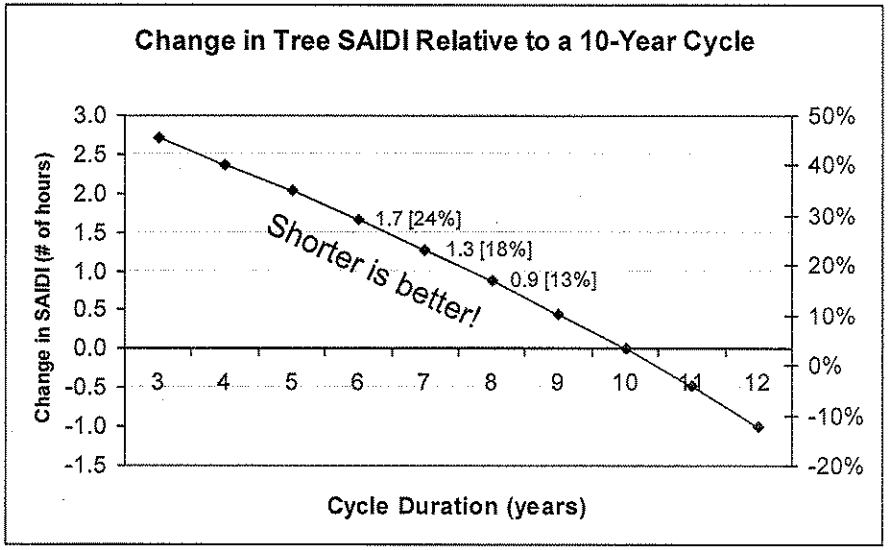
Distribution Vegetation Management

hydro One

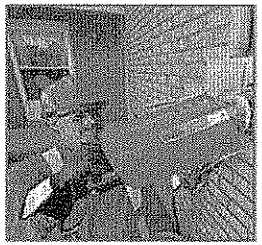
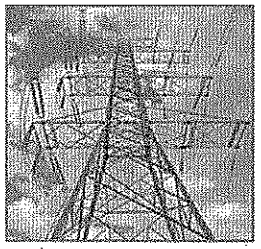
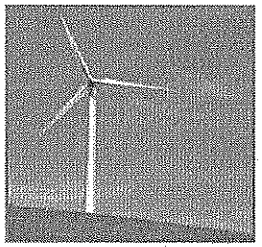
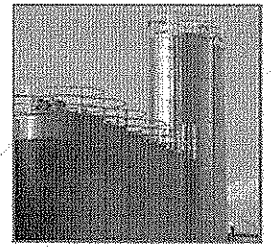
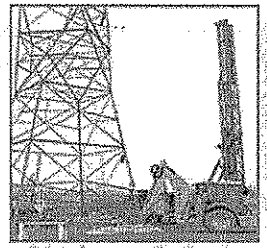








2014 – 2019 Health & Safety Programs

2014 Health Safety & Environment Program

hydro One

Health and Safety

- Continued implementation of Journey to Zero initiatives in the areas of H&S performance recognition and MVA and MSD prevention

- Completed the second DuPont Safety Culture Survey and site assessment. 13 areas of opportunities for improvement were identified. The JTZ Steering Committee has consolidated the opportunities and identified a list the priority activities for 2014

- Conducted electrical contact risk assessment in Provincial Lines and Station. Approved recommendations will be included in the 2014 HSE work programs

- OHSAS 18001 Registration
  - Successfully completed the third party audit process and Hydro One Networks is registered under 18001

2014 Health Safety & Environment Program

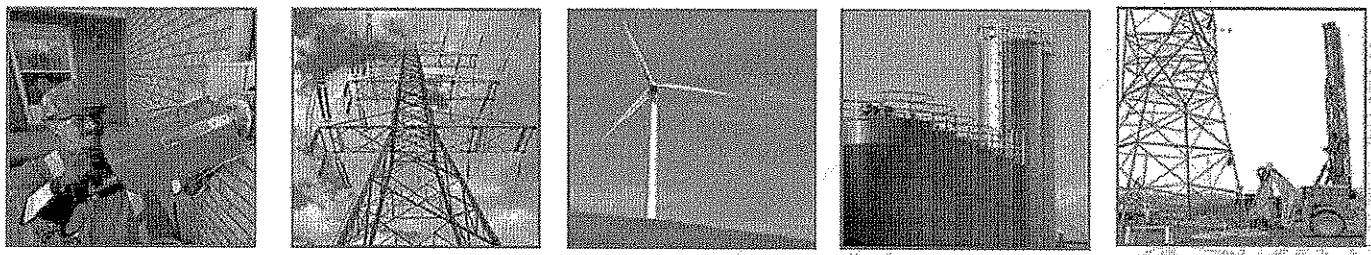
hydro One

- Infrastructure Health and Safety Association (IHSA) – COR Registration
  - Hydro One has received a Certificate of Recognition (COR) for its Health & Safety Management system
- Employee Health and Wellness programs
  - Continuation of initiatives that will positively impact employee health and wellness – focus on Mental Health

Environment

- Successfully completed a third party CEA Sustainability Program audit
- Developed and completed the rollout of an enhanced environmental risk assessment process with LoBs, facilitated by environmental staff
- Greener Choices refocused its mandate on employee involvement and communications, and continues to facilitate events across the company such as the Clean Air Commute program, and the Great Canadian Shoreline Clean-up

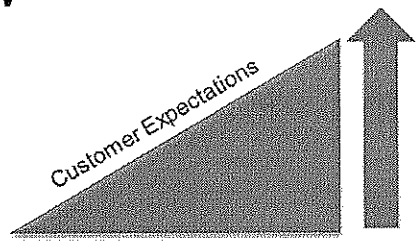
2014 – 2019 Customer Relationship



Customer Experience – Current State

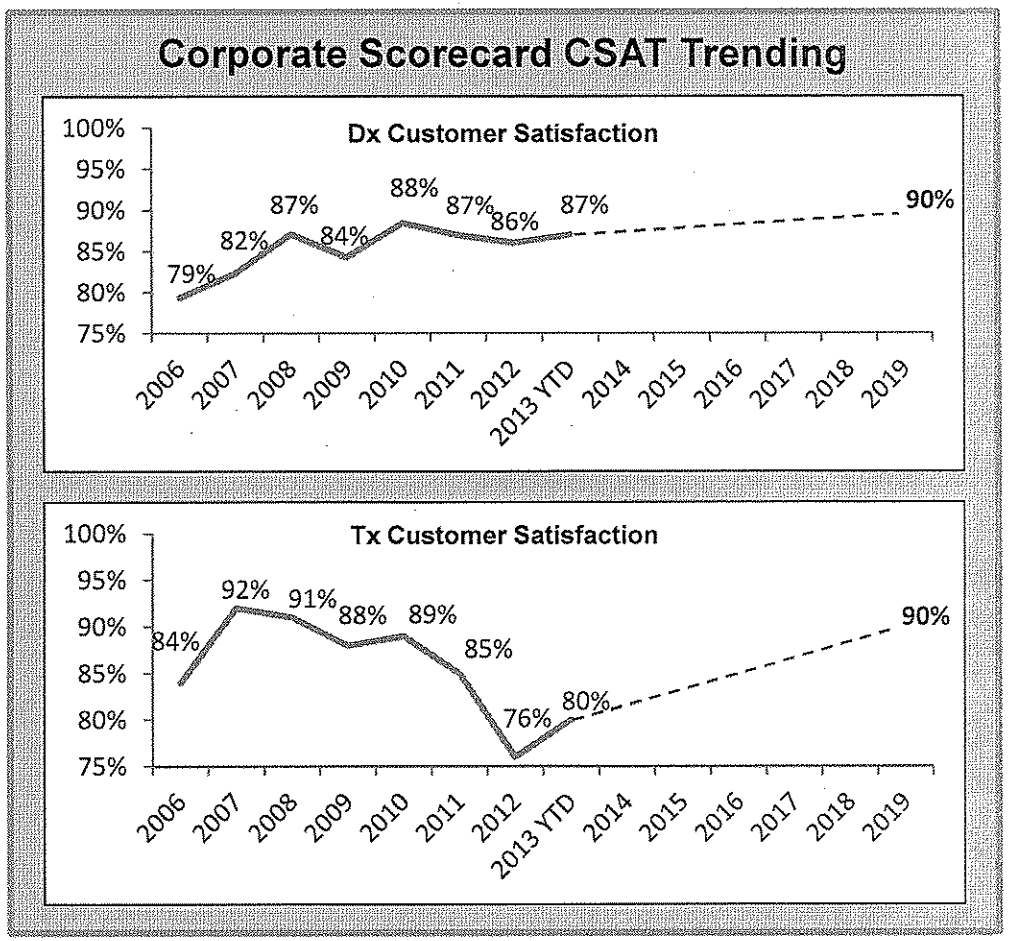
hydro One

- **Customer expectations** continue to grow



  - Expectations are set by other industries
  - Fueled by advancements in technology, big data
- Customers **want choices**
- Customers **want access to information, anytime & anywhere**
- Customers **want simple solutions**

- **Customer satisfaction** remains a key area of focus, with 5-year **goal to achieve 90% satisfaction**

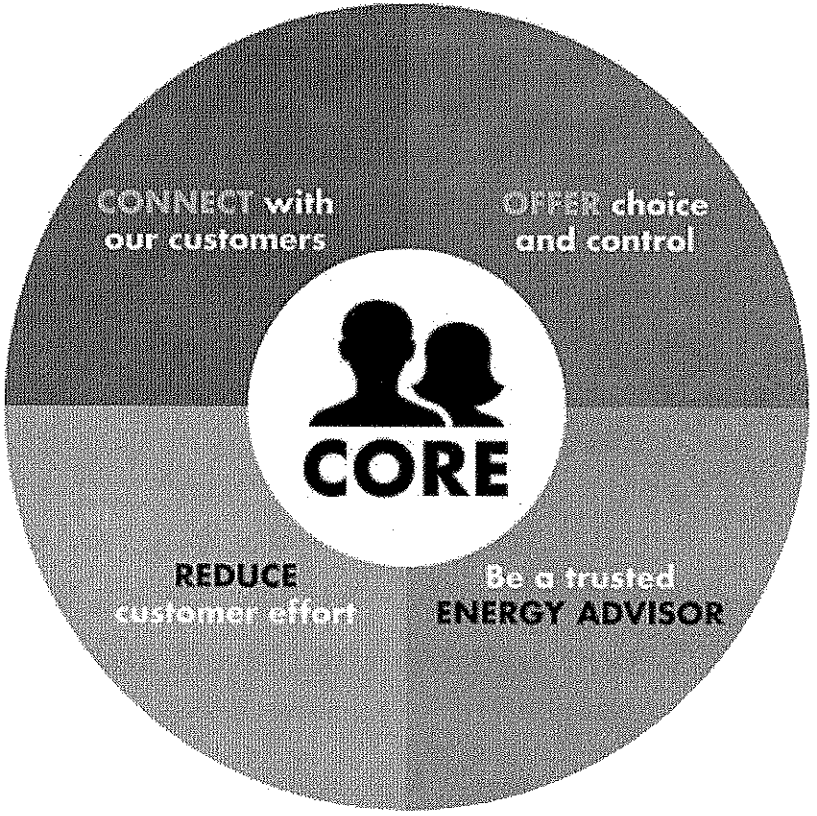


Customer Experience – Goals

hydro One

Vision: To provide a satisfying customer experience and become a trusted partner to our customers.

- **Focus on our CUSTOMERS**
- Begin by "**Getting the Basics Right**"
- Build a **customer-centric** organization
  - The ability to see things *through the eyes of the customer*
- Drive change based on ***'CORE' Customer Service Guiding Principles***
  - CORE must become part of the **DNA of our organization**
  - CORE used to **drive culture change & transformation**



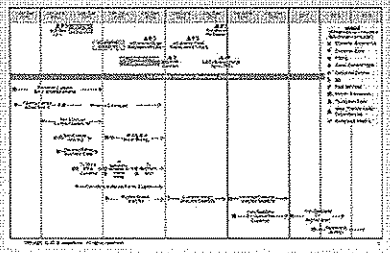
Enabled by an Engaged Workforce

Achieving Our Goals – The 2014-2019 hydro One Customer Experience Roadmap

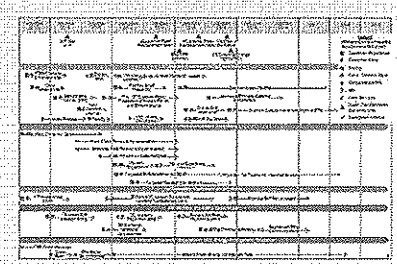
The Customer Experience Roadmap is a laterally integrated plan to achieve our customer experience goals and vision.

Roadmap Scope

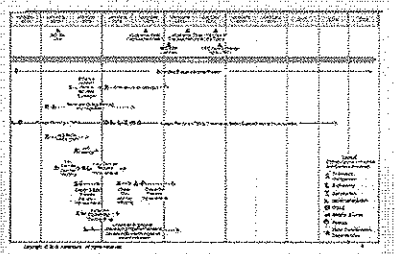
1. Cross Customer Group



2. Dx Residential + Small Bus.



3. Tx Industrial, LDC, Tx-Gen



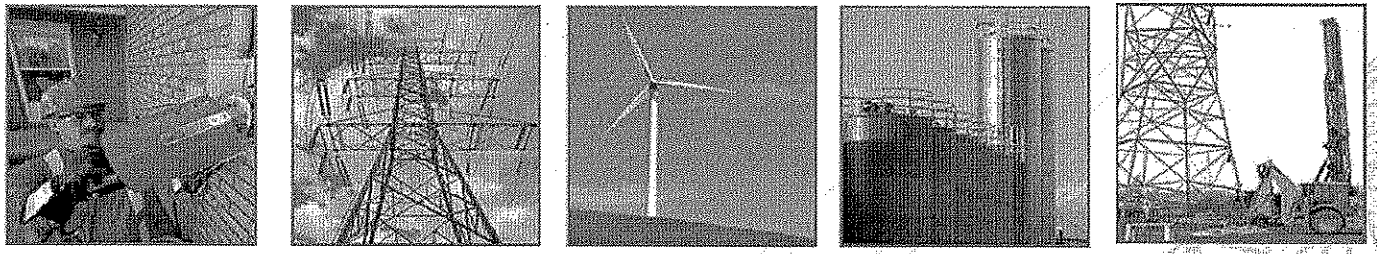
Strategic Areas of Focus

1. **Establishing customer experience disciplines**
2. **Reducing customer pain points & optimizing customer-facing interactions**
3. **Offering differentiated treatments and bundled solutions**
4. **Promoting self-serve adoption**
5. **Optimizing the billing experience**
6. **Engaging customers with new energy management programs**

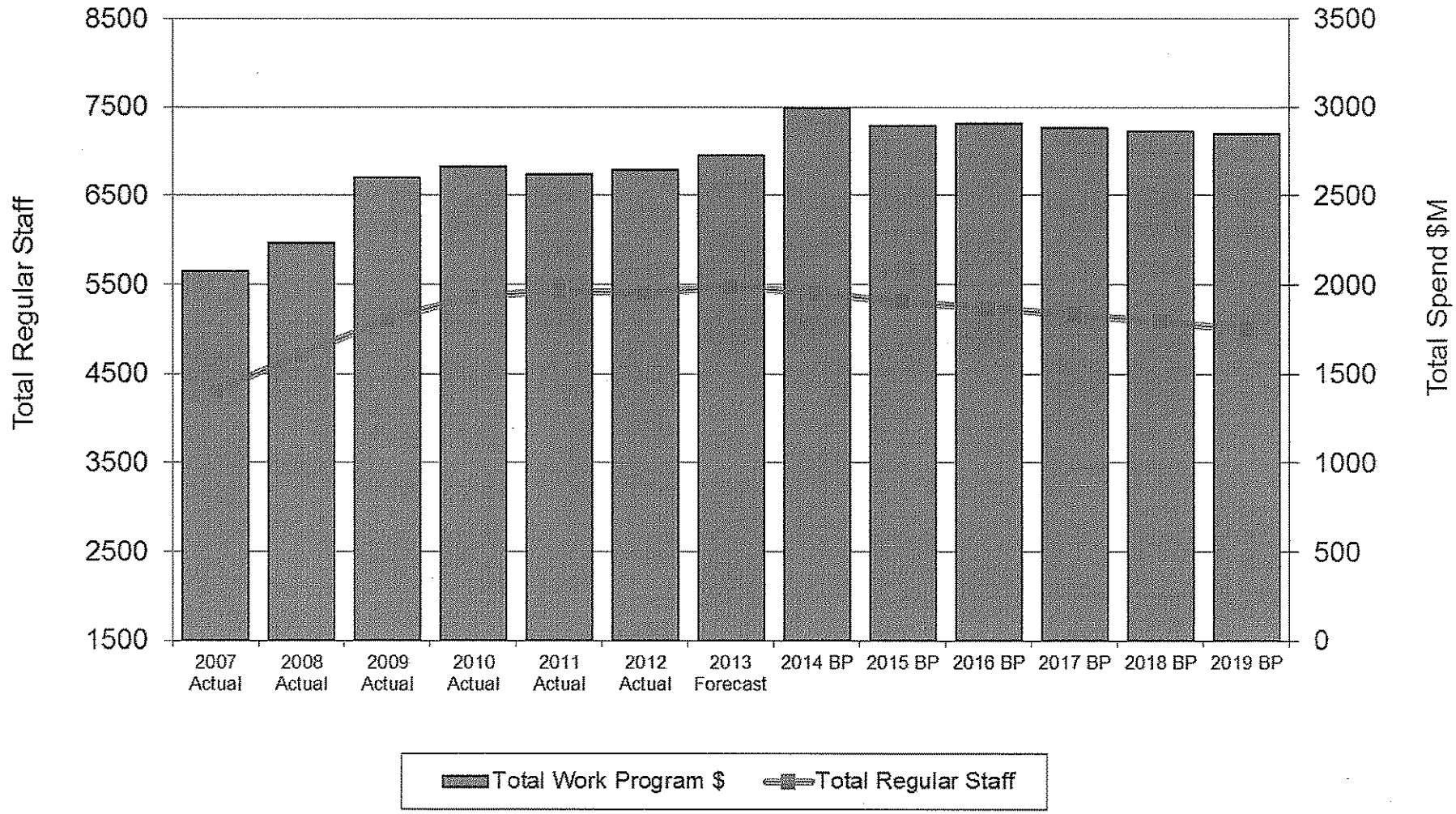
Sample Initiatives

- Social Media Strategy
- Remove customer dis-satisfiers (review processes, procedures, policies)
- Enhance Move-In Experience
- Customer Value Propositions and bundled solutions
- eCustomer Portal Project
- Improved Tx New Connection Process
- Expanded Tx Executive Sponsor Program

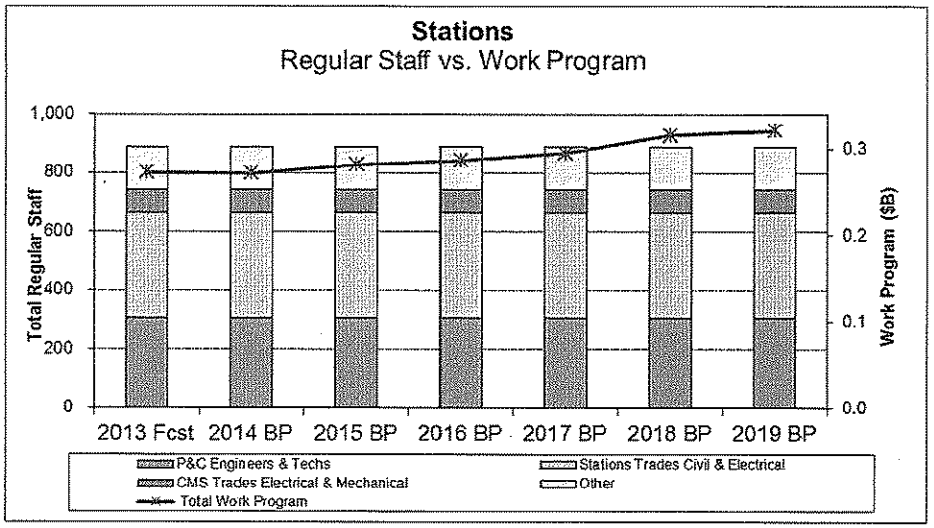
2014 – 2019 Staffing

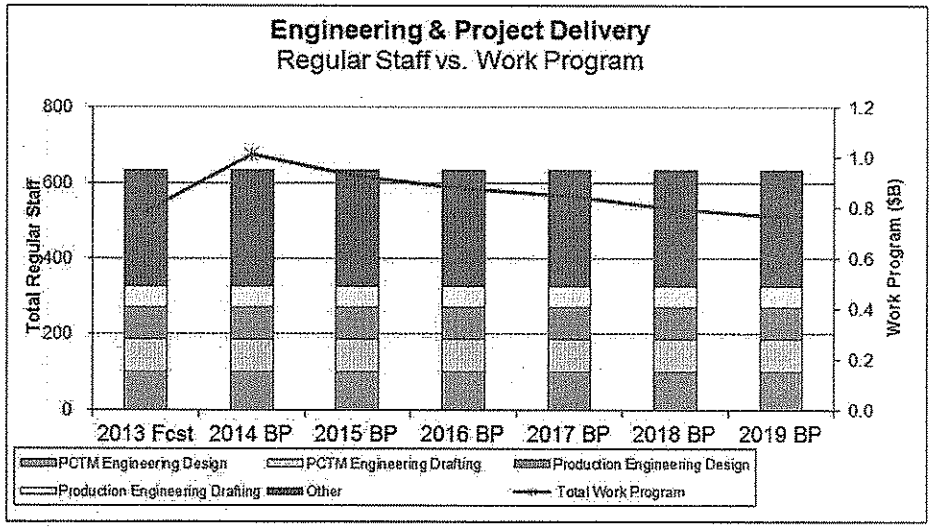


Networks Work Program Spend (Gross $'s) and Headcount



Staffing By Skill Sets

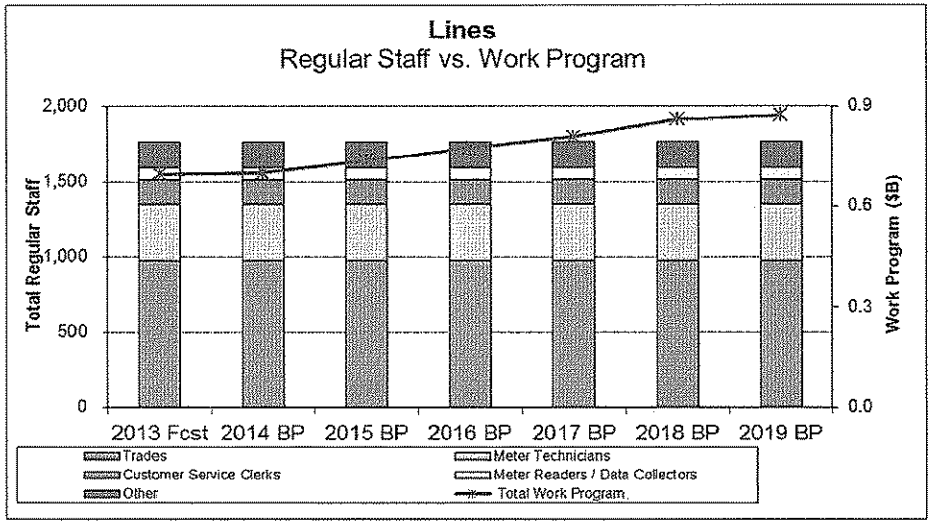


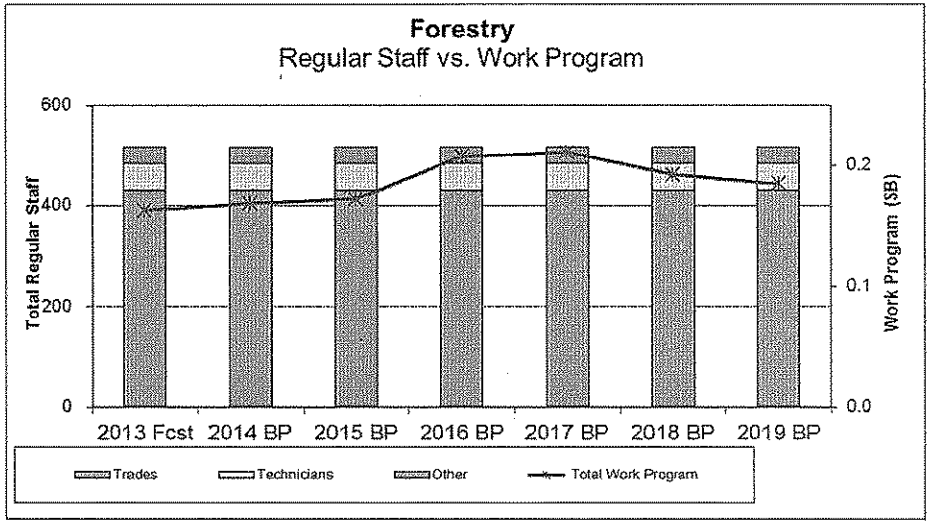


- Work program growth supported by non-regular staff and outsourcing.
- Resource plan addresses replacing vacancies due to retirement and attrition.

- Focus on maintaining a flexible workforce and making resource adjustments through Casual trades to deliver on the work program.

Staffing By Skill Sets

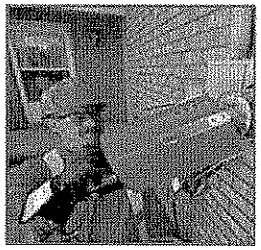
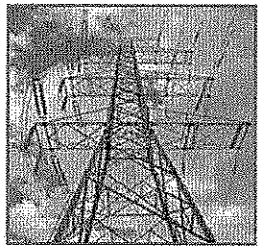


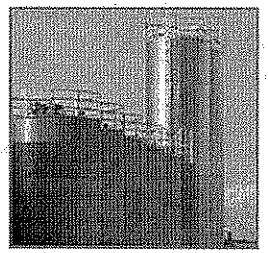
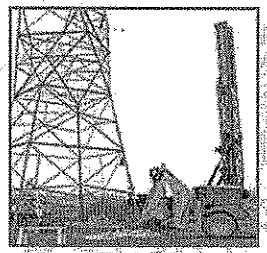


- Work program growth addressed through managing the casual workforce mix and leveraging systems and technology to better utilize support and planning functions.
- Increased utilization of non-regular staff to provide flexibility.
- DG work will be completed using Hiring Hall and external contractors.

- Work program growth primarily addressed through the utilization of non-regular staff (apprenticeship hiring program).

2014 – 2019 Inergi Contract

Inergi Contract Review

hydro One

- Extension went into effect on May 1, 2010
- Benefits arising from extensions included:
  - Improved service levels
  - Outcomes based pricing for Customer Service Operations (CSO) and Help Desk
  - Large transformation investment by Capgemini
  - More robust termination plan
  - Reduced cost
  - Ability to take portion of services to market
- Work has begun to prepare for next contract
- RFPQ completed early 2013; RFP to be issued late 2013, mid-2014 transition commences
- February 28, 2015 – End of current contract

Summary – Inergi Results-to-Date

hydro One

Promised vs. Delivered

- Improved service levels
- Outcomes based pricing for CSO and Help Desk
- Large transformation investment by Capgemini
- More robust termination plan
- Reduced cost

Next Contract(s)

hydro One

Market Strategy

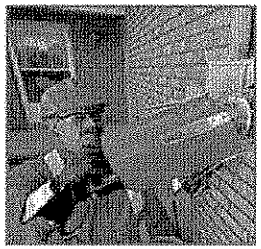
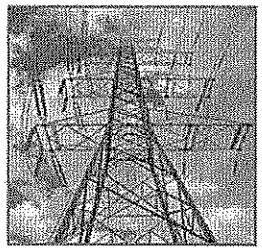
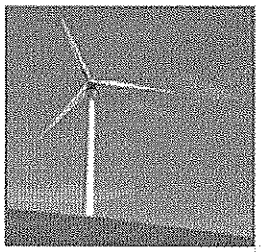
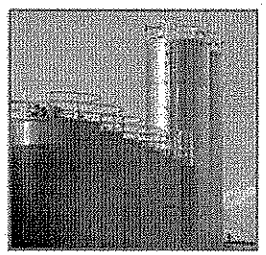
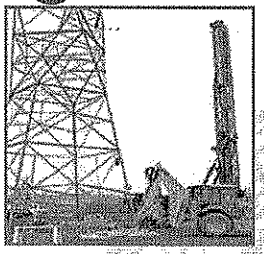
- Multi-service provider environment (2-4 service providers)

The key objectives in line with the corporate objectives are:

- Continually-improved value for money;
- Flexibility to change volumes, technology, process or scope;
- Service delivery to reflect global best practices and latest developments; and
- Robust, effective performance management and governance that aligns providers' interests with Hydro One

These objectives have been reflected in our underlying business planning assumptions.

2014 – 2019 Financing

Financing Capacity / Capital Structure

hydro One

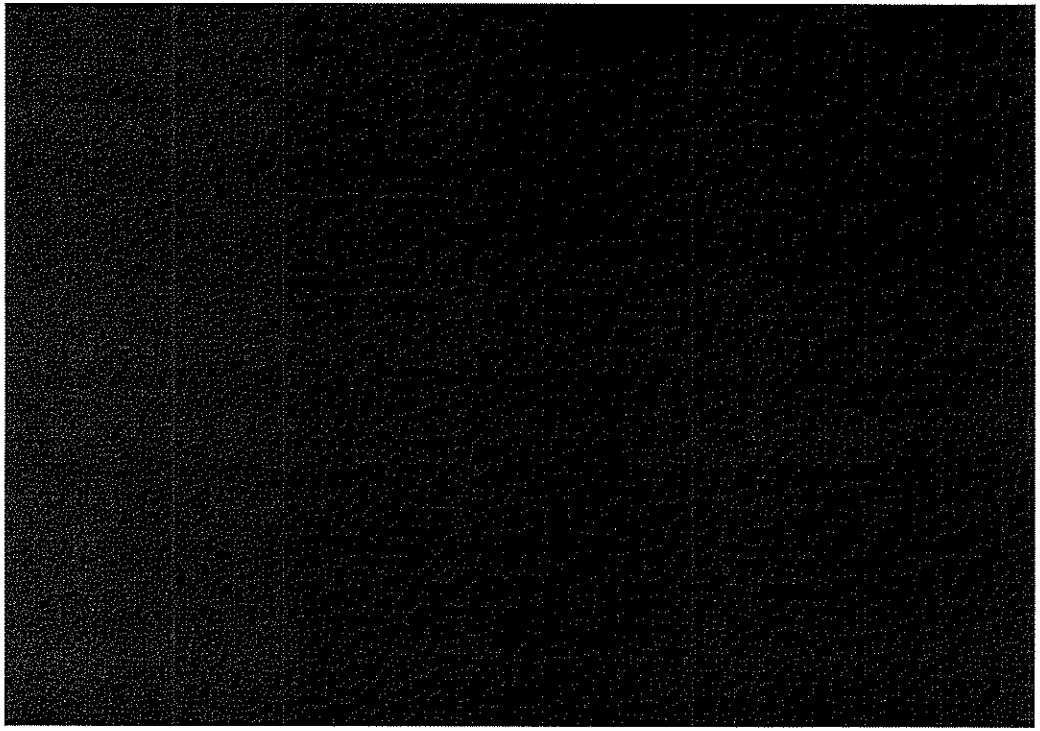
- Capital structure maintained close to deemed regulatory level.
- Uncertainty in forecast capital expenditures related to development expenditures.
- Future capital structure subject to:
  - Actual level of capital expenditures.
  - Potential M&A / divestiture activity.
- Flexibility to use dividends to maintain capital structure.

Financing & Liquidity Requirements

- Annual borrowing requirement ranges from [redacted] over 2014 to 2019.
- Liquidity [redacted] to be maintained through [redacted]
- [redacted]

Credit Ratings

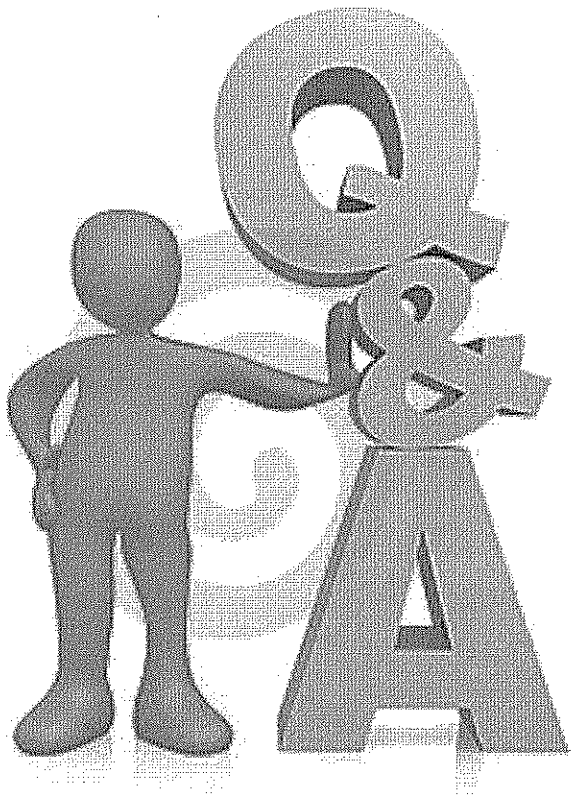
- Stable financial profile
  - Capital structure maintained at 40% common equity
  - FFO interest coverage above [redacted]
- Increased business risk
  - Public sensitivity to rate increases
  - Potential political intervention in industry
- Credit ratings expected to remain stable



Risk to Credit Ratings

hydro One

- Downgrade to Province
- Adverse changes in regulatory environment
- Political intervention
- Deterioration in financial profile
  - FFO interest coverage
  - Debt to Capitalization ratio


Q&A

Hydro One Inc.
Submission to the Regulatory and Public Policy Committee of the Board of Directors

Date: August 7, 2013

Subject: **Distribution Rate Application Update**

Submitted by:

Susan Frank
Vice President and
Chief Regulatory Officer

REASON FOR REPORT

This Report is submitted to the Regulatory and Public Policy Committee of the Hydro One Board of Directors to inform the Committee about the status of the Company's Distribution rate applications and to outline Hydro One's progress on developing the framework for the Custom rate application for 2015 – 2019 distribution rates.

KEY HIGHLIGHTS

- Hydro One filed its 2014 Distribution Incentive Rate Mechanism (IRM) application on April 26, 2013. Approval of the requested amounts will result in an increase of 1.8% on the Distribution portion of the bill and 0.7% on the total bill for a typical residential customer. The OEB has issued Procedural Order 1 setting dates for interrogatories and a technical conference.
- For the Distibution Custom filing (2015-19) planned for the first quarter of 2014, Hydro One is conducting stakeholder sessions on the design and the studies being undertaken for the application. This approach will help to manage the risk that our application would not meet OEB filing expectations.
- Hydro One is also considering a number of mechanisms to include in the Custom rate application to mitigate the risk associated with the five year timeframe of the rate application.

BACKGROUND

At the January 30, 2013 RPPC meeting, a Rate Application Update was provided and the Committee endorsed the recommended option under the OEB's new Renewed Regulatory Framework guidelines:

1) An IRM Application for 2014 rates; and

2) Hydro One will file a five year Cost of Service application under the Custom IR framework in the first quarter of 2014 for rates in 2015 – 2019.

2014 IRM DISTRIBUTION RATE APPLICATION

An IRM Application for 2014 rates was filed on April 26, 2013. The OEB issued a procedural order on June 27 which directs interrogatories to be filed by July 4 for OEB Staff and July 11 for Intervenors. Hydro One replies are due on August 1 and a Technical Conference will be held on August 9. An oral hearing will take place in September and will be scheduled at a later date.

The application includes the automatic IRM rate adjustment for inflation and productivity and also requests approval of $29.3 million for Smart Grid OM&A and in-service capital additions through a rate rider. Approval of the requested amounts will result in an increase of 1.8% on the Distribution portion of the bill and 0.7% on the total bill for a typical residential customer.

CUSTOM IR APPLICATION FOR 2015 – 2019 DISTRIBUTION RATES

There are risks associated with Custom IR that need to be managed in the preparation and design of the filing. The risks are primarily related to the five year length of the plan and that Hydro One will likely be the first distributor to file a Custom IR application. There are no filing guidelines from the OEB for Custom IR and no precedent cases to rely on.

Designing the Custom IR to meet OEB Filing Requirements

The OEB's Renewed Regulatory Framework calls for distributors to focus on meeting customer requirements and to demonstrate that their investment plans respond to these requirements. The OEB has also indicated that performance monitoring will be an

important aspect of the Custom filings. The business planning process is underway and instructions for business planning this year requested details to support a 5 year investment plan that will be used in the Custom rate application. Hydro One has also been very active in developing the regional planning framework and will reflect the results of any regional plans that are available in time for the Custom IR filing. In addition, Hydro One has initiated work on a number of studies that the OEB expects to be included in the application. This includes updates to the compensation study, the cost allocation study, capitalized overheads, depreciation and lead-lag studies; and studies on line losses, options for changing seasonal rates and rate reclassifications. Another way Hydro One is managing the regulatory approval risk is through stakeholdering with OEB staff and Intervenors. A summary of the stakeholdering activity is provided below.

Stakeholdering

Hydro One will likely be the first company to file a Custom IR application so it is important to gather input from Intervenors and OEB staff on the studies and mechanisms Hydro One will include in its application. The first session was held on April 29, 2013 and gave an overview of Custom IR and the schedule for filing. The customer surveys, studies on rate classification and seasonal rates were also discussed. A second session held on June 26 provided an update on studies for line losses and seasonal rates. Comments were solicited on mechanisms to be included in the Custom IR such as annual adjustments, off-ramps and re-openers, and metrics for monitoring performance. Generally the stakeholders understood the mechanisms being proposed and agreed that several of the areas identified needed to be accommodated during the 5 year period. Future sessions will be held in September and November to update stakeholders on the annual revenue requirements and rate smoothed revenue requirements for the five year period.

Mechanisms to Include in the Custom IR to Mitigate Risk

The OEB's new Renewed Regulatory Framework requires that a Custom IR application be for a 5 year period. This will increase risk for the Company. Hydro One's ability to forecast revenues and costs over the 5 year period will be critical to limiting the risk. As noted above, this is being addressed in the current business planning process. To further mitigate the risk, Hydro One will propose the following mechanisms in the Custom IR design:

- Annual adjustments (mechanical adjustments for changes in cost of capital, tax rates, working capital, pass through charges, etc)
- Off-Ramps (mechanisms to stop the plan if earnings are dramatically different than planned), and
- Re-openers (provisions for re-opening a portion of the plan, eg. Government mandates like Smart Meters or the FIT Program would require additional funding either through rate riders and variance accounts or through a mini hearing on the matter to approve a change in the revenue requirement)

The attached power point slides were shared with stakeholder on this topic. The options in each of these areas are still being developed to keep revenues and costs reasonably close to the planned levels over the 5 year period.

Schedule to Return to the RPPC and the Board

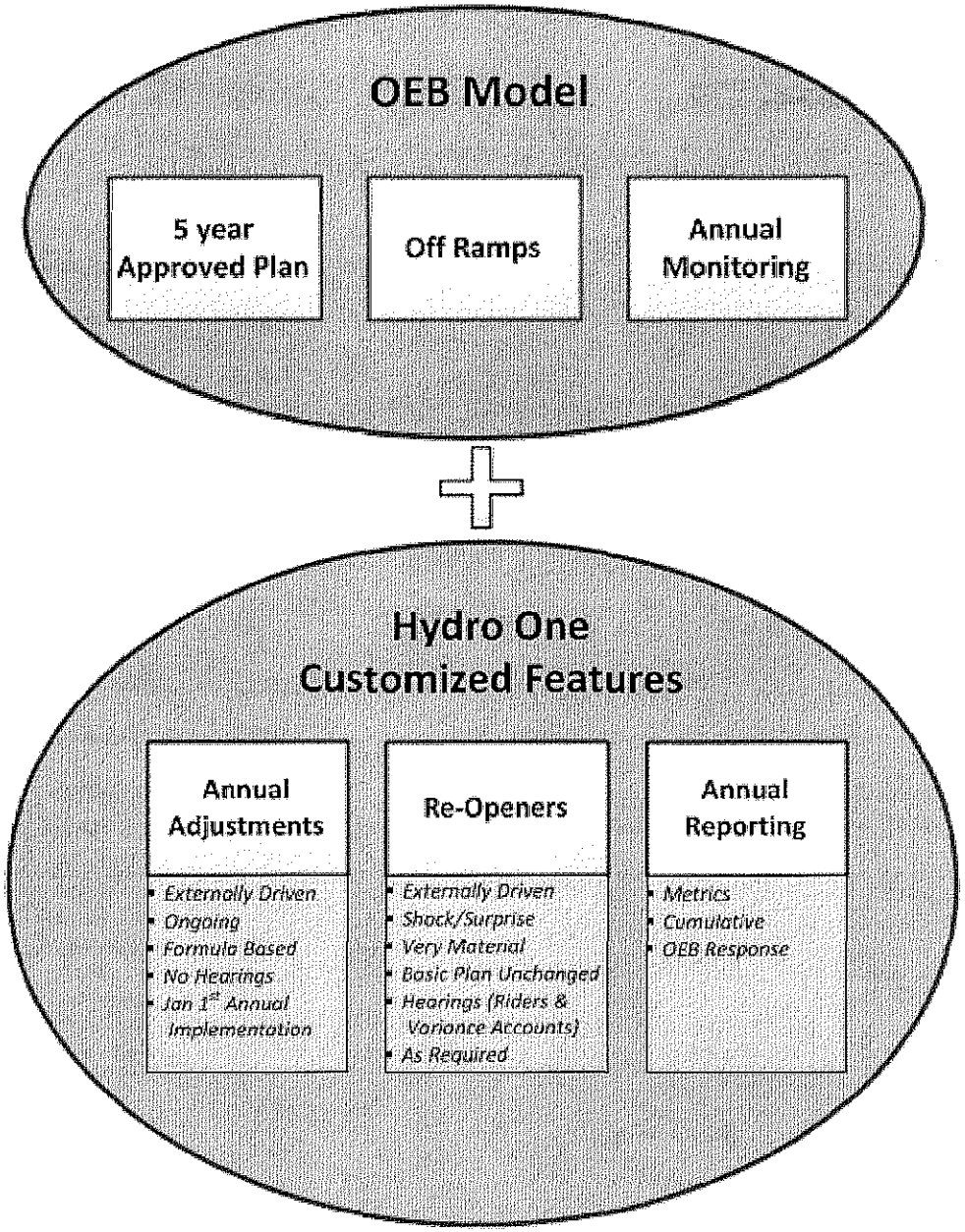
When the business plan is brought to the Board for approval at the November meeting, approval will also be sought to file the Custom IR rate application. The Company's plan is to file the Custom IR application in the first quarter of 2014.

Overview of Custom IR

Regulatory and Public Policy Committee

August 7, 2013

Custom IR Framework



Hydro One's Proposal for Annual Adjustments

Criteria:

- Externally driven beyond utility's control
- Ongoing/recurring changes either upward/downward
- Formula based

Annual Adjustments:

- Cost of Capital
  - Based on OEB issued Return On Equity and deemed Short Term debt rate in Nov each year
  - Based on Hydro One's actual long term debt issued
- Working Capital
  - Based on change in Commodity Prices (including global adjustment)
- 3rd party flow-through costs
  - Based on change in RTSRs, WMSC, SME charge, RRRP, OEB Charges
- Tax Rate Changes
- CDM based on change in cost or change in load
- Clearing of Variance Accounts based on prior year-end audit financials (e.g. RSVAs, pension)

Questions:

- Should there be materiality thresholds?
- Should the annual adjustments be based on forecasts or actuals?
- How to address prudency review during the annual adjustment process?

Hydro One's Proposal for Off-Ramps and Re-Openers

Criteria:

- Externally driven beyond utility's control
- Unexpected
- Very material impact
- Off-ramps result in whole Custom IR plan to be examined and possibly terminated; whereas with Re-Openers only a particular component of the plan is adjusted

Off- Ramps:

- Return on Equity (+/- 300 basis point thresholds) as per OEB's RRFE
- Performance erodes to unacceptable levels as per OEB's RRFE
- Restructuring of the industry

Re-Openers:

- New Government Mandates (e.g. Smart Meters, FIT Program)
- Market Rules/Code changes (e.g. DSC amendments due to RIP process)
- Environmental law changes (e.g. PCB legislation)
- Technical standard changes (e.g. Changes to wood pole classification requirements)
- New investments resulting from the newly developed Regional Plans
- Material unforeseen weather events (e.g. Ice Storm)
- Accounting Framework changes (e.g. US GAAP to IRFS)

Questions:

- What is the level of materiality to trigger a re-opener? Different levels for Capital and OM&A?
- How to incorporate re-openers into the plan: track in variance accounts and seek recovery in next cost of service filing period or require immediate funding thru use of rate riders?
- Should re-openers be combined to trigger materiality?

Hydro One's Proposal for Reporting and Performance Metrics

Criteria:

- Outputs to allow Board and Intervenors to monitor key outcomes committed to in the plan
- Metrics need to be measurable, controllable, and transparent
- Manageable number of metrics

Metrics for Delivery of Plan:

- Level of Spend (Capital In-Service and OM&A)
- Productivity/Cost Effectiveness
  - Forestry Brush Control & Line Clearing ($/km)
  - Planned End of Life Wood Pole Replacements ($/pole)
  - Cable Locates ($/locate)
  - New Connections (S/connection)
- Customer Satisfaction
- Metrics associated with significant change in performance/reliability (e.g. Innovation–Smart Grid)

Questions:

- Should there be incentives (i.e. rewards/penalties) related to metrics?
- How to develop the targets for each metric? Should the targets be annual or cumulative?
- How to validate the accuracy of the metric's reporting?
- How far off target can a utility go before the OEB intervenes?

Filed: 2014-07-04
EB-2013-0416
Exhibit I-1.1-9 SEC 1
Attachment 4
Page 1 of 6

Hydro One Inc.
Submission to the Board of Directors

hydro One

Date: November 14, 2013

Subject: 2015-2019 Hydro One Distribution Custom Cost of Service Rate Application

Submitted by:

Sandy Struthers
Chief Administrative Officer and
Chief Financial Officer

Approved for Submission to the Board by:

Carmine Marcello
President and Chief Executive Officer

RECOMMENDATION

THAT the Board of Directors of Hydro One Inc. approve Hydro One's 2015–2019 Distribution Custom Cost of Service Rate Application for submission to the Ontario Energy Board on or about January 31, 2014.

KEY HIGHLIGHTS

- Hydro One will be filing a 5 year Custom Cost of Service Application with the OEB for Distribution rates for the years 2015 – 2019. This will be the first application of its kind under the OEB's new Renewed Regulatory Framework with rates to be effective January 1 of each test year.
- Hydro One is requesting a revenue requirement of $1,411 million for 2015 rising to $1,666 million by 2019 resulting in distribution rates increasing 12.1% in 2015. On a total bill basis rates will increase by approximately 4.0% in 2015 before rate smoothing.
- In order to minimize the rate impact in 2015 Hydro One will be proposing to smooth the rate increases over the 5 year period so that the overall total bill impact will average 2.4% per year.

This Board Memorandum was reviewed and approved for submission to the Board of Directors of Hydro One Inc. by the Regulatory and Public Policy Committee on November 12, 2013.

EXECUTIVE SUMMARY

1 Strategic Significance

- Hydro One plans to file an application with the Ontario Energy Board on January 31, 2014 for new distribution rates effective January 1, 2015 through December 31, 2019, consistent with the Company's strategy of increasing shareholder value and meeting customer expectations. This will be the first application of its kind under the OEB's new Renewed Regulatory Framework.
- The filing of a 5 year application commits the Company to an investment plan for the 5 year period including proposed annual adjustment mechanisms and adjustments to reflect plan changes outside of the normal course of business.
- The submission reflects Hydro One's plan to invest in its network assets to meet objectives regarding public and employee safety; customer needs, regulatory and legislative compliance; maintenance of system security and reliability, system growth requirements and investments to meet government initiatives.
- This Application is consistent with the Business Plan approved by the Board today.
- The filing of the 2 year transmission rate application in 2014 for 2015 - 2016 uniform transmission rates will for the first time provide the OEB and intervenors with full visibility of all aspects of our planned Tx and Dx costs for the first 2 years of the plan period.

2 Purpose

Revenue Requirement

Approval of the Custom Application is requested so that the Company may proceed with the securing of the revenue requirement needed to fund its 2015 – 2019 investment program. The revenue requirement presented in Table 1 for 2015 - 2019 is consistent with the business plan approved at the Board of Directors meeting on November 14, 2013.

Table 1
Revenue Requirement ($M)

	OEB Approved 2011	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019
OM&A	525.0	564.3	610.2	614.0	603.9	600.0
Depreciation	283.7	353.6	373.2	390.5	404.6	416.6
Cost of Capital	354.0	437.7	469.9	504.2	541.2	579.9
Income Tax	34.2	55.6	61.6	62.2	65.6	69.4
Base Revenue Requirement	**1,196.9**	**1,411.2**	**1,514.9**	**1,570.9**	**1,615.3**	**1,665.9**
Capital Expenditures	**437.6**	**648.9**	**654.7**	**639.4**	**655.1**	**669.1**
Rate Base	**4,986.6**	**6,476.9**	**6,758.9**	**7,097.1**	**7,512.4**	**7,916.7**
ROE %	**9.66%**	**9.71%**	**9.96%**	**10.16%**	**10.21%**	**10.21%**
Net Income		**282.0**	**302.3**	**324.1**	**345.5**	**365.0**

Details of the contributing factors are shown in Table 2.

Table 2
Major Contributing Factors

% Change in Rates	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019
Growth in Asset Rate Base	14.6	3.3	2.8	3.1	2.8
Increase in OM&A	2.9	3.3	0.2	(0.6)	(0.3)
Change in Cost of Capital	(1.4)	0.9	0.7	0.4	0.6
Change in Load Forecast and Rate Class Review	1.8	(0.1)	(0.1)	0.1	(0.2)
Rider Expiry	(5.8)	0.0	0.0	0.0	0.0
Total Rate Increase	**12.1**	**7.4**	**3.6**	**3.0**	**2.9**
Total Bill Impact *	**4.0**	**2.4**	**1.2**	**1.0**	**1.0**

*Total Bill Impact includes Transmission increases and assumes no change to commodity price

Table 3 shows the rate increase before and after rate smoothing.

Table 3
Rate Impact after Smoothing

% Change in Rates	Forecast 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019
Total Rate Increase	**12.1**	**7.4**	**3.6**	**3.0**	**2.9**
Deferral of Revenue Requirement	(4.9)	(0.2)	3.6	4.2	4.3
Smoothed Rate Increase	**7.2**	**7.2**	**7.2**	**7.2**	**7.2**
Smoothed Total Bill*	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**

*Total Bill Impact includes Transmission increases and assumes no change to commodity price

Distribution Rate Impact and Impact on Total Customer Bill

The proposed growth in work programs and requested return on capital will result in distribution rates including riders increasing by 12.1% in 2015 or 4.0% on a total bill basis before smoothing. Hydro One will be proposing to smooth rates over the 5 year period by deferring revenue requirement collection in such a way that the average rate increase for each of the 5 years will be 7.2 % on distribution rates or 2.4% on a total bill basis.

In 2015, the increase is mainly attributed to the growth in rate base and associated carrying costs, increases in OM&A requirements, decreases in load driven by continuing conservation efforts by customers and the customer reclassification initiatives. Asset growth and OM&A program increases are the major factors contributing to increases in 2016 and 2017.

The growth in assets in 2015 is largely driven by the placement of in-service capital undertaken during the 2012 – 2014 IRM term. In addition, Hydro One will be seeking to place in-service in 2015 expenditures currently recorded in deferral accounts for expenditures associated with the smart meter program, the distributed generation program, smart grid initiatives and the CIS project. Rate riders which provided interim funding for these initiatives will expire at the end of 2014.

Increases in OM&A levels are the result of (a) moving the vegetation management cycle to seven years from eight years between 2015 and 2017 and (b) expenditures to meet new PCB legislation requirements.

Financing costs reflect the application of the OEB's Return on Equity formulaic methodology (based upon forecast changes in Government of Canada long bond rates) to an increasing rate base. In 2015, the equity return is forecast to rise from the currently approved level of 9.66% to 9.71% and reach 10.21% by 2019. The overall cost of capital will be lower in 2015 due to lower debt financing costs.

As part of previous OEB Decisions on Hydro One Distribution rate application, Hydro One was directed to undertake reviews of its practices with respect to the appropriateness of its overall customer rate classifications, including its seasonal rate structures as well as a review of line losses applied to the total bill. The net impact of the OEB directed changes and changes in the load forecast is a 1.8% increase in customer rates in 2015.

3 Risk Analysis & Mitigation

The filing of a 5 year application commits the Company to an investment plan for the 5 year period. The evidence will stress the benefits and improvements in Hydro One's forecasting abilities resulting from the investments in the first 3 phases of the Cornerstone initiative including the Asset Analytics tool.

Hydro One will be seeking OEB approval for a number of proposed annual adjustment mechanisms and adjustments to reflect plan changes outside of the normal course of business in order for the Company to avoid a rate reopener review by the OEB during the 5 year Custom Application period.

Annual adjustments proposed will be of a mechanical nature and will include changes in the cost of capital, tax rates, working capital and other pass through charges and deferral and variance account disposition where material.

Adjustments outside the normal course of business will be sought in the event of a significant occurance outside of the Company's control. Examples may include a change in Government mandates similar to the Smart Meter or FIT programs. Funding for such initiatives would be

sought either through rate riders and variance accounts or, if necessary, by means of a mini-hearing to seek a specific revenue requirement change.

4 Stakeholder Engagement

Hydro One continues to conduct stakeholder sessions on its five year Distribution Custom rate application. The first session was held on April 29, 2013 and gave an overview of the custom application and the schedule for filing. It also highlighted Hydro One's plans for customer surveys and studies on rate classification and seasonal rates. A second session was held on June 26, 2013 to provide an update on studies on line losses and seasonal rates, and to introduce annual adjustments, off-ramps and re-openers, and metrics for monitoring performance that Hydro One will include in its application. A third session took place on October 16, 2013, where Hydro One provided an overview of its business planning process and how the asset analytics tool is providing valuable support in the determination of five year work program requirements. Mercer also provided a summary of the results of the 2013 compensation benchmarking survey.

Each session was well attended, and stakeholders were very interested and engaged in providing their input into the design of the Custom Application. A final session is scheduled for late November 2013 at which time the distribution components of the business plan and rate impacts will be shared with stakeholders.

5 Proposed Timetable

The Custom Application will be filed on or about January 31, 2014. The Application will be updated in May of 2014 to reflect 2013 audited actual results. Hydro One anticipates the oral hearing will be held in the fall of 2014.

Consumers Council of Canada (CCC) INTERROGATORY #2

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference:

Please provide all materials provided to HON's senior management/executives and to its Board of Directors when HON was seeking approval of the Custom Plan and any specific elements of the plan.

Response

Please refer to Hydro One's response to Exhibit I, Tab 1.1, Schedule 9 SEC 1.

Consumers Council of Canada (CCC) INTERROGATORY #3

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference:

Please provide all correspondence between HON and its shareholder regarding the Custom Plan. Was this plan explicitly approved by HON's shareholder? If not, why not? What protocols are in place with respect to receiving input from the Government regarding HON's rate proposals?

Response

Please refer to Hydro One's response to Exhibit I, Tab 1.1, Schedule 9 SEC 1.

No, the plan was not explicitly approved by the shareholder. Governance with the shareholder as outlined in the Memorandum of Agreement, as filed in Attachment 2, does not require the shareholder to explicitly approve rate filings. The Hydro One Board of Directors approves the Company to file. Upon obtaining approval from the Board of Directors, the Ministry of Energy is informed of the details of the filing.

hydro One

Briefing to Ministry of Energy: 2015-19 Distribution Rate Filing

Presentation by Carmine Marcello
President and CEO
Hydro One Inc.
December 3, 2013

hydro One

Background

- Hydro One is one of many distributors expected by the OEB to file next year for 2015+ rates.
- Hydro One has not filed a Cost of Service application since 2012.
- Hydro One is seeking an average bill increase of 2.4% over the 5-year period.
- On November 14th, Hydro One's Board of Directors approved a decision to apply for 2015-19 distribution rates as soon as possible.

hydro One

Path to Filing

- The filing will be based on our recently approved 2014 Business Plan.
- Our application is targeted for **December 19th**, 2013 and will be a 5-year cost of service under the OEB's Custom IR process.
- The OEB will likely require 2-3 weeks to review the adequacy of the filing evidence before giving public notice of our application.
- A hearing would not be expected to commence until the Spring of 2014, with a decision expected in late 2014.

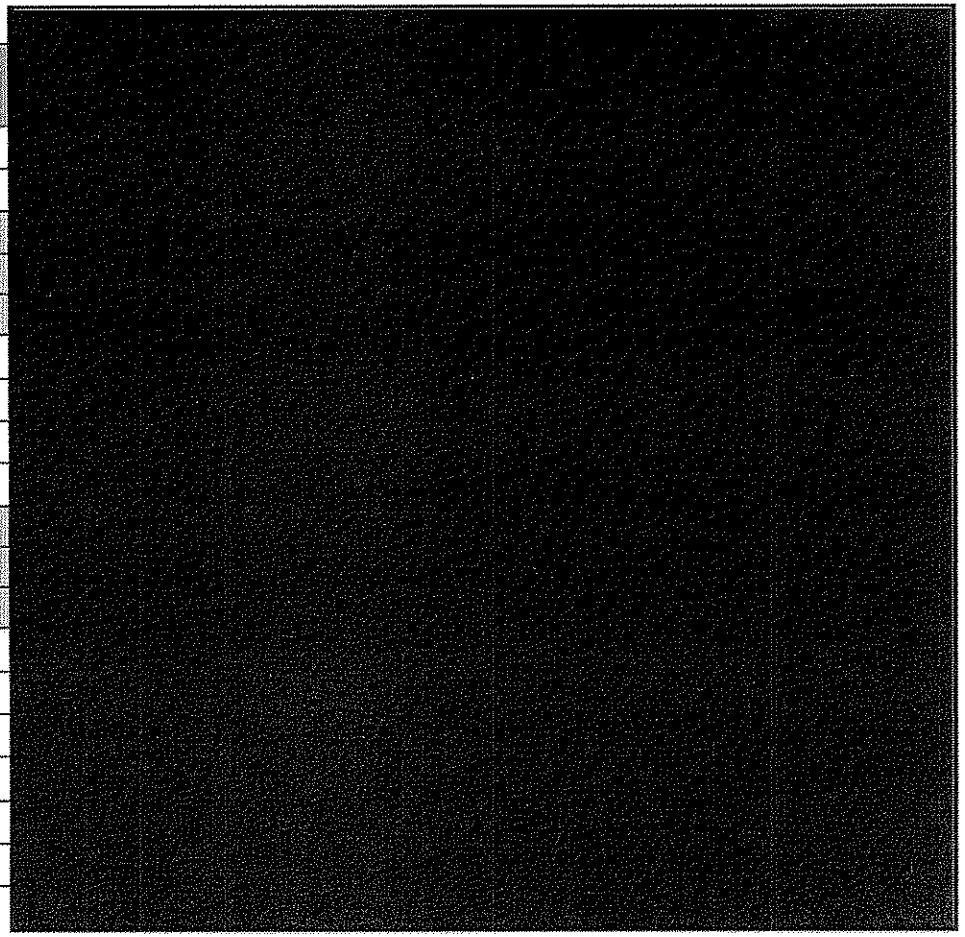
Approach


Keep Rates Low
(annual total bill impact at/less than inflation)
Improve Operating Efficiencies and Cost Savings
($1.2B)
Improve Customer Satisfaction and Build a Trusted Partner Relationship
Safe, Reliable & Affordable Service
Full Visibility on Assets and targeted investments to minimize customer impacts
Preserve Net Income
($746M by 2015, $925M by 2019)

HOI - Financial Results

hydro One

$M except where noted	Actual 2012	Forecast 2013
Revenue	5,729	6,045
Income before PILs	867	894
Net Income	**746**	**805**
EBITDA	**1,884**	**1,936**
Cash Flow	**(476)**	**(124)**
Debt Ratio	55%	55%
FFO Coverage	4.1x	4.5x
Actual Rate Base	14,625	15,025
ROE (GAAP)	11.5%	11.6%
Capital Expenditures	**1,455**	**1,407**
OM&A	**1,047**	**1,077**
Depreciation	**659**	**688**
Dividends	370	218
PILs	121	89
Total Long-term Debt	8,480	9,064
Total Equity	6,833	7,418
Headcount	5,762	5,856



Results in US GAAP

HOI - Long-Term Financial Results

hydro One

$M except where noted	2012	2013
Revenue	5,729	6,045
Income before PILs	**867**	**894**
Net Income	746	805
EBITDA	**1,884**	**1,936**
Cash Flow	(476)	(124)
Debt Ratio	55%	55%
FFO Coverage	4.1x	4.5x
Actual Rate Base	**14,625**	**15,025**
Tx Rate Increase (%)	7.8%	0.0%
Dx Rate Increase (%)	-0.2%	1.4%
Allowed Regulatory ROE	9.4%	8.9%
ROE (GAAP)	11.5%	11.6%
Capital Expenditures	**1,455**	**1,407**
OM&A	**1,047**	**1,077**
Depreciation	**659**	**688**
Dividends	370	218
PILs	121	89
Total Long-term Debt	**8,480**	**9,064**
Total Equity	6,833	7,418

[redacted]

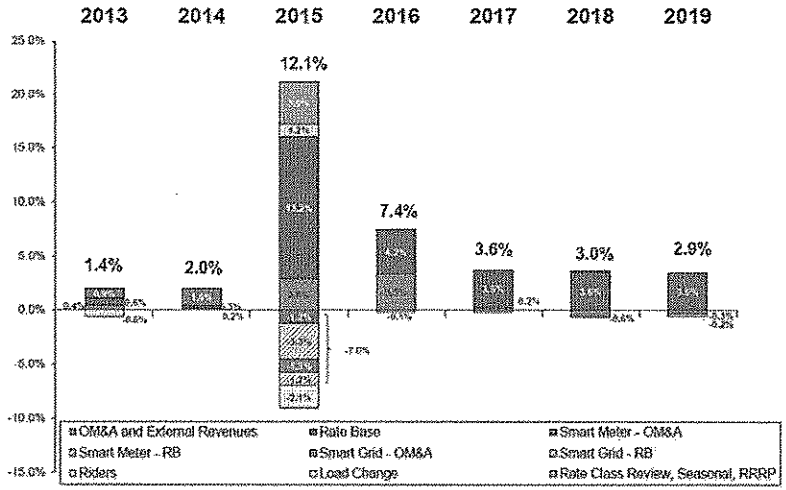
Assumptions

- Distribution IRM/ICM for 2014, Custom COS for 2015-19 and onward (simulates new regulatory framework)
- Transmission Cost of Service for 2013/14, 2015/16 and onward.
- 2018 onward includes 2% escalation of OM&A and Capital expenditures.

Results in US GAAP

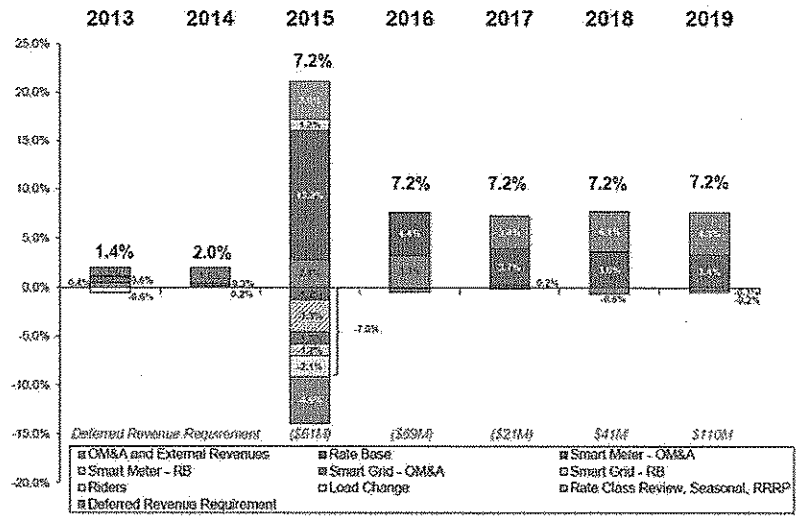
Options for Rate Setting

Traditional Approach



- Rate adders and riders causes changes to rates as collections or refunds begin and end
- Rate base component of rate change increases due mainly to in-servicing of capital projects

Smoothed Approach



- Rate smoothing achieved by deferring Revenue Requirement over the 2015-19 period
- Net Revenue Requirement collected over the 2015-19 period is unchanged

Selected Approach for Filing

Potential Bill Impacts

Traditional Approach

Bill Impact:

	Total Bill Impact		
	Dx	Tx	Total
2014	0.7%	0.5%	1.2%
2015	4.0%	[redacted]	
2016	2.4%		
2017	1.2%		
2018	1.0%		
2019	1.0%		
6 Yr Avg	1.7%		
5 Yr Avg	1.9%		

Smoothed Approach

Bill Impact:

	Total Bill Impact		
	Dx	Tx	Total
2014	0.7%	0.5%	1.2%
2015	2.4%	[redacted]	
2016	2.4%		
2017	2.4%		
2018	2.4%		
2019	2.4%		
6 Yr Avg	2.1%		
5 Yr Avg	2.4%		

Selected Approach for Filing

MEMORANDUM OF AGREEMENT

BETWEEN

Her Majesty the Queen
in Right of the province of Ontario
as Represented by the Minister of Energy

AND

Hydro One Inc. ("HOI")

A. Purpose:

This document sets out the agreement between Hydro One Inc. ("HOI"), a corporation incorporated under the *Business Corporations Act* (Ontario) (the "OBCA") and subject to/governed by the *Electricity Act, 1998* (the "EA") and its sole shareholder, Her Majesty the Queen in Right of the Province of Ontario as represented by the Minister of Energy (the "Shareholder") on mandate, governance, responsibilities, performance expectations and executive compensation.

This Memorandum of Agreement is intended to promote a positive and co-operative working relationship between HOI and the Shareholder.

B. Mandate:

1. HOI's core mandate is the safe, reliable and cost-effective transmission and distribution of electricity to Ontario electricity users.

2. HOI will operate as a commercial enterprise with an independent Board of Directors that will, at all times, exercise its fiduciary responsibility and a duty of care to act in the best interests of HOI.

C. Governance:

The governance relationship between HOI and the Shareholder shall be founded on the following principles:

1. The Board of Directors of HOI is responsible for oversight of the management of the business and affairs of the Corporation, including the appointment of executive officers and management and the formation and operation of key committees essential to its governance structure.
2. HOI will maintain a high level of accountability and transparency as follows:
   (i) As an OBCA company, HOI is subject to all of the governance requirements associated with the OBCA, and as a reporting issuer of debt securities is subject to the governance requirements under the *Securities Act (Ontario)* and any other applicable securities regulatory requirements.
   (ii) HOI is also subject to the *Freedom of Information and Protection of Privacy Act* (Ontario), the *Public Sector Salary Disclosure Act* (Ontario) and the *Auditor General Act* (Ontario).
   (iii) As a transmitter and distributor of electricity, and as a generator for the purposes of distributing electricity to remote areas through its wholly-owned subsidiary Hydro One Remote Communities Inc., HOI is licensed by and subject to the jurisdiction of the Ontario Energy Board (the OEB) pursuant to the *Ontario Energy Board Act, 1998*, including all of the OEB's orders, codes and other regulatory requirements as are applicable.

3. The Shareholder may at times direct HOI to undertake special initiatives. Such directives will be communicated as written declarations by way of an Unanimous Shareholder Agreement or Declaration in accordance with Section 108 of the OBCA. Hydro One will disclose this direction as required under securities legislation.

D. ***Responsibilities – Operational:***

1. HOI will operate its transmission and distribution assets as efficiently and cost-effectively as possible, within the legislative and regulatory framework of the Province of Ontario. The company will operate these assets in a manner that appropriately mitigates the Shareholder's financial and operational risk.
2. HOI will continue to operate in full compliance within the legislative and regulatory framework and using best practices with respect to employee and public safety.
3. HOI will prioritize investments in transmission and distribution capacity to support projects necessary to maintain ongoing grid security and reliability.
4. HOI will operate in Ontario in accordance with the highest corporate standards, including but not limited to the areas of corporate governance, social responsibility, environmental stewardship and corporate citizenship.

E. ***Responsibilities – Financial:***

1. HOI will annually prepare a three to five year investment plan for new projects. Once approved by HOI's Board of Directors, the plan will be submitted to the Minister of Energy and the Minister of Finance for concurrence.
2. As an OBCA corporation and reporting issuer with a commercial mandate, HOI will operate on a financially sustainable basis and maintain or increase the value of its assets for its Shareholder.
3. HOI will obtain the approval of the Minister of Energy and Minister of Finance, in advance, with respect to:
    (i) any proposal to issue or transfer shares in the Corporation or any of its subsidiaries;
    (ii) any proposed acquisition or divestment of assets, other major transaction, proposal or action by the Corporation or any of its subsidiaries, where such acquisition or divestment, major transaction, proposal or action would potentially have a material impact on:
        - the cash flow to the Ontario Electricity Financial Corporation
        - the financial Interests of the Province; or
        - the payments in lieu of taxes by the Corporation and its subsidiaries under the EA.

F. ***Responsibilities – Communications & Reporting:***

1. The HOI Board of Directors and the Minister of Energy will meet, as needed, to enhance mutual understanding of interrelated strategic matters.
2. HOI's Chair, President and Chief Executive Officer and the Minister of Energy will meet on a regular basis.
3. HOI's Chair, President and Chief Executive Officer and the Minister of Finance will meet at the Minister's request.
4. HOI's senior management and senior officials of the Ministry of Energy and the Ministry of Finance will meet and communicate on a regular and as needed basis to discuss ongoing issues and clarify expectations or to identify and address emergent issues, including but not limited to issues that may have a material impact on the financial performance of HOI or the Shareholder. Such communication and reporting from HOI should be on an immediate or, at minimum, an expedited basis where an urgent material human safety or system reliability matter arises.

5. HOI will provide the Minister of Energy and senior officials of the Ministries of Energy and Finance its multi-year and annual business planning information, and advise on developments and issues that may materially impact the business and financial performance of HOI, and/or the financial performance and interest of the Shareholder, on a timely basis.
6. HOI will provide the Minister of Energy and senior officials of the Ministries of Energy and Finance quarterly and monthly financial reports and briefings on operational and financial performance against plan.
7. In all other respects, HOI will communicate with government ministries and agencies in a manner typical for an Ontario corporation of its size and scope.

G. ***Performance Expectations:***

1. HOI will seek continuous improvement in the operational performance of its transmission and distribution assets and internal operations.
2. HOI will annually establish three to five year performance targets for operating and financial results as well as major project execution. Key measures are to be agreed upon with the Minister of Energy and the Minister of Finance. HOI will benchmark its performance on these measures against the performance of other utilities, including international utilities where information is available. On these measures, Hydro One will target performance to be in the top quartile of private and publicly-owned utilities in North America.
3. Once approved by HOI's Board of Directors, HOI's annual performance targets will be submitted to the Minister of Energy and the Minister of Finance for concurrence.
4. HOI will provide annual reports on its performance compared to targets to senior officials of the Ministry of Energy and Ministry of Finance.

H. ***Executive Compensation:***

1. HOI will have regard to the recommendations of the Agency Review Panel regarding Executive and Senior Management Compensation in setting executive compensation policies, procedures and practices, including internal governance practices and procedures.

I. ***Review of this Agreement:***

This agreement will be reviewed and updated as required.
This Memorandum of Agreement shall be effective as of the date hereof:

Dated the 27 day of March, 2008

On behalf of HOI:

Original Signed by:

R. Burak

Rita Burak
Chair,
Hydro One Inc. Board of Directors

On behalf of the Shareholder:

Original Signed by:

Gerry Phillips

Her Majesty the Queen in Right of the Province of Ontario as represented by the Minister of Energy, Gerry Phillips

Consumers Council of Canada (CCC) INTERROGATORY #4

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference: Exhibit A/Tab 3/Schedule 1/p.9

In the Summary of the Application HON refers to "capital additions made during the IRM period". Does HON consider this to be a "cost of service" application or an "incentive regulation mechanism" application? To the extent HON views this as an IRM please provide a comprehensive list all of the ways that HON's Plan will incent efficiencies and productivity gains throughout the five-year period.

Response

Please see Hydro One's response to Exhibit I, Tab 1.1, Schedule 6 VECC 1.

Energy Probe Research Foundation (EP) INTERROGATORY #1

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference: Exhibit A, Tab 14, Schedule 1, Attachment 4, Pages 1. 7 and 8 DBRS Report

Preamble:
Hydro One's business risk profile is indicative of an A (high) rating as the Company operates in an extensive franchise area, with regulated transmission and distribution businesses in Ontario accounting for substantially all its earnings. DBRS continues to view the regulatory framework in Ontario as reasonable for regulated transmission and distribution operators (refer to Assessment of Hydro One's Regulatory Environment on Page 8). In late 2013, the Ontario Energy Board (OEB) released a final report on its Renewed Regulatory Framework, setting out policies and approaches to the rate adjustment parameters for incentive rate (IR) setting and the benchmarking of total cost performance.

DBRS views the parameters of the Custom Incentive Rate-setting option under the Renewed Regulatory Framework as modestly positive for Hydro One's distribution business (35% of EBIT) as it provides greater clarity for recovery and pass through of capital costs to ratepayers, and it reduces pressure on utilities to meet operating efficiency targets. However, this is somewhat offset by the modestly higher regulatory lag under the Custom IR regime, which the Company will operate under, as it has a minimum term of five years as compared with the previous three-year rate setting process. It also remains to be seen how operating expenses and CAPEX will be scrutinized as the Company proceeds under the Custom IR framework.

a) Please provide a copy of HO information provided to DBRS that from the statements above and at Pages 7 and 8 appears to position this HO Dx Application as a Custom IR Regime (as opposed to a Custom Multi-Year cost of Service Application).

b) List and comment on the material differences between Custom IR and Custom MY Cost of Service regulatory regime in this context, As well as the Criteria listed on Page 8 such as cost of service changes, capital recovery realized ROE etc. add any other criteria/differences. Ensure relevant distinctions between Tx and Dx are addressed.

c) Please discuss the implications for HO and Networks Business Risk Profile due to Dx adopting the proposed Custom MY COS Application.

Response

a) Below is the presentation slide concerning Regulatory and Industry Updates provided to DBRS as part of Hydro One's most recent annual review meeting. Hydro One also provided certain financial information which is consistent with the information provided to Hydro One's Board. For material provided to the Board, please refer to the response to SEC interrogatory at Exhibit I, Tab 1.1, Schedule 9 SEC 1.

Regulatory / Industry Update

- Transmission and distribution rate settlements
- Rate applications
  - Distribution - 5-year Custom Rate Application – 2015-2019
  - Transmission – 2015-2016
- Long-term Energy Plan (LTEP)
- US GAAP – SEC registered / NYSE listing of debt
- Recent developments

hydro One

b) Hydro One does not comment on third party credit rating agency reports which provide an independent credit opinion of Hydro One to debt investors. Hydro One is not privy to DBRS's analysis and assessment for scoring the Criteria listed on page 8; hence cannot comment.

c) See response to part (b) above. Business Risk Profile is a DBRS concept. Hydro One is not privy to DBRS's analysis of Business Risk Profile; hence cannot comment.

Energy Probe Research Foundation (EP) INTERROGATORY #2

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference: Exhibit A/Tab 4/Schedule 4/p. 5

Preamble:

One of the Board's three main policies in its Renewed Regulatory Framework for Electricity is "Measuring Performance." While Hydro One proposes Outcomes as part of its five-year plan, it does not tie those outcomes to measurable performance – such as, for example, having increased pole replacement resulting in fewer interruptions.

Can Hydro One explain how it plans to tie each one of its outcomes to demonstrable results?

Response

The Outcome Measures are a set of reporting metrics based on the general guidance for performance measurement. A true outcome based measure is proposed wherever possible and where not possible; an activity-based measure that closely corresponds with the desired outcome was adopted. To manage costs, Hydro One is utilizing information already collected by the Company, although it will require compilation and reporting in new ways.

The measures proposed reflect a balancing between resource/funding availability and the inter-relationship between measures where applicable. The goal, where possible, is to show continuous improvement over the 5 test years taking into account funding and contractual commitments

For each of the Hydro One proposed outcome measures, the demonstrable results are as follows. The results for:

1. **Vegetation Management** is a reduction in vegetation-related customer outages;
2. **Pole Replacements** is the number of poles replaced per year which will lessen the number of outages caused by failed poles;
3. **PCB Line Equipment** is the number of pole top transformers with PCB oil that have been replaced annually to meet federal regulations. This metric also

considers the public safety issues pertaining to the failure of PCB-filled equipment;

4. **Substation Refurbishments** is a decrease in the number of substation-related interruptions over the test years;
5. **Distribution Line Equipment Refurbishments** is a decrease in the number of distribution line equipment-related interruptions over the five year period;
6. **Customer Experience** is an increase in overall customer satisfaction over the test years;
7. **Handling of Unplanned Outages** is an increase in the percent of customers satisfied with the way Hydro One handle unplanned outages; and
8. **Estimated Bills** is a decrease in the percent of estimated bills issued to customers demonstrating improvements in billing accuracy and handling.

Association of Major Power Consumers in Ontario (AMPCO) INTERROGATORY #1

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference: Exhibit A/Tab 4/Schedule 1/ P.5

The evidence states "The Renewed Regulatory Framework emphasized the need for utilities to demonstrate results that align with customer preferences, enhance productivity, promote innovation and provide value for money for its customers. Hydro One is proposing a set of outcome measures with targets that will track the company's performance in meeting its five year plan as described in the application."

Response

AMPCO has confirmed that the above is the preamble to Question #2 and there is no Question #1.

Association of Major Power Consumers in Ontario (AMPCO) INTERROGATORY #2

Issue 1.1 To what extent does the application reflect the objectives and approaches described in the RRFE Report?

Interrogatory

Reference: Exhibit A/Tab 4/Schedule 4

Hydro One proposes eight Outcome Metrics.

a) Please explain how each proposed outcome metric will demonstrate results that:

1. Align with customer preferences
2. Enhance productivity
3. Promote innovation
4. Provide value for money for its customers

Response

a) Refer to response to interrogatory 2.01-Staff-4.

b) The cost efficiencies and productivity initiatives found in Exhibit A, Tab 19, Schedule 1 span across all the lines of business, projects and programs. All productivity initiatives for the test years have been included in this exhibit and are embedded in the Hydro One work programs.

c) Hydro One continually strives to promote innovation in all aspects of work and to deliver the levels of service expected by our customers. Examples in areas of handling unplanned outages, customer experience and bill estimates;

i) implementation of new and innovative Smart grid technology will allow for more efficient and effective response to outages and automate more meter readings;

ii) more proactive and targeted communications and updates through many communications channels such as mobile, web, text message, auto dialer, email, in home display, etc. will also enhance timely response to the customer.

iii) new and improved self-serve features will be implemented to allow customers to choose how they would like to converse with Hydro One and alleviate some of the agent-handled calls.

In areas of other outcome measures such as vegetation management, pole replacement, substation refurbishment and distribution line equipment refurbishment, new innovative planning tools such as Asset Analytics will ensure the funding spent will be spent in the most effective areas.

iv) Please refer to responses to Exhibit I, Tab 2.2, Schedule 1 Staff 12.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #5

Issue 1.2 Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

Interrogatory

Reference: G1/T3/S1, pg. 3-4
G2/T1/S1, pg. 8

a) Please explain what activities are reflected in the Management and Salaries Expenses (Account #5610) that are directly allocated to the DG, ST and various GS customer classes and how the assignment to the individual classes was determined.
b) Please explain what activities are reflected in the General Administrative Salaries and Expenses (Account #5615) that are directly allocated to the DG, ST and various GS customer classes and how the assignment to the individual classes was determined.
c) Please explain what activities are reflected in the Outside Services Employed (Account #5630) that are directly allocated to the DG, ST and various GS customer classes and how the assignment to the individual classes was determined.
d) Please explain what activities are reflected in the Miscellaneous General Expenses (Account #5665) that are directly allocated to the DG, ST, Sentinel Lighting and various GS customer classes and how the assignment to the individual classes was determined

Response

a) Costs in USofA 5610 that are directly allocated to the DG, ST and various GS customer classes include Management and Salaries Expenses related to Settlements (for detailed description, refer to Exhibit C1, Tab 2, Schedule 5, Section 2.1), Customer Business Relations (for detailed description, refer to Exhibit C1, Tab 2, Schedule 5, Section 2.9) and Distributed Generation (for detailed description, refer to Exhibit C1, Tab 2, Schedule 5, Section 3.0). Directly allocated costs were assigned to various customer classes using number of interval meters in a particular class, except for costs identified to be associated only with Distributed Generation customers that were directly allocated to DGen class.

b) Costs in USofA 5615 that are directly allocated to the DG, ST and various GS customer classes include General Administrative Salaries and Expenses related to Settlements, Customer Business Relations and Distributed Generations. Directly allocated costs were assigned to various customer classes using number of interval

meters in that particular class, except for costs identified to be associated only with Distributed Generation customers that were directly allocated to DGen class.

c) A small amount of costs in USofA 5630 that are directly allocated to the DG, ST and various GS customer classes include Outside Services Employed by Settlements and Customer Business Relations groups. Directly allocated costs were assigned to various customer classes using number of interval meters in a particular class.

d) The majority of costs in USofA 5665 that are directly allocated (99.7%) are assigned to Sentinel Lights rate class for maintenance work associated with sentinel lights. A small portion of the directly allocated costs in USofA 5665 assigned to DG, ST and various GS customer classes, is related to Miscellaneous General Expenses for Customer Business Relation group.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #6

Issue 1.2 Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

Interrogatory

Reference: G1/T3/S1, pg. 4, lines 12-20

a) Please indicate where in Hydro One Networks' CAM the changes were made so as to include directly allocated O&M costs in the O&M allocator.
b) What would be the impact on the R/C ratios for 2015, by customer class, if the directly allocated A&G costs had been included when developing the allocator for purposes of allocating other A&G costs?
c) Please confirm that Version 3.1 of the OEB's CAM issued August 13, 2013 includes all directly allocated OM&A in the O&M allocator used to allocation A&G costs.

Response

a) Please refer to tab "O6. Source Data for E2", row 178 of the cost allocation model.
b) Table below provides the requested information.

Rate Class	2015 R/C ratios as proposed in EB-2013-0416	2015 R/C ratios if all directly allocated costs are included in O&M allocator
UR	1.29	1.30
R1	1.23	1.23
R2	0.92	0.92
Seasonal	0.91	0.91
GSe	1.03	1.03
GSd	0.91	0.91
UGe	0.71	0.71
UGd	0.93	0.93
St Lgt	0.88	0.88
Sen Lgt	0.89	0.85
USL	1.24	1.24
Dgen	0.39	0.36
ST	0.72	0.71

c) No, Version 3.1 of the OEB's CAM issued August 2, 2013 includes only directly allocated O&M costs in the O&M allocator.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #7

Issue 1.2 Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

Interrogatory

Reference: G1/T3/S1, pg. 5

a) Please confirm that in Hydro One Networks' CAM all Miscellaneous Revenues are allocated to customer classes using the composite OM&A allocator. If this is not the case, please explain what elements of Miscellaneous Revenues are not allocated in this manner, what allocators are used instead and why.

Response

a) No, Hydro One Network's CAM does not allocate all Miscellaneous Revenues using OM&A allocator. Hydro One used the Board's approach to allocate components of Miscellaneous Revenues among rate classes. The table below provides the allocators used for each of these components.

USofA	Description	Allocator
4086	SSS Admin Charge	CCA – Total Number of Customers
4225	Late Payment Charges	LPHA - Historical Late Payment Information
4235-1	Account Set Up Charges	CWNB - Weighted Number of Customer Bills
4235-2	Sentinel Lights Pole Rental Charges	SenLgt - 100% allocation to Sentinel Lights
4235-90	Miscellaneous Service Revenues - Residual	OM&A

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #8

Issue 1.2 **Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?**

Interrogatory

Reference: **G1/T3/S1, pg. 6-7**
G1/3/2, pg. 3

a) Please explain how the number of feeders has decreased between the preparation of the 2010 CAM and the current update (i.e. from 2,553 to 2,366).
b) The data in G1/3/1, Table 2 suggests that there have been no new transformers placed into service since the 2010 CAM was prepared even though the number of customers has increased by almost 8%. Please explain how this is the case.

Response

a) The number of feeders used in the update to the PLCC-Conductor calculation used information available as of the end of 2012 and excludes ST feeders. The values used in the August 20, 2007 Minimum System study, which used 2006 data, may have inadvertently included some ST feeders or there may have been changes in the number of feeders related to system reconfigurations.
b) The number of transformers has increased since the Minimum Study was completed and currently number about 461,450. However, as proposed by intervenors, Hydro One only requested Black and Veatch to review the PLCC-Conductor calculation. Hydro One subsequently updated the number of customers so that all data being used in the calculation was updated. For consistency, Hydro One also used the updated number of customers in the PLCC-Transformer calculation.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #9

Issue 1.2 Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

Interrogatory

Reference: G1/T3/S1, pg. 10, lines 8-13

a) Please explain why the density weights are applied to transformation assets as well as line assets.
b) Applying the density weights the transformation assets effectively increases the number of transformers in lower density areas to account for the greater distance between customers. Given this effect why is it necessary to also apply the density weights to the secondary line assets which are "downstream" of the transformation assets?

Response

a) The density weights are applied to transformation assets as these assets were included in the costs considered by the Density Study used to develop the density weights.
b) The density weights are applied to secondary line assets as the maintenance costs associated with all line assets, including secondary line assets, were included in the Density Study that established the density weights. It is also expected that, on average, longer secondary line assets are required to serve lower density customers.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #10

Issue 1.2 **Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?**

Interrogatory

Reference: **G1/T3/S1, pg. 9-11**
EB-2012-0136, I/T13/S1.03 (Staff 36 (c))
EB-2012-0136, I/T13/S5.16 (VECC 64 (b))

Preamble: The response to the referenced Staff interrogatory from EB-2012-0136 states:
The purpose of Density Weights is to redistribute the costs within a customer segment that has both urban and rural customers (i.e. residential and general service customers).

Similarly, the response to referenced VECC interrogatory from EB-2012-0136 states:
Hydro One's proposed Density Study Adjustment does not change the total costs allocated by the CAM to the density differentiated customer segments (i.e. residential customers, GS<50 customers, GS>50 customers), but rather it re-distributes the total costs allocated by the CAM to those customer segments in order to better align with the relative cost of serving density-differentiated customers as demonstrated by the Density Study.

a) Please confirm that the incorporation of the density factors into the CAM as currently filed has the same effect (e.g., does not change the total costs allocated to the Residential segment consisting of UR, R1, R2 and Seasonal).
b) If not confirmed in part (a), please explain why the change in approach was made for this application and re-do the CAM model results using the approach adopted for EB-2012-0136.

Response

a) This is confirmed.
b) See a)

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #11

Issue 1.2 Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

Interrogatory

Reference: G1/T3/S1, pg. 11, Table 3
EB-2012-0136, D/T1/S1, pg. 4-5 and Table 4

a) Please explain why density factors adopted for Seasonal, GSe and GSd in the current application (3.6, 2.4 and 2.2 respectively) differ from those used in EB-2012-0136 (1.9, 2.6 and 1.9 respectively).

Response

a) The density factors used in 2013 IRM application EB-2012-0136 for all three of these classes were based on a number of simplifying assumptions given the bottom-line approach to applying the density factors in that application. For example, the 1.9 factor used for the Seasonal class in EB-2012-0136 was based on a simplifying assumption that since the "bottom-line" per customer cost for a Seasonal customer was about the same as for an R1 customer, the same density factor could be used for both. This was discussed in the response to the interrogatory at Exhibit I, Tab 13, Schedule 5.22 VECC 70 in EB-2012-0136. With the incorporation of the density factors into the CAM, Hydro One has eliminated the simplifying assumptions and instead used the Density Study results to establish specific values for each class as described in the pre-filed evidence at Exhibit G1, Tab 3, Schedule 1, Section 2.4.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #12

Issue 1.2 Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

Interrogatory

Reference: G1/T3/S1, pg. 10, lines 8-13
EB-2012-0136, D/T1/S1, Attachment 1

a) Please provide a schedule that compares: i) the USOA accounts to which the density weightings were applied in HON's proposed CAM with ii) the USOA accounts used to determine the relative costs of low-, medium- and high-density sample areas in the original Consultant's Study filed in EB-2012-0136.
b) To the extent there is any misalignment, please explain why the density factors were not applied to same cost accounts used by the Consultant to derive the relative values.
c) Please provide a revised version of Hydro One Networks' CAM for 2015 where the density factors are only applied to the cost accounts included in the initial derivation of the factors.

Response

a) Table below provides the requested information.

USoA	Description	Density weightings applied in proposed CAM	Costs included in Density Study	Comment on Differences
1805-1	Land Station >50 kV	X	X	
1805-2	Land Station <50 kV	X	X	
1806-1	Land Rights Station >50 kV	X	X	
1806-2	Land Rights Station <50 kV	X	X	
1808-1	Buildings and Fixtures > 50 kV	X	X	
1808-2	Buildings and Fixtures < 50 KV	X	X	
1810-1	Leasehold Improvements >50 kV	X	X	
1810-2	Leasehold Improvements <50 kV	X	X	
1815-1	HVDS - Retail	X	X	
1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	X	X	

USoA	Description	Density weightings applied in proposed CAM	Costs included in Density Study	Comment on Differences
1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	X	X	
1825-1	Storage Battery Equipment > 50 kV	X	X	
1825-2	Storage Battery Equipment <50 kV	X	X	
1830-3B	Bulk-Retail Fixtures	X	X	
1830-4B	Primary-Retail Fixtures	X	X	
1830-5	Poles, Towers and Fixtures - Secondary	X	X	
1835-3B	Bulk-Retail Conductors	X	X	
1835-4B	Primary-Retail Conductors	X	X	
1835-5	Overhead Conductors and Devices - Secondary	X	X	
1840-3	Underground Conduit - Bulk Delivery	X	X	
1840-4	Underground Conduit - Primary	X	X	
1840-5	Underground Conduit - Secondary	X	X	
1845-3	Underground Conductors and Devices - Bulk Delivery	X	X	
1845-4	Underground Conductors and Devices - Primary	X	X	
1845-5	Underground Conductors and Devices - Secondary	X	X	
1850	Line Transformers	X	X	
5005	Operation Supervision and Engineering	Y	X	
5010	Load Dispatching	Y	X	
5012	Station Buildings and Fixtures Expense	Y	X	
5014	Transformer Station Equipment - Operation Labour	Y	X	
5015	Transformer Station Equipment - Operation Supplies and Expenses	Y	X	
5016	Distribution Station Equipment - Operation Labour	Y	X	
5017	Distribution Station Equipment - Operation Supplies and Expenses	Y	X	
5020	Overhead Distribution Lines and Feeders - Operation Labour	Y	X	
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	Y	X	

USoA	Description	Density weightings applied in proposed CAM	Costs included in Density Study	Comment on Differences
5030	Overhead Subtransmission Feeders - Operation	Y	X	
5035	Overhead Distribution Transformers- Operation	Y	X	
5040	Underground Distribution Lines and Feeders - Operation Labour	Y	X	
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	Y	X	
5050	Underground Subtransmission Feeders - Operation	Y	X	
5055	Underground Distribution Transformers - Operation	Y	X	
5085	Miscellaneous Distribution Expense	Y	X	
5090	Underground Distribution Lines and Feeders - Rental Paid	Y		$0 cost in CAM and Density Study, but if there were costs they would be treated same as Lines and Feeders costs
5095	Overhead Distribution Lines and Feeders - Rental Paid	Y		$0 cost in CAM and Density Study, but if there were costs they would be treated same as Lines and Feeders costs
5105	Maintenance Supervision and Engineering	Y	X	
5110	Maintenance of Buildings and Fixtures - Distribution Stations	Y	X	
5112	Maintenance of Transformer Station Equipment	Y	X	
5114	Maintenance of Distribution Station Equipment	Y	X	
5120	Maintenance of Poles, Towers and Fixtures	Y	X	
5125	Maintenance of Overhead Conductors and Devices	Y	X	
5135	Overhead Distribution Lines and Feeders - Right of Way	Y	X	
5145	Maintenance of Underground Conduit	Y	X	
5150	Maintenance of Underground Conductors and Devices	Y	X	

USoA	Description	Density weightings applied in proposed CAM	Costs included in Density Study	Comment on Differences
5160	Maintenance of Line Transformers	Y	X	
NOTES:	X: Directly impacted by density adjusted allocators Y: Allocated using Fixed assets which are in-turn allocated using density adjusted allocators			

b) See response to part a) above.

c) The application of density factors in the proposed 2015 CAM is consistent with the accounts used in derivation of the factors per the Density Study.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #13

Issue 1.2 Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

Interrogatory

Reference: G1/T3/S1, pg. 10, lines 8-13
G2/T1/S1, Table 1

a) The text at G1/T3/S1 states that the density factors were applied to all lined and transformation assets associated with providing primary and secondary service but not bulk system assets. In contrast, Table 1 (G2/1/1) indicates that the density factors were applied to >50 kV assets (Accounts 1805, 1806, 1808, and 1810) and also bulk assets (Accounts 1815-1, 1830-3B, 1835-3B, 1840-3, and 1845-3). Please reconcile.
b) Please provide a revised 2015 CAM where the density factors are not applied to >50 kV assets or to bulk assets.

Response

a) The text at G1, Tab 3, Schedule 1 should have more clearly stated that density factors were not applied to bulk assets associated with providing service to bulk customers. In developing the density factors the Density Study did not distinguish between the kilometres of line associated with bulk and primary. As such, for consistency with the way the density factors were developed, Hydro One proposes to apply the density adjusted demand allocators to the portion of bulk assets that provide service to the density-based retail rate classes.
b) For the reasons stated in a) Hydro One believes that the density factors should appropriately be applied to >50 kV and bulk assets serving density-based retail rate classes, however, the model run requested is attached as a separate document to this response as Attachment 1.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #14

Issue 1.2 **Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?**

Interrogatory

Reference: **A/T16/S3, pg. 2, lines 10-12**
EB-2009-0096, A/T14/S4, pg. 18-19

Preamble: The EB-2009-0096 Application stated that "Hydro One Distribution's distribution system is forecast to deliver a total of 38,306 GWh in 2010 and 38,049 GWh in 2011 on a weather-normal basis. Table 4 presents the load forecast before and after deducting the impact of CDM." (emphasis added)
Table 4 reported a CDM value of 1325 GWh for 2010 and 1604 GWh for 2011

a) The above statement from EB-2009-0096 suggests that the values reported in Table 4 were delivered and not wholesale GWhs as suggested by the reference from the current Application. Please reconcile.
b) Please identify where in the record from EB-2009-0096 the end-use CDM impact values of 1299 GWh in 2010 and 1488 GWh in 2011 can be found (per page 2).

Response

a) All numbers (load forecast as well as CDM impacts) used in EB-2009-0096 are at the load level (i.e., wholesale purchases level) and not at the sales level. Similarly in this rate application, EB-2013-0416, unless otherwise specified, all numbers used in Exhibit A, Schedule 16, Schedule 2, are also at the wholesale level.

b) The end-use values of CDM impacts were not referenced in EB-2009-0096 as all numbers were presented at the wholesale level. In this rate application, EB-2013-0416, CDM numbers have been reported at both wholesale level and end-use level to allow ease of comparison to numbers provided by the OPA in the 2013 LTEP. For this reason, the end-use CDM impact values for 2010 and 2011 were presented at Exhibit A, Tab 16, Schedule 3, page 2, lines 10-12.

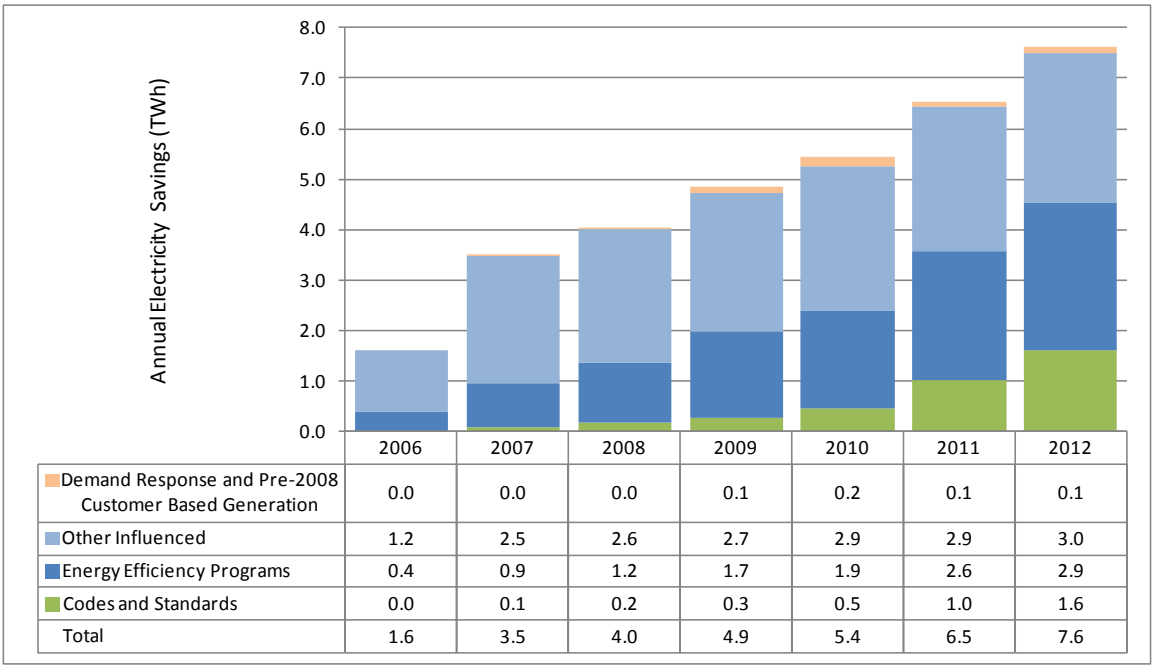
Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #15

Issue 1.2 **Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?**

Interrogatory

Reference: **A/T16/S3, pg. 3-4**
2013 LTEP, Module 2, Slide 6

Preamble: The detail LTEP Information Breakdown provided by the OPA (http://powerauthority.on.ca/sites/default/files/planning/LTEP-2013-Module-2 Conservation.pdf) includes the following data regarding historical conservation savings.



	2006	2007	2008	2009	2010	2011	2012
Demand Response and Pre-2008 Customer Based Generation	0.0	0.0	0.0	0.1	0.2	0.1	0.1
Other Influenced	1.2	2.5	2.6	2.7	2.9	2.9	3.0
Energy Efficiency Programs	0.4	0.9	1.2	1.7	1.9	2.6	2.9
Codes and Standards	0.0	0.1	0.2	0.3	0.5	1.0	1.6
Total	1.6	3.5	4.0	4.9	5.4	6.5	7.6

a) Please provide a schedule that aligns the results reported for the five CDM categories used by Hydro One Networks (per Table 1) with the four categories used by the OPA (see Preamble and accompanying Figure).

Response

a) The requested information is provided below:

Hydro One Category	OPA Category
Non-Target Programs (2005-2010)	Energy Efficiency Programs
Target Programs (2011-2012)	
Other Organizations	Other Influenced
Codes & Standards	Codes & Standards
Increased Conservation Effect	N/A
N/A	Demand Response and Pre-2008 Customer Based Generation

1

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #16

Issue 1.2 Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

Interrogatory

Reference: A/T16/S3, pg. 6-7 and pg. 30-55

a) Please complete the following schedule (for the first year of each program please report the annualized results) for the Non-Target CDM Programs initiated by Hydro One:

	Results by Year (Actual/Forecast)										
Program Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
2005											
2006											
2007											
2008											
Total											

b) Table 2 on page 7 reports annual energy savings for 2005 of 8.2 GWh. However, the sub-totals from Table A.1 (page 31) only sum to 7.8 GWh. Please reconcile.

Response

a) The requested information is provided below:

Program Year	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
2005	8.2	8.2	8.2	8.2	3.1	2.7	2.7	2.7	2.7	2.7	2.7
2006		91.0	91.0	91.0	91.0	29.9	15.0	11.2	11.2	11.2	11.2
2007			68.6	68.6	68.6	68.6	68.2	59.6	59.1	59.1	38.2
2008				8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4
Total	8.2	99.1	167.8	176.1	171.0	109.6	94.4	81.9	81.3	81.3	60.5

b) The numbers in Table A.1 are correct and total to 8.2 GWh in 2005. A summary with subtotals by program is provided in below.

Program	Total GWh Saved 2005
Real Time Monitoring Pilot	0.4
Mass Market Coupon Initiative	7.3
LED	0.2
Load Control Pilot	0.0
Communication and Education	0.3
Total	8.2

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #17

Issue 1.2 **Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?**

Interrogatory

Reference: A/T16/S3, pg. 7-8 and pg. 57-80

a) Please complete the following schedule (for the first year of each program please report the annualized results) for the Non-Target CDM Programs initiated by the OPA:

	Results by Year (Actual/Forecast)									
Program Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
2006										
2007										
2008										
2009										
2010										
Total										

Response

a) The requested information is provided below:

Program Year	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
2006	51.0	51.0	51.0	51.0	11.5	11.5	9.8	9.8	8.7	8.7
2007		80.7	60.8	58.3	58.3	51.2	49.4	49.4	49.4	22.4
2008			75.3	69.1	69.1	69.1	63.6	63.6	57.9	53.6
2009				87.2	75.9	75.9	75.8	73.0	64.7	61.4
2010					128.3	109.5	109.3	109.3	106.0	94.3
Total	51.0	131.7	187.1	265.7	343.1	317.3	308.0	305.1	286.7	240.5

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #18

Issue 1.2 **Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?**

Interrogatory

Reference: A/T16/S3, pg. 9-11 and pg. 81-86

a) Please complete the following schedule (for the first year of each program please report the annualized results) for the Target Programs:

	Results by Year (Actual/Forecast)				
Program Year	2011	2012	2013	2014	2015
2011					
2012					
2013					
Total					

b) Please provide a copy of the OPA's 2012 final report regarding Hydro One Networks' CDM activities.

c) Please provide any reports prepared by the OPA regarding Hydro One Networks' 2013 CDM activities (based on either partial or full year results).

Response

a) The requested information is provided below:

Program Year	**2011**	**2012**	**2013**	**2014**	**2015**
2011	87.2	86.3	86.3	86.2	78.4
2012		58.7	58.5	58.5	58.5
2013			84.3	83.5	83.4
Total	87.2	145.1	229.1	228.2	220.3

b) Please see Attachment 1 for the OPA's 2012 Final CDM report to Hydro One Networks.

Note that the results from part a) are adjusted for load forecasting purposes and do not align exactly with the Net Energy Savings presented in Table 5 of the OPA's report. This is because Hydro One adds the "adjustments to previous year's verified results"

back to the previous year (in this case 2011) and then applies persistence assumptions to all subsequent years.

c) Please see Attachments 2 to 6 for the OPA savings reports from 2013 Q1 to 2014 Q1.

saveONenergy℠

Message from the Vice President:

The OPA is pleased to provide you with the enclosed Final 2012 Results Report. We have seen a 39% increase in energy savings for our new province-wide 2011-2014 suite of saveONenergy initiatives. Overall progress to targets is moving up with 29% of demand and 65% of energy savings achieved. Many LDCs, both large and small, continue to stay on track to meet or exceed their OEB targets. Conservation programs continue to be a valuable and cost effective resource for customers across the province, over the past two years the program cost to consumers remains within 3 cents per kWh.

Further to programmatic savings, capability building efforts launched in 2011 are yielding healthy enabled savings through Embedded Energy Managers and Audit initiative projects. The strong momentum continues in 2013.

We remain committed to ensuring LDCs are successful in meeting their objectives and our collective efforts to date have improved the current program suite by offering more local program opportunities, implementing a new expedited change management process, and enhancing incentives to make it easier for customers to participate in programs. We invite you to continue to provide your feedback to us and to celebrate our successes as we move forward.

The format of this report was developed in collaboration with the OPA-LDC Reporting and Evaluation Working Group and is designed to help populate LDC annual report templates that will be submitted to the OEB in late September. All results are now considered final for 2012. Any additional 2012 program activity not captured will be reported in the Final 2013 Results Report.

Please continue to monitor saveONenergy E-blasts for any further updates and should you have any other questions or comments please contact LDC.Support@powerauthority.on.ca.

We appreciate your ongoing collaboration and cooperation throughout the reporting and evaluation process. We look forward to another successful year.

Sincerely,

Andrew Pride

Table of Contents

1.0 Summary	Provides a "snapshot" of your LDC's OPA-Contracted Province-Wide Program performance to date: progress to target using 2 scenarios, sector breakdown and progress against the LDC community.	4
2.0 LDC-Specific Data	Table formats, section references and table numbers align with the OEB Reporting Template.	5
2.1 LDC - Results	Provides LDC-specific initiative-level results (activity, net and gross peak demand and energy savings, and how each initiative contributes to target).	5
2.2 LDC - Adjustments to Previous Year	Provides LDC specific initiative level true-up results from previous year (activity, net and gross peak demand and energy savings, and how each initiative contributes to target).	6
2.3 LDC - NTGs	Provides LDC-specific initiative-level realization rates and net-to-gross ratios.	7
2.4 LDC - Summary	Provides a portfolio level view of achievement towards your OEB targets to date. Contains space to input LDC-specific progress to milestones set out in your CDM Strategy.	8
3.0 Province-Wide Data	LDC performance in aggregate (province-wide results)	9
3.1 Provincial - Results	Provides province-wide initiative level results (activity, net and gross peak demand and energy savings, and how each initiative contributes to target).	9
3.2 Provincial - True-up	Provides province-wide initiative level true-up results from previous year (activity, net and gross peak demand and energy savings, and how each initiative contributes to target).	10
3.3 Provincial NTGs	Provides provincial realization rates and net-to-gross ratios.	11
3.4 Provincial - Summary	Provides a portfolio level view of provincial achievement towards province-wide OEB targets to date.	12
4.0 Methodology	Provides key equations, notes and an initiative-level breakdown of: how savings are attributed to LDCs, when the savings are considered to 'start' (i.e. what period the savings are attributed to) and how the savings are calculated.	13
5.0 Reference Tables	Provides the sector mapping used for Retrofit and the allocation methodology table used in the consumer program when customer specific information is unavailable.	22
6.0 Glossary	Contains definitions for terms used throughout the report.	26

OPA-Contracted Province-Wide CDM Programs FINAL 2012 Results

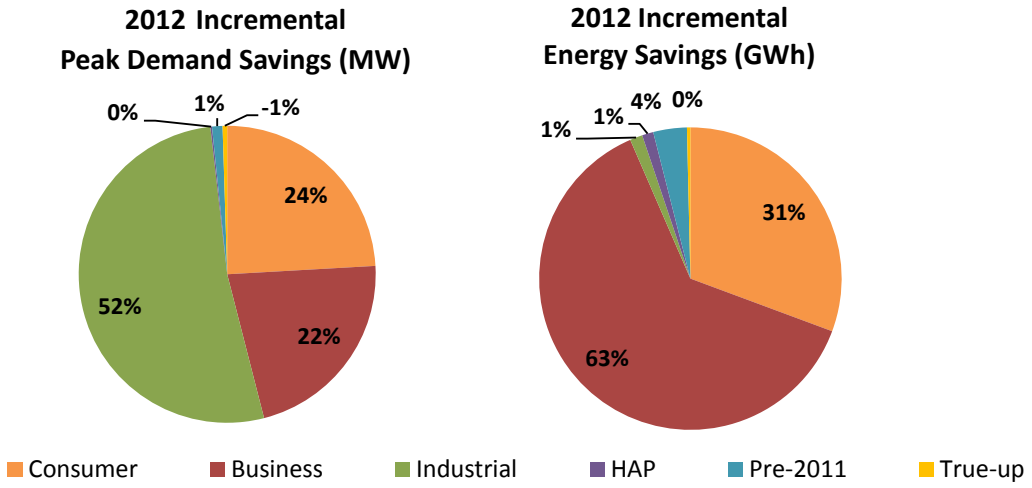
LDC: Hydro One Networks Inc.

FINAL 2012 Progress to Targets	2012 Incremental	Program-to-Date Progress to Target (Scenario 1)	Scenario 1: % of Target Achieved	Scenario 2: % of Target Achieved
Net Annual Peak Demand Savings (MW)	42.5	30.3	**14.2%**	**28.0%**
Net Energy Savings (GWh)	60.0	513.8	**45.5%**	**45.6%**

Scenario 1 = Assumes that demand resource resources have a persistence of 1 year

Scenario 2 = Assumes that demand response resources remain in your territory until 2014

Achievement by Sector



Comparison: Your Achievement vs. LDC Community Achievement (Progress to Target)

The following graphs assume that demand response resources remain in your territory until 2014 (aligns with Scenario 2)

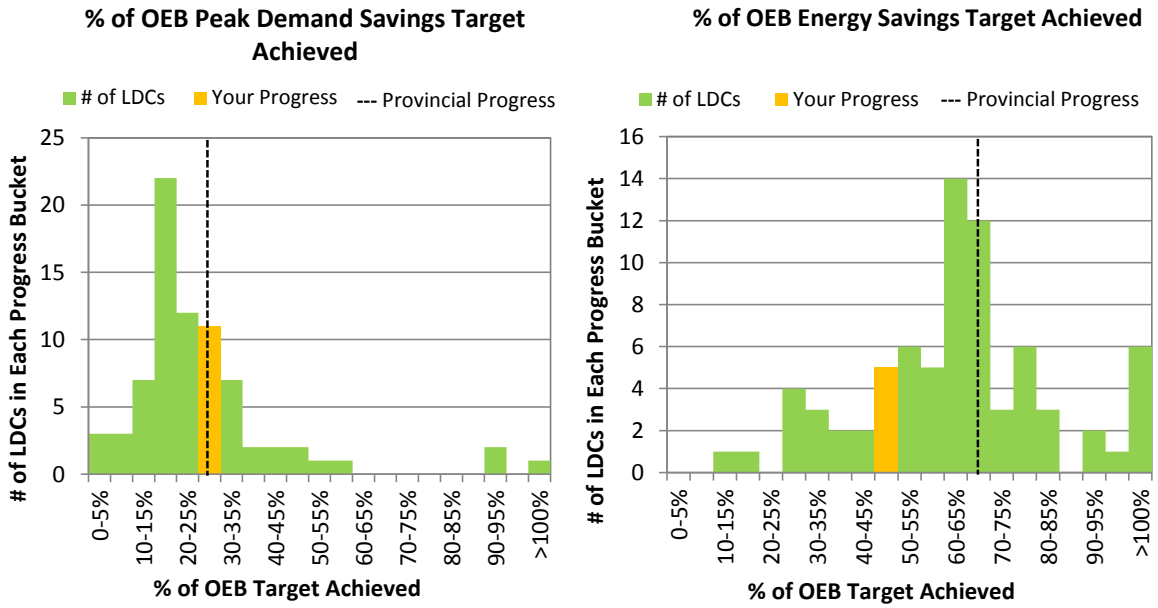


Table 1: **Hydro One Networks Inc.** Initiative and Program Level Savings by Year (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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)	
														2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
		2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014	2014
Consumer Program															
Appliance Retirement	Appliances	17,394	10,137			1,045	582			7,306,925	4,037,503			1,589	41,306,456
Appliance Exchange	Appliances	939	1,039			95	150			116,777	263,601			186	1,204,820
HVAC Incentives	Equipment	14,044	12,148			4,255	2,935			8,101,055	5,274,119			7,190	48,226,576
Conservation Instant Coupon Booklet	Items	190,168	9,261			497	69			7,415,670	419,164			566	30,920,172
Bi-Annual Retailer Event	Items	260,915	318,045			504	444			8,810,008	8,028,823			948	59,326,501
Retailer Co-op	Items	0	0			0	0			0	0			0	0
Residential Demand Response (switch/pstat)	Devices	1,956	13,200			1,095	6,159			2,836	44,183			0	47,019
Residential Demand Response (IHD)	Devices	0	0			0				0					
Residential New Construction	Homes	0	4			0	1			0	10,212			1	30,635
Consumer Program Total						**7,491**	**10,340**			**31,753,271**	**18,077,604**			**10,480**	**181,062,178**
Business Program															
Retrofit	Projects	294	586			2,346	5,081			13,286,676	24,422,018			7,333	125,750,950
Direct Install Lighting	Projects	4,291	3,388			5,296	2,997			13,630,141	11,201,013			6,353	82,701,816
Building Commissioning	Buildings	0	0			0	0			0	0			0	0
New Construction	Buildings	6	28			87	354			252,008	1,054,580			441	4,171,770
Energy Audit	Audits	3	14			0	72			0	352,468			72	1,057,403
Small Commercial Demand Response	Devices	0	25			0	16			0	91			0	91
Small Commercial Demand Response (IHD)	Devices	0	0			0				0				0	0
Demand Response 3	Facilities	15	15			924	880			36,069	12,793			0	48,862
Business Program Total						**8,653**	**9,400**			**27,204,894**	**37,042,963**			**14,199**	**213,730,891**
Industrial Program															
Process & System Upgrades	Projects	0	0			0	0			0	0			0	0
Monitoring & Targeting	Projects	0	0			0	0			0	0			0	0
Energy Manager	Projects	0	3			0	0			0	254,894			0	764,683
Retrofit	Projects	55				453				3,097,420				453	12,389,680
Demand Response 3	Facilities	21	53			13,590	22,391			797,689	539,613			0	1,337,302
Industrial Program Total						**14,042**	**22,391**			**3,895,109**	**794,507**			**453**	**14,491,665**
Home Assistance Program															
Home Assistance Program	Homes	0	510			0	75			0	711,836			75	2,135,507
Home Assistance Program Total						**0**	**75**			**0**	**711,836**			**75**	**2,135,507**
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	385	0			2,732	0			12,086,358	0			2,732	48,345,431
High Performance New Construction	Projects	53	15			2,087	488			10,719,939	2,118,988			2,575	49,236,719
Toronto Comprehensive	Projects	0	0			0	0			0	0			0	0
Multifamily Energy Efficiency Rebates	Projects	0	0			0	0			0	0			0	0
LDC Custom Programs	Projects	0	0			0	0			0	0			0	0
Pre-2011 Programs completed in 2011 Total						**4,819**	**488**			**22,806,297**	**2,118,988**			**5,307**	**97,582,151**
Other															
Program Enabled Savings	Projects	0	0			0	0			0	0			0	0
Time-of-Use Savings	Homes														
Other Total							**0**				**0**			**0**	**0**
Adjustments to Previous Year's Verified Results							**-215**				**1,211,854**			**-230**	**4,794,328**
Energy Efficiency Total						**19,397**	**13,248**			**84,822,977**	**58,149,218**			**30,514**	**507,569,118**
Demand Response Total (Scenario 1)						**15,609**	**29,446**			**836,594**	**596,680**			**0**	**1,433,274**
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						**35,005**	**42,479**			**85,659,571**	**59,957,751**			**30,283**	**513,796,719**
													Full OEB Target:	**213,660**	**1,130,210,000**
													% of Full OEB Target Achieved to Date (Scenario 1):	**14.2%**	**45.5%**

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Due to the limited timeframe of data, which didn't include the summer months, 2012 IHD results have been deemed inconclusive. The IHD line item on the 2012 annual report will be left blank. Once a full year of data is available (2013 evaluation), and the savings are quantified, 2012 results will be updated to reflect the quantified savings.

Table 2: Adjustments to **Hydro One Networks Inc.** Verified Results due to Errors or Omissions (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program															
Appliance Retirement	Appliances	0				0				0				0	0
Appliance Exchange	Appliances	0				0				0				0	0
HVAC Incentives	Equipment	-2,549				-749				-1,412,393				-749	-5,649,573
Conservation Instant Coupon Booklet	Items	2,463				5				82,638				5	330,552
Bi-Annual Retailer Event	Items	24,528				32				654,554				32	2,618,217
Retailer Co-op	Items	0				0				0				0	0
Residential Demand Response (switch/pstat)*	Devices	0				0				0				0	0
Residential Demand Response (IHD)	Devices	0				0				0				0	0
Residential New Construction	Homes	5				1				6,410				1	25,639
Consumer Program Total						**-711**				**-668,791**				**-711**	**-2,675,165**
Business Program															
Retrofit	Projects	27				175				919,346				165	3,637,664
Direct Install Lighting	Projects	22				25				60,734				20	229,570
Building Commissioning	Buildings	0				0				0				0	0
New Construction	Buildings	8				51				150,674				51	602,696
Energy Audit	Audits	7				36				176,234				36	704,935
Small Commercial Demand Response (switch/pstat)*	Devices	0				0				0				0	0
Small Commercial Demand Response (IHD)	Devices	0				0				0				0	0
Demand Response 3*	Facilities	0				0				0				0	0
Business Program Total						**287**				**1,306,988**				**272**	**5,174,866**
Industrial Program															
Process & System Upgrades	Projects	0				0				0				0	0
Monitoring & Targeting	Projects	0				0				0				0	0
Energy Manager	Projects	0				0				0				0	0
Retrofit	Projects	0				0				0				0	0
Demand Response 3*	Facilities	0				0				0				0	0
Industrial Program Total						**0**				**0**				**0**	**0**
Home Assistance Program															
Home Assistance Program	Homes	0				0				0				0	0
Home Assistance Program Total						**0**				**0**				**0**	**0**
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	0				0				0				0	0
High Performance New Construction	Projects	10				209				573,657				209	2,294,627
Toronto Comprehensive	Projects	0				0				0				0	0
Multifamily Energy Efficiency Rebates	Projects	0				0				0				0	0
LDC Custom Programs	Projects	0				0				0				0	0
Pre-2011 Programs completed in 2011 Total						**209**				**573,657**				**209**	**2,294,627**
Other															
Program Enabled Savings	Projects	0				0				0				0	0
Time-of-Use Savings	Homes														
Other Total						**0**				**0**				**0**	**0**
Adjustments to Previous Year's Verified Results						**-215**				**1,211,854**				**-230**	**4,794,328**

* Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Table 3: Hydro One Networks Inc. Realization Rate & NTG

Initiative	Peak Demand Savings								Energy Savings							
	Realization Rate				Net-to-Gross Ratio				Realization Rate				Net-to-Gross Ratio			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program																
Appliance Retirement		1.00				0.46				1.00				0.47		
Appliance Exchange		1.00				0.52				1.00				0.52		
HVAC Incentives		1.00				0.49				1.00				0.49		
Conservation Instant Coupon Booklet		1.00				1.00				1.00				1.05		
Bi-Annual Retailer Event		1.00				0.91				1.00				0.92		
Retailer Co-op		n/a				n/a				n/a				n/a		
Residential Demand Response (switch/pstat)*		n/a				n/a				n/a				n/a		
Residential Demand Response (IHD)		n/a				n/a				n/a				n/a		
Residential New Construction		23.58				0.49				17.31				0.49		
Business Program																
Retrofit		0.99				0.76				1.09				0.77		
Direct Install Lighting		0.68				0.94				0.85				0.94		
Building Commissioning		n/a				n/a				n/a				n/a		
New Construction		1.00				0.49				1.00				0.49		
Energy Audit		n/a				n/a				n/a				n/a		
Small Commercial Demand Response (switch/pstat)*		n/a				n/a				n/a				n/a		
Small Commercial Demand Response (IHD)		n/a				n/a				n/a				n/a		
Demand Response 3*		n/a				n/a				n/a				n/a		
Industrial Program																
Process & System Upgrades		n/a				n/a				n/a				n/a		
Monitoring & Targeting		n/a				n/a				n/a				n/a		
Energy Manager		n/a				n/a				1.30				0.90		
Retrofit																
Demand Response 3*		n/a				n/a				n/a				n/a		
Home Assistance Program																
Home Assistance Program		0.18				1.00				0.98				1.00		
Pre-2011 Programs completed in 2011																
Electricity Retrofit Incentive Program		n/a				n/a				n/a				n/a		
High Performance New Construction		1.00				0.50				1.00				0.50		
Toronto Comprehensive		n/a				n/a				n/a				n/a		
Multifamily Energy Efficiency Rebates		n/a				n/a				n/a				n/a		
LDC Custom Programs		n/a				n/a				n/a				n/a		
Other																
Program Enabled Savings		n/a				n/a				n/a				n/a		
Time-of-Use Savings		n/a				n/a				n/a				n/a		

Progress Towards CDM Targets

Results are attributed to target using current OPA reporting policies. Energy efficiency resources persist for the duration of the effective useful life. Any upcoming code changes are taken into account. Demand response resources persist for 1 year. Please see methodology tab for more detailed information.

Table 4: Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual			
	2011	2012	2013	2014
2011 - Verified	35.0	19.4	19.4	17.4
2012 - Verified		42.5	13.0	12.9
2013				
2014				
Verified Net Annual Peak Demand Savings Persisting in 2014:				30.3
Hydro One Networks Inc. 2014 Annual CDM Capacity Target				213.7
Verified Portion of Peak Demand Savings Target Achieved in 2014(%):				14.2%

Table 5: Net Energy Savings at the End User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011 - Verified	85.7	84.8	84.8	79.4	334.6
2012 - Verified		60.0	59.1	58.9	179.2
2013					
2014					
Verified Net Cumulative Energy Savings 2011-2014:					513.8
Hydro One Networks Inc. 2011-2014 Annual CDM Energy Target					1,130.2
Verified Portion of Cumulative Energy Target Achieved (%):					45.5%

*2011 energy adjustments included in cumulative energy savings.

Table 6: Province-Wide Initiatives and Program Level Savings by Year

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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)	
														2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
		2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014	2014
Consumer Program															
Appliance Retirement	Appliances	56,110	34,146			3,299	2,011			23,005,812	13,424,518			5,171	132,176,857
Appliance Exchange	Appliances	3,688	3,836			371	556			450,187	974,621			689	4,512,525
HVAC Incentives	Equipment	111,587	85,221			32,037	19,060			59,437,670	32,841,283			51,097	336,274,530
Conservation Instant Coupon Booklet	Items	559,462	30,891			1,344	230			21,211,537	1,398,202			1,575	89,040,754
Bi-Annual Retailer Event	Items	870,332	1,060,901			1,681	1,480			29,387,468	26,781,674			3,161	197,894,897
Retailer Co-op	Items	152	0			0	0			2,652	0			0	10,607
Residential Demand Response (switch/pstat)*	Devices	19,550	98,388			10,947	49,038			24,870	359,408			0	384,279
Residential Demand Response (IHD)	Devices	0	49,689			0				0					
Residential New Construction	Homes	7	19			0	2			743	17,152			2	54,430
Consumer Program Total						**49,681**	**72,377**			**133,520,941**	**75,796,859**			**61,696**	**760,348,879**
Business Program															
Retrofit	Projects	2,516	5,605			24,467	61,147			136,002,258	314,922,468			84,018	1,480,647,459
Direct Install Lighting	Projects	20,297	18,494			23,724	15,284			61,076,701	57,345,798			31,181	391,072,869
Building Commissioning	Buildings	0	0			0	0			0	0			0	0
New Construction	Buildings	10	69			123	764			411,717	1,814,721			888	7,091,031
Energy Audit	Audits	103	280			0	1,450			0	7,049,351			1,450	21,148,054
Small Commercial Demand Response	Devices	132	294			84	187			157	1,068			0	1,224
Small Commercial Demand Response (IHD)	Devices	0	0			0				0				0	0
Demand Response 3*	Facilities	145	151			16,218	19,389			633,421	281,823			0	915,244
Business Program Total						**64,617**	**98,221**			**198,124,253**	**381,415,230**			**117,535**	**1,900,875,881**
Industrial Program															
Process & System Upgrades	Projects	0	0			0	0			0	0			0	0
Monitoring & Targeting	Projects	0	0			0	0			0	0			0	0
Energy Manager	Projects	0	39			0	1,086			0	7,372,108			1,086	22,116,324
Retrofit	Projects	433				4,615				28,866,840				4,613	115,462,282
Demand Response 3*	Facilities	124	185			52,484	74,056			3,080,737	1,784,712			0	4,865,449
Industrial Program Total						**57,098**	**75,141**			**31,947,577**	**9,156,820**			**5,699**	**142,444,054**
Home Assistance Program															
Home Assistance Program	Homes	46	5,033			2	566			39,283	5,442,232			569	16,483,831
Home Assistance Program Total						**2**	**566**			**39,283**	**5,442,232**			**569**	**16,483,831**
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	2,016	0			21,662	0			121,138,219	0			21,662	484,552,876
High Performance New Construction	Projects	145	69			5,098	3,251			26,185,591	11,901,944			8,349	140,448,197
Toronto Comprehensive	Projects	577	0			15,805	0			86,964,886	0			15,805	347,859,545
Multifamily Energy Efficiency Rebates	Projects	110	0			1,981	0			7,595,683	0			1,981	30,382,733
LDC Custom Programs	Projects	8	0			399	0			1,367,170	0			399	5,468,679
Pre-2011 Programs completed in 2011 Total						**44,945**	**3,251**			**243,251,550**	**11,901,944**			**48,195**	**1,008,712,030**
Other															
Program Enabled Savings	Projects	0	16			0	2,304			0	1,188,362			2,304	3,565,086
Time-of-Use Savings	Homes														
Other Total							**2,304**				**1,188,362**			**2,304**	**3,565,086**
Adjustments to Previous Year's Verified Results							**1,406**				**18,689,081**			**1,156**	**73,918,598**
Energy Efficiency Total						**136,610**	**109,191**			**603,144,419**	**482,474,435**			**235,998**	**3,826,263,564**
Demand Response Total (Scenario 1)						**79,733**	**142,670**			**3,739,185**	**2,427,011**			**0**	**6,166,196**
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						**216,343**	**253,267**			**606,883,604**	**503,590,526**			**237,154**	**3,906,348,358**
													Full OEB Target:	**1,330,000**	**6,000,000,000**
													% of Full OEB Target Achieved to Date (Scenario 1):	**17.8%**	**65.1%**

* Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Due to the limited timeframe of data, which didn't include the summer months, 2012 IHD results have been deemed inconclusive. The IHD line item on the 2012 annual report will be left blank. Once a full year of data is available (2013 evaluation), and the savings are quantified, 2012 results will be updated to reflect the quantified savings.

Table 7: Adjustments to **Province-Wide** Verified Results due to Errors & Omissions (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW) 2014	2011-2014 Net Cumulative Energy Savings (kWh) 2014
Consumer Program															
Appliance Retirement	Appliances	0				0				0				0	0
Appliance Exchange	Appliances	0				0				0				0	0
HVAC Incentives	Equipment	-18,866				-5,278				-9,721,817				-5,278	-38,887,267
Conservation Instant Coupon Booklet	Items	8,216				16				275,655				16	1,102,621
Bi-Annual Retailer Event	Items	81,817				108				2,183,391				108	8,733,563
Retailer Co-op	Items	0				0				0				0	0
Residential Demand Response (switch/pstat)*	Devices	0				0				0				0	0
Residential Demand Response (IHD)	Devices	0				0				0				0	0
Residential New Construction	Homes	19				1				13,767				1	55,069
Consumer Program Total						**-5,153**				**-7,249,004**				**-5,153**	**-28,996,015**
Business Program															
Retrofit	Projects	303				3,204				16,216,165				3,083	64,398,674
Direct Install Lighting	Projects	444				501				1,250,388				372	4,624,945
Building Commissioning	Buildings	0				0				0				0	0
New Construction	Buildings	12				828				3,520,620				828	14,082,482
Energy Audit	Audits	93				481				2,341,392				481	9,365,567
Small Commercial Demand Response (switch/pstat)*	Devices	0				0				0				0	0
Small Commercial Demand Response (IHD)	Devices	0				0				0				0	0
Demand Response 3*	Facilities	0				0				0				0	0
Business Program Total						**5,014**				**23,328,565**				**4,764**	**92,471,668**
Industrial Program															
Process & System Upgrades	Projects	0				0				0				0	0
Monitoring & Targeting	Projects	0				0				0				0	0
Energy Manager	Projects	0				0				0				0	0
Retrofit	Projects	0				0				0				0	0
Demand Response 3*	Facilities	0				0				0				0	0
Industrial Program Total						**0**				**0**				**0**	**0**
Home Assistance Program															
Home Assistance Program	Homes	0				0				0				0	0
Home Assistance Program Total						**0**				**0**				**0**	**0**
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	12				138				545,536				138	2,182,145
High Performance New Construction	Projects	34				1,407				2,065,200				1,407	8,260,800
Toronto Comprehensive	Projects	0				0				0				0	0
Multifamily Energy Efficiency Rebates	Projects	0				0				0				0	0
LDC Custom Programs	Projects	0				0				0				0	0
Pre-2011 Programs completed in 2011 Total						**1,545**				**2,610,736**				**1,545**	**10,442,945**
Other															
Program Enabled Savings	Projects	0				0				0				0	0
Time-of-Use Savings	Homes														
Other Total						**0**				**0**				**0**	**0**
Adjustments to Previous Year's Verified Results						**1,406**				**18,690,297**				**1,156**	**73,918,598**

* Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Table 8: Province-Wide Realization Rate & NTG

Initiative	Peak Demand Savings								Energy Savings							
	Realization Rate				Net-to-Gross Ratio				Realization Rate				Net-to-Gross Ratio			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program																
Appliance Retirement		1.00				0.46				1.00				0.47		
Appliance Exchange		1.00				0.52				1.00				0.52		
HVAC Incentives		1.00				0.50				1.00				0.49		
Conservation Instant Coupon Booklet		1.00				1.00				1.00				1.05		
Bi-Annual Retailer Event		1.00				0.91				1.00				0.92		
Retailer Co-op		n/a				n/a				n/a				n/a		
Residential Demand Response (switch/pstat)*		n/a				n/a				n/a				n/a		
Residential Demand Response (IHD)		n/a				n/a				n/a				n/a		
Residential New Construction		3.65				0.49				7.17				0.49		
Business Program																
Retrofit		0.93				0.75				1.05				0.76		
Direct Install Lighting		0.69				0.94				0.85				0.94		
Building Commissioning		n/a				n/a				n/a				n/a		
New Construction		0.98				0.49				0.99				0.49		
Energy Audit		n/a				n/a				n/a				n/a		
Small Commercial Demand Response (switch/pstat)*		n/a				n/a				n/a				n/a		
Small Commercial Demand Response (IHD)		n/a				n/a				n/a				n/a		
Demand Response 3*		n/a				n/a				n/a				n/a		
Industrial Program																
Process & System Upgrades		n/a				n/a				n/a				n/a		
Monitoring & Targeting		n/a				n/a				n/a				n/a		
Energy Manager		1.16				0.90				1.16				0.90		
Retrofit																
Demand Response 3*		n/a				n/a				n/a				n/a		
Home Assistance Program																
Home Assistance Program		0.32				1.00				0.99				1.00		
Pre-2011 Programs completed in 2011																
Electricity Retrofit Incentive Program		n/a				n/a				n/a				n/a		
High Performance New Construction		1.00				0.50				1.00				0.50		
Toronto Comprehensive		n/a				n/a				n/a				n/a		
Multifamily Energy Efficiency Rebates		n/a				n/a				n/a				n/a		
LDC Custom Programs		n/a				n/a				n/a				n/a		
Other																
Program Enabled Savings		1.06				1.00				2.26				1.00		
Time-of-Use Savings		n/a				n/a				n/a				n/a		

Summary - Provincial Progress

Table 9: Province-Wide Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual			
	2011	2012	2013	2014
2011	216.3	136.6	135.8	129.0
2012		253.3	109.8	108.2
2013				
2014				
Verified Net Annual Peak Demand Savings in 2014:				237.2
2014 Annual CDM Capacity Target				1,330
Verified Peak Demand Savings Target Achieved - 2011 (%):				17.8%

Table 10: Province-Wide Net Energy Savings at the End-User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011	606.9	603.0	601.0	582.3	2,393
2012		503.6	498.4	492.6	1,513
2013					
2014					
Verified Net Cumulative Energy Savings 2011-2014:					3,906
2011-2014 Cumulative CDM Energy Target:					6,000
Verified Portion of Energy Target Achieved - 2011 (%):					65.1%

*2011 energy adjustments included in cumulative energy savings.

METHODOLOGY

All results are at the end-user level (not including transmission and distribution losses)

EQUATIONS	
Prescriptive Measures and Projects	**Gross Savings =** Activity * Per Unit Assumption **Net Savings =** Gross Savings * Net-to-Gross Ratio All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)
Engineered and Custom Projects	**Gross Savings =** Reported Savings * Realization Rate **Net Savings =** Gross Savings * Net-to-Gross Ratio All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)
Demand Response	**Peak Demand: Gross Savings = Net Savings =** contracted MW at contributor level * Provincial contracted to ex ante ratio **Energy: Gross Savings = Net Savings =** provincial ex post energy savings * LDC proportion of total provincial contracted MW All savings are annualized (i.e. the savings are the same regardless of the time of year a participant began offering DR)
Adjustments to Previous Year's Verified Results	All errors and omissions from the prior years Final Annual Results report will be adjusted within this report. Any errors and ommissions with regards to projects counts, data lag, and calculations etc., will be made within this report. Considers the cumulative effect of energy savings.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Consumer Program			
Appliance Retirement	Includes both retail and home pickup stream; Retail stream allocated based on average of 2008 & 2009 residential throughput; Home pickup stream directly attributed by postal code or customer selection	Savings are considered to begin in the year the appliance is picked up.	**Peak demand and energy savings** are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Appliance Exchange	When postal code information is provided by customer, results are directly attributed to the LDC. When postal code is not available, results allocated based on average of 2008 & 2009 residential throughput	Savings are considered to begin in the year that the exchange event occurred	
HVAC Incentives	Results directly attributed to LDC based on customer postal code	Savings are considered to begin in the year that the installation occurred	

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Conservation Instant Coupon Booklet	LDC-coded coupons directly attributed to LDC; Otherwise results are allocated based on average of 2008 & 2009 residential throughput	Savings are considered to begin in the year in which the coupon was redeemed.	**Peak demand and energy savings** are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Bi-Annual Retailer Event	Results are allocated based on average of 2008 & 2009 residential throughput	Savings are considered to begin in the year in which the event occurs.	
Retailer Co-op	When postal code information is provided by the customer, results are directly attributed. If postal code information is not available, results are allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year of the home visit and installation date.	**Peak demand and energy savings** are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Residential Demand Response	Results are directly attributed to LDC based on data provided to OPA through project completion reports and continuing participant lists	Savings are considered to begin in the year the device was installed and/or when a customer signed a ***peaksaver*** PLUS™ participant agreement.	**Peak demand savings** are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. **Energy savings** are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year and accounts for any “snapback” in energy consumption experienced after the event. Savings are assumed to **persist** for only 1 year, reflecting that savings will only occur if the resource is activated.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Residential New Construction	Results are directly attributed to LDC based on LDC identified in application in the saveONenergy CRM system; Initiative was not evaluated in 2011, reported results are presented with forecast assumptions as per the business case.	Savings are considered to begin in the year of the project completion date.	**Peak demand and energy savings** are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Business Program			
Efficiency: Equipment Replacement	Results are directly attributed to LDC based on LDC identified at the facility level in the saveONenergy CRM; Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see "Reference Tables" tab for Building type to Sector mapping	Savings are considered to begin in the year of the actual project completion date on the iCON CRM system.	**Peak demand and energy savings** are determined by the total savings for a given project as reported in the iCON CRM system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track).
	Additional Note: project counts were derived by filtering out "Application Status" = "Post-Project Submission - Payment denied by LDC" and only including projects with an "Actual Project Completion Date" in 2012 and pulling both the "Application Name" field followed by the "Building Address 1" field from the Post Stage Retrofit Report and finally performing a count of the Building Addresses.		

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Direct Installed Lighting	Results are directly attributed to LDC based on the LDC specified on the work order	Savings are considered to begin in the year of the actual project completion date.	**Peak demand and energy savings** are determined using the verified measure level per unit assumptions multiplied by the uptake of each measure accounting for the realization rate for both peak demand and energy to reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings take into account net-to-gross factors such as free-ridership and spillover for both peak demand and energy savings at the program level (net).
Existing Building Commissioning Incentive	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated, no completed projects in 2011 or 2012.	Savings are considered to begin in the year of the actual project completion date.	**Peak demand and energy savings** are determined by the total savings for a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).
New Construction and Major Renovation Incentive	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year of the actual project completion date.	
Energy Audit	Projects are directly attributed to LDC based on LDC identified in the application	Savings are considered to begin in the year of the audit date.	**Peak demand and energy savings** are determined by the total savings resulting from an audit as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Commercial Demand Response (part of the Residential program schedule)	Results are directly attributed to LDC based on data provided to OPA through project completion reports and continuing participant lists	Savings are considered to begin in the year the device was installed and/or when a customer signed a ***peaksaver*** PLUS™ participant agreement.	**Peak demand savings** are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. **Energy savings** are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year. Savings are assumed to **persist** for only 1 year, reflecting that savings will only occur if the resource is activated.
Demand Response 3 (part of the Industrial program schedule)	Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level.	Savings are considered to begin in the year in which the contributor signed up to participate in demand response.	**Peak demand savings** are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. **Energy savings** are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource.
Industrial Program			
Process & System Upgrades	Results are directly attributed to LDC based on LDC identified in application in the saveONenergy CRM system; Initiative was not evaluated, no completed projects in 2011 or 2012.	Savings are considered to begin in the year in which the incentive project was completed.	**Peak demand and energy savings** are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Monitoring & Targeting	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated, no completed projects in 2011 or 2012.	Savings are considered to begin in the year in which the incentive project was completed.	**Peak demand and energy savings** are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).
Energy Manager	Results are directly attributed to LDC based on LDC identified in the application; No completed projects in 2011 or 2012.	Savings are considered to begin in the year in which the project was completed by the energy manager. If no date is specified the savings will begin the year of the Quarterly Report submitted by the energy manager.	**Peak demand and energy savings** are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Results are directly attributed to LDC based on LDC identified at the facility level in the saveONenergy CRM; Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see "Reference Tables" tab for Building type to Sector mapping	Savings are considered to begin in the year of the actual project completion date on the iCON CRM system.	**Peak demand and energy savings** are determined by the total savings for a given project as reported in the iCON CRM system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track).
Demand Response 3	Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level.	Savings are considered to begin in the year in which the contributor signed up to participate in demand response.	**Peak demand savings** are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. **Energy savings** are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource.
Home Assistance Program			

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Home Assistance Program	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the measures were installed.	**Peak demand and energy savings** are determined using the measure level per unit assumption multiplied by the uptake of each measure (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Pre-2011 Programs completed in 2011			
Electricity Retrofit Incentive Program	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation	Savings are considered to begin in the year in which a project was completed.	**Peak demand and energy savings** are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). **If energy savings are not available,** an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports).
High Performance New Construction	Results are directly attributed to LDC based on customer data provided to the OPA from Enbridge; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation	Savings are considered to begin in the year in which a project was completed.	
Toronto Comprehensive	Program run exclusively in Toronto Hydro-Electric System Limited service territory; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation		

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Multifamily Energy Efficiency Rebates	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation	Savings are considered to begin in the year in which a project was completed.	**Peak demand and energy savings** are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). **If energy savings are not available,** an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports).
Data Centre Incentive Program	Program run exclusively in PowerStream Inc. service territory; Initiative was not evaluated in 2011, assumptions as per 2009 evaluation		
EnWin Green Suites	Program run exclusively in ENWIN Utilities Ltd. service territory; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation		

ERII Sector (C&I vs. Industrial Mapping)	
Building Type	**Sector**
Agribusiness - Cattle Farm	C&I
Agribusiness - Dairy Farm	C&I
Agribusiness - Greenhouse	C&I
Agribusiness - Other	C&I
Agribusiness - Other,Mixed-Use - Office/Retail	C&I
Agribusiness - Other,Office,Retail,Warehouse	C&I
Agribusiness - Other,Office,Warehouse	C&I
Agribusiness - Poultry	C&I
Agribusiness - Poultry,Hospitality - Motel	C&I
Agribusiness - Swine	C&I
Convenience Store	C&I
Education - College / Trade School	C&I
Education - College / Trade School,Multi-Residential - Condominium	C&I
Education - College / Trade School,Multi-Residential - Rental Apartment	C&I
Education - College / Trade School,Retail	C&I
Education - Primary School	C&I
Education - Primary School,Education - Secondary School	C&I
Education - Primary School,Multi-Residential - Rental Apartment	C&I
Education - Primary School,Not-for-Profit	C&I
Education - Secondary School	C&I
Education - University	C&I
Education - University,Office	C&I
Hospital/Healthcare - Clinic	C&I
Hospital/Healthcare - Clinic,Hospital/Healthcare - Long-term Care,Hospital/Healthcare - Medical Building	C&I
Hospital/Healthcare - Clinic,Industrial	C&I
Hospital/Healthcare - Clinic,Retail	C&I
Hospital/Healthcare - Long-term Care	C&I
Hospital/Healthcare - Long-term Care,Hospital/Healthcare - Medical Building	C&I
Hospital/Healthcare - Medical Building	C&I
Hospital/Healthcare - Medical Building,Mixed-Use - Office/Retail	C&I
Hospital/Healthcare - Medical Building,Mixed-Use - Office/Retail,Office	C&I
Hospitality - Hotel	C&I
Hospitality - Hotel,Restaurant - Dining	C&I
Hospitality - Motel	C&I
Industrial	Industrial
Mixed-Use - Office/Retail	C&I
Mixed-Use - Office/Retail,Industrial	Industrial
Mixed-Use - Office/Retail,Mixed-Use - Other	C&I
Mixed-Use - Office/Retail,Mixed-Use - Other,Not-for-Profit,Warehouse	C&I
Mixed-Use - Office/Retail,Mixed-Use - Residential/Retail	C&I
Mixed-Use - Office/Retail,Office,Restaurant - Dining,Restaurant - Quick Serve,Retail,Warehouse	C&I

Mixed-Use - Office/Retail,Office,Warehouse	C&I
Mixed-Use - Office/Retail,Retail	C&I
Mixed-Use - Office/Retail,Warehouse	C&I
Mixed-Use - Office/Retail,Warehouse,Industrial	Industrial
Mixed-Use - Other	C&I
Mixed-Use - Other,Industrial	Industrial
Mixed-Use - Other,Not-for-Profit,Office	C&I
Mixed-Use - Other,Office	C&I
Mixed-Use - Other,Other: Please specify	C&I
Mixed-Use - Other,Retail,Warehouse	C&I
Mixed-Use - Other,Warehouse	C&I
Mixed-Use - Residential/Retail	C&I
Mixed-Use - Residential/Retail,Multi-Residential - Condominium	C&I
Mixed-Use - Residential/Retail,Multi-Residential - Rental Apartment	C&I
Mixed-Use - Residential/Retail,Retail	C&I
Multi-Residential - Condominium	C&I
Multi-Residential - Condominium,Multi-Residential - Rental Apartment	C&I
Multi-Residential - Condominium,Other: Please specify	C&I
Multi-Residential - Rental Apartment	C&I
Multi-Residential - Rental Apartment,Multi-Residential - Social Housing Provider,Not-for-Profit	C&I
Multi-Residential - Rental Apartment,Not-for-Profit	C&I
Multi-Residential - Rental Apartment,Warehouse	C&I
Multi-Residential - Social Housing Provider	C&I
Multi-Residential - Social Housing Provider,Industrial	C&I
Multi-Residential - Social Housing Provider,Not-for-Profit	C&I
Not-for-Profit	C&I
Not-for-Profit,Office	C&I
Not-for-Profit,Other: Please specify	C&I
Not-for-Profit,Warehouse	C&I
Office	C&I
Office,Industrial	Industrial
Office,Other: Please specify	C&I
Office,Other: Please specify,Warehouse	C&I
Office,Restaurant - Dining	C&I
Office,Restaurant - Dining,Industrial	Industrial
Office,Retail	C&I
Office,Retail,Industrial	C&I
Office,Retail,Warehouse	C&I
Office,Warehouse	C&I
Office,Warehouse,Industrial	Industrial
Other: Please specify	C&I
Other: Please specify,Industrial	Industrial
Other: Please specify,Retail	C&I
Other: Please specify,Warehouse	C&I
Restaurant - Dining	C&I
Restaurant - Dining,Retail	C&I

Restaurant - Quick Serve	C&I
Restaurant - Quick Serve,Retail	C&I
Retail	C&I
Retail,Industrial	Industrial
Retail,Warehouse	C&I
Warehouse	C&I
Warehouse,Industrial	Industrial

Consumer Program Allocation Methodology

Results can be allocated based on average of 2008 & 2009 residential throughput for each LDC (below) when additional information is not available. Source: OEB Yearbook Data 2008 & 2009

Local Distribution Company	Allocation
Algoma Power Inc.	0.2%
Atikokan Hydro Inc.	0.0%
Attawapiskat Power Corporation	0.0%
Bluewater Power Distribution Corporation	0.6%
Brant County Power Inc.	0.2%
Brantford Power Inc.	0.7%
Burlington Hydro Inc.	1.4%
Cambridge and North Dumfries Hydro Inc.	1.0%
Canadian Niagara Power Inc.	0.5%
Centre Wellington Hydro Ltd.	0.1%
Chapleau Public Utilities Corporation	0.0%
COLLUS Power Corporation	0.3%
Cooperative Hydro Embrun Inc.	0.0%
E.L.K. Energy Inc.	0.2%
Enersource Hydro Mississauga Inc.	3.9%
ENTEGRUS	0.6%
ENWIN Utilities Ltd.	1.6%
Erie Thames Powerlines Corporation	0.4%
Espanola Regional Hydro Distribution Corporation	0.1%
Essex Powerlines Corporation	0.7%
Festival Hydro Inc.	0.3%
Fort Albany Power Corporation	0.0%
Fort Frances Power Corporation	0.1%
Greater Sudbury Hydro Inc.	1.0%
Grimsby Power Inc.	0.2%
Guelph Hydro Electric Systems Inc.	0.9%
Haldimand County Hydro Inc.	0.4%
Halton Hills Hydro Inc.	0.5%
Hearst Power Distribution Company Limited	0.1%
Horizon Utilities Corporation	4.0%
Hydro 2000 Inc.	0.0%
Hydro Hawkesbury Inc.	0.1%
Hydro One Brampton Networks Inc.	2.8%
Hydro One Networks Inc.	30.0%

Hydro Ottawa Limited	5.6%
Innisfil Hydro Distribution Systems Limited	0.4%
Kashechewan Power Corporation	0.0%
Kenora Hydro Electric Corporation Ltd.	0.1%
Kingston Hydro Corporation	0.5%
Kitchener-Wilmot Hydro Inc.	1.6%
Lakefront Utilities Inc.	0.2%
Lakeland Power Distribution Ltd.	0.2%
London Hydro Inc.	2.7%
Middlesex Power Distribution Corporation	0.1%
Midland Power Utility Corporation	0.1%
Milton Hydro Distribution Inc.	0.6%
Newmarket - Tay Power Distribution Ltd.	0.7%
Niagara Peninsula Energy Inc.	1.0%
Niagara-on-the-Lake Hydro Inc.	0.2%
Norfolk Power Distribution Inc.	0.3%
North Bay Hydro Distribution Limited	0.5%
Northern Ontario Wires Inc.	0.1%
Oakville Hydro Electricity Distribution Inc.	1.5%
Orangeville Hydro Limited	0.2%
Orillia Power Distribution Corporation	0.3%
Oshawa PUC Networks Inc.	1.2%
Ottawa River Power Corporation	0.2%
Parry Sound Power Corporation	0.1%
Peterborough Distribution Incorporated	0.7%
PowerStream Inc.	6.6%
PUC Distribution Inc.	0.9%
Renfrew Hydro Inc.	0.1%
Rideau St. Lawrence Distribution Inc.	0.1%
Sioux Lookout Hydro Inc.	0.1%
St. Thomas Energy Inc.	0.3%
Thunder Bay Hydro Electricity Distribution Inc.	0.9%
Tillsonburg Hydro Inc.	0.1%
Toronto Hydro-Electric System Limited	12.8%
Veridian Connections Inc.	2.4%
Wasaga Distribution Inc.	0.2%
Waterloo North Hydro Inc.	1.0%
Welland Hydro-Electric System Corp.	0.4%
Wellington North Power Inc.	0.1%
West Coast Huron Energy Inc.	0.1%
Westario Power Inc.	0.5%
Whitby Hydro Electric Corporation	0.9%
Woodstock Hydro Services Inc.	0.3%

Reporting Glossary

Annual: the peak demand or energy savings that occur in a given year (includes resource savings from new program activity in a given year and resource savings persisting from previous years).

Cumulative Energy Savings: represents the sum of the annual energy savings that accrue over a defined period (in the context of this report the defined period is 2011 - 2014). This concept does not apply to peak demand savings.

End-User Level: resource savings in this report are measured at the customer level as opposed to the generator level (the difference being line losses).

Free-ridership: the percentage of participants who would have implemented the program measure or practice in the absence of the program.

Incremental: the new resource savings attributable to activity procured in a particular reporting period based on when the savings are considered to 'start' (please see table 5).

Initiative: a Conservation & Demand Management offering focusing on a particular opportunity or customer end-use (i.e. Retrofit, Fridge & Freezer Pickup).

Net-to-Gross Ratio: The ratio of net savings to gross savings, which takes into account factors such as free-ridership and spillover

Net Energy Savings (MWh): energy savings attributable to conservation and demand management activities net of free-riders, etc.

Net Peak Demand Savings (MW): peak demand savings attributable to conservation and demand management activities net of free-riders, etc.

Program: a group of initiatives that target a particular market sector (i.e. Consumer, Industrial).

Realization Rate: A comparison of observed or measured (evaluated) information to original reported savings which is used to adjust the gross savings estimates.

Settlement Account: the grouping of demand response facilities (contributors) into one contractual agreement

Spillover: Reductions in energy consumption and/or demand caused by the presence of the energy efficiency program, beyond the program-related gross savings of the participants. There can be participant and/or non-participant spillover.

Unit: for a specific initiative the relevant type of activity acquired in the market place (i.e. appliances picked up, projects completed, coupons redeemed).

saveONenergy

Ontario Power Authority
Conservation & Demand Management Status Report

Q1 2013 Preliminary Results Update

Hydro One Networks Inc.

Unverified OPA-Contracted Province-Wide CDM Program Progress at a Glance

Unverified Progress to Targets	Incremental Q1-2013	Program-to-Date Progress Towards OEB Target				Rank (of 76)
		Scenario 1		Scenario 2		
		Savings	%	Savings	%	Scenario 2
Net Peak Demand Savings (MW)	**33.4**	**36.9**	17.3%	**68.4**	32.0%	**24**
Net Energy Savings (GWh)	**7.9**	**535.0**	47.3%	**536.5**	47.5%	**62**

Program-to-Date towards Target: *Combination of 2011 verified and 2012,2013 preliminary results. To align with savings accounted towards OEB targets, peak Demand is represented by annual savings in 2014 and energy is represented by the cumulative savings from 2011-2014.*

Scenario 1: *Assumes that demand response resources have a persistence of 1 year. Official reporting policy for demand response resources.*

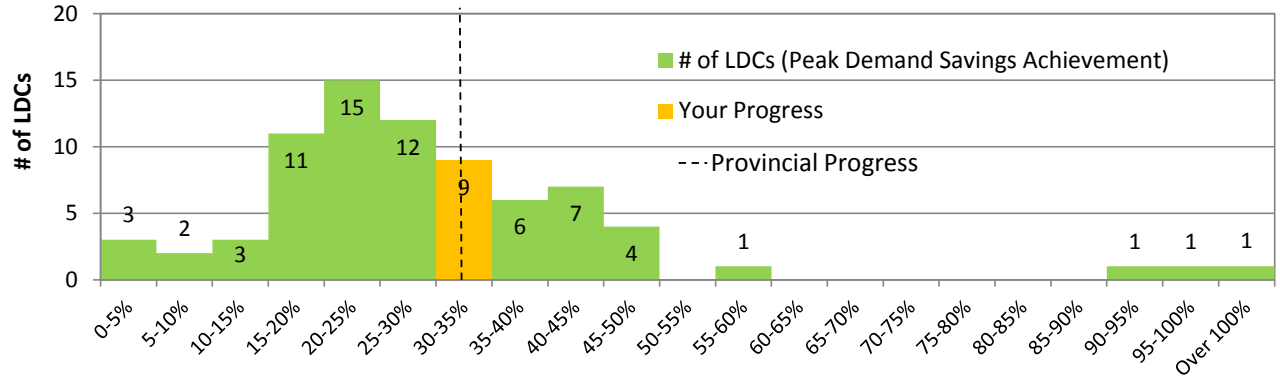
Scenario 2: *Assumes that demand response resources remain in your territory until 2014. Used to better assess progress to demand targets.*

Rank: *Sorts each LDC by % of peak demand or energy target achieved as of the current reporting period using scenario 2.*

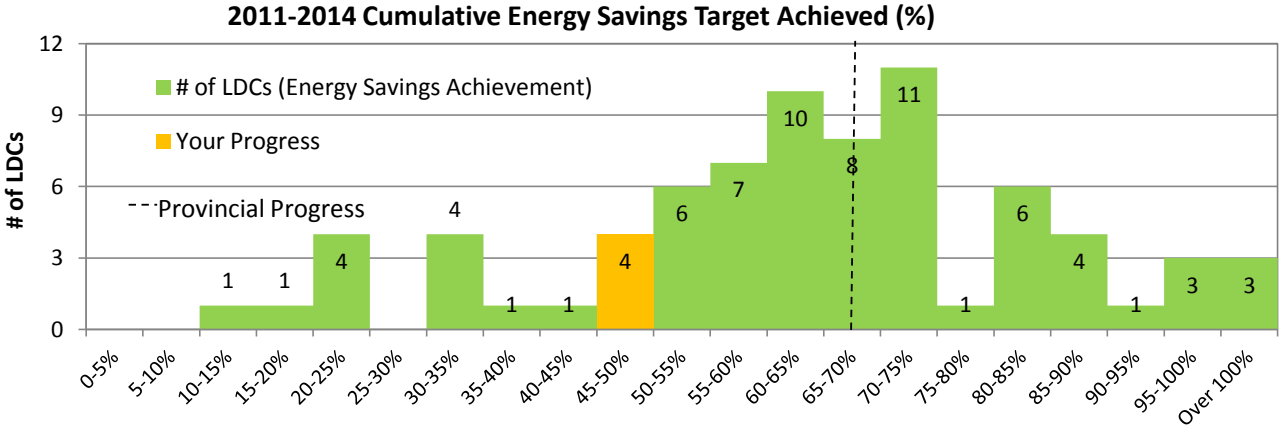
Comparison: Your Achievement vs. LDC Community Achievement

The following graphs assume that demand response resources remain in your territory until 2014 (aligns with Scenario 2)

2014 Annual Peak Demand Savings Target Achieved (%)



2011-2014 Cumulative Energy Savings Target Achieved (%)



Questions? Please check the "About this Report" Section on page 2, Table 5 on page 9 and "Reporting Methodology" on page 10.
More Questions? Please contact LDC.Support@powerauthority.on.ca

Message from the Vice President

I am pleased to present our Q1 2013 LDC report. We continue to achieve great success across all sectors. Provincially we have achieved 68% of the cumulative 6,000 GWh energy target and progress towards the 1,330 MW demand target increased from last quarter to 31%.

A few highlights of current activities since this reporting period:

- Commercial roof top unit (RTU) enhancements completed to drive customer participation
- Aboriginal conservation program launched in May 2013
- Developed a fast track pilot process available to all LDCs
- Four sectors now have Energy Efficiency Service Providers (EESPs) in place to drive further savings for LDCs

We continue to work with LDCs on enhancing conservation programs and are focused on engaging channel partners to build stronger relationships across all sectors to further drive participation.

We encourage you to continue to contact us and tell us your ideas and success stories so we can share our experiences across the province.

Please contact the OPA Conservation Business Development team at ldc.support@powerauthority.on.ca with any questions regarding this report.

Congratulations on another successful quarter!

Sincerely

Andrew Pride

About this Report

This report contains:

- Peak demand and energy savings for OPA-Contracted Province-Wide programs (does not include Ontario Energy Board (OEB) approved CDM programs or other LDC conservation efforts)
- Progress as of the end of Q1 2013 using unverified quarterly results for 2012, 2013 and final results for 2011
- Program activity data (i.e. projects completed, appliances picked up) completed on or before March 31, 2013 and received and entered into the OPA processing systems as per the dates specified in Table 5
- Updates to the previous quarter's participation as a result of further data received
- Information to assist the LDC in reconciling internal data sources with the data contained in this report. Table 5 contains:

  1 The date in which savings are considered to 'start';
  2 At what point the data becomes available to the OPA;
  3 The expected probability and magnitude of updates to the data as more information becomes available.
- iCON CRM Post Stage Retrofit Report data queried on **April 12, 2013**
  - Retrofit projects completed after December 31, 2011 will be tracked as part of the Business program only
- Preliminary results for ***peaksaver* PLUS®** representing customers that have signed a Participant Agreement and information has been successfully uploaded into the RDR settlement system
- peak Saver PLUS reporting is split into two line items: Switch/Thermostat and IHD

2011-2014 Summary: Net Peak Demand Savings Achieved (MW)

This section provides a portfolio level view of net peak demand savings procured to date through Tier 1 programs.
Table 1 presents:

- Net peak demand savings results from 2011 to Q1 2013 listed by implementation period, status (i.e. final or reported) and summarized by resource type (i.e. energy efficiency or demand response)
- Net annual peak demand savings that are expected to persist through to 2014 from program activity completed as of Q1 2013 using both Scenarios 1 and 2
- A comparison between reported, unverified results (as of Q4 2011) and final, verified 2011 results
- Energy efficiency resources reported with persistence according to the effective useful life of the technology

Figure 1 presents:

- Net peak demand savings results from 2011 to date using scenario 1 for demand response resources (persistence of 1 year)

Please note: demand response resources are only presented in the final quarter of each year and the current reporting quarter (i.e. quarter 4 2011, quarter 4 2012 & quarter 1 2013). Figures below and tables 3B and 4B present Demand Response in each quarter to display any changes that may have occurred quarter over quarter.

Table 1: Net Peak Demand Savings at the End-User Level (MW)

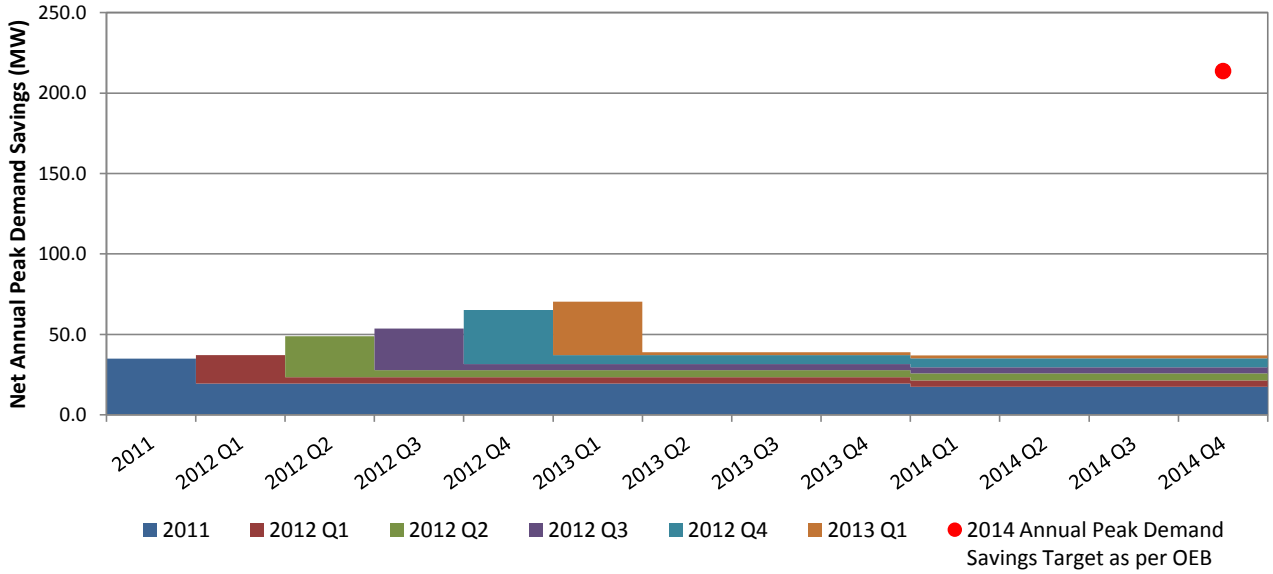
#	Implementation Period	Annual (MW)				
		Scenario 1				Scenario 2
		2011	2012	2013	2014	2014
1	2011 - Final*	35.01	19.40	19.39	17.36	17.36
2	2012 - Reported - Quarter 1		3.99	3.99	3.99	3.99
3	2012 - Reported - Quarter 2		4.40	4.40	4.40	4.40
4	2012 - Reported - Quarter 3		3.75	3.75	3.75	3.75
5	2012 - Reported - Quarter 4		33.59	5.50	5.50	5.50
6	2013 - Reported - Quarter 1			33.36	1.90	33.36
7	2014					
Energy Efficiency		19.40	37.04	38.93	36.91	36.91
Demand Response		15.61	28.09	31.46	0.00	31.46
Net Annual Peak Demand Savings		35.01	65.13	70.39	36.91	68.37
Unverified Net Annual Peak Demand Savings in 2014:					**36.91**	**68.37**
2014 Annual Peak Demand Savings Target as per OEB:					**213.66**	**213.66**
Unverified 2014 Peak Demand Savings Target Achieved (%):					**17.3%**	**32.0%**
Incremental Reported (Unverified)		21.77	45.73	33.36		
Incremental Final (Verified)		35.01	n/a	n/a		

* Drop from 2011 to 2012 due to demand response persistence assumption (scenario 1)

Reported DR3 (Ex Ante) (MW)**	24.62
Contracted DR3 (MW)**	29.39

** Consistent with monthly DR3 reports at the end of each quarter

Figure 1: Net Peak Demand Savings (MW)



2011-2014 Summary: Net Energy Savings Achieved (GWh)

This section provides a portfolio level view of net energy savings procured to date through Tier 1 programs.

Table 2 presents net annual energy savings results from 2011 to date listed by implementation period, status (i.e. final or reported) and summarized by resource type. This table aligns with scenario 1 and presents 2011-2014 net cumulative energy savings expected in 2014 from program activity completed to date. At the bottom of the table a comparison is made between reported (as of Q1 2013) and final 2011 results.

Table 2: Net Energy Savings at the End-User Level (GWh)

#	Implementation Period	Annual (GWh)				Cumulative (GWh)
		2011	2012	2013	2014	2011-2014
1	2011 - Final*	85.66	84.82	84.80	79.37	334.65
2	2012 - Reported - Quarter 1		14.78	14.78	14.78	44.33
3	2012 - Reported - Quarter 2		15.04	15.04	15.04	45.11
4	2012 - Reported - Quarter 3		12.45	12.45	12.45	37.36
5	2012 - Reported - Quarter 4		20.62	19.27	19.27	59.15
6	2013 - Reported - Quarter 1			7.95	6.49	14.44
7	2014					
Energy Efficiency		84.82	146.35	152.82	147.39	531.38
Demand Response		0.84	1.35	1.46	0.00	3.65
Net Energy Savings		85.66	147.70	154.27	147.39	535.03
					Unverified Net Cumulative Energy Savings 2011-2014:	**535.03**
					2011-2014 Cumulative Energy Savings Target as per OEB:	**1,130.21**
					Unverified 2011-2014 Cumulative Energy Target Achieved (%):	**47.3%**
Incremental Reported (Unverified)		50.61	62.88	7.95		
Incremental Final (Verified)		85.66	n/a	n/a		

Figure 2: Net Cumulative Energy Savings (GWh)

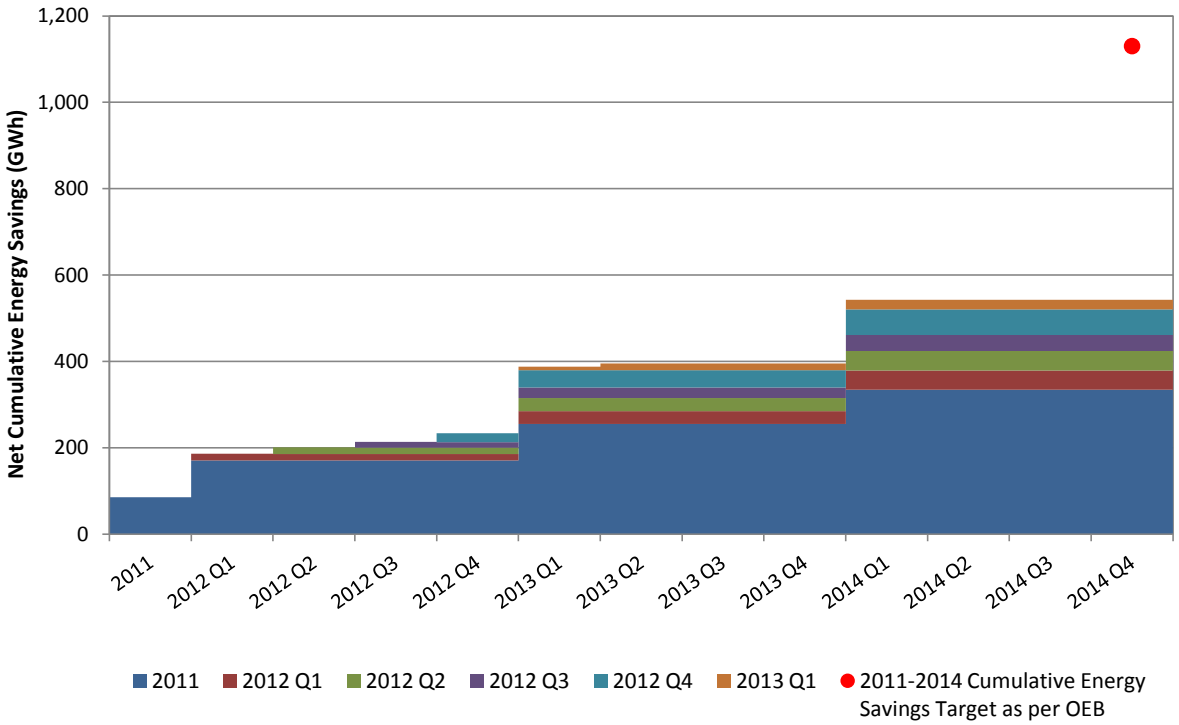


Table 3A: **Hydro One Networks Inc.** Initiative and Program Level Savings by Year (Scenario 1)

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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 Unverified Progress to Target (excludes DR)	
															2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
			2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014	2014
Consumer Program																
1	Appliance Retirement	Appliances	17,394	10,137	1,194		1,045	622	73		7,306,925	4,352,052	511,791		1,702	43,273,685
2	Appliance Exchange	Appliances	939	842	0		95	114	0		116,777	189,814	0		150	983,457
3	HVAC Incentives	Equipment	14,044	12,655	1,869		4,255	3,917	621		8,101,055	7,535,661	1,225,020		8,792	57,461,244
4	Conservation Instant Coupon Booklet	Coupons	190,168	5,408	0		497	55	0		7,415,670	736,211	0		552	31,871,313
5	Bi-Annual Retailer Event	Coupons	260,915	96,363	0		504	204	0		8,810,008	3,760,362	0		708	46,521,120
6	Retailer Co-op	Items	0	0	0		0	0	0		0	0	0		0	0
7	Residential Demand Response (switch/pstat)*	Devices	1,956	8,926	12,184		1,095	4,999	6,823		2,836	19,191	26,195		0	48,222
8	Residential Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
9	Residential New Construction	Homes	0	8	0		0	0	0		0	806	0		0	2,419
Consumer Program Total							**7,491**	**9,910**	**7,517**		**31,753,271**	**16,594,098**	**1,763,007**		**11,904**	**180,161,462**
Business Program																
10	Retrofit	Projects	294	579	94		2,346	4,321	547		13,286,676	22,539,569	3,293,979		7,214	127,353,372
11	Direct Install Lighting	Projects	4,291	3,358	270		5,296	6,528	651		13,630,141	13,708,809	1,374,952		10,541	93,001,495
12	Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
13	New Construction	Buildings	6	24	0		87	259	0		252,008	758,518	0		347	3,283,583
14	Energy Audit	Audits	3	16	0		0	0	0		0	0	0		0	0
15	Small Commercial Demand Response (switch/pstat)*	Devices	0	175	25		0	98	14		0	336	48		0	384
16	Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
17	Demand Response 3*	Facilities	21	16	13		924	816	638		36,069	31,968	25,003		0	93,039
Business Program Total							**8,653**	**12,023**	**1,851**		**27,204,894**	**37,039,200**	**4,693,982**		**18,102**	**223,731,873**
Industrial Program																
18	Process & System Upgrades	Projects	0	0	0		0	0	0		0	0	0		0	0
19	Monitoring & Targeting	Projects	0	0	0		0	0	0		0	0	0		0	0
20	Energy Manager	Projects	0	0	0		0	0	0		0	0	0		0	0
21	Retrofit	Projects	55				453				3,097,420				453	12,389,680
22	Demand Response 3*	Facilities	21	56	62		13,590	22,177	23,985		797,689	1,301,756	1,407,865		0	3,507,310
Industrial Program Total							**14,042**	**22,177**	**23,985**		**3,895,109**	**1,301,756**	**1,407,865**		**453**	**15,896,991**
Home Assistance Program																
23	Home Assistance Program	Homes	0	409	171		0	196	3		0	351,688	83,183		199	1,221,428
Home Assistance Program Total							**0**	**196**	**3**		**0**	**351,688**	**83,183**		**199**	**1,221,428**
Pre-2011 Programs completed in 2011																
24	Electricity Retrofit Incentive Program	Projects	385	0	0		2,732	0	0		12,086,358	0	0		2,732	48,345,431
25	High Performance New Construction	Projects	53	50	0		2,087	1,429	0		10,719,939	7,596,918	0		3,516	65,670,508
26	Toronto Comprehensive	Projects	0	0	0		0	0	0		0	0	0		0	0
27	Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0		0	0	0		0	0
28	LDC Custom Programs	Projects	0	0	0		0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011 Total							**4,819**	**1,429**	**0**		**22,806,297**	**7,596,918**	**0**		**6,248**	**114,015,939**
Energy Efficiency Total							**19,397**	**17,645**	**1,896**		**84,822,977**	**61,530,408**	**6,488,925**		**36,906**	**531,378,737**
Demand Response Total (Scenario 1)							**15,609**	**28,090**	**31,460**		**836,594**	**1,353,251**	**1,459,111**		**0**	**3,648,957**
OPA-Contracted LDC Portfolio Total							**35,005**	**45,735**	**33,356**		**85,659,571**	**62,883,659**	**7,948,037**		**36,906**	**535,027,693**
														Full OEB Target:	**213,660**	**1,130,210,000**
														Preliminary % of Full OEB Target Achieved to Date (Scenario 1):	**17.3%**	**47.3%**

* Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Table 3B: **Hydro One Networks Inc.** Initiative and Program Level Savings by Quarter for current reporting year**

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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)			
			Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Consumer Program														
1	Appliance Retirement	Appliances	1,194	0	0	0	73	0	0	0	511,791	0	0	0
2	Appliance Exchange	Appliances	0	0	0	0	0	0	0	0	0	0	0	0
3	HVAC Incentives	Equipment	1,869	0	0	0	621	0	0	0	1,225,020	0	0	0
4	Conservation Instant Coupon Booklet	Coupons	0	0	0	0	0	0	0	0	0	0	0	0
5	Bi-Annual Retailer Event	Coupons	0	0	0	0	0	0	0	0	0	0	0	0
6	Retailer Co-op	Items	0	0	0	0	0	0	0	0	0	0	0	0
7	Residential Demand Response (switch/pstat)*	Devices	12,184	0	0	0	6,823	0	0	0	26,195	0	0	0
8	Residential Demand Response (IHD)	Devices	0	0	0	0	0	0	0	0	0	0	0	0
9	Residential New Construction	Homes	0	0	0	0	0	0	0	0	0	0	0	0
Consumer Program Total							**7,517**	**0**	**0**	**0**	**1,763,007**	**0**	**0**	**0**
Business Program														
10	Retrofit	Projects	94	0	0	0	547	0	0	0	3,293,979	0	0	0
11	Direct Install Lighting	Projects	270	0	0	0	651	0	0	0	1,374,952	0	0	0
12	Building Commissioning	Buildings	0	0	0	0	0	0	0	0	0	0	0	0
13	New Construction	Buildings	0	0	0	0	0	0	0	0	0	0	0	0
14	Energy Audit	Audits	0	0	0	0	0	0	0	0	0	0	0	0
15	Small Commercial Demand Response (switch/pstat)*	Devices	25	0	0	0	14	0	0	0	48	0	0	0
16	Small Commercial Demand Response (IHD)	Devices	0	0	0	0	0	0	0	0	0	0	0	0
17	Demand Response 3*	Facilities	13	0	0	0	638	0	0	0	25,003	0	0	0
Business Program Total							**1,851**	**0**	**0**	**0**	**4,693,982**	**0**	**0**	**0**
Industrial Program														
18	Process & System Upgrades	Projects	0	0	0	0	0	0	0	0	0	0	0	0
19	Monitoring & Targeting	Projects	0	0	0	0	0	0	0	0	0	0	0	0
20	Energy Manager	Projects	0	0	0	0	0	0	0	0	0	0	0	0
21	Retrofit	Projects												
22	Demand Response 3*	Facilities	62	0	0	0	23,985	0	0	0	1,407,865	0	0	0
Industrial Program Total							**23,985**	**0**	**0**	**0**	**1,407,865**	**0**	**0**	**0**
Home Assistance Program														
23	Home Assistance Program	Homes	171	0	0	0	3	0	0	0	83,183	0	0	0
Home Assistance Program Total							**3**	**0**	**0**	**0**	**83,183**	**0**	**0**	**0**
Pre-2011 Programs completed in 2011														
24	Electricity Retrofit Incentive Program	Projects	0	0	0	0	0	0	0	0	0	0	0	0
25	High Performance New Construction	Projects	0	0	0	0	0	0	0	0	0	0	0	0
26	Toronto Comprehensive	Projects	0	0	0	0	0	0	0	0	0	0	0	0
27	Multifamily Energy Efficiency Rebates	Projects	0	0	0	0	0	0	0	0	0	0	0	0
28	LDC Custom Programs	Projects	0	0	0	0	0	0	0	0	0	0	0	0
Pre-2011 Programs completed in 2011 Total							**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Energy Efficiency Total							**1,896**	**0**	**0**	**0**	**6,488,925**	**0**	**0**	**0**
Demand Response Total (Scenario 1)							**31,460**	**0**	**0**	**0**	**1,459,111**	**0**	**0**	**0**
OPA-Contracted LDC Portfolio Total							**33,356**	**0**	**0**	**0**	**7,948,037**	**0**	**0**	**0**

* Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

**** Updates to the previous quarter's participation may occur as a result of further data received**

Table 4A: Province-Wide Initiative and Program Level Savings by Year (Scenario 1)

#	Initiative	Unit	Incremental Activity (new program activity occuring within the specified reporting period)				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 Unverified Progress to Target (excluding DR)	
			2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program																
1	Appliance Retirement	Appliances	56,110	34,146	4,372		3,299	2,144	278		23,005,812	14,477,861	1,854,980		5,582	139,046,846
2	Appliance Exchange	Appliances	3,688	2,455	0		371	339	0		450,187	572,987	0		472	3,307,624
3	HVAC Incentives	Equipment	111,587	90,401	12,449		32,037	25,719	3,993		59,437,670	47,537,121	7,754,735		61,749	395,871,514
4	Conservation Instant Coupon Booklet	Coupons	559,462	18,039	0		1,344	184	0		21,211,537	2,455,773	0		1,529	92,213,467
5	Bi-Annual Retailer Event	Coupons	870,332	321,437	0		1,681	679	0		29,387,468	12,543,409	0		2,361	155,180,099
6	Retailer Co-op	Items	152	0	0		0	0	0		2,652	0	0		0	10,607
7	Residential Demand Response (switch/pstat)*	Devices	19,550	56,647	71,642		10,947	31,722	40,120		24,870	121,208	153,447		0	299,525
8	Residential Demand Response (IHD)	Devices	0	44,970	13,609		0	1,550	465		0	10,249,704	2,939,544		2,016	36,628,200
9	Residential New Construction	Homes	7	26	0		0	0	0		743	2,703	0		0	11,081
Consumer Program Total							**49,681**	**62,338**	**44,856**		**133,520,941**	**87,960,765**	**12,702,706**		**73,708**	**822,568,964**
Business Program																
10	Retrofit	Projects	2,516	5,652	773		24,467	58,373	6,396		136,002,258	302,367,314	35,312,513		89,213	1,521,641,302
11	Direct Install Lighting	Projects	20,297	18,183	1,653		23,724	32,287	3,441		61,076,701	68,634,994	7,273,715		52,214	441,973,391
12	Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
13	New Construction	Buildings	10	33	0		123	354	0		411,717	1,018,166	0		477	4,701,366
14	Energy Audit	Audits	103	268	7		0	0	0		0	0	0		0	0
15	Small Commercial Demand Response (switch/pstat)*	Devices	132	363	308		84	203	172		157	698	592		0	1,446
16	Small Commercial Demand Response (IHD)	Devices	124	62	6		0	2	0		0	13,440	1,296		2	42,912
17	Demand Response 3*	Facilities	0	150	153		16,224	19,283	20,082		633,421	755,205	786,518		0	2,175,143
Business Program Total							**64,623**	**110,502**	**30,092**		**198,124,253**	**372,789,816**	**43,374,634**		**141,906**	**1,970,535,559**
Industrial Program																
18	Process & System Upgrades	Projects	0	0	0		0	0	0		0	0	0		0	0
19	Monitoring & Targeting	Projects	0	0	0		0	0	0		0	0	0		0	0
20	Energy Manager	Projects	0	31	11		0	826	321		0	6,227,262	2,441,888		1,147	23,565,562
21	Retrofit	Projects	433	0	0		4,615				28,866,840				4,613	115,462,282
22	Demand Response 3*	Facilities	124	186	210		52,484	71,353	78,121		3,080,737	4,188,340	4,585,608		0	11,854,685
Industrial Program Total							**57,098**	**72,179**	**78,442**		**31,947,577**	**10,415,602**	**7,027,496**		**5,760**	**150,882,529**
Home Assistance Program																
23	Home Assistance Program	Homes	46	5,029	1,079		2	1,104	34		39,283	3,483,229	560,295		1,140	11,727,411
Home Assistance Program Total							**2**	**1,104**	**34**		**39,283**	**3,483,229**	**560,295**		**1,140**	**11,727,411**
Pre-2011 Programs completed in 2011																
24	Electricity Retrofit Incentive Program	Projects	2,016	0	0		21,662	0	0		121,138,219	0	0		21,662	484,552,876
25	High Performance New Construction	Projects	145	203	0		5,098	7,854	0		26,185,591	41,753,108	0		12,953	230,001,690
26	Toronto Comprehensive	Projects	577	0	0		15,805	0	0		86,964,886	0	0		15,805	347,859,545
27	Multifamily Energy Efficiency Rebates	Projects	110	0	0		1,981	0	0		7,595,683	0	0		1,981	30,382,733
28	LDC Custom Programs	Projects	8	0	0		399	0	0		1,367,170	0	0		399	5,468,679
Pre-2011 Programs completed in 2011 Total							**44,945**	**7,854**	**0**		**243,251,550**	**41,753,108**	**0**		**52,799**	**1,098,265,523**
Energy Efficiency Total							**136,610**	**131,415**	**14,928**		**603,144,419**	**511,337,070**	**58,138,966**		**275,314**	**4,039,649,185**
Demand Response Total (Scenario 1)							**79,739**	**122,561**	**138,495**		**3,739,185**	**5,065,451**	**5,526,164**		**0**	**14,330,800**
OPA-Contracted LDC Portfolio Total							**216,349**	**253,977**	**153,423**		**606,883,604**	**516,402,521**	**63,665,130**		**275,314**	**4,053,979,985**
														Full OEB Target:	**1,330,000**	**6,000,000,000**
														Preliminary % of Full OEB Target Achieved to Date (Scenario 1):	**20.7%**	**67.6%**

* Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Table 4B: Province-Wide Initiative and Program Level Savings by Quarter for current reporting year**

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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)			
			Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Consumer Program														
1	Appliance Retirement	Appliances	4,372	0	0	0	278	0	0	0	1,854,980	0	0	0
2	Appliance Exchange	Appliances	0	0	0	0	0	0	0	0	0	0	0	0
3	HVAC Incentives	Equipment	12,449	0	0	0	3,993	0	0	0	7,754,735	0	0	0
4	Conservation Instant Coupon Booklet	Coupons	0	0	0	0	0	0	0	0	0	0	0	0
5	Bi-Annual Retailer Event	Coupons	0	0	0	0	0	0	0	0	0	0	0	0
6	Retailer Co-op	Items	0	0	0	0	0	0	0	0	0	0	0	0
7	Residential Demand Response (switch/pstat)*	Devices	71,642	0	0	0	40,120	0	0	0	153,447	0	0	0
8	Residential Demand Response (IHD)	Devices	13,609	0	0	0	465	0	0	0	2,939,544	0	0	0
9	Residential New Construction	Homes	0	0	0	0	0	0	0	0	0	0	0	0
Consumer Program Total							**44,856**	**0**	**0**	**0**	**12,702,706**	**0**	**0**	**0**
Business Program														
10	Retrofit	Projects	773	0	0	0	6,396	0	0	0	35,312,513	0	0	0
11	Direct Install Lighting	Projects	1,653	0	0	0	3,441	0	0	0	7,273,715	0	0	0
12	Building Commissioning	Buildings	0	0	0	0	0	0	0	0	0	0	0	0
13	New Construction	Buildings	0	0	0	0	0	0	0	0	0	0	0	0
14	Energy Audit	Audits	7	0	0	0	0	0	0	0	0	0	0	0
15	Small Commercial Demand Response (switch/pstat)*	Devices	308	0	0	0	172	0	0	0	592	0	0	0
16	Small Commercial Demand Response (IHD)	Devices	6	0	0	0	0	0	0	0	1,296	0	0	0
17	Demand Response 3*	Facilities	153	0	0	0	20,082	0	0	0	786,518	0	0	0
Business Program Total							**30,092**	**0**	**0**	**0**	**43,374,634**	**0**	**0**	**0**
Industrial Program														
18	Process & System Upgrades	Projects	0	0	0	0	0	0	0	0	0	0	0	0
19	Monitoring & Targeting	Projects	0	0	0	0	0	0	0	0	0	0	0	0
20	Energy Manager	Projects	11	0	0	0	321	0	0	0	2,441,888	0	0	0
21	Retrofit	Projects												
22	Demand Response 3*	Facilities	210	0	0	0	78,121	0	0	0	4,585,608	0	0	0
Industrial Program Total							**78,442**	**0**	**0**	**0**	**7,027,496**	**0**	**0**	**0**
Home Assistance Program														
23	Home Assistance Program	Homes	1,079	0	0	0	34	0	0	0	560,295	0	0	0
Home Assistance Program Total							**34**	**0**	**0**	**0**	**560,295**	**0**	**0**	**0**
Pre-2011 Programs completed in 2011														
24	Electricity Retrofit Incentive Program	Projects	0	0	0	0	0	0	0	0	0	0	0	0
25	High Performance New Construction	Projects	0	0	0	0	0	0	0	0	0	0	0	0
26	Toronto Comprehensive	Projects	0	0	0	0	0	0	0	0	0	0	0	0
27	Multifamily Energy Efficiency Rebates	Projects	0	0	0	0	0	0	0	0	0	0	0	0
28	LDC Custom Programs	Projects	0	0	0	0	0	0	0	0	0	0	0	0
Pre-2011 Programs completed in 2011 Total							**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Energy Efficiency Total							**14,928**	**0**	**0**	**0**	**58,138,966**	**0**	**0**	**0**
Demand Response Total (Scenario 1)							**138,495**	**0**	**0**	**0**	**5,526,164**	**0**	**0**	**0**
OPA-Contracted LDC Portfolio Total							**153,423**	**0**	**0**	**0**	**63,665,130**	**0**	**0**	**0**

* Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

**** Updates to the previous quarter's participation may occur as a result of further data received**

Table 5: Data Qualifiers for Initiatives Currently In-Market & Likelihood of Additional Data

Data included in the Q1 2013 report includes all program activity completed (as per the savings 'start' date) on or before March 31, 2013.

Initiative	Savings 'start' Date	Data Available	Additional Data Likely
Consumer Program			
Appliance Retirement	Pick-up date	When database is queried. Typically up-to-date.	Moderate
Appliance Exchange	Exchange event date	Once data is submitted to the OPA by retailers and undergoes QA/QC by OPA staff. Typically 3 - 6 months to receive and process all data.	High
HVAC Incentives	Installation date[1]	Rebate Status = Approved, Cheque Issued/Cashed, Pending, Under Review Typically 1 - 4 months delay.	High
Conservation Instant Coupon Booklet	Coupon redemption year	Once data is submitted to the OPA by retailers and undergoes QA/QC by OPA staff. Typically 3 - 6 months to receive and process all data.	High
Bi-Annual Retailer Event	Year and quarter of the event		High
Retailer co-op activities	Will vary by specific project	Will vary by specific project	Low
Residential Demand Response	Device installation date	Data successfully uploaded into RDR settlement system as of April 2013	High
Residential New Construction	Project completion	Preliminary Billing Report submitted to OPA	Low
Business (Commercial & Institutional) Program			
Retrofit	Actual project completion date	In the "Post Project Submission" Stage (excluding "Payment Denied by LDC") within iCON CRM as of April 12 2013	Low
Direct Installed Lighting	Retrofit date	Work-order: invoiced, approved and paid to LDC. Typically 1.5 - 2 months delay. Any projects that are flagged as duplicates will not appear in reports until duplicates have been resolved.	High
Building Commissioning	Hand off date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
New Construction	Actual project completion date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
Energy Audit	Audit completion date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
Small Commercial Demand Response	Device installation date	Data successfully uploaded into RDR settlement system	Moderate
Demand Response 3	Facility is available under contract	Facility available under contract with aggregator	Low
Industrial Program			
Process & System Upgrades	In-service date	Preliminary Billing Report submitted to OPA and reviewed	Low
Monitoring & Targeting	Project completion date	Preliminary Billing Report submitted to OPA and reviewed	Low
Energy Manager (EEM or REM)	Project completion date	Completed, non-incented projects submitted quarterly by Energy Manager.	High
Retrofit	All Retrofit projects are now reported under the Business Program		
Demand Response 3	Facility is available under contract	Facility available under contract with aggregator.	Low
Home Assistance Program			
Home Assistance Program	Project completion date	Preliminary Billing Report submitted to OPA and reviewed	High
Pre-2011 Projects Completed in 2011			
High Performance New Construction	Project completion date	Reviewed and processed from delivery agent, quarterly	Moderate

1: Monthly reports split savings into months using the approval date

Reporting Glossary

Annual: the peak demand or energy savings that occur in a given year (includes resource savings from new program activity in a given year and resource savings persisting from previous years). Annual savings for Demand Response resources represent the savings from all active facilities contracted since January 1, 2011.

Cumulative Energy Savings: represents the sum of the annual energy savings that accrue over a defined period (in the context of this report the defined period is 2011 - 2014). This concept does not apply to peak demand savings.

Current Reporting Period: the calendar quarter specified on page 1 of this report.

Effective Useful Life: detemines the persistence of savings for a given technology or initiative. Factors that may effect the useful life of a technology are typical use and operating hours, upcoming code changes, etc. Demand response resources are assumed to have a persistence of 1 year.

End-User Level: resource savings in this report are measured at the customer level as opposed to the generator level (the difference being line losses). All savings presented in this report are at the end-user level.

Final or Verified Savings: savings achieved that have undergone annual Evaluation, Measurement & Verification (EM&V) and thus have had activity audited and savings assumptions measured and verified.

Implementation Period: the particular calendar quarter or calendar year that conservation activity is achieved based on when the savings are considered to 'start' (please see table 5).

Incremental: the new resource savings attributable to activity procured in a particular reporting period based on when the savings are considered to 'start' (please see table 5). Incremental savings for Demand Response resources represent the savings from all active facilities contracted since January 1, 2011 (i.e. Incremental = Annual for demand response only).

Initiative: a Conservation & Demand Management offering focusing on a particular opportunity or customer end-use (i.e. Retrofit, Fridge & Freezer Pickup).

Net Energy Savings (MWh): energy savings attributable to conservation and demand management activities net of free-riders, etc. Please refer to the webinars in the "Reporting Methodology" section for more information.

Net Peak Demand Savings (MW): peak demand savings attributable to conservation and demand management activities net of free-riders, etc. Please refer to the webinars in the "Reporting Methodology" section for more information.

Program-to-Date: the reporting period from January 1, 2011 until the end of the Current Reporting Period.

Program: a group of initiatives that target a particular market sector (i.e. Consumer, Industrial).

Reported or Unverified Savings: savings achieved that are based on reported activity and forecasted or best available savings assumptions. These savings are not verified, i.e. have not undergone the Evaluation, Measurement & Verification processes.

Unit: for a specific initiative the relevant type of activity acquired in the market place (i.e. appliances picked up, projects completed, coupons redeemed).

Reporting Methodology (Quarterly, Unverified results):

There are several resources on reporting that are available to LDCs:

- Reporting Policy & FAQ Document found on the iCON Portal in the "Other Program Materials" under "Reporting Tools"
- LDC Consumer Program Tracking Tool found on the iCON Portal in "Other Program Materials" under "Reporting Tools"
- Webinars (available at the following link: http://www.snwebcastcenter.com/custom_events/opa-20111781/site/index.php)
  - Understanding your Q4 2011 Report (April 11, 2012)
  - Tools from the Reporting WG (April 25, 2012)
  - A Deeper Look at: ***peaksaver* PLUS®** (May 23, 2012)
  - A Deeper Look at: Demand Response 3 (June 6, 2012)
  - Revisiting Reporting (June 20, 2012)
  - Quarterly CDM Status Report update (October 24, 2012) http://powerauthority.webex.com; password: DCx2012

saveONenergy

Ontario Power Authority
Conservation & Demand Management Status Report

Q2 2013 Preliminary Results Update

Hydro One Networks Inc.

Unverified OPA-Contracted Province-Wide CDM Program Progress at a Glance

Unverified Progress to Targets	Incremental Q2-2013	Program-to-Date Progress Towards OEB Target				Rank (of 76)
		Scenario 1		Scenario 2		
		Savings	%	Savings	%	Scenario 2
Net Peak Demand Savings (MW)	**49.7**	**35.7**	16.7%	**82.8**	38.7%	**15**
Net Energy Savings (GWh)	**14.6**	**565.0**	50.0%	**566.0**	50.1%	**62**

Program-to-Date towards Target: *Combination of verified (2011-12) and unverified (2013) results. To align with savings counted towards OEB targets, peak demand is represented by annual savings in 2014 and energy is represented by the cumulative savings from 2011-2014.*

Scenario 1: *Assumes that demand response resources have a persistence of 1 year. Official reporting policy for demand response resources.*

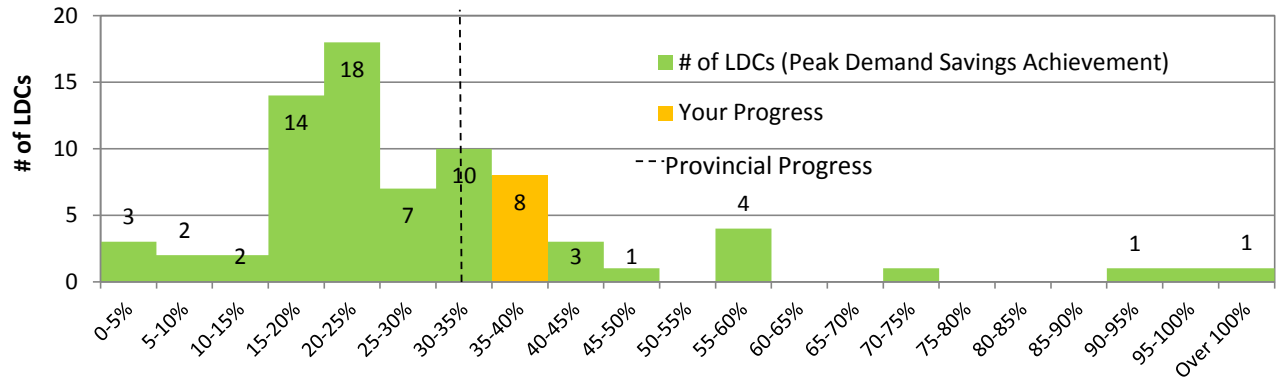
Scenario 2: *Assumes that demand response resources remain in your territory until 2014. Used to better assess progress to demand targets.*

Rank: *Sorts each LDC by % of peak demand or energy target achieved as of the current reporting period using scenario 2.*

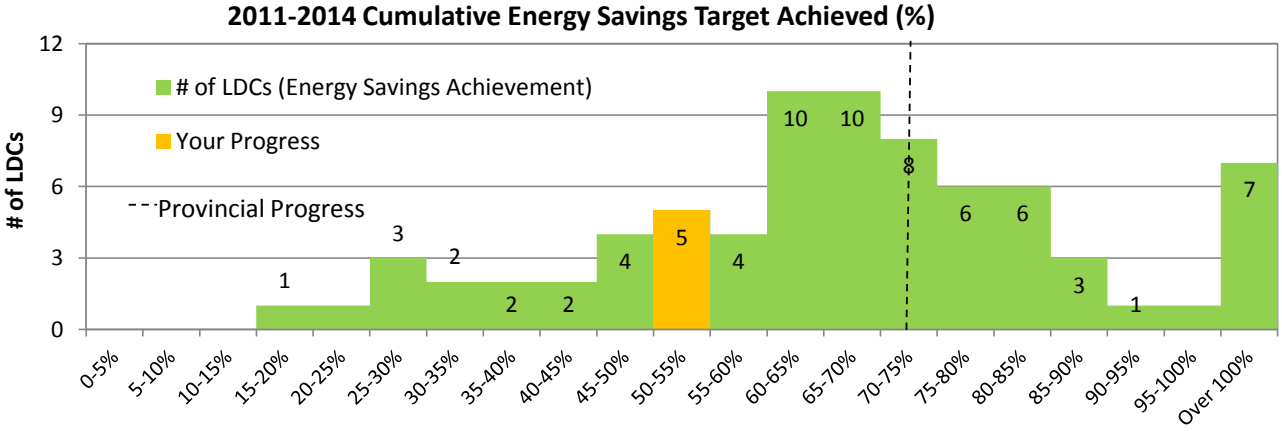
Comparison: Your Achievement vs. LDC Community Achievement

The following graphs assume that demand response resources remain in your territory until 2014 (aligns with Scenario 2)

2014 Annual Peak Demand Savings Target Achieved (%)



2011-2014 Cumulative Energy Savings Target Achieved (%)



Questions? Please check the "About this Report" Section on page 2, Table 5 on page 9 and "Reporting Methodology" on page 10.
More Questions? Please contact LDC.Support@powerauthority.on.ca

Message from the Vice President

I am pleased to present our Q2 2013 LDC report. We continue to achieve great success across all sectors. Provincially we have achieved 71% of the cumulative 6,000 GWh energy target and progress towards the 1,330 MW demand target increased from last quarter to 34%.

A few highlights of current activities since this reporting period:

- Implemented version 4 of the Master CDM Program Agreement and Schedules, including:
  - Fast new process to revise participation agreements, consents work sheets and other forms in 10 days or less,
  - Enable payment of incentives for projects that complete by Dec. 31, 2013,
  - Offer LED coupons year-round through Coupon Initiative.
- Removed Participant Agreements from the schedules for an on-line version. This will allow LDCs and OPA to collectively streamline the agreements more effectively for customers' ease of use.
- Worked with LDCs to promote new Unitary AC incentives through contractor events and outreach.

Stay tuned for more information on these and more customer focused enhancements. We look forward to continuing to work together on evolving our conservation programs, and engaging channel partners across all sectors to further drive participation.

We encourage you to continue to contact us and tell us your ideas and success stories so we can share our experiences across the province.

Please contact the OPA Conservation Business Development team at ldc.support@powerauthority.on.ca with any questions regarding this report.

Congratulations on another successful quarter!

Sincerely

Andrew Pride

About this Report

This report contains:

- Peak demand and energy savings for OPA-Contracted Province-Wide programs (does not include Ontario Energy Board (OEB) approved CDM programs or other LDC conservation efforts)
- Progress as of the end of Q2 2013 using unverified quarterly results for 2013 and final verified results for 2011-12
- Program activity data (i.e. projects completed, appliances picked up) completed on or before June 30, 2013 and received and entered into the OPA processing systems as per the dates specified in Table 5
- Updates to the previous quarter's participation as a result of further data received
- Information to assist the LDC in reconciling internal data sources with the data contained in this report. Table 5 contains:

  1 The date in which savings are considered to 'start';
  2 At what point the data becomes available to the OPA;
  3 The expected probability and magnitude of updates to the data as more information becomes available.
- iCON CRM Post Stage Retrofit Report data queried on **July 18, 2013**
  - Retrofit projects completed after December 31, 2011 will be tracked as part of the Business program only
- Preliminary results for ***peaksaver* PLUS®** representing customers that have signed a Participant Agreement and information has been successfully uploaded into the RDR settlement system
- ***peaksaver* PLUS®** reporting is split into two line items: Switch/Thermostat and IHD

2011-2014 Summary: Net Peak Demand Savings Achieved (MW)

This section provides a portfolio level view of net peak demand savings procured to date through Tier 1 programs.
Table 1 presents:

- Net peak demand savings results from 2011 to Q2 2013 listed by implementation period, status (i.e. final or reported) and summarized by resource type (i.e. energy efficiency or demand response)
- Net annual peak demand savings that are expected to persist through to 2014 from program activity completed as of Q2 2013 using both Scenarios 1 and 2
- A comparison between reported, unverified results and final, verified results
- Energy efficiency resources reported with persistence according to the effective useful life of the technology

Figure 1 presents:

- Net peak demand savings results from 2011 to date using scenario 1 for demand response resources (persistence of 1 year)

Please note: demand response resources are only presented in the final quarter of each year and the current reporting quarter (i.e. Q4 2011, Q4 2012, and Q2 2013). Figures below and tables 3B and 4B present Demand Response in each quarter to display any changes that may have occurred quarter over quarter.

Table 1: Net Peak Demand Savings at the End-User Level (MW)

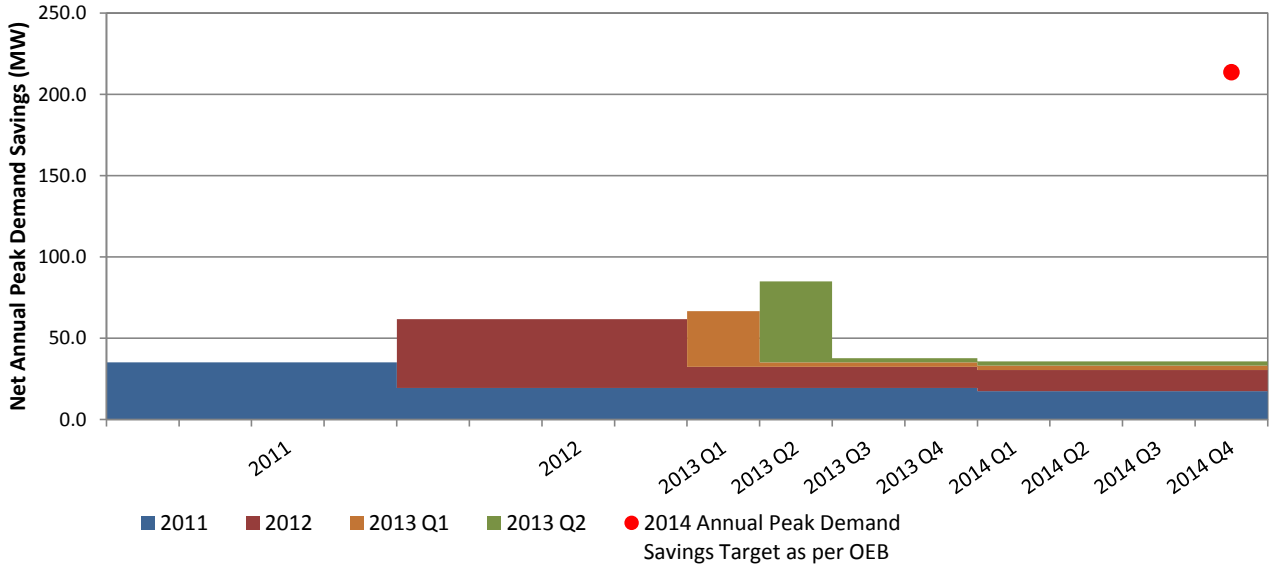
#	Implementation Period	Annual (MW)				
		Scenario 1				Scenario 2
		2011	2012	2013	2014	2014
1	2011 - Final*	35.01	19.40	19.39	17.36	17.36
2	2012 - Final*		42.26	12.96	12.92	12.92
3	2013 - Reported - Quarter 1			2.76	2.76	2.76
4	2013 - Reported - Quarter 2			49.75	2.63	49.75
5	2014					
Energy Efficiency		19.40	32.21	37.74	35.67	35.67
Demand Response		15.61	29.45	47.12	0.00	47.12
Net Annual Peak Demand Savings		35.01	61.66	84.86	35.67	82.79
Unverified Net Annual Peak Demand Savings in 2014:					**35.67**	**82.79**
2014 Annual Peak Demand Savings Target as per OEB:					**213.66**	**213.66**
Unverified 2014 Peak Demand Savings Target Achieved (%):					**16.7%**	**38.7%**
Incremental Reported (Unverified)		21.77	17.65	52.51		
Incremental Final (Verified)		35.01	42.26	n/a		

* Drop from 2011 to 2012 due to demand response persistence assumption (scenario 1)

Reported DR3 (Ex Ante) (MW)**	40.95
Contracted DR3 (MW)**	47.06

** Consistent with monthly DR3 reports at the end of each quarter

Figure 1: Net Peak Demand Savings (MW)



2011-2014 Summary: Net Energy Savings Achieved (GWh)

This section provides a portfolio level view of net energy savings procured to date through Tier 1 programs.

Table 2 presents net annual energy savings results from 2011 to date listed by implementation period, status (i.e. final or reported) and summarized by resource type. This table aligns with scenario 1 and presents 2011-2014 net cumulative energy savings expected in 2014 from program activity completed to date. At the bottom of the table a comparison is made between reported results (unverified) and final results (verified) for 2011, 2012, and 2013 year-to-date.

Table 2: Net Energy Savings at the End-User Level (GWh)

#	Implementation Period	Annual (GWh)				Cumulative (GWh)
		2011	2012	2013	2014	2011-2014
1	2011 - Final*	85.66	84.82	84.80	79.37	334.65
2	2012 - Final*		61.17	59.07	58.91	179.15
3	2013 - Reported - Quarter 1			11.52	11.52	23.03
4	2013 - Reported - Quarter 2			14.56	13.60	28.17
5	2014					
Energy Efficiency		84.82	145.39	168.99	163.40	562.61
Demand Response		0.84	0.60	0.96	0.00	2.39
Net Energy Savings		85.66	145.99	169.94	163.40	565.00
					Unverified Net Cumulative Energy Savings 2011-2014:	**565.00**
					2011-2014 Cumulative Energy Savings Target as per OEB:	**1,130.21**
					Unverified 2011-2014 Cumulative Energy Target Achieved (%):	**50.0%**
Incremental Reported (Unverified)		50.61	61.53	26.08		
Incremental Final (Verified)		85.66	61.17	n/a		

Figure 2: Net Cumulative Energy Savings (GWh)

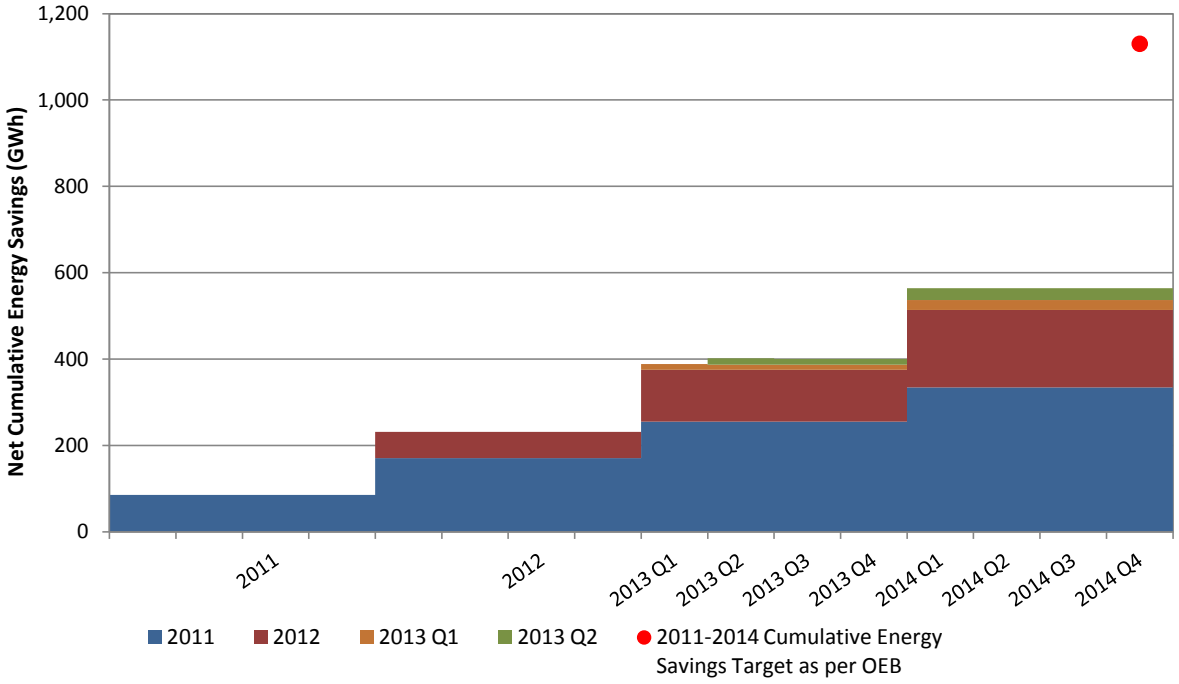


Table 3A: **Hydro One Networks Inc.** Initiative and Program Level Savings by Year (Scenario 1)

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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 Unverified Progress to Target (excludes DR)	
			2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW) 2014	2011-2014 Net Cumulative Energy Savings 2014
Consumer Program																
1	Appliance Retirement	Appliances	17,394	10,137	2,883		1,045	582	174		7,306,925	4,037,503	1,134,774		1,763	43,576,003
2	Appliance Exchange	Appliances	939	1,039	37		95	150	5		116,777	263,601	9,019		191	1,222,858
3	HVAC Incentives	Equipment	14,044	12,148	5,151		4,255	2,935	1,232		8,101,055	5,274,119	2,233,255		8,422	52,693,087
4	Conservation Instant Coupon Booklet	Coupons	190,168	9,261	8,448		497	69	21		7,415,670	419,164	276,859		587	31,473,889
5	Bi-Annual Retailer Event	Coupons	260,915	318,045	42,582		504	444	131		8,810,008	8,028,823	1,533,071		1,079	62,392,643
6	Retailer Co-op	Items	0	0	0		0	0	0		0	0	0		0	0
7	Residential Demand Response (switch/pstat)*	Devices	1,956	13,200	13,219		1,095	6,159	6,168		2,836	44,183	44,252		0	91,271
8	Residential Demand Response (IHD)	Devices	0	0	0		0				0					
9	Residential New Construction	Homes	0	0	0		0	1	0		0	10,212	0		1	30,635
Consumer Program Total							**7,491**	**10,340**	**7,732**		**31,753,271**	**18,077,604**	**5,231,230**		**12,043**	**191,480,386**
Business Program																
10	Retrofit	Projects	294	586	304		2,346	5,081	1,556		13,286,676	24,422,018	9,818,980		8,889	145,388,910
11	Direct Install Lighting	Projects	4,291	3,388	1,687		5,296	2,997	1,947		13,630,141	11,201,013	8,650,776		8,300	100,003,368
12	Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
13	New Construction	Buildings	6	28	8		87	354	115		252,008	1,054,580	338,329		555	4,848,429
14	Energy Audit	Audits	3	14	0		0	72	0		0	352,468	0		72	1,057,403
15	Small Commercial Demand Response (switch/pstat)*	Devices	0	25	6		0	16	4		0	91	70		0	113
16	Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
17	Demand Response 3*	Facilities	15	15	16		924	880	1,329		36,069	12,793	29,671		0	78,533
Business Program Total							**8,653**	**9,400**	**4,951**		**27,204,894**	**37,042,963**	**18,837,826**		**17,817**	**251,376,755**
Industrial Program																
18	Process & System Upgrades	Projects	0	0	0		0	0	0		0	0	0		0	0
19	Monitoring & Targeting	Projects	0	0	0		0	0	0		0	0	0		0	0
20	Energy Manager	Projects	0	3	0		0	0	0		0	254,894	0		0	764,683
21	Retrofit	Projects	55				453				3,097,420				453	12,389,680
22	Demand Response 3*	Facilities	21	53	67		13,590	22,391	39,616		797,689	539,613	884,236		0	2,221,538
Industrial Program Total							**14,042**	**22,391**	**39,616**		**3,895,109**	**794,507**	**884,236**		**453**	**15,375,902**
Home Assistance Program																
23	Home Assistance Program	Homes	0	510	1,222		0	75	209		0	711,836	1,126,421		284	4,388,349
Home Assistance Program Total							**0**	**75**	**209**		**0**	**711,836**	**1,126,421**		**284**	**4,388,349**
Pre-2011 Programs completed in 2011																
24	Electricity Retrofit Incentive Program	Projects	385	0	0		2,732	0	0		12,086,358	0	0		2,732	48,345,431
25	High Performance New Construction	Projects	53	15	0		2,087	488	0		10,719,939	2,118,988	0		2,575	49,236,719
26	Toronto Comprehensive	Projects	0	0	0		0	0	0		0	0	0		0	0
27	Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0		0	0	0		0	0
28	LDC Custom Programs	Projects	0	0	0		0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011 Total							**4,819**	**488**	**0**		**22,806,297**	**2,118,988**	**0**		**5,307**	**97,582,151**
Other																
29	Program Enabled Savings	Projects	0	0	0		0	0	0		0	0	0		0	0
30	Time-of-Use Savings	Homes	0	0	0		0	0	0		0	0	0		0	0
Other Total							**0**	**0**	**0**		**0**	**0**	**0**		**0**	**0**
Adjustment to Previous Year's Verified Results								**-215**				**1,211,854**			**-230**	**4,794,328**
Energy Efficiency Total							**19,397**	**13,248**	**5,390**		**84,822,977**	**58,149,218**	**25,121,484**		**35,903**	**557,812,086**
Demand Response Total (Scenario 1)							**15,609**	**29,446**	**47,118**		**836,594**	**596,680**	**958,229**		**0**	**2,391,455**
OPA-Contracted LDC Portfolio Total							**35,005**	**42,479**	**52,508**		**85,659,571**	**59,957,751**	**26,079,713**		**35,673**	**564,997,869**
														Full OEB Target:	**213,660**	**1,130,210,000**
														% of Full OEB Target Achieved to Date (Scenario 1):	**16.7%**	**50.0%**

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Due to the limited timeframe of data, which didn't include the summer months, 2012 IHD results have been deemed inconclusive. The IHD line item for 2012 & 2013 will be left blank until the savings are quantified in the 2013 evaluation.

Table 3B: **Hydro One Networks Inc.** Initiative and Program Level Savings by Quarter for current reporting year**

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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)			
			Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Consumer Program														
1	Appliance Retirement	Appliances	1,311	1,572			78	95			517,591	617,182		
2	Appliance Exchange	Appliances	37	0			5	0			9,019	0		
3	HVAC Incentives	Equipment	2,425	2,726			628	604			1,159,836	1,073,419		
4	Conservation Instant Coupon Booklet	Coupons	5,450	2,998			16	6			172,602	104,256		
5	Bi-Annual Retailer Event	Coupons	1,327	41,256			3	128			44,454	1,488,617		
6	Retailer Co-op	Items	0	0			0	0			0	0		
7	Residential Demand Response (switch/pstat)*	Devices	12,184	13,219			6,823	6,168			26,195	44,252		
8	Residential Demand Response (IHD)	Devices	0	0										
9	Residential New Construction	Homes	0	0			0	0			0	0		
Consumer Program Total							**7,553**	**7,001**			**1,929,699**	**3,327,726**		
Business Program														
10	Retrofit	Projects	150	154			790	766			4,724,785	5,094,195		
11	Direct Install Lighting	Projects	851	836			968	979			4,009,999	4,640,777		
12	Building Commissioning	Buildings	0	0			0	0			0	0		
13	New Construction	Buildings	7	1			103	12			304,523	33,806		
14	Energy Audit	Audits	0	0			0	0			0	0		
15	Small Commercial Demand Response (switch/pstat)*	Devices	25	6			14	4			48	22		
16	Small Commercial Demand Response (IHD)	Devices	0	0			0	0			0	0		
17	Demand Response 3*	Facilities	13	16			638	1,329			25,003	29,671		
Business Program Total							**2,513**	**3,090**			**9,064,358**	**9,798,472**		
Industrial Program														
18	Process & System Upgrades	Projects	0	0			0	0			0	0		
19	Monitoring & Targeting	Projects	0	0			0	0			0	0		
20	Energy Manager	Projects	0	0			0	0			0	0		
21	Retrofit	Projects												
22	Demand Response 3*	Facilities	62	67			23,985	39,616			1,407,865	884,236		
Industrial Program Total							**23,985**	**39,616**			**1,407,865**	**884,236**		
Home Assistance Program														
23	Home Assistance Program	Homes	435	787			169	39			574,534	551,887		
Home Assistance Program Total							**169**	**39**			**574,534**	**551,887**		
Pre-2011 Programs completed in 2011														
24	Electricity Retrofit Incentive Program	Projects	0	0			0	0			0	0		
25	High Performance New Construction	Projects	0	0			0	0			0	0		
26	Toronto Comprehensive	Projects	0	0			0	0			0	0		
27	Multifamily Energy Efficiency Rebates	Projects	0	0			0	0			0	0		
28	LDC Custom Programs	Projects	0	0			0	0			0	0		
Pre-2011 Programs completed in 2011 Total							**0**	**0**			**0**	**0**		
Other														
29	Program Enabled Savings	Projects	0	0			0	0			0	0		
30	Time-of-Use Savings	Homes	0	0			0	0			0	0		
Other Total							**0**	**0**			**0**	**0**		
Adjustment to Previous Year's Verified Results														
Energy Efficiency Total							**2,760**	**2,629**			**11,517,344**	**13,604,140**		
Demand Response Total (Scenario 1)							**31,460**	**47,118**			**1,459,111**	**958,181**		
OPA-Contracted LDC Portfolio Total							**34,220**	**49,747**			**12,976,456**	**14,562,321**		

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

**** Updates to the previous quarter's participation may occur as a result of further data received**

Table 4A: Province-Wide Initiative and Program Level Savings by Year (Scenario 1)

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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 Unverified Progress to Target (excludes DR)	
			2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program																
1	Appliance Retirement	Appliances	56,110	34,146	9,617		3,299	2,011	579		23,005,812	13,424,518	3,785,254		5,750	139,747,366
2	Appliance Exchange	Appliances	3,688	3,836	125		371	556	18		450,187	974,621	30,085		707	4,572,696
3	HVAC Incentives	Equipment	111,587	85,221	35,048		32,037	19,060	7,809		59,437,670	32,841,283	13,748,315		58,906	363,771,160
4	Conservation Instant Coupon Booklet	Coupons	559,462	30,891	28,180		1,344	230	71		21,211,537	1,398,202	923,515		1,646	90,887,783
5	Bi-Annual Retailer Event	Coupons	870,332	1,060,901	142,041		1,681	1,480	437		29,387,468	26,781,674	5,113,852		3,599	208,122,602
6	Retailer Co-op	Items	152	0	0		0	0	0		2,652	0	0		0	10,607
7	Residential Demand Response (switch/pstat)*	Devices	19,550	98,388	101,436		10,947	49,038	50,316		24,870	359,408	363,663		0	747,942
8	Residential Demand Response (IHD)	Devices	0	49,689	26,489		0				0					
9	Residential New Construction	Homes	7	0	0		0	2	0		743	17,152	0		2	54,430
Consumer Program Total							**49,681**	**72,377**	**59,230**		**133,520,941**	**75,796,859**	**23,964,685**		**70,610**	**807,914,585**
Business Program																
10	Retrofit	Projects	2,516	5,605	2,265		24,467	61,147	17,583		136,002,258	314,922,468	107,005,051		101,600	1,694,657,561
11	Direct Install Lighting	Projects	20,297	18,494	6,441		23,724	15,284	6,615		61,076,701	57,345,798	27,437,140		37,796	445,947,150
12	Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
13	New Construction	Buildings	10	64	10		123	764	131		411,717	1,814,721	395,316		1,018	7,881,663
14	Energy Audit	Audits	103	280	48		0	1,450	249		0	7,049,351	1,208,460		1,698	23,564,974
15	Small Commercial Demand Response (switch/pstat)*	Devices	132	294	222		84	187	142		157	1,068	807		0	2,031
16	Small Commercial Demand Response (IHD)	Devices	0	0	50		0	0	0		0	0	0		0	0
17	Demand Response 3*	Facilities	145	151	170		16,218	19,389	27,275		633,421	281,823	608,767		0	1,524,011
Business Program Total							**64,617**	**98,221**	**51,993**		**198,124,253**	**381,415,230**	**136,655,541**		**142,112**	**2,173,577,390**
Industrial Program																
18	Process & System Upgrades	Projects	0	0	1		0	0	270		0	0	825,000		270	1,650,000
19	Monitoring & Targeting	Projects	0	0	0		0	0	0		0	0	0		0	0
20	Energy Manager	Projects	0	39	27		0	1,086	657		0	7,372,108	6,615,494		1,743	35,347,312
21	Retrofit	Projects	433				4,615				28,866,840				4,613	115,462,282
22	Demand Response 3*	Facilities	124	185	270		52,484	74,056	106,583		3,080,737	1,784,712	2,378,929		0	7,244,378
Industrial Program Total							**57,098**	**75,141**	**107,510**		**31,947,577**	**9,156,820**	**9,819,423**		**6,626**	**159,703,971**
Home Assistance Program																
23	Home Assistance Program	Homes	46	5,033	6,477		2	566	553		39,283	5,442,232	5,763,436		1,121	28,010,703
Home Assistance Program Total							**2**	**566**	**553**		**39,283**	**5,442,232**	**5,763,436**		**1,121**	**28,010,703**
Pre-2011 Programs completed in 2011																
24	Electricity Retrofit Incentive Program	Projects	2,016	0	0		21,662	0	0		121,138,219	0	0		21,662	484,552,876
25	High Performance New Construction	Projects	145	69	0		5,098	3,251	0		26,185,591	11,901,944	0		8,349	140,448,197
26	Toronto Comprehensive	Projects	577	0	0		15,805	0	0		86,964,886	0	0		15,805	347,859,545
27	Multifamily Energy Efficiency Rebates	Projects	110	0	0		1,981	0	0		7,595,683	0	0		1,981	30,382,733
28	LDC Custom Programs	Projects	8	0	0		399	0	0		1,367,170	0	0		399	5,468,679
Pre-2011 Programs completed in 2011 Total							**44,945**	**3,251**	**0**		**243,251,550**	**11,901,944**	**0**		**48,195**	**1,008,712,030**
Other																
29	Program Enabled Savings	Projects	0	16	0		0	2,304	0		0	1,188,362	0		2,304	3,565,086
30	Time-of-Use Savings	Homes	0	0	0		0	0	0		0	0	0		0	0
Other Total							**0**	**2,304**	**0**		**0**	**1,188,362**	**0**		**2,304**	**3,565,086**
Adjustment to Previous Year's Verified Results								**1,406**				**18,689,081**			**1,156**	**73,918,598**
Energy Efficiency Total							**136,610**	**109,191**	**34,971**		**603,144,419**	**482,474,435**	**172,850,920**		**270,969**	**4,171,965,403**
Demand Response Total (Scenario 1)							**79,733**	**142,670**	**184,315**		**3,739,185**	**2,427,011**	**3,352,165**		**0**	**9,518,361**
OPA-Contracted LDC Portfolio Total							**216,343**	**253,267**	**219,286**		**606,883,604**	**503,590,526**	**176,203,085**		**272,125**	**4,255,402,363**

Full OEB Target:	**1,330,000**	**6,000,000,000**
% of Full OEB Target Achieved to Date (Scenario 1):	**20.5%**	**70.9%**

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Due to the limited timeframe of data, which didn't include the summer months, 2012 IHD results have been deemed inconclusive. The IHD line item for 2012 & 2013 will be left blank until the savings are quantified in the 2013 evaluation.

Table 4B: Province-Wide Initiative and Program Level Savings by Quarter for current reporting year**

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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)			
			Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Consumer Program														
1	Appliance Retirement	Appliances	4,372	5,245			262	317			1,726,524	2,058,730		
2	Appliance Exchange	Appliances	125	0			18	0			30,085	0		
3	HVAC Incentives	Equipment	16,778	18,270			4,162	3,647			7,535,493	6,212,821		
4	Conservation Instant Coupon Booklet	Coupons	18,180	10,000			52	19			575,748	347,767		
5	Bi-Annual Retailer Event	Coupons	4,425	137,616			11	426			148,286	4,965,566		
6	Retailer Co-op	Items	0	0			0	0			0	0		
7	Residential Demand Response (switch/pstat)*	Devices	71,642	101,436			40,120	50,316			153,447	363,663		
8	Residential Demand Response (IHD)	Devices	16,694	9,795										
9	Residential New Construction	Homes	0	0			0	0			0	0		
Consumer Program Total							**44,624**	**54,726**			**10,169,584**	**13,948,548**		
Business Program														
10	Retrofit	Projects	1,216	1,049			10,139	7,444			61,993,533	45,011,518		
11	Direct Install Lighting	Projects	3,851	2,590			3,957	2,658			15,410,190	12,026,950		
12	Building Commissioning	Buildings	0	0			0	0			0	0		
13	New Construction	Buildings	8	2			115	16			351,061	44,255		
14	Energy Audit	Audits	37	11			192	57			931,521	276,939		
15	Small Commercial Demand Response (switch/pstat)*	Devices	308	222			172	142			592	807		
16	Small Commercial Demand Response (IHD)	Devices	6	44			0	0			0	0		
17	Demand Response 3*	Facilities	153	170			20,082	27,275			786,518	608,767		
Business Program Total							**34,657**	**37,591**			**79,473,416**	**57,969,235**		
Industrial Program														
18	Process & System Upgrades	Projects	1	0			270	0			825,000	0		
19	Monitoring & Targeting	Projects	0	0			0	0			0	0		
20	Energy Manager	Projects	15	12			411	246			3,374,388	3,241,106		
21	Retrofit	Projects												
22	Demand Response 3*	Facilities	210	270			78,121	106,583			4,585,608	2,378,929		
Industrial Program Total							**78,802**	**106,829**			**8,784,996**	**5,620,035**		
Home Assistance Program														
23	Home Assistance Program	Homes	3,070	3,407			387	166			3,330,404	2,433,032		
Home Assistance Program Total							**387**	**166**			**3,330,404**	**2,433,032**		
Pre-2011 Programs completed in 2011														
24	Electricity Retrofit Incentive Program	Projects	0	0			0	0			0	0		
25	High Performance New Construction	Projects	0	0			0	0			0	0		
26	Toronto Comprehensive	Projects	0	0			0	0			0	0		
27	Multifamily Energy Efficiency Rebates	Projects	0	0			0	0			0	0		
28	LDC Custom Programs	Projects	0	0			0	0			0	0		
Pre-2011 Programs completed in 2011 Total							**0**	**0**			**0**	**0**		
Other														
29	Program Enabled Savings	Projects	0	0			0	0			0	0		
30	Time-of-Use Savings	Homes	0	0			0	0			0	0		
Other Total							**0**	**0**			**0**	**0**		
Adjustment to Previous Year's Verified Results														
Energy Efficiency Total							**19,975**	**14,996**			**96,232,235**	**76,618,685**		
Demand Response Total (Scenario 1)							**138,495**	**184,315**			**5,526,164**	**3,352,165**		
OPA-Contracted LDC Portfolio Total							**158,470**	**199,311**			**101,758,399**	**79,970,850**		

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

**** Updates to the previous quarter's participation may occur as a result of further data received**

Table 5: Data Qualifiers for Initiatives Currently In-Market & Likelihood of Additional Data

Data included in the Q2 2013 report includes all program activity completed (as per the savings 'start' date) on or before June 30, 2013.

Initiative	Savings 'start' Date	Data Available	Additional Data Likely
Consumer Program			
Appliance Retirement	Pick-up date	When database is queried. Typically up-to-date.	Moderate
Appliance Exchange	Exchange event date	Once data is submitted to the OPA by retailers and undergoes QA/QC by OPA staff. Typically 3 - 6 months to receive and process all data.	High
HVAC Incentives	Installation date[1]	Rebate Status = Approved, Cheque Issued/Cashed, Pending, Under Review Typically 1 - 4 months delay.	High
Conservation Instant Coupon Booklet	Coupon redemption year	Once data is submitted to the OPA by retailers and undergoes QA/QC by OPA staff. Typically 3 - 6 months to receive and process all data.	High
Bi-Annual Retailer Event	Year and quarter of the event		High
Retailer co-op activities	Will vary by specific project	Will vary by specific project	Low
Residential Demand Response	Device installation date	Data successfully uploaded into RDR settlement system as of June 2013	High
Residential New Construction	Project completion	Preliminary Billing Report submitted to OPA	Low
Business (Commercial & Institutional) Program			
Retrofit	Actual project completion date	In the "Post Project Submission" Stage (excluding "Payment Denied by LDC") within iCON CRM as of July 18, 2013	Low
Direct Installed Lighting	Retrofit date	Work-order: invoiced, approved and paid to LDC. Typically 1.5 - 2 months delay. Any projects that are flagged as duplicates will not appear in reports until duplicates have been resolved.	High
Building Commissioning	Hand off date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
New Construction	Actual project completion date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
Energy Audit	Audit completion date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
Small Commercial Demand Response	Device installation date	Data successfully uploaded into RDR settlement system	Moderate
Demand Response 3	Facility is available under contract	Facility available under contract with aggregator	Low
Industrial Program			
Process & System Upgrades	In-service date	Preliminary Billing Report submitted to OPA and reviewed	Low
Monitoring & Targeting	Project completion date	Preliminary Billing Report submitted to OPA and reviewed	Low
Energy Manager (EEM or REM)	Project completion date	Completed, non-incented projects submitted quarterly by Energy Manager.	High
Retrofit	All Retrofit projects are now reported under the Business Program		
Demand Response 3	Facility is available under contract	Facility available under contract with aggregator.	Low
Home Assistance Program			
Home Assistance Program	Project completion date	Preliminary Billing Report submitted to OPA and reviewed	High
Pre-2011 Projects Completed in 2011			
High Performance New Construction	Project completion date	Reviewed and processed from delivery agent, quarterly	Moderate

1: Monthly reports split savings into months using the approval date

Reporting Glossary

Annual: the peak demand or energy savings that occur in a given year (includes resource savings from new program activity in a given year and resource savings persisting from previous years). Annual savings for Demand Response resources represent the savings from all active facilities contracted since January 1, 2011.

Cumulative Energy Savings: represents the sum of the annual energy savings that accrue over a defined period (in the context of this report the defined period is 2011 - 2014). This concept does not apply to peak demand savings.

Current Reporting Period: the calendar quarter specified on page 1 of this report.

Effective Useful Life: detemines the persistence of savings for a given technology or initiative. Factors that may effect the useful life of a technology are typical use and operating hours, upcoming code changes, etc. Demand response resources are assumed to have a persistence of 1 year.

End-User Level: resource savings in this report are measured at the customer level as opposed to the generator level (the difference being line losses). All savings presented in this report are at the end-user level.

Final or Verified Savings: savings achieved that have undergone annual Evaluation, Measurement & Verification (EM&V) and thus have had activity audited and savings assumptions measured and verified.

Implementation Period: the particular calendar quarter or calendar year that conservation activity is achieved based on when the savings are considered to 'start' (please see table 5).

Incremental: the new resource savings attributable to activity procured in a particular reporting period based on when the savings are considered to 'start' (please see table 5). Incremental savings for Demand Response resources represent the savings from all active facilities contracted since January 1, 2011 (i.e. Incremental = Annual for demand response only).

Initiative: a Conservation & Demand Management offering focusing on a particular opportunity or customer end-use (i.e. Retrofit, Fridge & Freezer Pickup).

Net Energy Savings (MWh): energy savings attributable to conservation and demand management activities net of free-riders, etc. Please refer to the webinars in the "Reporting Methodology" section for more information.

Net Peak Demand Savings (MW): peak demand savings attributable to conservation and demand management activities net of free-riders, etc. Please refer to the webinars in the "Reporting Methodology" section for more information.

Program-to-Date: the reporting period from January 1, 2011 until the end of the Current Reporting Period.

Program: a group of initiatives that target a particular market sector (i.e. Consumer, Industrial).

Reported or Unverified Savings: savings achieved that are based on reported activity and forecasted or best available savings assumptions. These savings are not verified, i.e. have not undergone the Evaluation, Measurement & Verification processes.

Unit: for a specific initiative the relevant type of activity acquired in the market place (i.e. appliances picked up, projects completed, coupons redeemed).

Reporting Methodology (Quarterly, Unverified results):

There are several resources on reporting that are available to LDCs:

- Reporting Policy & FAQ Document found on the iCON Portal in the "Other Program Materials" under "Reporting Tools"
- LDC Consumer Program Tracking Tool found on the iCON Portal in "Other Program Materials" under "Reporting Tools"
- Webinars (available at the following link: http://www.snwebcastcenter.com/custom_events/opa-20111781/site/index.php)
  - Understanding your Q4 2011 Report (April 11, 2012)
  - Tools from the Reporting WG (April 25, 2012)
  - A Deeper Look at: ***peaksaver* PLUS®** (May 23, 2012)
  - A Deeper Look at: Demand Response 3 (June 6, 2012)
  - Revisiting Reporting (June 20, 2012)
  - Quarterly CDM Status Report update (October 24, 2012) http://powerauthority.webex.com; password: DCx2012

saveONenergy

Ontario Power Authority
Conservation & Demand Management Status Report

Q3 2013 Preliminary Results Update

Hydro One Networks Inc.

Unverified OPA-Contracted Province-Wide CDM Program Progress at a Glance

Unverified Progress to Targets	Incremental Q3-2013	Program-to-Date Progress Towards OEB Target				Rank (of 76)
		Scenario 1		Scenario 2		
		Savings	%	Savings	%	Scenario 2
Net Peak Demand Savings (MW)	**63.8**	**39.3**	18%	**101.1**	47%	**11**
Net Energy Savings (GWh)	**10.8**	**595.7**	53%	**596.9**	53%	**63**

Program-to-Date towards Target: Combination of verified (2011-12) and unverified (2013) results. To align with savings counted towards OEB targets, peak demand is represented by annual savings in 2014 and energy is represented by the cumulative savings from 2011-2014.

Scenario 1: Assumes that demand response resources have a persistence of 1 year. Official reporting policy for demand response resources.

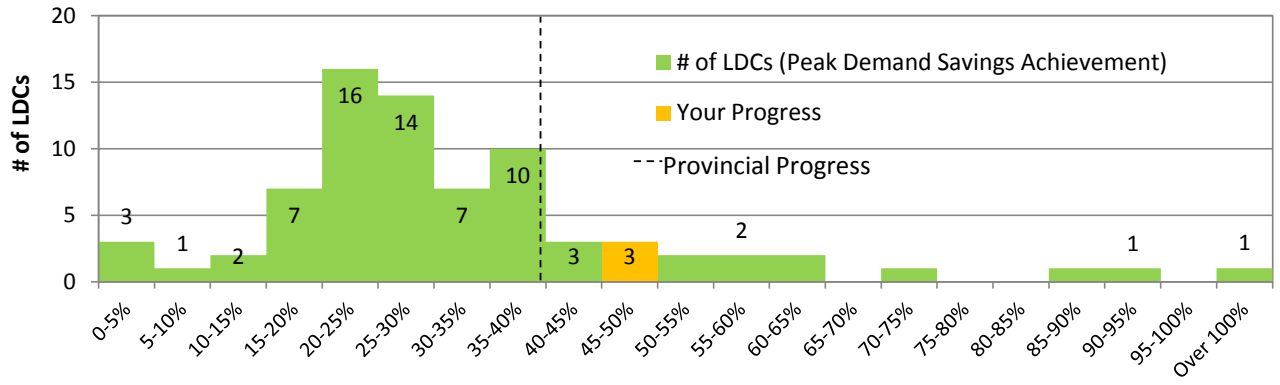
Scenario 2: Assumes that demand response resources remain in your territory until 2014. Used to better assess progress towards demand targets.

Rank: Sorts each LDC by % of peak demand or energy target achieved as of the current reporting period using Scenario 2.

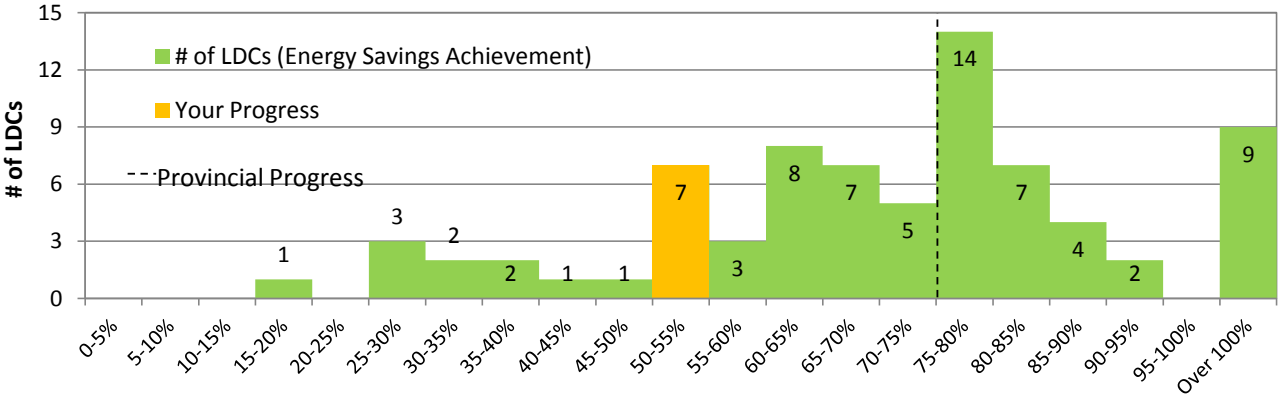
Comparison: Your Achievement vs. LDC Community Achievement

The following graphs assume that demand response resources remain in your territory until 2014 (aligns with Scenario 2)

2014 Annual Peak Demand Savings Target Achieved (%)



2011-2014 Cumulative Energy Savings Target Achieved (%)



Questions? Please check the "About this Report" Section on page 2, Table 5 on page 9 and "Reporting Methodology" on page 10.
More Questions? Please contact LDC.Support@powerauthority.on.ca

Message from the Vice President

I am pleased to present our Q3 2013 LDC report. We continue to achieve great success across all sectors. Provincially we have achieved 75% of the cumulative 6,000 GWh energy target and progress towards the 1,330 MW demand target increased from last quarter to 40%.

A few highlights of our current activities during this reporting period:

- In collaboration with the EDA Policy group and CDM Caucus, the final wave of change management to enable the 2015 extension is underway. Including changes to the Master Services Agreement, initiative contracts, participant agreements and vendor contracts. The changes include:
  - Enabling LDCs to request PAB increases, decreases and reallocations at their discretion
  - Clarification of PAB cost-effectiveness incentive
  - Extending all relevant terms to December 31, 2015
- Targeted workshops aimed at HVAC contractors focused on bringing attention to enhanced incentives and improved processes for replacing rooftop HVAC units (RTUs) within Retrofit has lead to an increase in RTU
- Business program continues to perform well and exceed expectations

Stay tuned for more information on these and more customer focused enhancements. We look forward to continuing to work together on evolving our conservation programs, and engaging channel partners across all sectors to further drive participation.

We encourage you to continue to contact us and tell us your ideas and success stories so we can share our experiences across the province.

Please contact the OPA Conservation Business Development team at ldc.support@powerauthority.on.ca with any questions regarding this report.

Congratulations on another successful quarter!

Sincerely,

Andrew Pride

About this Report

This report contains:

- Peak demand and energy savings for OPA-Contracted Province-Wide programs (does not include Ontario Energy Board (OEB) approved CDM programs or other LDC conservation efforts)
- Progress as of the end of Q3 2013 using unverified quarterly results for 2013 and final verified results for 2011-12
- Program activity data (i.e. projects completed, appliances picked up) completed on or before Sept 30, 2013 and received and entered into the OPA processing systems as per the dates specified in Table 5
- Updates to the previous quarter's participation as a result of further data received
- Information to assist the LDC in reconciling internal data sources with the data contained in this report. Table 5 contains:

  1 The date in which savings are considered to 'start';
  2 At what point the data becomes available to the OPA;
  3 The expected probability and magnitude of updates to the data as more information becomes available.
- iCON CRM Post Stage Retrofit Report data queried on October 17, 2013
  - Retrofit projects completed after December 31, 2011 will be tracked as part of the Business program only
- Preliminary results for peaksaverPLUS® representing customers that have signed a Participant Agreement and information has been successfully uploaded into the RDR settlement system
- peaksaver PLUS® reporting is split into two line items: Switch/Thermostat and IHD

2011-2014 Summary: Net Peak Demand Savings Achieved (MW)

This section provides a portfolio level view of net peak demand savings procured to date through Tier 1 programs.
Table 1 presents:

- Net peak demand savings results from 2011 to Q3 2013 listed by implementation period, status (i.e. final or reported) and summarized by resource type (i.e. energy efficiency or demand response)
- Net annual peak demand savings that are expected to persist through to 2014 from program activity completed as of Q3 2013 using both Scenarios 1 and 2
- A comparison between reported, unverified results and final, verified results
- Energy efficiency resources reported with persistence according to the effective useful life of the technology

Figure 1 presents:

- Net peak demand savings results from 2011 to date using Scenario 1 for demand response resources (persistence of 1 year)

Please note: Demand response resources are only presented in the final quarter of each year and the current reporting quarter (i.e. Q4 2011, Q4 2012, and Q3 2013). Figures below and tables 3B and 4B present demand response in each quarter to display any changes that may have occurred quarter over quarter.

Table 1: Net Peak Demand Savings at the End-User Level (MW)

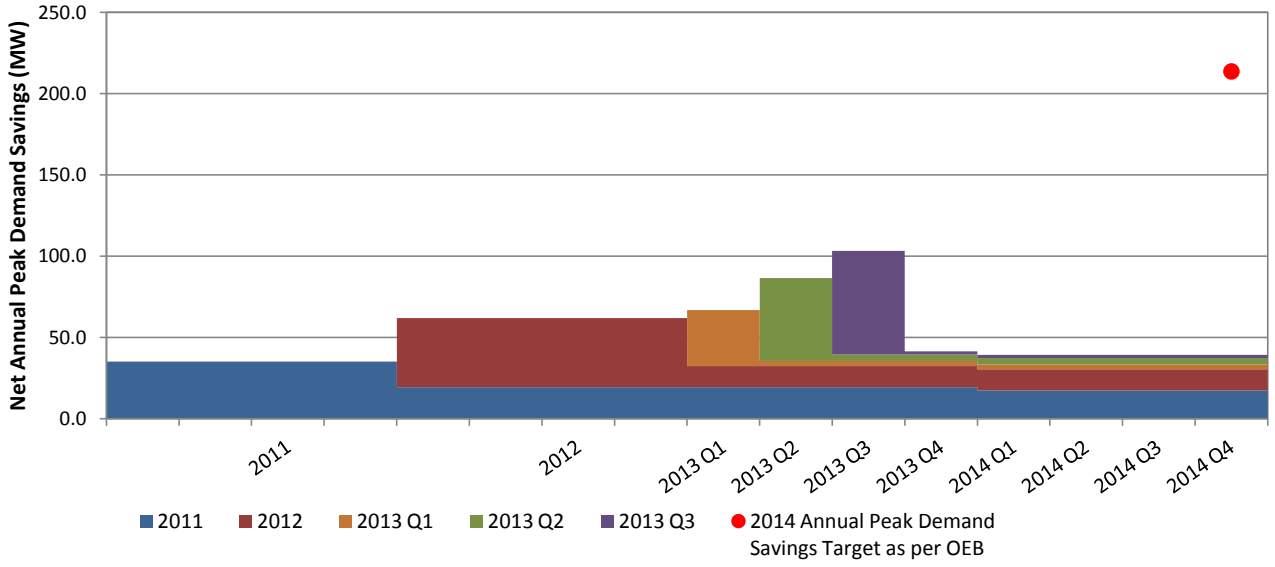
#	Implementation Period	Annual (MW)				
		Scenario 1				Scenario 2
		2011	2012	2013	2014	2014
1	2011 - Final*	35.01	19.40	19.39	17.36	17.36
2	2012 - Final*		42.48	12.96	12.92	12.92
3	2013 - Reported - Quarter 1			3.03	3.03	3.03
4	2013 - Reported - Quarter 2			4.03	4.03	4.03
5	2013 - Reported - Quarter 3			63.77	1.95	63.77
6	2014					
Energy Efficiency		19.40	32.21	41.36	39.29	39.29
Demand Response		15.61	29.45	61.81	0.00	61.81
Net Annual Peak Demand Savings		35.01	61.88	103.18	39.29	101.11
Unverified Net Annual Peak Demand Savings in 2014:					**39.3**	**101.1**
2014 Annual Peak Demand Savings Target as per OEB:					**213.7**	**213.7**
Unverified 2014 Peak Demand Savings Target Achieved (%):					**18%**	**47%**
Incremental Reported (Unverified)		21.77	17.65	70.82		
Incremental Final (Verified)		35.01	42.48	n/a		

* Drop from 2011 to 2012 due to demand response persistence assumption (scenario 1)

Reported DR3 (Ex Ante) (MW)**	53.35
Contracted DR3 (MW)**	61.52

** Consistent with monthly DR3 reports at the end of each quarter

Figure 1: Net Peak Demand Savings (MW)



2011-2014 Summary: Net Energy Savings Achieved (GWh)

This section provides a portfolio level view of net energy savings procured to date through Tier 1 programs.

Table 2 presents net annual energy savings results from 2011 to date listed by implementation period, status (i.e. final or reported) and summarized by resource type. This table aligns with Scenario 1 and presents 2011-2014 net cumulative energy savings expected in 2014 from program activity completed to date. At the bottom of the table a comparison is made between reported results (unverified) and final results (verified) for 2011, 2012, and 2013 year-to-date.

Table 2: Net Energy Savings at the End-User Level (GWh)

#	Implementation Period	Annual (GWh)				Cumulative (GWh)
		2011	2012	2013	2014	2011-2014
1	2011 - Final*	85.66	84.82	84.80	79.37	334.65
2	2012 - Final*	1.21	59.96	59.07	58.91	179.15
3	2013 - Reported - Quarter 1			11.52	11.52	23.04
4	2013 - Reported - Quarter 2			19.19	19.19	38.38
5	2013 - Reported - Quarter 3			10.84	9.61	20.46
6	2014					
Energy Efficiency		84.82	145.39	184.19	178.61	593.02
Demand Response		0.84	0.60	1.23	0.00	2.66
Net Energy Savings		86.87	144.78	185.42	178.61	595.68
					Unverified Net Cumulative Energy Savings 2011-2014:	**595.7**
					2011-2014 Cumulative Energy Savings Target as per OEB:	**1,130.2**
					Unverified 2011-2014 Cumulative Energy Target Achieved (%):	**53%**
Incremental Reported (Unverified)		50.61	61.53	41.56		
Incremental Final (Verified)		85.66	59.96	n/a		

Figure 2: Net Cumulative Energy Savings (GWh)

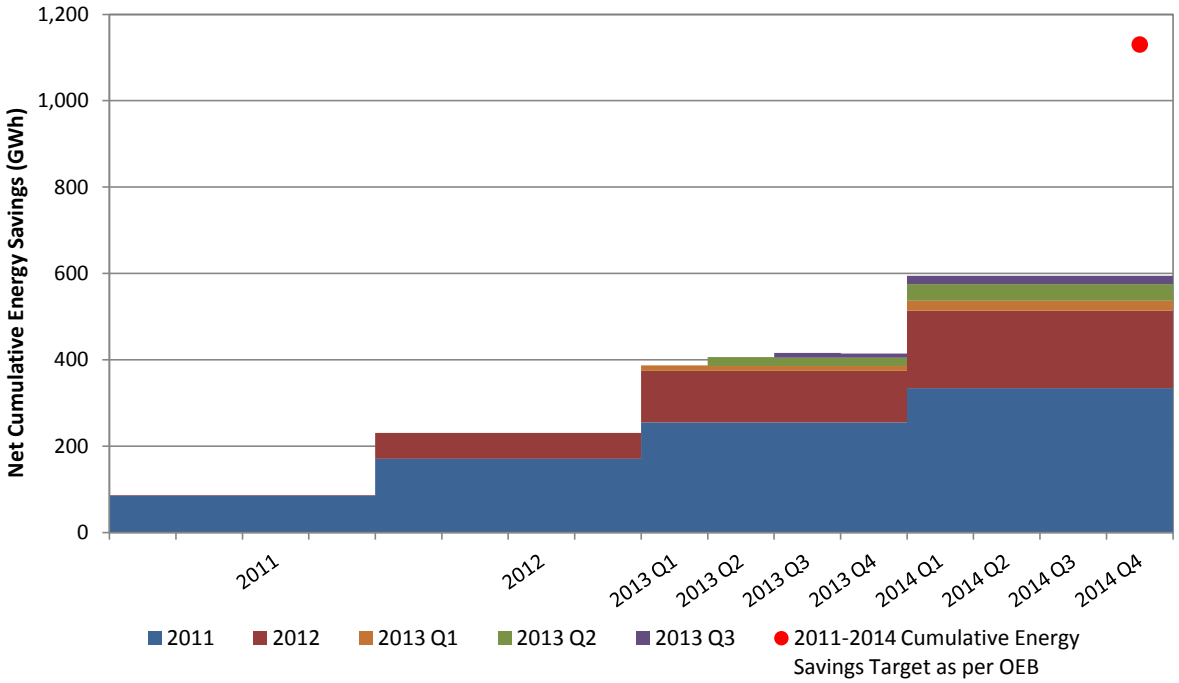


Table 3A: Hydro One Networks Inc. Initiative and Program Level Savings by Year (Scenario 1)

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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 Unverified Progress to Target (excludes DR)	
			2011 Adj.*	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings
Consumer Program																
1	Appliance Retirement	Appliances	17,394	10,137	4,712		1,045	582	275		7,306,925	4,037,503	1,878,534		1,864	45,063,524
2	Appliance Exchange	Appliances	939	1,039	74		95	150	9		116,777	263,601	12,613		195	1,230,046
3	HVAC Incentives	Equipment	11,495	12,148	6,183		4,255	2,935	1,467		8,101,055	5,274,119	2,612,084		8,657	53,450,744
4	Conservation Instant Coupon Booklet	Coupons	192,631	9,261	9,469		497	69	68		7,415,670	419,164	387,066		633	31,694,303
5	Bi-Annual Retailer Event	Coupons	285,443	318,045	63,885		504	444	138		8,810,008	8,028,823	2,062,434		1,085	63,451,369
6	Retailer Co-op	Items	-	-	-		-	-	-		-	-	-		-	-
7	Residential Demand Response (switch/pstat)*	Devices	1,956	13,200	15,116		1,095	6,159	8,465		2,836	44,183	32,499		-	79,518
8	Residential Demand Response (IHD)	Devices	-	-	-		-		-		-		-		-	-
9	Residential New Construction	Homes	5	-	-		-	1	-		-	10,212	-		1	30,635
Consumer Program Total							**7,491**	**10,340**	**10,420**		**31,753,271**	**18,077,604**	**6,985,231**		**12,435**	**195,000,140**
Business Program																
10	Retrofit	Projects	321	586	487		2,346	5,081	2,486		13,286,676	24,422,018	15,671,047		9,820	157,093,044
11	Direct Install Lighting	Projects	4,313	3,388	2,889		5,296	2,997	3,432		13,630,141	11,201,013	15,588,419		9,785	113,878,654
12	Building Commissioning	Buildings	-	-	-		-	-	-		-	-	-		-	-
13	New Construction	Buildings	14	28	7		87	354	86		252,008	1,054,580	254,162		526	4,680,095
14	Energy Audit	Audits	10	14	-		-	72	-		-	352,468	-		72	1,057,403
15	Small Commercial Demand Response (switch/pstat)*	Devices	-	25	6		-	16	3		-	91	13		-	104
16	Small Commercial Demand Response (IHD)	Devices	-	-	-		-	-	-		-	-	-		-	-
17	Demand Response 3*	Facilities	15	15	16		924	880	1,190		36,069	12,793	26,564		-	75,426
Business Program Total							**8,653**	**9,400**	**7,197**		**27,204,894**	**37,042,963**	**31,540,206**		**20,203**	**276,784,726**
Industrial Program																
18	Process & System Upgrades	Projects	-	-	-		-	-	-		-	-	-		-	-
19	Monitoring & Targeting	Projects	-	-	-		-	-	-		-	-	-		-	-
20	Energy Manager	Projects	-	3	-		-	-	-		-	254,894	-		-	764,683
21	Retrofit	Projects	55		-		453		-		3,097,420		-		453	12,389,680
22	Demand Response 3*	Facilities	21	53	71		13,590	22,391	52,156		797,689	539,613	1,170,894		-	2,508,196
Industrial Program Total							**14,042**	**22,391**	**52,156**		**3,895,109**	**794,507**	**1,170,894**		**453**	**15,662,559**
Home Assistance Program																
23	Home Assistance Program	Homes	-	510	2,144		-	75	1,052		-	711,836	1,859,978		1,127	5,855,462
Home Assistance Program Total							**-**	**75**	**1,052**		**-**	**711,836**	**1,859,978**		**1,127**	**5,855,462**
Aboriginal Program																
24	Aboriginal Program	Homes	-	-	-		-	-	-		-	-	-		-	-
Aboriginal Program Total							**-**	**-**	**-**		**-**	**-**	**-**		**-**	**-**
Pre-2011 Programs completed in 2011																
25	Electricity Retrofit Incentive Program	Projects	385	-	-		2,732	-	-		12,086,358	-	-		2,732	48,345,431
26	High Performance New Construction	Projects	63	15	1		2,087	488	-		10,719,939	2,118,988	-		2,575	49,236,719
27	Toronto Comprehensive	Projects	-	-	-		-	-	-		-	-	-		-	-
28	Multifamily Energy Efficiency Rebates	Projects	-	-	-		-	-	-		-	-	-		-	-
29	LDC Custom Programs	Projects	-	-	-		-	-	-		-	-	-		-	-
Pre-2011 Programs completed in 2011 Total							**4,819**	**488**	**-**		**22,806,297**	**2,118,988**	**-**		**5,307**	**97,582,151**
Other																
30	Program Enabled Savings	Projects	-	-	-		-	-	-		-	-	-		-	-
31	Time-of-Use Savings	Homes	-	-	-		-	-	-		-	-	-		-	-
Other Total							**-**	**-**	**-**		**-**	**-**	**-**		**-**	**-**
Adjustment to Previous Year's Verified Results								**(215)**				**1,211,854**			**(230)**	**4,794,328**
Energy Efficiency Total							**19,397**	**13,248**	**9,011**		**84,822,977**	**58,149,218**	**40,326,338**		**39,525**	**588,221,793**
Demand Response Total (Scenario 1)							**15,609**	**29,446**	**61,814**		**836,594**	**596,680**	**1,229,970**		**-**	**2,663,244**
OPA-Contracted LDC Portfolio Total							**35,005**	**42,479**	**70,825**		**85,659,571**	**59,957,751**	**41,556,308**		**39,294**	**595,679,365**
														Full OEB Target:	**213,660**	**1,130,210,000**
														% of Full OEB Target Achieved to Date (Scenario 1):	**18%**	**53%**

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Due to the limited timeframe of data, which didn't include the summer months, 2012 IHD results have been deemed inconclusive. The IHD line item for 2012 & 2013 will be left blank until the savings are quantified in the 2013 evaluation.

Table 3B: Hydro One Networks Inc. Initiative and Program Level Savings by Quarter for current reporting year**

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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)			
			Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Consumer Program														
1	Appliance Retirement	Appliances	1,194	1,618	1,901		69	95	111		477,293	641,448	759,793	
2	Appliance Exchange	Appliances	-	26	48		-	3	6		-	4,432	8,181	
3	HVAC Incentives	Equipment	2,120	2,815	1,248		546	642	280		1,005,268	1,121,327	485,489	
4	Conservation Instant Coupon Booklet	Coupons	5,450	3,247	772		58	7	2		238,769	120,479	27,817	
5	Bi-Annual Retailer Event	Coupons	1,327	62,106	452		2	133	2		37,758	2,011,217	13,459	
6	Retailer Co-op	Items	-	-	-		-	-	-		-	-	-	
7	Residential Demand Response (switch/pstat)*	Devices	12,184	13,219	15,116		6,823	6,168	8,465		26,195	44,252	32,499	
8	Residential Demand Response (IHD)	Devices	-	-	-				-				-	
9	Residential New Construction	Homes	-	-	-		-	-	-		-	-	-	
Consumer Program Total							**7,498**	**7,048**	**8,865**		**1,785,285**	**3,943,154**	**1,327,239**	
Business Program														
10	Retrofit	Projects	154	210	123		782	966	738		4,693,792	6,603,069	4,374,186	
11	Direct Install Lighting	Projects	851	1,361	677		968	1,659	805		4,009,999	7,858,134	3,720,286	
12	Building Commissioning	Buildings	-	-	-		-	-	-		-	-	-	
13	New Construction	Buildings	6	1	-		74	12	-		220,356	33,806	-	
14	Energy Audit	Audits	-	-	-		-	-	-		-	-	-	
15	Small Commercial Demand Response (switch/pstat)*	Devices	9	-	6		5	-	3		17	-	13	
16	Small Commercial Demand Response (IHD)	Devices	-	-	-		-	-	-		-	-	-	
17	Demand Response 3*	Facilities	13	16	16		638	1,329	1,190		25,003	29,671	26,564	
Business Program Total							**2,467**	**3,966**	**2,737**		**8,949,167**	**14,524,681**	**8,121,050**	
Industrial Program														
18	Process & System Upgrades	Projects	-	-	-		-	-	-		-	-	-	
19	Monitoring & Targeting	Projects	-	-	-		-	-	-		-	-	-	
20	Energy Manager	Projects	-	-	-		-	-	-		-	-	-	
21	Retrofit	Projects												
22	Demand Response 3*	Facilities	62	67	71		23,985	39,616	52,156		1,407,865	889,386	1,170,894	
Industrial Program Total							**23,985**	**39,616**	**52,156**		**1,407,865**	**889,386**	**1,170,894**	
Home Assistance Program														
23	Home Assistance Program	Homes	610	936	598		534	509	8		836,008	798,530	225,439	
Home Assistance Program Total							**534**	**509**	**8**		**836,008**	**798,530**	**225,439**	
Aboriginal Program														
24	Aboriginal Program	Homes	-	-	-		-	-	-		-	-	-	
Aboriginal Program Total							**-**	**-**	**-**		**-**	**-**	**-**	
Pre-2011 Programs completed in 2011														
25	Electricity Retrofit Incentive Program	Projects	-	-	-		-	-	-		-	-	-	
26	High Performance New Construction	Projects	1	-	-		-	-	-		-	-	-	
27	Toronto Comprehensive	Projects	-	-	-		-	-	-		-	-	-	
28	Multifamily Energy Efficiency Rebates	Projects	-	-	-		-	-	-		-	-	-	
29	LDC Custom Programs	Projects	-	-	-		-	-	-		-	-	-	
Pre-2011 Programs completed in 2011 Total							**-**	**-**	**-**		**-**	**-**	**-**	
Other														
30	Program Enabled Savings	Projects	-	-	-		-	-	-		-	-	-	
31	Time-of-Use Savings	Homes	-	-	-		-	-	-		-	-	-	
Other Total							**-**	**-**	**-**		**-**	**-**	**-**	
Adjustment to Previous Year's Verified Results														
Energy Efficiency Total							**3,033**	**4,025**	**1,952**		**11,519,244**	**19,192,442**	**9,614,651**	
Demand Response Total (Scenario 1)							**31,451**	**47,114**	**61,814**		**1,459,081**	**963,309**	**1,229,970**	
OPA-Contracted LDC Portfolio Total							**34,484**	**51,139**	**63,766**		**12,978,325**	**20,155,751**	**10,844,622**	

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

***Includes adjustments after Final Reports were issued**

**** Updates to the previous quarter's participation may occur as a result of further data received**

Table 4A: Province-Wide Initiative and Program Level Savings by Year (Scenario 1)

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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 Unverified Progress to Target (excludes DR)	
			2011 Adj.*	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program																
1	Appliance Retirement	Appliances	56,110	34,146	15,997		3,299	2,011	978		23,005,812	13,424,518	6,266,108		6,149	144,709,073
2	Appliance Exchange	Appliances	3,688	3,836	302		371	556	32		450,187	974,621	43,168		722	4,598,860
3	HVAC Incentives	Equipment	92,721	85,221	41,082		32,037	19,060	9,005		59,437,670	32,841,283	15,310,950		60,102	366,896,430
4	Conservation Instant Coupon Booklet	Coupons	567,678	30,891	31,584		1,344	230	225		21,211,537	1,398,202	1,291,133		1,800	91,623,019
5	Bi-Annual Retailer Event	Coupons	952,149	1,060,901	213,100		1,681	1,480	459		29,387,468	26,781,674	6,879,644		3,620	211,654,185
6	Retailer Co-op	Items	152	-	-		0	-	-		2,652	-	-		0	10,607
7	Residential Demand Response (switch/pstat)*	Devices	19,550	98,388	107,013		10,947	49,038	59,927		24,870	359,408	230,077		-	614,356
8	Residential Demand Response (IHD)	Devices	-	49,689	45,619		-		-		-		-		-	-
9	Residential New Construction	Homes	26	-	5		0	2	1		743	17,152	2,182		2	58,794
Consumer Program Total							**49,681**	**72,377**	**70,627**		**133,520,941**	**75,796,859**	**30,023,262**		**72,396**	**820,165,325**
Business Program																
10	Retrofit	Projects	2,819	5,605	3,875		24,467	61,147	30,118		136,002,258	314,922,468	197,951,323		114,136	1,876,550,105
11	Direct Install Lighting	Projects	20,741	18,494	10,815		23,724	15,284	11,102		61,076,701	57,345,798	47,871,034		42,283	486,814,937
12	Building Commissioning	Buildings	-	-	-		-	-	-		-	-	-		-	-
13	New Construction	Buildings	22	64	21		123	764	455		411,717	1,814,721	1,052,514		1,342	9,196,060
14	Energy Audit	Audits	196	280	95		-	1,450	492		-	7,049,351	2,391,744		1,941	25,931,542
15	Small Commercial Demand Response (switch/pstat)*	Devices	132	294	359		84	187	201		157	1,068	772		-	1,996
16	Small Commercial Demand Response (IHD)	Devices	-	-	82		-	-	-		-	-	-		-	-
17	Demand Response 3*	Facilities	145	151	171		16,218	19,389	24,055		633,421	281,823	536,899		-	1,452,143
Business Program Total							**64,617**	**98,221**	**66,422**		**198,124,253**	**381,415,230**	**249,804,286**		**159,702**	**2,399,946,783**
Industrial Program																
18	Process & System Upgrades	Projects	-	-	1		-	-	270		-	-	825,000		270	1,650,000
19	Monitoring & Targeting	Projects	-	-	-		-	-	-		-	-	-		-	-
20	Energy Manager	Projects	-	39	35		-	1,086	679		-	7,372,108	6,958,584		1,765	36,033,492
21	Retrofit	Projects	433		-		4,615		-		28,866,840		-		4,613	115,462,282
22	Demand Response 3*	Facilities	124	185	281		52,484	74,056	149,404		3,080,737	1,784,712	3,354,125		-	8,219,574
Industrial Program Total							**57,098**	**75,141**	**150,354**		**31,947,577**	**9,156,820**	**11,137,709**		**6,648**	**161,365,347**
Home Assistance Program																
23	Home Assistance Program	Homes	46	5,033	11,239		2	566	1,631		39,283	5,442,232	9,455,190		2,200	35,394,211
Home Assistance Program Total							**2**	**566**	**1,631**		**39,283**	**5,442,232**	**9,455,190**		**2,200**	**35,394,211**
Aboriginal Program																
24	Aboriginal Program	Homes	-	-	-		-	-	-		-	-	-		-	-
Aboriginal Program Total							**-**	**-**	**-**		**-**	**-**	**-**		**-**	**-**
Pre-2011 Programs completed in 2011																
24	Electricity Retrofit Incentive Program	Projects	2,028	-	-		21,662	-	-		121,138,219	-	-		21,662	484,552,876
25	High Performance New Construction	Projects	179	69	9		5,098	3,251	1,806		26,185,591	11,901,944	12,769,879		10,155	165,987,955
26	Toronto Comprehensive	Projects	577	-	-		15,805	-	-		86,964,886	-	-		15,805	347,859,545
27	Multifamily Energy Efficiency Rebates	Projects	110	-	-		1,981	-	-		7,595,683	-	-		1,981	30,382,733
28	LDC Custom Programs	Projects	8	-	-		399	-	-		1,367,170	-	-		399	5,468,679
Pre-2011 Programs completed in 2011 Total							**44,945**	**3,251**	**1,806**		**243,251,550**	**11,901,944**	**12,769,879**		**50,001**	**1,034,251,788**
Other																
29	Program Enabled Savings	Projects	-	-	-		-	2,304	-		-	1,188,362	-		2,304	3,565,086
30	Time-of-Use Savings	Homes	-	-	-		-	-			-	-	-		-	-
Other Total							**-**	**2,304**	**-**		**-**	**1,188,362**	**-**		**2,304**	**3,565,086**
Adjustment to Previous Year's Verified Results								**1,406**				**18,689,081**			**1,156**	**73,918,598**
Energy Efficiency Total							**136,610**	**109,191**	**57,253**		**603,144,419**	**482,474,435**	**309,068,454**		**293,251**	**4,444,400,472**
Demand Response Total (Scenario 1)							**79,733**	**142,670**	**233,587**		**3,739,185**	**2,427,011**	**4,121,872**		**-**	**10,288,069**
OPA-Contracted LDC Portfolio Total							**216,343**	**253,267**	**290,840**		**606,883,604**	**503,590,526**	**313,190,326**		**294,407**	**4,528,607,138**

Full OEB Target:	**1,330,000**	**6,000,000,000**
% of Full OEB Target Achieved to Date (Scenario 1):	**22%**	**75%**

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Due to the limited timeframe of data, which didn't include the summer months, 2012 IHD results have been deemed inconclusive. The IHD line item for 2012 & 2013 will be left blank until the savings are quantified in the 2013 evaluation.

Table 4B: Province-Wide Initiative and Program Level Savings by Quarter for Current Reporting Year**

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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)			
			Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Consumer Program														
1	Appliance Retirement	Appliances	4,372	5,381	6,244		262	331	385		1,726,524	2,098,963	2,440,621	
2	Appliance Exchange	Appliances	10	130	162		1	14	18		1,138	17,249	24,780	
3	HVAC Incentives	Equipment	13,780	18,689	8,613		3,406	3,865	1,734		6,143,456	6,366,357	2,801,138	
4	Conservation Instant Coupon Booklet	Coupons	18,180	10,830	2,574		195	24	7		796,461	401,881	92,790	
5	Bi-Annual Retailer Event	Coupons	4,425	207,168	1,507		7	445	7		125,949	6,708,799	44,896	
6	Retailer Co-op	Items	-	-	-		-	-	-		-	-	-	
7	Residential Demand Response (switch/pstat)*	Devices	71,642	96,264	107,013		40,120	50,316	59,927		153,447	363,663	230,077	
8	Residential Demand Response (IHD)	Devices	15,153	25,864	4,602				-				-	
9	Residential New Construction	Homes	3	1	1		0	1	0		756	1,272	154	
Consumer Program Total							**43,990**	**54,995**	**62,077**		**8,947,731**	**15,958,184**	**5,634,456**	
Business Program														
10	Retrofit	Projects	1,321	1,509	1,045		11,208	11,615	7,295		70,694,979	66,323,123	60,933,222	
11	Direct Install Lighting	Projects	3,877	4,676	2,262		3,986	4,853	2,264		15,540,497	22,208,242	10,122,295	
12	Building Commissioning	Buildings	-	-	-		-	-	-		-	-	-	
13	New Construction	Buildings	12	7	2		233	97	125		735,556	220,560	96,399	
14	Energy Audit	Audits	51	38	6		264	197	31		1,283,989	956,698	151,058	
15	Small Commercial Demand Response (switch/pstat)*	Devices	241	144	359		135	92	201		463	523	772	
16	Small Commercial Demand Response (IHD)	Devices	29	47	6		-	-	-		-	-	-	
17	Demand Response 3*	Facilities	153	170	171		20,082	27,275	24,055		786,518	608,767	536,899	
Business Program Total							**35,907**	**44,129**	**33,970**		**89,042,001**	**90,317,913**	**71,840,643**	
Industrial Program														
18	Process & System Upgrades	Projects	1	-	-		270	-	-		825,000	-	-	
19	Monitoring & Targeting	Projects	-	-	-		-	-	-		-	-	-	
20	Energy Manager	Projects	26	8	1		429	250	-		3,647,428	3,311,156	-	
21	Retrofit	Projects			-				-				-	
22	Demand Response 3*	Facilities	210	270	281		78,121	106,583	149,404		4,585,608	2,392,785	3,354,125	
Industrial Program Total							**78,820**	**106,833**	**149,404**		**9,058,036**	**5,703,941**	**3,354,125**	
Home Assistance Program														
23	Home Assistance Program	Homes	3,408	5,092	2,739		795	750	86		3,840,100	4,015,556	1,599,534	
Home Assistance Program Total							**795**	**750**	**86**		**3,840,100**	**4,015,556**	**1,599,534**	
Aboriginal Program														
24	Aboriginal Program	Homes	-	-	-		-	-	-		-	-	-	
Aboriginal Program Total							**-**	**-**	**-**		**-**	**-**	**-**	
Pre-2011 Programs completed in 2011														
24	Electricity Retrofit Incentive Program	Projects	-	-	-		-	-	-		-	-	-	
25	High Performance New Construction	Projects	4	-	5		731	-	1,075		5,563,680	-	7,206,199	
26	Toronto Comprehensive	Projects	-	-	-		-	-	-		-	-	-	
27	Multifamily Energy Efficiency Rebates	Projects	-	-	-		-	-	-		-	-	-	
28	LDC Custom Programs	Projects	-	-	-		-	-	-		-	-	-	
Pre-2011 Programs completed in 2011 Total							**731**	**-**	**1,075**		**5,563,680**	**-**	**7,206,199**	
Other														
29	Program Enabled Savings	Projects	-	-	-		-	-	-		-	-	-	
30	Time-of-Use Savings	Homes	-	-	-		-	-	-		-	-	-	
Other Total							**-**	**-**	**-**		**-**	**-**	**-**	
Adjustment to Previous Year's Verified Results														
Energy Efficiency Total							**21,786**	**22,442**	**13,025**		**110,925,512**	**112,629,856**	**85,513,085**	
Demand Response Total (Scenario 1)							**138,458**	**184,265**	**233,587**		**5,526,035**	**3,365,737**	**4,121,872**	
OPA-Contracted LDC Portfolio Total							**160,244**	**206,707**	**246,612**		**116,451,548**	**115,995,594**	**89,634,957**	

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

***Includes adjustments after Final Reports were issued**

**** Updates to the previous quarter's participation may occur as a result of additional data received**

Table 5: Data Qualifiers for Initiatives Currently In-Market & Likelihood of Additional Data

Data included in the Q3 2013 report includes all program activity completed (as per the savings 'start' date) on or before September 30th, 2013.

Initiative	Savings 'start' Date	Data Available	Additional Data Likely
Consumer Program			
Appliance Retirement	Pick-up date	When database is queried. Typically up-to-date.	Moderate
Appliance Exchange	Exchange event date	Once data is submitted to the OPA by retailers and undergoes QA/QC by OPA staff. Typically 3 - 6 months to receive and process all data.	High
HVAC Incentives	Installation date1	Rebate Status = Approved, Cheque Issued and Cheque Cashed; Typically 1 - 4 months delay.	High
Conservation Instant Coupon Booklet	Coupon redemption year	Once data is submitted to the OPA by retailers and undergoes QA/QC by OPA staff. Typically 3 - 6 months to receive and process all data.	High
Bi-Annual Retailer Event	Year and quarter of the event		High
Retailer co-op activities	Will vary by specific project	Will vary by specific project	Low
Residential Demand Response	Device installation date	Data successfully uploaded into RDR settlement system as of Sept 30th, 2013	High
Residential New Construction	Project completion	Preliminary Billing Report submitted to OPA	Low
Business (Commercial & Institutional) Program			
Retrofit	Actual project completion date	In the "Post Project Submission" Stage (excluding "Payment Denied by LDC") within iCON CRM as of October 17, 2013	Low
Direct Installed Lighting	Retrofit date	Work-order: invoiced, approved and paid to LDC. Typically 1.5 - 2 months delay. Any projects that are flagged as duplicates will not appear in reports until duplicates have been resolved.	High
Building Commissioning	Hand off date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
New Construction	Actual project completion date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
Energy Audit	Audit completion date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
Small Commercial Demand Response	Device installation date	Data successfully uploaded into RDR settlement system	Moderate
Demand Response 3	Facility is available under contract	Facility available under contract with aggregator	Low
Industrial Program			
Process & System Upgrades	In-service date	Preliminary Billing Report submitted to OPA and reviewed	Low
Monitoring & Targeting	Project completion date	Preliminary Billing Report submitted to OPA and reviewed	Low
Energy Manager (EEM or REM)	Project completion date	Completed, non-incented projects submitted quarterly by Energy Manager.	High
Retrofit	All Retrofit projects are now reported under the Business Program		
Demand Response 3	Facility is available under contract	Facility available under contract with aggregator.	Low
Home Assistance Program			
Home Assistance Program	Project completion date	Preliminary Billing Report submitted to OPA and reviewed	High
Pre-2011 Projects Completed in 2011			
High Performance New Construction	Project completion date	Reviewed and processed from delivery agent, quarterly	Moderate

1: Monthly reports split savings into months using the approval date

Reporting Glossary

Annual: the peak demand or energy savings that occur in a given year (includes resource savings from new program activity in a given year and resource savings persisting from previous years). Annual savings for Demand Response resources represent the savings from all active facilities contracted since January 1, 2011.

Cumulative Energy Savings: represents the sum of the annual energy savings that accrue over a defined period (in the context of this report the defined period is 2011 - 2014). This concept does not apply to peak demand savings.

Current Reporting Period: the calendar quarter specified on page 1 of this report.

Effective Useful Life: detemines the persistence of savings for a given technology or initiative. Factors that may effect the useful life of a technology are typical use and operating hours, upcoming code changes, etc. Demand response resources are assumed to have a persistence of 1 year.

End-User Level: resource savings in this report are measured at the customer level as opposed to the generator level (the difference being line losses). All savings presented in this report are at the end-user level.

Final or Verified Savings: savings achieved that have undergone annual Evaluation, Measurement & Verification (EM&V) and thus have had activity audited and savings assumptions measured and verified.

Implementation Period: the particular calendar quarter or calendar year that conservation activity is achieved based on when the savings are considered to 'start' (please see table 5).

Incremental: the new resource savings attributable to activity procured in a particular reporting period based on when the savings are considered to 'start' (please see table 5). Incremental savings for Demand Response resources represent the savings from all active facilities contracted since January 1, 2011 (i.e. Incremental = Annual for demand response only).

Initiative: a Conservation & Demand Management offering focusing on a particular opportunity or customer end-use (i.e. Retrofit, Fridge & Freezer Pickup).

Net Energy Savings (MWh): energy savings attributable to conservation and demand management activities net of free-riders, etc. Please refer to the webinars in the "Reporting Methodology" section for more information.

Net Peak Demand Savings (MW): peak demand savings attributable to conservation and demand management activities net of free-riders, etc. Please refer to the webinars in the "Reporting Methodology" section for more information.

Program-to-Date: the reporting period from January 1, 2011 until the end of the Current Reporting Period.

Program: a group of initiatives that target a particular market sector (i.e. Consumer, Industrial).

Reported or Unverified Savings: savings achieved that are based on reported activity and forecasted or best available savings assumptions. These savings are not verified, i.e. have not undergone the Evaluation, Measurement & Verification processes.

Unit: for a specific initiative the relevant type of activity acquired in the market place (i.e. appliances picked up, projects completed, coupons redeemed).

Reporting Methodology (Quarterly, Unverified results):

There are several resources on reporting that are available to LDCs:

- Reporting Policy & FAQ Document found on the iCON Portal in the "Other Program Materials" under "Reporting Tools"
- LDC Consumer Program Tracking Tool found on the iCON Portal in "Other Program Materials" under "Reporting Tools"
- Webinars (available at the following link: http://www.snwebcastcenter.com/custom_events/opa-20111781/site/index.php)
  - Understanding your Q4 2011 Report (April 11, 2012)
  - Tools from the Reporting WG (April 25, 2012)
  - A Deeper Look at: peaksaverPLUS® (May 23, 2012)
  - A Deeper Look at: Demand Response 3 (June 6, 2012)
  - Revisiting Reporting (June 20, 2012)
  - Quarterly CDM Status Report update (October 24, 2012) http://powerauthority.webex.com; password: DCx2012

saveONenergy

Ontario Power Authority
Conservation & Demand Management Status Report

Q4 2013 Preliminary Results Update

Hydro One Networks Inc.

Unverified OPA-Contracted Province-Wide CDM Program Progress at a Glance

Unverified Progress to Targets	Incremental Q4-2013	Program-to-Date Progress Towards OEB Target				Rank (of 76)
		Scenario 1		Scenario 2		
		Savings	%	Savings	%	Scenario 2
Net Peak Demand Savings (MW)	**69.7**	**44.5**	21%	**110.9**	52%	**12**
Net Energy Savings (GWh)	**19.8**	**657.2**	58%	**658.6**	58%	**63**

Program-to-Date towards Target: Combination of verified (2011-12) and unverified (2013) results. To align with savings counted towards OEB targets, peak demand is represented by annual savings in 2014 and energy is represented by the cumulative savings from 2011-2014.

Scenario 1: Assumes that demand response resources have a persistence of 1 year. Official reporting policy for demand response resources.

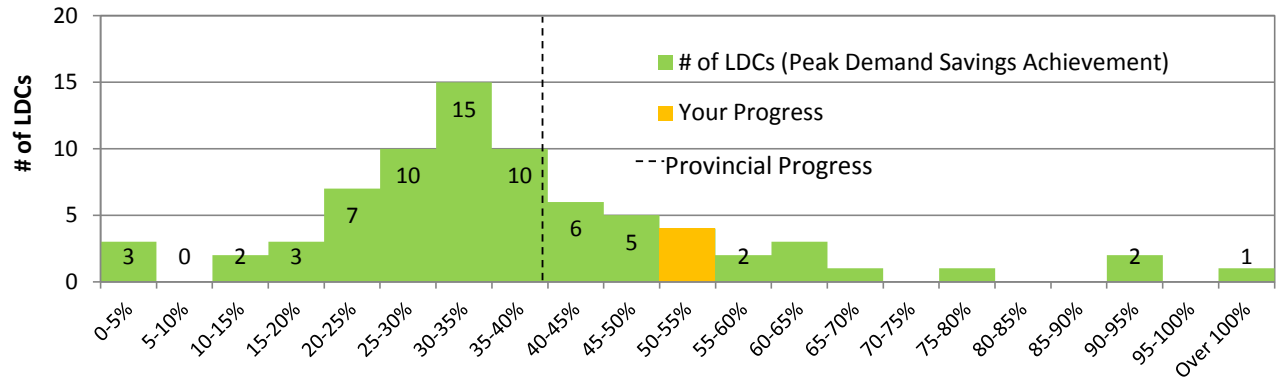
Scenario 2: Assumes that demand response resources remain in your territory until 2014. Used to better assess progress towards demand targets.

Rank: Sorts each LDC by % of peak demand or energy target achieved as of the current reporting period using Scenario 2.

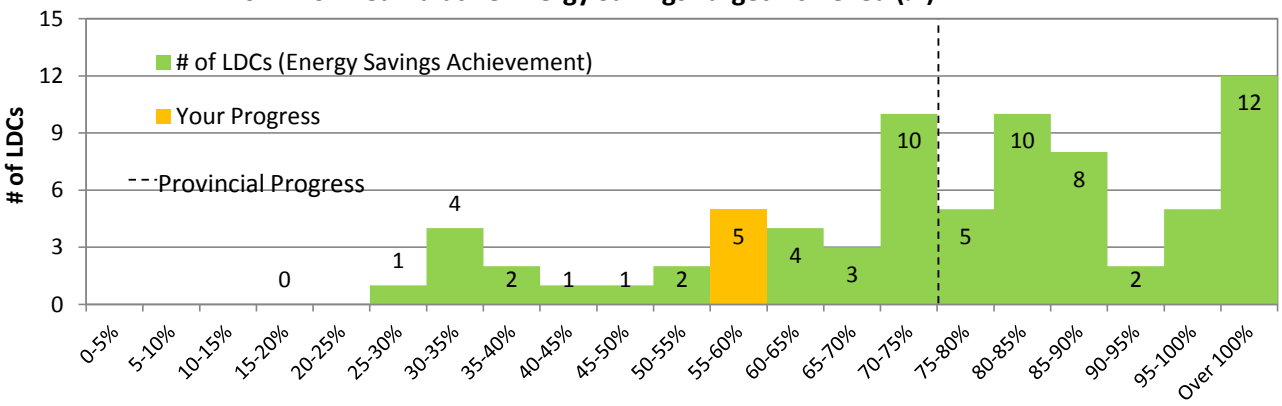
Comparison: Your Achievement vs. LDC Community Achievement

The following graphs assume that demand response resources remain in your territory until 2014 (aligns with Scenario 2)

2014 Annual Peak Demand Savings Target Achieved (%)



2011-2014 Cumulative Energy Savings Target Achieved (%)



Questions? Please check the "About this Report" Section on page 2, Table 5 on page 9 and "Reporting Methodology" on page 10.
More Questions? Please contact LDC.Support@powerauthority.on.ca

Message from the Vice President

I am pleased to present our Q4 2013 LDC report. We continue to achieve great progress across all sectors. Provincially we have achieved 83% of the cumulative 6,000 GWh energy target and progress towards the 1,330 MW demand target increased from last quarter to 46%.

A few highlights of our current activities during this reporting period:

- Take up in the LDC Conservation Fund Innovation Stream continues to grow.
- The new roof-top unit (RTU) incentives for RETROFIT PROGRAM came into effect January 1, 2014. Non-lighting measures continue to play an important role towards achieving targets.
- Aboriginal Program has started to contribute to savings in Q4! Over 250 completed home retrofits have been received to date.
- Final wave of enhancements to enable the 2015 Program extension are underway
- Achievable Potential study to estimate realistic potential of EE and DR programs in Ontario is in progress

We look forward to continuing to work together on evolving our Conservation Programs in 2014, and engaging channel partners across all sectors to further drive participation.

We encourage you to continue to contact us and tell us your ideas and success stories so we can share our experiences across the province.

Please contact the OPA Conservation Business Development team at ldc.support@powerauthority.on.ca with any questions regarding this report.

Congratulations on another successful quarter and wishing you a great year in 2014!

Sincerely,

Andrew Pride

About this Report

This report contains:

- Peak demand and energy savings for OPA-Contracted Province-Wide programs (does not include Ontario Energy Board (OEB) approved CDM programs or other LDC conservation efforts)
- Progress as of the end of Q4 2013 using unverified quarterly results for 2013 and final verified results for 2011-12
- Program activity data (i.e. projects completed, appliances picked up) completed on or before December 31st, 2013 and received and entered into the OPA processing systems as per the dates specified in Table 5
- Updates to the previous quarter's participation as a result of further data received
- Information to assist the LDC in reconciling internal data sources with the data contained in this report. Table 5 contains:

  1 The date in which savings are considered to 'start';
  2 At what point the data becomes available to the OPA;
  3 The expected probability and magnitude of updates to the data as more information becomes available.
- iCON CRM Post Stage Retrofit Report data queried on January 13th, 2013
  - Retrofit projects completed after December 31, 2011 will be tracked as part of the Business program only
- Preliminary results for peaksaverPLUS® representing customers that have signed a Participant Agreement and information has been successfully uploaded into the RDR settlement system
- peaksaver PLUS® reporting is split into two line items: Switch/Thermostat and IHD

2011-2014 Summary: Net Peak Demand Savings Achieved (MW)

This section provides a portfolio level view of net peak demand savings procured to date through Tier 1 programs.
Table 1 presents:

- Net peak demand savings results from 2011 to Q4 2013 listed by implementation period, status (i.e. final or reported) and summarized by resource type (i.e. energy efficiency or demand response)
- Net annual peak demand savings that are expected to persist through to 2014 from program activity completed as of Q4 2013 using both Scenarios 1 and 2
- A comparison between reported, unverified results and final, verified results
- Energy efficiency resources reported with persistence according to the effective useful life of the technology

Figure 1 presents:

- Net peak demand savings results from 2011 to date using Scenario 1 for demand response resources (persistence of 1 year)

Please note: Demand response resources are only presented in the final quarter of each year and the current reporting quarter (i.e. Q4 2011, Q4 2012, and Q3 2013). Figures below and tables 3B and 4B present demand response in each quarter to display any changes that may have occurred quarter over quarter.

Table 1A: Net Peak Demand Savings at the End-User Level (MW)

#	Implementation Period	Annual (MW)				
		Scenario 1				Scenario 2
		2011	2012	2013	2014	2014
1	2011 - Final*	35.0	19.4	19.4	17.4	17.4
2	2012 - Final*	-0.2	42.5	13.0	12.9	12.9
3	2013 - Reported - Quarter 1			3.0	3.0	3.0
4	2013 - Reported - Quarter 2			4.0	4.0	4.0
5	2013 - Reported - Quarter 3			3.8	3.8	3.8
6	2013 - Reported - Quarter 4			69.7	3.3	69.7
7	2014					
Energy Efficiency		19.2	32.4	46.6	44.5	44.5
Demand Response		15.6	29.4	66.4	0.0	66.4
Net Annual Peak Demand Savings		34.8	61.9	112.9	44.4	110.9
Unverified Net Annual Peak Demand Savings in 2014:					**44.4**	**110.8**
2014 Annual Peak Demand Savings Target as per OEB:					**213.7**	**213.7**
Unverified 2014 Peak Demand Savings Target Achieved (%):					**21%**	**52%**
Incremental Reported (Unverified)		21.8	43.0	80.5		
Incremental Final (Verified)		35.0	42.5	n/a		

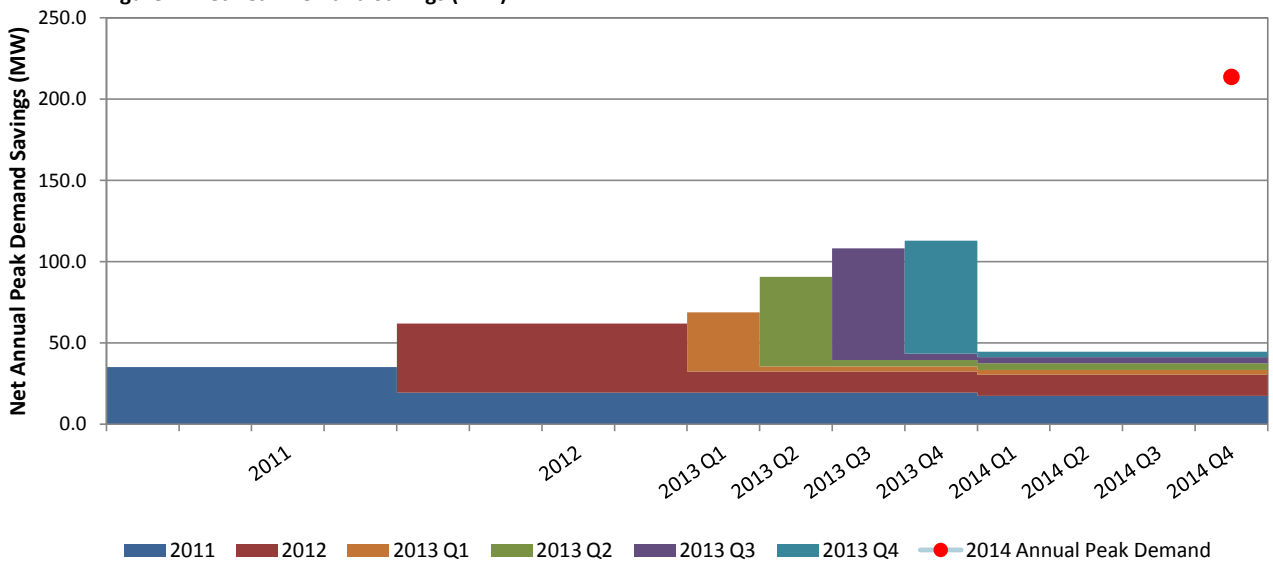
* Drop from 2011 to 2012 due to demand response persistence assumption (scenario 1)

Table 1B: Peak Demand Savings from DR3 Resources

Reported DR3 (Ex Ante) (MW)**	54.7
Contracted DR3 (MW)**	62.9

** Consistent with monthly DR3 reports at the end of each quarter

Figure 1: Net Peak Demand Savings (MW)



2011-2014 Summary: Net Energy Savings Achieved (GWh)

This section provides a portfolio level view of net energy savings procured to date through Tier 1 programs.

Table 2 presents net annual energy savings results from 2011 to date listed by implementation period, status (i.e. final or reported) and summarized by resource type. This table aligns with Scenario 1 and presents 2011-2014 net cumulative energy savings expected in 2014 from program activity completed to date. At the bottom of the table a comparison is made between reported results (unverified) and final results (verified) for 2011, 2012, and 2013 year-to-date.

Table 2: Net Energy Savings at the End-User Level (GWh)

#	Implementation Period	Annual (GWh)				Cumulative (GWh)
		2011	2012	2013	2014	2011-2014
1	2011 - Final*	85.7	84.8	84.8	79.4	334.7
2	2012 - Final*	1.2	60.0	59.1	58.9	179.2
3	2013 - Reported - Quarter 1			14.0	14.0	28.0
4	2013 - Reported - Quarter 2			21.9	21.9	43.8
5	2013 - Reported - Quarter 3			16.7	16.7	33.4
6	2013 - Reported - Quarter 4			19.8	18.0	37.8
7	2014					
Energy Efficiency		86.0	144.2	214.9	208.9	654.0
Demand Response		0.8	0.6	1.4	0.0	2.8
Net Energy Savings		86.9	144.8	216.3	208.9	656.9
					Unverified Net Cumulative Energy Savings 2011-2014:	**656.9**
					2011-2014 Cumulative Energy Savings Target as per OEB:	**1,130.2**
					Unverified 2011-2014 Cumulative Energy Target Achieved (%):	**58%**
Incremental Reported (Unverified)		0.0	55.1	72.4		
Incremental Final (Verified)		85.7	60.0	n/a		

* Drop from 2011 to 2012 due to demand response persistence assumption (scenario 1)

Figure 2: Net Cumulative Energy Savings (GWh)

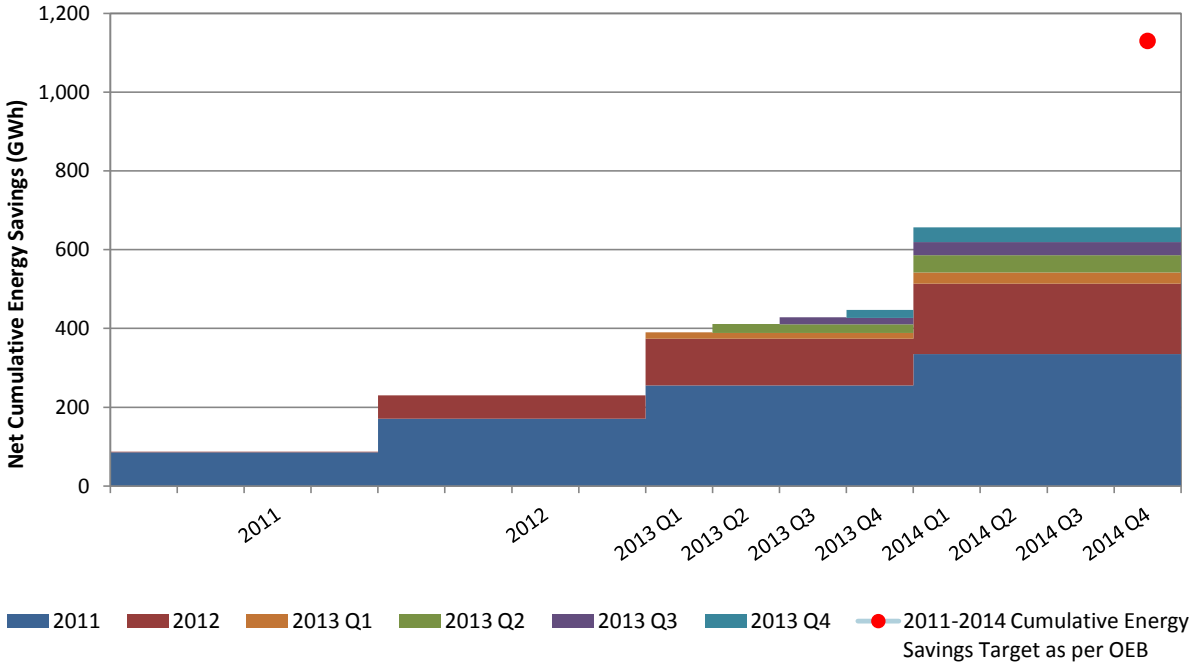


Table 3A: Hydro One Networks Inc. Initiative and Program Level Savings by Year (Scenario 1)

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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 Unverified Progress to Target (excludes DR)	
															2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
			2011 Adj.*	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014	2014
Consumer Program																
1	Appliance Retirement	Appliances	17,394	10,137	6,283		1,045	582	368		7,306,925	4,037,503	2,502,370		1,957	46,311,195
2	Appliance Exchange	Appliances	939	1,039	2,246		95	150	334		116,777	263,601	594,792		520	2,394,404
3	HVAC Incentives	Equipment	11,495	12,148	11,362		4,255	2,935	2,764		8,101,055	5,274,119	4,974,859		9,953	58,176,295
4	Conservation Instant Coupon Booklet	Measures	192,631	9,261	31,313		497	69	47		7,415,670	419,164	940,623		613	32,801,417
5	Bi-Annual Retailer Event	Measures	285,443	318,045	315,463		504	444	476		8,810,008	8,028,823	9,105,770		1,424	77,538,041
6	Retailer Co-op	Items	-	-	-		-	-	-		-	-	-		-	-
7	Residential Demand Response (switch/pstat)*	Devices	1,956	13,200	19,823		1,095	6,159	11,490		2,836	44,183	91,916		-	138,935
8	Residential Demand Response (IHD)	Devices	-	-	32		-	-	-		-	-	-		-	-
9	Residential New Construction	Homes	5	-	-		-	1	-		-	10,212	-		1	30,635
Consumer Program Total							**7,491**	**10,340**	**15,479**		**31,753,271**	**18,077,605**	**18,210,330**		**14,468**	**217,390,922**
Business Program																
10	Retrofit	Projects	321	586	981		2,346	5,081	4,470		13,286,676	24,422,018	27,201,288		11,803	180,153,527
11	Direct Install Lighting	Projects	4,313	3,388	4,275		5,296	2,997	5,157		13,630,141	11,201,013	21,918,099		11,510	126,538,015
12	Building Commissioning	Buildings	-	-	-		-	-	-		-	-	-		-	-
13	New Construction	Buildings	14	28	28		87	354	315		252,008	1,054,580	898,613		755	5,968,996
14	Energy Audit	Audits	10	14	1		-	72	5		-	352,468	25,176		78	1,107,755
15	Small Commercial Demand Response (switch/pstat)*	Devices	-	25	262		-	16	168		-	91	1,341		-	1,432
16	Small Commercial Demand Response (IHD)	Devices	-	-	-		-	-	-		-	-	-		-	-
17	Demand Response 3*	Facilities	15	15	16		924	880	1,350		36,069	12,793	19,626		-	68,488
Business Program Total							**8,653**	**9,400**	**11,465**		**27,204,894**	**37,042,963**	**50,064,143**		**24,146**	**313,838,213**
Industrial Program																
18	Process & System Upgrades	Projects	-	-	-		-	-	-		-	-	-		-	-
19	Monitoring & Targeting	Projects	-	-	-		-	-	-		-	-	-		-	-
20	Energy Manager	Projects	-	3	-		-	-	-		-	254,894	-		-	764,683
21	Retrofit	Projects	55	-	-		453	-	-		3,097,420	-	-		453	12,389,680
22	Demand Response 3*	Facilities	21	53	70		13,590	22,391	53,372		797,689	539,613	1,286,251		-	2,623,553
Industrial Program Total							**14,043**	**22,391**	**53,372**		**3,895,109**	**794,507**	**1,286,251**		**453**	**15,777,916**
Home Assistance Program																
23	Home Assistance Program	Homes	-	510	3,045		-	75	257		-	711,836	2,493,938		332	7,123,384
Home Assistance Program Total							**-**	**75**	**257**		**-**	**711,836**	**2,493,938**		**332**	**7,123,384**
Aboriginal Program																
24	Aboriginal Program	Homes	-	-	233		-	-	27		-	-	331,589		27	663,178
Aboriginal Program Total							**-**	**-**	**27**		**-**	**-**	**331,589**		**27**	**663,178**
Pre-2011 Programs completed in 2011																
25	Electricity Retrofit Incentive Program	Projects	385	-	-		2,732	-	-		12,086,358	-	-		2,732	48,345,431
26	High Performance New Construction	Projects	63	15	1		2,087	488	-		10,719,939	2,118,988	-		2,575	49,236,719
27	Toronto Comprehensive	Projects	-	-	-		-	-	-		-	-	-		-	-
28	Multifamily Energy Efficiency Rebates	Projects	-	-	-		-	-	-		-	-	-		-	-
29	LDC Custom Programs	Projects	-	-	-		-	-	-		-	-	-		-	-
Pre-2011 Programs completed in 2011 Total							**4,819**	**488**	**-**		**22,806,297**	**2,118,988**	**-**		**5,307**	**97,582,150**
Other																
30	Program Enabled Savings	Projects	-	-	-		-	-	-		-	-	-		-	-
31	Time-of-Use Savings	Homes	-	-	-		-	-	-		-	-	-		-	-
Other Total							**-**	**-**	**-**		**-**	**-**	**-**		**-**	**-**
Adjustment to Previous Year's Verified Results							**-**	**-**	**215**	**-**	**-**	**1,211,854**	**-**	**-**	**-**	**230**	**4,794,328**
Energy Efficiency Total							**19,397**	**13,248**	**14,220**	**-**	**84,822,977**	**58,149,219**	**70,987,117**	**-**	**44,733**	**649,543,355**
Demand Response Total (Scenario 1)							**15,609**	**29,446**	**66,380**	**-**	**836,594**	**596,680**	**1,399,134**	**-**	**-**	**2,832,408**
OPA-Contracted LDC Portfolio Total							**35,006**	**42,479**	**80,600**	**-**	**85,659,571**	**59,957,753**	**72,386,251**	**-**	**44,503**	**657,170,091**
															Full OEB Target:	**213,700**	**1,130,200,000**
															% of Full OEB Target Achieved to Date (Scenario 1):	**21%**	**58%**

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Due to the limited timeframe of data, which didn't include the summer months, 2012 IHD results have been deemed inconclusive. The IHD line item for 2012 & 2013 will be left blank until the savings are quantified in the 2013 evaluation.

Table 3B: Hydro One Networks Inc. Initiative and Program Level Savings by Quarter for current reporting year**

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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)			
			Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Consumer Program														
1	Appliance Retirement	Appliances	1,194	1,617	1,900	1,572	69	95	111	93	477,293	641,130	759,678	624,268
2	Appliance Exchange	Appliances	-	-	1,840	405	-	-	273	60	-	-	487,428	107,365
3	HVAC Incentives	Equipment	2,308	3,396	3,355	2,303	594	771	792	607	1,095,426	1,343,342	1,406,317	1,129,774
4	Conservation Instant Coupon Booklet	Measures	20	1,785	7,750	21,758	-	4	13	30	819	62,908	255,174	621,722
5	Bi-Annual Retailer Event	Measures	3,053	148,193	1,924	162,293	4	239	4	229	77,397	4,225,949	49,780	4,752,644
6	Retailer Co-op	Items	-	-	-	-	-	-	-	-	-	-	-	-
7	Residential Demand Response (switch/pstat)*	Devices	14,994	17,655	19,823	19,823	8,689	10,232	11,490	11,490	69,514	81,856	91,916	91,916
8	Residential Demand Response (IHD)	Devices	-	-	32	-	-	-	-	-	-	-	-	-
9	Residential New Construction	Homes	-	-	-	-	-	-	-	-	-	-	-	-
Consumer Program Total							**9,356**	**11,341**	**12,683**	**12,509**	**1,720,449**	**6,355,185**	**3,050,293**	**7,327,689**
Business Program														
10	Retrofit	Projects	198	299	311	173	986	1,271	1,474	739	5,549,688	8,174,570	8,529,174	4,947,857
11	Direct Install Lighting	Projects	942	1,314	874	1,145	1,082	1,548	1,055	1,472	4,653,872	7,113,956	4,647,253	5,503,019
12	Building Commissioning	Buildings	-	-	-	-	-	-	-	-	-	-	-	-
13	New Construction	Buildings	12	7	8	1	132	91	82	10	418,151	191,429	259,627	29,406
14	Energy Audit	Audits	-	1	-	-	-	5	-	-	-	25,176	-	-
15	Small Commercial Demand Response (switch/pstat)*	Devices	26	26	127	262	17	17	81	168	133	133	650	1,341
16	Small Commercial Demand Response (IHD)	Devices	-	-	-	-	-	-	-	-	-	-	-	-
17	Demand Response 3*	Facilities	13	16	16	16	638	1,329	1,190	1,350	25,003	29,671	26,564	19,626
Business Program Total							**2,855**	**4,261**	**3,882**	**3,739**	**10,646,847**	**15,534,935**	**13,463,268**	**10,501,249**
Industrial Program														
18	Process & System Upgrades	Projects	-	-	-	-	-	-	-	-	-	-	-	-
19	Monitoring & Targeting	Projects	-	-	-	-	-	-	-	-	-	-	-	-
20	Energy Manager	Projects	-	-	-	-	-	-	-	-	-	-	-	-
21	Retrofit	Projects	-	-	-	-	-	-	-	-	-	-	-	-
22	Demand Response 3*	Facilities	62	67	71	70	23,985	39,616	52,156	53,372	1,407,865	889,386	1,170,894	1,286,251
Industrial Program Total							**23,985**	**39,616**	**52,156**	**53,372**	**1,407,865**	**889,386**	**1,170,894**	**1,286,251**
Home Assistance Program														
23	Home Assistance Program	Homes	2,040	92	180	733	183	22	33	19	1,766,661	144,497	266,228	316,552
Home Assistance Program Total							**183**	**22**	**33**	**19**	**1,766,661**	**144,497**	**266,228**	**316,552**
Aboriginal Program														
24	Aboriginal Program	Homes	-	-	-	-	-	-	-	27	-	-	-	331,589
Aboriginal Program Total							**-**	**-**	**-**	**27**	**-**	**-**	**-**	**331,589**
Pre-2011 Programs completed in 2011														
25	Electricity Retrofit Incentive Program	Projects	-	-	-	-	-	-	-	-	-	-	-	-
26	High Performance New Construction	Projects	1	-	-	-	-	-	-	-	-	-	-	-
27	Toronto Comprehensive	Projects	-	-	-	-	-	-	-	-	-	-	-	-
28	Multifamily Energy Efficiency Rebates	Projects	-	-	-	-	-	-	-	-	-	-	-	-
29	LDC Custom Programs	Projects	-	-	-	-	-	-	-	-	-	-	-	-
Pre-2011 Programs completed in 2011 Total			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other														
30	Program Enabled Savings	Projects	-	-	-	-	-	-	-	-	-	-	-	-
31	Time-of-Use Savings	Homes	-	-	-	-	-	-	-	-	-	-	-	-
Other Total							**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Adjustment to Previous Year's Verified Results														
Energy Efficiency Total							**3,050**	**4,046**	**3,837**	**3,286**	**14,039,307**	**21,922,957**	**16,660,659**	**18,364,196**
Demand Response Total (Scenario 1)							**33,329**	**51,194**	**64,917**	**66,380**	**1,502,515**	**1,001,046**	**1,290,024**	**1,399,134**
OPA-Contracted LDC Portfolio Total							**36,379**	**55,240**	**68,754**	**69,666**	**15,541,822**	**22,924,003**	**17,950,683**	**19,763,330**

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

***Includes adjustments after Final Reports were issued**

**** Updates to the previous quarter's participation may occur as a result of further data received**

Table 4A: Province-Wide Initiative and Program Level Savings by Year (Scenario 1)

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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 Unverified Progress to Target (excludes DR)	
															2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
			2011 Adj.*	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014	2014
Consumer Program																
1	Appliance Retirement	Appliances	56,110	34,146	20,894		3,299	2,011	1,280		23,005,812	13,424,518	8,183,872		6,451	148,544,601
2	Appliance Exchange	Appliances	3,688	3,836	5,316		371	556	790		450,187	974,621	1,407,949		1,479	7,328,424
3	HVAC Incentives	Equipment	92,721	85,221	73,005		32,037	19,060	16,407		59,437,670	32,841,283	28,268,532		67,504	392,811,594
4	Conservation Instant Coupon Booklet	Measures	567,678	30,891	104,583		1,344	230	158		21,211,537	1,398,202	3,139,871		1,733	95,320,495
5	Bi-Annual Retailer Event	Measures	952,149	1,060,901	1,052,753		1,681	1,480	1,588		29,387,468	26,781,674	30,381,982		4,750	258,658,860
6	Retailer Co-op	Items	152	-	-		-	-	-		2,652	-	-		-	10,607
7	Residential Demand Response (switch/pstat)*	Devices	19,550	98,388	144,236		10,947	49,038	83,370		24,870	359,408	666,964		-	1,051,242
8	Residential Demand Response (IHD)	Devices	-	49,689	71,067		-	-	-		-	-	-		-	-
9	Residential New Construction	Homes	26	-	22		-	2	16		743	17,152	38,516		18	131,462
Consumer Program Total							**49,679**	**72,377**	**103,609**		**133,520,939**	**75,796,858**	**72,087,686**		**81,935**	**903,857,285**
Business Program																
10	Retrofit	Projects	2,819	5,605	7,737		24,467	61,147	54,775		136,002,258	314,922,468	334,817,664		138,792	2,150,282,786
11	Direct Install Lighting	Projects	20,741	18,494	16,159		23,724	15,284	16,352		61,076,701	57,345,798	67,108,291		47,532	525,289,451
12	Building Commissioning	Buildings	-	-	-		-	-	-		-	-	-		-	-
13	New Construction	Buildings	22	64	51		123	764	886		411,717	1,814,721	1,921,510		1,774	10,934,051
14	Energy Audit	Audits	196	280	189		-	1,450	978		-	7,049,351	4,758,312		2,428	30,664,678
15	Small Commercial Demand Response (switch/pstat)*	Devices	132	294	762		84	187	485		157	1,068	3,882		-	5,107
16	Small Commercial Demand Response (IHD)	Devices	-	-	138		-	-	-		-	-	-		-	-
17	Demand Response 3*	Facilities	145	151	175		16,218	19,389	25,054		633,421	281,823	364,174		-	1,279,418
Business Program Total							**64,616**	**98,221**	**98,530**		**198,124,254**	**381,415,229**	**408,973,833**		**190,526**	**2,718,455,491**
Industrial Program																
18	Process & System Upgrades	Projects	-	-	1		-	-	41		-	-	357,000		41	714,000
19	Monitoring & Targeting	Projects	-	-	-		-	-	-		-	-	-		-	-
20	Energy Manager	Projects	-	39	114		-	1,086	2,296		-	7,372,108	15,106,456		3,381	52,329,236
21	Retrofit	Projects	433	-	-		4,615	-	-		28,866,840	-	-		4,613	115,462,282
22	Demand Response 3*	Facilities	124	185	281		52,484	74,056	166,699		3,080,737	1,784,712	4,017,369		-	8,882,817
Industrial Program Total							**57,099**	**75,142**	**169,036**		**31,947,577**	**9,156,820**	**19,480,825**		**8,035**	**177,388,335**
Home Assistance Program																
23	Home Assistance Program	Homes	46	5,033	21,123		2	566	1,939		39,283	5,442,232	18,197,636		2,508	52,879,102
Home Assistance Program Total							**2**	**566**	**1,939**		**39,283**	**5,442,232**	**18,197,636**		**2,508**	**52,879,102**
Aboriginal Program																
24	Aboriginal Program	Homes	-	-	239		-	-	28		-	-	345,428		28	690,856
Aboriginal Program Total							**-**	**-**	**28**		**-**	**-**	**345,428**		**28**	**690,856**
Pre-2011 Programs completed in 2011																
24	Electricity Retrofit Incentive Program	Projects	2,028	-	-		21,662	-	-		121,138,219	-	-		21,662	484,552,876
25	High Performance New Construction	Projects	179	69	9		5,098	3,251	1,806		26,185,591	11,901,944	12,769,879		10,155	165,987,955
26	Toronto Comprehensive	Projects	577	-	-		15,805	-	-		86,964,886	-	-		15,805	347,859,545
27	Multifamily Energy Efficiency Rebates	Projects	110	-	-		1,981	-	-		7,595,683	-	-		1,981	30,382,733
28	LDC Custom Programs	Projects	8	-	-		399	-	-		1,367,170	-	-		399	5,468,679
Pre-2011 Programs completed in 2011 Total							**44,945**	**3,251**	**1,806**		**243,251,549**	**11,901,944**	**12,769,879**		**50,002**	**1,034,251,788**
Other																
29	Program Enabled Savings	Projects	-	-	-		-	2,304	-		-	1,188,362	-		2,304	3,565,086
30	Time-of-Use Savings	Homes	-	-	-		-	-	-		-	-	-		-	-
Other Total							**-**	**2,304**	**-**		**-**	**1,188,362**	**-**		**2,304**	**3,565,086**
Adjustment to Previous Year's Verified Results							**-**	**1,406**	**-**		**-**	**18,689,081**	**-**		**1,156**	**73,918,598**
Energy Efficiency Total							**136,608**	**109,191**	**99,340**		**603,144,417**	**482,474,434**	**526,802,898**		**335,338**	**4,879,869,359**
Demand Response Total (Scenario 1)							**79,733**	**142,670**	**275,608**		**3,739,185**	**2,427,011**	**5,052,389**		**-**	**11,218,584**
OPA-Contracted LDC Portfolio Total							**216,341**	**253,267**	**374,948**		**606,883,602**	**503,590,526**	**531,855,287**		**336,494**	**4,965,006,541**

Full OEB Target:	**1,330,000**	**6,000,000,000**
% of Full OEB Target Achieved to Date (Scenario 1):	**25%**	**83%**

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Due to the limited timeframe of data, which didn't include the summer months, 2012 IHD results have been deemed inconclusive. The IHD line item for 2012 & 2013 will be left blank until the savings are quantified in the 2013 evaluation.

Table 4B: Province-Wide Initiative and Program Level Savings by Quarter for Current Reporting Year**

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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)			
			Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Consumer Program														
1	Appliance Retirement	Appliances	4,372	5,381	6,244	4,897	262	331	385	302	1,726,524	2,098,963	2,440,621	1,917,764
2	Appliance Exchange	Appliances	-	-	4,298	1,018	-	-	638	151	-	-	1,138,331	269,619
3	HVAC Incentives	Equipment	14,992	22,871	22,173	12,969	3,708	4,722	4,736	3,241	6,694,244	7,780,630	7,936,273	5,857,386
4	Conservation Instant Coupon Booklet	Measures	66	5,953	25,895	72,669	1	13	44	100	2,732	209,810	851,896	2,075,434
5	Bi-Annual Retailer Event	Measures	10,184	494,302	6,428	541,839	14	796	14	765	258,174	14,096,046	166,241	15,861,521
6	Retailer Co-op	Items	-	-	-	-	-	-	-	-	-	-	-	-
7	Residential Demand Response (switch/pstat)*	Devices	114,389	125,077	139,363	144,236	66,199	72,321	80,568	83,370	529,591	578,565	644,548	666,964
8	Residential Demand Response (IHD)	Devices	21,052	25,463	18,613	5,939	-	-	-	-	-	-	-	-
9	Residential New Construction	Homes	5	1	5	11	-	-	14	1	816	623	28,008	9,068
Consumer Program Total							**70,184**	**78,183**	**86,399**	**87,930**	**9,212,081**	**24,764,637**	**13,205,918**	**26,657,756**
Business Program														
10	Retrofit	Projects	1,683	2,077	2,467	1,510	13,556	14,218	15,851	11,149	79,459,717	78,895,962	110,001,262	66,460,723
11	Direct Install Lighting	Projects	4,130	4,512	3,776	3,741	4,224	4,644	3,648	3,836	17,243,776	20,516,334	15,003,555	14,344,625
12	Building Commissioning	Buildings	-	-	-	-	-	-	-	-	-	-	-	-
13	New Construction	Buildings	19	18	13	1	309	237	330	10	961,072	538,485	392,547	29,406
14	Energy Audit	Audits	87	73	19	10	450	378	98	52	2,190,334	1,837,867	478,349	251,763
15	Small Commercial Demand Response (switch/pstat)*	Devices	250	271	531	762	159	173	339	485	1,272	1,385	2,711	3,882
16	Small Commercial Demand Response (IHD)	Devices	38	53	20	27	-	-	-	-	-	-	-	-
17	Demand Response 3*	Facilities	153	170	171	175	20,082	27,275	24,055	25,054	786,518	608,767	536,899	364,174
Business Program Total							**38,780**	**46,925**	**44,321**	**40,586**	**100,642,689**	**102,398,800**	**126,415,323**	**81,454,573**
Industrial Program														
18	Process & System Upgrades	Projects	1	-	-	-	41	-	-	-	357,000	-	-	-
19	Monitoring & Targeting	Projects	-	-	-	-	-	-	-	-	-	-	-	-
20	Energy Manager	Projects	54	19	28	13	853	434	657	352	6,729,303	2,886,570	2,904,907	2,585,676
21	Retrofit	Projects	-	-	-	-	-	-	-	-	-	-	-	-
22	Demand Response 3*	Facilities	210	270	281	281	78,121	106,583	149,404	166,699	4,585,608	2,392,785	3,354,125	4,017,369
Industrial Program Total							**79,015**	**107,017**	**150,061**	**167,051**	**11,671,911**	**5,279,355**	**6,259,032**	**6,603,045**
Home Assistance Program														
23	Home Assistance Program	Homes	11,410	969	4,166	4,578	964	161	495	320	9,813,257	1,597,567	3,796,765	2,990,047
Home Assistance Program Total			-	-	-	-	**964**	**161**	**495**	**320**	**9,813,257**	**1,597,567**	**3,796,765**	**2,990,047**
Aboriginal Program														
24	Aboriginal Program	Homes	-	-	-	239	-	-	-	28	-	-	-	345,428
Aboriginal Program Total							**-**	**-**	**-**	**28**	**-**	**-**	**-**	**345,428**
Pre-2011 Programs completed in 2011														
24	Electricity Retrofit Incentive Program	Projects	-	-	-	-	-	-	-	-	-	-	-	-
25	High Performance New Construction	Projects	4	-	5	-	731	-	1,075	-	5,563,680	-	7,206,199	-
26	Toronto Comprehensive	Projects	-	-	-	-	-	-	-	-	-	-	-	-
27	Multifamily Energy Efficiency Rebates	Projects	-	-	-	-	-	-	-	-	-	-	-	-
28	LDC Custom Programs	Projects	-	-	-	-	-	-	-	-	-	-	-	-
Pre-2011 Programs completed in 2011 Total			-	-	-	-	**731**	**-**	**1,075**	**-**	**5,563,680**	**-**	**7,206,199**	**-**
Other														
29	Program Enabled Savings	Projects	-	-	-	-	-	-	-	-	-	-	-	-
30	Time-of-Use Savings	Homes	-	-	-	-	-	-	-	-	-	-	-	-
Other Total							**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Adjustment to Previous Year's Verified Results														
Energy Efficiency Total							**25,113**	**25,934**	**27,985**	**20,307**	**131,000,629**	**130,458,857**	**152,344,954**	**112,998,460**
Demand Response Total (Scenario 1)							**164,561**	**206,352**	**254,366**	**275,608**	**5,902,989**	**3,581,502**	**4,538,283**	**5,052,389**
OPA-Contracted LDC Portfolio Total							**189,674**	**232,286**	**282,351**	**295,915**	**136,903,618**	**134,040,359**	**156,883,237**	**118,050,849**

Activity & savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

***Includes adjustments after Final Reports were issued**

**** Updates to the previous quarter's participation may occur as a result of additional data received**

Table 5: Data Qualifiers for Initiatives Currently In-Market & Likelihood of Additional Data

Data included in the Q4 2013 report includes all program activity completed (as per the savings 'start' date) on or before December 31st, 2013.

Initiative	Savings 'start' Date	Data Available	Additional Data Likely
Consumer Program			
Appliance Retirement	Pick-up date	When database is queried. Typically up-to-date.	Moderate
Appliance Exchange	Exchange event date	Once data is submitted to the OPA by retailers and undergoes QA/QC by OPA staff. Typically 3 - 6 months to receive and process all data.	High
HVAC Incentives	Installation date1	Rebate Status = Approved, Cheque Issued and Cheque Cashed; Typically 1 - 4 months delay.	High
Conservation Instant Coupon Booklet	Coupon redemption year	Once data is submitted to the OPA by retailers and undergoes QA/QC by OPA staff. Typically 3 - 6 months to receive and process all data.	High
Bi-Annual Retailer Event	Year and quarter of the event		High
Retailer co-op activities	Will vary by specific project	Will vary by specific project	Low
Residential Demand Response	Device installation date	Data successfully uploaded into RDR settlement system as of December 31st, 2013	High
Residential New Construction	Project completion	Preliminary Billing Report submitted to OPA	Low
Business (Commercial & Institutional) Program			
Retrofit	Actual project completion date	In the "Post Project Submission" Stage (excluding "Payment Denied by LDC") within iCON CRM as of January 13th, 2013	Low
Direct Installed Lighting	Retrofit date	Work-order: invoiced, approved and paid to LDC. Typically 1.5 - 2 months delay. Any projects that are flagged as duplicates will not appear in reports until duplicates have been resolved.	High
Building Commissioning	Hand off date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
New Construction	Actual project completion date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
Energy Audit	Audit completion date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
Small Commercial Demand Response	Device installation date	Data successfully uploaded into RDR settlement system	Moderate
Demand Response 3	Facility is available under contract	Facility available under contract with aggregator	Low
Industrial Program			
Process & System Upgrades	In-service date	Preliminary Billing Report submitted to OPA and reviewed	Low
Monitoring & Targeting	Project completion date	Preliminary Billing Report submitted to OPA and reviewed	Low
Energy Manager (EEM or REM)	Project completion date	Completed, non-incented projects submitted quarterly by Energy Manager.	High
Retrofit	All Retrofit projects are now reported under the Business Program		
Demand Response 3	Facility is available under contract	Facility available under contract with aggregator.	Low
Home Assistance Program			
Home Assistance Program	Project completion date	Preliminary Billing Report submitted to OPA and reviewed	High
Pre-2011 Projects Completed in 2011			
High Performance New Construction	Project completion date	Reviewed and processed from delivery agent, quarterly	Moderate

1: Monthly reports split savings into months using the approval date

Reporting Glossary

Annual: the peak demand or energy savings that occur in a given year (includes resource savings from new program activity in a given year and resource savings persisting from previous years). Annual savings for Demand Response resources represent the savings from all active facilities contracted since January 1, 2011.

Cumulative Energy Savings: represents the sum of the annual energy savings that accrue over a defined period (in the context of this report the defined period is 2011 - 2014). This concept does not apply to peak demand savings.

Current Reporting Period: the calendar quarter specified on page 1 of this report.

Effective Useful Life: detemines the persistence of savings for a given technology or initiative. Factors that may effect the useful life of a technology are typical use and operating hours, upcoming code changes, etc. Demand response resources are assumed to have a persistence of 1 year.

End-User Level: resource savings in this report are measured at the customer level as opposed to the generator level (the difference being line losses). All savings presented in this report are at the end-user level.

Final or Verified Savings: savings achieved that have undergone annual Evaluation, Measurement & Verification (EM&V) and thus have had activity audited and savings assumptions measured and verified.

Implementation Period: the particular calendar quarter or calendar year that conservation activity is achieved based on when the savings are considered to 'start' (please see table 5).

Incremental: the new resource savings attributable to activity procured in a particular reporting period based on when the savings are considered to 'start' (please see table 5). Incremental savings for Demand Response resources represent the savings from all active facilities contracted since January 1, 2011 (i.e. Incremental = Annual for demand response only).

Initiative: a Conservation & Demand Management offering focusing on a particular opportunity or customer end-use (i.e. Retrofit, Fridge & Freezer Pickup).

Net Energy Savings (MWh): energy savings attributable to conservation and demand management activities net of free-riders, etc. Please refer to the webinars in the "Reporting Methodology" section for more information.

Net Peak Demand Savings (MW): peak demand savings attributable to conservation and demand management activities net of free-riders, etc. Please refer to the webinars in the "Reporting Methodology" section for more information.

Program-to-Date: the reporting period from January 1, 2011 until the end of the Current Reporting Period.

Program: a group of initiatives that target a particular market sector (i.e. Consumer, Industrial).

Reported or Unverified Savings: savings achieved that are based on reported activity and forecasted or best available savings assumptions. These savings are not verified, i.e. have not undergone the Evaluation, Measurement & Verification processes.

Unit: for a specific initiative the relevant type of activity acquired in the market place (i.e. appliances picked up, projects completed, coupons redeemed).

Reporting Methodology (Quarterly, Unverified results):

There are several resources on reporting that are available to LDCs:

- Reporting Policy & FAQ Document found on the iCON Portal in the "Other Program Materials" under "Reporting Tools"
- LDC Consumer Program Tracking Tool found on the iCON Portal in "Other Program Materials" under "Reporting Tools"
- Webinars (available at the following link: http://www.snwebcastcenter.com/custom_events/opa-20111781/site/index.php)
  - Understanding your Q4 2011 Report (April 11, 2012)
  - Tools from the Reporting WG (April 25, 2012)
  - A Deeper Look at: peaksaverPLUS® (May 23, 2012)
  - A Deeper Look at: Demand Response 3 (June 6, 2012)
  - Revisiting Reporting (June 20, 2012)
  - Quarterly CDM Status Report update (October 24, 2012) http://powerauthority.webex.com; password: DCx2012

saveONenergy

Ontario Power Authority
Conservation & Demand Management Status Report

Q1 2014 Preliminary Results Update

Hydro One Networks Inc.

Unverified OPA-Contracted Province-Wide CDM Program Progress at a Glance

Unverified Progress to Targets	Incremental Q1-2014	Program-to-Date Progress Towards OEB Target				Rank (of 76)
		Scenario 1		Scenario 2		
		Savings	%	Savings	%	Scenario 2
Net Peak Demand Savings (MW)	**72.1**	**119.9**	56%	**119.9**	56%	**13**
Net Energy Savings (GWh)	**16.5**	**702.2**	62%	**702.2**	62%	**63**

Program-to-Date towards Target: Combination of verified (2011-12) and unverified (2013-14) results. To align with savings counted towards OEB targets, peak demand is represented by annual savings in 2014 and energy is represented by the cumulative savings from 2011-2014.

Scenario 1: Assumes that demand response resources have a persistence of 1 year. Official reporting policy for demand response resources.

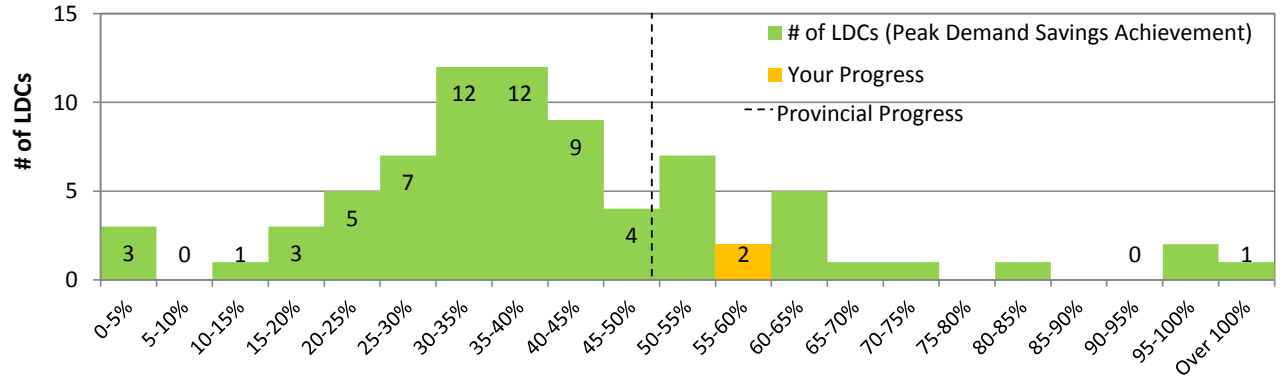
Scenario 2: Assumes that demand response resources remain in your territory until 2014. Used to better assess progress towards demand targets.

Rank: Sorts each LDC by % of peak demand or energy target achieved as of the current reporting period using Scenario 2.

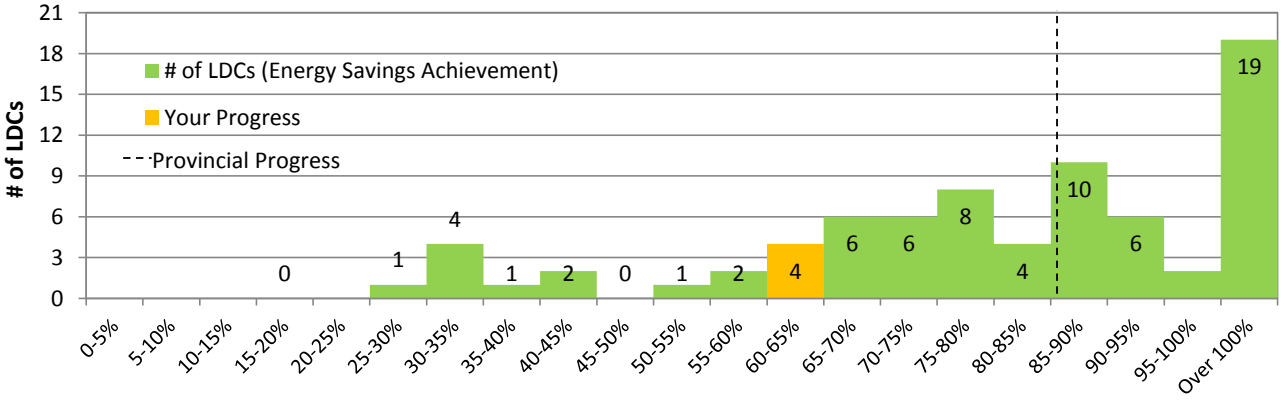
Comparison: Your Achievement vs. LDC Community Achievement

The following graphs assume that demand response resources remain in your territory until 2014 (aligns with Scenario 2)

2014 Annual Peak Demand Savings Target Achieved (%)



2011-2014 Cumulative Energy Savings Target Achieved (%)



Questions? Please check the "About this Report" Section on page 2, Table 5 on page 9 and "Reporting Methodology" on page 10.
More Questions? Please contact LDC.Support@powerauthority.on.ca

Message from the Vice President

I am pleased to present your Q1 2014 LDC Status Update. We continue to progress well across all sectors. Provincially we have achieved 86% of the cumulative 6,000 GWh energy target and progress towards the 1,330 MW demand target increased from last quarter to 49%.

A few highlights of the first quarter of 2014:

- Over half of the LDCs have achieved more than 80% of their energy targets and 19 LDCs have exceeded their energy target
- 13% more projects in Retrofit compared to Q1 2013
- 4.5 million coupon booklets were mailed out to residential customers across Ontario
- 100 Energy Managers (EEMs, REMs, KAMs, EESPs) and LDC sales staff attended the Variable Frequency Drive session as part of a series of five high impact technology workshops in 2014

We are striving to have a successful 2014 by accelerating participation before the end of the year. We would like to hear your ideas and success stories so we can share these experiences across the province.

Please contact the OPA Conservation Business Development team at ldc.support@powerauthority.on.ca with any questions regarding this report.

Congratulations on another successful quarter and wishing you a great Q2!

Sincerely,

Andrew Pride

About this Report

This report contains:

- Peak demand and energy savings for OPA-Contracted Province-Wide programs (does not include Ontario Energy Board (OEB) approved CDM programs or other LDC conservation efforts)
- Progress as of the end of Q1 2014 using unverified quarterly results for 2013-14 and final verified results for 2011-12
- Program activity data (i.e. projects completed, appliances picked up) completed on or before March 31st, 2014 and received and entered into the OPA processing systems as per the dates specified in Table 5
- Updates to the previous quarters' participation as a result of further data received
- Information to assist the LDC in reconciling internal data sources with the data contained in this report. Table 5 contains:

    1 The date in which savings are considered to 'start';
    2 At what point the data becomes available to the OPA;
    3 The expected probability and magnitude of updates to the data as more information becomes available.
- iCON CRM Post Stage Retrofit Report data queried on April 1st, 2014
- Preliminary results for peaksaverPLUS® representing customers that have signed a Participant Agreement and information has been successfully uploaded into the RDR settlement system
- peaksaver PLUS® reporting is split into two line items: Switch/Thermostat and IHD

2011-2014 Summary: Net Peak Demand Savings Achieved (MW)

This section provides a portfolio level view of net peak demand savings procured to date through Tier 1 programs.
Table 1 presents:

- Net peak demand savings results from 2011 to Q1 2014 listed by implementation period, status (i.e. final or reported) and summarized by resource type (i.e. energy efficiency or demand response)
- Net annual peak demand savings that are expected to persist through to 2014 from program activity completed as of Q4 2013 using both Scenarios 1 and 2
- A comparison between reported, unverified results and final, verified results
- Energy efficiency resources reported with persistence according to the effective useful life of the technology

Figure 1 presents:

- Net peak demand savings results from 2011 to date using Scenario 1 for demand response resources (persistence of 1 year)

Please note: Demand response resources are only presented in the final quarter of each year and the current reporting quarter (i.e. Q4 2011, Q4 2012, and Q3 2013). Figures below and tables 3B and 4B present demand response in each quarter to display any changes that may have occurred quarter over quarter.

Table 1A: Net Peak Demand Savings at the End-User Level (MW)

#	Implementation Period	Annual (MW)				
		Scenario 1				Scenario 2
		2011	2012	2013	2014	2014
1	2011 - Final*	35.0	19.4	19.4	17.4	17.4
2	2012 - Final†	-0.2	42.5	13.0	12.9	12.9
3	2013 - Reported - Quarter 1			2.9	2.9	2.9
4	2013 - Reported - Quarter 2			4.3	4.3	4.3
5	2013 - Reported - Quarter 3			4.7	4.7	4.7
6	2013 - Reported - Quarter 4			73.8	5.6	5.6
4	2014 - Reported - Quarter 1				72.1	72.1
Energy Efficiency		19.2	32.4	49.9	51.3	51.3
Demand Response		15.6	29.4	68.2	68.6	68.6
Net Annual Peak Demand Savings		34.8	61.9	118.0	119.9	119.9
Unverified Net Annual Peak Demand Savings in 2014:					**119.9**	**119.9**
2014 Annual Peak Demand Savings Target as per OEB:					**213.7**	**213.7**
Unverified 2014 Peak Demand Savings Target Achieved (%):					**56%**	**56%**
Incremental Reported (Unverified)		21.8	43.0	85.7	72.1	
Incremental Final (Verified)		35.0	42.5	n/a	n/a	

* Drop from 2011 to 2012 due to demand response persistence assumption (scenario 1)

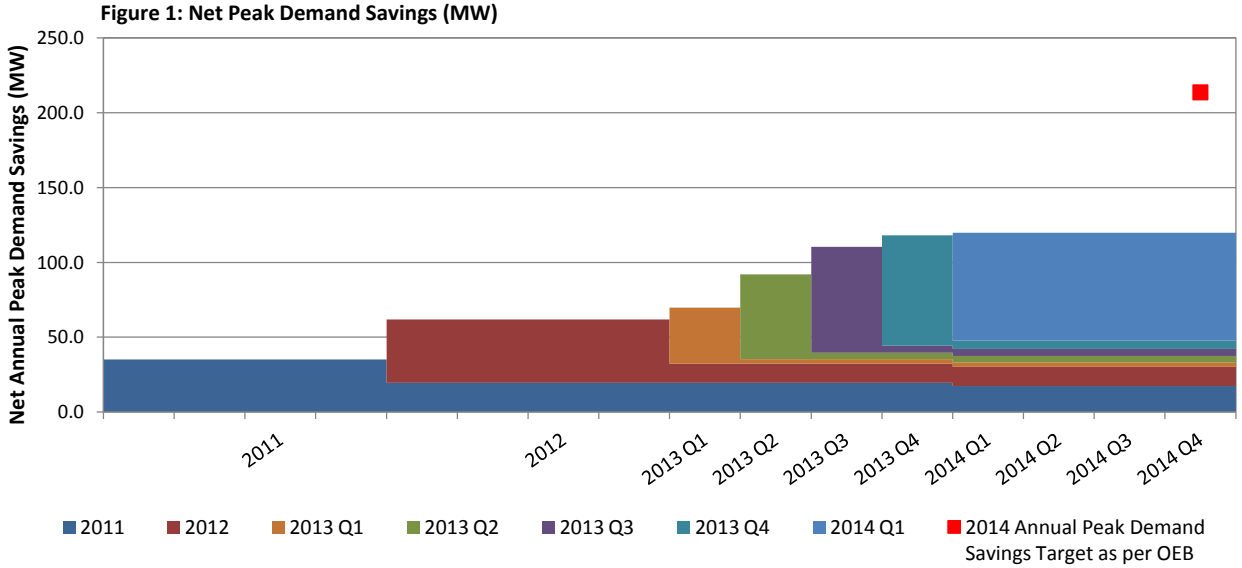
† Includes adjustments to previous year's verified results

Table 1B: Peak Demand Savings from DR3 Resources

Reported DR3 (Ex Ante) (MW)**	55.14
Contracted DR3 (MW)**	63.4

** Consistent with monthly DR3 reports at the end of each quarter

Figure 1: Net Peak Demand Savings (MW)



2011-2014 Summary: Net Energy Savings Achieved (GWh)

This section provides a portfolio level view of net energy savings procured to date through Tier 1 programs.

Table 2 presents net annual energy savings results from 2011 to date listed by implementation period, status (i.e. final or reported) and summarized by resource type. This table aligns with Scenario 1 and presents 2011-2014 net cumulative energy savings expected in 2014 from program activity completed to date. At the bottom of the table a comparison is made between reported results (unverified) and final results (verified) for 2011, 2012, and 2013 year-to-date.

Table 2: Net Energy Savings at the End-User Level (GWh)

#	Implementation Period	Annual (GWh)				Cumulative (GWh)
		2011	2012	2013	2014	2011-2014
1	2011 - Final	85.7	84.8	84.8	79.4	334.6
2	2012 - Final†	1.2	60.0	59.1	58.9	179.2
3	2013 - Reported - Quarter 1			11.9	11.9	23.8
4	2013 - Reported - Quarter 2			21.0	21.0	41.9
5	2013 - Reported - Quarter 3			19.3	19.3	38.7
6	2013 - Reported - Quarter 4			34.4	33.0	67.5
7	2014 - Reported - Quarter 1				16.5	16.5
Energy Efficiency		86.0	144.2	229.1	238.6	697.9
Demand Response		0.8	0.6	1.4	1.4	4.3
Net Energy Savings		86.9	144.8	230.5	240.0	702.2
	Unverified Net Cumulative Energy Savings 2011-2014:					**702.2**
	2011-2014 Cumulative Energy Savings Target as per OEB:					**1,130.2**
	Unverified 2011-2014 Cumulative Energy Target Achieved (%):					**62%**
Incremental Reported (Unverified)		50.6	55.1	86.7	16.5	
Incremental Final (Verified)		85.7	60.0	n/a	n/a	

† Includes adjustments to previous year's verified results

Figure 2: Net Cumulative Energy Savings (GWh)

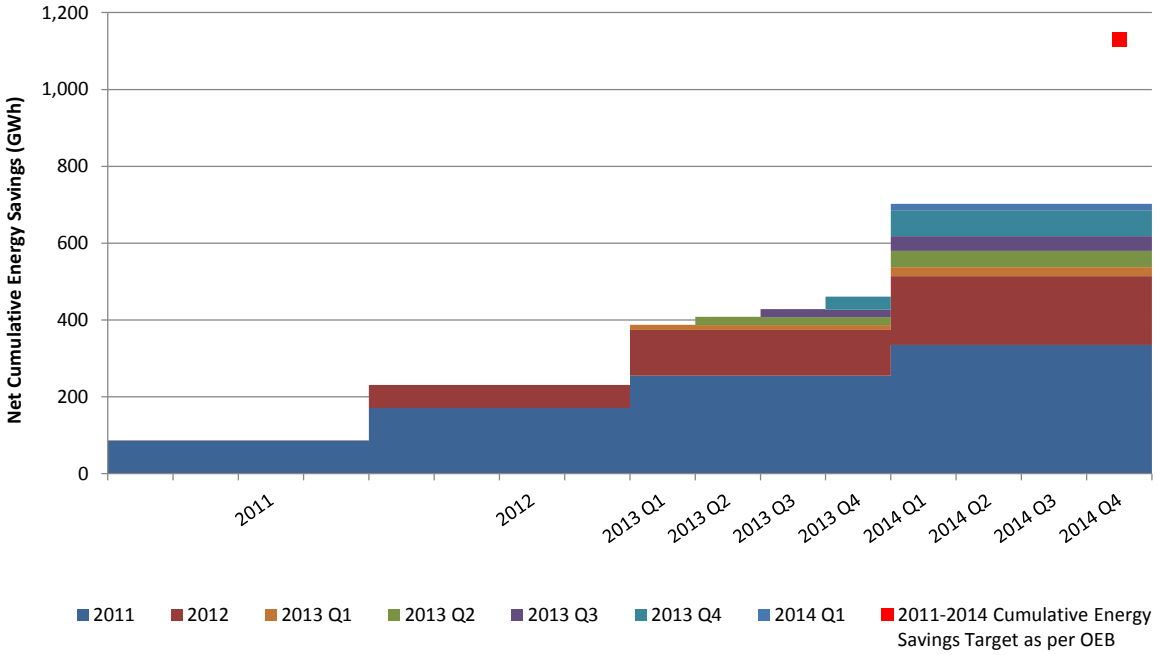


Table 3A: Hydro One Networks Inc. Initiative and Program Level Savings by Year (Scenario 1)

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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 Unverified Progress to Target (excludes DR)	
															2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
			2011 Adj.*	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014	2014
Consumer Program																
1	Appliance Retirement	Appliances	17,394	10,137	6,273	555	1,045	582	367	32	7,306,925	4,037,503	2,498,551	222,368	1,989	46,525,926
2	Appliance Exchange	Appliances	939	1,039	2,299	-	95	150	342	-	116,777	263,601	608,979	-	528	2,422,778
3	HVAC Incentives	Equipment	11,495	12,148	14,484	1,147	4,255	2,935	3,572	309	8,101,055	5,274,119	6,471,804	580,997	11,070	61,751,182
4	Conservation Instant Coupon Booklet	Measures	192,631	9,261	158,215	16,180	497	69	221	26	7,415,670	419,164	4,459,119	548,192	812	40,386,601
5	Bi-Annual Retailer Event	Measures	285,443	318,045	300,772	-	504	444	464	-	8,810,008	8,028,823	8,924,453	-	1,412	77,175,407
6	Retailer Co-op	Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Residential Demand Response (switch/pstat)†	Devices	1,956	13,200	22,902	22,902	1,095	6,159	13,270	13,270	2,836	44,183	106,158	106,158	13,270	259,335
8	Residential Demand Response (IHD)	Devices	-	-	109	-	-	-	-	-	-	-	-	-	-	-
9	Residential New Construction	Homes	5	-	-	-	-	1	-	-	-	10,212	-	-	1	30,635
Consumer Program Total							**7,491**	**10,340**	**18,235**	**13,637**	**31,753,271**	**18,077,604**	**23,069,064**	**1,457,714**	**29,082**	**228,551,864**
Business Program																
10	Retrofit	Projects	321	586	1,005	146	2,346	5,081	5,108	883	13,286,676	24,422,018	30,982,566	5,239,495	13,324	192,955,576
11	Direct Install Lighting	Projects	4,313	3,388	4,642	1,695	5,296	2,997	5,646	2,213	13,630,141	11,201,013	20,351,773	8,215,190	14,212	131,620,552
12	Building Commissioning	Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	New Construction	Buildings	14	28	53	-	87	354	777	-	252,008	1,054,580	2,735,431	-	1,218	9,642,632
14	Energy Audit	Audits	10	14	15	-	-	72	78	-	-	352,468	377,640	-	150	1,812,683
15	Small Commercial Demand Response (switch/pstat)†	Devices	-	25	282	282	-	16	180	180	-	91	1,444	1,444	180	2,979
16	Small Commercial Demand Response (IHD)	Devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Demand Response 3†	Facilities	15	15	16	16	924	880	1,350	1,350	36,069	12,793	19,626	19,624	1,350	88,112
Business Program Total							**8,653**	**9,400**	**13,140**	**4,627**	**27,204,894**	**37,042,963**	**54,468,480**	**13,475,753**	**30,434**	**336,122,534**
Industrial Program																
18	Process & System Upgrades	Projects	-	-	1	-	-	-	328	-	-	-	2,875,000	-	328	5,750,000
19	Monitoring & Targeting	Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Energy Manager	Projects	-	3	-	-	-	-	-	-	-	254,894	-	-	-	764,683
21	Retrofit	Projects	55	-	-	-	453	-	-	-	3,097,420	-	-	-	453	12,389,680
22	Demand Response 3†	Facilities	21	53	70	76	13,590	22,391	53,372	53,787	797,689	539,613	1,286,251	1,296,249	53,787	3,919,803
Industrial Program Total							**14,042**	**22,391**	**53,701**	**53,787**	**3,895,109**	**794,507**	**4,161,251**	**1,296,249**	**54,568**	**22,824,166**
Home Assistance Program																
23	Home Assistance Program	Homes	-	510	3,662	421	-	75	434	15	-	711,836	3,682,676	237,594	524	9,738,454
Home Assistance Program Total							**-**	**75**	**434**	**15**	**-**	**711,836**	**3,682,676**	**237,594**	**524**	**9,738,454**
Aboriginal Program																
24	Aboriginal Program	Homes	-	-	575	-	-	-	168	-	-	-	1,270,953	-	168	2,541,906
Aboriginal Program Total							**-**	**-**	**168**	**-**	**-**	**-**	**1,270,953**	**-**	**168**	**2,541,906**
Pre-2011 Programs completed in 2011																
25	Electricity Retrofit Incentive Program	Projects	385	-	-	-	2,732	-	-	-	12,086,358	-	-	-	2,732	48,345,431
26	High Performance New Construction	Projects	63	15	-	-	2,087	488	-	-	10,719,939	2,118,988	-	-	2,575	49,236,719
27	Toronto Comprehensive	Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	Multifamily Energy Efficiency Rebates	Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	LDC Custom Programs	Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-2011 Programs completed in 2011 Total							**4,819**	**488**	**-**	**-**	**22,806,297**	**2,118,988**	**-**	**-**	**5,307**	**97,582,150**
Other																
30	Program Enabled Savings	Projects	-	-	-		-	-	-	-	-	-	-	-	-	-
31	Time-of-Use Savings	Homes	-	-	-		-	-	-	-	-	-	-	-	-	-
Other Total							**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**
Adjustment to Previous Year's Verified Results							**-**	**(215)**	**-**	**-**	**-**	**1,211,854**	**-**	**-**	**(230)**	**4,794,328**
Energy Efficiency Total							**19,397**	**13,248**	**17,505**	**3,478**	**84,822,977**	**58,149,218**	**85,238,946**	**15,043,835**	**51,496**	**693,090,845**
Demand Response Total (Scenario 1)							**15,609**	**29,446**	**68,173**	**68,588**	**836,594**	**596,680**	**1,413,479**	**1,423,475**	**68,587**	**4,270,229**
OPA-Contracted LDC Portfolio Total							**35,005**	**42,479**	**85,677**	**72,066**	**85,659,571**	**59,957,751**	**86,652,425**	**16,467,310**	**119,853**	**702,155,402**
														Full OEB Target:	**213,660**	**1,130,210,000**
														% of Full OEB Target Achieved to Date (Scenario 1):	**56%**	**62%**

†Activity and savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Due to the limited timeframe of data, which didn't include the summer months, 2012 IHD results have been deemed inconclusive. The IHD line item for 2012 & 2013 will be left blank until the savings are quantified in the 2013 evaluation.

Table 3B: Hydro One Networks Inc. Initiative and Program Level Savings by Quarter for current reporting year**

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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)			
			Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Consumer Program														
1	Appliance Retirement	Appliances	555				32				222,368			
2	Appliance Exchange	Appliances	-				-				-			
3	HVAC Incentives	Equipment	1,147				309				580,997			
4	Conservation Instant Coupon Booklet	Measures	16,180				26				548,192			
5	Bi-Annual Retailer Event	Measures	-				-				-			
6	Retailer Co-op	Items	-				-				-			
7	Residential Demand Response (switch/pstat)†	Devices	22,902				13,270				106,158			
8	Residential Demand Response (IHD)	Devices	-				-				-			
9	Residential New Construction	Homes	-				-				-			
Consumer Program Total							**13,637**	**-**	**-**	**-**	**1,457,714**	**-**	**-**	**-**
Business Program														
10	Retrofit	Projects	146				883				5,239,495			
11	Direct Install Lighting	Projects	1,695				2,213				8,215,190			
12	Building Commissioning	Buildings	-				-				-			
13	New Construction	Buildings	-				-				-			
14	Energy Audit	Audits	-				-				-			
15	Small Commercial Demand Response (switch/pstat)†	Devices	282				180				1,444			
16	Small Commercial Demand Response (IHD)	Devices	-				-				-			
17	Demand Response 3†	Facilities	16				1,350				19,624			
Business Program Total							**4,627**	**-**	**-**	**-**	**13,475,753**	**-**	**-**	**-**
Industrial Program														
18	Process & System Upgrades	Projects	-				-				-			
19	Monitoring & Targeting	Projects	-				-				-			
20	Energy Manager	Projects	-				-				-			
21	Retrofit	Projects	-				-				-			
22	Demand Response 3†	Facilities	76				53,787				1,296,249			
Industrial Program Total							**53,787**	**-**	**-**	**-**	**1,296,249**	**-**	**-**	**-**
Home Assistance Program														
23	Home Assistance Program	Homes	421				15				237,594			
Home Assistance Program Total							**15**	**-**	**-**	**-**	**237,594**	**-**	**-**	**-**
Aboriginal Program														
24	Aboriginal Program	Homes	-				-				-			
Aboriginal Program Total							**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Pre-2011 Programs completed in 2011														
25	Electricity Retrofit Incentive Program	Projects	-				-				-			
26	High Performance New Construction	Projects	-				-				-			
27	Toronto Comprehensive	Projects	-				-				-			
28	Multifamily Energy Efficiency Rebates	Projects	-				-				-			
29	LDC Custom Programs	Projects	-				-				-			
Pre-2011 Programs completed in 2011 Total			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other														
30	Program Enabled Savings	Projects	-				-				-			
31	Time-of-Use Savings	Homes	-				-				-			
Other Total							**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Adjustment to Previous Year's Verified Results														
Energy Efficiency Total							**3,478**	**-**	**-**	**-**	**15,043,835**	**-**	**-**	**-**
Demand Response Total (Scenario 1)							**68,588**	**-**	**-**	**-**	**1,423,475**	**-**	**-**	**-**
OPA-Contracted LDC Portfolio Total							**72,066**	**-**	**-**	**-**	**16,467,310**	**-**	**-**	**-**

†Activity and savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

***Includes adjustments after Final Reports were issued**

**** Updates to the previous quarter's participation may occur as a result of further data received**

Table 4A: Province-Wide Initiative and Program Level Savings by Year (Scenario 1)

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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 Unverified Progress to Target	
															2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
			2011 Adj.*	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014	2014
Consumer Program																
1	Appliance Retirement	Appliances	56,110	34,146	20,952	2,390	3,299	2,011	1,286	140	23,005,812	13,424,518	8,202,362	947,439	6,597	149,529,020
2	Appliance Exchange	Appliances	3,688	3,836	5,316	-	371	556	790	-	450,187	974,621	1,408,045	-	1,479	7,328,615
3	HVAC Incentives	Equipment	92,721	85,221	91,581	7,948	32,037	19,060	20,919	2,041	59,437,670	32,841,283	36,368,001	3,745,539	74,057	412,756,071
4	Conservation Instant Coupon Booklet	Measures	567,678	30,891	527,755	53,973	1,344	230	736	86	21,211,537	1,398,202	14,874,245	1,828,598	2,397	120,617,842
5	Bi-Annual Retailer Event	Measures	952,149	1,060,901	1,003,282	-	1,681	1,480	1,549	-	29,387,468	26,781,674	29,769,221	-	4,710	257,433,338
6	Retailer Co-op	Items	152	-	-	-	0	-	-	-	2,652	-	-	-	0	10,607
7	Residential Demand Response (switch/pstat)†	Devices	19,550	98,388	160,039	161,110	10,947	49,038	92,492	93,099	24,870	359,408	739,936	744,793	93,099	1,869,007
8	Residential Demand Response (IHD)	Devices	-	49,689	83,060	1,154	-	-	-	-	-	-	-	-	-	-
9	Residential New Construction	Homes	26	-	35	4	0	2	17	0	743	17,152	56,367	302	18	167,465
Consumer Program Total							**49,681**	**72,377**	**117,788**	**95,367**	**133,520,941**	**75,796,859**	**91,418,175**	**7,266,670**	**182,358**	**949,711,965**
Business Program																
10	Retrofit	Projects	2,819	5,605	7,884	872	24,467	61,147	61,771	6,394	136,002,258	314,922,468	362,222,076	52,995,889	152,183	2,258,087,499
11	Direct Install Lighting	Projects	20,741	18,494	17,891	4,774	23,724	15,284	18,179	5,058	61,076,701	57,345,798	64,764,767	18,706,236	54,418	539,308,639
12	Building Commissioning	Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	New Construction	Buildings	22	64	94	4	123	764	2,210	148	411,717	1,814,721	6,020,265	581,335	3,246	19,712,897
14	Energy Audit	Audits	196	280	402	199	-	1,450	2,090	1,035	-	7,049,351	10,120,752	5,010,024	4,575	46,399,582
15	Small Commercial Demand Response (switch/pstat)†	Devices	132	294	1,079	1,079	84	187	688	688	157	1,068	5,500	5,500	688	12,225
16	Small Commercial Demand Response (IHD)	Devices	-	-	279	1	-	-	-	-	-	-	-	-	-	-
17	Demand Response 3†	Facilities	145	151	175	179	16,218	19,389	25,054	25,609	633,421	281,823	364,174	372,231	25,609	1,651,649
Business Program Total							**64,617**	**98,221**	**109,993**	**38,932**	**198,124,253**	**381,415,230**	**443,497,534**	**77,671,216**	**240,718**	**2,865,172,490**
Industrial Program																
18	Process & System Upgrades	Projects	-	-	4	1	-	-	470	157	-	-	3,464,000	1,258,000	627	8,186,000
19	Monitoring & Targeting	Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Energy Manager	Projects	-	39	138	6	-	1,086	2,802	72	-	7,372,108	18,025,931	261,409	3,959	58,429,594
21	Retrofit	Projects	433	-	-	-	4,615	-	-	-	28,866,840	-	-	-	4,613	115,462,282
22	Demand Response 3†	Facilities	124	185	281	301	52,484	74,056	166,699	167,962	3,080,737	1,784,712	4,017,369	4,047,801	167,962	12,930,619
Industrial Program Total							**57,098**	**75,141**	**169,971**	**168,190**	**31,947,577**	**9,156,820**	**25,507,299**	**5,567,210**	**177,162**	**195,008,494**
Home Assistance Program																
23	Home Assistance Program	Homes	46	5,033	25,247	2,778	2	566	2,668	104	39,283	5,442,232	23,659,155	1,647,571	3,341	65,449,711
Home Assistance Program Total							**2**	**566**	**2,668**	**104**	**39,283**	**5,442,232**	**23,659,155**	**1,647,571**	**3,341**	**65,449,711**
Aboriginal Program																
24	Aboriginal Program	Homes	-	-	581	-	-	-	173	-	-	-	1,287,056	-	173	2,574,112
Aboriginal Program Total							**-**	**-**	**173**	**-**	**-**	**-**	**1,287,056**	**-**	**173**	**2,574,112**
Pre-2011 Programs completed in 2011																
24	Electricity Retrofit Incentive Program	Projects	2,028	-	-	-	21,662	-	-	-	121,138,219	-	-	-	21,662	484,552,876
25	High Performance New Construction	Projects	179	69	4	-	5,098	3,251	772	-	26,185,591	11,901,944	3,522,240	-	9,121	147,492,677
26	Toronto Comprehensive	Projects	577	-	-	-	15,805	-	-	-	86,964,886	-	-	-	15,805	347,859,545
27	Multifamily Energy Efficiency Rebates	Projects	110	-	-	-	1,981	-	-	-	7,595,683	-	-	-	1,981	30,382,733
28	LDC Custom Programs	Projects	8	-	-	-	399	-	-	-	1,367,170	-	-	-	399	5,468,679
Pre-2011 Programs completed in 2011 Total							**44,945**	**3,251**	**772**	**-**	**243,251,550**	**11,901,944**	**3,522,240**	**-**	**48,967**	**1,015,756,510**
Other																
29	Program Enabled Savings	Projects	-	-	-	-	-	2,304	-	-	-	1,188,362	-	-	2,304	3,565,086
30	Time-of-Use Savings	Homes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Total							**-**	**2,304**	**-**	**-**	**-**	**1,188,362**	**-**		**2,304**	**3,565,086**
Adjustment to Previous Year's Verified Results							**-**	**1,406**	**-**	**-**	**-**	**18,689,081**	**-**	**-**	**1,156**	**73,918,598**
Energy Efficiency Total							**136,610**	**109,191**	**116,432**	**15,236**	**603,144,419**	**482,474,435**	**583,764,481**	**86,982,342**	**367,667**	**5,080,774,868**
Demand Response Total (Scenario 1)							**79,733**	**142,670**	**284,933**	**287,357**	**3,739,185**	**2,427,011**	**5,126,979**	**5,170,326**	**287,357**	**16,463,500**
OPA-Contracted LDC Portfolio Total							**216,343**	**253,267**	**401,365**	**302,593**	**606,883,604**	**503,590,526**	**588,891,460**	**92,152,667**	**656,179**	**5,171,156,967**

†Activity and savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

Due to the limited timeframe of data, which didn't include the summer months, 2012 IHD results have been deemed inconclusive. The IHD line item for 2012 & 2013 will be left blank until the savings are quantified in the 2013 evaluation.

Full OEB Target:	**1,330,000**	**6,000,000,000**
% of Full OEB Target Achieved to Date (Scenario 1):	**49%**	**86%**

Table 4B: Province-Wide Initiative and Program Level Savings by Quarter for Current Reporting Year**

#	Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				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)			
			Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Consumer Program														
1	Appliance Retirement	Appliances	2,390				140				947,439			
2	Appliance Exchange	Appliances	-				-				-			
3	HVAC Incentives	Equipment	7,948				2,041				3,745,539			
4	Conservation Instant Coupon Booklet	Measures	53,973				86				1,828,598			
5	Bi-Annual Retailer Event	Measures	-				-				-			
6	Retailer Co-op	Items	-				-				-			
7	Residential Demand Response (switch/pstat)†	Devices	161,110				93,099				744,793			
8	Residential Demand Response (IHD)	Devices	1,154				-				-			
9	Residential New Construction	Homes	4				0				302			
Consumer Program Total							**95,367**	-	-	-	**7,266,670**	-	-	-
Business Program														
10	Retrofit	Projects	872				6,394				52,995,889			
11	Direct Install Lighting	Projects	4,774				5,058				18,706,236			
12	Building Commissioning	Buildings	-				-				-			
13	New Construction	Buildings	4				148				581,335			
14	Energy Audit	Audits	199				1,035				5,010,024			
15	Small Commercial Demand Response (switch/pstat)†	Devices	1,079				688				5,500			
16	Small Commercial Demand Response (IHD)	Devices	1				-				-			
17	Demand Response 3†	Facilities	179				25,609				372,231			
Business Program Total							**38,932**	-	-	-	**77,671,216**	-	-	-
Industrial Program														
18	Process & System Upgrades	Projects	1				157				1,258,000			
19	Monitoring & Targeting	Projects	-				-				-			
20	Energy Manager	Projects	6				72				261,409			
21	Retrofit	Projects					-				-			
22	Demand Response 3†	Facilities	301				167,962				4,047,801			
Industrial Program Total							**168,190**	-	-	-	**5,567,210**	-	-	-
Home Assistance Program														
23	Home Assistance Program	Homes	2,778				104				1,647,571			
Home Assistance Program Total			-				**104**	-	-	-	**1,647,571**	-	-	-
Aboriginal Program														
24	Aboriginal Program	Homes	-				-				-			
Aboriginal Program Total							-	-	-	-	-	-	-	-
Pre-2011 Programs completed in 2011														
24	Electricity Retrofit Incentive Program	Projects	-				-				-			
25	High Performance New Construction	Projects	-				-				-			
26	Toronto Comprehensive	Projects	-				-				-			
27	Multifamily Energy Efficiency Rebates	Projects	-				-				-			
28	LDC Custom Programs	Projects	-				-				-			
Pre-2011 Programs completed in 2011 Total			-				-	-	-	-	-	-	-	-
Other														
29	Program Enabled Savings	Projects	-				-				-			
30	Time-of-Use Savings	Homes	-				-				-			
Other Total							-	-	-	-	-	-	-	-
Adjustment to Previous Year's Verified Results														
Energy Efficiency Total							**15,236**	-	-	-	**86,982,342**	-	-	-
Demand Response Total (Scenario 1)							**287,357**	-	-	-	**5,170,326**	-	-	-
OPA-Contracted LDC Portfolio Total							**302,593**	-	-	-	**92,152,667**	-	-	-

†Activity and savings for Demand Response resources for each year and quarter represent the savings from all active facilities or devices contracted since January 1, 2011.

***Includes adjustments after Final Reports were issued**

**** Updates to the previous quarter's participation may occur as a result of additional data received**

Table 5: Data Qualifiers for Initiatives Currently In-Market & Likelihood of Additional Data

Data included in the Q1 2014 report includes all program activity completed (as per the savings 'start' date) on or before March 31st, 2014.

Initiative	Savings 'start' Date	Data Available	Additional Data Likely
Consumer Program			
Appliance Retirement	Pick-up date	When database is queried. Typically up-to-date.	Moderate
Appliance Exchange	Exchange event date	Once data is submitted to the OPA by retailers and undergoes QA/QC by OPA staff. Typically 3 - 6 months to receive and process all data.	High
HVAC Incentives	Installation date1	Rebate Status = Approved, Cheque Issued and Cheque Cashed; Typically 1 - 4 months delay.	High
Conservation Instant Coupon Booklet	Coupon redemption year	Once data is submitted to the OPA by retailers and undergoes QA/QC by OPA staff. Typically 3 - 6 months to receive and process all data.	High
Bi-Annual Retailer Event	Year and quarter of the event		High
Retailer co-op activities	Will vary by specific project	Will vary by specific project	Low
Residential Demand Response	Device installation date	Data successfully uploaded into RDR settlement system as of March 31st, 2014	High
Residential New Construction	Project completion	Preliminary Billing Report submitted to OPA	Low
Business (Commercial & Institutional) Program			
Retrofit	Actual project completion date	In the "Post Project Submission" Stage (excluding "Payment Denied by LDC", "Returned for Edit(s) by Participant" and "Participant Incentive Not Approved by LDC") within iCON CRM as of March 31st, 2014	Low
Direct Installed Lighting	Retrofit date	Work-order: invoiced, approved and paid to LDC. Typically 1.5 - 2 months delay. Any projects that are flagged as duplicates will not appear in reports until duplicates have been resolved.	High
Building Commissioning	Hand off date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
New Construction	Actual project completion date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
Energy Audit	Audit completion date	Preliminary Billing Report submitted to OPA and reviewed	Moderate
Small Commercial Demand Response	Device installation date	Data successfully uploaded into RDR settlement system	Moderate
Demand Response 3	Facility is available under contract	Facility available under contract with aggregator	Low
Industrial Program			
Process & System Upgrades	In-service date	Preliminary Billing Report submitted to OPA and reviewed	Low
Monitoring & Targeting	Project completion date	Preliminary Billing Report submitted to OPA and reviewed	Low
Energy Manager (EEM or REM)	Project completion date	Completed, non-incented projects submitted quarterly by Energy Manager.	High
Retrofit	All Retrofit projects are now reported under the Business Program		
Demand Response 3	Facility is available under contract	Facility available under contract with aggregator.	Low
Home Assistance Program			
Home Assistance Program	Project completion date	Preliminary Billing Report submitted to OPA and reviewed	High
Pre-2011 Projects Completed in 2011			
High Performance New Construction	Project completion date	Reviewed and processed from delivery agent, quarterly	Moderate

1: Monthly reports split savings into months using the approval date

Reporting Glossary

Annual: the peak demand or energy savings that occur in a given year (includes resource savings from new program activity in a given year and resource savings persisting from previous years). Annual savings for Demand Response resources represent the savings from all active facilities contracted since January 1, 2011.

Cumulative Energy Savings: represents the sum of the annual energy savings that accrue over a defined period (in the context of this report the defined period is 2011 - 2014). This concept does not apply to peak demand savings.

Current Reporting Period: the calendar quarter specified on page 1 of this report.

Effective Useful Life: detemines the persistence of savings for a given technology or initiative. Factors that may effect the useful life of a technology are typical use and operating hours, upcoming code changes, etc. Demand response resources are assumed to have a persistence of 1 year.

End-User Level: resource savings in this report are measured at the customer level as opposed to the generator level (the difference being line losses). All savings presented in this report are at the end-user level.

Final or Verified Savings: savings achieved that have undergone annual Evaluation, Measurement & Verification (EM&V) and thus have had activity audited and savings assumptions measured and verified.

Implementation Period: the particular calendar quarter or calendar year that conservation activity is achieved based on when the savings are considered to 'start' (please see table 5).

Incremental: the new resource savings attributable to activity procured in a particular reporting period based on when the savings are considered to 'start' (please see table 5). Incremental savings for Demand Response resources represent the savings from all active facilities contracted since January 1, 2011 (i.e. Incremental = Annual for demand response only).

Initiative: a Conservation & Demand Management offering focusing on a particular opportunity or customer end-use (i.e. Retrofit, Fridge & Freezer Pickup).

Net Energy Savings (MWh): energy savings attributable to conservation and demand management activities net of free-riders, etc. Please refer to the webinars in the "Reporting Methodology" section for more information.

Net Peak Demand Savings (MW): peak demand savings attributable to conservation and demand management activities net of free-riders, etc. Please refer to the webinars in the "Reporting Methodology" section for more information.

Program-to-Date: the reporting period from January 1, 2011 until the end of the Current Reporting Period.

Program: a group of initiatives that target a particular market sector (i.e. Consumer, Industrial).

Reported or Unverified Savings: savings achieved that are based on reported activity and forecasted or best available savings assumptions. These savings are not verified, i.e. have not undergone the Evaluation, Measurement & Verification processes.

Unit: for a specific initiative, the relevant type of activity acquired in the market place (i.e. appliances picked up, projects completed, coupons redeemed).

Reporting Methodology (Quarterly, Unverified results):

There are several resources on reporting that are available to LDCs:

- Reporting Policy & FAQ Document found on the iCON Portal in the "Other Program Materials" under "Reporting Tools"
- LDC Consumer Program Tracking Tool found on the iCON Portal in "Other Program Materials" under "Reporting Tools"
- Webinars (available at the following link: http://www.snwebcastcenter.com/custom_events/opa-20111781/site/index.php)
  - Understanding your Q4 2011 Report (April 11, 2012)
  - Tools from the Reporting WG (April 25, 2012)
  - A Deeper Look at: peaksaverPLUS® (May 23, 2012)
  - A Deeper Look at: Demand Response 3 (June 6, 2012)
  - Revisiting Reporting (June 20, 2012)
  - Quarterly CDM Status Report update (October 24, 2012) http://powerauthority.webex.com; password: DCx2012

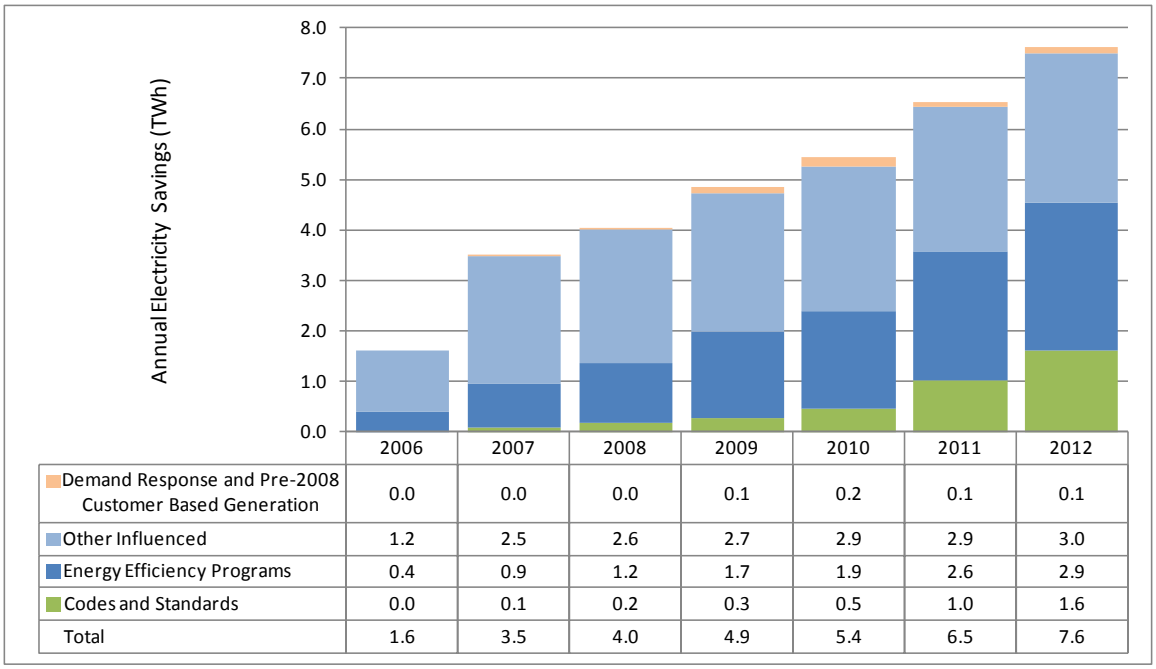
Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #19

Issue 1.2 **Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?**

Interrogatory

Reference: **A/T16/S3, pg. 11-12 and pg. 87-92**
2013 LTEP, Module 2, Slide 6

Preamble: The detail LTEP Information Breakdown provided by the OPA (http://powerauthority.on.ca/sites/default/files/planning/LTEP-2013-Module-2-Conservation.pdf) includes the following data regarding historical conservation savings.



	2006	2007	2008	2009	2010	2011	2012
Demand Response and Pre-2008 Customer Based Generation	0.0	0.0	0.0	0.1	0.2	0.1	0.1
Other Influenced	1.2	2.5	2.6	2.7	2.9	2.9	3.0
Energy Efficiency Programs	0.4	0.9	1.2	1.7	1.9	2.6	2.9
Codes and Standards	0.0	0.1	0.2	0.3	0.5	1.0	1.6
Total	1.6	3.5	4.0	4.9	5.4	6.5	7.6

a) Please provide the total Ontario energy savings for each of the years 2006-2013 from CDM programs initiated by Other Agencies as determined by the OPA for the 2013 LTEP (per page 11, line 17)
b) Please indicate how these values relate to the historic CDM savings reported by the OPA in the 2013 LTEP, Module 2 (i.e. what category do they relate to and what other sources of savings are also reflected in the LTEP category?).
c) Using 2010 as an example, please document how the Hydro One Networks portion of the total provincial savings was determined.

Response

a) The total Ontario energy savings for each of the years 2006-2013 from CDM programs initiated by other agencies are:

	2006	2007	2008	2009	2010	2011	2012	2013
OPA's Other Influenced (TWH)	1.2	2.5	2.6	2.7	2.9	2.9	3.0	3.0

Since the OPA did not specify the 2013 value for the Other Influence (OI) in the 2013 LTEP, Hydro One used the previous value for 2013 provided by the OPA for the 2010 LTEP.

b) The savings from OI for 2006-2012 are part of the category of "Historical programs persistence (2006-2012) and savings from OI for 2013 are the part of the category of "Forecasted savings from future programs" in the table of OPA's 2013 LTEP slide 10. (http://powerauthority.on.ca/sites/default/files/planning/LTEP-2013-Module-2-Conservation.pdf) .

c) To derive Hydro One specific savings for OI, first, the savings attributed to the transmission-connected direct customers were removed from the province-wide savings provided by the OPA. Then, the remaining savings were used to calculate the OI savings for LDCs at the end-use level using OPA's loss factor for distribution customers. The OI savings for Hydro One are calculated using 18% of the provincial energy share. The following table provides the detailed calculation to determine the OI savings for Hydro One in 2010.

Formula	Items	saving in 2010	Note
(1)	Total OI saving (generation level)	2.9 TWH	assumptions from OPA by sector and program
(2)	Excluding saving from TX direct customers (at end use level)	0.14 TWH	OPA's average loss factor for transmission customers is 0.027 in 2010
(3)=((1)-(2))/distribution Loss factor	OI savings from all LDCs (at end use level)	2.5 TWH	OPA's average loss factor for distribution customers is 0.067 in 2010
(4)=18%*(3)	HONI's OI savings (18% of all LDCs)	456 GWH	

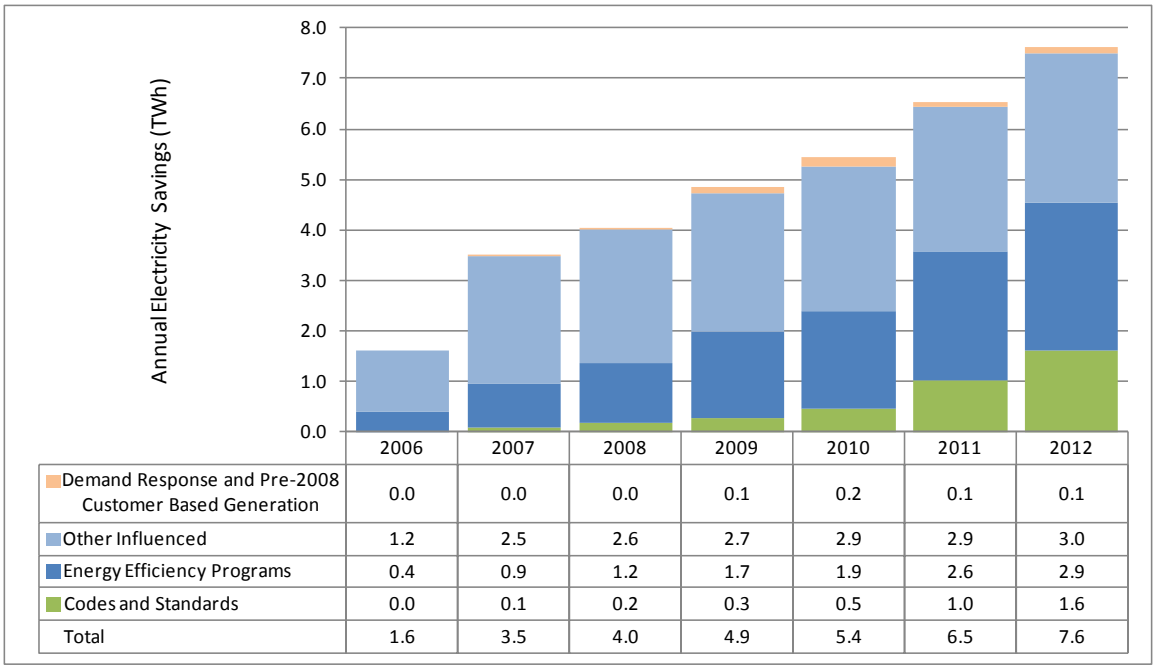
Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #20

Issue 1.2 **Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?**

Interrogatory

Reference: **A/T16/S3, pg. 12-13 and pg. 93-109**
2013 LTEP, Module 2, Slide 6

Preamble: The detail LTEP Information Breakdown provided by the OPA (http://powerauthority.on.ca/sites/default/files/planning/LTEP-2013-Module-2-Conservation.pdf) includes the following data regarding historical conservation savings.



	2006	2007	2008	2009	2010	2011	2012
Demand Response and Pre-2008 Customer Based Generation	0.0	0.0	0.0	0.1	0.2	0.1	0.1
Other Influenced	1.2	2.5	2.6	2.7	2.9	2.9	3.0
Energy Efficiency Programs	0.4	0.9	1.2	1.7	1.9	2.6	2.9
Codes and Standards	0.0	0.1	0.2	0.3	0.5	1.0	1.6
Total	1.6	3.5	4.0	4.9	5.4	6.5	7.6

a) Using 2010 as an example, please explain fully how the specific Hydro One savings associated with Codes and Standards were derived from the OPA total Ontario values (per page 13, lines 4-6)
b) Using 2012 as an example, please explain how the 2013 LTEP information and the achievable potential CDM as estimated by ICF Marbek were used to derive the Hydro One savings associated with Codes and Standards.

Response

a) A step-by-step description (and 2 tables) showing how Hydro One estimates the CDM savings attributed to Codes and Standards (C&S) is provided below.

Step 1: Collect C&S savings by end use and sector from the OPA.

Hydro One has detailed information by sector and end use from the OPA for the historical C&S energy savings. For each end use and sector, Hydro One uses different allocation factors to derive savings from provincial information.

- For the residential non-highlighted end uses (in tables 1 and 2), the 'unit saving' is calculated based on the total savings, number of household and equipment saturation rate. The savings for Hydro One are calculated based on the Unit saving*total of residential customer*Hydro One equipment saturation rate.
- For the residential yellow-highlighted end uses, the allocation factors were determined based on different data sources. For example, Hydro One's central AC load is assumed to be 17% of Ontario total AC load based on load analysis work. For the other end uses such as furnace fan, lighting and miscellaneous, Hydro One uses the share of number of residential customers as defined in the OEB's Yearbook of Electricity Distributors.
- For the commercial and industrial sectors, the general service class energy share of Hydro One distribution (as per the OEB yearbook) is applied to the saving calculation.

Table 1: Allocation factor and data sources used for the saving calculation by sector and end use

Sector	End use	Allocation factor	data source
Residential	Space Heating SFD	unit saving	equipment survey
	Space Heating AP/AT	unit saving	equipment survey
	Room AC	unit saving	equipment survey
	Central AC	H1 AC load % of Ontario total	2006 OEB Load Research
	Furnace Fan	share of # customer	OEB yearbook
	Lighting	share of # customer	OEB yearbook
	Refrigeration	unit saving	equipment survey
	Freezer	unit saving	equipment survey
	Water Heating	unit saving	equipment survey
	Dish Washer	unit saving	equipment survey
	Clothes Washer / Dryer	unit saving	equipment survey
	Miscellaneous	unit saving	OEB yearbook
Commercial	**Space Heating**	GS class energy share %	OEB yearbook
	Space Cooling	GS class energy share %	OEB yearbook
	Ventilation	GS class energy share %	OEB yearbook
	Lighting	GS class energy share %	OEB yearbook
	Electric Auxiliary	GS class energy share %	OEB yearbook
	Water Heating	GS class energy share %	OEB yearbook
Industrial	Process Machine Drive	GS class energy share %	OEB yearbook

Table 2: Detailed calculation of 2010 C&S energy saving by sector and end use

Secotr	End use	(1) HON1 Share	(2) Energy saving	(3) ON saturation rate	(4) ON HH	)=(2)/((3)*(4 Unit saving	(6) HONI saturation rate	(7) HONI customer	8)=(5)*(6)*(7 HONI savings	(9)=(2)*(3)	(10)=(8)+(9) Total savings
	Space Heating SFD		-	15%	4,260,374	0	22%	1072115		-	-
	Space Heating AP/AT		-	15%	4,260,374	0	22%	1072115		-	-
	Room AC		-	18%	4,260,374	0	19%	1072115		-	-
	Central AC	17%	18,325							3,150	3,150
	Furnace Fan	29%								-	-
	Lighting	29%								-	-
	Refrigeration		-	72%	4,260,374	0				-	-
	Freezer		-	50%	4,260,374	0	100%	1072115		-	-
	Water Heating		-	25%	4,260,374	0	53%	1072115		-	-
	Dish Washer		-	57%	4,260,374	0	73%	1072115		-	-
	Clothes Washer / Dryer		157	77%	4,260,374	4.824E-05	86%	1072115	44.642214	-	45
Residential	Miscellaneous	29%	241							71	71
	Space Heating	13%	-							-	-
	Space Cooling	13%	**29,085**							3,761	3,761
	Ventilation	13%	19,264							2,491	2,491
	Lighting	13%	325,219							42,057	42,057
	Electric Auxiliary	13%	-							-	-
Commerical	Water Heating	13%	-							-	-
Industrial	Process Machine Drive	13%	-							-	-
HONI Total C&S saving									45	51,530	51,575

Step 2: CDM savings by customer rate classes

Based on customer billing data, Hydro One calculated the share of energy share within the residential and non-residential (commercial and industrial) sectors. The monthly energy savings are then assigned to each rate class using the energy shares.

	C&S saving in 2010	Rate class
Residential	3,195	R1, R2, UR, Seasonal
Commerical	48,380	
Industrial	-	GSE, UGE, GSD, UGD, ST

b) A step-by-step description of how Hydro One forecasts CDM savings attributed to Codes and Standards is provided in detail below.

Step 1: Gather savings attributed to Codes and Standards (C&S) by sector.
ICF Marbek conducted a "conservation achievable potential" study for the OPA to assist in the development of the 2013 LTEP. Hydro One requested ICF Marbek to create a custom tailored dataset from the provincial study to estimate the conservation potential by sector and end use within the Hydro One service territory. This study included details on the achievable potential in each of the residential, commercial and industrial sectors. The study covers a 20-year period with a base year of 2012 and milestone periods at five-year increments. The savings from C&S in 2012 by sector is provided below:

Sector	2012 C&S savings in GWh
Residential	3
Commercial	266
Industrial	
Total	269

Step 2: Allocate monthly CDM savings to customer rate classes

Based on customer billing data, Hydro One calculated the share of energy consumption within the residential and non-residential (commercial and industrial) sectors. The energy savings are then assigned to each rate class using the energy shares.

Sector	Rate class
Residential	R1
	R2
	UR
	Seasonal
Non-Residential (Commerical+Industrial)	GSE
	UGE
	GSD
	UGD
	ST

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #21

Issue 1.2 Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

Interrogatory

Reference: A/T16/S3, pg. 15, Table 10

a) Please explain how the values set out in Table 10 were derived from the various studies and analyses described on the subsequent pages.

Response

a) The values in Table 10 are not derived directly from the various studies and analyses described in Section 6.1. These studies were conducted to provide evidence of the presence of Increased Conservation Effect. The values in Table 10 are calculated as the residual of the Total Annual CDM Savings after removing the savings due to Programs (Target and Non-Target), Other Organizations, and Codes & Standards.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #22

Issue 1.2 Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

Interrogatory

Reference: A/T16/S3, pg. 15-17 pg. 110-113

a) Please define what is meant by "naturally occurring conservation" and how it differs from "increased conservation effect".
b) Please indicate whether customers' response to average increases in the cost of electricity (as opposed to TOU) is considered to be "naturally occurring conservation" or "increased conservation effect" and why.
c) What is the basis for assuming that naturally occurring conservation is 0.5% per year (per page 16, line 18)?
d) Given the parameters of the regression model used are the differences attributed to ICE for 2010-2012 statistically significant?

Response

a) "Naturally occurring conservation" is the conservation savings resulting from energy efficiency gains over time due to technology improvements as appliances and equipment are replaced during the end of equipment life process. "Increased conservation effect" (ICE) refers to actions taken by customers to improve efficiency and conservation above and beyond historic levels of "naturally occurring conservation" due to increased awareness of, and concern about, environmental and/or energy issues.
b) Customers' responses to average increases in the cost of electricity are not considered to be either "naturally occurring conservation" or "increased conservation effect". The impact of prices is already accounted for in the load forecast results before the deduction of CDM savings.
c) Hydro One has been using the estimate of 0.4% per year for natural conservation in previous Hydro One rate applications (for example, in the report entitled "Net Load Impact of Conservation and Demand Management" submitted in EB-2007-0681, Exhibit H, Tab 1, Schedule 105, Appendix G). Using natural conservation of 0.5% per year in the rate application is intended to be conservative when estimating the CDM savings attributed to ICE which are net of naturally occurring conservation.
d) The regression results are statistically significant, with adjusted R-square value of 0.99 and t-value for all coefficients highly significant.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #23

Issue 1.2 Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?

Interrogatory

Reference: A/T16/S3, pg. 17-18 and pg. 114-117

a) In undertaking the customer billing analysis why was the price of electricity (i.e. average price) not considered to be a relevant factor in explaining electricity usage along with disposable income?
b) Is disposable income used as an explanatory variable in any of Hydro One Networks' load forecast models? If not, why not if it is deemed relevant for purposes of this analysis?

Response

a) In the customer billing analysis, the disposable income elasticity is used. This economic variable includes both disposable income and price impacts.
b) Disposable income is used as an explanatory variable in the annual econometric model in this rate application (Exhibit A, Tab 16, Schedule 2, Appendix B, page 27)

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #24

Issue 1.2 **Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?**

Interrogatory

Reference: **A/T16/S3, pg. 19-20 and pg. 118-141**

Preamble: The survey asks for information on participation in conservation programs, response to TOU pricing and "conservation actions taken your own".

a) How does the analysis ensure that "naturally occurring conservation" and the effect to codes and standards are separated out from "customers' own actions"? In responding please indicate what variables are used in the regression equation to measure the changes due to Other Impacts (per page 120, line 28).

Response

a) The variables for Customers' Own Actions are derived from the survey responses to Question 26: "What conservation actions have you undertaken that are NOT specifically related to any program/initiative identified in the previous questions" (see Exhibit A, Tab 16, Schedule 3, Appendix I, Page 138). This survey question refers to conservation actions only (not appliance or equipment changes) and so does not capture impacts due to "naturally occurring conservation" or codes and standards.

Other Impacts capture regular use of all appliances and equipment. Specifically, multiple variables for the use of electric space heating, electric water heating, electric cooling, refrigerators, freezers, electric stoves, washing machines, dishwashers, dryers, dehumidifiers, microwaves, pool pumps, hot tubs, and other consumer electronics such as computer equipment, televisions, and other entertainment equipment are included in the model.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #25

Issue 1.2 **Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?**

Interrogatory

Reference: A/T16/S3, pg. 22

a) Please define what spillover and free-ridership effects are and how/if they differ from naturally occurring conservation.

Response

a) Spillover refers to reductions in energy consumption and/or demand caused by the presence of an energy efficiency program in the market, beyond the program-related savings of the participants (for example, having a coupon for 1 energy efficient product and buying 2 additional energy efficient products at the same time without coupons). Free-ridership effect refers to participants who would have implemented a program measure or practice in the absence of the program (for example, retiring an appliance as part of a program that would have been retired without the existence of that program). These effects differ from naturally occurring conservation, which is explained in the response to Exhibit I, Tab 1.2, Schedule 6 VECC 22.

Consumers Council of Canada (CCC) INTERROGATORY #5

Issue 1.2 **Has Hydro One Distribution responded appropriately to all relevant Board directions from previous proceedings, including commitments from prior settlement agreements?**

Interrogatory

Reference: Exhibit A/Tab 21/Schedule 1

Has HON fully complied with all of the Board's previous directives? If not, please explain to what extent HON has not complied and why.

Response

Yes, Hydro One has complied with, or is complying with, the Board's previous directives as identified in Exhibit A, Tab 21, Schedule 1.

Ontario Energy Board (Board Staff) INTERROGATORY #1

Issue 1.3 **What actions should the Board require Hydro One Distribution take at or near the end of the 5-year rate term (e.g. rebasing, plan assessment, measurement of customer satisfaction)?**

Interrogatory

Reference: Exhibit A (End of Term Variances)

Preamble:
On page 20 of the RRFE Report, the Board states that once rates have been approved under Custom IR, the Board will monitor capital spending against the approved plan by requiring distributors to report annually on actual amounts spent. If actual spending is significantly different from the level reflected in a distributor's plan, the Board will investigate the matter and could, if necessary, terminate the distributor's rate-setting method. A distributor on the Custom IR method will have its rate base adjusted prospectively to reflect actual spend at the end of the term, when it commences a new rate-setting cycle. This is consistent with the Board's existing policies in relation to incremental capital under 3rd Generation IR.

How does Hydro One propose to address any differences between actual spending against approved planned spending at the end of the term of the plan (i.e., how will variances be addressed)?

Response

At the end of the rate term, as per the RRFE Report, Hydro One intends to true-up its rate base to reflect actual in-service capital additions made during the rate term. This adjusted rate base will be used in the next rate-setting cycle. Rates are set prospectively. In deference to the principle against retroactive ratemaking, Hydro One proposes that no adjustments be made during the 5-year term to reflect differences between actual spending and planned spending.

Sustainable Infrastructure Alliance of Ontario (SIA) INTERROGATORY #3

Issue 1.3 What actions should the Board require Hydro One Distribution take at or near the end of the 5-year rate term (e.g. rebasing, plan assessment, measurement of customer satisfaction)?

Interrogatory

Reference: Capital Spending Monitoring

The Boards RRFE Report (page 20) states that under CIR, "Once rates have been approved, the Board will monitor capital spending against the approved plan by requiring distributors to report annually on actual amounts spent."

a) Does HONI have a proposal for how the execution of its capital plan should be monitored on an annual basis?

b) In the event that HONI under-spends on its capital plan, does HONI anticipate a true-up mechanism at the end of the 5 year period such that any under-spent amounts are properly refunded to customers?

Response

a) Please see Hydro One's response to Exhibit I, Tab 2.7, Schedule 6 VECC 50.

b) Please see Hydro One's response to Exhibit I, Tab 1.3, Schedule 1 Staff 1.

Energy Probe Research Foundation (EP) INTERROGATORY #3

Issue 1.3 What actions should the Board require Hydro One Distribution take at or near the end of the 5-year rate term (e.g. rebasing, plan assessment, measurement of customer satisfaction)?

Interrogatory

a) At the end of the five-year term, does Hydro One have any built-in incentives or disincentives to ensure that it has met its targets agreed to in its application? If Hydro One fails to, for example, install the number of poles that it has planned for in its application, how will it deal with that situation?

b) Does Hydro One have a proposal to deal with other unmet objectives at the end of the five-year term?

c) Should Hydro One deal with variances – ranging from economic forecasts to customer load – annually? If not, how does Hydro One deal with forecasts that can diverge further than actuals as the five-year plan progresses? For example, if consumer load forecasts are low in the first and second year of the plan, will Hydro One recalibrate its forecast for the subsequent years?

Response

a) Please see Hydro One's response to Exhibit I, Tab 2.4, Schedule 1 Staff 18.

b) Please see Hydro One's response to Exhibit I, Tab 2.4, Schedule 1 Staff 18.

c) Hydro One submits that the only adjustments to its revenue requirement should be limited to those set out in its Custom Application as approved by the Board. The RRFE clearly states, "In the Custom IR method, rates are set based on a five-year forecast of a distributor's revenue requirement and sales volumes." (See p.18 of the RRFE.) This forecast is based on information known to management at the time the investment decisions reflected in its rates application were made. The investments are necessarily multi-year investments.

Adjusting revenue requirement on an annual basis for factors other than those identified in the Custom Application would be:

- highly disruptive to the planned work programs and projects, which are multi-year and premised on the funding expectations set out in the Custom Application;
- introducing greater uncertainty into Hydro One's business because funding levels would be uncertain year-to-year; and

- counter-productive to the OEB's expectations and objectives for the Custom IR rate-setting method, potentially triggering a mini-adjudication annually of the revised revenue requirement.

The uncertainty created by annual adjustments beyond what is contemplated in the Custom Application would merit reviewing and possibly changing the work plans and the rate-smoothing mechanism described therein. In such case, the Board, intervenors and Hydro One would have to expend additional resources on the review of additional supplemental evidence which Hydro One submits is not necessary, and defeats the purpose of a 5-year application.

Hydro One is committed to the requested revenue requirement reflected in its Custom Application, and Hydro One bears the business risk of forecast variances.

Energy Probe Research Foundation (EP) INTERROGATORY #4

Issue 1.3 What actions should the Board require Hydro One Distribution take at or near the end of the 5-year rate term (e.g. rebasing, plan assessment, measurement of customer satisfaction)?

Interrogatory

Reference: Exhibit A, Tab, 4, Schedule 4, Page 13

Preamble:
In Exhibit A, Tab, 4, Schedule 4, Hydro One says its "main goal is to move Hydro One towards a 85% customer satisfaction target in 5 years."

a) If customer satisfaction is below Hydro One's target at the end of the five-year rate term, how will this impact Hydro One? Can Hydro One propose any sort of protection for its customers if that goal is unmet at the end of the five-year term?

b) Considering that the number one concern among Hydro One customers is bill impact, is that 85% goal achievable given that Hydro One is proposing annual increases to the distribution portion of the customer's bill? Further, if Hydro One's proposed bill increases will be combined with other increases (generation, transmission, etc.…), is this proposal manageable?

c) How will Hydro One deal with shortcomings in its proposed outcomes? If it doesn't meet the goals stated in its five-year plan, are there any consequences? Should there be rewards for achieving those outcomes (similar to what Ofgem has put in place in the UK)?

Response

a) Please see Hydro One's response to Exhibit I, Tab 2.4, Schedule 1 Staff 18.

b) We believe that the 85% customer satisfaction goal is achievable. Hydro One recognizes that circumstances beyond its control affect its customer satisfaction as many customers do not distinguish between different parts of their energy bill. For this and other reasons set out in Hydro One's response to Exhibit I, Tab 2.4, Schedule 1 Staff 18, Hydro One believes that it would be unreasonable to impose adverse consequences for failing to meet this goal. It is unfair to impose adverse consequences for failing to meet an outcome when that failure may have been caused by factors outside of Hydro One's reasonable control.

c) Please see Hydro One's response to Exhibit I, Tab 2.4, Schedule 1 Staff 18.

Energy Probe Research Foundation (EP) INTERROGATORY #5

Issue 1.3 What actions should the Board require Hydro One Distribution take at or near the end of the 5-year rate term (e.g. rebasing, plan assessment, measurement of customer satisfaction)?

Interrogatory

Reference: Exhibit A, Tab, 4, Schedule 4, Page 13

a) How does Hydro One defend its plan to increase spending on Customer Experience to $21 million from $6 million considering the number one concern among customers is the size of the bill? Does Hydro One have any evidence that Customer Experience will be negatively affected if spending was to remain at $6 million?

b) It seems clear from all of the surveys that bills are the number one concern and everything else is secondary. Is there a clear reason that Hydro One should increase spending on Customer Experience?

Response

a) Please refer to answer in 2.1-Staff- 8.

b) While prices and bills remain a big concern, customer preferences evolve with time. Hydro One's spending on Customer Experience is intended to align with the OEB's RRFE, so that Hydro One can better tailor its services to respond to identified evolving customer preferences. Our research shows that customers' expectations continue to grow and are being shaped by their experiences with other service providers and companies.

The Customer Experience costs are associated with building core competencies in the areas of (1) Enhanced listening to our customers, (2) Planning and Delivering improved customer experiences, and (3) Measuring Results. This also includes building customer segmentation capabilities and customer analytics.

While improving the customer experience, Hydro One will reduce customer effort and operating costs for the organization. For example, by offering improved self-service capabilities, customers will have new choices to interact with Hydro One through digital channels, resulting in cost savings from a reduction in agent-handled calls at the Call Centre.

Ontario Energy Board (Board Staff) INTERROGATORY #2

Issue 1.4 **Is the proposed rate-smoothing mechanism appropriate? Given Hydro One's rate smoothing proposal, should the application include any other ratepayer protection measures such as an earnings sharing mechanism?**

Interrogatory

Reference: **1. Exhibit A-20-1/Appendix E/p. 46**
2. Exhibit E1/Tab 1/Schedule 1/p. 1

Preamble:
It is Board staff's understanding that the 3.6%, 3.0%, and 2.9% distribution rate increases for years 2017, 2018, and 2019, respectively represent the level of distribution rate increases needed to support "steady state" operations of Hydro One.

Revenue requirement sought in 2016, 2017, 2018, and 2019 (in $ millions) are 1,469.70, 1,524.9, 1,570.3, and 1,620.6, which translates to year-over-year revenue requirement growth of 3.76%, 2.98%, and 3.20% in 2017, 2018, and 2019, respectively.

a) Is staff's understanding accurate?

b) What is the relationship between the distribution rate increases listed in Exhibit A-20-1 (noted above) and the values listed in lines 20-25 on page 6 of Exhibit A/Tab 3/Schedule 1 (i.e., -1.4 % in 2015, 3.8% in 2016, 2.3% in 2017, 1.2% in 2018 and 2.6% in 2019)?

c) What steps did Hydro One take to understand customers' views of the proposed rate smoothing, and how did it incorporate customer feedback into its proposal?

Response

a) The numbers in both references quoted by Staff reflect the rate increases sought by Hydro One prior to the evidence update filed to the Board on May 30, 2014.

b) The distribution rate increases listed in Exhibit A, Tab 20, Schedule 1 Appendix E, page 12 represent the average annual increases to Rates Revenue Requirement, the recovery of which is spread across numerous rate classes as part of the cost allocation and rate design process described in Exhibit G1, Tab 1, Schedule 1. The result of the cost allocation and rate design process results in different impacts for individual rate classes as compared to the average annual increases. The rate increases shown in Exhibit A, Tab 2, Schedule 1 page 2, lines 1-2 are the impacts on Hydro One's largest

rate class, the Medium Density (R1) Residential rate class, for customers consuming a typical amount of 800 kWh per month The impact on all rate classes at a typical consumption amount is provided in Table 2 of Exhibit G1, Tab 04, Schedule 1.

c) Hydro One conducted customer research, as outlined in Exhibit A, Tab 5, Schedule 1. The research results show that customers are concerned with rates and price. The proposed rate smoothing will provide stability in the bill impact and mitigates what would otherwise be significantly larger total bill impacts for customers in 2015.

Ontario Energy Board (Board Staff) INTERROGATORY #3

Issue 1.4 **Is the proposed rate-smoothing mechanism appropriate? Given Hydro One's rate smoothing proposal, should the application include any other ratepayer protection measures such as an earnings sharing mechanism?**

Interrogatory

Reference: **1. EB-2010-0379 Report of the Board, December 4, 2013**
2. Exhibit A

Preamble:
Consistent with the policy determinations set out in its EB-2010-0379 Report of the Board on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors that was issued on November 21, 2013 and corrected on December 4, 2013, the Board calculated the value of the inflation factor for incentive rate setting under 4th Generation IR (also referred to as price Cap IR) and the Annual Index for rates effective in 2014 to be 1.7%. A detailed calculation is provided in Appendix C to that Report. A summary of the annual growth of this inflation factor since 2003 is also provided in Appendix B to that report.

a) Does Hydro One expect that it will continue to seek a comparable level of revenue requirement and rate increases (i.e., increases greater than inflation) after 2019? If so, for how many years and what circumstances – including those unique to Hydro One, if any - support on-going annual increases that are greater than inflation?

b) One of Hydro One's reasons for selecting a five-year custom rate setting method was to spread the impact of the increase in 2015 rate base over a five year period. If a shorter term was approved (ie, 2 years), would Hydro One still suggest a smoothing mechanism to mitigate the rate impact?

Response

a) Hydro One will continue to seek a comparable level of revenue requirement and rate increases in order to address customer and service reliability needs given Hydro One's aging asset infrastructure.

To clarify, with significant capital expenditures during the rate term, Hydro One's requested revenue requirement would result in an average annual increase to the distribution portion of the average customer (i.e. medium density R1) bill of 1.7%, which is:

- less than the forecast inflation rates used in Hydro One's investment plan (see Exhibit A-16-1); and
- approximately, the same or less than the inflation factors adopted by the OEB in 2012 to 2014. (See Table 1 of this response)

Table 1: OEB Inflation Factor (GDP-IPI)

Date	2010	2011	2012	2013	2014
January 1st	-	-	1.7%	2.2%	1.7%
May 1st	1.3%	1.3%	2.0%	1.6%	1.7%

Hydro One forecasts that the resulting average annual increase to the total bill of the average customer will be 0.38%.

As indicated by Paul Brown in Technical Conference 2 on April 23, 2014, the investment levels reflected in the Custom Application will not change the current profile of Hydro One's asset base. (See pages 45, 46, 114 and 115 of the transcript.) Accordingly, just to maintain current fourth quartile service levels, Hydro One will continue to have comparable OM&A requirements and significant capital requirements for the foreseeable future after 2019. Additionally, many back office information technology systems will require replacement, given the average life span ranges between 5 to 7 years. This capital spending will drive an increase in rate base, which will increase the cost of capital, depreciation, and associated income tax expenses reflected in revenue requirement.

Hydro One is unable to provide further information because it has not undertaken its detailed investment planning process for the period beyond 2019.

b) Yes.

Power Workers Union (PWU) INTERROGATORY #1

Issue 1.4 **Is the proposed rate-smoothing mechanism appropriate? Given Hydro One's rate smoothing proposal, should the application include any other ratepayer protection measures such as an earnings sharing mechanism?**

Interrogatory

Reference: **(a): Exh E1, Tab 1, Schedule 1. Table 6, Comparison of Revenue Requirements: 2011 vs. 2015 ($Millions)**

Table 6 below compares, by element, the Year 2011 approved Revenue Requirement (as per EB-2009-0096) against the Year 2015 proposed Revenue Requirement as well as year over year comparisons of the proposed Revenue Requirement by element for all test years. Details explaining the year over year increase in Revenue Requirement are provided following Table 6.

Table 6
Comparison of Revenue Requirement: 2011 vs. 2015 ($ Millions)

Description	2015 vs. 2011	2016 vs. 2015	2017 vs. 2016	2018 vs. 2017	2019 vs. 2018
OM&A	39.3	45.9	3.8	-10.1	-3.9
Depreciation and Amortization	71.7	19.5	15.3	12.7	10.7
Income Taxes	18.3	8.0	2.5	2.4	4.1
Return on Capital	88.7	34.3	33.8	32.5	33.2
Total Revenue Requirement	**218**	**107.7**	**55.4**	**37.4**	**44.3**
Deduct External Revenues	-3.8	1.0	0.9	-0.7	0.6
Revenue Requirement less External Revenues	**221.7**	**106.7**	**54.5**	**38.1**	**43.7**

a) In Ref (a), Table 6, how much of the change in Revenue Requirement in 2015 over the approved Revenue Requirement in 2011 ($218m) is attributable to smart grid and smart metering initiatives?

Response

a) $86 million of the $218 million in revenue requirement is attributable to smart grid and smart metering assets moving from regulatory assets to the core rate base.

Canadian Manufacturers & Exporters (CME) INTERROGATORY #6

Issue 1.4 **Is the proposed rate-smoothing mechanism appropriate? Given Hydro One's rate smoothing proposal, should the application include any other ratepayer protection measures such as an earnings sharing mechanism?**

Interrogatory

Slide 12 of the presentation made by Hydro One witnesses on May 12, 2014, appears to indicate that Hydro One's year-over-year distribution rate increases would be 11.5%, 7.4%, 3.6%, 3.0% and 2.9% for each of the years 2015 to 2019 respectively for a total cumulative rate increase of 28.4%. Slide 13 of the same presentation indicates that, with smoothing, the year-over-year distribution rate increases will be 7% in each year for a total of 35% over 5 years. In connection with this information, please provide the following:

(a) Please explain how the percentage increases in distribution rates shown in the slides for each of the years 2015 to 2019 reconcile with the distribution rate change percentages presented in paragraph 3 of the Application.
(b) What is the additional amount being recovered from ratepayers over 5 years as a consequence of the smoothing proposal? Is it in the order of about $100M, being about 7% of the average revenue requirement of about $1.6B?

Response

(a) Please see response to Exhibit I, Tab 1.4, Schedule 1 Staff-2, part (b).

(b) As per Exhibit F1, Tab 1, Schedule 2, page 5, line 10, the sum of the smoothing rider over the 5 year period is nil. If the Board approves the proposed account, it will be managed consistent with other Hydro One Distribution variance and deferral accounts and Board prescribed interests rates will be applied to the account balances. Please see response to Exhibit I, Tab 1.4, Schedule 6, VECC-26 for a calculation of the estimated carrying cost of the Rate Smoothing Deferral Account.

Vulnerable Energy Consumers Coalition (VECC) INTERROGATORY #26

Issue 1.4 **Is the proposed rate-smoothing mechanism appropriate? Given Hydro One's rate smoothing proposal, should the application include any other ratepayer protection measures such as an earnings sharing mechanism?**

Interrogatory

Reference: F1/T1/S2/pg. 4-5

a) Hydro One suggests that there are "significant benefits" to customers of rate smoothing. Please explain what these are.
b) Please explain what customer research has been done to verify that the answer to a) is what customers believe are benefits.
c) Is it Hydro One's intention to notify customers of the rate mitigation plan (i.e. through bill inserts)? If not why not?
d) What is the forecast carrying cost of the rate mitigation plan?

Response

a) The benefits provided by Hydro One's rate smoothing proposal is that the smoothing mitigates what would otherwise be significantly larger total bill impacts for customers in 2015, and it provides stability in the bill impacts for customers over the period covered by the distribution application.

b) Customer research, as outlined in Exhibit A, Tab 5, Schedule 1, shows that customers are concerned with rates and price. As noted in a) above, rate smoothing mitigates what would otherwise be significantly larger total bill impacts for customers in 2015.

c) Hydro One will develop a customer communication plan based on the outcomes of the rate application process and reflecting the Board's Decision. In the past, such communication plans have included information about the Board's Decision, impacts on the average bills and other relevant information about the outcomes of the proceeding.

d) The forecast carrying cost of the Rate Smoothing Deferral Account is $20.7M. The calculation of these carrying costs are consistent with other Hydro One Distribution variance and deferral accounts, and Board prescribed interests rates have been applied to the account balances.

Consumers Council of Canada (CCC) INTERROGATORY #6

Issue 1.4 **Is the proposed rate-smoothing mechanism appropriate? Given Hydro One's rate smoothing proposal, should the application include any other ratepayer protection measures such as an earnings sharing mechanism?**

Interrogatory

Reference: Exhibit F1/Tab 1/Schedule 2

HON is proposing a rate-smoothing mechanism given the significant increases in the 2015 revenue requirement. The CCC is interested in better understanding the mechanics of this proposal. Does HON anticipate that these amounts (the proposed debits and credits) will be set and fixed by the Board as the result of this proceeding? To what extent might the amounts differ, if at all, during the plan? To what extent might these amounts be impacted by other factors such as annual deferral and variance account balances, the cost of power etc.? Please explain.

Response

Yes, Hydro One anticipates that these amounts (the proposed debits and credits) will be set and fixed by the Board as the result of this proceeding.

The rate smoothing mechanism once set will not differ from the plan.

The rate smoothing mechanism will not be impacted by other factors once it is set.

Consumers Council of Canada (CCC) INTERROGATORY #7

Issue 1.4 **Is the proposed rate-smoothing mechanism appropriate? Given Hydro One's rate smoothing proposal, should the application include any other ratepayer protection measures such as an earnings sharing mechanism?**

Interrogatory

Reference:

HON is not proposing an earnings sharing mechanism (ESM) as part of its Custom Plan. HON is aware that many of the ratepayers groups have supported the introduction of an ESM and that an ESM has been an integral component of multi-year incentive plans previously approved by the Board (Union Gas Limited and Enbridge Gas Distribution Inc. plans) Would HON be amenable to incorporating an ESM into its plan as a ratepayer protection mechanism? If not, why not? From HON's perspective what would be the disadvantages associated with the incorporation of an ESM into the plan?

Response

No, Hydro One would not be amenable to incorporating an ESM into its plan as a ratepayer protection mechanism for the following reasons.

In its application, Hydro One proposed a rate smoothing mechanism, instead of an earnings sharing mechanism, as a means to ratepayer protection. The proposed rate smoothing mechanism will results in Hydro One under-earning in the early years (2015 to 2017) and over-earn in the later years (2018 and 2019). This approach ensures that the ratepayers do not experience a step increase in 2015 due to ratebasing, but a steady increase over the term of the 5 year Custom Application.

ESM cannot be implemented on top of rate smoothing without significant complication. As stated by Mr. Lister in his testimony at Enbridge Gas Distribution's Custom IR Application in EB-2012-0459, an ESM does not align well with rate smoothing:

> "*… trying to smooth rates within the confines or within the parameters of an ESM, an earnings sharing mechanism, very quickly leads to complications.*

> *For example, in rate smoothing, at a very theoretical level, there will be years where you under-recover or over-recover. There is nothing theoretically wrong with that, but when it is assigned to an ESM, an asymmetric ESM in particular, it creates years where you would be sharing when you are over-recovering and not recovering when you are under-recovering. …. it was the addition of the ESM mechanism that complicates rate smoothing.*[1]"

Hydro One chose the rate smoothing approach between the two types of ratepayer protection mechanisms; because the Company believes that the approach as proposed would be more beneficial to Hydro One's customers particularly as it avoids a large increase at the start of the 5 year period.

An asymmetrical ESM as suggested by many intervenor groups would only work in an environment where the Distributor is making a return higher than Board approved. However, as shown by Hydro One's actual earnings results from 2010 to 2013 (please refer to the response to Exhibit I, Tab 6.3, Schedule 6 VECC 76, Hydro One has not over-earned compared to the Board-approved allowed returns for those years.

Hydro One also notes that the Board is monitoring a Distributors' actual regulated return as part of the annual RRR reporting process and already has a mechanism in place when the Distributor performs outside the dead band of ±300 basis points. Therefore, Hydro One believes that an ESM is not necessary.

[1] Page 74 of the transcript at the oral hearing for Enbridge Gas Distribution's Custom IR Application, EB-2012-0459, on February 21, 2014.

Energy Probe Research Foundation (EP) INTERROGATORY #6

Issue 1.4 **Is the proposed rate-smoothing mechanism appropriate? Given Hydro One's rate smoothing proposal, should the application include any other ratepayer protection measures such as an earnings sharing mechanism?**

Interrogatory

Reference: **Exhibit A, Tab 3, Schedule 2, Page 5, Table 1 and**
Exhibit E2, Tab 1, Schedule 1 and
Exhibit F1, Tab 1, Schedule 2 Page 4, Rate Smoothing Revenue Deferral Account
Exhibit G1, Tab 5, Schedule 3.

Preamble:
This account (third Reference) is intended to smooth forecast Revenue requirement impacts. It is described as a deferral account.

a) What happens if the actual Revenue and ROE differs from the Smoothed Amount? Please discuss how HO will deal with actual vs forecast Revenue Requirement and ROE.

b) Please discuss whether a variance account could be used to capture differences between forecast and actual earnings and if the year-end balance in this variance account should be credited to Hydro, ratepayers or applied to the next period revenue requirement.

c) Please discuss and provide calculations showing sharing for the following potential Earnings Sharing Mechanisms
   i. Asymmetric with a Deadband of 100 basis points on achieved ROE in excess of allowed ROE. Above 100 bps 50:50 sharing, ratepayer: shareholder.
   ii. Asymmetric Deadband 100 bps points on achieved ROE in excess of allowed ROE 100 bps -200 bps 50:50 sharing ratepayer: shareholder. Above 200 bps, 100 % to ratepayers
   iii. As above with Off Ramp at 300 bps.

Response

a) As stated by Ms. Frank at the technical conference held on April 10, 2014, Hydro One is not planning to update the amount in the rate smoothing deferral account. Please refer to page 112 and 113 of the technical conference transcript.

b) Same as above. Please refer to page 115 of the technical conference transcript.

c) Please see table below for the scenario analysis requested.

	As Filed	100 bps	200 bps	250 bps	300 bps
Rate Base ($M)	6553.3	6553.3	6553.3	6553.3	6553.3
Equity (%)	40.0%	40.0%	40.0%	40.0%	40.0%
Return on Equity ($M)	9.71%	10.71%	11.71%	12.21%	12.71%
Return ($M)	254.5	280.7	307.0	320.1	333.2
Amount to Shareholder ($M)		13.1	26.2	26.2	26.2
Amount to ratepayers ($M)		13.1	26.2	39.3	52.4

Energy Probe Research Foundation (EP) INTERROGATORY #7

Issue 1.4 **Is the proposed rate-smoothing mechanism appropriate? Given Hydro One's rate smoothing proposal, should the application include any other ratepayer protection measures such as an earnings sharing mechanism?**

Interrogatory

a) Should there be a penalty or incentive for Hydro One if it fails to meet (exceeds or comes in below) its capital expenditures in its five-year rate term?

b) If such a penalty or incentive is put in place, would Hydro One consider updating its capital expenditures annually?

Response

a) Hydro One submits that there should be no consequences beyond those imposed internally by Hydro One's management on responsible staff, at management's discretion, given the myriad of possible causes for any variance.

b) No. Please see Hydro One's response to Exhibit I, Tab 1.3, Schedule 1 Staff 1.

Energy Probe Research Foundation (EP) INTERROGATORY #8

Issue 1.4 **Is the proposed rate-smoothing mechanism appropriate? Given Hydro One's rate smoothing proposal, should the application include any other ratepayer protection measures such as an earnings sharing mechanism?**

Interrogatory

Reference: Exhibit A, Tab 3, Schedule 1

Preamble:
In its interrogatories Board staff understands that rate increases for years 2017, 2018, and 2019, respectively are 3.6%, 3.0%, and 2.9%. Hydro One lists on Exhibit A/Tab 3/Schedule 1 that the distribution rate increases will be 2.3% in 2017, 1.2% in 2018 and 2.6% in 2019. Yet on page 5 of the presentation in Technical Conference #1, Hydro One lists annual distribution rate increases over the five-year term of 7%.

What is the final figure?

Response

The 3.6%, 3.0% and 2.9% figures quoted for 2017, 2018 and 2019, respectively, have been updated as part of the blue page update filed on May 30, 2014. The stakeholder presentation material reflected the information available at the time and was consistent with the evidence filed in January 31, 2014. The updated figures are 2.9%, 2.1%, and 2.6% in 2017, 2018, and 2019, respectively, and represent the average annual increases to Distribution Rates Revenue Requirement.

The rate increase numbers (2.3% in 2017, 1.2% in 2018 and 2.6% in 2019) currently found in Exhibit A, Tab 3, Schedule 1 reflect the blue page update filed on May 30, 2014 and represent the impacts on Hydro One's largest rate class, the Medium Density (R1) Residential rate class, for customers consuming a typical amount of 800 kWh per month. See Interrogatory Response 1.4-Staff-2 for further explanation.

The 7% figure shown in the presentation in Technical Conference #1 represented the smoothed annual increase, and has been updated to 6.3% as per the blue page update.

Please see response to Exhibit I, Tab 1.4, Schedule 1 Staff 2, part b) for further explanation.