Bluewater Power Distribution Corporation

Conservation and Demand Management

2013 Annual Report

Submitted to:

Ontario Energy Board

Submitted on September 30, 2014

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Executive Summary

This annual report is submitted by Bluewater Power Distribution Corporation ("Bluewater Power") in accordance with the filing requirements set out in the CDM Code (Board File No. EB-2010-0215), specifically, Appendix C Annual Report Template, as a progress report and modification to Bluewater Power's CDM Strategy. Accordingly, this report outlines Bluewater Power's CDM activities for the period of January 1, 2013 to December 31, 2013. It includes net peak demand and net energy savings achieved from 2011, 2012 and 2013, with discussion of the current/future CDM framework, CDM program activities, successes and challenges, as well as forecasted savings to the end of 2014.

Bluewater Power did not apply for any Board-Approved CDM Programs during 2013; however, as noted in the CDM guidelines, released April 26, 2012, the Ontario Energy Board (OEB) has deemed Time-of-Use (TOU) pricing a Province-wide Board-Approved CDM Program. The Ontario Power Authority (OPA) is to provide measurement and verification on TOU. At the time of this report the OPA has not released any verified results of TOU savings to Bluewater Power.

In 2011, Bluewater Power contracted with the Ontario Power Authority (OPA) to deliver a portfolio of OPA-Contracted Province-Wide CDM Programs to all customer segments including residential, commercial, institutional, industrial and low income. These programs were rolled-out by the OPA in June 2011. In 2011 Program activities were centered on building a foundation for full program execution over the next three years of the program term, including staffing, procurement, and program delivery.

In 2013, Bluewater Power concentrated its efforts on the delivery of Business Programs and initiatives that would provide the greatest opportunity for energy savings such as Retrofit (ERII) and Direct Install Lighting. Specifically in 2013, LEDs became popular measures in both the Consumer and Business programs. Bluewater Power also focused on the Process and Systems Upgrade Initiative utilizing the efforts of our Key Account Manager.

To date Bluewater Power has achieved 2.6 MW of net incremental peak demand savings and 2.8 GWh of net incremental energy savings in 2013. A summary of the achievements towards the CDM targets is shown below:

OPA-Contracted Province-Wide CDM Programs Final Verified 2013 Results

LDC: Bluewater Power Distribution Corporation

FINAL 2013 Progress to Targets	2013 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)	2.6	2.7	**24.9%**	**43.0%**
Net Energy Savings (GWh)	2.8	38.6	**71.8%**	**71.8%**

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

Scenario 2 = Assumes that demand response resources remain in the LDC service territory until 2014

The updated forecast prepared for this report shows that there will be a shortfall of approximately 8.0 MW with respect to Bluewater Power's 2014 peak demand reduction target. Although, the peak demand savings are below target, Bluewater Power remains optimistic on achieving the 2014 electricity energy savings target. Given the expected shortfall, Bluewater Power continues to work actively on participant engagement. In addition, Bluewater

Power has partnered with other LDCs, and has been working with the Ontario Power Authority ("OPA") and the Electricity Distributors Association ("EDA") to improve program effectiveness; however it is Bluewater Power's position that in itself it will not fully overcome the forecasted peak demand savings shortfall.

Bluewater Power would like to reiterate that there are two significant challenges that LDCs in Ontario face in meeting their demand reduction targets:

(1) We understand that approximately 20% of each LDC's Peak Demand Savings were based on Time-of-Use Pricing. We have not been provided results yet from the OPA but we note that, if there are shortfalls experienced province-wide, then that would not reflect under-performance but would rather reflect difference in assumptions in the forecast for this program. For example, if the forecast assumed a greater differential in price between on-peak and off-peak electricity than has been experienced in the market, then performance may suffer through no fault in delivery of the program.

(2) At the time of setting targets, the province-wide target was allocated pro-rata to LDCs in Ontario. The assumption was that all LDCs were expected to participate to the same extent regardless of local market conditions; however, not all LDCs were given the same tools to achieve savings. The most obvious example is the Demand Response program, which provides lesser incentives to customers of LDCs located in "discount zones". Bluewater Power is located in a discount zone, so either we need to be given the same tools or our target should be adjusted accordingly.

With respect to achieving the 53.7 GWh energy savings target we are conscious that residential programs are near market saturation and we have cautioned the OPA, the OEB and the Minister of Energy that those programs are in need of revamping. Our expectation of meeting our Net Energy Savings target is based on the premise that residential programs offered through the OPA will continue to evolve to meet changing needs in the market.

With respect to targeted efforts, the plan set out in this report includes a renewed focus on the following programs:

(1) HVAC: we are actively promoting these programs to both residential and commercial customers. We have seen results with these programs in the past and we believe the recent decline does not reflect market saturation, but the need for reinforced education of our channel partners.

(2) Municipalities: our municipal shareholders are major power consumers and we have engaged these entities at both the management and operational levels. We have invested significant effort in this sector and we anticipate those results will appear in 2014 and beyond.

(3) ERII: The main route for large customer applications has been ERII and we have worked closely with industry. Although it takes time to develop a relationship, the stability of CDM based on the Ministry of Energy's commitment to "Conservation First" has provided the boost necessary to ensure success.

(4) Bluewater Power has partnered with other Southwestern Ontario LDCs and has been working with the Ontario Power Authority ("OPA") and the Electrical Distribution Association ("EDA") to improve program effectiveness. We believe there is potential to work together with greater effectiveness.

Background

On March 31, 2010, the Minister of Energy and Infrastructure of Ontario, under the guidance of sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998*, directed the Ontario Energy Board (OEB) to establish Conservation and Demand Management (CDM) targets to be met by electricity distributors. Accordingly, on November 12, 2010, the OEB amended the distribution license of Bluewater Power to require Bluewater Power, as a condition of its license, to achieve 53.7 GWh of energy savings and 10.7 MW of summer peak demand savings, over the period beginning January 1, 2011 through December 31, 2014.

In accordance with the same Minister's directive, the OEB issued the Conservation and Demand Management Code for Electricity Distributors (the Code) on September 16, 2010. The code sets out the obligations and requirements with which electricity distributors must comply in relation to the CDM targets set out in their licenses. To comply with the Code requirements, Bluewater Power submitted its CDM Strategy on November 1st, 2010 which provided a high level description of how Bluewater Power intended to achieve its CDM targets.

The Code also requires a distributor to file Annual Reports with the Board. This is the third Annual Report by Bluewater Power and has been prepared in accordance with the Code requirements and covers the period from January 1, 2013 to December 31, 2013.

Bluewater Power submitted its 2011 Annual Report on September 28th, 2012 which summarized the CDM activities, successes and challenges experienced by Bluewater Power for the January 1, 2011 to December 31, 2011 period. The OEB's 2011 CDM Results report identified that the delay in the full suite of CDM Programs being made available by the OPA, and the absence of some programs negatively impacted the final 2011 results for the LDCs. This issue was also highlighted in Volumes I & II of the Environmental Commissioner's Report on Ontario's Annual Energy Conservation Progress.

On December 21, 2012, the Minister of Energy directed the Ontario Power Authority (OPA) to fund CDM programs which meet the definition and criteria for OPA-Contracted Province-Wide CDM Programs for an additional one-year period from January 1, 2015 to December 31, 2015.

The Ministerial Directive did not amend the timelines for LDCs to achieve their energy savings and demand savings targets. Therefore, the main focus of the LDCs remains the achievement of CDM targets by December 31, 2014.

Bluewater Power submitted its 2012 Annual Report on September 30th, 2013 which summarized the CDM activities undertaken by Bluewater Power for the January 1, 2012 to December 31, 2012 period. The OEB's 2012 CDM Results report identified that the majority of LDCs achieved close to 20% of their net peak demand (MW) target from their 2012 results. However, LDCs generally advised the Board that meeting their peak demand (MW) target would be a challenge and that a shortfall should be expected.

The report identified that although there have been improvements to programs there still remains some shortcoming to the design and delivery of certain initiatives that have resulted in a negative impact to some programs. In particular, the change management process still requires improvements to expedite enhancements to initiatives. The report also noted that certain initiatives may be reaching the point of market saturation and that new initiatives may need to be developed in order to take the place of the existing initiatives.

1 Board-Approved CDM Program

1.1 Introduction

In its Decision and Order dated November 12 2010 (EB-2010-0215 & EB-2010-0216), the OEB ordered that, (to meet its mandatory CDM targets), "Each licensed electricity distributor must, as a condition of its license, deliver Board-Approved CDM Programs, OPA-Contracted Province-Wide CDM Programs, or a combination of the two".

1.2 TOU Pricing

At this time, the implementation of Time-of-Use ("TOU") Pricing has been deemed as a Board-Approved Conservation and Demand Management ("CDM") program that is being offered in Bluewater Power's service territory.

1.2.1 Background

In its April 26, 2012 CDM Guidelines, the OEB recognized that a portion of the aggregate electricity demand target was intended to be attributable to savings achieved through the implementation of TOU Pricing. The OEB establishes TOU prices and has made the implementation of this pricing mechanism mandatory for distributors. On this basis, the OEB has determined that distributors will not have to file a Board-Approved CDM program application regarding TOU pricing. The OEB has deemed the implementation of TOU pricing to be a Board-Approved CDM program for the purposes of achieving the CDM targets. The costs associated with the implementation of TOU pricing are recoverable through distribution rates, and not through the Global Adjustment Mechanism ("GAM").

In accordance with a Directive dated March 31, 2010 by the Minister of Energy and Infrastructure, the OEB is of the view that any evaluations of savings from TOU pricing should be conducted by the OPA for the province, and then allocated to distributors. Bluewater Power will report these results upon receipt from the OPA.

The OPA had retained The Brattle Group as the evaluation contractor and has been working with an expert panel convened to provide ongoing advice on methodology, data collection, models, savings allocation, etc. The initial evaluations were conducted in 2013 with five LDCs – Hydro One, THESL, Ottawa Hydro, Thunder Bay and Newmarket. Preliminary results from these five LDCs were issued to the five LDCs involved in the study in August 2013 and are now publically available on the OPA website. Preliminary results demonstrated load shifting behaviour from the residential customer class.

Three additional LDCs were added to the study in 2014 – Cambridge-North Dumfries, Powerstream and Sudbury. Preliminary results from this study are planned to be issued to the eight LDCs in September 2014. The OPA advised that the TOU study will be complete in the summer of 2015 and final verified savings will be available for LDCs to include in the 2014 Annual Report.

As of September 30, 2014, the OPA has not released any verified results of TOU savings to Bluewater Power. Therefore Bluewater Power is not able to provide any verified savings related to LDC's TOU program at this time.

1.2.2 TOU PROGRAM DESCRIPTION

Target Customer Type(s): Residential and small business customers (up to 250,000 kWh per year)

Initiative Frequency: Year-Round

Objectives: TOU pricing is designed to incent the shifting of energy usage. Therefore peak demand reductions are expected. However, there is also potential for energy conservation benefits to be realized.

Description: In August of 2010, the OEB issued a final determination to mandate TOU pricing for Regulated Price Plan ("RPP") customers by June 2011, in order to support the Government's expectation for 3.6 million RPP consumers to be on TOU pricing by June 2011, and to ensure that smart meters funded at ratepayer expense are being used for their intended purpose.

The RPP TOU price is adjusted twice annually by the OEB. A summary of the RPP TOU pricing is provided below:

RPP TOU		Rates (cents/kWh)	
Effective Date	On Peak	Mid Peak	Off Peak
November 1, 2010	9.9	8.1	5.1
May 1, 2011	10.7	8.9	5.9
November 1, 2011	10.8	9.2	6.2
May 1, 2012	11.7	10.0	6.5
November 1, 2012	11.8	9.9	6.3
May 1, 2013	12.4	10.4	6.7
November 1, 2013	12.9	10.9	7.2
May 1, 2014	13.5	11.2	7.5

Delivery: The OEB set the rates; LDCs install and maintain the smart meters and convert customers to TOU billing.

Initiative Activities/Progress:

Bluewater Power began transitioning its RPP customers to TOU billing on March 26th, 2012. As of December 31st, 2012, 32,399 RPP customers were on TOU billing which represents 100% of our residential and general service less than 50 kW customers.

1.3 Bluewater Power's Application with the OEB

Bluewater Power did not submit a CDM program application to the OEB in 2013. There are no applications by Bluewater Power currently pending with the OEB for CDM programs.

1.4 Bluewater Power's Application with the OPA's Conservation Fund

In 2013, the OPA introduced the Conservation Fund to help meet LDC's interest in the development and launch of new local, regional and province-wide initiatives. The Conservation Fund's LDC Program Innovation Stream fast-tracks LDC-led program design and the launch of successfully piloted initiatives prior to full scale deployment. By driving program innovation through the Conservation Fund, LDCs have the opportunity to both realize additional savings through the piloting and implementation of initiatives not currently addressed by the OPA portfolio and the means to test concepts for future local or province wide programs post 2014. As per the OPA, as of March 2014, three pilots have been contracted and are underway with Toronto Hydro and Niagara Peninsula Energy and ten others are in various stages of the contracting and development process.

In addition, building on LDC interest in social benchmarking services for the residential sector, in 2013 the Conservation Fund in collaboration with Hydro One, Milton Hydro and Horizon Utilities completed the procurement of three social benchmarking pilot projects. Beginning in 2014 these services will be offered to more than 100,000 customers for a one year period, with evaluation reports published shortly thereafter.

Bluewater Power did not submit a CDM program application to the OPA's Conservation Fund in 2013.

2 OPA-Contracted Province-Wide CDM Programs

2.1 Introduction

Effective March 25th, 2011 Bluewater Power entered into an agreement with the OPA to deliver CDM programs extending from January 1, 2011 to December 31, 2014, which are listed below. Program details are included in Appendix A. In addition, results include projects started pre 2011 which were completed in 2011:

Initiative	Schedule	Date schedule posted	Bluewater Power in Market Date
Residential Programs			
Appliance Retirement	Schedule B-1, Exhibit D	*Jan 26,2011*	*March 2011*
Appliance Exchange	Schedule B-1, Exhibit E	*Jan 26, 2011*	*April 2011*
HVAC Incentives	Schedule B-1, Exhibit B	*Jan 26, 2011*	*March 2011*
Conservation Instant Coupon Booklet	Schedule B-1, Exhibit A	*Jan 26, 2011*	*March 2011*
Bi-Annual Retailer Event	Schedule B-1, Exhibit C	*Jan 26, 2011*	*March 2011*
Retailer Co-op	n/a	*n/a*	
Residential Demand Response	Schedule B-3	*Aug 22, 2011*	*Not in market*
New Construction Program	Schedule B-2	*Jan 26, 2011*	*March 2011*
Home Assistance Program	Schedule E-1	*May 9, 2011*	*October 2012*
Commercial & Institutional Programs			
Efficiency: Equipment Replacement	Schedule C-2	*Jan 26, 2011*	*May 2011*
Direct Install Lighting • *General Service <50 kW*	Schedule C-3	*Jan 26, 2011*	*May 2011*
Existing Building Commissioning Incentive	Schedule C-6	*Feb 2011*	*March 2011*
New Construction and Major Renovation Initiative	Schedule C-4	*Feb 2011*	*March 2011*
Energy Audit	Schedule C-1	*Jan 26, 2011*	*March 2011*
Commercial Demand Response • *General Service <50 kW*	Schedule B-3	*Jan 26, 2011*	*Not in market*
Industrial Programs - General Service 50 kW & above			
Process & System Upgrades	Schedule D-1	*May 31, 2011*	*May 2011*
Monitoring & Targeting	Schedule D-2	*May 31, 2011*	*May 2011*
Energy Manager	Schedule D-3	*May 31, 2011*	*May 2011*
Key Account Manager ("KAM")	Schedule D-4	*May 31,2011*	*September 2011*
Efficiency Equipment Replacement Incentive • (part of the C&I program schedule)	Schedule C-2	*May 31, 2011*	*May 2011*
Demand Response 3	Schedule D-6	*May 31, 2011*	*May 2011*

In addition, results were realized towards LDC's 2011-2014 target through the following pre-2011 programs:

- Electricity Retrofit Incentive Program
- High Performance New Construction

- Multifamily Energy Efficiency Rebates
- Data Centre Incentive Program

As per the table below, several program initiatives are no longer available to customer or have not been launched in 2013.

Not in Market	Objective	Status
Residential Program		
Midstream Electronics	Encourages retailers to promote and sell high efficency televisions, and for distributors to distribute high efficiency set top boxes.	Did not launch and removed from Schedule in Q2, 2013.
Midstream Pool Equipment	Encourage pool installers to sell and install efficient pool pump equipment in residential in-ground pools.	Did not launch and removed from Schedule in Q2, 2013.
Home Energy Audit Tool	This is a provincial online audit tool to engage customers in conservation and help drive customer participation to CDM programs.	Did not launch and removed from Schedule in Q2, 2013.
Commercial & Institutional Program		
Direct Service Space Cooling	Offers free servicing of air conditioning systems and refrigeration units for the purpose of achieving energy savings and demand reduction.	Did not launch in 2011/2012. As per the OPA there no plans to launch this Initiative in 2013.
Demand Response 1 ("DR1")	This initiative allows distribution customers to voluntarily reduce electricity demand during certain periods of the year pursuant to the DR 1 contract. The initiative provides DR payment for service for the actual electricity reduction provided during a demand response event.	No customer uptake for this initiative. As a result this Initiative was removed from the Schedule in Q4, 2012.
Industrial Program		
DR1	As above	No customer uptake for this initiative. Removed in Q4, 2012.

The Master CDM Program Agreement includes program change management provision in Article 3. Collaboration between the OPA and the Local Distribution Companies (LDCs) commenced in 2011, and continued in 2012, as the change management process was implemented to enhance the saveONenergy program suite. The change management process allows for modifications to the Master Service Agreement and initiative Schedules. The program enhancements give LDCs additional tools and greater flexibility to deliver programs in a way that meets the needs of customers and further drives participation in the Initiatives.

2.2 Program Descriptions

Full OPA-Contracted Province-Wide CDM Program descriptions are available on the OPA's website at http://www.powerauthority.on.ca/ldc-province-wide-program-documents and additional initiative information can be found on the saveONenergy website at https://saveonenergy.ca. The targeted customer types, objectives, and individual descriptions for each Program Initiative are detailed in Appendix A.

2.2.1 RESIDENTIAL PROGRAM

Description: Provides residential customers with programs and tools to help them understand and manage the amount of energy they use throughout their entire home and help the environment.

Objective: To provide incentives to both existing homeowners and developers/builders to motivate the installation of energy efficiency measures in both existing and new home construction.

Discussion:

The addition of LED measures to the Bi-Annual Retailer Event and in the Annual Coupon initiative in July 2013 has had a positive impact on customer participation. The Residential Demand Response program continues to be the largest contributor to demand savings in the Residential Program consumers. Unfortunately, there were no savings associated with the Energy Display attributed to LDCs in the OPA's 2012 verified results and this year's IHD analysis has yielded an estimate of no statistically significant energy savings. The Residential Program Portfolio is predominately a carryover of Initiatives from previous programs. It is mostly driven by advertising and promotion by the LDC and working with our channel partners. We have seen retailers and contractors who have not fully delivered on these programs to the extent anticipated. Three new initiatives (Midstream Electronics, Midstream Pool Equipment and Home Energy Audit Tool) were not launched and subsequently removed from the schedule in 2013 with no new additions. Delays in communication with regards to Initiative offerings and results reporting have hampered LDCs abilities to engage customers and promote participation.

Province-wide advertising was re-introduced in Q3 2013. This provided limited value due to the late market entry, especially for *peaksaver*PLUS.

Work to revitalize and increase the effectiveness and breadth of the Initiatives through the Residential Program continue to be a high priority. Opportunities within the Residential marketplace need to be identified, developed and offered to customers. The Version 5 Schedule changes implemented in Q1/Q2 2014 have increased the number of LDC coded coupons available and added new installations to the Heating and Cooling Incentive.

2.2.1.1 Appliance Retirement Initiative (Exhibit D)

Initiative Activities/Progress: Bluewater Power utilized a variety of methods to market its residential conservation programs. Print advertising, radio advertising, bill inserts, direct mail pieces and e-blasts were all employed to message potential appliance retirement participants on what had previously been a very effective conservation

initiative. Bluewater Power also cross promoted the appliance retirement initiative at multiple community and retail events. Customer feedback remains positive.

However, the same trend of declining participation that was occurring province wide was also observed in Bluewater Power service territory. The number of participants dropped from a high of 679 in 2011 to 235 participants in 2013 with an energy savings drop from 288,762 kWh to 98,116 kWh. Peak demand savings dropped from 41 kW to 16 kW.

Additional Comments:

- Due to the duration of the program, and the revised eligibility requirements to a minimum of 20 years old, this Initiative appears to have reached market saturation and has been under consideration for removal from the Portfolio.
- Rather than strictly remove this Initiative from the schedules, the OPA and LDCs could review what opportunities there are to include other measures such as stoves, dishwashers, washers and dryers. The framework of this Initiative may be a suitable foundation for a more holistic residential appliance retirement program. As such, the Residential portfolio could be straightened through program evolution rather than weakened through diminished program offerings.
- As participation is very responsive to province wide advertising, OPA province-wide advertising should continue to play a key role if the initiative continues.
- Better relationships with retailers may play a role in increasing participation in this Initiative. Retailers can provide opportunities to capture replacement appliances and have them decommissioned after a sale has been committed.
- In an effort to capture additional savings in the perceived last year of the Initiative, the eligibility requirement for refrigerators was revised from 20 years old to 15 years old in Q2 2014.

2.2.1.2 Appliance Exchange Initiative (Exhibit E)

Initiative Activities/Progress: Bluewater Power participated directly with the Sarnia Canadian Tire location and used the opportunity to cross promote the complete suite of Residential initiatives. Additionally, Bluewater Power ran radio advertising leading up to the event and provided in store staff for two days working alongside retail staff. As a direct result of our efforts we achieved a considerable increase in participants, demand savings and energy savings. In 2011 the peak demand savings was 3 kW and jumped to 17 kW in 2013; the energy savings increased from 3,826 kWh to 29,555 kWh respectively.

Additional Comments:

- The design of the Initiatives, including eligible measures and incentives amounts are developed through the Residential Working Group. Retail Partner(s) are contracted by the OPA to deliver the initiatives province-

wide. Individual LDCs have the opportunity to stage in-store events to drive the distribution of LDC coded Coupons and promotion of other programs in the portfolio

- The restrictive, limited and sometimes non-participation of local stores can diminish the savings potential for this Initiative.
- To date there has only been one retailer participant in the Appliance Exchange Initiative.
- In 2012 there was a decrease in the number of window air conditioners being received through the program. A review of eligible measures in the Appliance Exchange program was conducted, and as these units are not cost effective on their own it was determined that they be removed from the program in order to improve the overall cost effectiveness of the Initiative
- Notification to LDCs regarding retailer participation and eligible measures continues to be delayed. Improved communications will aid in appropriate resource allocation and marketing of the Initiative.
- This Initiative may benefit from the disengagement of the retailer and allowing LDCs to conduct these events, possibly as part of a larger community engagement effort, with the backing of ARCA for appliance removal.

2.2.1.3 HVAC Incentives Initiative (Exhibit B)

Initiative Activities/Progress: Bluewater Power used bill inserts as the primary method of advertising; however, Bluewater Power also used print advertising and radio as messaging mediums. Bluewater Power CDM staff use every opportunity at a community or retail event to cross promote the Heating and Cooling Incentive.

Bluewater Power has seen a drastic reduction in energy savings from 2011; from 1,252 participants to 850 and from 748,429 kWh to 280,188 kWh achieved in 2013. While provincial results seem to reflect a slight increase from 2012 to 2013, Bluewater Power did not realize the same improvement.

Additional Comments:

- Incentive levels appear to be insufficient to prompt customers to upgrade HVAC equipment prior to end of useful life. An Air Miles incentive was introduced in 2013 to try and encourage early replacement.
- This Initiative is contractor driven with LDCs responsible for marketing efforts to customers. More engagement with the HVAC contractor channel should be undertaken to drive a higher proportion of furnace and CAC sales to eligible units.
- In an effort to build capability, mandatory training has been instituted for all participating HVAC contractors. This could present too much of a barrier for participation for some contractors as the application process already presents a restriction to contractor sales. It has been noted that there are approximately 4500-5000 HVAC contractors in the Province, however in 2013, only a total of 1,587 contractors completed the mandatory HVAC training and can participate in the program.

- There are cases where non-participating contractors are offering their own incentives (by discounting their installations to match value of the OPA incentive). As this occurs outside of the Initiative, savings are not credited to LDCs. OPA should consider this in future program impact evaluation studies.
- Changes to the Schedule in 2014 to allow for incentives for new installations, rather than strictly replacement units, may provide greater Initiative results.

2.2.1.4 Conservation Instant Coupon Initiative (Exhibit A)

Initiative Activities/Progress: Bluewater Power CDM staff use every opportunity at a community or retail event to cross promote the Instant Coupon initiative. Similar to key EMV findings, Bluewater Power experienced an increase in coupon redemption as was experienced province wide. This is in comparison with 2012 to 2013; however, the results achieved in 2013 still pale in comparison to coupon redemptions in 2011 both in incremental activity and energy savings. In 2011, Bluewater power achieved an energy savings of 121,767 kWh but dropped to 49,794 kWh in 2013.

Additional Comments:

- The timeframe for retailer submission of redeemed coupons varies depending on the retailer and in some cases has been lengthy. The delays and incomplete results reporting limits the ability to react and respond to Initiative performance or changes in consumer behaviour.
- Coupon booklets were not printed and mailed out in 2013 so were not widely available to consumers without the ability to download and print online coupons. In addition, consumers may not have been aware of the online coupons. The Initiative may benefit from province-wide marketing as a substitute to a mail out campaign.
- The product list could be distinctive from the Bi-Annual Retailer Event Initiative in order to gain more consumer interest and uptake.
- Program evolution, including new products and review of incentive pricing for the coupon Initiatives, should be a regular activity to ensure continued consumer interest.
- In 2013, LDCs were provided with 3 custom coded coupons. All coupons have been provided with LDC custom coding in 2014 which allows LDCs to promote coupons based on local preferences.
- Consumer experience varies amongst retailers offering Coupon discounts which can limit redemptions. For example, a particular high volume 'participating retailer' does not accept coupons and have their own procedure. In addition, some retailers have static lists of eligible products and will not discount eligible products unless the product on the list.
- The saveONenergy programs would benefit from specific end cap displays, aisle product stands and product-specific areas. Having products throughout a retail environment weakens the impact.

2.2.1.5 Bi-Annual Retailer Event Initiative (Exhibit C)

Initiative Activities/Progress: Bluewater Power provided full time staff to work with Lowe's, Home Depot and Canadian Tire in April 2013. The two staff members worked "in-store" on a weekend to promote not only energy efficient product from the retailer but also would use the opportunity to cross promote the OPA suite of residential CDM offerings. Bluewater Power would provide radio advertising leading up to the event and also provided a radio personality "live on remote" during a four hour period.

While participation levels have remained virtually the same from 2011, a key EM&V finding provided by evaluators was a 36% lower net annual savings in 2013 compared to 2012 primarily because of significant reductions in per unit savings estimates for standard and specialty CFLs. In 2013, findings showed a decrease in replacement rate of incandescent bulbs. Only 30% of 2013 participants are estimated to have replaced incandescent bulbs compared to 60% of participants replacing incandescent bulbs in 2012. This leads to a change in the baseline assumption for the savings calculations.
Bluewater Power noticed a decrease in energy savings from 189,856 kWh in 2011 to 110,989 kWh in 2013.

Additional Comments:

- This Initiative is strongly influenced by the retail participants and has no direct involvement from the LDCs.
- LDCs have the opportunity to stage in-store events to drive the distribution of LDC coded Coupons and promotion of other programs in the portfolio however this requires cooperation from the local retailer and LDC staff bandwidth.
- Limited engagement of local retailers can restrict the savings potential for this Initiative.
- The product list has changed very little over the past five years.
- Program evolution, including new products and review of incentive pricing for the coupon Initiatives, must be a regular activity to ensure continued consumer interest.
- The product list could be distinctive from the Conservation Instant Coupon Initiative in order to gain more consumer interest and uptake.
- A review conducted by the Residential Working Group identified three areas of need for Initiative evolution: 1) introduction of product focused marketing; 2) enhanced product selection and 3) improved training for retailers as retail staff tend not to be knowledgeable regarding the products or promotion.
- This Initiative may benefit from a more exclusive relationship with a retailer appropriate to the program. There should be a value proposition for both the retailer and LDC.
- Independently the Retailer Co-op and Bi-Annual Retailer Event Initiative may not present a value for the investment of LDC resources to support these events and should be backed by a strong Residential portfolio.

2.2.1.6 Retailer Co-op

Initiative Activities/Progress: Bluewater Power did not participate in this initiative.

Additional Comments:

- This is a retailer Initiative with no direct benefit to the LDCs
- Limited engagement of local retailers can restrict the savings potential for this Initiative.
- The availability of retailer and/or LDC staff with product knowledge and the ability to conduct demonstration in store during the events would be an asset. This could be a valuable role for LDCs, however many LDCs are limited by available resources and unable to participate.

2.2.1.7 New Construction Program (Schedule B-2)

Initiative Activities/Progress: Bluewater Power enlisted the support of our affiliate to aggressively target local builders in 2013 to determine barriers to participation and to develop solutions to overcome the lack of interest. Additionally the CRM poses further complications resulting in applications and payments now in 2013 processed outside of ICON so the administrative requirements of the LDC do not align with the energy savings. The low growth rate for this building sector in Sarnia-Lambton combined with low incentive amounts make it difficult to generate interest with this initiative. The builder market is highly competitive and, with limited growth in our territory, builders have been unwilling to invest the time required to explore the benefits of this program.

Additional Comments:

- This Initiative provides incentives to home builders for incorporating energy efficiency into their buildings. To support this, LDCs need to provide education to the consumers regarding the importance of choosing the energy efficient builder upgrade options without an immediate benefit to the consumer.

- In 2012 the application process was streamlined, however continues to be too cumbersome for builders. This combined with limited return has resulted in this Initiative to continue to under-achieve.

- Administrative requirements, in particular individual home modeling, must align with perceived stakeholder payback

- Performance applications are expected to increase in 2014 due to some industry players' interest in the Initiative. However, it is anticipated that the performance track will be the primary track used in applications, which provides low savings for the incentive provided. Savings and associated incentives may need to be revised to an appropriate level.

- The addition of LED light fixtures, application process improvement and moving the incentive from the builder to the home-owner may increase participation.

- This Initiative may benefit from collaboration with the Natural Gas utilities.

2.2.1.8 Residential Demand Response Program (Schedule B-3)

Initiative Activities/Progress: While Bluewater Power remains in market with our existing inventory of load control devices, we are not in market with peaksaverPLUS.

As stated in our 2012 Annual Report, Bluewater Power would like to re-iterate our concerns with the RDR program;

While not in market with peaksaverPLUS, Bluewater Power has remained actively engaged with both Sensus, our metering vendor, and In Home Display (IHD) vendors in order to determine the optimal solution for our customers. Bluewater Power finds peaksaverPLUS a very time consuming program to promote and made even more difficult when the technical infrastructure required to ensure that all options could be under consideration at the same time was not in place. In fact through all of 2012 several IHD options were not compatible for LDCs with Sensus meters. Understandably, LDCs wishing to get into market early in order to capitalize on energy savings especially demand savings were left with very few alternatives. Bluewater Power's goal is to ensure that we can provide our peaksaverPLUS participants the optimal solution with added value for the long term. On a recent OPA webinar, evaluators informed LDCs that throughout their 2012 sampling, IHD impact analysis produced very small energy savings. The OPA has indicated that the sample did not include summer months and therefore the evaluation of IHD results was deemed inconclusive.

Additionally, Bluewater Power faces some concern over the incremental cost associated with a meter recently installed under TOU and replacing this meter with one with "zigbee under glass". As mentioned previously with the Residential New Construction program we face issue with small growth and have serious reservations with respect to replaced meters becoming stranded assets. The small growth of our customer base, along with an existing inventory of non-zigbee meters make it difficult to re-use replaced meters. It is difficult to justify additional metering costs having just implemented a multi-million dollar smart metering infrastructure program. This situation is not unique to Bluewater Power and the OPA needs to consider whether it is appropriate to use OPA funds to replace meters in order to move the peaksaverPLUS program to a more optimal solution; absent direction from the OPA, Bluewater Power is reluctant to take that step so we continue to explore opportunities that may be less than optimal.

In that regard, we recognize there are alternative solutions to replacing the meter such as optical readers; however the hurdle for Bluewater Power is the limited battery life of the device, and the manual effort required by customers to update TOU pricing twice per year. As previously noted, Bluewater Power would like a longer term solution in order to maximize the results of this program, and we continue to monitor the technology and research the optimal solution for both Bluewater Power and its customers.

Additional Comments:

- In Home Energy Display units that communicate with installed smart meter technology continue to mostly be in the development phase and are not ready for market deployment. There continues to be a lack of Energy Display selection in the marketplace.
- Smart Meters installed by most LDCs do not have the capability to communicate directly to an In Home Display and any mass replacement of newly installed meters with communicating abilities would not be fiscally

responsible. When proposing technical Initiatives that rely on existing LDC hardware or technology there should be an extensive consultative process.

- Introduction of new technology requires incentives for the development of such technology. Appropriate lead times for LDC analysis and assessment, product procurement, and testing and integration into the Smart Meter environment are also required. Making seemingly minor changes to provincial technical specifications can create significant issues when all LDCs attempt to implement the solution in their individual environments.

- The variable funding associated with installing a load controllable thermostat is not sufficient unless it is combined with an In Home Display (IHD) which might not be possible all the time and when IHD is optional.

- Given the different LDC environments, and needs, each LDC is positioning the Initiative slightly differently. While a thermostat has high marketability, it also carries a higher maintenance liability due to no-heat and no-AC calls. A switch with an independent IHD is seen as a lower liability option but also has a much lower marketability.

- This is the main Initiative within the Residential portfolio that was to drive savings for the LDC; however the 2012 evaluation indicated savings realized from the IHD were not statistically significant. LDCs were advised that the evaluation of the IHDs would continue with 2013 data. This year's IHD analysis has yielded an estimate of no statistically significant energy savings.

- Verified demand savings in 2012 from the load control devices were less than originally anticipated. This prompted an increase to the load cycling strategy in 2013 in order to increase savings closer to the original business case.

2.2.2 COMMERCIAL AND INSTITUTIONAL PROGRAM

Description: Provides commercial, institutional, agricultural and industrial organizations with energy-efficiency programs to help reduce their electrical costs while helping Ontario defer the need to build new generation and reduce its environmental footprint. Programs to help fund energy audits, to replace energy-wasting equipment or to pursue new construction that exceeds our existing codes and standards. Businesses can also pursue incentives for controlling and reducing their electricity demand at specific times.

Targeted Customer Type(s): Commercial, Institutional, Agricultural, Multi-family buildings, Industrial

Objective: Designed to assist building owners and operators as well as tenants and occupants in achieving demand and energy savings, and to facilitate a culture of conservation among these communities as well as the supply chains which serve them.

Discussion:

Throughout 2011 to 2013 the Commercial and Institutional (C&I) Working Group has strived to enhance the existing C&I programs and rectify identified program and system deficiencies. This has proven to be a challenging undertaking. Overbuilt governance, numerous initiative requirements, complex program structure and lengthy change management have restricted growth without providing the anticipated improved Measurement and

Verification results. In addition, Evaluation, Measurement and Verification (EM&V) has not yet achieved transparency. LDCs are held accountable for these results yet are mostly completely removed from the process.

LDC program management has been hampered by varying rule interpretation, limited marketing ability, a somewhat inflexible online system of checks and balances and revolving OPA support personnel.

Despite these challenges the C&I Working Group, working in cooperation with the OPA, have managed to iron out many of the issues which could be rectified. In particular, an accomplishment of 2012 was the advent of the expedited change management as means to accelerate certain program changes. 2013 saw the benefits of expedited change management process.

Looking ahead there is minimal opportunity to make valuable changes to the current program suite and have these changes reflected in LDC 2014 results. LDCs and the OPA should look beyond the current Initiatives and work to launch new programs, built on the strengths of the 2011-2014 programs, which will meet the needs of the industry and consumers.

2.2.2.1 Efficiency: Equipment Replacement Incentive (ERII) (Schedule C-2)

Initiative Activities/Progress: Retrofit continues to be a very strong provider of energy savings for Bluewater Power. On a cumulative basis, Retrofit accounts for over 50% of Bluewater Power energy savings. However in 2013, while the number of participants increased, the energy savings and demand savings dropped. This points to the estimated energy savings of the applications, while Bluewater is in receipt of more applications, the size of the projects are smaller.

In a comparison with 2012 results, demand decreased from 294 kW to 244 kW and energy savings decreased from 1.4 million kWh to 1.1 million kWh. Prescriptive lighting projects continue to be the primary driver although Bluewater Power is striving to push for projects which provide deeper energy savings such as compressed air and variable speed drives.

Additional Comments:

- A large proportion of LDC savings are attributed to ERII.
- Capability building programs from Industrial programs have had very positive contributions to ERII program.
- This Initiative is limited by the state of the economy and the ability of commercial/institutional facility to complete capital upgrades.
- Applicants and Applicant Representatives continue to express dissatisfaction and difficulty with the online application system. This issue has been addressed by LDCs through application training workshops, Key Account Managers, channel partner/contractor training and LDC staff acting as customer Application Representatives. Although this has been an effective method of overcoming these issues and encouraging submissions, it also reflects on the complexity and time consuming nature of the application process. As such, Applicant Representatives continue to influence the majority of applications submitted. Continued development of Channel Partners is essential to program success.

- Prescriptive and Engineered worksheets provide a much needed simplified application process for customers. However, the eligible measures need to be updated and expanded in both technology and incentive amounts to address changing product costs and evolution of the marketplace.
- A focus on demand incentives has limited some kWh project opportunities. In particular, night lighting projects have significant savings potential for customers but tend to have incentives of 10% of project cost or less.
- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and another barrier to participation.
- There is redundancy in the application process as customers may need to complete a worksheet and then enter most of that information over to the online application form.
- Processing Head Office application became much easier for the Lead LDC after Schedule changes came into effect in August 2013. The changes implemented allowed the Lead LDC to review and approve all facilities in a Head Office application on behalf of all satellite LDCs under certain circumstances.
- The application process for Head Office projects remains a significant barrier. Applicants need to manually enter one application per facility associated with the project can be extremely onerous, often requiring a dedicated resource.
- Streamlining of the settlements systems resulted in significant improvement in the payment process in 2013.

2.2.2.2 Direct Install Initiative (DIL) (Schedule C-3)

Initiative Activities/Progress: Bluewater Power's affiliate worked diligently with channel partners; wholesalers and contractors, however, the success in 2012 and prior years is making it increasingly difficult to capture eligible customers as the program may be nearing market saturation.

Bluewater Power experienced an energy savings reduction of 426,149 kWh from 2012 to 2013. Demand decreased from 246 kW to 134 kW during the same reporting period.

Additional Comments:

- LED lighting was introduced in 2013 as a new measure and has been well received by customers who may not have previously qualified for DIL eligible upgrades. This is an efficient product with a long estimate useful life.
- Cold start high output lighting was removed from the program. This particularly affected the farming customers who now have limited options within the program to utilize.
- The inclusion of a standard incentive for additional measures increased project size and drove higher energy and demand savings results in some situations. However, LDCs are unable to offer these standard incentives to prior participants. The ability to return to prior participants and offer a standard incentive on the remaining upgrades has potential to provide additional energy and demand savings

- Many customers are not taking advantage of any additional measures, which may present an opportunity to for future savings with a new program offering.

- Electrical contractor's margins have been reduced due to no labour rate increase, increase cost of materials, greater distances between retrofit and more door knocking required before a successful sale. This has led to a reduction in vendor channel participation in some regions.

- Measure incentives and additional funding for fork lifts were introduced in September 2013 and were well received by installers. However, adjustments like these require longer lead times. As such, many customers were not able to benefit from this change in late 2013. Consideration should be given to providing advanced notification to LDCs and contractors of the upcoming changes to allow for planning.

2.2.2.3 Existing Building Commissioning Incentive Initiative (Schedule C-6)

Initiative Activities/Progress: Bluewater Power provided local marketing and customer support for this initiative but there has been little interest expressed and no customer uptake in 2013.

Additional Comments:

- Initiative name does not properly describe the Initiative.

- There was minimal participation for this Initiative. It is suspected that the lack of participation in the program is a result of the Initiative being limited to space cooling and a limited window of opportunity (cooling season) for participation.

- Participation is mainly channel partner driven, however the particulars of the Initiative have presented a significant for many channel partners to participate.

- The customer expectation is that the program be expanded to include a broader range of measures for a more holistic approach to building recomissioning and chilled water systems used for other purposes should be made eligible and considered through Change Management.

- This initiative should be reviewed for incentive alignment with ERII, as currently a participant will not receive an incentive if the overall payback is less than 2 years.

2.2.2.4 New Construction and Major Renovation Initiative (HPNC) (Schedule C-4)

Initiative Activities/Progress: Bluewater Power finalized an agreement with Enbridge in August 2012 for program delivery. While no projects were completed in 2013, we now have a few applications nearing implementation. Of critical importance is capturing the potential project prior to issuance of a building permit. This has proven to be our greatest challenge thus far; unfortunately Bluewater Power is not notified of a new construction project until the project is nearing completion and seeking connection to our distribution system and our ability to influence design decision making is lost.

We are frustrated to learn that prospective applicants do not have sufficient measures to meet the minimum incentive level and therefore are not eligible to apply.

Additional Comments

- With the Ministerial Directive issued December 21, 2012, facilities with a completion date near the end of 2014 currently have some security that they will be compensated for choosing efficient measures. However, buildings that are in the planning phase with completion dates post-2015 may not participate due to funding uncertainty.
- Participants estimated completion dates tend to be inaccurate and are usually six months longer. This could result in diminished savings towards target when facilities are not substantially completed by December 31, 2014.
- The custom application process requires considerable customer support and skilled LDC staff. The effort required to participate through the custom stream exceeds the value of the incentive for many customers.
- There are no custom measure options for items that do not qualify under the prescriptive or engineered track as the custom path does not allow for individual measures, only whole building modelling.
- This Initiative has a very low net-to-gross ratio, which results in half the proposed target savings being 'lost'.
- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and a potential barrier to participation.

2.2.2.5 Energy Audit Initiative

Initiative Activities/Progress: Bluewater Power promoted the Audit Funding initiative as a lead in to the suite of OPA Commercial and Institutional programs. The skill set and expertise required to deliver valuable energy related recommendations is difficult to source in Sarnia. Most credible engineering firms with staff that are energy specific tend to come from outside Bluewater Power's service territory. We have observed that since these firms are located outside of Sarnia, Bluewater Power participants experience lengthy delays in reporting. We anticipate seeing a number of audits approved and invoiced with results reflected in 2014 Annual Reporting.

Additional Comments

- The introduction of the new audit component for one system (i.e. compressed air), has increased customer participation.
- The energy audit Initiative is considered an 'enabling' Initiative and 'feeds into' other saveONenergy Initiatives.
- Evaluators in 2012 and 2013 recognized savings towards LDCs targets as a result of customers implementing low/no cost recommendations from their energy audits.

- Audit reports from consultants vary considerably and in some cases, while they adhere to the Initiative requirements, do not provide value for the Participant. A standard template with specific energy saving calculation requirements should be considered.

- Customers look to the LDCs to recommend audit companies. A centralized prequalified list provided by the OPA may be beneficial.

- Participation has been limited to one energy audit per customer which has restricted enabling and direction to the other Initiatives. This has been revised in 2014 and LDCs are now able to consider additional customer participation when presented with a new scope of work.

- Consideration should be given to allowing a building owner to undertake an audit limited to their lighting system. This way they may receive valuable information from neutral third party regarding the appropriate lighting solution for their facility instead of what a local supplier wants to sell.

- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and another barrier to participation

2.2.3 INDUSTRIAL PROGRAM

Description: Large facilities are discovering the benefits of energy efficiency through the Industrial Programs which are designed to help identify and promote energy saving opportunities. It includes financial incentives and technical expertise to help organizations modernize systems for enhanced productivity and product quality, as wells as provide a substantial boost to energy productivity. This allows facilities to take control of their energy so they can create long-term competitive energy advantages which reach across the organization.

Targeted Customer Type(s): Industrial, Commercial, Institutional, Agricultural

Objective: To provide incentives to both existing and new industrial customers to motivate the installation of energy efficient measures and to promote participation in demand management.

Discussion:

The Industrial Program Portfolio has been able to provide significant incentives and valuable resources to large facilities to help them with energy efficiency upgrades and process system improvements. The Engineering Studies in particular as well as the Monitoring and Targeting initiative provide a unique opportunity for a customer to complete a comprehensive analysis of an energy intensive process that they otherwise may not undertake. The Energy Manager Initiative provides customers with a skilled individual whose only role is to assist them with conservation initiatives. To date these Energy Managers have played a key role in customer participation.

Extensive legal documents, complex program structure and lengthy change management have restricted the change and growth of this Portfolio. While the expedited change management has benefited the Commercial Portfolio, the Industrial Portfolio has not seen the same results due to the narrow scope of the process. For 2013

the change to the threshold for small capital projects and the new small capital project agreement are expected to improve the number of projects and savings achieved within PSUI. Likewise, a decision to proceed with 2012 natural gas load displacement generation projects applications will also increase uptake although the limited time to bring new projects into service is a barrier.

2.2.3.1 Process & Systems Upgrades Initiative (PSUI) (Schedule D-1)

Initiative Activities/Progress: The Process and Systems Upgrades Initiative has become an important area of focus for Bluewater Power in 2013 and with the assistance of our Key Account Manager it is an initiative that will receive a great deal of attention moving forward.

Bluewater Power submitted one Preliminary Engineering Study (PES) and one Detailed Engineering Study (DES) for approval in 2013. Additionally, a Capital Incentive application was also submitted to the OPA technical reviewer in 2013.

Additional Comments:

- Numerous energy studies have been submitted and completed. This is a strong indication that there is the potential for large projects with corresponding energy savings. Most of these studies have been initiated through the Energy Manager and KAM resources.
- This Initiative is limited by the state of the economy and the ability of a facility to complete large capital upgrades.
- There is typically a long sales cycle for these projects, and then a long project development cycle. As such, limited results are expected to be generated in 2013. The majority of the results are expected in 2014 with a much reduced benefit to cumulative energy savings targets.
- Delays with processing funding payments have caused delayed payments to Participants beyond contract requirements. In some cases, LDCs have developed a separate side agreement between the LDC and Participant acknowledging that the Participant cannot be paid until the funds have been received.
- The contract required for PSUI is a lengthy and complicated document. A key to making PSUI successful is a new agreement which is a simplified with less onerous conditions for the customer.
- To partially address this, changes were made to the ERII Initiative which allowed smaller projects to be directed to the Commercial stream. Most industrial projects to-date have been submitted as ERII projects due to less onerous contract and M&V requirements.
- A business case was submitted by the Industrial Working Group in July 2012 which would change the upper limit for a small project from 700 MWh to 1 million dollars in incentives. This would allow more projects to be eligible for the new small capital project agreement and increase participant uptake, while still protecting the ratepayer. This small capital project agreement was finalized in August 2013. This changed the minimum threshold from an energy based requirement to a financial one. It removed a barrier to participation; allowing

a customer to be designated as a small capital project reduced the more onerous contractual obligation and associated lengthy M&V.

- While there is considerable customer interest in on-site Load Displacement (Co-Generation) projects, in 2012 the OPA was accepting waste heat/waste fuel projects only. Natural gas generation projects were on hold awaiting a decision on whether PSUI will fund these types of projects. In June 2013, a decision was made to allow natural gas load displacement generation projects to proceed under PSUI. It is expected that a number of projects will proceed although results may not be counted towards LDC targets due to in-service dates beyond 2014.
- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and another barrier to participation.

2.2.3.2 Monitoring & Targeting Initiative (Schedule D-2)

Initiative Activities/Progress: Bluewater Power promoted this initiative exclusively to our Large User group within our service territory. In 2013 there was no uptake of this initiative.

Additional Comments:

- The M&T initiative is targeted at larger customers with the capacity to review the M&T data. This review requires the customer facility to employ an Energy Manager, or a person with equivalent qualifications, which has been a barrier for some customers. As such, a limited number of applications have been received to date.
- The savings target required for this Initiative can present a significant challenge for smaller customers.
- Changes were made to ERII in 2013 to allow smaller facilities to employ M&T systems.

2.2.3.3 Energy Manager Initiative (Schedule D-3)

Initiative Activities/Progress: In 2012, Bluewater Power submitted an application which was subsequently approved for an Embedded Energy Manager (EEM) at a customer site. A candidate was selected in November 2012. Finding the EEM was a challenge with both financial and geographic constraints. Ultimately, the customer opted to hire a recent engineering graduate with little energy specific experience.

Unfortunately, due to the nature of the EEM position within the OPA funding mechanism, the participant's EEM resigned and accepted a full time position in August 2013 with CleaResult in the United States. The participant opted not to conduct a search for another EEM.

Additional Comments:

- The Energy Managers have proven to be a popular and useful resource for larger customers.

- LDCs that are too small to qualify for their own REM are teaming up with other utilities to hire an REM to be shared by the group of utilities.

- Some LDCs and Customers are reporting difficulties in hiring capable Roving and Embedded Energy Managers (REM/EEM), in some instances taking up to 7 months to have a resource in place.

- New energy managers require training, time to familiarize with facilities and staff and require time to establish "credibility". Energy Managers started filling their pipeline with projects in 2012 but few projects were implemented until 2013.

2.2.3.4 Key Account Manager (Schedule D-4)

Initiative Activities/Progress: Bluewater Power's Key Account Manager (KAM) was a shared resource with Horizon Utilities in Hamilton. The KAM has proven to be an invaluable resource when dealing with our large use customers. The KAM has a wealth of knowledge in industrial processes and has the ability to communicate to the participant the OPA's Commercial and Institutional offerings in addition to the Industrial suite of initiatives. The KAM has been instrumental in steering customers towards the Process and Systems Upgrade Initiative and will continue to do so in 2014.

Bluewater Power submitted one Preliminary Engineering Study (PES) and one Detailed Engineering Study (DES) for approval in 2013. Additionally, a Capital Incentive application was also submitted to the OPA technical reviewer in 2013. These applications can be attributed to the efforts of the KAM resource.

Additional Comments

- Customers appreciate dealing with a single contact to interface with an LDC, a resource that has both the technical and business background who can communicate easily with the customer and the LDC.

- Finding this type of skill set has been difficult. In addition, the short-term contract discourages some skilled applicants resulting in longer lead times to acquire the right resource.

2.2.3.5 Demand Response 3 (D-6)

Initiative Activities/Progress: Bluewater Power provides local marketing and support for this initiative which is a critical component of reaching our demand targets. Bluewater Power is hampered by a reduction in rates paid to our participants as our service territory is now considered a discount zone for payments. The Bluewater Power KAM continues to message our large and medium use customers on the merit of DR3 if we feel their operational process would be a candidate to enter into a contractual obligation with an aggregator. Bluewater Power works very closely with the Aggregators. In 2013, Bluewater Power had a slight decrease on demand savings for industrial programs and saw a decline with the Commercial and Institutional DR3 demand savings.

We take this opportunity to reiterate that when LDCs were allocated their share of the provincial CDM targets, it was done on a pro-rate basis. At implementation, however, not all LDCs were given the same tools to achieve their targets. The lower incentives available to Bluewater Power, and other LDCs, in discount zones is the best example. At some point in the process, this issue needs to be addressed in either ensuring that all LDCs have the same tools or setting revised targets based on the availability of those tools.

Additional Comments:

- Until early 2013 customer data was not provided on an individual customer basis due to contractual requirements with the aggregators. This limited LDCs' ability to effectively market to prospective participants and verify savings.
- No program improvements were made in 2013 however, it was accepted that prior participants who renew their DR3 contract within the 2011-2014 term will contribute to LDC targets.
- As of 2013, Aggregators were able to enter into contracts beyond 2014 which has allowed them to offer a more competitive contract price (5 year) than if limited to 1 or 2 year contracts.
- Metering and settlement requirements are expensive and complicated and can reduce customer compensation amounts, and present a barrier to smaller customers.
- Compensation amounts for new contracts and renewals have been reduced from the initial launch of this program (premium zones and 200 hour option have been discontinued) and subsequently there has been a corresponding decrease in renewal revenue.

2.2.4 LOW INCOME INITIATIVE (HOME ASSISTANCE PROGRAM) (Schedule E-1)

Initiative Activities/Progress: Bluewater Power has outsourced the Low Income Initiative to Bluewater Power Services Corporation ("BPSC"), an affiliate of Bluewater Power. Efforts have ramped up considerably in 2013 but this initiative provides very low energy savings.

With nearly 700 participants in 2013, Bluewater Power's net incremental energy savings was 295,752 kWh and 28 kW demand savings.

Additional Comments:

- The process for enrolling in social housing was complicated and time consuming. This was addressed in late 2012 and showed some benefits in 2013.
- The financial scope, complexity, and customer privacy requirements of this Initiative are challenging for LDCs and most have contracted this program out. This Initiative may benefit from an OPA contracted centralized delivery agent.

2.2.5 PRE-2011 PROGRAMS

Savings were realized towards LDC's 2011-2014 target through pre-2011 programs. The targeted customer types, objectives, descriptions, and activities of these programs are detailed in Appendix B.

3 2013 LDC CDM Results

3.1 Participation and Savings

Table 1:

Table 1: Bluewater Power Distribution Corporation Initiative and Program Level Net 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	679	408	235		41	24	16		288,762	160,470	98,116		80	1,831,476
Appliance Exchange	Appliances	32	20	80		3	3	17		3,826	5,205	29,555		21	88,160
HVAC Incentives	Equipment	1,252	949	850		405	208	170		748,429	351,058	280,188		783	4,607,266
Conservation Instant Coupon Booklet	Items	3,320	200	2,241		7	1	3		121,767	9,033	49,794		12	613,757
Bi-Annual Retailer Event	Items	6,151	6,854	6,104		11	10	8		189,856	173,021	110,989		28	1,500,465
Retailer Co-op	Items	0	0	0		0	0	0		0	0	0		0	0
Residential Demand Response	Devices	32	0	0		18	0	0		46	0	0		0	46
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
Residential New Construction	Homes	0	3	0		0	0	0		0	362	0		0	1,087
Consumer Program Total						**486**	**246**	**214**		**1,352,686**	**699,149**	**568,642**		**924**	**8,642,258**
Business Program															
Retrofit	Projects	24	57	64		57	294	244		325,703	1,431,943	1,155,943		584	7,855,665
Direct Install Lighting	Projects	102	353	154		92	246	134		238,084	886,133	459,984		461	4,496,608
Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
New Construction	Buildings	0	0	0		0	0	0		0	0	0		0	0
Energy Audit	Audits	0	0	0		0	0	0		0	0	0		0	0
Small Commercial Demand Response	Devices	0	0	0		0	0	0		0	0	0		0	0
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	2	1	2		402	72	195		15,695	1,050	3,056		0	19,802
Business Program Total						**551**	**613**	**573**		**579,482**	**2,319,127**	**1,618,984**		**1,044**	**12,372,075**
Industrial Program															
Process & System Upgrades	Projects	0	0	0		0	0	0		0	0	0		0	0
Monitoring & Targeting	Projects	0	0	0		0	0	0		0	0	0		0	0
Energy Manager	Projects	0	0	0		0	0	0		0	0	0		0	0
Retrofit	Projects	3	0	0		23	0	0		156,003	0	0		23	624,013
Demand Response 3	Facilities	1	2	2		1,686	1,798	1,733		98,938	43,320	39,469		0	181,726
Industrial Program Total						**1,709**	**1,798**	**1,733**		**254,941**	**43,320**	**39,469**		**23**	**805,739**
Home Assistance Program															
Home Assistance Program	Homes	0	54	699		0	2	28		0	28,761	295,752		30	673,615
Home Assistance Program Total						**0**	**2**	**28**		**0**	**28,761**	**295,752**		**30**	**673,615**
Aboriginal Program															
Home Assistance Program	Homes	0	0	0		0	0	0		0	0	0		0	0
Direct Install Lighting	Projects	0	0	0		0	0	0		0	0	0		0	0
Aboriginal Program Total						**0**	**0**	**0**		**0**	**0**	**0**		**0**	**0**
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	29	0	0		432	0	0		3,122,745	0	0		432	12,490,981
High Performance New Construction	Projects	0	2	0		1	161	0		3,379	825,446	0		162	2,489,854
Toronto Comprehensive	Projects	0	0	0		0	0	0		0	0	0		0	0
Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0		0	0	0		0	0
LDC Custom Programs	Projects	0	0	0		0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011 Total						**433**	**161**	**0**		**3,126,124**	**825,446**	**0**		**594**	**14,980,835**
Other															
Program Enabled Savings	Projects	0	0	0		0	0	0		0	0	0		0	0
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**
Adjustments to 2011 Verified Results							-21	**0**			74,191	**0**		-22	294,499
Adjustments to 2012 Verified Results								**56**				260,821		**56**	**782,464**
Energy Efficiency Total						**1,073**	**950**	**619**		**5,198,554**	**3,871,433**	**2,480,321**		**2,616**	**37,272,948**
Demand Response Total (Scenario 1)						**2,105**	**1,870**	**1,929**		**114,679**	**44,370**	**42,525**		**0**	**201,575**
Adjustments to Previous Years' Verified Results Total						**0**	**-21**	**56**		**0**	**74,191**	**260,821**		**34**	**1,076,962**
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						**3,178**	**2,799**	**2,603**		**5,313,234**	**3,989,994**	**2,783,668**		**2,650**	**38,551,485**
													Full OEB Target:	**10,650**	**53,730,000**
													% of Full OEB Target Achieved to Date (Scenario 1):	**24.9%**	**71.8%**

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

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.

*Includes adjustments after Final Reports were issued

Energy Manager, Aboriginal Program and Program Enabled Savings were not independently evaluated

Table 2: Summarized Program Results

Program	Gross Savings		Net Savings		Contribution to Targets	
	Incremental Peak Demand Savings (MW)	Incremental Energy Savings (GWh)	Incremental Peak Demand Savings (MW)	Incremental Energy Savings (GWh)	Program-to-Date: Net Annual Peak Demand Savings (MW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (GWh)
Consumer Program Total	.319	.772	.214	.568	.924	8.64
Business Program Total	.644	1.958	.573	1.618	1.044	12.37
Industrial Program Total	1.73	.039	1.73	.039	.023	.805
Home Assistance Program Total	.028	.295	.028	.295	.030	.673
Pre-2011 Programs completed in 2011 Total	0	0	0	0	.594	14.98
Other Adjustments	Unknown	Unknown	.056	.260	.034	1.076
Total OPA Contracted Province-Wide CDM Programs	**2.72**	**3.064**	**2.60**	**2.78**	**2.649**	**38.5**

Note

The Gross Savings were calculated by Bluewater Power since this information was not provided by the OPA to the LDC.

3.2 Evaluation

The following has been provided by the OPA from the document "2013 Key Evaluation Findings" posted on the IESO web portal on September 16th 2014.

CONSUMER PROGRAM

Appliance Retirement Initiative

- Per unit savings increased for both energy (+15.4%) and demand (+4.0%) between 2012 and 2013 due to a greater proportion of refrigerators/freezers with large volumes and a manufacturer date before National Appliance Energy Conservation Act (NAECA) was implemented. Dehumidifiers also show a higher per unit savings related to the change in ENERGY STAR definitions.
- Overall participation continues to decline with 20,952 appliances recycled in 2013, compared with 34,146 in 2012 and 56,110 in 2011. The program has experienced close to a 40% reduction (39.1% 2011 to 2012, 41.1% 2012 to 2013) in recycled appliances in each subsequent year of operation.
- Net to gross ratio stayed constant at around 43% between 2012 and 2013

Appliance Exchange Initiative

- Increased per unit energy and demand savings due to an adjustment to the assumed consumption of "conventional" and Energy Star dehumidifiers. The calculated weighted average annual energy savings of a exchanged dehumidifier increased 36.6%
- Of the participants surveyed who reported they had replaced the dehumidifiers they exchanged, 100% reported purchasing ENERGY STAR® models.
- 21% increase in the number of eligible dehumidifiers collected in the program. In 2013, 5,337 dehumidifier units were collected compared to 3,617 dehumidifier units and 219 window air conditioners.
- Net to Gross ratio (NTG) was 52.6% which is a slight increase of the 2012 NTG of 51.5%

Heating and Cooling Initiative

- Total participation (equipment) increased 7.5% from 2012 to 91,581.
- Per unit furnace savings decreased from 1139 kWh/yr in 2012 to 1090 kWh/yr due to a slight shift in the number of participants who use their furnace fan non-continuously both before and after the retrofit as opposed to changing from continuous to non-continuous operation
- Per unit energy and demand savings assumptions for central air conditioners did not change from 2012.

Annual Coupons

- Customers redeemed more than ten times as many annual coupons in 2013 as in 2012 because of new LED coupons and full year availability of all coupons. Customers redeemed 13% more annual coupons in 2013 than in 2011, the first full year of annual coupons due to the high volume of new LED coupons.
- There was a significant reduction in savings specialty CFL related measures. In 2013, the findings showed around 30% of participants are replacing incandescent bulbs compared to 60% of participants replacing incandescent bulbs in 2012.
- Despite the significant per unit savings reductions, the Net Annual Savings from Annual Coupons in 2013 was more than 5.5 times that in 2012. This is primarily because of higher participation due to the inclusion of LED coupons and full year availability of all coupons.
- 93% of coupons redeemed in 2013 were for general purpose LEDS and specialty CFLs and LEDs, producing 89% of net annual energy savings and 84% of net demand savings.
- Measure NTG ratio was approximately 8% higher in 2013 than in 2012 due to the inclusion of participant like spillover, i.e., purchase of additional coupon initiative measures without using coupons because of program influence.

Bi-Annual Coupon Events

- 19% increase in the number of coupons redeemed during the Spring and Fall Events in 2013 compared to 2012 because of substantial increase in LED purchases with event coupons.
- 36% lower net annual savings in 2013 compared to 2012 primarily because of significant reductions in per unit savings estimates for standard and specialty CFLs. In 2013, findings showed a decrease in replacement rate of incandescent bulbs. Only 30% of 2013 participants are estimated to have replaced incandescent bulbs compared to 60% of participants replacing incandescent bulbs in 2012. This leads to a change in the baseline assumption for the savings calculations.
- 87% of coupons redeemed were for general purpose and specialty CFLs and LEDs, producing 80% of net annual energy savings and 73% of net demand savings.
- Measure NTG ratio was approximately 8% higher in 2013 than in 2012 due to the inclusion of participant like spillover, i.e., purchase of additional coupon initiative measures without using coupons because of program influence.

peaksaverPLUS

- The cycling strategy for CAC load control was changed from 50% simple cycling to 60% simple cycling.
- Under 1-in-10 year weather conditions, the 2013 estimated impacts for load control devices are higher than the 2012 estimates in all months and are between 10 and 15% higher during the core summer months of June through August.

- Load impact estimates for the average small and medium business and for electric water heaters among residential customers are also unchanged from the prior year's analysis.
- This year's IHD analysis has yielded an estimate of no statistically significant energy savings.

Residential New Construction

- Energy and demand savings for the Initiative increased by 300% compared to the combined 2011 and 2012 results ; number of projects also increased from 45 in 2011 and 2012 to 86 in 2013..
- All projects are opting for the prescriptive or performance path. No custom project applications were received in 2013, similar to 2011-2012 .
- Net-to-gross ratio for the initiative was higher by 14% from 49% in 2012 to 63% in 2013.

Home Assistance Program

- Participation increased significantly to 26,756 participants in 2013 from 5,033 in 2012.
- Realization rates were slightly lower in 2013 (0.88 for kWh and 0.26 for kW) than in 2012 (0.98 for kWh and 0.32 for kW) primarily due to updated verified per unit assumptions
- Realization rate for demand savings remained low as FAST Tool calculated kW savings for certain insulation measures remained very high and recommended revisions to kW savings factors were not yet in use in 2013 (changes to the FAST Tool to address these issues were made in early 2014)

BUSINESS PROGRAM

Retrofit

- A total of 8,785 projects completed in 2013. Reported energy savings for individual projects ranged from 1 kWh to over 5,000,000 kWh.
- Net to Gross ratio (NTG) for energy was 72.8%, consistent with prior years.
- NTG for demand was 72.0%, consistent with prior years.
- NTG ratios are comparable to similar programs across North America

Small Business Lighting

- In 2013 the initiative introduced: a) an increase in the incentive to $1500 from $1000, b) new LED measures c) Agribusiness eligibility, resulting in the stabilization of participation and an increase in savings.
- 17,782 projects completed in 2013 (3.8% decrease from 2012).

- However, 12.2% increase in Net Verified Energy Savings relative to 2012.
- The average incentive per project and savings per project both increased between 2012 to 2013
- Net to Gross ratio (NTG) for 2013 remained unchanged at 94%

Audit Funding

- 319 audits were completed in 2013.
- 2013 sample saw more recommended measures implemented without incentives (33% in 2013 vs. 13% in 2012).
- The average per audit summer peak demands savings is estimated to be 13 kW.

Existing Building Commissioning

- 29 unique participants in the 2013 population.
- No Commissioning projects completed the hand-off/completion phase in 2013.
- Improvements to the chilled water system controls were the most commonly targeted measure.
- Large variation in estimated savings results between preliminary investigation phase and actual implementation phase.

High Performance New Construction

- Number of projects increased by 25% from 69 in 2012 to 86 in 2013.
- Custom projects, representing only about 8% of the total number of projects, account for 67% of verified demand savings and 54% of verified energy savings.
- A realization rate of 72% for energy savings is low due to the low realization rate of the Agribusiness high ventilation, low speed fans which comprised of 15 % of the HPNC prescriptive project energy savings.
- Net-to-gross ratio for the initiative was higher by 5% from 49% in 2012 to 54% in 2013.

INDUSTRIAL PROGRAM

Process and Systems Upgrade Initiative

- In 2013, three PSUI projects were put into service. Projects were very well documented and technical reviews were thorough. Most projects are delivering the level of energy savings expected or more (realization rates of 87% for energy savings and 86% for summer demand savings).

- Good level of quality on M&V conducted in each project. The level of free-ridership was found to be very low, at only 7% for energy savings and 6% for demand savings, and no spillover was identified.
- Energy Managers are seen as important drivers of program enabled savings projects. Almost a 300% increase vs. 2012 in the amount of energy savings from program enabled savings projects.

DR-3

- The largest 20 contributors account for 60% of the contractual demand reduction – in other words, less than 5% of contributors account for the majority of the load reductions.
- In 2013, DR-3 was successfully dispatched locally for the first time in order to provide assistance in restoring power after a prolonged power outage due to substation flooding.

Note:

The Key Evaluation findings are derived from the 2013 evaluations of the saveONenergy programs. These findings were developed by 3rd party evaluation contractors. Complete findings are detailed in the contractors' full evaluation reports, which will be available publicly in Q4 2014.

3.3 Spending

Table 3 and 4 summarize the total spending by initiative that Bluewater Power has incurred in 2013 and cumulatively since 2011. It is detailed by the Program Administration Budget (PAB), Participant Based Funding (PBF), Participant Incentives (PI) and Capability Building Funding (CBF).

Table 3: 2013 Spending

Initiative	PAB	PBF	PI	CBF	TOTAL
Consumer Program					
Appliance Retirement	$86,195.94				$86,195.94
Appliance Exchange	$14,124.80				$14,124.80
HVAC Incentives	$23,028.55				$23,028.55
Annual Coupons	0				0
Bi-Annual Retailer Event	$27,218.46				$27,218.46
Retailer Co-op	0				0
Residential Demand Response	$34,250.95				$34,250.95
New Construction Program	$18,150.00				$18,150.00
TOTAL Consumer Programs					**$202,968.70**
Business Program					
Equipment Replacement	$124,615.40		$190,297.00		$314,912.40
Direct Installed Lighting	$2,632.25	$42,350.00	$181,577.00		$226,559.25
Existing Building Commissioning Incentive	0				
New Construction and Major Renovation Initiative	$491.00				$491.00
Energy Audit	$1,271.49				$1,271.49
Small Commercial Demand Response	0				0
Demand Response 3	0				0
TOTAL Business Programs					**$543,234.14**
Industrial Program					
Process & System Upgrades					
a) preliminary engineering study	0				0
b) detailed engineering study	0				0
c) program incentive	0				0
Monitoring & Targeting	0				0
Energy Manager	0				0
Key Account Manager (“KAM”)	0				0
Equipment Replacement	0				0
Demand Response 3	$82,970.41				$82,970.41
TOTAL Industrial Programs					**$82,970.41**
Home Assistance Program					
	$61,603.03		$257,816.00		**$319,419.03**
TOTAL SPENDING					**$1,148,592.28**

Table 4: Cumulative Spending (2011-2014)

Initiative	PAB	PBI	PI	CBF	TOTAL
Consumer Program					
Appliance Retirement	$277,442.79				$277,442.79
Appliance Exchange	$19,641.91				$19,641.91
HVAC Incentives	$31,350.77				$31,350.77
Annual Coupons	$5,610.22				$5,610.22
Bi-Annual Retailer Event	$32,619.57				$32,619.57
Retailer Co-op	0				0
Residential Demand Response	$72,679.72				$72,679.72
New Construction Program	$31,150.00				$31,150.00
TOTAL Consumer Program					**$470,494.98**
Business Program					
Equipment Replacement	$242,291.78		$543,172.00		$785,463.78
Direct Installed Lighting	$14,734.06	$160,350.00	$697,982.00		$873,066.06
Existing Building Commissioning Incentive	0				0
New Construction and Major Renovation Initiative	$538.67				$538.67
Energy Audit	$1,271.49				$1,271.49
Small Commercial Demand Response	0				0
Demand Response	0				0
TOTAL Business Program					**$1,660,340.00**
Industrial Program					
Process & System Upgrades	$24,352.74				$24,352.74
a) preliminary engineering study					
b) detailed engineering study					
c) program incentive					
Monitoring & Targeting					
Energy Manager					
Key Account Manager (“KAM”)					
Equipment Replacement Incentive					
Demand Response 3	$97,463.14				$97,463.14
TOTAL Industrial Program					**$121,815.88**
Home Assistance Program					
Home Assistance Program	$68,199.66		$277,355.00		**$345,554.66**
Pre 2011 Programs					
Electricity Retrofit Incentive Program			$201,845.00		$201,845.00
High Performance New Construction					
Toronto Comprehensive					
Multifamily Energy Efficiency Rebates					
Data Centre Incentive Program					
EnWin Green Suites					

Initiatives Not In Market					
Midstream Electronics					
Midstream Pool Equipment					
Demand Service Space Cooling					
Demand Response 1					
Home Energy Audit Tool					
TOTAL SPENDING					**$2,800,050.52**

3.4 Additional Comments

In 2011-2012 and even in prior years going back to Third Tranche, Bluewater Power has always exercised best practices to achieve the "culture of conservation" in Ontario. We have been faced with significant challenges in the delivery of these OPA programs. Occasionally, the implementation issues with the programs have placed Bluewater Power in an unfavourable light with our customers. The participant levels are down in nearly every initiative of the consumer portfolio and are in dire need of a makeover. However, Bluewater Power believes that conservation is long term and we remain committed to doing our best in assisting our customers achieve energy and cost savings in their homes and their places of business. It is also our commitment that we will continue to deliver energy conservation programming to 2015 and well beyond.

4 Combined CDM Reporting Elements

4.1 Progress Towards CDM Targets

Table 5: Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual (MW)			
	2011	2012	2013	2014
2011 – Verified by OPA	3.2	1.1	1.1	1.1
2012 – Verified by OPA	0.0	2.8	0.9	0.9
2013 – Verified by OPA	0.0	0.1	2.6	0.7
2014				
Verified Net Annual Peak Demand Savings in 2014:				**2.7**
BLUEWATER POWER 2014 Annual CDM Capacity Target:				**10.7**
Verified Portion of Peak Demand Savings Target Achieved (%):				**24.9%**

Table 6: Net Energy Savings at the End-User Level (GWh)

Implementation Period	Annual (GWh)				Cumulative (GWh)
	2011	2012	2013	2014	2011-2014
2011 – Verified by OPA	5.3	5.2	5.2	5.2	20.9
2012 – Verified by OPA	0.1	4.0	3.9	3.9	11.9
2013 – Verified by OPA	0.0	0.3	2.8	2.7	5.8
2014					
Verified Net Cumulative Energy Savings 2011-2014:					**38.6**
BLUEWATER POWER 2011-2014 Cumulative CDM Energy Target:					**53.7**
Verified Portion of Cumulative Energy Target Achieved (%):					**71.7%**

4.2 Variance from Strategy

If we break down our results by program, Bluewater saw a reduction of over 50% within the Consumer Program. This decrease was predicted by the OPA evaluators. As indicated in previous reports, the consumer initiatives are in dire need of an overhaul.

With respect to the Business program, the Direct Install initiative energy savings in 2013 was nearly 50% of achieved savings in 2012. And although Bluewater Power implemented a greater number of ERII (retrofit) applications the overall impact to energy savings was a decrease of nearly 20% in comparison from 2012 to 2013.

Industrial projects that Bluewater had in the pipeline have not reached completion although one large VFD project is undergoing EM&V currently and preliminary results look favourable so that project should be reflected in 2014.

We are actively pursuing DR participants and work very closely with one of the OPA aggregators. However, Bluewater Power feels that in competitive fairness, our customers should have access to the same DR rates as other jurisdictions in the province to assist Bluewater Power in achieving demand savings targets.

4.3 Outlook to 2014 and Strategy Modifications

On March 31st, 2014 the Minister of Energy issued a directive entitled “Continuance of the OPA’s Demand Response Program under IESO management” which effectively halts new customer enrollments in the DR3 program until the IESO has a program in market. This is estimated to be some time in 2015.

The DR3 Initiative is a significant contributor to helping LDCs achieve their demands savings target. The program has taken some time to get traction and LDCs have been diligently working with their customers to encourage participation in the DR3 program. LDC customers are now in a position where many of them have contracted with an Aggregator but will be unable to participate due to the inability of the Aggregator to receive new contract schedules resulting in the current “pipeline” of potential DR contributors being stranded.

5 Conclusion

To date, Bluewater Power has achieved 2.7 MW in peak demand savings and 38.6 GWh in energy savings, which represents 24.9% and 71.7% of Bluewater Power 2014 target, respectively. These results are representative of a considerable effort expended by Bluewater Power, in cooperation with other LDCs, customers, channel partners and stakeholders to overcome many operational and structural issues that limited program effectiveness across all market sectors.

Despite continuing improvements to existing programs, Bluewater Power faces challenges in the remaining year of the current CDM framework. With the current slate of available OPA Programs, and the current forecast of implementation and projected savings, Bluewater Power remains optimistic we will meet its 53.7 GWh consumption target but will struggle to meet its 10.7 MW peak demand savings target.

Looking ahead there is limited opportunity to make valuable changes to the current program portfolios and have these changes reflected in LDC 2014 results. However, LDCs and the OPA can build on the strengths and key successes of the 2011-2014 programs to launch new programs which will meet the needs of the industry and consumers.

Bluewater Power has expended significant effort to develop relationships with its larger users, including municipalities. Although the results of those efforts may not have been realized yet, the foundation build during the 2011 to 2014 time period will result in projects and savings in years to come.

Appendix A: Initiative Descriptions

Residential Program

APPLIANCE RETIREMENT INITIATIVE (Exhibit D)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objectives: Achieve energy and demand savings by permanently decommissioning certain older, inefficient refrigeration appliances.

Description: This is an energy efficiency Initiative that offers individuals and businesses free pick-up and decommissioning of old large refrigerators and freezers. Window air conditioners and portable dehumidifiers will also be picked up if a refrigerator or a freezer is being collected.

Targeted End Uses: Large refrigerators, large freezers, window air conditioners and portable dehumidifiers.

Delivery: OPA centrally contracts for the province-wide marketing, call centre, appliance pick-up and decommissioning process. LDC's provides local marketing and coordination with municipal pick-up where available.

Additional Detail: Schedule B-1, Exhibit D on the OPA extranet and SaveONenergy website

APPLIANCE EXCHANGE INITIATIVE (Exhibit E)

Target Customer Type(s): Residential Customers

Initiative Frequency: Spring and Fall

Objective: The objective of this Initiative is to remove and permanently decommission older, inefficient window air conditioners and portable dehumidifiers that are in Ontario.

Description: This Initiative involves appliance exchange events. Exchange events are held at local retail locations and customers are encouraged to bring in their old room air conditioners (AC) and dehumidifiers in exchange for coupons/discounts towards the purchase of new energy efficient equipment. Window ACs were discontinued from the program in 2013.

Targeted End Uses: Window air conditioners and portable dehumidifiers

Delivery: OPA contracts with participating retailers for collection of eligible units. LDCs provide local marketing.

Additional Detail: Schedule B-1, Exhibit C on the OPA extranet and SaveONenergy website

HVAC INCENTIVES INITIATIVE (Exhibit B)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to encourage the replacement of existing heating systems with high efficiency furnaces equipped with Electronically Commutated Motors (ECM), and to replace existing central air conditioners with ENERGY STAR qualified systems and products**.**

Description: This is an energy efficiency Initiative that provides rebates for the replacement of old heating or cooling systems with high efficiency furnaces (equipped with ECM) and ENERGY STAR® qualified central air conditioners by approved Heating, Refrigeration, and Air Conditioning Institute (HRAI) qualified contractors.

Targeted End Uses: Central air conditioners and furnaces

Delivery: OPA contracts centrally for delivery of the program. LDCs provide local marketing and encourage local contractors to participate in the Initiative.

Additional Detail: Schedule B-1, Exhibit B on the OPA extranet and SaveONenergy website

CONSERVATION INSTANT COUPON INITIATIVE (Exhibit A)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to encourage households to purchase energy efficient products by offering discounts.

Description: This Initiative provides customers with year round coupons. The coupons offer instant rebates towards the purchase of a variety of low cost, easy to install energy efficient measures and can be redeemed at participating retailers. Booklets were directly mailed to customers and were also available at point-of-purchase. Downloadable coupons were also available at www.saveoneenergy.ca.

Targeted End Uses: ENERGY STAR® qualified Standard Compact Fluorescent Lights ("CFLs"),ENERGY STAR® qualified Light Fixtures lighting control products, weather-stripping, hot water pipe wrap, electric water heater blanket, heavy duty plug-in Timers, Advanced power bars, clothesline, baseboard programmable thermostats.

Delivery: The OPA develops the electronic version of the coupons and posts them online for download. Three LDC specific coupons were made available for local marketing and utilization by LDCs. The OPA enters into agreements with retailers to honour the coupons.

Additional Detail: Schedule B-1, Exhibit A on the OPA extranet and SaveONenergy website

BI-ANNUAL RETAILER EVENT INITIATIVE (Exhibit C)

Target Customer Type(s): Residential Customers

Initiative Frequency: Bi-annual events

Objective: The objective of this Initiative is to provide instant point of purchase discounts to individuals at participating retailers for a variety of energy efficient products.

Description: Twice a year (Spring and Fall), participating retailers host month-long rebate events. During the months of April and October, customers are encouraged to visit participating retailers where they can find coupons redeemable for instant rebates towards a variety of low cost, easy to install energy efficient measures.

Targeted End Uses: As per the Conservation Instant Coupon Initiative

Delivery: The OPA enters into arrangements with participating retailers to promote the discounted products, and to post and honour related coupons. LDCs also refer retailers to the OPA and market this initiative locally.

Additional Detail: Schedule B-1, Exhibit C on the OPA extranet and saveONenergy website

RETAILER CO-OP

Target Customer Type(s): Residential Customers

Initiative Frequency: Year Round

Objective: Hold promotional events to encourage customers to purchase energy efficiency measures (and go above-and-beyond the traditional Bi-Annual Coupon Events).

Description: The Retailer Co-op Initiative provides LDCs with the opportunity to work with retailers in their service area by holding special events at retail locations. These events are typically special promotions that encourage customers to purchase energy efficiency measures (and go above-and-beyond the traditional Bi-Annual Coupon Events).

Targeted End Uses: As per the Conservation Instant Coupon Initiative

Delivery: Retailers apply to the OPA for co-op funding to run special promotions that promote energy efficiency to customers in their stores. LDCs can refer retailers to the OPA. The OPA provides each LDC with a list of retailers who have qualified for Co-Op Funding as well as details of the proposed special events.

NEW CONSTRUCTION PROGRAM (Schedule B-2)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to provide incentives to participants for the purpose of promoting the construction of energy efficient residential homes in the Province of Ontario.

Description: This is an energy efficiency Initiative that provides incentives to homebuilders for constructing new homes that are efficient, smart, and integrated (applicable to new single family dwellings). Incentives are provided in two key categories as follows:

- Incentives for homebuilders who install electricity efficiency measures as determined by a prescriptive list or via a custom option.
- Incentives for homebuilders who meet or exceed aggressive efficiency standards using the EnerGuide performance rating system.

Targeted End Uses: All off switch, ECM motors, ENERGY STAR® qualified central a/c, lighting control products, lighting fixtures, EnerGuide 83 whole home, EnerGuide 85 whole homes

Delivery: Local engagement of builders will be the responsibility of the LDC and will be supported by OPA air coverage driving builders to their LDC for additional information.

Additional Detail: Schedule B-1, Exhibit C on the OPA extranet and SaveONenergy website

RESIDENTIAL DEMAND RESPONSE PROGRAM (Schedule B-3)

Target Customer Type(s): Residential and Small Commercial Customers

Initiative Frequency: Year round

Objective: The objectives of this Initiative are to enhance the reliability of the IESO-controlled grid by accessing and aggregating specified residential and small commercial end uses for the purpose of load reduction, increasing consumer awareness of the importance of reducing summer demand and providing consumers their current electricity consumption and associated costs.

Description: In ***peaksaver***PLUS ™ participants are eligible to receive a free programmable thermostat or switch, including installation. Participants also receive access to price and real-time consumption information on an In Home Display (IHD).

Targeted End Uses: central air conditioning, electric hot water heaters and pool pumps

Delivery: LDC's recruit customers and procure technology

Additional Detail: Schedule B-1, Exhibit C on the OPA extranet and SaveONenergy website

C&I Program

EFFICIENCY: EQUIPMENT REPLACEMENT INCENTIVE (ERII) (Schedule C-2)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives to non-residential distribution customers to achieve reductions in electricity demand and consumption by upgrading to more energy efficient equipment for lighting, space cooling, ventilation and other measures.

Description: The Equipment Replacement Incentive Initiative (ERII) offers financial incentives to customers for the upgrade of existing equipment to energy efficient equipment. Upgrade projects can be classified into either: 1) prescriptive projects where prescribed measures replace associated required base case equipment; 2) engineered projects where energy and demand savings and incentives are calculated for associated measures; or 3) custom projects for other energy efficiency upgrades.

Targeted End Uses: lighting, space cooling, ventilation and other measures

Delivery: LDC delivered.

Additional Detail: Schedule C-2 on the OPA extranet and saveONenergy website

DIRECT INSTALL INITIATIVE (DIL) (Schedule C-3)

Target Customer Type(s): Small Commercial, Institutional, Agricultural facilities and multi-family buildings

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer a free installation of eligible lighting and water heating measures of up to $1,000 to eligible owners and tenants of small commercial, institutional and agricultural facilities and multi-family buildings, for the purpose of achieving electricity and peak demand savings.

Description: The Direct Installed Lighting Initiative targets customers in the General Service <50kW account category. This Initiative offers turnkey lighting and electric hot water heater measures with a value up to $1,000 at no cost to qualifying small businesses. In addition, standard prescriptive incentives are available for eligible equipment beyond the initial $1,000 limit.

Target End Uses: Lighting and electric water heating measures

Delivery: Participants can enroll directly with the LDC, or would be contacted by the LDC/LDC-designated representative.

Additional Detail: Schedule C-3 on the OPA extranet and SaveONenergy website

EXISTING BUILDING COMMISSIONING INCENTIVE INITIATIVE (Schedule C-6)

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives for optimizing (but not replacing) existing chilled water systems for space cooling in non-residential facilities for the purpose of achieving implementation phase energy savings, implementation phase demand savings, or both.

Description: This Initiative offers Participants incentives for the following:

- scoping study phase
- investigation phase
- implementation phase
- hand off/completion phase

Targeted End Uses: Chilled water systems for space cooling

Delivery: LDC delivered.

Additional Detail: Schedule C-6 on the OPA extranet and SaveONenergy website Additional detail is available:

NEW CONSTRUCTION AND MAJOR RENOVATION INITIATIVE (HPNC) (Schedule C-4)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to encourage builders/major renovators of commercial, institutional, and industrial buildings (including multi-family buildings and agricultural facilities) to reduce electricity demand and/or consumption by designing and building new buildings with more energy-efficient equipment and systems for lighting, space cooling, ventilation and other Measures.

Description: The New Construction initiative provides incentives for new buildings to exceed existing codes and standards for energy efficiency. The initiative uses both a prescriptive and custom approach.

Targeted End Uses: New building construction, building modeling, lighting, space cooling, ventilation and other Measures

Delivery: LDC delivers to customers and design decision makers.

Additional Detail: Schedule C-4 on the OPA extranet and SaveONenergy website

ENERGY AUDIT INITIATIVE (Schedule C-1)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives to owners and lessees of commercial, institutional, multi-family buildings and agricultural facilities for the purpose of undertaking assessments to identify all possible opportunities to reduce electricity demand and consumption within their buildings or premises.

Description: This Initiative provides participants incentives for the completion of energy audits of electricity consuming equipment located in the facility. Energy audits include development of energy baselines, use assessments and performance monitoring and reporting.

Targeted End Uses: Various

Delivery: LDC delivered.

Additional Detail: Schedule C-1 on the OPA extranet Schedule C-1 and SaveONenergy website https://saveonenergy.ca/Business/Program-Overviews/Audit-Funding.aspx

Industrial Program

PROCESS & SYSTEMS UPGRADES INITIATIVE (PSUI) (Schedule D-1)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objectives: The objectives of this Initiative are to:

- Offer distribution customers capital incentives and enabling initiatives to assist with the implementation of large projects and project portfolios;
- Implement system optimization project in systems which are intrinsically complex and capital intensive; and
- Increase the capability of distribution customers to implement energy management and system optimization projects.

Description: PSUI is an energy management Initiative that includes three Initiatives: (preliminary engineering study, detailed engineering study, and project incentive Initiative). The incentives are available to large distribution connected customers with projects or portfolio projects that are expected to generate at least 350 MWh of annualized electricity savings or, in the case of Micro-Projects, 100 MWh of annualized electricity savings.

The capital incentive for this Initiative is the lowest of:

a) $200/MWh of annualized electricity savings

b) 70% of projects cost

c) A one year pay back

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional Detail: Schedule D-1 on the OPA extranet and saveONenergy website https://saveonenergy.ca/Business.aspx

MONITORING & TARGETING INITIATIVE (Schedule D-2)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This Initiative offers access to funding for the installation of Monitoring and Targeting systems in order to deliver a minimum savings target at the end of 24 months and sustained for the term of the M&T Agreement.

Description: This Initiative offers customers funding for the installation of a Monitoring and Targeting system to help them understand how their energy consumption might be reduced. A facility energy manager, who regularly oversees energy usage, will now be able to use historical energy consumption performance to analyze and set targets.

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional Detail: Schedule D-2 on the OPA extranet and saveONenergy website https://saveonenergy.ca/Business.aspx

ENERGY MANAGER INITIATIVE (Schedule D-3)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: The objective of this initiative is to provide customers and LDCs the opportunity to access funding for the engagement of energy managers in order to deliver a minimum annual savings target.

Description: This Initiative provides customers the opportunity to access funding to engage an on-site, full time embedded energy manager, or an off-site roving energy manager who is engaged by the LDC. The role of the

energy manager is to take control of the facility's energy use by monitoring performance, leading awareness programs, and identifying opportunities for energy consumption improvement, and spearheading projects. Participants are funded 80% of the embedded energy manager's salary up to $100,000 plus 80% of the energy manager's actual reasonable expenses incurred up to $8,000 per year. Each embedded energy manager has a target of 300 kW/year of energy savings from one or more facilities. LDCs receive funding of up to $120,000 for a Roving Energy Manager plus $8,000 for expenses.

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional Detail: Schedule D-3 on the OPA extranet and SaveONenergy website
https://saveonenergy.ca/Business.aspx

KEY ACCOUNT MANAGER (KAM) (Schedule D-4)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This initiative offers LDCs the opportunity to access funding for the employment of a KAM in order to support them in fulfilling their obligations related to the PSUI.

Description: This Initiative provides LDCs the opportunity to utilize a KAM to assist their customers. The KAM is considered to be a key element in assisting the consumer in overcoming traditional barriers related to energy management and help them achieve savings since the KAM can build relationships and become a significant resource of knowledge to the customer.

Targeted End Uses: Process and systems

Delivery: LDC delivered

Additional Detail: ScheduleD-4 on the OPA extranet.

DEMAND RESPONSE 3 (Schedule D-6)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This Initiative provides for Demand Response ("DR") payments to contracted participants to compensate them for reducing their electricity consumption by a pre-defined amount during a DR event.

Description: Demand Response 3 ("DR3") is a demand response Initiative for commercial and industrial customers, of 50 kW or greater to reduce the amount of power being used during certain periods of the year. The DR3 Initiative is a contractual resource that is an economic alternative to procurement of new generation capacity.

DR3 comes with specific contractual obligations requiring participants to reduce their use of electricity relative to a baseline when called upon. This Initiative makes payments for participants to be on standby and payments for the actual electricity reduction provided during a demand response event. Participants are scheduled to be on standby approximately 1,600 hours per calendar year for possible dispatch of up to 100 hours or 200 hours within that year depending on the contract.

Targeted End Uses: Commercial and Industrial Operations

Delivery: DR3 is delivered by Demand Response Providers ("DRPs"), under contract to the OPA. The OPA administers contracts with all DRPs and Direct Participants (who provide in excess of 5 MW of demand response capacity). OPA provides administration including settlement, measurement and verification, and dispatch. LDCs are responsible for local customer outreach and marketing efforts.

Additional Detail: Schedule D-6 available on the OPA and SaveONenergy website
https://saveonenergy.ca/Business.aspx

LOW INCOME INITIATIVE (HOME ASSISTANCE PROGRAM) (Schedule E-1)

Target Customer Type(s): Income Qualified Residential Customers

Initiative Frequency: Year Round

Objective: The objective of this Initiative is to offer free installation of energy efficiency measures to income qualified households for the purpose of achieving electricity and peak demand savings.

Description: This is a turnkey Initiative for income qualified customers. It offers residents the opportunity to take advantage of free installation of energy efficient measures that improve the comfort of their home, increase efficiency, and help them save money. All eligible customers receive a Basic and Extended Measures Audit, while customers with electric heat also receive a Weatherization Audit. The Initiative is designed to coordinate efforts with gas utilities.

Targeted End Uses: End use measures based on results of audit (i.e. compact fluorescent light bulbs)

Delivery: LDC delivered.

Additional Detail: Schedule E available on the OPA extranet.

Appendix B: Pre-2011 Programs

ELECTRICITY RETROFIT INCENTIVE PROGRAM

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year Round

Objective: The objective of this Initiative is to offer incentives to non-residential distribution customers to achieve reductions in electricity demand and consumption by upgrading to more energy efficient equipment for lighting, space cooling, ventilation and other measures.

Description: The Equipment Replacement Incentive Program (ERIP) offered financial incentives to customers for the upgrade of existing equipment to energy efficient equipment. This program was available in 2010 and allowed customers up to 11 months following Pre-Approval to complete their projects. As a result, a number of projects Pre-Approved in 2010 were not completed and in-service until 2011. The electricity savings associated with these projects are attributed to 2011.

Targeted End Uses: Electricity savings measures

Delivery: LDC Delivered

HIGH PERFORMANCE NEW CONSTRUCTION

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year round

Objective: The High Performance New Construction Initiative provided incentives for new buildings to exceed existing codes and standards for energy efficiency. The Initiative uses both a prescriptive and custom approach and was delivered by Enbridge Gas under contract with the OPA (and subcontracted to Union Gas), which ran until December 2010.

Description: The objective of this Initiative is to encourage builders of commercial, institutional, and industrial buildings (including multi-family buildings and agricultural facilities) to reduce electricity demand and/or consumption by designing and building new buildings with more energy-efficient equipment and systems for lighting, space cooling, ventilation and other Measures.

Targeted End Uses: New Building construction, building modeling, lighting, space cooling, ventilation and other measures

Delivery: Through Enbridge Gas (and subcontracted to Union Gas)

TORONTO COMPREHENSIVE INITIATIVE

Target Customer Type(s): Commercial and Institutional Customers

Description: This Initiative is specific to Toronto Hydro's Service Area.

MULTIFAMILY ENERGY EFFICIENCY REBATES

Target Customer Type(s): Residential Multi-unit buildings

Initiative Frequency: Year round

Objective: Improve energy efficiency of Multi-unit building

Description: OPA's Multifamily Energy Efficiency Rebates (MEER) Initiative applies to multifamily buildings of six units or more, including rental buildings, condominiums, and assisted social housing. The OPA contracted with GreenSaver to deliver the MEER Initiative outside of the Toronto Hydro service territory. Activities delivered in Toronto were contracted with the City.

Similar to ERII and ERIP, MEER provides financial incentives for prescriptive and custom measures, but also funds resident education. Unlike ERII, where incentives are paid by the LDC, all incentives through MEER are paid through the contracted partner (i.e. GreenSaver).

Targeted End Uses: Electricity saving measures

Delivery: OPA contracted with GreenSaver

DATA CENTRE INCENTIVE PROGRAM

Initiative Frequency: Year round

Description: This Initiative is specific to Powerstream's Service Area.

ENWIN GREEN SUITES

Initiative Frequency: Year round

Description: This Initiative is specific to EnWin's Service Area.