



May 19, 2020

Mary Anne Aldred  
Chief Operating Officer & General Counsel  
Ontario Energy Board

**Ref: OEB letter to London Hydro dated April 21, 2020 (Board File No. EB-2016-0201)**

Thank you for accepting London Hydro's Final Report on its Regulated Rate Plan Pilot Project. It was a successful team effort between the OEB, Navigant and London Hydro's staff and customers that has delivered exceptional results and provided a showcase of innovation and customer engagement including:

- 1,600 active participants with 3,500 customers expressing interest in the pilot;
- Two customer outreach events with over 400 attendees;
- 4,100+ smart home devices deployed and connected; and
- Average 1% opt outs during 15 minute notice for demand response of 36 Critical Peak Pricing (CPP) events.

London Hydro was asked by Navigant to co-present our interim report results at the PLMA (Peak Load Management Alliance) conference on November 4th in Florida. Very positive feedback was received from different utilities and vendors. Most of the interest revolved around customer messaging and engagement. Utilities were surprised by the magnitude of the impact that was achieved with only 15 minutes of warning being provided to pilot participants.

London Hydro highlights the following key findings from Navigant's final report:

- CPP participants delivered summer On-Peak and Mid-Peak energy savings that are statistically significant at the 90% confidence level. CPP and CPP/RT participants reduced their daily summer On-Peak consumption by approximately 5% on average and Mid-Peak consumption by approximately 3% on average.
- Energy literacy, as it relates to managing electricity consumption, is high amongst all applicants to the RPP pilot program. The available evidence suggests that education and customer engagement are key factors in enabling participant response.
- Participants can, in the summer, be remarkably nimble in responding to very short-term changes in price. Participants whose load switches were not connected, and thus whose load switches could not automatically reduce demand in response to London Hydro's



signal, were still able to deliver 0.3 kW (15%) of demand reductions during events despite receiving only 15 minutes' notice.

London Hydro believes it has delivered on the OEB's pilot objectives:

- Provide real-world experiences to help inform how the OEB can improve the RPP, and
- Test how consumers respond to greater choice, stronger incentives and more information using different electricity pricing plans to help consumers better manage their electricity costs.

### **London Hydro's Request for an Increased Maximum Funding Amount**

On June 11, 2018 London Hydro provided an early indication to the OEB of a likely variance in the funding requirements for its project based on challenges associated with deployment of smart home technology and 15-minute notice for CPP events. The variance was primarily due to two factors that had not been known when the initial estimated budget was established:

- First, London Hydro incurred costs associated with approximately 700 more home visits than originally forecasted in our estimate/plan. These additional visits to participants' homes addressed connectivity issues and electrical work that was rescheduled or cancelled.
- Second, due to the nature of the program, there were some system improvements required to support and maintain hardware connectivity in the home. London Hydro ended up achieving over 80% connectivity during CPP events compared to similar pilots that achieved only 40% connectivity, primarily as a result of the system improvements.

London Hydro continued to move forward with the project in good faith expecting the cost overruns to be reviewed for prudence and ultimately reimbursed, a belief based on the OEB letter to London Hydro on July 31, 2018 asserting that *"the OEB is prepared to consider the prudence of spending in excess of the approved budget upon approval of the Final Results Report"*.

Accordingly, London Hydro was surprised at the OEB's position in its letter dated April 21, 2020 that the OEB would not review London Hydro's incurred costs beyond the Approved Estimated Maximum Budget in the funding contract between London Hydro and the IESO (the "Contract"). London Hydro believes that the documents it has knowledge of establish that London Hydro remains in a position to submit a requested for increased funding, and the OEB remains in a



position to determine the prudence of that request and submit any appropriate increases in funding the IESO. London Hydro has provided as attachments to this letter all the documents referred to in its analysis below.

In response to London Hydro's request that the OEB review London Hydro's increased costs the OEB referred to the fact that the Conservation Fund was discontinued, and stated that *"While approved contract amounts can still be paid, the OEB understands that the IESO has no ability to provide a payment to any contract counterparty in excess of the Approved Maximum Budget"*.<sup>1</sup> London Hydro has reviewed the Contract with the IESO and documents available to London Hydro that establish the RPP Pilot funding framework and, respectfully, cannot see how the OEB has come to that understanding.

London Hydro's Contract with the IESO contemplates the possible termination of the Conservation Fund, giving the IESO the right to terminate the Contract in response to termination of the Conservation Fund.<sup>2</sup> To London Hydro's knowledge the IESO has not exercised that right, a conclusion supported by the OEB's confirmation in correspondence to the IESO that:

*The IESO has assured us that funding of contribution amounts for OEB-approved RPP pilot projects under existing contracts will continue despite the recent revocation of the Minister of Energy's December 16, 2016 Direction to the IESO.*<sup>3</sup>

Accordingly, it appears to London Hydro that its Contract with the IESO remains unaffected by the termination of the Conservation Fund; under the Contract the maximum total Contribution can be increased by the IESO upon prior written approval.<sup>4</sup>

Based on the OEB's letter to the IESO dated May 26, 2017 the OEB agreed that:

*Where the OEB determines that total funding for a Pilot Project may exceed the estimated maximum budget for such Pilot Project, the OEB will inform the IESO so that the IESO may take the necessary steps under its procurement contract for such Pilot Project to approve an increase to the maximum funding amount in the contract for such Pilot Project.*<sup>5</sup>

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<sup>1</sup> OEB Letter to London Hydro dated April 21, 2020 page 2.

<sup>2</sup> CONSERVATION FUND AGREEMENT - Ontario Energy Board Regulated Price Plan Roadmap Pilot Project, London Hydro, page 4 section 7 a).

<sup>3</sup> OEB Letter to IESO dated May 31, 2019 page 1.

<sup>4</sup> CONSERVATION FUND AGREEMENT - Ontario Energy Board Regulated Price Plan Roadmap Pilot Project, London Hydro, page 2 section 3 b).

<sup>5</sup> OEB Letter to IESO dated May 26, 2017 page 4.



The OEB's obligation to inform the IESO when the total funding for the Pilot Project may exceed the estimated maximum budget was specifically included in the Contract between London Hydro and the IESO through Schedule A to the Contract:

*The OEB will advise the IESO should there be a material change in the estimated maximum budget for, or the targeted date of completion of, London Hydro's RPP pilot project, together with any associated changes to the project milestones and payment schedule.<sup>6</sup>*

Based on the foregoing it appears to London Hydro that the termination of the Conservation Fund has had no effect on the operation of the Contract between London Hydro and the IESO, and specifically has had no effect on the OEB's role in determining whether total funding for a Pilot Project will be in excess of the maximum funding amount and advising the IESO of that excess so that the IESO can "take the necessary steps under its procurement contract for such Pilot Project to approve an increase to the maximum funding amount in the contract for such Pilot Project."<sup>7</sup>

London Hydro notes that the OEB's obligation to advise the IESO that London Hydro's spending on the project may exceed the estimated maximum budget was triggered through London Hydro's letter to the OEB in June, 2018,<sup>8</sup> more than 7 months before the termination of the Conservation Fund. Although delaying the review of London Hydro's increased estimated costs, the OEB assured London Hydro that there would remain an opportunity to demonstrate the prudence of any such overspend:

*The OEB acknowledges London Hydro's request for a revision to its project budget, and notes that it is being made to accommodate both past overruns as well as higher future costs. The OEB has determined that it will not approve an increase in the project budget at this time. However, the OEB is prepared to consider the prudence of spending in excess of the approved budget upon approval of the Final Results Report if and to the extent that London Hydro has been unable to find cost savings to offset such incremental spending. If London Hydro anticipates further material cost overruns during the course of the RPP pilot beyond those noted in its June 11, 2018 letter, London Hydro is required to inform the OEB of these cost overruns.<sup>9</sup>*

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<sup>6</sup> CONSERVATION FUND AGREEMENT - Ontario Energy Board Regulated Price Plan Roadmap Pilot Project, London Hydro, Schedule A, page 1.

<sup>7</sup> OEB Letter to IESO dated May 26, 2017 page 4.

<sup>8</sup> London Hydro Letter to OEB, June 11, 2018

<sup>9</sup> OEB Letter to London Hydro dated July 31, 2018, page 2.



Further to the OEB's direction London Hydro provided details with respect to the further material cost overruns by letter dated October 14, 2019 including 300 extra site visits totally over 1000 revisits.<sup>10</sup>

Given that:

- a) London Hydro immediately advised the OEB of the likelihood that the total funding for the project would exceed the estimated maximum budget embedded in the contract;
- b) The OEB assured London Hydro that it would have the opportunity to demonstrate the prudence of the increased funding; and
- c) The IESO assured the OEB that funding of contracts would continue despite the revocation of the Conservation Fund,

London Hydro respectfully submits that it is entitled to have the OEB consider the prudence of its increased funding request and, to the extent that funding request is determined to be prudent, have the OEB advise the IESO of the increase as contemplated by the Contract and the agreement between the OEB and the IESO.

London Hydro believes it is important to recognize that it volunteered to participate in the RPP Pilot Project program, without any prospect of material economic benefit. Under the status quo position put forward by the OEB London Hydro will have to absorb over \$500,000 as result of participating in the project at the invitation of the OEB, with the OEB declining to assist London Hydro in its attempt to recover the excess funding despite its assurance that it would do so two years prior and despite the OEB's specific obligation to do so under the Contract and its agreement with the IESO as part of the RPP Pilot Project framework. If this status quo persists London Hydro is concerned that LDCs may become reluctant to participate in future voluntary collaborations with the OEB, the IESO and other entities, dampening efforts to pursue innovation within the industry.

For all these reasons London Hydro respectfully asks that the OEB make a determination with respect to the total spending on London Hydro's RPP Pilot Project, and to the extent that the prudent total spending exceeds the current maximum funding amount in the Contract advise the IESO of the increased funding requirement as contemplated by the Contract and the OEB's agreement with the IESO. London Hydro believes it has acted responsibly in the furtherance of its Pilot Project and prudently when incurring Pilot Project costs and as such deserves to have its full costs considered by both the OEB and the IESO as contemplated by the Contract and the RPP Pilot Project Framework.

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<sup>10</sup> London Hydro Letter to OEB, October 11, 2019



London Hydro would appreciate your time and re-consideration regarding this matter.

Regards,

Syed Mir  
VP Corporate Services & CIO  
London Hydro

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**VIA EMAIL**

May 26, 2017

Terry Young  
Vice President, Conservation & Corporate Relations  
Independent Electricity System Operator  
120 Adelaide Street West, Suite 1600  
Toronto, ON M5H 1T1

Dear Mr. Young:

**Re: Funding of OEB Regulated Price Plan Pilot Projects  
(Board File No. EB-2016-0201)**

Further to the Minister of Energy's Direction issued to the Independent Electricity System Operator (IESO) on December 16, 2016, I am writing to confirm the roles and responsibilities of the IESO and the Ontario Energy Board (OEB) in relation to the implementation and funding of pilot projects for new pricing models and non-price tools (Pilots Projects) relating to the OEB's Regulated Price Plan (RPP).

The Direction requires the IESO to provide, through its Conservation Fund, support and funding for Pilot Projects specified by the OEB, in such amounts as determined by the OEB. The IESO is required to:

- provide Conservation Fund funding without adherence to the Conservation Fund's application process or other requirements;
- create a simplified process for enabling distributors that are delivering Pilot Projects to access Conservation Fund funding; and
- use a simplified and expedited procurement process for the purpose of entering into one or more procurement contracts with distributors selected by the OEB.

The OEB is responsible for establishing criteria for, selecting and overseeing the Pilot Projects. The OEB is also responsible for dealing with distributors that have been selected to undertake Pilot Projects in relation to all aspects of the Pilot Projects other

than settlement processes, including such progress monitoring, evaluation, measurement and verification and publication of results as the OEB considers appropriate.

The OEB acknowledges that the IESO will need to have certain information for the purposes of entering into procurement contracts with distributors that have been selected by the OEB to undertake Pilot Projects, and for the purposes of managing such contracts and providing Conservation Fund funding for those projects. The information that will be provided to the IESO in that regard is set out in Attachment A to this letter.

Pilot Projects are a key element of the OEB's efforts to have an objective basis on which to inform our future decisions about RPP pricing and the design of new tools for customers to manage their electricity usage and provide for increased system efficiency. It is therefore important that the IESO's contracting approach and its contractual relationship with distributors facilitate the smooth and timely operation of the Pilot Projects to meet the OEB's requirements. Attachment B to this letter sets out a number of important considerations in that regard.

Sincerely,



Mary Anne Aldred  
General Counsel & Vice President, Legal Services & Strategic Policy  
Ontario Energy Board

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Terry Young  
Vice President, Conservation & Corporate Relations  
Independent Electricity System Operator



## **Appendix A**

### **Information to be Provided by the OEB to the IESO**

#### **1. Information to Support Contract with a Distributor**

For each Pilot Project approved by the OEB, the OEB will provide the IESO with a letter confirming such approval that includes the following information:

- i. A reference to the Minister's December 16, 2016 Direction to the IESO
- ii. The name of the distributor(s) selected by the OEB to undertake the Pilot Project and such distributor's Pilot Project contact information
- iii. The name of the Pilot Project
- iv. The estimated maximum budget for the Pilot Project
- v. A table identifying the project milestones, and target completion dates of the project milestones that will trigger payments by the IESO to the distributor(s) from the Conservation Fund
- vi. The amount of the payment to be made on contract execution

#### **2. Information to Trigger Payments to Distributors**

For each Pilot Project approved by the OEB, the OEB will provide the IESO with letters at the appropriate time requesting the IESO to settle payment with the distributor(s). Such letters will include:

- i. Reference to the Minister's December 16, 2016 Direction to the IESO
- ii. The name of the distributor(s) selected by the OEB to undertake the Pilot Project
- iii. The name of the Pilot Project
- iv. The date of completion of the applicable project milestone (or confirmation that the payment does relate to a particular project milestone)
- v. Confirmation of the OEB's acceptance of the milestone, if applicable
- vi. The amount of the associated payment to be made by the IESO

#### **3. Information Regarding Funding Amounts, Completion or Termination of a Pilot Project**

Where the OEB has determined that a Pilot Project has been completed and that no further funding from the IESO is required, the OEB will provide the IESO with a letter requesting the IESO to settle payment with the distributor(s) (or recover prior funding from the distributor(s), if applicable) and confirming the IESO's contract with the distributor(s) may be terminated. Such letter will include:

- i. Reference to the Minister's December 16, 2016 Direction to the IESO
- ii. The name of the distributor(s) selected by the OEB to undertake the Pilot Project
- iii. The name of the Pilot Project
- iv. The date of completion of the Pilot Project
- v. Confirmation of the remaining amount to be paid by the IESO, if any, to the distributor(s), or amounts to be recovered by the IESO from distributor(s)
- vi. Confirmation that Conservation Fund funding for the Pilot Project is no longer required after payment of the amount referred to in (v)

Where the OEB has determined that a Pilot Project should be terminated before completion, the OEB will provide the IESO with a letter requesting the IESO to settle payment with the distributor(s) and confirming that the IESO's contract with the distributor(s) may be terminated. Such letter will include:

- i. Reference to the Minister's December 16, 2016 Direction to the IESO
- ii. The name of the distributor(s) selected by the OEB to undertake the Pilot Project
- iii. The name of the Pilot Project
- iv. The date of termination of the Pilot Project
- v. Confirmation of the amount to be paid by the IESO, if any, to the distributor(s), or amounts to be recovered by the IESO from distributor(s)
- vi. Confirmation that Conservation Fund funding for the Pilot Project is no longer required after payment of the amount, if any, referred to in (v)

As noted previously, the Direction requires the IESO to provide, through its Conservation Fund, support and funding for Pilot Projects specified by the OEB, in such amounts as determined by the OEB. The OEB understands that, as part of IESO's corporate governance and as recommended by a past audit of IESO funds, the IESO's Board of Directors has approved a budget maximum for funding Pilot Projects. **Where the OEB determines that total funding for a Pilot Project may exceed the estimated maximum budget for such Pilot Project, the OEB will inform the IESO so that the IESO may take the necessary steps under its procurement contract for such Pilot Project to approve an increase to the maximum funding amount in the contract for such Pilot Project.** Should any one or more increases to funding appear likely to cause the IESO Board of Directors' approved budget to be exceeded, IESO management will seek the necessary Board of Director approval to increase its budget for these Pilot Projects.

**4. General**

For each Pilot Project approved by the OEB, the OEB will provide the IESO with such information from time to time as the OEB considers appropriate for the purposes of facilitating settlement between the IESO and distributors.

The OEB will notify the IESO when the OEB anticipates that Conservation Fund funding will no longer be required for Pilot Projects.

## **Appendix B**

### **IESO Responsibilities**

The IESO will provide the OEB with the following in relation to contracts that it has entered into with distributors to provide Conservation Funding for Pilot Projects (Pilot Funding Contracts):

- i. Confirmation when a contract is entered into with an LDC following receipt of a letter from the OEB as contemplated in Appendix A
- ii. Notice upon becoming aware that funding to the IESO for the Conservation Fund is being suspended, revoked or terminated by a third party
- iii. Notice upon becoming aware of a default that could trigger termination of a Pilot Funding Contract by either party
- iv. Notice upon receiving or giving a notice to invoke the dispute resolution provisions of a Pilot Funding Contract
- v. Notice of the IESO's intention to request a distributor to provide information to the IESO with respect to the outcomes of or lessons learned from the implementation of a Pilot Project to assist the IESO in the consideration or development of its own conservation programs

The IESO will not, without first discussing with the OEB:

- i. Exercise any right it may have to terminate a Pilot Funding Contract
- ii. Amend a Pilot Funding Contract with a distributor

The IESO will not, without the consent of the OEB, exercise its right of termination under Section 7(c) of the contract.

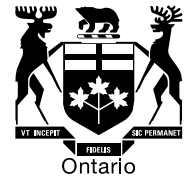
The IESO acknowledges that the Pilot Projects are OEB-led initiatives. As such, and as between the IESO and the OEB, the OEB will have lead responsibility for all public communications relating to a Pilot Project, including communications pertaining to the OEB's approval of a Pilot Project, the progress of a Pilot Project and the results of a Pilot Project. The OEB will not include reference to the IESO's role in funding a Pilot Project without first discussing such reference with the IESO.

If the IESO wishes to make a public communication relating to a Pilot Project other than as referred to in section 13(b) of the Pilot Funding Contract, the IESO will first discuss the nature and content of that communication with the OEB. If the IESO intends to include a reference to the OEB in any publicity or publication referred to in section 13(b) of the Pilot Funding Contract, the IESO will first discuss such reference with the OEB. The IESO will also, if reasonably possible in the circumstances, provide the OEB with advance notice of its intention to share with the Ministry of Energy any non-public

information pertaining to a Pilot Project for government reporting or policy planning purposes.

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**VIA EMAIL**

July 31, 2018

Syed Mir  
VP Corporate Services & CIO  
London Hydro  
111 Horton Street,  
London, ON N6A 4H6

Dear Mr. Mir:

**Re: London Hydro Regulated Price Plan Pilot (Board File No. EB-2016-0201)**

By letter dated June 11, 2018, London Hydro requested additional funding to offset a portion of incremental costs incurred to that date and projected to the end of the RPP pilot. Based on the information set out in your letter, and subsequent discussions with OEB staff, we have broken down your request as shown in Table 1 below.

**Table 1 Summary of London Hydro's Requested Changes to Project Budget**

<b>Incurred costs (actual through Mar 31, 2018)</b>	<b>\$337,250</b>
<b>Future costs (estimate)</b>	<b>\$284,750</b>
<b>Total</b>	<b>\$622,000</b>
<b>Less contingency already in budget</b>	<b>-\$178,000</b>
<b>Total budget increase requested</b>	<b>\$444,000</b>

When the OEB approved London Hydro's pilot project and the associated estimated maximum budget of \$2,371,000 by letter dated April 13, 2017, OEB indicated that it expects London Hydro to deploy and run its RPP pilot on schedule and within budget, and that the need for any changes will need to be rigorously justified by London Hydro.

OEB approval of proposed budget or cost changes is a condition of the OEB's approval of London Hydro's RPP pilot.

The OEB acknowledges London Hydro's request for a revision to its project budget, and notes that it is being made to accommodate both past overruns as well as higher future costs. The OEB has determined that it will not approve an increase in the project budget at this time. However, the OEB is prepared to consider the prudence of spending in excess of the approved budget upon approval of the Final Results Report if and to the extent that London Hydro has been unable to find cost savings to offset such incremental spending. If London Hydro anticipates further material cost overruns during the course of the RPP pilot beyond those noted in its June 11, 2018 letter, London Hydro is required to inform the OEB of these cost overruns.

Any questions can be directed to [RPP.Pilots@oeb.ca](mailto:RPP.Pilots@oeb.ca) and should cite "London Hydro" in the subject line.

Sincerely,

*Original signed by*

Mary Anne Aldred  
Chief Operating Officer and General Counsel  
Ontario Energy Board

**Regulated Price Plan Roadmap Pilot Project**

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**RECITALS:**

- I. The Independent Electricity System Operator (the “**IESO**”) established a fund (the “**Conservation Fund**”) in 2005 to provide funding for action-oriented, sector-specific Conservation pilot projects.
- II. The Minister of Energy directed the IESO, by way of direction (the “**Direction**”) dated December 16, 2016, to provide, through the Conservation Fund, support and funding for pilot projects for new pricing models and non-price tools (“**RPP Pilot Projects**”) specified by the Ontario Energy Board (the “**Board**”);
- III. London Hydro (the “**Recipient**”) has been selected by the Board to undertake a RPP Pilot Project (the “**Project**”) that has been approved by the Board, as evidenced by the letter from the Board to the IESO attached as Schedule A to this agreement.
- IV. Pursuant to the Direction, the IESO will provide funding (the “**Contribution**”) through the Conservation Fund to the Recipient for carrying out the Project, subject to the terms and conditions set out in this agreement and the Schedules hereto.

**IN CONSIDERATION** of the covenants of the parties to this agreement, the parties covenant and agree with each other as follows:

1. **Definitions:** Capitalized terms are defined in the section opposite the term.

DEFINED TERM	SECTION
Board Approved Payment Amount	4(a)
Confidential Information	11(a)(a)
Contribution	Recital IV
Contribution Payment Amount	4(a)
Conservation Fund	Recital I



Dispute	16(a)
HST	4(d)
Milestone	4(a)
Results Report	4(a)
IESO	Recital I
Project	Recital III
Recipient	Recital III

**2. Schedules:** The following schedules are attached to and form a part of this agreement:

<b>Schedule "A"</b>	Letter from the Board to the IESO
<b>Schedule "B"</b>	Payment Schedule
<b>Schedule "C"</b>	Invoices and Eligible Expenses

and such additional schedules in respect of which the parties may agree.

**3. Contribution Terms:**

- (a) The Recipient shall:
  - (i) use the Contribution solely for the purposes of the Project; and
  - (ii) carry out and implement the Project in compliance with all applicable laws and regulations.
- (b) The IESO shall provide a Contribution to the Recipient in amounts as determined by the Board (including all reimbursements, expenses and any other payments) plus applicable sales taxes. **The maximum amount of the total Contribution payable under this agreement shall not exceed \$2,371,000.00 without the prior written approval of the IESO.**

**4. Contribution Payment Terms:** The IESO shall pay the Contribution as follows:

- (a) On execution of this agreement, and thereafter following completion of each project milestone established by the Board for the Project as set out in Schedule "B" (each a "Milestone") and provided that (i) the Recipient is not in breach of any of its obligations under this agreement, and (ii) the Board has sent a letter to the IESO notifying the IESO of the Board's approval to make the associated payment (the "Board Approved Payment Amount"), the Recipient shall be entitled to submit an invoice for reimbursement of the

Board Approved Payment Amount (a "**Contribution Payment Amount**"), subject to the maximum total Contribution amount described in Section 3(b).

- (b) The Recipient acknowledges and agrees that the IESO may amend Schedule B upon receipt of a notice from the Board describing such change.
- (c) All invoices must reference the applicable Milestone and, if applicable, report prepared and delivered to the Board (the "**Results Report**") and may include only the Board Approved Payment Amount. The IESO may accept or refuse a deficient invoice, acting reasonably, it being acknowledged and agreed that it will be reasonable for the IESO to refuse any part of an invoice that is an "Ineligible Expense". Invoices that are accepted by the IESO will be settled between the IESO and the Recipient as governed by the IESO Market Rules and with amounts otherwise owing between the IESO and the Recipient on the invoice (as defined in the IESO Market Rules) issued the month following receipt of the invoice, if the IESO received such invoice by the 15th of the month, or the month after the month following receipt of the invoice, if the IESO received such invoice after the 15th of the month, in accordance with the timelines identified in the Physical Market Settlement Schedule and Payments Calendar available on the IESO website at: <http://www.ieso.ca/Pages/Participate/Calendars/Market-Calendars.aspx>.
- (d) Harmonized Sales Tax ("**HST**") and all other applicable taxes will be shown separately on all invoices. The Recipient shall deduct all recoverable HST from expenses and other costs of the Recipient before calculating HST on amounts to be invoiced to the IESO. The Recipient will provide to the IESO sufficient supporting documentation, as requested by the IESO, to facilitate and support the IESO in claiming input tax credits in respect of the Contribution Payment Amount. In addition, if the IESO has reasonable grounds to commence a discussion, negotiation or challenge, in any manner whatsoever, with a tax authority regarding the validity of any applicable taxes imposed on the Contribution Payment Amount, the Recipient will provide such reasonable assistance as may be required by the IESO with such discussion, negotiation or challenge. For greater certainty, in no event shall the IESO be relieved of its obligations under this agreement, including the IESO's obligation to pay applicable taxes as provided hereunder, pending the outcome of any discussion, negotiation or challenge with a tax authority.

**5. No Duplicate Funding:** The Recipient shall not invoice, apply for or accept:

- (a) duplicate funding for the Project or any part of the Project; or
- (b) additional funding from (i) the IESO, or (ii) any IESO administered or funded program for the Project or any part of the Project, without obtaining the IESO's prior written consent.

**6. True Up on Expiry or Termination.** On expiry of the term or earlier termination in accordance with Section 7, if the Board determines that the total Contribution funding paid to the Recipient is greater than the total Contribution for which the Recipient is eligible, the Recipient shall pay the

IESO the amount set out in a letter from the Board to the IESO notifying the IESO of the Board's determination of an overpayment by the IESO under this agreement. The amount set out in the Board's letter will be settled between the IESO and the Recipient as governed by the IESO Market Rules and with amounts otherwise owing between the IESO and the Recipient on the invoice (as defined in the IESO Market Rules) issued the month following receipt of the Board's letter, if the IESO received such Board's letter by the 15th of the month, or the month after the month following receipt of the Board's letter, if the IESO received such Board's letter after the 15th of the month, in accordance with the timelines identified in the Physical Market Settlement Schedule and Payments Calendar available on the IESO website at: <http://www.ieso.ca/Pages/Participate/Calendars/Market-Calendars.aspx>.

- 7. Term and Termination:** This agreement will continue until the Board notifies the IESO in writing that the Project has been completed or that no further Contribution for the Project is required, unless earlier terminated under any one of the following circumstances:

- (a) The IESO may terminate this agreement immediately at any time during the term if funding to the IESO for the Conservation Fund is suspended, revoked or terminated by a third party. In such instance the IESO shall make payment to the Recipient only of amounts then due and confirmed by the Board in writing to the IESO to be payable but as yet unpaid. The Recipient agrees that such amount shall be its sole and exclusive payment, and it shall not be entitled to any other amounts whether as damages, costs, expenses or otherwise.
- (b) This agreement will terminate immediately if the Board provides written notice to the IESO and Recipient that the Board has terminated the Project. In such instance the IESO shall make payment to the Recipient only of amounts confirmed by letter from the Board to the IESO, which payment will not be for amounts other than amounts then due but as yet unpaid and such other costs incurred by the Recipient directly related to the termination of the Project. The Recipient agrees that such amount shall be its sole and exclusive payment, and it shall not be entitled to any other amounts whether as damages, costs, expenses or otherwise.
- (c) This agreement may be terminated at any time by the IESO upon 90 days prior written notice. In such instance the IESO shall make payment to the Recipient of amounts due and confirmed by the Board in writing to the IESO to be payable but unpaid on the termination date. The Recipient agrees that such amount shall be its sole and exclusive payment, and it shall not be entitled to any other amounts whether as damages, costs, expenses or otherwise.
- (d) This agreement may be terminated by either party if:
  - (i) the other party materially fails to perform a covenant or obligation and fails to remedy such default within 15 days after receiving notice thereof, or

- (ii) a statement, representation or warranty contained in this agreement, or any other information provided to the IESO or the Board in relation to the Project is materially untrue, and

if the defaulting party is the Recipient, the Recipient shall immediately repay all or any part of the Contribution advanced to the Recipient after:

1. such breach in the case of paragraph (i), or
2. the date on which the statement, representation or warranty was made in the case of paragraph (ii).

8. **Representations and Warranties:** The Recipient represents and warrants to the IESO that (a) the Recipient is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and has all necessary power and authority to enter into this agreement and to perform its obligations hereunder; (b) this agreement is duly authorized, validly executed, will constitute a binding obligation of the Recipient in accordance with its terms, and will not result in a breach or violation of, constitute a default under, or cause a termination, cancellation or acceleration of any other material obligation of the Recipient; and (c) there are no bankruptcy, insolvency, reorganization, receivership, seizure, realization, arrangement or other similar proceedings pending against or being contemplated against the Recipient.

**9. Reporting and Meetings:**

The Recipient shall provide information with respect to the Project upon the reasonable request of the IESO regarding outcomes of the Project and lessons learned from the implementation of the Project

**10. Confidentiality:**

- (a) **"Confidential Information"** means any information in any format (including discussions) identified as confidential by the disclosing party, including, without limitation, information concerning past, present or future customers, suppliers, technology, operations, processes, know-how or business; provided that, information which:
  - (i) is authorized in writing for release by the disclosing party;
  - (ii) is required to be disclosed by law or order of a court, government tribunal, government agency, or Government of Ontario (or any of its Ministries or representatives);
  - (iii) is or becomes part of public domain without material breach of this agreement by the party seeking to rely on this exclusion; or
  - (iv) was independently developed by the receiving party without relying on any Confidential Information provided by the disclosing party, will not be considered Confidential Information.

- (b) Where a party discloses Confidential Information to the other party under this agreement, the receiving party shall safeguard and keep such information strictly confidential in accordance with its own standards for keeping confidential information, and at a minimum shall take such steps as a reasonably prudent commercial enterprise would take to protect such information from disclosure. Each party agrees that such information will be safeguarded and only disclosed to persons with a need to know who have been made aware of the confidentiality obligations under this agreement and who are bound to keep such information confidential.
- (c) The receiving party will not use the disclosing party's Confidential Information for any purpose except for directly facilitating work under this agreement.
- (d) Notwithstanding the foregoing, the Recipient acknowledges and agrees that the IESO and the Board may share with each other Confidential Information of the Recipient in relation to the Project, and the IESO may share with the Ministry of Energy Confidential Information of the Recipient for government reporting and policy planning purposes.

**11. Privacy and FIPPA:** The parties acknowledge that the Freedom of Information and Protection of Privacy Act (Ontario) binds the IESO and that either the Municipal Freedom of Information and Protection of Privacy Act or Freedom of Information and Protection of Privacy Act (Ontario) binds the Recipient, and that information provided to the IESO or the Recipient may be subject to disclosure under the relevant Act.

**12. Intellectual Property:**

- (a) **"Intellectual Property"** means any intellectual, industrial or other proprietary right of any type in any form protected or protectable under the laws of Canada, any foreign country, or any political subdivision of any country, including all trademarks, official marks, copyrights, applications and registrations therefore, confidential information, all programs, plans, procedures, art, drawings, designs, patterns, specifications, process, data, research, documents, reports, studies, papers, preliminary sketches, layouts, copy, commercial material, computer software, source codes, photography, films, video tapes, transcriptions, compilation of information, and all plans for advertising.
- (b) Each party will retain all rights, title and interest in and to its Intellectual Property. Neither party will acquire any right, title or interest in or to any Intellectual Property of the other party pursuant to this agreement except as provided expressly for herein.
- (c) The Recipient grants the IESO a non-exclusive, perpetual, royalty-free, irrevocable, worldwide and paid up right to use, modify, and copy any report delivered to it pursuant to this agreement in whole or in part.
- (d) The Recipient grants to the IESO a non-exclusive, non-transferable, royalty-free license to display the Recipient's marks, trademarks, official marks, logos and the like (the **"Recipient's**

Marks”) solely in connection with the exercise of the IESO’s rights in section 13. All such displays of the Recipient’s Marks will comply with reasonable guidelines related thereto that may be provided by the Recipient to the IESO from time to time.

- (e) The Recipient shall indemnify and hold harmless the IESO from all actions, claims, costs, losses, damages, expenses arising out of or relating to any actual or alleged infringements of third party Intellectual Property rights by the Recipient.
- (f) The Recipient represents and warrants that it has obtained all required third party consents, permissions and authorizations to carry out the Project and to do all things contemplated in this agreement.

**13. Publicity:**

- (a) The Recipient shall obtain the IESO’s approval of any statement in any public display and communications materials that refer to the IESO. The Recipient shall provide the IESO with any such statement a minimum of 10 days before the planned use of such public display or communications materials.
- (b) The IESO may make reference to its funding of the Project in any IESO publicity or publication. The Recipient agrees that the IESO may use and make public a description of the Project and the Recipient’s Marks.
- (c) The Recipient shall not request, nor indicate, that the IESO endorses any product or thing developed or produced as a result of, or in connection with, the Project.

**14. Limitation of Liability and Indemnification:**

- (a) The Recipient agrees that the IESO shall not be liable for any claims, losses, damages, injuries or expenses, loss of profits, consequential, special, incidental, direct, indirect, collateral, exemplary or punitive damages arising as a result of entering into this agreement, and the Recipient agrees to indemnify and save the IESO harmless therefrom.
- (b) Without limiting any other terms or conditions of this agreement, the Recipient agrees to defend, indemnify and hold harmless the IESO and its officers, directors, employees, agents and representatives from and against any claim, suit, action or proceeding, threatened or actual, arising out of or relating to the Project, including, without limitation:
  - (i) the Recipient’s breach of any provision of this agreement; or
  - (ii) any injury to persons (including injuries resulting in death) or loss of or damage to property of others which may be or be alleged to be caused or suffered as a result of or in connection with the performance by the Recipient or any of its employees or subcontractors of all or any part of the Recipient’s obligations under this agreement or as a result of, or in connection with, the Project.

**15. Insurance:**

- (a) The Recipient will obtain and maintain throughout the Term, at its own cost and expense all the necessary and appropriate insurance covering such risks and in such amount that a prudent person would maintain when carrying out the Project. Under no circumstances will the IESO be liable to the Recipient or any employee thereof for any failure by the Recipient to obtain any insurance necessary or desirable in relation to the subject matter of this agreement.
- (b) The Recipient shall, upon request of the IESO, provide proof of the insurance required by this agreement in the form of valid certificates of insurance and confirm the required coverage exists, as at the time of the commencement of this agreement, and, if applicable, renewal replacements on or before the expiry of any such insurance. Upon the request of the IESO, a copy of each insurance policy shall be made available to it.

**16. Dispute Resolution:**

- (a) Any controversy, dispute, difference, question or claim (collectively a “Dispute”) arising between the parties in connection with the interpretation, performance, construction or implementation of this agreement that cannot be resolved within 10 days after the Dispute has arisen will be settled in accordance with this section.
- (b) The aggrieved party will send the other party and the Board written notice identifying the Dispute, the amount involved, if any, and the remedy sought, and invoking the procedures of this section. If the Dispute cannot be resolved within 30 days of the date the Dispute arose or such later date as agreed to by the parties, the Dispute will be resolved by arbitration in accordance with subsections 16(c), 16(d) and 16(e).
- (c) The parties will submit any arbitration under this agreement to a single arbitrator agreed upon by both parties. If the parties cannot agree upon a single arbitrator within 10 days after the Dispute is referred to arbitration, either party may make an application to a court of competent jurisdiction for appointment of an arbitrator. Any arbitrator selected to act under this agreement will be qualified by education, training and experience to pass on the particular question in Dispute and will have no current or past business, financial relationship or connection to either of the parties other than acting in previous arbitrations.
- (d) The arbitrator will provide each of the parties an opportunity to be heard and will conduct the arbitration hearing in accordance with the Arbitration Act. Unless otherwise agreed by the parties, the arbitrator will render a decision within 90 days after the end of the arbitration hearing and will notify the parties in writing of such decision with reasons. The decision of the arbitrator will be conclusive, final and binding on the parties. The decision of the arbitrator may be appealed solely on the grounds that the conduct of the arbitrator, or the decision itself, violated the Arbitration Act. The Arbitration Act will govern the procedures to apply in the enforcement of any award made. If it is necessary to enforce

such award, all costs of enforcement will be payable and paid by the party against whom such award is enforced. Unless otherwise provided in the arbitral award, each party will bear (and be solely responsible for) its own costs incurred during the arbitration process, and each party will bear (and be solely responsible for) its equal share of the costs of the arbitrator. Each party will otherwise be responsible for its own costs incurred during the arbitration process.

- (e) All proceedings and the making of the award in respect of subsection 16(d) will be in private and the parties will ensure that the conduct of the arbitration and the terms of the award will, subject to registration of any award in court, be kept confidential unless the parties otherwise agree; provided, however, that such obligation to maintain confidentiality will not prohibit any party from complying with any applicable laws and regulations.

- 17. **Record Keeping:** The Recipient will maintain proper and distinct books, records, contracts, accounts, invoices and all other information relating to the Contribution during the term of this agreement and for a period of seven years thereafter. During that period, the Recipient shall provide the IESO, its agents, the Government of Ontario and the Board with reasonable access to such information for financial audit examination in relation to the Contribution. If the IESO requests any information or documentation, the Recipient shall deliver it within 30 days.
- 18. **Amendments:** This agreement may be amended or altered or modified only by a written document signed by both the Recipient and the IESO.
- 19. **Assignment:** The Recipient may not assign this agreement in whole or in part without the prior written consent of the IESO.
- 20. **Inconsistency:** In the event of any inconsistency between the provisions of this agreement and any schedule to the agreement, the agreement will prevail.
- 21. **No Partnership:** The IESO and the Recipient are independent operators and (a) nothing in this agreement will be construed as creating a partnership, joint venture, or agency relationship between the parties; (b) neither party has any authority whatsoever to enter into legally binding obligations on behalf of the other; and (c) neither party shall make any representation to the contrary.
- 22. **Survival:** Terms, provisions, covenants and conditions contained in this agreement which, by their nature or terms, require their performance by the parties after the expiration or termination of this Contact shall continue in full force and effect following such expiry or termination, including sections 10, 11, 12(c), (d) and (e), 13, 14 and 17.
- 23. **Notices:**

For all purposes of this agreement, notice to a party shall be delivered in writing or electronically to the addresses set out below. Notices shall be deemed to be received on the earlier of the time of



actual receipt or two clear days (excluding Saturdays, Sundays and civic holidays in the Province of Ontario) after the sending thereof. Addresses for notices to a party are as follows:

For the IESO:

Organization Independent Electricity System Operator  
Address 120 Adelaide Street West, Suite 1600  
Toronto, Ontario  
M5H 1T1

Attention: Manager, Conservation Contracts  
Telephone: 416-967-7474  
Facsimile: 416-967-1947  
Email: [conservationcontracts@ieso.ca](mailto:conservationcontracts@ieso.ca)

Copy to

Attention: Manager, Market Transformation  
Telephone: 416-967-7474  
Facsimile: 416-967-1947  
Email: [conservationfund@ieso.ca](mailto:conservationfund@ieso.ca)

For the Recipient:

London Hydro  
Address : 111 Horton Street, PO Box 2700, London ON N6A 4H6  
Attention: Zoran Stojanovic  
Telephone: 519-661-5800 x 6280  
Email: [stojanoz@londonhydro.ca](mailto:stojanoz@londonhydro.ca)

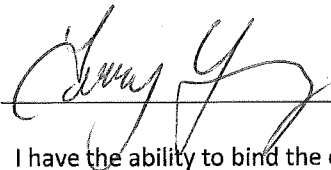
24. **Effectiveness Date:** This agreement will become effective when all the parties have signed it. The date this agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature) will be deemed the date of this agreement.
25. **No Impact on the Board:** Nothing in this agreement modifies, varies, amends or supersedes the relationship, approval or any arrangement between the Recipient and the Board in relation to the Project, or otherwise.
26. **Counterparts:** This agreement may be executed in any number of counterparts, each of which will be deemed an original, and all of which taken together will be deemed to constitute one and the same instrument. Delivery of an executed signature page to this agreement by any party by

electronic transmission or facsimile will be as effective as delivery of a manually executed copy of the agreement.

Each party is signing this agreement on the date stated beneath that party's signature.

**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

By:

  
\_\_\_\_\_

I have the ability to bind the corporation

Name:

*Terry Young*

Title:

*VP Conservation & Corporate Relations*

Date:

*July 17, 2017*

**LONDON HYDRO**

By:

  
\_\_\_\_\_

I have the ability to bind the corporation

Name:

**Syed Mir**

Title:

**VP Corporate Services & CIO**

Date:

**JUL 11 2017**

## SCHEDULE "A"

### Letter from the Board to the IESO

Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416-461-1987  
Facsimile: 416-440-7650  
Toll free: 1-888-632-6273

Commission de l'énergie  
de l'Ontario  
C.P. 2319  
27<sup>e</sup> étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416-461-1987  
Télécopieur: 416-440-7650  
Numéro sans frais: 1-888-632-6273



VIA EMAIL

May 26, 2017

Evelyn Lundhild  
Manager, Market Transformation  
Independent Electricity System Operator  
120 Adelaide Street West, Suite 1600  
Toronto ON M5H 1T1

Dear Ms. Lundhild:

**Re: Approval of London Hydro's Regulated Price Plan Pilot  
(Board File No. EB-2016-0201)**

I make reference to the Ontario Energy Board's (OEB) letter to the Independent Electricity System Operator (IESO) dated May 25, 2017, identifying roles and responsibilities of the OEB and the IESO in relation to the implementation and funding of pilot projects relating to the OEB's Regulated Price Plan (RPP)

I am writing to advise that the OEB has approved an RPP pilot project proposed by London Hydro. A copy of the OEB's approval is attached to this letter. In accordance with the Minister of Energy's Direction to the IESO dated December 16, 2016, the IESO will provide, through its Conservation Fund, funding for London Hydro's RPP pilot project in such amounts as determined by the OEB.

Below is information about the pilot project, including the project milestones that will trigger payments by the IESO to London Hydro from the Conservation Fund. As each project milestone other than Contract Execution is reached, the OEB will provide the IESO with confirmation of same, together with the associated payment amount. **The OEB will advise the IESO should there be a material change in the estimated maximum budget for, or the targeted date of completion of, London Hydro's RPP pilot project, together with any associated changes to the project milestones and payment schedule.**

<b>Distributor:</b>	London Hydro		
<b>Distributor Contact Information:</b>	Zoran Stojanovic Program Manager 111 Horton Street, PO Box 2700 London ON, N6A 4H6 519-661-5800 x 6280 <a href="mailto:stojanoz@londonhydro.com">stojanoz@londonhydro.com</a>		
<b>Approved RPP Pilot Project(s) Name:</b>	1. Quick Ramping CPP & Automation 2. Real Time Data Empowered Customer Experience		
<b>Approved Estimated Maximum Budget:</b>	\$2.371M		
<b>Project Milestones &amp; Payment Schedule:</b>			
<b>Milestone Number</b>	<b>Reporting Milestone</b>	<b>Target Completion Date</b>	<b>Contribution Amount</b>
	Contract Execution	15 days from date of this letter	25% of approved estimated maximum budget
1.	Interim Results Report	June 1, 2018	50% of approved estimated maximum budget
2.	Final Results Report	April 1, 2019	Remaining payment of actual project cost or true up of any overpayment

The OEB expects that London Hydro and the IESO will use all reasonable efforts to execute the necessary contract within 15 days of the date of this letter. In accordance with the above payment schedule, the IESO will settle the appropriate payment amount with London Hydro upon contract execution.

Any questions related to this letter can be directed to [RPP.Pilots@oeb.ca](mailto:RPP.Pilots@oeb.ca), citing "London Hydro" in the subject line.

Sincerely,

*Original signed by*

Mary Anne Aldred  
General Counsel & Vice President, Legal Services & Strategic Policy  
Ontario Energy Board

c. London Hydro

**Schedule "B"**  
**Payment Schedule**

Project Milestones			
Milestone number	Reporting Milestone	Target Completion Date (dd/mm/yy)	Contribution Amount
	Contract Execution Payment	20/06/2017	\$592,750.00
1.	Interim Results Report	01/06/2018	\$1,185,500.00
2.	Final Results Report	01/04/2019	Remaining payment of actual project cost or true up of overpayment

Additional Reports

***(Intentionally left blank)***

## **SCHEDULE "C"**

### **INVOICES AND ELIGIBLE EXPENSES**

**1. Invoices:** The Recipient will submit invoices to the IESO as follows:

- (a) The Recipient may submit standard company invoice forms.
- (b) The following information must be reflected on each invoice:
  - (i) Full Project name and number [to be provided];
  - (ii) Milestone number and description and the date of the corresponding Results Report;
  - (iii) Total Contribution Amount invoiced to date (e.g. \$67,500/\$240,000); and
- (c) Invoices must be delivered via email, mail or courier
- (d) Invoices are to be addressed as follows:

Independent Electricity System Operator  
120 Adelaide Street West  
Suite 1600  
Toronto, ON M5H 1T1

Email : [accounts.payable@ieso.ca](mailto:accounts.payable@ieso.ca)

Attention : Accounts Payable

- (e) **Payment Procedures:** The Recipient will receive payments hereunder via electronic funds transfer into its bank account registered with the IESO in the system known as "Online IESO". The Recipient will, within fifteen (15) Business Days after both parties have signed this agreement, register as a "Program Participant" (as defined in the IESO Market Rules) with the IESO through Online IESO. The Recipient is required to execute and deliver to the IESO, the standard form of IESO Market Participation Agreement in order to register as a Program Participant and gain access to Online IESO. However, the parties acknowledge and agree that the Recipient's registration as a Program Participant and the execution and delivery of the IESO Market Participation Agreement are to enable the Recipient to gain access to Online IESO for payment and payment administration purposes. The terms and conditions of the IESO Market Participation Agreement and the IESO Market Rules shall be entirely inoperative and inapplicable to the IESO and the Recipient in relation to this agreement. For clarity, if the Recipient engages in any activities in the IESO Administered Market outside of the scope of this agreement, or accesses any parts of Online IESO outside



of the access required for registration as a Program Participant or for payment or payment administration, the IESO Market Participation Agreement shall apply.

**2. Eligible Expenses:**

The IESO may reimburse the Recipient for expenses that have been approved by the Board, but will not reimburse Ineligible Expenses, which shall comprise of the following:

**Ineligible Expenses**

- × Hospitality, incidental or food expenses for the project team
- × Hospitality or travel costs not in compliance with the government of Ontario's Travel, Meals and Hospitality Expenses Directive



111 Horton Street  
P.O. Box 2700  
London, ON N6A 4H6

Powering London.  
Empowering You.

**Ms Kirsten Walli**  
**Board Secretary**  
**Ontario Energy Board**

**June 11, 2018**

**RE: London Hydro's Regulated Price Plan Pilot (Board File No. EB-2016-0201)**  
**Change Request for Additional Funding**

Kirsten,

As a result of the unplanned, incremental costs required to resolve the ongoing connectivity issues with some of the London Hydro RPP Pilot in-home equipment (including revisiting participants homes), we are formally requesting additional funding to offset a portion of the incremental costs incurred to date and projected to the end of the project.

**Summary of Budget Change Requests:**

Budget	Total Approved Project Funding
Original Approved Budget	\$2.731 M
Incremental Funding Request	\$0.445 M
Revised Budget	\$3.176 M

The RPP budget details as of the end of March 2018 and our projected funding requirements to the end of the project are as follows:

<b>RPP Financials Update: May 22nd, 2018</b>	<b>Budget</b>	<b>Project Spend March end 2018</b>	<b>Project Projection</b>	<b>Variance</b>
<b>Milestone 1: OEB Project Proposal Approval</b>				
<b>Milestone 2: Program, Technical Design &amp; Installations</b>	<b>\$1,041,500</b>	<b>\$1,103,932</b>	<b>\$1,311,739</b>	<b>-\$270,239</b>
<b>Milestone 3: Recruitment &amp; POC</b>	<b>\$698,000</b>	<b>\$628,220</b>	<b>\$759,588</b>	<b>-\$61,588</b>
<b>Milestone 4: System Build Completed and Go-Live</b>	<b>\$637,500</b>	<b>\$794,983</b>	<b>\$928,561</b>	<b>-\$291,061</b>
<b>Milestone 5: EM&amp;V Report</b>	<b>\$176,000</b>	<b>\$7,511</b>	<b>\$176,000</b>	<b>\$0</b>
<b>Contingency</b>	<b>\$178,000</b>			<b>\$178,000</b>
<b>Total</b>	<b>\$2,731,000</b>	<b>\$2,534,646</b>	<b>\$3,175,888</b>	<b>-\$444,888</b>

As detailed in the Table above, we are requesting funding to cover our projected variance of \$445K based on the following information:

- **Milestone 2** variance (\$270K) primarily attributable to revisiting participants homes to address connectivity issues and rescheduled/cancelled appointments :
  - Contracted services for 772 extra visits at \$350 per visit including electricians time;
    - February to March 2018 : 272 extra visits (\$95K)
    - April to YTD : 200 extra visits (\$70K)
    - End of the pilot : expect 300 extra visits ( \$105K).
  - A second visit to a homeowner has been required when: customers turn the equipment off (20% of customers) , there are problems associated with pairing, and faulty equipment needs to be replaced quite often requiring an electrician's time.
- **Milestone 3** - variance (\$61K) is primarily due to the \$100 per customer incentive for CPP participants to achieve and sustain the recruitment targets of 600.
- **Milestone 4** - variance (\$291K) is due to systems improvements required to support and sustain ongoing hardware connectivity.
  - March actuals have a \$157K variance primarily due to application and database redesign, rework and retesting as a result of the connectivity issues with the in-home equipment ( e.g. Hub, smart plug and load control devices).

- An additional incremental \$134K is required for pilot support including application and databases during the 12 month pilot measurement period.

## **Background information**

### Summary of Connectivity Issues

Our RPP Pilot group consists of different combinations of the following multi-vendor equipment based on whether a participant is part of the Real Time, CPP, or CPP plus Real Time treatment groups:



Each piece of equipment comes with its own communication protocols, firmware versions / update / patches, and interoperability issues / reliability. Added to the complexity of maintaining a reliable communication connection is situations when:

- Customers have taken the in-home equipment offline
- Hubs intermittently cycling between online and offline
- Hub, Smart Plug and Load Control devices lose network connections
- Improperly configured customer router
- Homeowners broadband modem / WiFi is unstable or has been changed
- Network interference issues
- Customers have moved equipment so that the in-home WiFi signal is compromised
- Customers have not inform us when there is a connectivity issue e.g. abandon the pilot
- Customers have not responded to specific requested for “rebooting” equipment
- Customers have not schedule an in-home visit so LH staff can resolve the connectivity issue
- Customers have a connectivity issue resolved just to have the equipment go offline again requiring another visit

### Major Accomplishments Achieved to Date:

London Hydro would like to take this opportunity to highlight what we consider to be some major successes achieved to-date that could be leveraged for future initiatives.

- Recruitment

- Very successful strategy for marketing and recruitment resulting in LH meeting its targeted participant numbers.
- This has allowed Navigant to move from the original quasi-experimental design to a true experimental design (RCT - “Randomized Control Trial”)
  - Technology deployment
- Resolving Interoperability challenges with multi-vendor hardware and software i.e.
- Rainforest Energy Hub
- Safeplug Smart Plugs and Load Controllers
- Zigbee Enabled Smart meters
- London Hydro Green Button infrastructure
- London Hydro developed mobile app “Trickl”
- Customer Engagement
  - Providing Real Time Participants with sub-minute energy information
  - Designed, built and deployed a unique mobile app “TRICKL” that provides device control to participants
  - Helping customers understand their energy consumption patterns and providing tools (through Trickl) to shift or reduce their consumption.
  - Mobile app Trickl that will be available post pilot to all London Hydro customers
  - Recruitment of > 150 “ambassadors” at 2 Breakfast events to provide important focus group feedback and actively promote the pilot to fellow participants

### “Trickl” App



### Breakfast Events

London Hydro hosted 2 breakfast events: one on March 10th, 2018 for Real Time participants and one on March 24th, 2018 for CPP Participants. Representative from the OEB attended the March 24th event and we think would agree that the event was extremely successful in:

- Engaging our customers in the pilot and explaining the importance of the pilot and the results for the Province
- Answering any questions or concerns they had regarding the equipment or intend of the pilot
- Reviewing the functionality of the “Trickl” app

- Getting suggestions / feedback on the Trickl look and feel
- Getting an unexpectedly enthusiastic response from volunteer ambassadors who will be used to support the pilot in their local community
- Getting important feedback and input through our online voting tool
- Creating a positive experience and strengthening the brands for both London Hydro and the OEB



**RPP Pilot Kick-off Meeting | March 10 & 24 2018**

We have appreciated the OEB's support during this time and should you require more information, please feel to contact me.

Regards,

A handwritten signature in blue ink, appearing to be 'Syed Mir', written in a cursive style.

Syed Mir  
VP Corporate Services & CIO  
London Hydro



Ontario  
Energy  
Board | Commission  
de l'énergie  
de l'Ontario

BY EMAIL

May 31, 2019

Katherine Sparkes  
Director, Innovation, Research and Development  
Independent Electricity System Operator  
120 Adelaide Street West, Suite 1600  
Toronto, ON M5H 1T1  
katherine.sparkes@ieso.ca

Dear Ms. Sparkes:

**Re: London Hydro's Regulated Price Plan Pilot (Board File No. EB-2016-0201)**

I am writing to advise that the Ontario Energy Board (OEB) has accepted London Hydro's Interim Results Report for its Regulated Price Plan (RPP) pilot project, which corresponds to Milestone 1 in Schedule B of the Contribution Agreement between the Independent Electricity System Operator (IESO) and London Hydro. This Milestone was completed with the submission of London Hydro's final Interim Results Report on May 24, 2019.

I am therefore requesting the IESO to promptly settle payment with London Hydro for the contribution amount associated with Milestone 1, which is \$1,185,500.00. The IESO has assured us that funding of contribution amounts for OEB-approved RPP pilot projects under existing contracts will continue despite the recent revocation of the Minister of Energy's December 16, 2016 Direction to the IESO.

To support our request for payment, the table below includes the information contemplated in the OEB's letter to the IESO dated May 26, 2017, identifying roles and responsibilities of the OEB and the IESO in relation to the implementation and funding of RPP pilot projects.

<b>Distributor:</b>		London Hydro
<b>Distributor Contact Information:</b>		Zoran Stojanovic Program Manager 111 Horton Street, PO Box 2700 London ON, N6A 4H6 519-661-5800 x 6280 <a href="mailto:stojanoz@londonhydro.com">stojanoz@londonhydro.com</a>
<b>Approved RPP Pilot Project Name:</b>		1. Quick Ramping CPP & Automation 2. Real Time Data Empowered Customer Experience
<b>Approved Estimated Maximum Budget:</b>		\$2.371M
<b>Project Milestones &amp; Payment Schedule:</b>		
<b>Milestone Number</b>	<b>Reporting Milestone</b>	<b>Contribution Amount</b>
1.	Interim Results Report	\$1,185,500.00

Any questions related to this letter can be directed to [RPP.Pilots@oeb.ca](mailto:RPP.Pilots@oeb.ca), citing "London Hydro" in the subject line.

Sincerely,

*Original signed by*

Mary Anne Aldred  
Chief Operating Officer & General Counsel  
Ontario Energy Board

c. London Hydro





**Ms Shona Adamson  
Policy Advisor  
Ontario Energy Board**

**October 4 , 2019**

**RE: London Hydro's Regulated Price Plan Pilot (Board File No. EB-2016-0201)  
Additional Funding Request to Cover Project Variance**

Shona,

London Hydro sent a letter to the OEB on June 11th, 2018, highlighting a potential project variance amount of \$444,888. Mary Anne Aldred subsequently responded in a letter dated July 31st, 2018 to me indicating that If London Hydro anticipated further material cost overruns during the course of the RPP pilot beyond those noted in its June 11, 2018 letter, London Hydro is required to inform the OEB of these cost overruns.

As directed by Ms Aldred, we are now officially informing the OEB that we did incur some additional cost overruns which we consider material and therefore have included in this request . London Hydro's RPP project is complete with the exception of a final invoice expected from Navigant following the delivery of their Final Report scheduled for October. Following discussions with Navigant we are confident this will be within the budget.

**Summary of Budget Change Requests:**

<b>Budget</b>	<b>Total Approved Project Funding</b>
<b>Original Approved Budget</b>	<b>\$2,731,000</b>
<b>Projected Funding Variance as of June 11, 2018</b>	<b>\$444,888</b>
<b>Actual Project Variance</b>	<b>\$538,831</b>
<b>Revised Budget</b>	<b>\$3,269,831</b>

The increased variance ( \$444,888 to \$538,831) is primarily due to:

- Approximately 300 more home visits compared to our estimate/plan on June 11, 2019. These additional visits to participants homes, addressed connectivity issues ,electrical work and rescheduled/cancelled appointments at an average of \$350 per visit.
- London Hydro believes that this extra focus on the customer experience and outreach enabled us to achieve exceptional results in energy savings, sustained participation in CPP events and educational/behaviour changes as highlighted in the Navigant EM&V report.

Regards,

Syed Mir  
VP Corporate Services & CIO  
London Hydro



Ontario  
Energy  
Board | Commission  
de l'énergie  
de l'Ontario

BY EMAIL

April 21, 2020

Syed Mir  
VP Corporate Services & CIO  
London Hydro 111 Horton Street,  
London, ON N6A 4H6  
[mirs@londonhydro.com](mailto:mirs@londonhydro.com)

Dear Mr. Mir:

**Re: London Hydro's Regulated Price Plan Pilot (Board File No. EB-2016-0201)**

I am writing to advise that the Ontario Energy Board (OEB) has accepted London Hydro's Final Results Report for its Regulated Price Plan pilot project, as submitted to the OEB on April 21, 2020. Further detail regarding the process and expectations associated with the OEB's review of the Final Results Reports is set out in the OEB's November 14, 2018 and July 31, 2019 letters. As set out in these letters, London Hydro's Final Results Report has been made public.

The payment associated with the Final Results Report (Milestone 2), as stated in Schedule B of the agreement with the Independent Electricity System Operator (IESO), is the remaining payment of actual project cost or true up of any overpayment.

To determine this payment amount London Hydro will submit final costs and invoices as will be requested by the OEB's Inspection and Enforcement Department in due course. This process will be a continuation of the inspection initiated by the OEB's Inspection and Enforcement Department via a letter dated September 18, 2019. Once the final payment amount is determined and approved by the OEB a letter will be sent to the IESO requesting that it settle payment with London Hydro for the contribution amount associated with the Final Results Report.

In June 2018, London Hydro informed OEB staff that it had incurred unforeseen expenses and anticipated that costs would exceed its approved budget. In response the OEB issued a letter on July 31, 2018 stating that, "The OEB has determined that it will not approve an increase in the project budget at this time. However, the OEB is prepared to consider the prudence of spending in excess of the approved budget upon

approval of the Final Results Report if and to the extent that London Hydro has been unable to find cost savings to offset such incremental spending.” London Hydro was subsequently unable to offset this additional spending and in October 2019 provided the OEB with notice of additional overspend.

In accordance with direction from the Minister of Energy to the IESO in December 2016, funding for RPP Pilots was to be paid out of the IESO’s Conservation Fund. As you may be aware, the Conservation Fund was discontinued by Directive of the Minister of Energy, Northern Development and Mines dated March 21, 2019. While approved contract amounts can still be paid, the OEB understands that the IESO has no ability to provide a payment to any contract counterparty in excess of the Approved Maximum Budget.

Accordingly, the OEB is in no position to approve recovery from the IESO of any amount greater than the \$2.371M initially approved for London Hydro’s RPP pilot. Therefore the OEB has determined that the accompanying spending review to be conducted by the Inspection and Enforcement Department focus on costs incurred relative to the initially approved budget maximum. It sees no benefit in London Hydro investing additional resources in demonstrating costs above this level.

The determination of the final payment amount shall be determined following the OEB inspection of project costs.

Sincerely,

*Original signed by*

Mary Anne Aldred  
Chief Operating Officer & General Counsel