

**WHITBY HYDRO
ELECTRIC CORPORATION**

**CONSERVATION AND DEMAND
MANAGEMENT STRATEGY
AND ADDENDUM**



Addendum to Whitby Hydro Electric Corporation's Conservation and Demand Management Strategy Amended June 6, 2011

Background

On November 1, 2010, Whitby Hydro Electric Corporation (Whitby Hydro) submitted their Conservation and Demand Management (CDM) Strategy to the Ontario Energy Board (OEB). Whitby Hydro utilized the Ontario Power Authority's (OPA) Resource Planning Tool to forecast reductions in Peak Provincial Electricity Demand and Electricity Consumption. Whitby Hydro also took into consideration our service territory's residential profile and past CDM program results when analyzing the results of the Resource Planning Tool.

The OEB issued its Decision and Order for the 2011-2014 Conservation and Demand Management Targets on November 12, 2010. Whitby Hydro's CDM target for total reduction in Peak Provincial Electricity Demand was reduced from 11MW to 10.90MW and our target for total reduction in Electricity Consumption changed from 39.00 GWH to 39.07 GWH.

On November 12th, 2010 Whitby Hydro received a letter from the OEB requesting an addendum to the submitted CDM strategy that was to include estimated, prospective budgets for planned OPA-Contracted Province-Wide CDM programs and Board Approved CDM programs. The Board letter stipulated that the addendum was to be filed 21 days after the finalization of the OPA's funding formula. The letter also stated that budgets associated with the OPA's Low Income program did not need to be included in the addendum.

Whitby Hydro received from the OPA their Program Administrative Budget for the four year period of 2011-2014. On February 18th the Board issued a notice to all licensed electricity distributors, which stated that there are five funding components that form the complete funding envelope for the OPA programs. The five funding components are:

- Program Administrator Budget (PAB)
- Capability Building Funding (CBF)
- Participant Based Funding (PBF)
- Participant (or customer) Incentives (PI or CI)
- Cost Efficiency Funding (CEI)

The OEB stated that they would like to receive projected budgets for all of the funding components noted above except for Cost Efficiency Funding in Whitby Hydro's Addendum.

On May 20th the Board confirmed that the OPA funding formula has been finalized and is now available to all distributors. The Board requested that distributors file the required addendum no later than June 13, 2011.

Estimated Prospective Budget

To respond to the directive provided by the Board, Whitby Hydro Electric Corporation utilized the best available information to reach the estimated preliminary budget for Residential, Commercial and Industrial programs. As per the Board file number EB-2010-0215 no estimated funding amounts were required for the Low Income program.

Whitby Hydro utilized the Resource Planning Tool provided by the OPA to assist with the development of prospective budgets for the various programs and initiatives. Adjustments were made to the budgets based on territory specific information and past knowledge of CDM program participation.

The preliminary budget outlined in this document covers four of the five funding components outlined in the Board's February 18th filing. A budget for CEI was not included as this will be an amount rewarded to LDCs at the end of the program's life for implementing their OPA Programs in a cost efficient manner.

The following table provides a breakdown of the estimated prospective budgets for the OPA Contracted Province-Wide programs:

OPA Contracted Province-Wide Programs	Estimated Prospective Budget 2011 -2014
Residential Program	\$ 3,941,000
Commercial and Institutional Program	\$4,129,000
Industrial Program	\$541,000
Low Income Program	N/A
Total Budget	\$8,611,000

Limitations/Constraints

The estimated prospective budgets are based on meeting the required MW and GWH targets for Whitby Hydro Electric Corporation. The final budget numbers might be higher or lower than the estimated budget numbers depending on the following considerations:

- Technologies and measures to be implemented
- Details of program design and the actual cost of delivering them
- The ability to meet typical costs in Whitby's service area
- The possible need for the programs to exceed energy targets in order to meet demand targets (or vice versa)

Whitby Hydro Electric will report on progress towards budget and the assigned CDM targets in its annual report submissions to the Board.

Whitby Hydro Electric Corp.

CDM/GEA 2011-2014 Strategy Filing

November 1, 2010

Whitby Hydro Electric Corp.

CDM Strategy Filing

November 1, 2010

1. **Distributor's Name:** Whitby Hydro Electric Corp. (License # ED-2002-0571) is filing this Strategy with the Ontario Energy Board (OEB) in accordance with the OEB's September 16, 2010 Issuance of the Conservation and Demand Management Code for Electricity Distributors (EB-2010-0215). The Strategy outlines how Whitby Hydro Electric Corp. will meet the electricity demand and consumption targets set out in its license.
2. **Total Reduction in Peak Provincial Electricity Demand (MW) Target:** 11 MW per the proposed CDM Targets for Electricity Distributors issued by the OEB on June 22, 2010. Please note that this is a preliminary figure currently under review by the OEB.
3. **Total Reduction in Electricity Consumption (kWh) Target:** 39,000,000 kWh per the proposed CDM Targets for Electricity Distributors issued by the OEB on June 22, 2010. Please note that this is a preliminary figure currently under review by the OEB.
4. **CDM Strategy**

4.1. High Level Description of CDM Strategy

Whitby Hydro utilized the OPA's Resource Planning Tool to forecast their reductions in Peak Provincial Electricity Demand and Electricity Consumption. The streamlined version of the Resource Planning Tool was used to forecast results for the Consumer, Commercial and Institutional and Industrial programs as recommended by the OPA. OEB 2009 Yearbook class customer counts were used to determine Whitby Hydro's percent of the OPA's provincial forecasted program participation for the years 2011-2014.

Whitby Hydro also took into consideration their service territory's residential profile and past CDM program results when reviewing the results of the Resource Planning Tool.

This strategy does not take into consideration the significant portion of the target that the OPA expects to result from smart meter and time-of-use rate implementation. The OPA advised that the CDM targets assigned to all electricity distributors should include approximately 308MW of savings related to smart meters and time-of-use rates.

The following tables summarize our annual incremental savings, annual resource savings and cumulative savings by year which at this time is our preliminary review of the expected annual milestones of both peak demand and energy consumption through the delivery of the OPA-contracted Province-Wide programs.

Annual Incremental Savings	2011	2012	2013	2014
Peak Demand Reduction – MW	2.31	2.80	3.11	3.34
Electricity Consumption Reduction - MWh	4,043	4,874	5,024	5,310

Annual Resource Savings	2011	2012	2013	2014
Peak Demand Reduction – MW	2.31	4.57	6.78	9.18
Electricity Consumption Reduction - MWh	4,043	8,837	13,088	17,582

Cumulative Savings	2011	2012	2013	2014
Electricity Consumption Reduction - MWh	4,043	12,880	25,968	43,550

5. OPA Contracted Province-Wide CDM Programs

5.1. Program Descriptions

Consumer Programs

Name	Years	Description	Target Customers
Instant Rebates	2011-14	In-store discounts on energy efficient products	Residential
Midstream Electronics Incentive	2011-14	Retail promotion of energy efficient televisions	Residential
Midstream Pools Incentive	2011-14	Retail promotion of "right sized" pool equipment	Residential
HVAC Rebates	2011-14	On-line rebates on high efficiency replacement of heating/cooling systems	Residential
Appliance Retirement	2011-14	Free pick-up/decommissioning of old, working inefficient appliances	Residential
Exchange Events	2011-14	Room air conditioner and dehumidifier exchange events at retailers	Residential
Residential New Construction	2011-14	Incentives for builders to construct efficient, smart, and integrated new homes	Residential
Residential Demand Response	2011-14	Free, installed direct load control devices and in-home display systems/capability. Non-DR offers: subsidized in-home display systems/capabilities	Residential
TOTAL	2011-14	4,430 KW	22,727 MWh

Whitby Hydro's plan is based upon the assumption that there will be sufficient funding available to run and operate the Consumer programs. Because there is no funding formula announced yet from the OPA, the above listing of programs and total expected reductions are very preliminary. Adjustments to this plan may be required when funding dollars are known. No budget projections have been included.

Commercial and Institutional Programs

Name	Years	Description	Target Customers
ERIP	2011-14	The Electricity Retrofit Incentive Program is an incentive program designed to encourage high-efficiency electricity retrofits to existing structures.	Commercial Institutional
Power Savings Blitz	2011-14	Existing building retrofit projects for small business customers in the General service <50kW	Commercial Institutional
Small Commercial Demand Response	2011-14	Free, installed direct load control devices and in-home display systems/capability. Non-DR offers: subsidized in-home display systems/capabilities	Commercial Institutional
DR1	2011-14	An initiative where distribution-connected electricity customers voluntary provide DR capabilities to reduce peak demand and increase system reliability	Commercial Institutional
DR3	2011-14	An initiative where distribution-connected electricity customers to provide DR capability to mandatorily reduce peak demand and increase system reliability	Commercial Institutional

TOTAL	2011-14	4,400 KW	19,181 MWh
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Whitby Hydro's plan is based upon the assumption that there will be sufficient funding available to run and operate the Commercial and Institutional programs. Because there is no funding formula announced yet from the OPA, the above listing of programs and total expected reductions are very preliminary. Adjustments to this plan may be required when funding dollars are known. No budget projections have been included.

Industrial Programs

Name	Years	Description	Target Customers
ERIP	2011-14	The Electricity Retrofit Incentive Program is an incentive program designed to encourage high-efficiency electricity retrofits to existing structures.	Industrial
DR	2011-14	An initiative where distribution-connected electricity customers voluntary provide DR capabilities to reduce peak demand and increase system reliability	Industrial
DR3	2011-14	An initiative where distribution-connected electricity customers to provide DR capability to mandatorily reduce peak demand and increase system reliability	Industrial
TOTAL	2011-14	350 KW	1,642 MWh

Whitby Hydro's plan is based upon the assumption that there will be sufficient funding available to run and operate the Industrial programs. Because there is no funding formula announced yet from the OPA, the above listing of programs and total expected reductions are very preliminary. Adjustments to this plan may be required when funding dollars are known. No budget projections have been included.

6. Potential Board-Approved CDM Programs

6.1. At this time Whitby Hydro Electric Corp. does not have any Board-Approved programs planned. In order to meet its targets Whitby Hydro may develop and submit, as required potential Board-Approved programs, one of which would be relating to Time-Of-Use savings.

7. Program Mix

7.1. Section 5 above shows that programs will be delivered to all customer types in Whitby Hydro's service area, including residential, commercial, industrial, and institutional customers.

Whitby Hydro intends to participate in the Low Income Programs once additional information has been made available on the low income program options and funding. Since there have been no low income programs announced by the OPA, Whitby Hydro cannot provide any information, nor target levels at this time.

8. CDM Programs Co-ordination

8.1. Whitby Hydro is working closely with other LDCs of similar size or geographical closeness in the administration, marketing and implementation of the current OPA Contracted Province-Wide programs being offered. Through this continued collaboration Whitby Hydro expects to achieve efficiencies of delivery and cost savings in the future.

Whitby Hydro will work with local Social Service Agencies, local municipal governments, natural gas distributors and other electrical distributors to deliver low income programs.