

The key role that



Results in 2005 and 2006

In 2005 the OEB approved 85 CDM plans, totaling just over \$160 million in CDM expenditures to be spent by the end of September 2007. The plans covered residential, commercial, institutional and industrial customers and distribution system improvements. They gave the LDCs flexibility to make adjustments to the plans over time. In 2006, the OEB approved approximately \$3 million in incremental CDM funds to 8 LDCs, for programs to be delivered by the end of April 2007, bringing the total OEB approved LDC expenditure to about \$163 million.

Based on annual reports filed with the OEB, LDCs achieved substantial savings in 2005 and 2006. In 2005, LDCs saved 129.2 million kilowatt-hours in the first year, a forecast savings of 1 billion kilowatt-hours over the lifetime of the measures implemented, and achieved a 9.4 MW reduction in summer demand (since 2005 was the first year of reporting, the LDCs were asked to include results from programs started in 2004). In 2006, the LDC surpassed their 2005 CDM achievements. LDCs saved 520 million kilowatt-hours in the first year, a forecast savings of 3.5 billion kilowatt-hours over the lifetime of the measures implemented, and achieved a 141 MW reduction in summer demand. The LDCs realized these savings at a very low reported cost per kilowatt-hour: about 0.041 \$/kWh in 2005, and 0.02 \$/kWh in 2006 (over the lifecycle of the measures implemented), and in the process of doing so, LDCs improved relationships with their customers. As well, in 2006, some LDCs supported the OPA's Every Kilowatt Counts coupon program by doing local promotion.

Since the rebirth of conservation and demand management (CDM) in Ontario in 2005, Ontario's LDCs have delivered a large number of diverse and innovative CDM programs to their customers. LDCs are known and trusted by their customers and this is a major contributing factor to the LDC success in helping the provincial government to meet its CDM targets.

Funding and approval for the LDC's CDM comes from two sources: from the LDC's electricity rates set by the Ontario Energy Board (OEB) and from the Ontario Power Authority (OPA). LDCs design and deliver the programs approved by the OEB, while the OPA designs its own programs, aspects of which are delivered by the LDC.

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Results in 2007

LDC programs (for example, this includes the load reduction programs, appliance retirement programs, Toronto Hydro's Summer Challenge program and the Large Distributor's Business Incentive Program) served as models for the OPA's four standard LDC programs, launched by the OPA in summer 2007. The programs ran from the summer of 2007 to the end of December 2007. The four programs were:

The Great Refrigerator Roundup (GRR) - The OPA, through its delivery agents, removed free of charge certain inefficient operating refrigerators, freezers and window air conditioners. The appliances were permanently decommissioned and disposed of in an environmentally sound manner. The LDCs assisted the OPA by delivering local media events. 75 LDCs participated, representing 99% of residential customers.

LDCs play in CDM in Ontario

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Peaksaver™ - This was a summer peaking only LDC delivered program. The LDC offered its residential and <50kW commercial customers free of charge the equipment and the installation of either load control thermostats or switches to control the customer's central air conditioning, hot water heater or both, and a \$25 incentive for participating. OPA aggregators were responsible for the control of these devices. 52 LDCs participated, representing 92% of residential customers.

The Summer Savings program - This was an LDC delivered program. To encourage residential customers to reduce their electricity consumption during the program season - between July 1, 2007 and August 31, 2007 - customers received a 10% credit on their November or December 2007 electricity bill, provided they achieved a 10% weather normalized reduction in electricity consumption during the program season of 2007 compared to their consumption during the same period in 2006. 70 LDCs participated, representing 97% of residential customers.

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Electricity Retrofit Incentive Program (ERIP) - This was an LDC delivered program. The LDC provided financial incentives to its general service customers for the installation of prescriptive measures related to more

energy efficient lighting, air conditioning, transformers, motors and agribusiness equipment, as well as a custom solution. 65 LDCs participated.

The OPA will report the results of its four standard LDC programs in a supplement to the Chief Energy Conservation Officer's 2007 Annual Report, expected in May 2008.

LDC conservation in 2008 and beyond

In 2008, 33 LDCs will continue to deliver CDM programs approved by the OEB to the end of April 2008. Of the 33 LDCs, 29 utilities have a timeline extension to exhaust their third tranche funding expenditures; and 4 utilities have received approved incremental third tranche funding through 2007 rates, and a timeline extension. The amount of incremental OEB approved CDM through 2007 rates is \$245,569 which brings the \$163 million in OEB approved CDM in 2006, up to a total of \$163,254,630 in OEB approved LDC conservation and demand management.

The OPA plans to rely on LDCs as a key delivery agent of its CDM programs. The OPA is negotiating the extension of its master agreement with the LDCs for programming in 2008. In the first quarter of 2008, the OPA also plans to approve applications under a new program fund for custom programs designed and delivered by LDCs.

CDM for LDCs is at a crossroads. The LDCs are in the best position to know

what is involved - the budget, the resources, the level of effort - in the delivery of the OPA programs to its customers. In order for the partnership between the LDCs and the OPA to continue to be successful, the value of the LDCs must continue to be respected in the agreements and schedules of the OPA.

IndEco Strategic Consulting Inc. provides Conservation and Demand Management program solutions for the residential, commercial, institutional, industrial and low-income sectors. Program expertise includes program planning, program design and delivery, and monitoring and evaluation. For more information, visit www.indeco.com/energy.

