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DIRECTION

To: Ontario Power Authority

Attention: Mr. Jan Carr, Chief Executive Officer

Re: Conservation and Demand-Side Management Initiatives (Residents of Low-Income and Social Housing)

I write in connection with my authority as the Minister of Energy in order to exercise the statutory power of ministerial direction which I have in respect of the Ontario Power Authority (the "OPA") under subsection 25.32 (4) of the *Electricity Act, 1998* (the "Act"), in order to direct the OPA to assume responsibility for the Ministry of Energy's (the "Ministry") initiatives relating to energy conservation and demand-side-management ("CDM") in regards to residents of low-income and social housing.

The Ministry has, for the past two years, been pursuing a set of conservation initiatives that specifically address the needs of residents of low-income and social housing. These initiatives have included the funding, through the Ministry's Conservation Partnerships Program, of four conservation programs targeted for residents of low-income and social housing, as set out below:

- The "*Social Housing Energy Management Pilot Program*" ("SHEMPP"), a pilot program currently operating to provide a comprehensive energy management strategy designed for social housing service providers;
- The "*Low Income Conservation Education Program*", a tenant-to-tenant education and outreach program being piloted in certain social housing residential complexes across Ontario;
- The "*Conserving Homes*" Program, which was initially designed to be an energy conservation program for low-income households and which is currently being piloted by a local distribution company (or "LDC"); and,
- "*Low-Income Demand-Side Management ("DSM") Strategies for LDCs*", a set of studies prepared for LDCs which are intended to assist them in formulating strategies to address the conservation needs of low-income customers.

Recently, the Ministry has created its own new low-income CDM initiative, by approving an expansion of the Ministry's role in SHEMA to include conservation and DSM strategies for residents of low-income households, adding this facet to SHEMA's existing mandate of addressing the consumption of residents of social housing. This new initiative (the "Ministry's Low-Income CDM Initiative") is the basis for this direction to the OPA.

Therefore, pursuant to the authority granted to me under subsection 25.32(4) of the Act, I hereby direct the OPA to assume, effective as of the date of this letter of direction, responsibility for the Ministry's Low-Income CDM Initiative, and to further pursue this initiative which is designed to address the consumption of residents in low-income and social housing, such CDM initiative having been previously pursued by the Crown.

More particularly, it is expected that the OPA will commence implementation by no later than the summer of 2006, through such procurement contracts and activities as the OPA determines to be advisable, a program based on the Ministry's Low-Income CDM initiative, that will reduce overall electrical energy consumption and demand by residents of low-income and social housing by up to 100 Megawatts ("MW"). It is also expected that the Program will result in longer-term reductions in electricity peak demand, particularly by reducing the use of inefficient appliances by such residents. It is further expected that the Program will include a comprehensive package of energy efficiency measures that are designed to address these goals.

This Direction shall be effective and binding as of the date hereof.

Dated: October 6, 2005



Dwight Duncan
Minister of Energy