



CDM, Energy Mapping and Other Climate Change Initiatives

Kick-off Workshop
Niagara Climate Action Plan

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Company of the Year - 2009
Ontario Energy Association

Slide 1: Title Slide

- Thanks very much David [Dilks – Lura Consulting] for your kind introduction and good afternoon everyone.
- In this session, I will cover some of the ways in which LDCs [local distribution companies] are meeting Climate Change policy mandates and challenges and also helping their customers respond to changing circumstances while making their communities more sustainable place to live, work and invest.

Horizon Utilities – who we are

- Municipally-owned 100% -- St. Catharines and Hamilton
- 235,000 customers
- 400 valued employees
- \$450 million in assets
- Low operating costs
- Low residential and commercial rates
- Generating full returns for shareholders
- Extensive community involvement
- Highest credit rating of all Ontario utilities (S&P “A” rating)
- Contributing \$107 million in “direct economic value” (local economic benefit)



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Slide 2: Horizon Utilities – who we are

- Horizon Utilities is owned by the cities of St. Catharines and Hamilton, an arrangement that came to be after the merger of St. Catharines Hydro Utilities Services Inc. and Hamilton Hydro Inc. in 2005.
- It is now one of the largest LDCs with 235,000 customers, 400 employees and \$450 million in assets.
- The merger has meant that Horizon has among the lowest operating costs, lowest residential and commercial rates, while simultaneously generating full returns for shareholders.
- This has earned us the highest credit rating of all Ontario utilities (S&P “A” rating).
- We also have extensive community involvement and, as I will note later, are contributing \$107 million in “direct economic value” (local economic benefit) to our communities.

New CDM targets mandated for all LDCs

Appendix A
LDC CDM Targets

#	License Name	2014 Net Annual Peak Demand Savings Target (MW)	2011-2014 Net Cumulative Energy Savings Target (GWh)
1	Algoma Power Inc.	1,280	7,370
2	Ashokan Hydro Inc.	0,200	1,160
3	Attawapiskat Power Corporation	0,070	0,290
4	Bloomfield Power Distribution Corporation	10,650	53,730
5	Brant County Power Inc.	3,300	9,850
6	Brantford Power Inc.	11,380	48,820
7	Burlington Hydro Inc.	21,950	82,370
8	COLLIS Power Corporation	3,140	14,970
9	Cambridge and North Dumfries Hydro Inc.	17,680	73,660
10	Canadian Niagara Power Inc.	4,070	15,810
11	Centre Wellington Hydro Ltd.	1,640	7,810
12	Chapleau Public Utilities Corporation	0,170	1,210
13	Chatham-Kent Hydro Inc.	9,670	37,280
14	Clinton Power Corporation	0,320	1,380
15	Cooperative Hydro Embury Inc.	0,340	1,120
16	E.L.K. Energy Inc.	2,690	8,250
17	ENWI Utilities Ltd.	26,910	117,890
18	Enersource Hydro Mississauga Inc.	92,980	417,220
19	Erin Thames Powerlines Corporation	4,280	18,060
20	Espanola Regional Hydro Distribution Corporation	0,520	2,760
21	Essex Powerlines Corporation	7,190	21,540
22	Festval Hydro Inc.	6,230	25,250
23	Fort Albany Power Corporation	0,050	0,240
24	Fort Frances Power Corporation	0,610	3,640
25	Greater Sudbury Hydro Inc.	8,220	43,710
26	Gemsky Power Inc.	2,960	7,760
27	Geish Hydro Electric Systems Inc.	16,710	79,530
28	Haldimand County Hydro Inc.	2,850	13,300
29	Halton Hills Hydro Inc.	6,150	22,480
30	Hearst Power Distribution Company Limited	0,680	3,910
31	Horizon Utilities Corporation	60,360	281,420
32	Hydro 2006 Inc.	0,190	1,040
33	Hydro Hawkesbury Inc.	1,820	8,280
34	Hydro One Brampton Networks Inc.	45,610	189,540
35	Hydro One Networks Inc.	213,660	1,130,210
36	Hydro Ottawa Limited	85,260	374,730
37	Inniskill Hydro Distributor Systems Limited	2,500	9,240
38	Kashechewan Power Corporation	0,070	0,330
39	Kanora Hydro Electric Corporation Ltd.	0,960	5,220

Slide 3: New CDM Targets Mandated for all LDCs

- One of the clearest indications that LDCs have new and expanded roles, and ones that support Climate Change objectives, is in the area of conservation and demand management (CDM).
- As a result of the Energy Competition Act, 1998, LDCs were left as strictly regulated wires companies, with conservation to be provided by the competitive marketplace.
- Not even one of Ontario Hydro's successor companies was left responsible for planning and conservation.
- Similarly, the Ontario Energy Board was structured as a purely economic regulator.
- After the close of the competitive market in 2002 and the generation supply challenges in the early part of the decade, LDCs were required to take on CDM roles as a condition of being able to earn their full rate of return.
- Later, after the creation of the Ontario Power Authority in 2004, LDCs were given short-term and other financial incentives to encourage conservation.
- And now, as a result of amendments to the objectives of the Ontario Energy Board and a Directive from the Minister of Energy and Infrastructure, the OEB has established a schedule of hard conservation targets for LDCs to meet by 2014.
- These targets may well prove to be a condition of a distributor's license, and thereby undue sanctions for failure to meet the targets.

CDM for residential customers

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Slide 4: CDM for residential customers

- As has been recently announced, the OPA has a whole new set of provincial programs for LDCs to act on, in addition to programs that LDCs can develop on their own and in conjunction with other LDCs.
- While these are only now being rolled out, what I would like to tell you about is the success Horizon has had with its aggressive pursuit of conservation and demand management on behalf of its customers up to now.
- Being one of the larger distributors, we have been able to build and maintain a conservation team, despite the lack of consistent multi-year funding until now.
- This year, we have held more than 60 community events where we have discussed conservation needs with more than 21,000 customers; indeed, we have had more than 50 conservation events in each of the last three years.
- The event pictured is in the St. Catharines Farmers Market, with Mayor Brian McMullan an active participant.
- Since the beginning of the OPA programs, Horizon has handed out 135,000 compact fluorescent light bulbs.
- We have “rounded-up” more than 14,000 inefficient refrigerators with over 3,300 coming from St. Catharines.
- We have installed 8,800 peaksaver devices, with over 3,020 in St. Catharines.
- As a municipally-owned local distribution company, we are very committed to working closely with our mayors, councillors, and cities, and one key area is in conservation and demand management.

CDM for small business through BIAs

Up to \$1,000 in energy efficient retrofits for your business

The Power Savings Blitz program provides:

- No obligation funding for up to \$1,000 for energy efficient retrofits
- Free energy assessment of your business. The assessment may show energy retrofit opportunities above the \$1,000 funding that we provide. You may choose to do them and save even more on your electricity bill, but that is completely your option.
- Turn-key lighting retrofits and water heating enhancements - covers all material and labour
- On average, these retrofits deliver electricity savings up to \$400 per year

THREE SIMPLE STEPS TO ONGOING SAVINGS

STEP 1: Call us so we can assess how your business uses electricity.
An energy advisor will set an appointment to come to your business and conduct an assessment. You will receive a list of recommended energy upgrades. Call us for an appointment at 1-877-531-5115.

STEP 2: We'll identify your best retrofit options.
After the assessment is completed, you can decide how much work you want done. We will identify a project with a value of \$1,000 or less, so if you choose to have that done, there is absolutely no cost for you. There may be opportunities for further retrofits above our \$1,000 contribution. We will identify the costs and potential savings should you want to proceed.

STEP 3: We install and upgrade.
A licensed electrical contractor will make an appointment to complete your retrofit at your convenience.

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POWER SAVINGS BLITZ

Downtown Dundas Business Improvement Area

Downtown Hamilton Business Improvement Area

SHOP WORK DINE PLAY MEET LIVE DOWNTOWN ST. CATHARINES

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Slide 5: CDM for Small Business

- As some of you will know, the Ontario Power Authority's Power Savings Blitz is a unique program which offers up to \$1,000 in FREE energy efficient retrofits, such as lighting upgrades, for the small commercial sector.
- Although you might think that small business owners would jump at this opportunity, the most difficult problem is getting them to believe that there are no strings attached.
- To meet this challenge, Horizon initiated a very innovative program of working with customers through the many Business Improvement Associations in our service territory, a program that has now been adopted by many other LDCs.
- By convincing the BIAs of the merits of Power Savings Blitz, we have experienced extraordinary uptake from customers on this program.
- We then had the firm Energy Shop act as our contract representatives to make face-to-face customer contact.
- Of the 11,000 eligible Horizon customers, 5,600 have signed up for the program, which is just over 50% participation -- an extraordinary achievement that is paying dividends for customers.
- Over 2000 of the participants have been from St. Catharines, which is a remarkable uptake.
- This innovative approach has allowed us to expedite the process, minimize costs, and achieve outstanding results.
- This program has generated \$5.3MM in OPA incentives and is resulting in an average energy savings of \$250 per customer every year.

CDM municipal & commercial thru ERIP

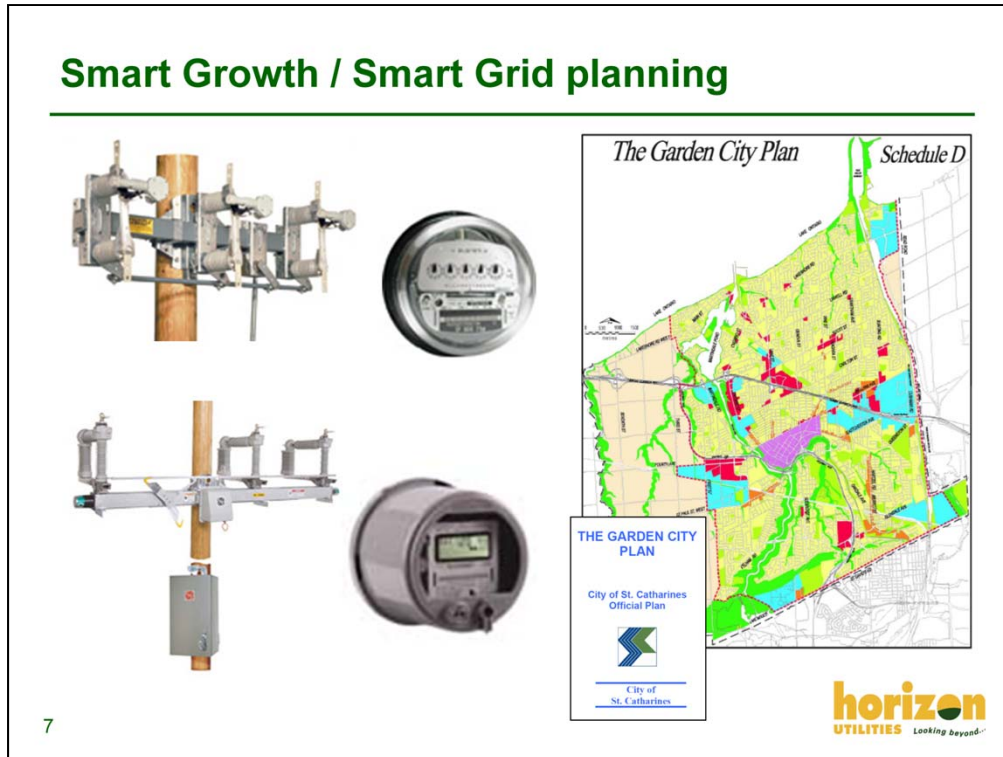


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Slide 6: CDM for Municipal and Commercial Customers

- Another CDM program we are delivering that is achieving terrific results is the Ontario Power Authority's Electricity Retrofit Incentive Program (ERIP).
- This electricity "tune-up" program rewards larger customers – including our municipal shareholders – for making upgrades to their facilities and equipment.
- ERIP has been a very successful program for Horizon. Since its inception, we have received approval for 84 projects providing 2,567 kW of savings.
- Of these projects, over 25 have been in St. Catharines.
- The Hudson's Bay Company has received the largest ERIP in St. Catharines to date, receiving a cheque for \$52,000.
- Horizon has also received for its customers the largest ERIP grants in each of the last 3 years, including the largest ever in 2010.
- You might think this is because there are large electric-intensive businesses in St. Catharines and Hamilton, but two of the awards have been to hospitals.
- In 2010, Hamilton Health Sciences received the largest ERIP award to date -- \$640,000.
- The annual energy cost savings from the ERIP project will work out to hundreds of thousands of dollars for these institutions and companies.
- Again, the face-to-face contact with our customers has been critical to help identify savings opportunities tailored to their specific needs and businesses.

Smart Growth / Smart Grid planning

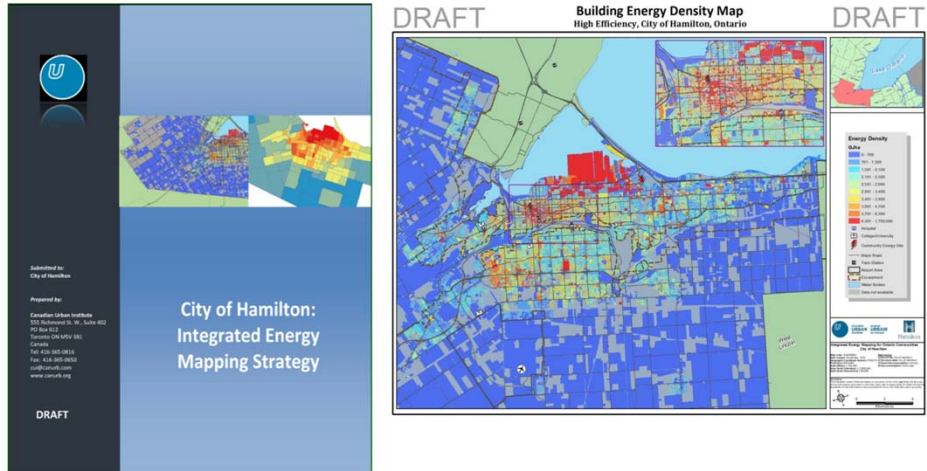


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Slide 8: Smart Growth/Smart Grid Planning

- Another important Climate Change related initiative is ensuring that our preparations for “smart grid” support our municipal shareholders’ needs for “smart growth”, including in the City of St. Catharines.
- Smart growth principles are aiming to avoid urban sprawl, enhance quality of life, and ensure that growth is environmentally, fiscally and socially responsible.
- Pictured on the left, at the top, is a traditional manually operated switch (see the metal poles that move the switch) and the now out of date electro-mechanical meter with its distinctive dials.
- With a smart grid, the switch is controlled electronically through communications technology and the digital smart meter provides real-time data for the operation of the system,
- The reason we are paying such close attention to these urban intensification issues is that there are very important opportunities to ensure the new standards of CDM and the much talked about smart grid strategies required of LDCs meet the needs of smart growth municipal planning objectives.
- Since we are a tightly regulated sector, there is also the need to ensure our capital planning meets regulatory scrutiny, and that we are spending customers’ money wisely and effectively.
- But what is the role of the LDC? ... and how do we get on the right path to make the communities we serve more livable?

Energy density mapping and targeted CDM



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Slide 10: Energy density mapping and targeted CDM

- In the Hamilton energy mapping work, we are already looking at even better maps that show all energy intensity (gas and electric) by actual building, which will make our CDM efforts even more pinpoint in their effectiveness.
- We are working on developing similar maps for St. Catharines too.
- The possibilities here are really eye opening.

Horizon's Global Reporting Initiative™ filings

- First Ontario utility to report
- Self-declared at 'B' application level for 2008
- Received external assurance for 2009 and filed at B+ level

Global Reporting Initiative™ ("GRI") Filing: Horizon Holdings Inc. 2008
(Report includes Horizon Utilities Corporation and Horizon Energy Solutions Inc.)

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RG & EUSS
Sustainability Reporting Guidelines & Electric Utility Sector Supplement

2009 Horizon GRI Report
Ernst and Young Assurance Report to Management

2008 Horizon GRI Report
Ernst and Young Assurance Report to Management

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Slide 11: Horizon's Sustainability Reporting Initiative

- By sustainability reporting, we mean the documenting of our social, environmental and economic performance in business in equal measure.
- While we could have developed our own metrics, we arrived at the adoption of the Global Reporting Initiative framework as the best way forward.
- GRI is the de facto international standard for sustainability reporting and we decided to go with this framework because of the public disclosure required and the general acceptance of the framework.
- The strength of the framework lies in its year-to-year and company-to-company comparability and its transparency, with the latter based on the requirement that the data be publicly filed and posted on the GRI website.
- The additional advantage is that the framework has well constructed Reporting Guidelines – the “RG” note above – and the fact that there is an Electric Utility Sector Supplement – the “EUSS”, among the other sector supplements.
- For the 2008 reporting year, we collected data within all of Horizon Holdings, which includes Horizon Utilities Corporation and Horizon Energy Solutions Inc.
- For this first year, we made a “self-declared” filing of the required social, environmental and economic indicators and did so at the “B” application level.
- While “A” is higher than “B”, this category is more suited to companies in sectors like mining, where the impacts are greater.
- With this first filing, Horizon became the only utility in Ontario to make a Global Reporting Initiative filing.
- Besides Horizon, the only other electric utilities in Canada that currently do so are Hydro Quebec and BC Hydro.

Horizon's sustainability-based annual reports



Triple bottom line of social, environmental & financial

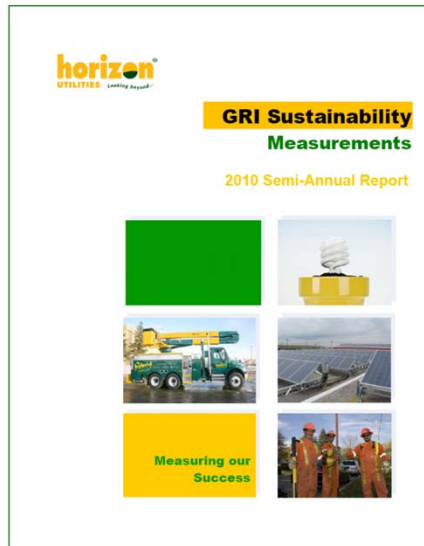
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Slide 12: Horizon's sustainability-based annual reports

- While we have had a long history of corporate social responsibility, we knew we wanted to do more and that we could do more.
- This is why for the last few years we have been getting increasingly on the path of sustainable development by identifying ways we can contribute to the sustainability of the communities we serve.
- In 2008, we decided the best next step would be to develop a corporate sustainability policy and begin to undertake sustainability reporting.
- While Horizon is the only Ontario utility to make a GRI filing, Ontario Power Generation and Toronto Hydro have produced very good sustainability and Corporate Social Responsibility reports that focus on company designed metrics.
- These reports, however, are separate from their corporate annual reports (with financial statements).
- At Horizon, we had produced some very good “community reports” in past years, but rather than move to a corporate annual report with just financial statements, we went a step further.
- We moved right to the new development of corporate reporting by having a triple bottom line annual report – focusing on social, environmental and economic considerations, including financial statements – and explicitly called it a “sustainability-based annual report”.
- We are also very proud to be the first utility in Ontario to make this step of producing a sustainability-based annual report .

Internalizing sustainability at Horizon



- Horizon has the first hybrid double-axle bucket truck in Ontario



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Slide 13: Internalizing Sustainability at Horizon

- While the GRI reporting has had an external focus, we have also been doing a lot of work internally to ensure the sustainability of our operations.
- Once we got on the path of sustainable development and sustainability reporting, sustainability metrics were placed into the performance expectations of management.
- This has really given our efforts impressive traction.
- As just some of the more visible examples, we have an internal sustainability measurements report and have done some impressive work with our fleet vehicles.
- All our vehicles now have GPS with electronic reporting of fuel consumption and emissions.
- We also have moved to utilize hybrid vehicles wherever possible.
- Pictured on the left is the first hybrid double-axle bucket truck in Ontario and one of our small hybrid service vehicles from our fleet.
- We also have on order the first hybrid plug-in electric bucket truck, which will arrive in 2011.

Horizon's Solar PV Business Initiative



The image shows a screenshot of the Horizon Energy Solutions website. The website has a blue and yellow color scheme. The navigation menu includes links for Home, About Us, Commercial, Residential, News & Information, and Contact. A central image shows a family (a woman and a child) smiling. To the right, there is a large image of a solar panel array on a roof. The website text includes a welcome message and information about their solar PV business initiative. The Horizon Energy Solutions logo is visible in the bottom right corner of the screenshot.

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Slide 14: Horizon's Solar PV Business Initiative

- Another way Horizon determined that it could contribute to the sustainability of its communities was to take advantage of the opportunities afforded under the Green Energy Act.
- The GEA provides the critical incentives through the Feed-In Tariff program for green energy solutions like solar power to be developed.
- The program provides both a ready market and a fee structure that will nurture green power to the point that it will be commercially viable through economies of scale.
- Horizon Energy Solutions Inc. is now in business to provide green energy solutions – beginning with commercial scale solar panel rooftop installations.
- Horizon has been busy throughout 2010 negotiating agreements for solar installations on dozens of commercial, institutional and industrial sites in our service area and beyond.
- To our customers, we know there are many entrants into the green energy field, just as there were many entrants in the “dot-com” bubble a decade ago.
- We believe the players who will succeed in this new green economy will be those who have demonstrated solid business success, as Horizon has done in its more than a century of existence in the electricity business.
- When companies are contemplating entering into long-term leases for solar power, they want to know that their partner is financially solid with a strong track record.

Niagara: 'The Green Energy Capital of Canada'

The poster is for an event titled "STATE OF THE NATION: The Good, Bad and Ugly of Canadian Politics" featuring Jeffrey Simpson. It is organized by the St. Catharines-Thorold Chamber of Commerce in partnership with Horizon Utilities. The event is on Monday, November 29, from 11:45 AM to 1:30 PM. The poster includes a photo of Jeffrey Simpson and a quote from Water Search, CEO of St. Catharines-Thorold Chamber of Commerce.



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Slide 15: Niagara: 'The Green Energy Capital of Canada'

- Horizon has also been contributing support to the promotion of Niagara as 'the green energy capital of Canada'.
- In partnership with the St. Catharines-Thorold Chamber of Commerce, we sponsored a speakers series event with one Canada's top columnists and award winning authors, Jeff Simpson as the guest speaker.
- Jeff is the co-author of "Hot Air: Meeting Canada's Climate Change Challenge"
- He discussed Canada's current political state and more specifically, Ontario's involvement in the energy sector and the future of renewable energy.
- Horizon plans to continue working with the Chamber and the Economic Development Department of the City of St. Catharines in further establishing Niagara as 'the green energy capital of Canada'.
- In all these efforts I have outlined today, we have welcomed and continue to be excited about the role LDCs can play in contributing to the sustainability of our communities and addressing, where possible, Climate Change.
- Thank you for your attention and I welcome your questions and comments.