



---

# Niagara-on-the-Lake Hydro Inc.

---

September 29, 2003

Market Advisory Council  
Via E-mail

**Re: IMO Action Plan on Demand Response Initiatives  
Barrier to Participation - Documents MAC-04-10 and MAC-05-02**

Dear Council Members:

The Board and management of Niagara-on-the-Lake Hydro Inc. support the efforts of the Market Advisory Council in the development of a demand response initiative in Ontario. NOTL Hydro Inc. perceives that there may be a potential barrier to our company's participation in a DSM program related to the recent construction of our transformer station.

The only source of revenue to fund our new station lies in increased demand. An agreement (CCRA) with Hydro One and an O.E.B. approved rate equate to the dependence on new load only for such funding. Any such reduction in demand would have a direct detrimental effect on our company's ability to meet our financing obligations. To our knowledge, there are several other LDC's that have constructed or are currently completing new stations that will be subjected to the same obligations.

We believe that this potential barrier could be removed if the demand reduction was proportionately reduced from the Hydro One "base load" guarantee. Alternatively, special financial consideration for "lost" revenue would be necessary.

We trust that this information will be useful during your assessment period.

Regards,

Jim Huntingdon

General Manager