



**PUBLIC INTEREST ADVOCACY CENTRE
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Michael Buonaguro
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January 30, 2012

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: Vulnerable Energy Consumers Coalition (VECC)
Brant County Power Inc. EB-2011-0154
Final Submissions of VECC**

Please find enclosed the submissions of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

A handwritten signature in blue ink, appearing to be 'M. Buonaguro', is written over a light blue horizontal line.

Michael Buonaguro
Counsel for VECC
Encl.

cc: Brant County Power Inc.
Mr. Ed Glasbergen

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), as amended;

AND IN THE MATTER OF an Application by Brant County Power Inc. for an order or orders approving or fixing just and reasonable distribution rates to be effective May 1, 2012.

FINAL SUBMISSIONS

On Behalf of The

Vulnerable Energy Consumers Coalition (VECC)

January 30, 2012

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Vulnerable Energy Consumers Coalition (VECC)

Final Argument

1 The Application

- 1.1 Brant County Power Inc. (“BCP”, “the Applicant”, or “the Utility”) filed an application (“the Application”) with the Ontario Energy Board (“the Board” or “the OEB”), under section 78 of the *Ontario Energy Board Act, 1998* for electricity distribution rates effective May 1, 2012. The Application was filed in accordance with the OEB’s guidelines for 3rd Generation Incentive Regulation which provides for a mechanistic and formulaic adjustment to distribution rates between cost of service applications.
- 1.2 As part of its application, BCP included a request to recover the impact of lost revenues associated with various conservation and demand management (CDM) activities (i.e. an LRAM recovery). The following section sets out VECC’s final submissions regarding this aspect of the application.

2 Lost Revenue Adjustment Mechanism (LRAM Recovery)

- 2.1 BCP is applying to the Board in this application for the recovery of \$21,561 (including \$277 in carrying charges) of lost distribution revenue through a one-year rate rider effective May 1, 2012, as a result of the successful implementation of CDM programs.
- 2.2 An LRAM for Third Tranche CDM programs that launched between 2005 and 2008 and OPA CDM programs launched in 2006 to 2009 was included as part of BCP’s 2011 Cost of Service application for lost revenue between January 1, 2005 and December 31, 2010 in the amount of \$251,022 including carrying charges.¹
- 2.3 In this application, BCP seeks an LRAM for 2010 OPA CDM programs that impact revenues in 2010 through April 30, 2012.
- 2.4 BCP confirms that the LRAM amounts it is seeking to recover in this application are new amounts not included in past LRAM recoveries.²
- 2.5 In response to Board Staff Interrogatory # 12 (a), BCP updated its LRAM amount to \$34,568 including \$600 in carrying charges to include lost revenue in 2010 from 2010 OPA programs that was inadvertently omitted.

¹ Response to VECC Interrogatory # 1 (a) & (b)

² Response to VECC Interrogatory # 1 (b)

- 2.6 BCP used the 2010 Final OPA CDM Results Summary (received September 19, 2011) to calculate its original LRAM claim. In response to VECC Interrogatory # 3, BCP confirmed that it has received the 2010 OPA Final CDM Results and a copy was provided. BCP did not update its LRAM claim to include changes in the OPA's final evaluation results as it expects the impact to the LRAM claim to be immaterial.³
- 2.7 VECC notes that most LDCs have updated their LRAM amounts to account for any changes in the 2010 OPA Final CDM Program Detailed Results and for consistency the Board may decide that BCP should do as well.

Input Assumptions

- 2.8 In the Board's Decision in the Horizon Application (EB-2009-0192), the Board indicated that distributors are to use the most current input assumptions which have been adopted by the Board when preparing their LRAM recovery as these assumptions represent the best estimate of the impacts of the programs.

OPA Funded Programs

- 2.9 VECC accepts for LRAM purposes, the OPA verification of the energy savings for BCP's 2010 OPA-funded CDM programs.
- 2.10 VECC submits BCP has appropriately demonstrated through interrogatory responses that savings for the OPA's 2006 Every Kilowatt Counts Program regarding 13-15 W Energy Star CFLs are not included in the LRAM claim beginning in 2010.

Load Forecast

- 2.11 The Board's Guideline states "The LRAM is determined by calculating the energy savings by customer class and valuing those energy savings using the distributor's Board-approved variable distribution charge appropriate to the class. The calculation does not include any Regulatory Asset Recovery rate riders, as these funds are subject to their own independent true-up process. Lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time."⁴
- 2.12 BCP's load forecast was approved by the Board in its 2011 COS Application (EB-2010-0125)⁵ for the purpose of setting rates effective May 1, 2011.

³ Appendix F, LRAM Filing, IndEco Report, References, Page 10

⁴ Guidelines for Electricity Distributor Conservation and Demand Management (EB-3008-0037), Page 18

⁵ Response to VECC Interrogatory # 1 (c)

- 2.13 The Board's Guideline states "The LRAM is determined by calculating the energy savings by customer class and valuing those energy savings using the distributor's Board-approved variable distribution charge appropriate to the class. The calculation does not include any Regulatory Asset Recovery rate riders, as these funds are subject to their own independent true-up process. Lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time."⁶
- 2.14 In the recent Hydro Ottawa Decision (EB-2011-0054), the Board disallowed a true-up of the effects of CDM. The Board noted firstly, that the Board's CDM Guidelines do not consider symmetry with respect to LRAM; and secondly, that there have been expectations related to LRAM including no-true up of the effects of CDM activities embedded in a rebasing year.⁷
- 2.15 VECC notes that in other recent Decisions, the Board disallowed LRAM claims in the rebasing year and beyond for CDM programs implemented prior to (and including) the rebasing year.
- 2.16 In the Whitby Hydro Decision (EB-2011-0206), the Board disallowed the LRAM claim for the rebasing year as the Board is of the view that it is not appropriate to vary from the stated policy which states that lost revenues are only accruable until new rates are set by the Board, as the CDM savings would be assumed to be incorporated in the load forecast at that time.⁸ In the Hydro One Brampton Decision (EB-2011-0174), the Board found the request for LRAM in 2011 (its rebasing year) inconsistent with the Guidelines and agreed these savings should have been incorporated into the 2011 load forecast at the time of rebasing.⁹

2010 CDM Programs – Lost Revenue in 2011 through April 30, 2012

- 2.17 In accordance with the Board's guidelines and recent Decisions, VECC submits that energy savings from BCP's CDM programs implemented in 2010 are not accruable in 2011 through April 30, 2012 as savings should have been incorporated in the 2011 load forecast at the time of rebasing.

2010 CDM Programs – Lost Revenue in 2010

- 2.18 VECC supports the approval of the lost revenue in 2010 requested by BCP for CDM programs implemented in 2010 as these energy savings occurred prior to rebasing and have not yet been claimed.

⁶ Guidelines for Electricity Distributor Conservation and Demand Management (EB-3008-0037), Page 18

⁷ EB-2011-0054 Hydro Ottawa Decision, Page 24

⁸ EB-2011-0206 Whitby Hydro Decision, Page 14

⁹ EB-2011-0174 Hydro Brampton Decision, Page 13

2.19 In summary, VECC submits that the LRAM claim and associated rate riders approved by the Board should be adjusted to include only the proposed lost revenue in 2010 from CDM programs delivered in 2010.

3 Recovery of Reasonably Incurred Costs

3.1 VECC submits that its participation in this proceeding has been focused and responsible. Accordingly, VECC requests an order of costs in the amount of 100% of its reasonably-incurred fees and disbursements.

All of which is respectfully submitted this 30th day of January 2012.