

Rideau St. Lawrence Distribution Inc.

## **LRAM Support**

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### Attachments

Attachment A – CDM Load Impacts by Class and Program

Attachment B - Foregone Revenue by Class and Program

Attachment C - LRAM Totals

Attachment D - LRAM Input Assumptions

## 1. Introduction

With success in its CDM activities, Rideau St. Lawrence has lost revenues that need to be addressed as part of its 2011 rates submission to the Ontario Energy Board (OEB). This process will ensure that future CDM investments are sustainable in the long term by becoming a standard element in future rate filings.

The Ontario Energy Board (OEB) introduced a process outlined in the March 28, 2008 Guidelines for Electricity Distributor Conservation and Demand Management EB-2008-0037 ("CDM Guidelines") for rate-based applications to recover revenues lost to customer energy conservation, and to share in gains from effective CDM programs prior to the completion of Third Tranche CDM programs. The mechanism developed by the OEB to calculate lost revenue for savings is the Lost Revenue Adjustment Mechanism (LRAM).

LRAM calculations are made from the energy savings data from measured CDM program results, or other documented results as applied to the affected rate class. Results from OPA CDM programs represent the potential for lost revenue to the LDC, and will be included in calculations under LRAM.

The application for LRAM compensation is part of Rideau St. Lawrence's 2011 IRM filing and is based on its 2005 to 2009 inclusive OPA CDM program results.

## 2. Required

Rideau St. Lawrence requested that Burman Energy Consultants Group Inc. (BECGI) review the LDC's preliminary LRAM and supporting information and assist in producing finalized calculations and report suitable to support an LRAM claim as part of its 2011 rates submission. In completing the scope of work related to LRAM and SSM, BECGI committed to:

1. Review LRAM Total Resource Cost (TRC) calculations and underlying data prepared by Rideau St. Lawrence for annual year end CDM reports, and assess compliance with the CDM Guidelines, identifying variances and reconciliations.
2. Prepare and finalize LRAM calculations and assumptions consistent with CDM Guidelines and suitable for inclusion in Rideau St. Lawrence's 2011 IRM/rates application, with supporting details.
3. Produce a report, recommendations, and supporting Attachments related to LRAM assessments/findings.

In performing the above tasks, BECGI's involvement is intended to constitute a third party review as specified in the OEB's CDM Guidelines.

### 3. About LRAM

The OEB issued GUIDELINES FOR ELECTRICITY DISTRIBUTOR CONSERVATION AND DEMAND MANAGEMENT, EB-2008-0037 were applied to the preparation of this LRAM application.

LRAM was calculated as the product of the demand/energy savings by customer class and the Board-approved variable distribution charge appropriate to each respective class (net of Regulatory Asset Recovery rate riders). OPA sponsored program kW/kWhs savings were deemed eligible for consideration of the LRAM claim.

### 4. Methodology

To optimize the calculation of LRAM amounts, BECGI:

1. Reviewed existing LRAM CDM Guidelines and precedents set through LDC submissions to the OEB, to identify the most prudent course for Rideau St. Lawrence's LRAM application.
2. Sought counsel within OEB staff to validate assumptions and processes to complete LRAM submission consistent with other LDC submissions. Validation by each specific technology employed is included in the accompanying documentation.
3. Reviewed Rideau St. Lawrence's CDM program results and TRC calculations, verified assumptions and calculations, identified variances with reported values, and recommended adjustments as appropriate to maintain consistency with the CDM Guidelines. Actual program results were provided by Rideau St. Lawrence, including CDM Annual Reports, OPA program results reports, and supplemental information relevant to LRAM and SSM calculations.
4. Prepared report and recommendations related to LRAM and SSM calculations consistent with OEB CDM Guidelines which are in the accompanying documentation.

### 5. Results

The OPA has validated the results allocated to Rideau St. Lawrence for OPA sponsored programs through Third Party Verification. Program results were confirmed to begin the year after program implementation.

The timing of results used in LRAM calculations for OPA sponsored programs are contained in the accompanying documentation under OPA Conservation Results, issued August 13, 2010.

Rate Class	
	LRAM \$
-	
<b><u>OPA Programs</u></b>	
<b>RESIDENTIAL</b>	\$31,112.87
<b>GENERAL SERVICE &lt;50KW</b>	\$4,075.74
<b>GENERAL SERVICE &gt;50KW</b>	\$18,079.95
	\$53,268.56

The accompanying table below sets out the calculated amounts for LRAM for Rideau St. Lawrence's OPA CDM programming. The calculation of the results, by program and customer class as applicable, are explained in the text below, and detailed in the appended attachment.

## 6. Determination of LRAM Amount

LRAM amounts were identified by rate class consistent with the CDM Guidelines for programs that impacted revenues from 2006 to 2009, for OPA CDM programs. No forecast or other adjustment for the effects of CDM programs was made to the load quantities used in the preparation of Rideau St. Lawrence's rate cases in prior years. All results are net of free ridership. For all programs/projects, the most recently published OPA assumptions and measures list were used in LRAM calculations in accordance with OEB's direction letter, Conservation and Demand Management ("CDM") Input Assumptions Board File No.: EB-2008-0352, January 27, 2009 and consistent with recent Decision and Order EB-2009-0192 for Horizon Utilities Corporation that directed LRAM calculations use the most current available input assumptions for all CDM programs.

The sum of all program LRAM calculations, including OPA sponsored programs is \$53,268.56

Attachment A summarizes load impacts by class and program. Attachment B (Foregone Revenue By Class and Program) summarizes the CDM load impacts by program and rate class and the resultant revenue impacts.

## 7. Allocation and Manner of Recovery for LRAM Amounts

The LRAM amounts arising from CDM programs in each respective rate class are allocated to that class for recovery. LRAM rate riders should be combined and expressed as a single rate rider for each class, based on approaches taken by other LDCs

## 8. Recommendations

BECGI recommends the following:

1. LRAM amounts arising from CDM programs in each rate class be allocated to that class for recovery.
2. Monitor savings attributed to 2009 OPA program implementation. LRAM calculations include preliminary 2009 results for programs implemented in 2009 as well as final results for programs implemented between 2006 to 2008. This report did not consider any OPA programs implemented or operated during 2010, as the results for these programs will not be available until sometime in 2011.