

January 13, 2011

BY COURIER (2 COPIES) AND EMAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
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Toronto, Ontario M4P 1E4
Fax: (416) 440-7656
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Dear Ms. Walli:

**Re: Pollution Probe – Interrogatories for Hydro One
EB-2010-0331/0332 – Hydro One & Hydro One Brampton –
2011-14 CDM Programs**

Pursuant to Procedural Order No. 1, please find attached Pollution Probe's interrogatories to Hydro One for this matter.

Yours truly,



Basil Alexander

BA/ba

Encl.

cc: Applicant and Intervenors per attachment to *Procedural Order No. 1* by email

EB-2010-0332

Pollution Probe Interrogatories for Hydro One

January 13, 2011

1. Reference: Exhibit C, Tab 1, Schedule 1

For each of Hydro One's OPA-contracted province-wide CDM programs, please provide the following information:

- a) cumulative* annual energy savings (MWh) per year;
- b) number of participants per year;
- c) potential number of participants per year;
- d) annual budgets broken out according to:
 - i) financial incentives for customers; and
 - ii) other;
- e) TRC ratio;
- f) PAC ratio; and
- g) free-rider rate estimates and copies of the reports that support these free rider rate estimates;

* For example, assuming that the program saved 100 kWh in 2011 and an incremental 200 kWh in 2012, but only 90 kWh of the 2011 savings persisted in 2012, then the cumulative annual energy savings in 2012 would be 290 kWh (i.e. 90 + 200).

2. Reference: Exhibit C, Tab 1, Schedule 1, pp. 29 – 31

Please provide Hydro One's number of actual and potential: a) residential; and b) general service *peaksaver* customers as of December 31, 2010.

3. Reference: Exhibit C, Tab 1, Schedule 1, pp. 29-31

Please provide Hydro One's forecasted cumulative number of: a) residential; and b) small commercial participants for each of the following years: 2011, 2012, 2013 and 2014.

4. Reference: Exhibit C, Tab 1, Schedule 1, pp. 29-31

Has Hydro One analyzed the benefits and costs of adopting more aggressive participant targets for its residential and small commercial demand response program? If yes, please provide copies of Hydro One's analyses. If no, please explain why not.

5. Reference: Exhibit C, Tab 1, Schedule 1, pp. 29-31

Please provide break-outs of Hydro One's annual marketing budgets (e.g. TV ads, newspaper ads, bill inserts, door-to-door canvassing, etc.) for its residential and small commercial demand response program.

6. Reference: Exhibit C, Tab 1, Schedule 2

For each of Hydro One's proposed Board-approved CDM programs please provide the following information:

- a) cumulative* annual energy savings (MWh) per year;
- b) number of participants per year;
- c) potential number of participants per year;
- d) annual budgets broken out according to:
 - i) financial incentives for customers; and
 - ii) other;
- e) TRC ratio;
- f) PAC ratio; and
- g) free-rider rate estimates and copies of the reports that support these free rider rate estimates;

* For example, assuming that the program saved 100 kWh in 2011 and an incremental 200 kWh in 2012, but only 90 kWh of the 2011 savings persisted in 2012, then the cumulative annual energy savings in 2012 would be 290 kWh (i.e. 90 + 200).

7. Reference: Exhibit C, Tab 1, Schedule 2

Please provide the avoided cost estimates (with respect to both energy and capacity) that Hydro One uses to calculate the cost-effectiveness of its CDM programs. Please provide a break-out of these estimates by year, season, time of day, generation, transmission, and distribution.

Please also provide a break-out of the generation mix assumptions that are embedded in the avoided cost estimates (i.e. the percentage of the avoided capacity and energy supply that is solar, wind, biomass, water power, simple cycle gas, combined-cycle gas, combined heat and power, nuclear power, and imports).

Please also provide copies of the reports that support Hydro One's avoided cost estimates.

8. Reference: Exhibit B, Tab 1, Schedule 2, p. 4

Please describe in detail the methodology for the Program Administration Cost ("PAC") Test.

9. Reference: Exhibit C, Tab 1, Schedule 2, pages 45 – 51.

Please provide the total coincident peak demand and total annual electricity consumption for all of Hydro One's municipal and hospital customers.

10. Reference: Exhibit C, Tab 1, Schedule 2, pages 45-51

- a) Will the Municipal and Hospital Energy Efficiency Performance Program's customer financial incentives for saving electricity be a function of their first year annual savings or a function of their savings over the life of the energy efficiency measures? For example, everything else being equal, will the financial incentive for an energy efficiency measure that saves 100 kWh per year for 20 years be greater than the financial incentive for an energy efficiency measure that saves 100 kWh for 5 years? And if yes, by how much?
- b) Please provide the avoided cost value(s) (i.e. LUEC) used by Hydro One to evaluate the TRC Test benefits of the Municipal and Hospital Energy Efficiency Performance Program.
- c) Please state the Municipal and Hospital Energy Efficiency Performance Program's proposed customer financial incentives per kWh and/or per kW and the time period during which a project would receive such incentive payments (e.g. one year, 5 years, economic life of the project's energy savings, etc.).

11. Reference: Exhibit B, Tab 1, Schedule 2, p. 3:

"In 2008 and 2009, Hydro One developed and submitted custom CDM programs to the OPA, of which Double Returns was implemented and has proven to be a great success. Many of these programs were considered leading edge and have been emulated by other utilities throughout North America."

- a) For each of these years, please describe the key terms and conditions of Hydro One's historic Double Returns programs (e.g. which customer classes were eligible to participate, conditions for receiving an incentive, values of the incentive, limits on the magnitude of the incentives (if any), etc.).
- b) For each year of Hydro One's historic Double Returns programs, please provide their: number of participants; MWh and MW savings; TRC net benefits; TRC Benefit Cost Ratio; total dollar value of incentive payments; and total dollar value of non-incentive payment program costs.

- c) Please provide references (including electronic links where applicable) to North American utility programs that emulate Hydro One's Double Returns program.

12. Reference: Exhibit C, Tab 1, Schedule 2, p. 57:
 "The Double Return Plus initiative has two components: a peak demand reduction and an energy efficiency component."

Please provide the Double Return Plus' forecasted total net TRC benefits by year from both: a) its peak demand reduction component; and b) its energy efficiency component.

13. Reference: Exhibit C, Tab 1, Schedule 2, p. 58:
 "While the participants are encouraged to optimize their reduction in their peak demand, incentives are only applied to savings that range from a minimum of 5% to a maximum of 10% reduction."

Please explain in detail why Hydro One is not proposing to pay incentives for peak demand reductions in excess of 10%.

14. Reference: Exhibit B, Tab 1, Schedule 2, p. 3; and Exhibit C, Tab 1, Schedule 2, p. 57

Please explain in detail why Hydro One is not proposing to offer a Double Returns program also to its residential and small volume customers.

15. Reference: Exhibit C, Tab 1, Schedule 2

For each of Hydro One's proposed Board-Approved CDM programs, please provide the date that Hydro One will receive preliminary and/or final evaluation reports with respect to Hydro One's free-rider rate estimates for these programs.