

19 January 2011

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board

By RESS and e-mail

Dear Ms Walli:

Re: EB-2010-0279 – OPA 2011 Revenue Requirement - GEC IRs to OPA

Attached please find GEC's interrogatories in this matter

Sincerely,

A handwritten signature in black ink, appearing to read 'David Poch', with a stylized flourish at the end.

David Poch

All Parties

GEC Interrogatories to OPA

Strategic Objective 1 (Power System Plan)

1. (B-2-1, p. 1) Please provide the timeline for the IPSP consultations, evidence production and hearing stages that underlies the revenue request and any updates thereto.
2. (B-2-1, p. 6 & 7) Please provide details of the economic metric OPA will utilize in the ECT. How is OPA determining such a metric and proceeding to apply the ECT “in the second quarter of 2011” prior to the development of a current IPSP and in particular in the absence of a current cost estimate for nuclear?
3. Please provide the planning outlook report referred to at B-1-1 p.9, line 8.

Strategic Objective 2 (CDM)

4. (B-2-1, p. 3) Please file the master agreement with the LDCs for province-wide CDM programs, or if not yet available, the latest draft and a summary of outstanding issues.
5. (B-2-1, p. 3) We understand that some or all OPA-contracted province-wide CDM programs are not mandatory for the LDCs.
 - a. Which province-wide programs are optional and which are mandatory for LDCs?
 - b. Where programs are optional, please provide any available information and/or estimates of LDC participation in each program including estimates of the degree of opportunity coverage (i.e. percentage of potential savings, number of measures and potential participants covered),
 - c. Where programs are optional, please provide details of the extent to which OPA will ensure that savings potential is realized (i.e. where LDCs are not delivering the program or measure) and the mechanism that OPA intends to use for that purpose in each case.
6. Achieving the conservation potential:
 - a. Please provide all Ontario conservation potential studies that OPA has and any summary of the overall potential.
 - b. In determining cost-effectiveness of CDM opportunities does OPA assume that avoided costs include nuclear capacity? If so please provide OPA’s assumption for the cost of that capacity and energy. Please provide a

comparison of the values used in avoided costs with the results of the RFP for nuclear power.

- c. The draft Supply Mix Directive calls for acceleration of cost effective CDM where possible. Is OPA conducting research and planning to achieve CDM where cost-effective beyond the specific targets in the directives in anticipation of the supply mix directive?
- d. Please indicate OPA's plan and specific budgetary estimates for items that are anticipated to address the opportunity for added CDM (i.e. beyond the minimum targets) given OPA's assumption for the extent to which the LDCs will target beyond their pro-rata apportionment of the minimum.

7. Regarding OPA's measure savings estimates:

- a. For which measures and programs does OPA expect to estimate savings using "deemed" assumptions? For which does it expect to estimate savings on a custom basis?
- b. Please describe the process by which deemed assumptions have been developed?
- c. Does OPA use any deemed free ridership or deemed net-to-gross ratio assumptions? If so, are such assumptions updated whenever program designs (e.g. incentive levels, aggressiveness of marketing campaigns, etc.) change? How frequently are they updated?
- d. What process does OPA have in place to ensure that actual savings are consistent with both deemed assumptions and custom project savings estimates?
- e. Does the process include an independent annual audit?
 - i. If so, how is the auditor selected?
 - ii. Who has input into its selection?
 - iii. Does the selection and oversight or management of the auditor involve external stakeholders as is the case with gas DSM (e.g. akin to the gas utilities' Evaluation and Audit Committees)? If so, please explain which stakeholders are involved and how OPA decided which to involve?
 - iv. Does it involve external stakeholders in any other way? If so, please explain.
- f. Does OPA involve external stakeholders in the evaluation planning, including prioritization of evaluation studies (e.g. akin to the Evaluation and Audit Committees in place for gas DSM)?

8. Regarding integration of delivery of OPA's and Ontario's gas utilities' CDM programs:

- a. Please summarize, separately for each OPA program, whether the program is being jointly delivered with Union Gas and/or Enbridge Gas and how the joint delivery is functioning or will function (including how both measure and non-measure costs will be shared).
- b. For programs for which there is currently no agreement in place regarding joint delivery, please (addressing each program separately):

- i. describe OPA's current plans for joint delivery, coordinated delivery and/or other forms of collaboration with the gas utilities;
- ii. discuss when OPA began discussions with the gas utilities and how long OPA has been in discussions with the gas utilities on the topic of joint delivery, coordinated delivery or other forms of collaboration;
- iii. explain why decisions on joint delivery, coordinated delivery or other forms of collaboration have not yet been finalized.

9. Regarding transmission system investments:

- a. Does OPA have a policy to require assessment of localized energy efficiency (i.e. efficiency beyond what will be achieved through province-wide or LDC initiatives, but may be cost-effective as resources to defer "poles and wires" investments), demand response, distributed generation and other alternatives to transmission investments?
- b. Does the policy require pursuing non-transmission alternatives if they are less expensive, on a societal cost basis, than "poles and wires"? If not, why not?

10. What is the weighted average measure life assumed for savings generated in 2009, 2010, and 2011?

11. (C-1-1 p. 3) please explain:

- a. What portion of the 2011 "net revenue requirement" of \$62.1 million is associated with CDM?
- b. What portion of the 2011 "OPA budget" of \$64.1 million OPA budget is associated with CDM?
- c. What portion of 2011 OPA "total program spending" is associated with CDM?
- d. How many of the 2011 budgeted 235 FTEs are associated with CDM? How many of those are in the Conservation Division?
- e. One of the footnotes to the Conservation net annual peak reductions (MW, 2005 base) states that "2010 savings forecast does not consider 2009 verified results".
 - i. How did 2009 verified results differ from the 2009 savings assumed to persist in 2010 in this table?
 - ii. What would the 2010 number be if it did consider 2009 verified results?
 - iii. The footnote appears to apply only to peak demand savings (i.e. it is not also attached to the energy savings heading). Is that correct? If not, please answer the above two questions for net annual energy reduction (GWh) as well.
- f. Do the 2011 budgeted savings consider 2009 verified results?

- g. What portion of savings in each of the three years shown are savings that persist from previous years vs. new incremental savings generated in the year in question?
 - h. With respect to “savings still persisting from previous years” (footnote *), does OPA adjust the volume of savings assumed to be persisting based on the assumed life of measures installed in previous years? For example, if 10% of the new incremental annual savings generated in 2006 had a life of only 3 years, would OPA have only shown those savings as persisting in years 2006, 2007 and 2008? If not, why not?
 - i. Provide separately for 2009, 2010 and 2011 the portion of new incremental annual MW savings and new incremental annual GWh savings that have a life of 1 year, 2 years, 3 years and so on up to 30 years or more. What is the weighted average measure life?
 - j. Please provide a table that shows for each year – starting with 2005 and continuing through 2011 budget – the following for both net annual peak demand reduction and net annual energy reduction:
 - i. New incremental annual savings generated that year
 - ii. Annual savings still persisting from previous years
 - iii. Total net annual savings akin to the numbers provided in Table 1 for 2009 through 2011 budget (footnote * suggests that the numbers provided in Table 1 are the sum of “i” and “ii” requested above).
 - iv. OPA’s budget
 - v. The portion of OPA’s budget (in millions of dollars) associated with CDM. Are the values provided in B-2-1 p. 16 (Table 1) the total costs associated with CDM?
 - vi. The number of OPA FTEs
 - vii. The number of OPA FTEs associated with CDM
 - viii. New Incremental annual MW and GWh (separately, per response to “i” above) per FTE associated with CDM (i.e. consistent with response to “vii” above)
 - ix. New incremental annual MW and GWh per million dollars of OPA budget associated with CDM (i.e. consistent with response to “v” above)
12. How much is OPA’s total CDM budget (i.e. administration, delivery and measure costs...), including contracts with LDCs?
13. What % of overall savings forecast for 2011 is expected to be met through OPA led programs? Please provide separately for both total net annual MW and GWh reductions and new incremental annual MW and GWh reductions generated from 2011 programs (i.e. not including savings that are still persisting from previous years).
14. What are OPA’s forecasted MW and GWh savings for 2012, 2013, 2014? In responding, please show two ways:

- a. total net annual savings, including savings persisting from previous years; and
 - b. new incremental annual savings.
15. (B-2-1, p. 1) The Minister of Energy's March 31, 2010 Directive requires the delivery of 1330 MW and 6000 GWh of new annual savings for the period beginning January 1, 2011 and ending four years later. That translates to an average of 333 new MW per year and 1500 new GWh per year over the four year period. Table 1 in C-1-1 appears to suggest that OPA will generate only 105 new incremental MW (not counting MW replacing those that whose life "ended" in 2010) and only 333 new incremental annual GWh (again not counting GWh whose life ended in 2010). In other words OPA appears to be forecasting that it will be achieving only about 30% the new MW savings the province needs to achieve per year and only about 20% of the new GWh savings the province needs to achieve per year to meet the four year savings goals established by the Minister. Please explain:
- a. Why OPA's 2011 savings forecasts appear so low relative the four year goal.
 - b. How OPA plans to do to make up for the low 2011 numbers in subsequent years.
 - c. Why the steep trajectory in savings growth implied by the 2011 forecast is optimal and/or appropriate.
16. (B-2-1 p. 2, lines 11-13) How many conservation FTEs are in each of the four divisions listed?
17. (B-2-1 p. 3) Please explain in detail what the Change Management Framework is and how it will be structured.
18. (B-2-1 p. 9, line 1) What is the budget or forecasted 2011 spending on the mass media campaigns?
19. (B-2-1 p. 9, lines 4-5) What is the "targeted approach" that will be used?
20. (B-2-1 p. 9, lines 7-10) Regarding the 'culture of energy conservation in Ontario' metric established in 2010:
- a. What is the metric? Lines 9-10 suggest that the metric may in fact be multiple metrics (or "benchmarks"). Is that the case? In any event, please describe in detail.
 - b. Has the metric already been measured? If so, please provide all results to date. If not, when will it first be measured?
21. (B-2-1 p. 9, lines 28-29) Regarding the expectation of a 45% level of awareness of the province-wide brand by the end of 2011:
- a. Has OPA established a baseline awareness level (i.e. current levels of awareness against which future levels can be compared to assess progress)?
 - b. If so, what is it? If not, why not?

22. (B-2-1, pp. 15-16) Please explain how each of the 2011 Milestones will be measured so that it can be definitively determined whether the milestones were reached.
23. For each year from 2005 through 2010, please provide (by program and in aggregate across all programs):
- a. OPA's MW savings goal
 - b. OPA's GWh savings goal
 - c. OPA's verified MW savings if available (if not, provide unverified values and indicate they are unverified)
 - d. OPA's verified GWh savings if available (if not, provide unverified values and indicate they are unverified)
24. Regarding 2010 CDM performance:
- a. For each program in which OPA does not expect to achieve its 2010 target, please provide a detailed explanation for the shortfall.
 - b. Where any shortfall is attributed to general economic conditions, please explain, and provide budget and staff data verifying the added steps OPA took following the 2008 economic crash to overcome the difficulty.

Strategic Objective 3 (Procurement)

25. (B-3-1 page 3) Please provide the average length of time between application and award of conditional offers for micro-FITs that has occurred in each quarter since the program started. What staff resources have been available in each quarter to deal with the high volume of applications?
26. (B-3-1 page 3) Micro-FIT program participants have complained about lengthy delays in the connection agreement and connection processes. Is OPA aware of this problem? What efforts is OPA making to help address this issue?
27. (B-3-1 page 3) Please list and explain the repeated delays in the FIT program steps (TAT/DAT tests, initial contract awards, ECT test etc.).