

Board Staff Interrogatories

2011 Expenditure and Revenue Requirement Submission

Ontario Power Authority

EB-2010-0279

Power System Planning

Issue 1.1

Has the OPA provided reasonable and appropriate information regarding the achievement and efficiency on the performance of its 2010 Strategic Objective #1 milestones and initiatives?

Board Staff question #1

References

Exhibit B/Tab 2/Schedule 1/Page 9

Preamble

In its 2010 revenue requirement application (EB-2009-0347) the OPA indicated that it had a 2010 milestone of "A planning outlook has been provided to stakeholders." In its current revenue requirement application, the OPA states in its pre-filed evidence under the heading "2010 Results" that "A planning outlook has been provided to stakeholders," and that "In 2010, the OPA developed a planning report that describes the status and outlook for electricity demand, conservation, generation and transmission, which will form the basis for the formal consultation process for the IPSP."

Questions

- a) Please specify the planning outlook the OPA is referring to in its pre-filed evidence. Was this milestone achieved? If not, please describe the changes the OPA has undertaken or plans to undertake.
- b) Please indicate the staffing level (i.e., consultants, contract staff and Full Time Equivalent (FTEs) and how much of the OPA's Strategic Objective #1 budget for 2010 was allocated to this activity.

Power System Planning

Issue 1.1 (a)

Has the OPA provided reasonable and appropriate information regarding the achievement and efficiency on the performance of its 2010 Strategic Objective #1 initiative of Responding to the Minister's Directives on planning?

Board Staff question #2

References

Exhibit B/Tab 2/Schedule 1

Preamble

In its 2010 revenue requirement application (EB-2009-0347) the OPA stated in its pre-filed evidence that a strategic initiative that its Power System Planning division would pursue would be responding to the Directive issued to the OPA by the Minister of Energy and Infrastructure ("MEI") on September 17, 2008, which directed the OPA to revisit elements of the IPSP. Further, in that application, as part of its "2009 results", the OPA states that "IPSP 1 has been revised and submitted to the Ontario Energy Board," and that "The OPA continues to work on its response to the Minister's September 17, 2008, Directive and intends to complete its response in the next few months."

The OPA did not submit a revised IPSP to the Board in 2009 or 2010.

Questions

- a) Given that the 2010 Fees were set to include work on the IPSP, please describe the work undertaken in 2010. Please describe the current plans for filing the IPSP with the Board, including timelines. Will the work from 2010 inform the IPSP when it is filed? If not, why not?
- b) Did the OPA develop a response to the Minister's Directives on planning? If so, please describe in detail the work that was undertaken. If the OPA did not develop a response, explain why.
- c) Please indicate the staffing level (i.e., consultants, contract staff and FTEs) and how much of the OPA's Strategic Objective #1 budget for 2010 was allocated to this initiative.

Power System Planning

Issue 1.3

Does Strategic Objective #1 adequately reflect the tasks that the OPA is charged with by statute and directives in 2011, and do the initiatives capture the range of activity required to achieve that end?

Issue 1.4

Is the budget for Strategic Objective #1 appropriately allocated among the initiatives being pursued?

Issue 1.5

Are the 2011 milestones associated with Strategic Objective #1 reasonable and appropriate for the purposes of determining the achievement and efficiency of the OPA's performance?

Board Staff question #3

References

Exhibit B/Tab 2/Schedule 1/ Page 1-4 and 6-7.

Preamble

The OPA states in its pre-filed evidence that Initiative 1 of its 2011 Strategic Objective #1 is "Developing the second Integrated Power System Plan" with milestones involving public consultation and stakeholder engagement and filing the plan with the Board.

Questions

- a) Please describe the planned public consultation and stakeholder engagement for the second IPSP, including how the OPA will evaluate the performance of these consultations and a separate description of the OPA's plans for First Nations and Métis consultation.
- b) Given the OPA's experience with developing IPSP 1 (including responding to the Minister's Directives on planning), please discuss any adjustments the OPA has undertaken or plans to undertake with respect to the development of the second IPSP?
- c) Please indicate the staffing level (i.e., consultants, contract staff and FTEs) and how much of the OPA's Strategic Objective #1 budget for 2011 will be allocated to this initiative. Please indicate how the levels were determined.

Power System Planning

Issue 1.1 (b)

Has the OPA provided reasonable and appropriate information regarding the achievement and efficiency on the performance of its 2010 Strategic Objective #1 initiative of supporting the implementation of the Feed-in Tariff Program?

Issue 1.3

Does Strategic Objective #1 adequately reflect the tasks that the OPA is charged with by statute and directives in 2011, and do the initiatives capture the range of activity required to achieve that end?

Issue 1.4

Is the budget for Strategic Objective #1 appropriately allocated among the initiatives being pursued?

Issue 1.5

Are the 2011 milestones associated with Strategic Objective #1 reasonable and appropriate for the purposes of determining the achievement and efficiency of the OPA's performance?

Board Staff question #4

References

Exhibit B/Tab 2/Schedule 1/Page 5-6.

Preamble

The OPA states in its pre-filed evidence that Initiative 6 of Strategic Objective #3 is "Supporting the implementation of the Feed-In-Tariff Program" and further states as a milestone that "In 2011, execution of the first Economic Connection Test (ECT) process will be completed, with the first round of results expected in the second quarter."

In the summer of 2010, the OPA stated that the first ECT was planned for completion in the first quarter of 2011.¹

Questions

- a) Please indicate the current status of the ECT, including whether the process is on schedule and on-budget. If it is not, please explain why, the consequences of any delays, and any changes the OPA has taken or is planning to take.
- b) How will the OPA evaluate the performance of the ECT?
- c) Please indicate the staffing level (i.e., consultants, contract staff and FTEs) and how much of the OPA's Strategic Objective #1 budget was allocated to this initiative in 2010.
- d) Please indicate the staffing level (i.e., consultants, contract staff and FTEs) and how much of the OPA's Strategic Objective #1 budget will be allocated to this initiative in 2011. Please indicate how the levels were determined.

Conservation

Issue 2.2

Is the Operating Budget of \$16.421 million for Strategic Objective #2 reasonable and appropriate?

¹ OPA, "June 1, 2010 - Program Update":
http://fit.powerauthority.on.ca/Page.asp?PageID=122&ContentID=10653&SiteNodeID=1142&BL_ExpandID=

Board Staff question #5

References

Exhibit D/Tab 2/Schedule 1

Preamble

OPA states that the Conservation Fund budget is \$1.2 million and the Technology Development Fund budget is \$2.6 million.

Question

- a) Please explain how the budgets for the Conservation and Technology Development Funds were determined.

Conservation

Issue 2.2

Is the Operating Budget of \$16.421 million for Strategic Objective #2 reasonable and appropriate?

Board Staff question #6

References

Exhibit B/Tab 2/Schedule 1

Preamble

The OPA states that as the funding agent for the OPA-Contracted Province-Wide Programs, it will work to ensure good governance of ratepayer dollars. The OPA states that it will work to ensure that ratepayer dollars are used effectively through quality assurance and quality control processes, financial and operations audits, standardized procurement practices and site inspections to ensure projects have been completed according to program guidelines. Monitoring of contract compliance and program spending will be performed by the OPA on an ongoing basis, beginning in Q1 2011.

Question

- a) Please explain the quality assurance and quality control processes, financial and operations audits, standardized procurement practices, site inspections and monitoring of contract compliance and program spending in more detail.
- b) Please explain how the findings in each process identified in (a) will be used “to ensure good governance of ratepayer dollars” in 2011 and beyond.

Conservation

Issue 2.2

Is the Operating Budget of \$16.421 million for Strategic Objective #2 reasonable and appropriate?

Board Staff question #7

References

Exhibit B/Tab 2/Schedule 1

Preamble

The OPA states that in 2011, the OPA will continue to enhance its centralized conservation information system – called iCon.

Question

- a) Please provide an update on the status of the iCon system, which includes the timing and readiness of the system and whether it has been upgraded for the tracking of 2011 – 2014 programs.

Conservation

Issue 2.2

Is the Operating Budget of \$16.421 million for Strategic Objective #2 reasonable and appropriate?

Board Staff question #8

References

Exhibit B/Tab 2/Schedule 1

Preamble

The OPA states that in the April 23rd Directive, the Minister also directed the OPA to design and coordinate the delivery of energy efficiency and demand response program(s) for First Nation and Métis communities.

Question

- a) Please provide an update on the program (s) for the First Nation and Métis communities.

Conservation

Issue 2.2

Is the Operating Budget of \$16.421 million for Strategic Objective #2 reasonable and appropriate?

Board Staff question #9

References

Exhibit D/Tab 2/Schedule 1

Preamble

In November 2010, the Government of Ontario amended Ontario Regulation 429/04 by changing the global adjustment mechanism to provide consumers with an average monthly peak demand in excess of 5 MW with an incentive to reduce consumption at peak times. The OPA offers a selection of demand response programs (e.g., Demand Response 1-3) to business consumers to reduce power demand at peak times.

Questions

- a) Please describe the impact that the amended Ontario Regulation 429/04 will have on the demand response programs developed and offered by the OPA.
- b) Will the OPA permit business consumers eligible for the incentives under the amended Ontario Regulation 429/04 to also participate in OPA demand response programs? If so, please explain why.

Conservation

Issue 2.3

Does Strategic Objective #2 adequately reflect the tasks that the OPA is charged with by statute and directives in 2011, and do the initiatives capture the range of activity required to achieve that end?

Board Staff question #10

References

Exhibit B/Tab 2/Schedule 1

Preamble

The OPA states that it launched the "Industrial Accelerator" Program, pursuant to the March 4, 2010 Directive.

Question

- a) Please provide the 2011 budget for this program.

Conservation

Issue 2.3

Does Strategic Objective #2 adequately reflect the tasks that the OPA is charged with by statute and directives in 2011, and do the initiatives capture the range of activity required to achieve that end?

Board Staff question #11

References

Exhibit B/Tab 2/Schedule 1

Preamble

The OPA states that Evaluation, Measurement and Verification ("EM&V") are an integral part of the OPA's conservation activities.

Question

- a) Please provide an update on the status of the EM&V Protocols and Requirements for 2011 – 2014, which includes the timing of the finalization of these documents.

Conservation

Issue 2.3

Does Strategic Objective #2 adequately reflect the tasks that the OPA is charged with by statute and directives in 2011, and do the initiatives capture the range of activity required to achieve that end?

Board Staff question #12

References

Exhibit B/Tab 2/Schedule 1

Preamble

The Minister's Directive of April 23, 2010 directed the OPA to design, deliver and fund OPA-Contracted Province-Wide CDM Programs.

Question

- a) Please confirm the status of the funding allocation to distributors.

Conservation

Issue 2.5

Are the 2011 milestones associated with Strategic Objective #2 reasonable and appropriate for the purposes of determining the achievement and efficiency of the OPA's performance?

Board Staff question #13

References

Exhibit B/Tab 2/Schedule 1

Preamble

The OPA states that it will focus on strengthening a continuous improvement model on program performance. This will include continuous review of program rules for effectiveness and streamlining administrative effort and cost.

Question

- a) Please confirm that "continuous review of program rules for effectiveness and streamlining administrative effort and cost" is referring to the OPA's Cost Effectiveness Guide issued on October 15, 2010. If it is not, please indicate what the statement is referring to.

Supply Procurement and Contract Management

Issue 3.1 (a)

Has the OPA provided reasonable and appropriate information regarding the achievement and efficiency on the performance of its 2010 Strategic Objective #1 initiative of continuing to evolve and refine the FIT Program and manage FIT contracts?

Board Staff question #14

References

Exhibit B/Tab 3/Schedule 1

Preamble

On July 2, 2010 the OPA proposed a new pricing category of 58.8 cents per kilowatt-hour (¢/kWh) for ground-mounted solar microFIT projects. The OPA stated that the change was necessary because the program "vastly surpassed expectations" and to "reflect the lower costs to install a ground-mounted solar PV project versus a rooftop

project.”² The CEO of the OPA stated that the proposed change was “fair, reasonable, more accurately reflects the costs associated with ground-mounted projects and maintains the long-term stability of the program [...] and provides proper value to both generators and ratepayers.”³

In addition, the OPA stated that all ground-mounted microFIT projects that had not yet received a contract or conditional contract offer as of July 2, 2010 would receive the proposed price of 58.8 ¢/kWh. The OPA stated that it would not “grandfather” existing applications up to the July 2, 2010 proposal at the original price of 80.2¢/kWh because it had “an obligation to ensure good value for ratepayers and promote the long-term sustainability of the program by paying rates that are fair and reasonable.”⁴

On August 13, 2010 the OPA announced that it finalized the new price for microFIT ground-mounted solar at 64.2 ¢/kWh and that the price would apply to eligible microFIT ground-mounted solar applications submitted after noon on July 2, 2010. Eligible ground-mounted solar applications submitted prior to noon on July 2, 2010, would receive the original price of 80.2 ¢/kWh whether or not they had received a contract or conditional offer. The OPA stated that “The price strikes the right balance between providing a reasonable rate of return to electricity generators and protecting ratepayers from higher than necessary electricity prices.”⁵

Questions

- a) Please state the OPA’s original expectations for the ground-mounted solar microFIT program and how they were determined, providing supporting documentation.
- b) Please specify when the OPA’s original expectations for the ground-mounted solar microFIT program were surpassed, how the OPA determined that original expectations were exceeded to the extent that a price adjustment was required before the two year review, and the reasons why expectations were surpassed so quickly, providing supporting documentation.
- c) Is the OPA aware of other jurisdictions with feed-in tariff programs that have had similar experiences? If so, please describe what occurred and how the jurisdiction(s) addressed the issue, identifying best practices.

² OPA, “New price category proposed for microFIT ground-mounted solar PV projects,” July 2, 2010: <http://www.powerauthority.on.ca/news/new-price-category-proposed-microfit-ground-mounted-solar-pv-projects>

³ Ibid.

⁴ OPA, “Frequently asked questions about the new ground-mounted solar price category,”: <http://microfit.powerauthority.on.ca/pdf/Ground-mounted-solar-PV-FAQs.pdf>

⁵ OPA, “Final Price for microFIT ground-mounted solar PV projects,” August 13, 2010: <http://microfit.powerauthority.on.ca/Program-updates/ground-mount.php>

- 11 -

- d) Please state the OPA's original expectations for all other microFIT and FIT program categories and how actual program participation compares to those expectations, providing supporting documentation.
- e) Please describe in detail how the OPA developed the July 2, 2010 proposed regime (including the decision not to grandfather existing applications) for the microFIT ground-mounted solar program, including supporting documentation.
- f) Please describe in detail how the OPA determined that the regime it adopted on August 13 (64.2 ¢/kWh with "grandfathering") balances the needs of generator and ratepayers better than the price the OPA proposal of July 2 (58.8 ¢/kWh without "grandfathering").
- g) What changes has the OPA undertaken or is planning to undertake in relation to the administration and pricing setting of microFIT and FIT programs in response to its experience with the ground-mounted solar microFIT program? If none, please explain why.
- h) Please indicate the staffing levels (i.e., consultants, contract staff and FTEs) and amount of the OPA's Strategic Objective #3 budget for 2010 allocated to the FIT and microFIT programs. Please also provide the same information for 2011 and indicate how the levels were determined.

Supply Procurement and Contract Management

Issue 3.1 (a)

Has the OPA provided reasonable and appropriate information regarding the achievement and efficiency on the performance of its 2010 Strategic Objective #1 initiative of continuing to evolve and refine the FIT Program and manage FIT contracts?

Board Staff question #15

References

Exhibit B/Tab 3/Schedule 1

Preamble

On December 8, 2010 the OPA proposed a rule change for capacity allocation exempt (CAE) FIT applications that requires CAE facilities to be deemed by the OPA as capable of connecting at the proposed Connection Point.⁶ The OPA stated that change was needed because applications for CAE projects were outpacing upgrades needed to

⁶ OPA, "Proposed microFIT Connection Rule Amendment," December 8, 2010:
<http://microfit.powerauthority.on.ca/Program-updates/2010-December-8-microFIT-Connection-Rule.php>

enable more connections in some locations and that many transformer stations had reached their capacity limits.

Questions

- a) Please state how many (in total MWs and number of contracts/offers) CAE contracts or conditional contract offers the OPA has issued.
- b) Please state the OPA's original expectations for CAE projects and how they were determined, providing supporting documentation
- c) Please specify when and how the OPA determined that rule changes were required, providing supporting documentation.
- d) Prior to the announcement of the rule change did the OPA issue any CAE contracts or conditional contract offers for projects located in areas that lacked the capacity to connect the project? If so, please specify why the contracts/offers (in total MWs and number of contracts/offers) were issued and how many CAE contracts/offers were issued.
- e) What changes has the OPA undertaken or is planning to undertake in relation to the administration of the FIT program in response to its experience with CAE projects? If none, please explain why.

Supply Procurement and Contract Management

Issue 3.1 (a)

Has the OPA provided reasonable and appropriate information regarding the achievement and efficiency on the performance of its 2010 Strategic Objective #1 initiative of continuing to evolve and refine the FIT Program and manage FIT contracts?

Board Staff question #16

References

Exhibit B/Tab 3/Schedule 1

Preamble

In 2010, the OPA established separate advisory panels for the FIT and microFIT programs. The mandate of the two panels includes identifying ongoing and emerging program issues, identifying ways to make the programs more efficient, effective and sustainable, and helping to strike an appropriate balance between the interests of ratepayers and developers.

Questions

- a) Please indicate the membership of the advisory panels, how the OPA selected the membership for the advisory panels and why the OPA believes the membership will result in “an appropriate balance between the interests of ratepayers and developers.”
- b) Please indicate the progress to date of the advisory committees in delivering on their respective mandates, including whether the OPA has undertaken or is planning to undertake any changes in relation to the administration of the microFIT and FIT programs in response to recommendations by the advisory panels.
- c) Is the OPA planning to make the recommendations of the advisory panels public? If not, please explain why.

Supply Procurement and Contract Management

Issue 3.3

Does Strategic Objective #3 adequately reflect the tasks that the OPA is charged with by statute and directives in 2011, and do the initiatives capture the range of activity required to achieve that end?

Board Staff question #17

References

Exhibit B/Tab 3/Schedule 1/Page 3

Preamble

The OPA states in its pre-filed evidence that Initiative 1 for Strategic Objective #3 is to “Continue to focus on achieving the FIT and microFIT Programs performance objectives,” as part of this initiative the OPA will conduct a review of the programs.

Questions

- a) Please state the FIT and microFIT Programs performance objectives and indicate whether and how these objectives were met.
- b) Please describe how the OPA plans to conduct the program review, including timelines and if the OPA intends to involve ratepayers in the review.
- c) Given the OPA’s experience with the ground-mounted solar microFIT program and CAE applications, please explain whether or not the OPA believes that a program review every 2 years is adequate to ensure that the programs properly balance the needs of generators and ratepayers? Has the OPA considered an annual review? If not, please explain why.

- d) Is the OPA aware of the nature and frequency of program review by other jurisdictions with feed-in tariff programs? If so, please describe the review programs, identifying best practices.
- e) Please indicate the planned staffing level (i.e., consultants, contract staff and FTEs) and how much of the OPA's Strategic Objective #3 budget for 2011 is allocated to the FIT and microFIT program review. Please indicate how the levels were determined.

Supply Procurement and Contract Management

Issue 3.5

Are the milestones associated with Strategic Objective #3 reasonable and appropriate for the purposes of determining the achievement and efficiency of the OPA's performance?

Board Staff question #18

References

Exhibit B/Tab 3/Schedule 1/Page 12

Preamble

The OPA states in its pre-filed evidence that a 2011 milestone for Strategic Objective #3 is to "Continue to assess FIT and microFIT applications and execute contracts for additional capacity up to 850 MW."

Questions

- a) Please describe how the OPA developed its 2011 milestone for FIT and microFIT procurement, including the composition of the additional capacity (e.g., wind, solar, etc.), and how the OPA considered value-for-money for ratepayers in developing this milestone.

Supply Procurement and Contract Management

Issue 3.3

Does Strategic Objective #3 adequately reflect the tasks that the OPA is charged with by statute and directives in 2011, and do the initiatives capture the range of activity required to achieve that end?

Board Staff question #19

References

Exhibit B/Tab 3/Schedule 1/Page 3 and 4

Preamble

The OPA states in its pre-filed evidence that Initiative 2 for Strategic Objective #3 is to “Continue to negotiate power purchase agreements with Korean consortium” for the development of 2,500 MW of wind and solar projects in Ontario as directed by the Minister of Energy and Infrastructure on April 1, 2010.

Questions

- a) Please describe the current status of negotiations with the Korean consortium, including timelines, and whether the OPA has entered into any power purchase agreements with the consortium.
- b) How will the OPA consider and achieve value-for-money for ratepayers during these negotiations?
- c) Please indicate the planned staffing level (i.e., consultants, contract staff and FTEs) and how much of the OPA’s Strategic Objective #3 budget for 2011 is allocated to this initiative. Please indicate how the levels were determined.

Supply Procurement and Contract Management

Issue 3.3

Does Strategic Objective #3 adequately reflect the tasks that the OPA is charged with by statute and directives in 2011, and do the initiatives capture the range of activity required to achieve that end?

Issue 3.5

Are the milestones associated with Strategic Objective #3 reasonable and appropriate for the purposes of determining the achievement and efficiency of the OPA’s performance?

Board Staff question #20

References

Exhibit B/Tab 3/Schedule 1/Page 4-5, and 12-13

Preamble

The OPA states in its pre-filed evidence that Initiative 3 for Strategic Objective #3 is “Other Procurement Initiatives” which includes the re-negotiation of non-utility generation (“NUG”) natural gas-fired facility contracts, negotiations with hydroelectric facilities as part of the Hydroelectric Contract Initiative (the “HCI”), and the procurement of combined heat and power projects (“CHP”).

The OPA states that it contracted with over 1050 MW as part of the HCI in 2010. The OPA also states that a 2011 milestone includes “explore opportunities and complete contract negotiations for additional CHP capacity up to 500 MW.”

Questions

- a) Please describe how the OPA considered and achieved value-for-money for ratepayers through the HCI contracts entered into in 2010.
- b) Please describe how the OPA determined its 2011 milestone for CHP procurement, including the method by which CHP will be procured (i.e., competitive and/or non-competitive procurement), and how the OPA considered value-for-money for ratepayers in developing this milestone.
- c) Given the OPA's experience with the HCI, please describe any changes the OPA has undertaken or plans to undertake with respect to future HCI, NUG, and CHP contract negotiations to achieve value-for-money for ratepayers?

Supply Procurement and Contract Management

Issue 3.3

Does Strategic Objective #3 adequately reflect the tasks that the OPA is charged with by statute and directives in 2011, and do the initiatives capture the range of activity required to achieve that end?

Board Staff question #21

References

Exhibit B/Tab 3/Schedule 1/Page 5 and 6

Preamble

The OPA states in its pre-filed evidence that Initiative 4 for Strategic Objective #3 is "Contract management and financial settlements of existing electricity supply contracts." In 2009, the OPA entered into a contract with a TransCanada Energy Ltd. to design, build and operate a 900 megawatt (MW) electricity generating station in Oakville in response to an August 18, 2008 directive from the Minister of Energy and Infrastructure to procure supply for the Southwest Greater Toronto Area. On October 7, 2010 the Government of Ontario stated that the construction of a proposed natural gas plant in Oakville would no longer be required going forward.

Questions

- a) What is the status of the August 18, 2008 directive? How is the OPA planning to procure supply for the Southwest Greater Toronto Area in the absence of the Oakville contract?
- b) What process will the OPA undertake to terminate the contract? What resources are budgeted for this negotiation? How will performance be measured?

Organizational Capacity

Issue 4.2

Is the Operating Budget of \$24.653 million for Strategic Objective #4 reasonable and appropriate?

Board Staff question #22

Reference

Exhibit D/Tab 2/Schedule 2/Page 6

Preamble:

The application states "For 2010, total operating costs are forecast to be \$1.3 million higher than budget. In order to support the implementation of the Green Energy Act, there was additional capital investment in IT software and hardware, such as enhancements to the Energy Resource Settlement system and the Contract Management application".

Questions:

- a) Please explain why the enhancements to the Energy Resource Settlement system were necessary and identify the cost associated with those enhancements.
- b) Including the above noted enhancements, please identify the total cost of the Energy Resource Settlement system to date.
- c) Please also explain why it was necessary for the OPA to invest in settlement systems and why it could not have been done by the IESO using their existing settlement systems.

Communications

Issue 5.1

Has the OPA provided reasonable and appropriate information regarding the achievement and efficiency on the performance of its 2010 Strategic Objective #5 milestones and initiatives?

Issue 5.5

Are the milestones associated with Strategic Objective #5 reasonable and appropriate for the purposes of determining the achievement and efficiency of the OPA's performance?

Board Staff question #23

Reference

Exhibit B/Tab 5/Schedule 1

Preamble

On March 18, 2010 the OPA received a directive from the Minister of Energy to develop a TV advertising campaign to run in May 2010 and September 2010 to raise consumer awareness of how participating in the microFIT program provides the opportunity for greening of the electricity sector. The costs of the initiative were not to exceed \$8 million.

On December 6, 2010 the OPA received a directive from the Minister of Energy to develop advertising campaigns to run through the end of 2010 and into 2011 to raise consumer awareness of clean energy opportunities enabled by the Long Term Energy Plan and through the OPA's development of an Integrated Power System Plan. The costs of the initiative were to remain within the budget of the March 18 directive.

Questions

- a) Please describe the evaluation process for the OPA's advertising campaign in response to the Minister's March 18, 2010. What were the conclusions of this evaluation? How have these findings been applied to the ongoing advertising campaign? If no such evaluation has been undertaken, please explain why.
- b) Please indicate the costs of the OPA's advertising campaign in response to the Minister's March 18. Was television advertising undertaken in months other than those specified in the directive? How much has the OPA budgeted for the advertising campaign in response to the Minister's December 6 directive?

Communications

Issue 5.1

Has the OPA provided reasonable and appropriate information regarding the achievement and efficiency on the performance of its 2010 Strategic Objective #5 milestones and initiatives?

Issue 5.5

Are the milestones associated with Strategic Objective #5 reasonable and appropriate for the purposes of determining the achievement and efficiency of the OPA's performance?

Board Staff question #24

Reference

Exhibit B/Tab 5/Schedule 1/Page 4

Preamble

The OPA states in its pre-filed evidence that Initiative 1 of Strategic Objective #5 is to “Undertake activities that optimize two-way communication with key stakeholder groups and the public” and Initiative 3 is to “Raise public awareness of the OPA’s role, responsibilities and contribution through brand development and community engagement strategies.”

Questions

- a) Please describe the OPA’s plans for raising public awareness with respect to directives the OPA receives from the Ministry of Energy is being done in a timely and transparent manner.
- b) How does the OPA evaluate its performance in engaging and communicating its roles and responsibilities to stakeholder groups and the public, including a separate description of the OPA’s evaluation of its performance in engagement and communication with First Nations and Métis stakeholders?
- c) Please indicate the mandate, terms of reference, composition, and contributions of the OPA’s Consumer Advisory Council, as well as the OPA’s plan to review the Council in 2011.
- d) Please explain why ratepayers should pay for advertising for the brand development of the OPA?

Communications

Issue 5.2

Is the Operating Budget of \$5.791 million for Strategic Objective #5 reasonable and appropriate?

Board Staff question #25

Reference

Exhibit B/Tab 5/Schedule 1/Page 1

Preamble

The application states “The OPA’s primary communications goal is to increase awareness of the benefits of conservation and of a cleaner, reliable, cost effective electricity supply.”

Questions

- a) Are some of the OPA’s communications activities related to the development of the OPA’s brand? If yes, please provide details and explain how this form

- 20 -

of advertising will increase awareness of the benefits of conservation and of a cleaner, reliable, cost effective electricity supply.

- b) Please identify how much the OPA has spent on brand development advertising to date.
- c) Please identify how much the OPA plans to spend on brand development advertising as part of the 2011 budget.

Communications

Issue 5.2

Does Strategic Objective #5 adequately reflect the tasks that the OPA is charged with by statute and directives in 2011, and do the initiatives capture the range of activity required to achieve that end?

Board Staff question #26

Reference

Exhibit A/Tab 5/Schedule 1

Preamble

The OPA licence was amended on December 1, 2010 to include a provision to provide the Board with any directions to the Licensee from the Minister, whether contained in a Ministerial directive or other document.

Questions

- a) Please indicate if the OPA has filed all directions from the Minister, whether contained in a Ministerial directive or other document with the Board.

Efficiency Metrics

Issue 6.1

Do the efficiency metrics submitted by the OPA provide a reasonable and appropriate basis for assessing the general performance and efficiency with which the OPA operates and delivers on its mandate?

Issue 6.2

Do the efficiency metrics submitted by the OPA provide a reasonable and appropriate basis for assessing changes in the scope, volume, and complexity of OPA operations?

Board Staff question #27

Reference

Exhibit C/Tab 1/Schedule 1/Page 2-3

Preamble

The OPA provides in its pre-filed evidence “efficiency metrics” in the areas of net annual peak demand reduction; net annual energy reduction; renewable energy contracted under FIT and microFIT Programs; in-service capacity under contract; all other generation contracted by the OPA. The metrics are presented on a per-employee and per-\$M of operating budget basis. The OPA states that the metrics show that “the OPA is continuing to deliver on an expanded mandate with improved efficiency.”

Questions

- a) Please explain how the efficiency metrics provide an indicator for assessing the general performance and efficiency with which the OPA operates and delivers on its mandate.
- b) Please explain how the efficiency metrics provide a reasonable and appropriate basis for assessing changes in the scope, volume, and complexity of OPA operations.
- c) Does the OPA consider that the efficiency metrics provide an indication of whether the OPA achieved value-for-money for ratepayers in the performance areas tracked? Please explain why or why not.
- d) Please describe how the OPA uses the efficiency metrics for business planning purposes, to evaluate its performance, and whether or not the OPA has undertaken or is planning to undertake any changes in relation to the administration of the performance areas tracked as a result of the efficiency metrics. If not, please explain why.

Proposed Fees

Issue 7.1

Is the proposed usage fee reasonable and appropriate?

Board Staff question #28

Reference

Exhibit D/Tab 2/Schedule 1/Page 7

Question

- a) Table 2 shows the Operating Costs by Major Expense Category for 2011 and 2010. Please provide a table with the same major expense categories that includes the actual costs for 2007 – 2009 as well as the budget amounts for 2011 and 2010. If available, please update 2010 with actual costs.

Proposed Fees

Issue 7.1

Is the proposed usage fee reasonable and appropriate?

Board Staff question #29

Reference

Exhibit D/Tab 2/Schedule 1/Page 9

Question

- a) Table 4 shows the OPA Full Time Equivalent (FTE) by Strategic Objective for 2011 and 2010. Please provide a high level table (i.e., not by Strategic Objective) that includes actual FTEs for 2007 – 2009, as well as the budget amounts for 2011 and 2010, with the following breakdown:
- Regular FTEs
 - Non-Regular FTEs
 - Total FTEs

Proposed Fees

Issue 7.2

Is the proposal to recover OPA fees from export customers reasonable and appropriate?

Board Staff question #30

Reference

Exhibit D/Tab 1/Schedule 1

Question

- a) The application notes that the OPA is proposing to recover its fees from export customers for the first time and has calculated the proposed fee on the basis that it will be approved. What would the proposed fee be if it is determined that the OPA fee must continue to recover its fees from only Ontario customers?