

Board File: EB-2010-0279

IN THE MATTER OF sections 25.20 and 25.21 of the *Electricity Act, 1998*; **AND IN THE MATTER OF** a Submission by the Ontario Power Authority to the Ontario Energy Board for the review of its proposed expenditure and revenue requirements and the fees which it proposes to charge for the year 2011.

INTERROGATORIES

Issue #1

Strategic Objective #1

Reference Exhibit B, Tab 1, Schedule 1, Page 2 of 10

1. Please file the consultation plan for development of the 2nd IPSP indicating timelines, expected participation, locations and the matters open to consultation. Please indicate why it is referred to as the 2nd IPSP when the first one was never approved.
2. Please explain the differences between a load forecast scenario that integrates conservation and one that does not. Is this different than the approach used for the 1st IPSP?
3. Please indicate how the 2nd IPSP will account for conservation from policy actions such as codes, standard and time of use rates (and meters) and how the OPA intends to avoid double counting these impacts with those resulting from OPA Programs or Board Approved LDC programs.
4. Please file the inputs and assumptions for the avoided cost estimates used to evaluate the cost effectiveness of conservation potential for the 2nd IPSP. Illustrate what changes to these inputs and assumptions have taken place since the first IPSP and how the planning assumptions compare to those used in the cost effectiveness analyses for the 2011 OPA Programs.

Reference Exhibit B, Tab 1, Schedule 1, Page 3 of 10

5. Please file the long term conservation plan(s) that formed the basis of the 2011 OPA Programs.

Reference Exhibit B, Tab 1, Schedule 1, Page 6/7 of 10

6. None of the milestones associated with Strategic Objective #1 address conservation with the exception of providing advice to policy makers. How will OPA management assess the performance of the Power System Planning Division with respect to conservation given that accounts for 14% of the resource mix for 2030?

Reference Exhibit B, Tab 1, Schedule 1, Page 9 of 10

7. Please file the planning report that describes the status and outlook for electricity demand, conservation, generation and transmission.

Issue #2

Strategic Objective #2

8. For each Ministerial directive to the OPA with respect to conservation, demand management, demand response and combined heat and power, please provide a description of the management processes to keep the OPA Board, the Ministry of Energy and the Minister of Energy apprised of progress with respect to delivering on these directives. Please provide copies of all reports that tracked progress with respect to delivering on these directives. If there are no management processes and/or no reports, what assurances did the Ontario government have that its directives were being followed?
9. Given that any Ministerial directives that were provided in advance of the Green Energy and Green Economy Act, were enabling objectives, i.e., that they enabled the Ontario Power Authority to recover the charges associated with such initiatives, please provide the OPA results with respect to achieving the MW of conservation, etc, identified in the directives to from the date of the directive to the end of 2010. Where such MW results were less than directed, please provide a variance explanation for the shortfall. Where such MWs were greater than directed please provide a variance explanation of over achievement.

Reference Exhibit B, Tab 2, Schedule 1, Page 1 of 20

10. Please indicate whom the OPA considers to be its “partners” with respect to this Strategic Objective. How does the OPA engage these partners and what is the nature of the partnership arrangement(s)?
11. The Minister’s Directive of March 31, 2010 assigned a target of 1330 MW of demand savings and 6000 GWh of energy savings to be achieved from 2011 to 2014. What are the anticipated savings from policy actions such as codes, standards and time of use rates (and meters) and the Ministry’s own programs as well as any OPA conservation programs including its First Nations and Métis programs and the Industrial Accelerator Program other than those delivered by LDCs during the same timeframe? What will be the total impact of conservation from all initiatives including what is commonly referred to as “natural

conservation”? How will conservation results from other levels of government programs be accounted for by the OPA, e.g., federal and municipal government programs.

12. Ministerial conservation-related directives since the passage of the Green Energy and Green Economy Act to both the OPA and the Board have ensured that LDC targets include both peak reductions and energy reductions. How has this impacted both the design and selection of OPA programs, particularly with respect to programs and budgets allocated to demand response programs which deliver no energy saving results. Please provide a comparison of the cost effectiveness of conservation programs and demand response programs using the full range of cost effectiveness test, including the participant cost test and the program administrators cost test as well as the total resources cost test.
13. What process was followed to develop the 2011 Ontario Power Authority (“OPA”)-Contracted Province-Wide Conservation and Demand Management Programs (OPA Programs)? Please respond commenting on the following aspects of the process and provide descriptions of the resulting program designs:
 - i. Please indicate what resources, access to information, particularly respect to the proposed program designs, projected program budgets, cost/benefit analysis of plans, programs and specific measures as well as estimated targets were provided to the Working Groups and/or to all LDCs. Please file all copies of such documents provided by the OPA and include the dates that such documents were made available.
 - ii. What evaluations of earlier OPA programs were provided to the Working Groups and/or the rest of the LDCs? Please file copies of all evaluations of previous and current OPA programs.
 - iii. What market research completed by the OPA or contracted for by the OPA was shared with the Working Groups and/or the rest of the LDCs? Please file copies of all market research reports used to support the development of the 2011 OPA programs.
 - iv. Did the Working Groups have access to the results of pilot programs funded under the Conservation Fund? What role did the reports and lessons learned have in the selection and development of the programs included in the OPA programs? Please provide copies of any related documents provided by the OPA to the Working Groups and/or the rest of the LDCs.
 - v. The OEB’s CDM Code requires each LDC to file a CDM Strategy and provides a template for doing so. Did the OPA provide similar documentation to the Working Groups and/or the other LDCs? If so please file any shared OPA documents that would approximate what is included in the OEB template requirements.

Reference Exhibit B, Tab 2, Schedule 1, Page 3 of 20

14. Given that the "the OPA anticipates allocating significant resources in 2011 to working directly with LDCs to coordinate and facilitate the successful implementation of the OPA-Contracted Province-Wide CDM Programs", and that "the OPA's primary role in managing the implementation of the OPA-Contracted Province- Wide CDM Programs in 2011 will be to provide LDCs with appropriate, sufficient and effective support to facilitate LDCs in delivering the programs and meeting their individual CDM Targets", what metrics will it use to determine if the allocated resources are appropriate and if the support is sufficient and effective?

Reference Exhibit B, Tab 2, Schedule 1, Page 3 of 20

15. The OPA-Contracted Province-Wide CDM Programs consist of a Consumer Program, Low Income Program, Business (Commercial and Institutional) Program and Industrial Program. Please file detailed descriptions of these programs including, but not limited to market research reports supporting the program design, cost benefit analysis including inputs and assumptions, evaluations of previous programs which informed program changes and refinements.
16. Most of these programs focus on providing incentives to replace less efficient equipment with more efficient equipment and using engineering estimates of the savings to calculate the program savings. Recent advances in conservation approaches suggest that performance based programs in which real data is used to both achieve and determine the savings is more effective. What changes has the OPA made in its programs to address the lessons learned and cited here? .In its comments submitted in EB-2008-0346, the Ontario Sustainable Energy Association cited and attached a recent REALpac that indicated the problems associated with the tradition product specific incentives: According to a commercial property manager, the following concern was expressed: *"We thought we were doing the right thing retrofitting from T-12 to T-8 lighting until we found our building at the right hand end of the chart. (poor performance) Now we know we have to redesign, not just replace fixtures," said a CaGBC Pilot Project Participant upon discovering that his building was on the far right after a retrofit paid for by a conservation program that added electricity load. Had he not just changed technology but specified a reduced wattage per square foot, he would have seen savings. Not only did the conservation program administrator pay an incentive was three times greater than necessary, the building manager paid for more lights that was needed and will pay higher energy bills."* In its submission in EB-2010-0215, Toronto Region Conservation Authority shared the its lessons learned from performance based conservation that avoids these problems:
- i. performance based conservation delivers far greater energy savings than previous approaches to energy (and water) conservation,
 - ii. the larger part of the savings is found in low/no cost improvements,

- iii. successful and sustainable conservation has more to do with good management than with technology,
- iv. conservation programs have to support building managers with information, tools and resources so that they can recognize the unique set of conservation opportunities in their facilities,
- v. benchmarking can identify buildings with high conservation potential, inform target setting and point to where savings are to be found in each building, and
- vi. monthly savings reporting flags variances in predicted savings, identifies measures which do not perform as intended, verifies savings which have been achieved and guides continuous improvement

Reference Exhibit B, Tab 2, Schedule 1, Page 4 of 20

17. With respect to the OPA's centralized conservation information system (iCon), please provide a status update of the additional functionalities developed in 2010. Please indicate the budget allocated to iCon in 2011 to 2013 and identify the previous costs incurred in the development of the system. What metrics are used to determine the effectiveness and efficiency of this initiative? What contractual arrangements does the OPA have, with third parties, if any, for the development and implementation of this program?

Reference Exhibit B, Tab 2, Schedule 1, Page 7 of 20

18. With respect to its key account managers for 45 transmission-connected industrial companies, what was the management rationale for creating these positions given that Hydro One already has individuals responsible for its relationship with these customers and both major natural gas distribution utilities have longstanding industrial representatives?

Reference Exhibit B, Tab 2, Schedule 1, Page 9 of 20

19. Please provide full documentation on the "culture of energy conservation in Ontario" metric, including how it is defined, monitored, and measured, and show how this metric is used to assess executive and managerial performance of the OPA.

Reference Exhibit B, Tab 2, Schedule 1, Page 10 of 20

20. This reference indicates that the conservation division will be "responsible for generating all content of the IPSP related to conservation". How does this reconcile with the statement referenced in Exhibit B, Tab 1, Schedule 1, Page 2 of 10, which indicates that the Power System Planning Division will generate load forecasts that integrate conservation?

Reference Exhibit B, Tab 2, Schedule 1, Page 11 of 20

21. The evidence states that "the Conservation Fund ("Fund") provides funding for sector specific electricity conservation pilot projects that inform future conservation programs and build marketplace capability." Please provide a list of all projects funded in this way which

have become full scale OPA programs. Please indicate how any or all of these projects have “informed” the development of the 2011 OPA programs.

22. What was the rationale for moving the monies associated with the Conservation Fund from fees to charges? Please restate the fees budget if it had continued to include the monies associated with the Conservation Fund.
23. Why wasn’t the same logic applied to the Technology Fund?

Reference Exhibit B, Tab 2, Schedule 1, Page 12 of 20

24. With respect to the Technology Development Fund, why has the OPA chosen to shift its focus away from its historical partners, particularly those engaged in delivering on the Province’s broader innovation mandate?

Reference Exhibit B, Tab 2, Schedule 1, Page 12 of 20

25. For each of the 2011 milestones, demonstrate using either 2009 or 2010 data how the effectiveness and efficiency of achieving milestones will be measured.

Reference Exhibit B, Tab 2, Schedule 1, Page 15 of 20

26. For example, one of the 2011 Milestones is listed as “conducted evaluations to verify results for all CDM programs including results at an LDC level in support of OPA Contracted Province Wide Programs”. How will it be physically possible to complete these evaluations by the end of the first year of the planning period – e.g., at the end of 2011?
27. With respect to the suite of energy efficiency and demand response initiatives for transmission-connected customers, why does the milestone not include the energy and demand savings for the program, the cost effectiveness of the program or the value delivered to the 45 customers.

Reference Exhibit A-3-1, page 7 of 56.

28. Please provide evidence to back up the statement that saving 6300 MW by 2025 is “one of the most ambitious conservation targets in North American and possibly the world.”
29. Please update the verified results of conservation programs that were expected to be available in 2010. Please file the evaluation, monitoring and verification reports to support the verified results. Please indicate how organizational performance measures and/or the performance measurement of the OPA executive and managerial staff reflect these results.

Reference Exhibit A-3-1, page 10 of 56.

30. According to the Annual Report, the York Catholic District School Board received \$250,000 in funding in 2008 to support the initiative of hiring an incentive program advisor. Was similar funding made available to other school board? If not, please indicate the rationale for selecting this school board and provide information as to how the funds were disbursed and over what period of time. Did these monies come from fees or charges?

31. Please file the market research (polling) referred to at the bottom of the page and the top of the next. Please indicate how such information has been used to improve or change the affected programs and indicate how organizational performance measures and/or the performance measurement of the OPA executive and managerial staff reflect these results.

ESCO Question.

32. The Energy Service Companies ("ESCOs") have been doing comprehensive retrofits in the commercial and institutional sectors in Ontario (and throughout Canada) since the late 1970s. They include some very large companies, eg. Johnson Controls, Honeywell, Siemens, and smaller boutiques, such as MCW, which have substantial expertise in the implementation of energy savings projects. How has the OPA collaborated with, supported, enhanced, or otherwise worked with these companies to increase the penetration of energy efficiency practices and measures in the commercial and institutional sectors?