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January 25, 2011

BY EMAIL & BY COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2010-0279 Ontario Power Authority  
Fiscal 2011 – Expenditure, Revenue and Fees Submission for Review  
Energy Probe – Interrogatories**

Pursuant to the Issues Decision and Procedural Order No. 2, issued January 11, 2011, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2010-0279 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

*Original signed by*

David S. MacIntosh  
Case Manager

cc: Miriam Heinz, Ontario Power Authority (By email)  
Fred Cass, Aird & Berlis LLP (By email)  
Olena Loskutova, Consultant to Energy Probe (By email)  
Peter Faye, Counsel to Energy Probe (By email)  
Interested Parties (By email)

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**Ontario Energy Board**

**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.

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**INTERROGATORIES OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

**January 25, 2011**

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**ONTARIO POWER AUTHORITY**  
**Review of Proposed 2011 Expenditure and Revenue Requirement**  
**EB-2010-0279**

**ENERGY PROBE RESEARCH FOUNDATION**  
**INTERROGATORIES**

**Issue # 1.0 Strategic Objective # 1 – POWER SYSTEM PLANNING – Plan for and facilitate the development of a cost effective, reliable and sustainable electricity system.**

**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:**

- a) Responding to the Minister’s Directives on planning;**
- b) Supporting the implementation of the Feed-in Tariff Program;**
- c) Supporting the implementation of electricity projects aligned with the Integrated Plan;**
- d) Continuing to integrate conservation into planning Ontario’s electricity system; and**
- e) Supporting the development of Community Integrated Plans and options for Ontario’s remote communities.**

**Interrogatory # 1**

**Ref: Exhibit A, Tab 2, Schedule 1, page 12**

**One of the key sustaining goals listed under the Power System Planning section on this page is “*To plan for and facilitate the development of a cost effective, reliable and sustainable electricity system.*”**

- a) Please describe how the OPA defines and measures “cost effectiveness” in the context of the electricity system including the metrics used and comparisons to other electricity jurisdictions considered.**
- b) How does Ontario compare to neighbouring jurisdictions in cost effectiveness of its electricity system?**

**Interrogatory # 2**

**Ref: Exhibit A, Tab 2, Schedule 1, page 14**

**One of the milestones referred to on this page of the exhibit is the incorporation into planning of the “*electrification of transit/vehicles*”.**

**Please provide any studies or reports that will be relied on for incorporation of this factor into planning.**

**Interrogatory # 3**

**Ref: Exhibit B, Tab 1, Schedule 1**

**Page 6 of this exhibit lists as a milestone for 2011:**

***“Developed the second long-term energy plan and supported public information, consultation and stakeholder engagement leading to regulatory proceedings”.***

**Does the OPA have a schedule for production of the energy plan and related consultations leading to regulatory proceedings? If yes, please provide it. If no, please explain how the OPA is monitoring its progress without such a schedule.**

**Interrogatory # 4**

**Ref: Exhibit B, Tab 1, Schedule 1**

**Page 8 of this exhibit refers to the OPA’s plan to begin the Economic Connection Test process in the fourth quarter of 2010.**

- a) Did OPA meet this target implementation date?**
- b) When does OPA expect to apply the ECT to renewable energy projects affecting Hydro One’s GEA Schedule A transmission projects that are currently on hold?**

**Interrogatory # 5**

**Ref: Exhibit B, Tab 1, Schedule 1**

**Page 9 of the exhibit refers to the updated transmission expansion plan and notes at line 5 that “*The division continues to work with the Ministry of Energy to finalize the updated transmission expansion plan*”.**

**Does the OPA have a schedule for completing the updated transmission expansion plan? If yes, please provide a copy of the schedule. If no, what is the OPA’s best estimate of when the updated plan will be completed?**

**Issue # 2.0 Strategic Objective # 2 – CONSERVATION – Together with our partners, plan, procure and support the development of verified conservation/energy-efficiency resources as identified in the integrated plan and its subsequent iterations. Build capability and enable partners to achieve targets and contribute to a culture of conservation in Ontario.**

**2.1 Has the OPA provided reasonable and appropriate information regarding the achievement and efficiency on the performance of its 2010 Strategic Objective #2 milestones and initiatives:**

- a) Undertaking conservation planning and program design in partnership with LDCs;**
- b) Facilitating the procurement of verified energy efficiency/conservation resources through ratepayer-funded programs;**
- c) Building capability of the conservation services industry, the customer and the supply chain to accelerate conservation;**
- d) Increasing conservation awareness and measuring progress in building a culture of conservation province-wide;**
- e) Transforming the way electricity is used; planning for changes to codes and standards; and**
- f) Supporting innovation in emerging technologies and conservation programs.**

**Interrogatory # 6**

**Ref: Exhibit A, Tab 2, Schedule 1, page 16**

**The following statement appears on this page of the exhibit:**

*“The OPA will continue to design and deliver conservation programs for transmission-connected customers in the planning period, in accordance with the Integrated Power System Plan and a Minister’s directive issued to the OPA in early March to create and deliver an industrial energy-efficiency program.”*

- a) Is the Integrated Power System Plan referred to the first IPSP submitted to the OEB in EB-2007-0707?**
- b) If yes, please comment on the merits of relying on the plan in view of the fact that it was withdrawn and never approved by the OEB.**

**Interrogatory # 7**

**Ref: Exhibit A, Tab 2, Schedule 1, page 17**

**This page discusses the CDM programs and makes the statement that reduction in energy demand of approximately 1000 MW and reduction of about 5,400 gigawatt-hours of consumption “is expected to provide approximately \$2.7 billion in benefits in terms of avoided electricity supply costs representing a net benefit of close to \$1.4 billion to Ontario ratepayers.”**

**Please provide the calculations used to arrive at these benefit numbers.**

**Interrogatory # 8**

**Ref: Exhibit A, Tab 2, Schedule 1, page 18**

**This page contains the following statement:**

*“With a projected levelized cost of \$63 per megawatt-hour, Ontario’s conservation portfolio of province-wide programs is significantly cheaper than nearly all forms of electricity supply.”*

- a) Please provide the calculations used to arrive at this levelized cost.
- b) Does the levelized cost consider the increased unit cost of delivery for distributors attributable to reduced throughput resulting from CDM initiatives?

#### **Interrogatory # 9**

**Ref: Exhibit A, Tab 2, Schedule 1, page 21**

**This page contains the following statement:**

*“The OPA will continue measuring the results of its marketing efforts and refining its newly established “culture of conservation” metric. This metric will be expanded to include a broader concept of energy that will include natural gas.”*

- a) Does the OPA have a directive from the Minister of Energy to expand its mandate to include natural gas in its CDM programs? If yes, please provide the directive.
- b) Please elaborate on the inclusion of natural gas in the metric including what usages of natural gas are anticipated for inclusion, how they will be factored into the metric and what additional activities the OPA will have to undertake to include natural gas in its metric.
- c) Does the OPA expect to expand its CDM mandate to include natural gas conservation initiatives? If yes, please comment on how its mandate will be coordinated with existing conservation programs of natural gas distributors.

#### **Interrogatory # 10**

**Ref: Exhibit B, Tab 2, Schedule 1 and Ministerial Directives**

*The Ministerial directive of March 4, 2010 directed the OPA to establish an “Industrial Transmission Connected Electricity Efficiency Program”. Page 18 of the noted exhibit states that the OPA “has received 16 Engineering Study applications and 3 Incentive applications from 10 different companies. As of October 2010, the OPA has approved 9 Engineering Studies and they are currently under way.”*

- a) Please describe the main efficiency features of the engineering studies received.

- b) How much of the targeted 300 MW of efficiency gains is represented by the 9 engineering studies currently approved and under way?

**Issue # 3.0 Strategic Objective # 3 – SUPPLY PROCUREMENT AND CONTRACT MANAGEMENT** – Plan and design standardized tariff-based, competitive and bilateral procurement processes and enter into procurement contracts for generation resources. These procurement and contracts will meet the requirements identified in the integrated plan, ministerial directives and legislation, and incorporate world-class contracting and settlement practices that support investment in electricity. Identify barriers and limitations; develop and/or define methods and solutions to deliver enhanced generation developments, through innovation, analysis, assessment and benchmarking with a view to efficiency and environmental sustainability.

**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?**

**3.4 Is the budget for Strategic Objective #3 appropriately allocated among the initiatives being pursued?**

**Interrogatory # 11**

**Ref: Exhibit B, Tab 3, Schedule 1, Strategic Objective #3**

**Lines 20-23 on page 2 of the exhibit refer to “*various support programs to facilitate the development of renewable energy projects*” for “*communities, municipalities, First Nations and Métis people*”. Pages 7-9 describe these programs in more detail.**

- a) **On page 8 it is reported that the CEPP program has awarded “*over 16 grants to community groups to develop renewable energy projects in 2010.*” Please provide a summary of the kinds of renewable energy projects covered in those grants, the total value of the grants provided in 2010 and the number of MW of renewable energy represented by the 16 grants.**
- b) **Lines 18-22 on page 9 describe the Aboriginal Renewable Energy Fund and reports that in 2010, 8 applications were approved for funding. Please provide a summary of the kinds of renewable energy projects covered in those grants, the total value of**



the grants provided in 2010 and the number of MW of renewable energy represented by the 8 applications.

**Issue # 6.0 Efficiency Metrics**

- 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?**
- 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?**

**Interrogatory # 12**

**Ref: Exhibit A, Tab 2, Schedule 1, page 48**

**This page of the exhibit shows OPA efficiency metrics for the period 2009 to 2011.**

**Please provide an expanded exhibit showing efficiency metrics by year for the period 2006 to 2011.**

**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:**

- 2.1 Has the OPA provided reasonable and appropriate information regarding the achievement and efficiency on the performance of its 2010 Strategic Objective #2 milestones and initiatives:**
- 3.1 Has the OPA provided reasonable and appropriate information regarding the achievement and efficiency on the performance of its 2010 Strategic Objective #3 milestones and initiatives:**
- 4.1 Has the OPA provided reasonable and appropriate information regarding the achievement and efficiency on the performance of its 2010 Strategic Objective #4 milestones and initiatives:**
- 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:**

### **Interrogatory # 13**

**Ref: Exhibit D, Tab 2, Schedule 1**

**Table 3 on page 8 of the exhibit shows salaries increasing from \$24.4 M in 2010 to \$26.1 M in 2011 an increase of 6.7%. Table 4 on page 9 shows regular staffing remaining constant between the two years at 235 and total FTEs decreasing from 259 in 2010 to 253 in 2011.**

- a) Please breakdown the salaries expense in 2010 and 2011 by Regular, Temporary and Student categories of employees.**
- b) Please explain the increase of 6.7% in salaries in light of the stable regular staff levels and the decline in total FTEs between the two years.**

### **Interrogatory # 14**

**Ref: Exhibit D, Tab 2, Schedule 1**

**Table 3 on page 8 shows Pensions and Benefits costs increasing from \$4178 k in 2010 to \$4463 k in 2011.**

- a) Please breakdown the costs in 2010 and 2011 into separate costs for Pensions and for Benefits.**
- b) Please explain the increase in costs between the two years for each of the categories of Pensions and Benefits.**
- c) Are OPA's benefit programs self funded or provided by an insurance carrier?**
- d) Does OPA provide benefit coverage to any of its employees for non-prescription drugs? If yes, please provide a list of the non-prescription drugs and other products covered by the plan.**

**Interrogatory # 15**

**Ref: Exhibit D, Tab 2, Schedule 1**

**Table 4 on page 9 shows FTEs by strategic objective. Within Strategic objective #4, FTEs are further broken down by functional area. For 2011:**

- a) Please describe the functions carried out by the Planning & Reporting/ Office and Facility Services group including the number of FTEs in each of the two subgroups (i.e. The number in Planning & Reporting and the number in Office and Facility Services)**
- b) Please describe the functions carried out by the Human Resources group including a listing of the positions in the group and the number of incumbents in each.**
- c) Please breakdown the number of FTEs in the Legal, Aboriginal and Regulatory Affairs group into the three subgroups.**

**Interrogatory # 16**

**Ref: Exhibit D, Tab 2, Schedule 1**

**Page 11 describes the conservation fund and notes that pursuant to the Minister's directive of April 23, 2010 "*payments under grants awarded in 2010 and beyond will no longer be recovered in fees.*"**

- a) Please explain where the cost of the grants will be recovered from.**
- b) Please explain how the directive requires this change in cost recovery for the conservation fund.**

**Interrogatory # 17**

**Ref: Exhibit D, Tab 2, Schedule 1**

**Table 8 on page 11 shows Operating and Administration expense increasing from \$10.7 M in 2010 to \$12.9 M in 2011. Four factors are identified in lines 1-10 on page 12 as contributing to this increase.**

- a) Please breakdown the total increase among these four factors.**
- b) The fourth factor is “*technical symposiums to support local distribution company conservation program delivery*”. Are these symposium costs related to the conservation fund costs that will no longer be recovered in fees?**