

BOARD STAFF INTERROGATORY 1

QUESTION

**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.

RESPONSE

- a) Please refer to Board Staff Interrogatory 2, at Exhibit I-1-2 a).
- b) As reflected in the Board's Issues Decision, the OPA does not currently track, allocate or budget internal staff costs on a project-by-project basis. The OPA has not considered this to be a useful exercise in the past, as the OPA's administrative activities are driven by government directives and policies, and so the OPA's priorities and activities are potentially subject to significant change between budget cycles. Further, OPA staff are not assigned exclusively to one project, but move fluidly between multiple projects and across multiple divisions. The OPA acknowledges the statement in the

1 Issues Decision that “an organization with the OPA’s sophistication and responsibilities  
2 should be able to provide information as to how its budget is allocated among  
3 initiatives”. Accordingly, the OPA will endeavour to develop a capability to allocate  
4 internal staff costs for the purposes of its next revenue requirement submission, taking  
5 into account the cost and dedicated staff resources required to implement such an  
6 initiative.

7 For further detail on the OPA’s staffing and compensation, please see the response to  
8 VECC Interrogatory 2, at Exhibit I-9-2, which provides the following information for 2010  
9 budget, 2010 unaudited actual and 2011 budget:

- 10 • Regular and Temporary FTEs by Strategic Objective;
- 11 • Compensation and Benefits by Strategic Objective; and
- 12 • Average Compensation and Benefits by Strategic Objective.

**BOARD STAFF INTERROGATORY 2**

**QUESTION**

**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.

RESPONSE

a) In 2010, the OPA developed advice that it provided to the Ministry of Energy on an on-going basis during the development of the Long-Term Energy Plan ("LTEP"). This work described the status and outlook for electricity demand, conservation, generation and transmission. The work performed in 2010 will help inform the development of the second IPSP. Long-term planning is a continuous process; updated plans build-on and refresh the foundations developed in previous planning activities. The effort expended in 2010 will also help form the basis for the stakeholder consultation process leading up to the IPSP. The schedule of the consultations and filing of the IPSP is addressed in the response to GEC Interrogatory 1, at Exhibit I-2-1.

b) The OPA does not intend to revise the first IPSP in light of the Minister's Directive of September 17, 2008. Many changes have taken place in the electricity sector since the Minister of Energy and Infrastructure directed the OPA to revisit elements of the IPSP on September 17, 2008. Changes include the global economic downturn and the subsequent recovery, the introduction of the *Green Energy and Green Economy Act 2009* ("GEA") and the launch of the Feed-In-Tariff Program, the Minister's May 7, 2010 transmission instruction and the implementation of new generation, transmission, distribution, and conservation projects. Further, the government has now addressed many of the matters discussed in the September 17, 2008 Directive in the LTEP and the draft Directive on the supply mix. The OPA notes that the draft Directive on supply mix would, if issued in its current form, replace the supply mix directives issued on June 13, 2006 and September 17, 2008. In light of the above, the OPA has decided to develop a new IPSP filing, rather than revise the existing filing.

c) This initiative was undertaken by Power System Planning staff in addition to their ongoing responsibilities for long term planning throughout 2010. They were supported in this endeavour by staff in other divisions as required, including Conservation, Electricity Resources, Legal, Aboriginal and Regulatory Affairs, Business Strategies and Solutions and Communications. Please see the response to Board Staff Interrogatory 1, at Exhibit I-1-1. External consulting costs by initiative are provided in the response to CCC Interrogatory 13, at Exhibit I-3-13.

For further detail on the OPA's staffing and compensation, please see the response to VECC Interrogatory 2, at Exhibit I-9-2, which provides the following information for 2010 budget, 2010 unaudited actual and 2011 budget:

- Regular and Temporary FTEs by Strategic Objective;
- Compensation and Benefits by Strategic Objective; and
- Average Compensation and Benefits by Strategic Objective.

**BOARD STAFF INTERROGATORY 3**

**QUESTION**

**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.

RESPONSE

a) The OPA's proposed IPSP timelines that underlie the 2011 budget are described in the response to GEC Interrogatory 1, at Exhibit I-2-1.

The OPA's practices for evaluating the performance of its consultation activities, including its plans for evaluating its engagement with First Nations and Métis communities, are described in the response to Board Staff Interrogatory 24, at Exhibit I-1-24.

b) In preparation for the development of the second IPSP, the OPA has created and procured additional planning tools and models, staffed accordingly and evolved a practice of updating plans on an on-going basis to reflect information and planning data as it becomes available.

c) Preparation of the second IPSP will be an initiative undertaken by numerous OPA staff across all divisions throughout 2011. Please see the response to Board Staff Interrogatory 1, at Exhibit I-1-1. External consulting costs by initiative are provided in the response to CCC Interrogatory 13, at Exhibit I-3-13.

For further detail on the OPA's staffing and compensation, please see the response to VECC Interrogatory 2, at Exhibit I-9-2, which provides the following information for 2010 budget, 2010 unaudited actual and 2011 budget:

- Regular and Temporary FTEs by Strategic Objective;
- Compensation and Benefits by Strategic Objective; and
- Average Compensation and Benefits by Strategic Objective.

**BOARD STAFF INTERROGATORY 4**

**QUESTION**

**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.<sup>1</sup>

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<sup>1</sup> OPA, "June 1, 2010 - Program Update":  
[http://fit.powerauthority.on.ca/Page.asp?PageID=122&ContentID=10653&SiteNodeID=1142&BL\\_ExpandID=](http://fit.powerauthority.on.ca/Page.asp?PageID=122&ContentID=10653&SiteNodeID=1142&BL_ExpandID=)

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.

RESPONSE

- a) The first ECT is not expected to start before March 2011. Costs incurred to date on this program relate to internal staffing. As described in c) below, the OPA has not budgeted staff time on a per-initiative basis. The process has been delayed for the following reasons:
- 1) There was a high volume of post-launch FIT applications. The large number of applications received between December, 2009 and June 4, 2010 (the cut-off date to be eligible for the ECT) was not anticipated as it was thought that most applicants would have applied during the Launch Period to access existing transmission capacity. The processing and verification of these applications was completed in October 2010. A TAT/DAT assessment of these projects began in late October and must be completed prior to the start of the ECT. A further 1-2 months will be required for carrying-out pre-ECT activities (e.g. posting new capacity tables, and processing applicant requests for connection point changes) before the first ECT can commence.
  - 2) Coordination with other processes is required. The ECT must consider and coordinate its timing, where possible, with other competing requirements for transmission capability. One such requirement is with respect to the Government's agreement with the Korean Consortium ("KC") for renewable generation. As the OPA has been directed to give priority to projects developed under the Government's agreement with KC, when assessing transmission availability, it is important for the ECT process to take into account the size and location of the KC projects. Similarly, the ECT process also has to take into account the CAE and microFIT projects that are being contracted concurrently with the larger FIT projects. While the ECT process does not assess these smaller projects, it must account for the connection of these projects and decrement the available transmission capacity accordingly. Collectively, these matters delayed the start of the ECT process in the summer and fall of 2010.



1 3) FIT processes must align with Government policies as described in its Long Term  
2 Energy Plan. The Government issued its Long Term Energy Plan ("LTEP") in  
3 November 2010, which provides important policy guidance regarding the future  
4 development and procurement of renewable resources. The ECT process is  
5 impacted by renewable resource considerations addressed in the LTEP as the  
6 process is designed to enable renewable resources where transmission limitations  
7 are the barrier. These considerations include the targeting of an installed renewable  
8 capacity of 9,000 MW of hydroelectric resources and 10,700 MW of non-  
9 hydroelectric resources by 2018; and, thereafter, the potential identification of  
10 opportunities to incorporate additional capacity from renewables taking into  
11 consideration cost-effectiveness to Ontario electricity consumers. Starting the ECT  
12 process after the issuance of the Government's LTEP permits a better alignment of  
13 this process with the updated renewables policy.

14 b) The FIT Rules require the OPA to carry out the Economic Connection Test. The OPA  
15 will assess the performance of the ECT process based on completion of the test in  
16 accordance with the FIT Rules. The ECT will be considered to be complete when all  
17 FIT applications awaiting the ECT have been assessed in a fair and consistent manner,  
18 and have received a notification of the result of the ECT for their application.

19 c) This work is primarily undertaken by the Transmission Planning group within the PSP  
20 division, and represents only one of the group's responsibilities. The OPA does not  
21 track internal staff costs on a project-by-project basis. Please see the response to  
22 Board Staff Interrogatory 1, at Exhibit I-1-1. External consulting costs by initiative are  
23 provided in the response to CCC Interrogatory 13, at Exhibit I-3-13.

24 For further detail on the OPA's staffing and compensation, please see the response to  
25 VECC Interrogatory 2, at Exhibit I-9-2, which provides the following information for 2010  
26 budget, 2010 unaudited actual and 2011 budget:

- 27 • Regular and Temporary FTEs by Strategic Objective;
- 28 • Compensation and Benefits by Strategic Objective; and
- 29 • Average Compensation and Benefits by Strategic Objective.

30 d) Please see the response to c) above.



**BOARD STAFF INTERROGATORY 5**

QUESTION

**Conservation**

**Issue 2.2**

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

**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.

RESPONSE

In the cases of both funds, project milestone payments paid in 2011 reflect projects which were committed from 2007 through 2011.

The 2011 budget for the Conservation Fund was determined by adding together the outstanding milestone payments for projects contracted prior to the receipt of the Ministerial Directive dated April 23, 2010.

The 2011 budget for the Technology Development Fund was determined by adding together the outstanding milestone payments for projects contracted prior to the finalization of the budget, and the forecasted milestone payments for projects the OPA anticipated awarding after the finalization of the budget. Expense amounts forecast for uncommitted Technology Development Fund projects are determined based on historic patterns for intake volumes and award decisions.



**BOARD STAFF INTERROGATORY 6**

**QUESTION**

**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.

**RESPONSE**

- a) Rights and obligations under the contracts are set out in the Articles 4 and 7 of the OPA-LDC Master CDM Program Agreement, filed as Attachment 1 to GEC Interrogatory 4, at Exhibit I-2-4. Detailed processes for the implementation of these contractual elements are still being developed.
- b) The findings of those activities referred to in (a) will be used to continuously improve the delivery, operations and quality of OPA-Contracted Province-Wide Programs and inform program design modifications as required. Specifically, quality assurance and quality control processes will provide timely information with regards to program delivery in market and site inspections will make certain that such activities were performed in

1       accordance with the intended design of the program(s) and contractual requirements.  
2       The OPA may also decline payment to participants or penalize LDCs if QA/QC  
3       processes and/or site inspections reveal discrepancies with reported information. In  
4       addition, if financial or operations audits reveal ineligible use of Program Administration  
5       funding and/or materially higher or lower expenditures than expected, the OPA may  
6       seek the return of such funds and/or invoke a "Remediation Plan", which could  
7       potentially involve reallocation of budgets, modifications to the delivery or design of a  
8       program, and/or the development of a new initiative.

**BOARD STAFF INTERROGATORY 7**

**QUESTION**

**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.

**RESPONSE**

As of February 3, 2011, the status of the system is as follows:

1. Program Information - Information on the Consumer Program is now available on the public 'front end' website. A registration page is also available for Business and Industrial customers that would like to receive information about these new programs, when they become available.
2. Customer applications - Consumers can book appointments for fridge/freezer picks ups and can access information on how to participate in other consumer program initiatives. Online application functionality for the Business and Industrial Programs will be available once contractual arrangements with LDCs are complete.
3. LDC Registration - the Master CDM Program Agreement was posted on January 26th. LDCs are now able to access the agreement and register to deliver CDM programs.
4. Reporting/tracking - basic reporting is available now with additional functionality to be developed in 2011.





**BOARD STAFF INTERROGATORY 8**

QUESTION

**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.

RESPONSE

The OPA is currently finalizing a design and delivery strategy for the Aboriginal Conservation Program ("ACP"). Pending the outcome of program-related procurement activities (currently underway), it is anticipated that the program will be available in market in Q2 2011.



**BOARD STAFF INTERROGATORY 9**

**QUESTION**

**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.

**RESPONSE**

- a) The OPA has observed very little to no impact on the OPA's demand response ("DR") programs (DR1, DR2, DR3) to date.
- b) The OPA is providing the information requested in order to allow parties to assess the activity underlying its operating budget. The OPA considers the details of its program design to be beyond the scope of this proceeding.

The OPA will permit consumers with an average monthly peak demand in excess of 5 MW to also participate in the OPA's DR1 and DR3 programs. The rationale is based on the OPA's assessment that the likelihood of the two incentives overlapping in practice (i.e. allowing companies to 'double dip') is low. DR3 participants who look to 'chase' peak hours to capitalize on the changes to Ontario Regulation 429/04 may impair their baselines resulting in potential underperformance in meeting DR3

1 contractual obligations. This could result in financial penalties for the participant or  
2 termination of the contract. Potential impairment of participants' baselines would also  
3 apply to DR1, with financial impacts. However the OPA anticipates that large loads will  
4 be less interested in the DR1 Program, due to lower payments than those available  
5 through DR3.

6 The OPA is currently considering whether future customers would be eligible under the  
7 DR2 program.

**BOARD STAFF INTERROGATORY 10**

QUESTION

**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.

RESPONSE

The 2011 budget is \$16 million, including incentives and program costs. This amount will be recovered through charges and is not included in the OPA's operating budget.



**BOARD STAFF INTERROGATORY 11**

**QUESTION**

**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.

**RESPONSE**

The new EM&V Protocols and Requirements document that will apply to the evaluation of 2011-2014 ratepayer-funded programs is scheduled to be finalized by March 31, 2011. Some procedural elements of the Protocols and Requirements have yet to be finalized.





**BOARD STAFF INTERROGATORY 12**

QUESTION

**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.

RESPONSE

The funding allocation for LDCs has been finalized for the Province-Wide Consumer Program, Commercial and Institutional Program and Industrial Program. The LDC funding allocation for the Low Income Program has yet to be finalized.



**BOARD STAFF INTERROGATORY 13**

**QUESTION**

**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.

**RESPONSE**

a) The statement above occurs within the OPA's description of its Initiative 2 - *Managing the implementation of CDM initiatives for industrial transmission connected customers*. In this context, "continuous review of program rules for effectiveness and streamlining administrative effort and cost" does not refer to the OPA's Cost Effectiveness Guide. Rather, it is intended to refer to the process of monitoring the Industrial Accelerator Program for the purpose of seeking to enhance program effectiveness, increase administrative efficiency and/or reduce costs, where feasible and appropriate.



**BOARD STAFF INTERROGATORY 14**

**QUESTION**

**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.”<sup>1</sup> 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.”<sup>2</sup>

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.”<sup>3</sup>

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

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<sup>1</sup> 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>

<sup>2</sup> Ibid.

<sup>3</sup> OPA, “Frequently asked questions about the new ground-mounted solar price category,”: <http://microfit.powerauthority.on.ca/pdf/Ground-mounted-solar-PV-FAQs.pdf>

1 of 80.2 ¢/kWh whether or not they had received a contract or conditional offer. The OPA  
2 stated that "The price strikes the right balance between providing a reasonable rate of  
3 return to electricity generators and protecting ratepayers from higher than necessary  
4 electricity prices."<sup>4</sup>

5 Questions

- 6 a) Please state the OPA's original expectations for the ground-mounted solar microFIT  
7 program and how they were determined, providing supporting documentation.
- 8 b) Please specify when the OPA's original expectations for the ground-mounted solar  
9 microFIT program were surpassed, how the OPA determined that original expectations  
10 were exceeded to the extent that a price adjustment was required before the two year  
11 review, and the reasons why expectations were surpassed so quickly, providing  
12 supporting documentation.
- 13 c) Is the OPA aware of other jurisdictions with feed-in tariff programs that have had similar  
14 experiences? If so, please describe what occurred and how the jurisdiction(s)  
15 addressed the issue, identifying best practices.
- 16 d) Please state the OPA's original expectations for all other microFIT and FIT program  
17 categories and how actual program participation compares to those expectations,  
18 providing supporting documentation.
- 19 e) Please describe in detail how the OPA developed the July 2, 2010 proposed regime  
20 (including the decision not to grandfather existing applications) for the microFIT ground-  
21 mounted solar program, including supporting documentation.
- 22 f) Please describe in detail how the OPA determined that the regime it adopted on  
23 August 13 (64.2 ¢/kWh with "grandfathering") balances the needs of generator and  
24 ratepayers better than the price the OPA proposal of July 2 (58.8 ¢/kWh without  
25 "grandfathering").
- 26 g) What changes has the OPA undertaken or is planning to undertake in relation to the  
27 administration and pricing setting of microFIT and FIT programs in response to its  
28 experience with the ground-mounted solar microFIT program? If none, please explain  
29 why.
- 30 h) Please indicate the staffing levels (i.e., consultants, contract staff and FTEs) and  
31 amount of the OPA's Strategic Objective #3 budget for 2010 allocated to the FIT and  
32 microFIT programs. Please also provide the same information for 2011 and indicate  
33 how the levels were determined.

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<sup>4</sup> OPA, "Final Price for microFIT ground-mounted solar PV projects," August 13, 2010:  
<http://microfit.powerauthority.on.ca/Program-pdates/ground-mount.php>

1    RESPONSE

- 2    a) The FIT and microFIT programs were designed as open programs in alignment with the  
3       program objectives set out in the Minister's Directive of September 24, 2009. The  
4       programs are proponent-driven therefore the OPA cannot predict the projected program  
5       take-up with a specific level of certainty. The microFIT program was designed primarily  
6       as a program focused on solar PV on rooftops however, the market response was more  
7       focused on ground-mounted projects. This was unexpected.
- 8    b) A typical residential rooftop area will only accommodate approximately a 3.3 kW Solar  
9       PV installation. A trend with respect to ground-mount projects emerged as applications  
10      were processed and the typical project size (average 8.5 kW) revealed that many were  
11      larger than normal rooftop projects. The understanding that the average project  
12      capacity was 8.5 kW did not emerge at a specific point in time. As this understanding  
13      developed, the OPA became aware of the need to look into the issue, assess the actual  
14      market response, and assess whether the pricing for microFIT ground-mounted projects  
15      was appropriate.
- 16   c) The OPA is not aware of any jurisdictions that have had similar experiences.
- 17   d) Please see the response to a), above.
- 18   e) Please see the OPA updates for July 2, July 14, July 23 and August 13, 2010 at the  
19      following link:
- 20      <http://microfit.powerauthority.on.ca/Program-updates/2010-Program-Updates.php>
- 21   f) Please see the OPA updates at the following link:
- 22      <http://microfit.powerauthority.on.ca/Program-updates/2010-Program-Updates.php>
- 23   g) The OPA is not planning to undertake any changes in relation to microFIT and FIT in  
24      response to its experience with ground-mounted solar prior to the 2-year program  
25      review. This issue has been sufficiently addressed by changes made to the program in  
26      July 2010. The OPA will continue to monitor and assess the microFIT and FIT  
27      programs and make changes as required. The OPA is assisted in this task by the  
28      advisory panels it has established.
- 29   h) The OPA does not track internal staff costs on a project-by-project basis. Please refer  
30      to Board Staff Interrogatory 1, at Exhibit I-1-1. There are nine staff members dedicated  
31      to the FIT and microFIT programs. However they are supported by staff in Power  
32      System Planning, Legal Aboriginal and Regulatory Affairs, Business Strategies and  
33      Solutions, and Communications. External consulting costs by initiative are provided in  
34      the response to CCC Interrogatory 13, at Exhibit I-3-13.

1 For further detail on the OPA's staffing and compensation, please see the response to  
2 VECC Interrogatory 2, at Exhibit I-9-2, which provides the following information for 2010  
3 budget, 2010 unaudited actual and 2011 budget:

- 4 • Regular and Temporary FTEs by Strategic Objective;
- 5 • Compensation and Benefits by Strategic Objective; and
- 6 • Average Compensation and Benefits by Strategic Objective.



**BOARD STAFF INTERROGATORY 15**

**QUESTION**

**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.<sup>1</sup> The OPA stated that change was needed because applications for CAE projects were outpacing upgrades needed to 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.

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<sup>1</sup> OPA, "Proposed microFIT Connection Rule Amendment," December 8, 2010:  
<http://microfit.powauthority.on.ca/Program-updates/2010-December-8-microFIT-Connection-Rule.php>

- 1 e) What changes has the OPA undertaken or is planning to undertake in relation to the  
2 administration of the FIT program in response to its experience with CAE projects? If  
3 none, please explain why.

4 RESPONSE

- 5 a) Please see Attachment 1 to this exhibit for the report which is publically posted on a bi-  
6 weekly basis on the OPA FIT Program website in the "What's New" section:

7 <http://fit.powerauthority.on.ca/Page.asp?PageID=1115&SiteNodeID=1052>

- 8 b) The FIT program was designed as an open program in alignment with the objectives set  
9 out in the Minister's Directive of September 24, 2009. The programs are proponent-  
10 driven therefore the OPA cannot predict the projected program take-up with a specific  
11 level of certainty.

- 12 c) The issue was raised with the OPA by Hydro One in early 2010. The OPA worked with  
13 Hydro One to get more technical details through the summer and fall, leading to the  
14 proposed rule change.

15 Hydro One, as per the Distribution System Code requirements for an LDC, sought  
16 direction from the OEB. Subsequently the OEB did provide direction to Hydro One in  
17 their response letter, filed as Attachment 2 to this exhibit. This response included the  
18 instruction to Hydro One as follows:

19 "... the Board directs Hydro One to notify the Ontario Power Authority ("OPA") in order  
20 that OPA can determine if changes should be made to the contracting arrangements..."

21 The OPA conducted a review and determined that a rule change to the program was  
22 appropriate.

- 23 d) Seventy-one CAE contract offers were made anticipating possible connection  
24 limitations. The review and approval of the FIT application are conducted against the  
25 Program Rules that were in effect at the time the FIT application was submitted. In  
26 accordance with the Program Rules that were in effect, contract offers were made. In  
27 addition to the contract documents, Notices from both the OPA and Hydro One were  
28 provided to these specific applicants identifying the capacity issues. Copies of the  
29 Notices are provided as Attachments 3 and 4 to this exhibit respectively.

- 30 e) The OPA announced a proposed Rule change to the FIT program to address this  
31 concern on December 8, 2010, that would require the availability of connection capacity  
32 at the transformer station, feeder or circuit in which a project was proposing to connect  
33 as an eligibility requirement for the approval of a FIT application.

**BOARD STAFF INTERROGATORY 16**

**QUESTION**

**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.

**RESPONSE**

- a) Please refer to Attachment 1 to this exhibit for a listing of the organizations represented as members on the FIT and microFIT advisory panels.

These members were selected to participate as representatives of the panels as they represent both industry and customer groups and their interests. Membership was discussed and agreed upon between the OPA and the Ministry of Energy.

- 1 b) The microFIT Advisory Panel has provided valuable input to the design of the
- 2 Commercial FIT program for aggregators of micro generation. The draft program rules
- 3 and contracts were posted for comment on February 1, 2011.
  
- 4 c) The Advisory Panels have not issued formal recommendations. Input received from the
- 5 panel has generally been gained through discussions and has not been formalized on
- 6 many of the issues canvassed in the design of the CFIT program.

**BOARD STAFF INTERROGATORY 17**

**QUESTION**

**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.

**RESPONSE**

- a) The Government of Ontario, through objectives set out in its Directives, is committed to fostering the growth of renewable energy projects, which use cleaner sources of energy,

1 and to removing barriers to and promoting opportunities for renewable energy projects  
2 and to promoting a green economy.

3 The OPA developed the Feed-In Tariff Programs for the Province to encourage and  
4 promote greater use of renewable energy sources including wind, waterpower,  
5 Renewable Biomass, Bio-gas, landfill gas and solar ("PV") for electricity generating  
6 projects in Ontario. The fundamental objectives of the FIT Programs, in conjunction  
7 with the *Green Energy and Green Economy Act, 2009*, are set out in the September 24,  
8 2009 Directive as follows:

- 9 • Increase capacity of renewable energy supply to ensure adequate generation and  
10 reduce emissions;
- 11 • Introduce a simpler method to procure and develop generating capacity from  
12 renewable sources of energy;
- 13 • Enable new green industries through new investment and job creation; and
- 14 • Provide incentives for investment in renewable energy technologies..

15 These objectives have been met and continue to be met through a standard set of  
16 Rules which must be adhered to prior to receiving a Contract. As the industry develops,  
17 revised Rules are stakeholdered and adapted to ensure the Programs continue in an  
18 open and fair manner.

19 b) Program review details are still under development but are expected to begin in Q2  
20 2011 for implementation in Q4 2011.

21 c) In accordance with the Minister's Directive of September 23, 2009, *"the OPA shall*  
22 *review the FIT program, including the pricing schedule, and its Support Programs at*  
23 *least once every two years and report to the Minister with its results and suggestions for*  
24 *improvement"*. The OPA will consider program review every year and will explore this  
25 option in the context of the upcoming program review.

26 d) Many jurisdictions undertake program review every 2 to 4 years, but with program  
27 change triggers built in, such as program capacity caps or scheduled price reductions.  
28 Please see the recent NREL report on FIT design for an assessment of best practices,  
29 available through the link below:  
30 <http://www.nrel.gov/docs/fy10osti/44849.pdf>

31 e) The FIT program review will be undertaken by internal staff in the Electricity Resources  
32 division in conjunction with their ongoing responsibilities. They will be supported as  
33 required by staff from other divisions. Please see the response to Board Staff  
34 Interrogatory 1, at Exhibit I-1-1. The OPA has budgeted approximately \$300,000 in  
35 2011 for technical and legal program review support.

**BOARD STAFF INTERROGATORY 18**

**QUESTION**

**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.

**RESPONSE**

a) In support of Strategic Objective 3 in the OPA's Business Plan at Exhibit A-2-1 and the related milestone described in Exhibit B-3-1, the OPA estimated that the results of the Economic Connection Test ("ECT") and the processing of new Capacity Allocation Exempt ("CAE") FIT applications and microFIT applications would result in the following:

- 500 MW of additional Wind projects;
- 200 MW of additional Groundmount Solar PV projects;
- 100 MW of additional Rooftop Solar PV projects; and
- 50 MW of additional projects related to other forms of generation technologies.

The numbers provided are estimates based on the relatively short operating history of the FIT and microFIT programs. The programs are proponent-driven, therefore the OPA cannot predict the projected program take-up with a specific level of certainty. Under the program rules, the OPA must process applications as received based on pre-

- 1 established criteria, and does not have the authority to assess the relative economic
- 2 value of proposed projects. Qualified applicants receive a contract at a standard price
- 3 per kW/h if connection capacity exists.



**BOARD STAFF INTERROGATORY 19**

**QUESTION**

**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.

**RESPONSE**

- a) Negotiations between the OPA and the Korean consortium began in Q2 2010 and are ongoing. The OPA and the Korean Consortium have not entered into any power purchase agreements as of the date of this response.
- b) The OPA’s negotiations with the Korean Consortium are undertaken in the context of the April 1, 2010 Ministerial Directive to the OPA, and the Green Energy Investment Agreement (the “Agreement”) between the government of Ontario and the Korean Consortium. As stated in the Ministerial Directive:

1 "Each power purchase agreement entered into shall be consistent with the Agreement  
2 and incorporate its relevant provisions and shall be substantially similar to those  
3 provided for under the OPA's FIT Contract and the FIT Program Rules with such  
4 necessary modifications as are required to reflect the terms of the Agreement. Pursuant  
5 to Articles 8 and 9 of the Agreement, the Korean Consortium shall be paid an economic  
6 development adder which is contingent upon the fulfillment of its manufacturing  
7 commitments."

8 As stated in the Minister's Directive dated September 24, 2009, the OPA, in setting  
9 prices under the FIT Program "should generally be guided by the principles that the  
10 prices should seek to cover the costs that projects of a particular type and size category  
11 are generally expected to experience, plus a reasonable return on investment."

12 c) This activity is undertaken by a team consisting of Electricity Resources and Legal staff,  
13 as one of many other responsibilities. Please see the response to Board Staff  
14 Interrogatory 1, at Exhibit I-1-1. External consulting costs are provided by initiative in  
15 the response to CCC interrogatory 13, at Exhibit I-3-13.

16 For further detail on the OPA's staffing and compensation, please see the response to  
17 VECC Interrogatory 2, at Exhibit I-9-2, which provides the following information for 2010  
18 budget, 2010 unaudited actual and 2011 budget:

- 19 • Regular and Temporary FTEs by Strategic Objective;
- 20 • Compensation and Benefits by Strategic Objective; and
- 21 • Average Compensation and Benefits by Strategic Objective.

**BOARD STAFF INTERROGATORY 20**

**QUESTION**

**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?

RESPONSE

- a) The OPA considered value-for-money when negotiating the HCI contracts by considering the prices paid to similar facilities for their capacity and similar capabilities in the Ontario electricity market. The OPA achieved value-for-money for ratepayers through the HCI contracts entered into in 2010 by paying a reasonable price for the electricity generated, significantly below the cost of most other generation in Ontario's electricity system. Furthermore, the HCI contract was designed to reward generators that can optimize their operation to better align with the needs and price signals of the Ontario electricity market.
- b) On November 23, 2010, the OPA was directed to procure approximately 500 MW of CHP electricity generation which is the balance of the 1000 MW of CHP that the OPA was directed to procure in June 15, 2005. The November 23, 2010 directive instructed the OPA to procure the remaining 500 MW through a standard offer program for projects less than 20 MW and through other means, including negotiation, for projects over 20 MW. The OPA therefore received a directive to procure CHP resources in two ways: negotiations and through a standard offer program. The OPA, if necessary, may employ elements of competitive procurements such as price, efficiency or other evaluation methods, to ensure that ratepayer value for money is optimized for a given set of process constraints. The milestones set were based on the language in the directive and a reasonable timeframe to complete the directive.
- c) The OPA intends to do a thorough assessment of each NUG facility to ensure value for the Ontario ratepayer is optimized when considering whether to negotiate with a NUG facility and the nature of those negotiations. With respect to CHP, similar methods may be employed depending on the final design of the CHP procurement process.

## BOARD STAFF INTERROGATORY 21

### QUESTION

#### **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?

### RESPONSE

- (a) The OPA has entered into negotiations with TransCanada Energy to terminate the OGS contract on mutually satisfactory terms. As noted in the LTEP, because of changes in demand along with the addition of approximately 8,400 MW of new supply since 2003 the outlook has changed, and the plant in Oakville is no longer required. However, a transmission solution to maintain reliable supply in the Southwest GTA will be required. The OPA is in the process of developing a transmission solution which meets the reliability requirements for the Southwest Greater Toronto Area.

- 1 (b) As noted above, the OPA is in negotiations with TransCanada Energy to mutually
- 2 terminate the contract. In addition to their other responsibilities, three staff members
- 3 from Electricity Resources and the Legal department have been assigned to the
- 4 negotiating team. The OPA staff is assisted by external legal counsel and a technical
- 5 consultant. Performance will be measured in terms of overall value to the ratepayer
- 6 including limiting cost and enhancing system benefits where possible.

**BOARD STAFF INTERROGATORY 22**

**QUESTION**

**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.

**RESPONSE**

- a) Currently the OPA is using an in-house settlement system which has been meeting the necessary requirements to complete the monthly financial settlement requirements between the OPA and the Supplier. The volume of contracts being managed and settled by the OPA continues to increase as additional procurement contracts are negotiated and signed. As a result, the OPA intends to implement a more robust settlement system, capable of supporting the long-term needs of the OPA in meeting its monthly settlement obligations to contracted suppliers.

The development of a more robust settlement system will provide an adaptable and flexible platform to accommodate existing settlement procedures, as well as future

ones, and must be able to support the increase in the number of contracts and new forms of supply contracts, as well as their associated calculations.

A more robust settlement system will also alleviate resources by reducing the time required to complete the settlement processes and downloading of required market data reports. In addition, it will add additional security by further limiting access to the settlement system for viewing and completing settlement processes.

The costs associated with the settlement system enhancements in 2010 were less than \$50 thousand.

b) The total costs associated with the settlement system to date have been primarily related to internal staff time, as well as approximately \$50 thousand in external consulting fees spent to date. The capital budget for 2011 for the settlement system is \$52 thousand. The costs incurred so far are associated with the processes the OPA has undergone in preparation of implementing a more robust settlement system, such as requirements gathering.

c) The OPA is the contract counterparty and has expertise in its contracts and the payments to be made under those contracts. The OPA gave consideration in 2006 to using the IESO settlement system, with necessary modifications, for the settlement of contracts. The OPA determined that this work could be carried out more efficiently by building in-house capability. The OPA has implemented a settlement process that efficiently performs the settlement function with the flexibility to adapt to changing requirements.

Within the Electricity Resources division of the OPA there is a close interaction between the procurement process and the contract management functions, including settlement. This thorough understating of the procurement process allows the OPA to adapt to continually evolve contract management and settlement functions as required to respond to any changes in the operating environment and meet the required objectives and ensures that contract provisions are interpreted in a consistent manner.



**BOARD STAFF INTERROGATORY 23**

**QUESTION**

**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?

1    RESPONSE

- 2    a) The OPA undertook an online survey to evaluate the effectiveness of the ad in  
3       motivating people to become more informed about and to participate in conservation  
4       and renewable energy. The evaluation of the campaign showed that the Cleaner  
5       Ontario campaign reached more than 90% of Ontario adults aged 25-54, an average of  
6       13.3 times. The Cleaner Ontario campaign encouraged audiences to contact the OPA  
7       about how to take part in generating clean power and conserving energy. The ad  
8       campaign more than doubled the number of unique visitors to the OPA site over the  
9       same period the previous year. Web traffic reports indicated that more than 95,000  
10      visits were made to the TV ad landing page during the campaign's three-week run,  
11      which ended the week of Oct. 11, 2010. Visitors went on to link to either the renewable  
12      energy or conservation areas of the OPA site. The findings showed Ontarians are  
13      looking for ways to manage their electricity consumption and help impact the  
14      environment. These key messages are being incorporated in subsequent advertising  
15      campaigns.
- 16   b) The combined costs of the Cleaner Ontario campaign and the Long Term Energy Plan  
17      campaign were significantly less than the \$8 million procurement authority granted  
18      under the amended March 18, 2010 Directive. The total cost of the Cleaner Ontario  
19      campaign was \$3.1 million. The OPA postponed the launch the campaign from May to  
20      September to allow sufficient time for the development of creative and production and to  
21      secure optimal television media buy. The September campaign was lengthened to a six  
22      week campaign, extending into mid-October to achieve strong awareness levels. The  
23      advertising campaign associated with the December 6 Directive to raise consumer  
24      awareness of the province's Long Term Energy Plan consisted of print, outdoor and  
25      online ad components for a total budget of \$1.1 million.

**BOARD STAFF INTERROGATORY 24**

**QUESTION**

**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?

## RESPONSE

a) All directives issued to the OPA from the Ministry of Energy are posted on the OPA website in chronological order for public access. A separate tab on the OPA website, entitled "RFPs" appears on the homepage under the heading "Industry/Stakeholders". RFPs can also be accessed through online search engines (such as Google or Bing) under the keywords "Ontario Power Authority RFPs".

b) The OPA uses several tools to evaluate our performance in engaging and communicating our roles and responsibilities to stakeholder groups and the public.

### Stakeholder Feedback Forms:

When the OPA undertakes stakeholder engagement sessions, participants are provided with a feedback form at the end of the session that asks questions in several areas; below is a sampling:

- overall satisfaction with the session;
- whether the information was presented clearly, whether the presentations were helpful for the discussion, if the session was the right length, if the materials were sent in a timely manner;
- how satisfied the participant was with the amount and level of discussion and dialogue, whether the right people were in the room, if the discussions were well-managed;
- what people liked most and least about the meeting;
- suggestions to improve future meetings, including suggested future topics; and
- additional comments.

### Email Feedback:

Stakeholders are encouraged to provide feedback to the OPA at any time either by phone or email. Information on how to contact the OPA is provided in the "Contact Us" section of the website.

### Informal Feedback:

Feedback that is provided informally to OPA staff members is also part of this evaluation. This feedback can be received in an informal discussion with a stakeholder at a consultation session or feedback provided to OPA colleagues.

### Stakeholder Surveys:

The OPA undertakes surveys of the public and stakeholders on a regular basis. The surveys ask for feedback in several key areas, including familiarity with, and opinion of, the OPA as well as communications strengths and weaknesses.

1 The public survey is a quarterly province-wide telephone survey conducted with  
2 500 individuals. This survey measures the extent to which the public has an accurate  
3 understanding of the OPA's mandate and their impressions of our communication efforts.

4 The stakeholder survey is a semi-annual telephone survey focused on stakeholders in  
5 three groups - government, industry and local distribution companies. A total of  
6 25 individuals are surveyed from each of the three groups and the survey is focused on  
7 more detailed communications questions.

8 For both surveys, the OPA hires a third-party market research firm to conduct the survey.

9 First Nations and Métis Relations:

10 The OPA, as part of its Legal, Aboriginal and Regulatory Affairs Division established a  
11 dedicated First Nations and Métis Relations Department in 2009 to facilitate open and  
12 transparent discussions and build effective relationships with Ontario's First Nations and  
13 Métis leadership, representatives, communities and individuals.

14 Direct interaction has been established in a number of ways:

- 15 • Through open forums on specific matters or programs, attended by First Nations and  
16 Métis leadership and representatives;
- 17 • Project specific meetings facilitated by OPA and attended by First Nations or Métis  
18 leadership and representatives from a specific group, organization or community;  
19 and
- 20 • Participation at First Nations and/or Métis industry events.

21 Aboriginal Advisory Committee:

22 In April 2010, the OPA established an Aboriginal Advisory Committee to obtain ongoing  
23 advice and guidance on various elements of the Aboriginal Energy Partnership Program  
24 ("AEPP"). The committee is made up of eight members: five Ontario First Nations  
25 representatives, two Ontario Métis representatives, and one OPA representative. Feedback  
26 is shared on topics such as how to improve various aspects of the AEPP, including such  
27 things as advertising and marketing, communications strategy, and delivery mechanisms.

28 Email:

29 In addition to the OPA's main web-site, First Nation and Métis communities can also  
30 access the OPA's Aboriginal Renewable Energy Network ([www.aboriginalenergy.ca](http://www.aboriginalenergy.ca)). This  
31 site provides information that is specifically geared toward increasing Aboriginal  
32 participation in electricity and conservation projects through the AEPP.

33 From time to time, the OPA receive inquiries from communities related to involvement in  
34 Ontario's electricity sector, access to programs, and other such inquiries. There is a  
35 dedicated OPA representative who responds to all inquiries and assists the OPA in gauging  
36 issues and interest.

1 Call-in line:

2 The OPA maintains a toll-free telephone line where First Nation and Métis participants can  
3 make direct contact with staff to address questions related to the AEPP. A dedicated OPA  
4 staff member maintains this line and forwards inquiries to the appropriate divisions for  
5 timely responses. This line also assists the OPA in gauging the level of activity that  
6 Aboriginal communities are undertaking.

7 FIT Contracts and AEPP:

8 Throughout 2009/2010 the OPA undertook significant outreach and consultation with First  
9 Nation and Métis communities on the GEA, the Feed in Tariff program, and the creation of  
10 an Aboriginal Energy Partnership Program – which provides funding for Aboriginal  
11 communities involved in renewable electricity developments. Aboriginal communities  
12 applied to the FIT program in unprecedented numbers, and 16 contracts were awarded to  
13 Aboriginal communities. The AEPP continues to receive applications from communities  
14 with FIT contracts, and communities that are in early stages of development. These results  
15 assist the OPA in evaluating the success of the outreach with Aboriginal communities.

16 In 2009/2010, the OPA focused its efforts on establishing effective means by which to  
17 communicate and engage with First Nations and Métis communities. In 2011, the OPA will  
18 develop and implement a formal evaluation process of surveys conducted by research  
19 firms, the use of feedback forms at each meeting, and more formal feedback at the end of  
20 the Aboriginal Advisory Council meetings. In 2011, the OPA will also begin updating the  
21 existing Aboriginal Renewable Energy Network, a web-based tool, to include more  
22 interactive capabilities for ongoing feedback from Aboriginal communities.

23 c) Below are the Terms of Reference for the CEO Customer Advisory Council

24 Background:

25 The creation of the Ontario Power Authority as an entity included, in support of its planning  
26 and procurement initiatives, legislative requirements for stakeholder engagement. In  
27 general terms, Section 25 of the *Electricity Act, 1998* (the “Act”) states:

28 The OPA shall establish one or more processes by which consumers, distributors,  
29 generators, transmitters and other persons who have an interest in the electricity industry  
30 may provide advice and recommendations for consideration by the OPA.

31 The Chief Executive Officer of the OPA wishes to gather input from select organizations  
32 representing electricity consumer constituents.

33 CEO Customer Advisory Council Guiding Principles:

34 In any activity in which stakeholders are engaged, the OPA has adopted the following  
35 Guiding Principles for stakeholder engagement. These principles will be similarly adopted  
36 and applied to all activities involving the CEO Customer Advisory Council:

- 37
- Relevant – Actively engaging representative consumer groups who are affected by

OPA activities;

- Inclusive - Ensuring that the groups represent a broad spectrum of electricity consumers;
- Accessible – Ensuring that appropriate information pertaining to OPA business and agenda issues are readily available to council members;
- Transparent – Ensuring that summary notes of each meeting are shared with other stakeholders;
- Meaningful Contribution – Ensuring that members have the opportunity to participate in the process to the degree they deem appropriate;
- Fair and Respectful– Ensuring that members and all others are treated with equal standing and with respect; and
- Disciplined – Through practice of effective process leadership ensure that Council meetings are managed efficiently and effectively.

Purpose:

The work of the OPA on a variety of initiatives including those issued through unique Ministerial directive, will affect a wide range of consuming sectors as well as individual Ontario citizens. The Chief Executive Officer of the OPA recognizes that it is prudent to consult with representatives of consumer groups and seek their advice on issues and potential actions of the OPA that would have impact on their constituents.

The Council does not carry any voting rights, nor are members required to vote on any particular issues or motions. Council members are, however, expected to represent their constituency's views and positions on issues for the purpose of providing advice.

Membership:

Members are to be invited to participate on the Council for a period of one-year. Membership is to be reviewed annually and is renewable on the invitation of the CEO.

Members will consist of 2 representatives of a singular group representing each of the following constituencies:

- residential consumers;
- commercial consumers;
- large industrial consumers;
- small industrial consumers;
- agricultural consumers; and
- small business consumers.

There will be no more than 12 consumer members active on the Council.

1 Organization and Administration of Meetings:

- 2 • Meetings will be chaired by the Chief Executive Officer of the OPA;
- 3 • Agenda will be set by the Chief Executive Officer of the OPA with input from Council
- 4 members;
- 5 • Meetings are expected to occur no less than four times a year; once during each
- 6 quarter of any calendar year;
- 7 • The Chair may call additional meetings if required;
- 8 • Meetings are not expected to last longer than four hours (half day); and
- 9 • Council members residing outside of the Greater Toronto Area will be remunerated
- 10 to the extent that travel expenses were incurred for the purposes of attending
- 11 meetings. Such expenses will be paid at per OPA approved corporate rates and will
- 12 include items such as mileage, parking, hotel, taxi or airfare.

13 Terms of Reference:

14 Contributions of the Council - as presented in the Purpose section of the Terms of  
15 Reference, the Chief Executive Officer of the OPA recognizes that it is prudent to consult  
16 with representatives of consumer groups and seek their advice on issues and potential  
17 actions of the OPA that would have impact on their constituents. Council members are  
18 expected to represent their constituency's views and positions on issues for the purpose of  
19 providing advice. Therefore, the contributions of the Council are the information and advice  
20 provided by the group to the CEO.

21 2011 Review - In 2011, the Communications division will review the terms of reference and  
22 composition of the Customer Advisory Council to ensure an optimum structure to meet the  
23 needs of the organization and the marketplace. This review will include:

- 24 • reviewing previous Council meetings;
- 25 • discussing with the CEO and other executives their needs and how they can best be
- 26 fulfilled;
- 27 • discussing the review with members of the Advisory Council for their feedback;
- 28 • exploring the use of Customer Advisory Councils in other energy sector
- 29 organizations as a best practice comparison; and
- 30 • preparing a summary document with recommendations and presenting to the CEO.

31 It is expected that this review will take place in Q3 2011.

32 d) Ratepayers do not pay for advertising for the brand development of the OPA. The OPA  
33 brand is integrated into marketing communications materials to deliver a cohesive,  
34 unified and trusted voice on conservation, renewable energy, Ontario's Long-Term  
35 Energy Plan and other energy matters related to the OPA's mandate .



**BOARD STAFF INTERROGATORY 25**

**QUESTION**

**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 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.

**RESPONSE**

- a) In 2010, the OPA developed a new logo. The old logo depicted OPA's acronym, often creating confusion in the market place with OPG's logo. The OPA spent \$30,000 on the development of its new logo.
- b) and c) The OPA has not spent and does not have a budget for brand development advertising for 2011. The OPA brand is integrated into marketing communications materials to deliver a cohesive, unified and trusted voice on conservation and energy efficiency, renewable energy, Ontario's Long-Term Energy Plan and other energy matters related to the OPA's mandate.



**BOARD STAFF INTERROGATORY 26**

QUESTION

**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.

**RESPONSE**

Within its annual revenue requirement submissions the OPA has filed all Ministerial directives received to date. Each year, the OPA files copies of directives received subsequent to the previous year's submission. For a full list of the directives received and filed with the Ontario Energy Board, please refer to Updated: February 11, 2011, Exhibit A-5-1. The OPA's licence, effective December 31, 2010, contains a new requirement that all directions, including those contained within letters received from the Minister be submitted to the Board. The OPA will comply with this requirement.



## BOARD STAFF INTERROGATORY 27

### QUESTION

#### **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.

RESPONSE

- a) The efficiency metrics provide a performance measure outlining the achievements in conservation and generation attained on both a 'per employee' and a 'per budget dollar' basis. The rate at which the OPA is adding conservation and generation resources is increasing faster than the rate at which the OPA is adding additional employees, and the OPA's budget is decreasing. As a result, the efficiency rates outlining the conservation and generation resources attained on both a 'per employee' and 'per budget dollar' basis are improving year-over-year. This is an indicator of increasing efficiency.
- b) The efficiency metrics capture all forms of generation procured by the OPA, and the impact of the OPA's conservation programs. This is inclusive of the increasing volume of participants in OPA programs, as well as an increasing variety of conservation and generation programs offered by the OPA. The efficiency metrics also capture the overall resource requirements in both FTE and operating expense budgets.
- c) Value-for-money is assessed through specific audits performed at the program level. These audits capture additional considerations as appropriate for the program being reviewed.
- d) The OPA uses the efficiency metrics to review organizational improvement over time in the delivery of conservation and generation. The rate of efficiency is forecast to improve on the basis of both 'per employee' and 'per budget dollar'. The OPA regularly reviews its progress towards the performance objectives set-out in the efficiency metrics and makes appropriate and necessary changes to meet its objectives.

## BOARD STAFF INTERROGATORY 28

### QUESTION

#### **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.

### RESPONSE

a) The 2010 audited actual results are not available at this time. These will be released with the OPA's annual report. Preliminary unaudited actual results have been used to prepare the exhibit filed in response to VECC Interrogatory 2, at Exhibit I-9-2.

Please refer to the table below:

Operating Costs by Major Expense Category								
2007-2011								
(\$000)								
	Budget 2007	Actual 2007	Budget 2008	Actual 2008	Budget 2009	Actual 2009	Budget 2010	Budget 2011
Compensation & Benefits	\$18,353	\$19,478	\$23,508	\$22,609	\$24,665	\$26,182	\$29,128	\$30,964
Professional & Consulting Fees	\$21,948	\$15,600	\$24,596	\$23,343	\$24,260	\$23,137	\$20,774	\$16,369
Conservation/Technology Funds	\$4,000	\$2,187	\$4,034	\$2,743	\$4,061	\$3,868	\$3,700	\$3,866
Operating & Administrative Expenses	\$9,122	\$5,045	\$12,168	\$8,890	\$10,587	\$10,885	\$10,725	\$12,908
Contingency	\$3,200	\$0	\$3,215	\$0	\$1,500	\$0	\$800	\$0
<b>Total Operating Costs</b>	<b>\$56,623</b>	<b>\$42,310</b>	<b>\$67,521</b>	<b>\$57,585</b>	<b>\$65,073</b>	<b>\$64,072</b>	<b>\$65,127</b>	<b>\$64,107</b>





## BOARD STAFF INTERROGATORY 29

### QUESTION

#### **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

### RESPONSE

Please see the FTE information below from 2008 onwards presented below.

As previously submitted by the OPA in support of revenue filing EB-2008-0312, the OPA did not systematically track Regular and Temporary FTE's prior to 2008, therefore the requested information is not available for 2007.

In 2010, the OPA increased staffing in response to the mandate outlined by the Green Energy Act. Staffing resources were added in support of the Feed-in Tariff program, to support greater engagement with First Nations and Métis peoples, to support the development and implementation of the GEA Funds, and to support the development and launch of the Industrial Efficiency program. This staffing allowed the OPA to make greater use of internal resources to carry out its mandate, reducing the use of external consultants.

As a part of the 2011-2013 Business Plan the OPA has committed to the reduction of its regular full-time equivalent staff by five percent by the end of the planning period.

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>
	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
Regular FTEs	152	186	221	218	235
Non-Regular FTEs	25	11	10	27	18
<b>Total FTEs</b>	<b>177</b>	<b>197</b>	<b>231</b>	<b>245</b>	<b>253</b>

- 1 For further detail on the OPA's staffing and compensation, please see the response to  
2 VECC Interrogatory 2, at Exhibit I-9-2, which provides the following information for 2010  
3 budget, 2010 unaudited actual and 2011 budget:
- 4 • Regular and Temporary FTEs by Strategic Objective;
  - 5 • Compensation and Benefits by Strategic Objective; and
  - 6 • Average Compensation and Benefits by Strategic Objective.

**BOARD STAFF INTERROGATORY 30**

**QUESTION**

**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?

**RESPONSE**

The OPA's proposed fee, recovered from both domestic and export customers, is \$0.523/MWh. If the fee were to continue to apply just to Ontario consumers the proposed 2011 usage fee would be \$0.571/MWh, as shown in the table below. This would represent an increase of \$0.020, or 3.7% higher than the fee charged in 2010.

As noted in Exhibit D-1-1, while this would result in an increase in the usage fee from 2010, the increase is driven by changes in the uncontrollable items in the net revenue requirement. The OPA's operating costs are decreasing from 2010 levels.

OPA Fee Components		
	2010	2011
	Budget	Budget
Operating Costs	\$65.1	\$64.1
Registration Fee Income	-\$0.4	-\$1.4
Interest Income	\$0.0	-\$0.6
<b>Revenue Requirement</b>	<b>\$64.8</b>	<b>\$62.1</b>
FVDA	-\$3.2	\$2.1
RCSDA	\$14.3	\$15.6
GPCDA	\$0.1	\$0.0
<b>Net Revenue Requirement</b>	<b>\$76.0</b>	<b>\$79.9</b>
IESO Energy Forecast (TWh) - <i>domestic only</i>	138.0	139.8
Revenue Requirement	\$0.469	\$0.444
FVDA	-\$0.023	\$0.015
RCSDA	\$0.104	\$0.112
GPCDA	\$0.001	\$0.000
<b>Usage Fee</b>	<b>\$0.551</b>	<b>\$0.571</b>

- 1
- 2 The OPA recognizes that stakeholders were not specifically engaged with regard to the
- 3 OPA's proposal to recover fees from export customers. The OPA looks forward to
- 4 engaging in further dialogue with intervenors regarding the OPA's proposal.