

UNDERTAKING

Undertaking

Provide sensitivity analysis showing sensitivity of each program to Hydro One's assumption of the participation rate.

Response

The table below shows the participation sensitivity analysis for each of the six proposed OEB initiatives. In the far right column titled "Number of participants" there are two headings, one showing the participation assumptions used in the TRC and PAC estimates as presented in the evidence. The other heading shows the breakeven participation assumptions where TRC and PAC ratios equal one (the benefits and the costs are equal). For example, for the Community Education initiative, the expected participation is 77,000 customers (receiving energy efficiency giveaways). However, the breakeven sensitivity analysis shows that the actual number of participants could be as low as 42,000 customers (46% decrease) and the TRC ratio would still remain positive, maintaining the cost effectiveness of the program.

Initiative	Test	Ratio	Number of participants	
			Input Assumption	Breakeven Sensitivity** (TRC=1, PAC=1)
Community Education*	TRC	1.7	77,000	42,000 (~46% reduction)
	PAC	1.6	77,000	43,000 (~44% reduction)
Neighbourhood Benchmarking	TRC	1.2	50,000	NA (we control participation)
	PAC	1.2	50,000	NA (we control participation)
Monitoring & Targeting	TRC	1.6	40	16 (~60% reduction)
	PAC	1.5	40	18 (~55% reduction)
Small Commercial DR	TRC	1.7	5,600	2,800 (~50% reduction)
	PAC	1.9	5,600	2,500 (~55% reduction)
Municipalities & Hospitals	TRC	1.4	33	24 (~27% reduction)
	PAC	1.1	33	25 (~24% reduction)
Double Return Plus	TRC	11.3	130	13 (~90% reduction)
	PAC	7.4	130	13 (~90% reduction)

* Out of 150,000 participants, 77,000 received products;

**All breakeven numbers are approximate estimates