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April 18, 2011

Reply To: Thomas Brett
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Our File No. 106863

VIA EMAIL

Kirsten Walli
Ontario Energy Board
2300 Yonge Street
Toronto, Ontario M4P 1E4
BoardSec@ontarioenergyboard.ca

Dear Ms. Walli:

**Re: Ontario Power Authority
2011 Revenue Requirement Submission
Ontario Energy Board File No. EB-2010-0279
Reply to OPA Letter dated April 13, 2011**

I am writing on behalf of the Canadian Energy Efficiency Alliance ("CEEAA") to indicate our specific areas of interest in this proceeding, and to assist the OPA to provide the appropriate witnesses, and to enhance the overall effectiveness of the hearing.

CEEAA's interests include the following topics and the related management processes associated with each topic area:

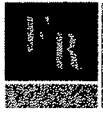
- (a) The extent to which energy and demand savings from existing and planned CDM initiatives are integrated into load planning activities and the load forecast (Issue 1(d)) and what senior manager is ultimately accountable for such integration.
- (b) The extent to which the OPA has responded to government CDM directives (Issue 2.0, 2.3).
- (c) The nature of milestones that OPA uses to determine the demand and energy savings results it achieves, relative to plans and budgets (Issue 2, especially 2.3, 2.4 and 2.5).
- (d) The degree to which the OPA has worked collaboratively with the gas utilities to provide comprehensive savings solutions to customers (Issues 2.0, 2.3).
- (e) The reasonableness of the CDM budget for the tasks at hand and its allocation on initiative basis (2.4, 2.2).



- (f) The performance gap between the demand and energy savings the OPA has achieved to date, the government's near term (2015) target (2.3, 2.5, 2.2), and longer term targets.
- (g) The performance of the OPA in a timely manner of its 2010-11 program development activities of its province-wide CDM-contracted programs (2.1, 2.3).
- (h) Whether the OPA has focused sufficiently on performance-based conservation (2.3, 2.5), in which savings data is used to measure results and inform program development.
- (i) Has the OPA acted prudently and in accordance with best management practices in implementing an export tariff with no prior study?
- (j) Has the OPA clearly defined, and provided appropriate milestones, and budgets, for the achievement of a "culture of conservation in Ontario"?
- (k) Do the contractual arrangements including Master Agreement and Initiative Schedules (the "Agreements") between the OPA and the LDCs define clearly and strike a proper balance between OPA responsibilities for design and funding, and the LDCs' responsibility for implementing, the OPA contracted province-wide programs, and do the Agreements and the OPA's compensation practices provide for a proper alignment of incentives to allow both the OPA and the LDCs to meet and exceed the CDM goals which the government has established?
- (m) Does the OPA report in a regular manner and in a manner that is accessible to the informed public, the results of its achievement of demand and energy savings, and does it provide the relevant documentation, for example, evaluation reports, manuals, to assist other parties, relative to government goals, and its own milestones? (Issue 5, 2.5, 2.1).
- (n) To what extent does the OPA obtain independent evaluation of its initiatives on a regular basis to establish the credibility of its claimed results?
- (o) What is the most reasonable and appropriate way in which to increase the overall performance of the OPA and its management with regard to CDM?

As is evident from this list, CEEA's interests are focused on strategic objectives 1, 2 and 5. However, in order to address those issues properly, it will also need to address the efficiency metrics, not from a narrow technical point of view, but as an appropriate tool for the OPA and the Board to assess the overall effectiveness of the OPA's management.

Issue 2.4 (and 1.4, 3.4, 4.4, and 5.4) states "Is the budget for strategic objective #2 (1, 3, 4, 5) appropriately allocated among the initiatives being pursued?" Unfortunately, the OPA has not provided its budget numbers on an initiative basis, only on a program basis (or strategic objective basis, which is the same thing).



Strategic Objective #2 contains something in the order of 15 initiatives, spanning the residential, commercial and institutional, industrial sectors, and low income sectors. OPA claims it cannot provide budget information (or actual information) for past years on an initiative basis, because personnel are assigned to various initiatives from time to time. However, this answer is not persuasive. Many professional services firms, much larger and more complex than the OPA, such as major engineering firms, construction companies, law firms, accounting and management consulting firms utilize initiative based budgets and reporting, using timesheets or other tools. As the Board noted in its issues day decision in this proceeding:

"The Board is of the view that an organization with the OPA's sophistication and responsibilities should be able to provide information as to how its budget is allocated among initiatives, for the purpose of assessing whether the proposed fees are reasonable and appropriate."

CEEA would encourage the OPA to take advantage of the weeks remaining before the hearing to present its 2011 budget on an initiative basis and file the budget with the Board as supplementary evidence, prior to (and as much prior to as possible) the commencement of the hearing, so as to allow parties and the Board to deal in a sensible manner with issues 2.4, 3.4, 4.4 and 5.4.

I trust the OPA, the Board, and other intervenors will find these comments helpful.

Yours truly,

FOGLER, RUBINOFF LLP

A handwritten signature in black ink, appearing to read 'Thomas Brett', written over the printed name.

Thomas Brett

TB/dd

cc: Ontario Power Authority
Intervenors