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2 **WITNESS STATEMENT FOR JULIA MCNALLY,**
3 **DIRECTOR, MARKET TRANSFORMATION, ONTARIO POWER AUTHORITY**

4 **Q. What is the purpose of this evidence?**

5 A. At the hearing of this matter on April 28, 2011, the Board requested, “to ensure that this
6 proceeding has an appropriate evidentiary basis, that a witness or witness panel from
7 the Ontario Power Authority attend with respect to its letter of April 21, which today was
8 given Exhibit No. K1.1.”

9 The purpose of this evidence is to provide clarification to the Board respecting the
10 OPA’s letter to Toronto Hydro Electric System Limited (“THESL”) dated April 21, 2011.

11 **Q. Please explain the process you used to review THESL’s proposed programs to**
12 **determine whether or not the programs are duplicative as per the Conservation**
13 **Code (the “Code”)?**

14 A. In March, 2011, THESL requested the OPA’s views on whether or not THESL’s
15 proposed Board-Approved programs were duplicative. The OPA reviewed the material
16 filed by THESL, which included nine program descriptions. This review included several
17 discussions with THESL to gain a better understanding of its programs and to address
18 the duplication issue.

19 The OPA recognizes that the OEB will ultimately determine the issue of duplication
20 under the Code. That interpretation will provide guidance to the OPA and LDCs.
21 Pending this guidance, the OPA adopted a “purposive” approach to interpreting the
22 restrictions on duplication. This approach allowed the OPA to assess the duplication
23 issue with reference to the purpose of the duplication restrictions in the Code, i.e. what
24 problems they were meant to solve.

25 In the OPA’s view, the OPA-Contracted Province-Wide programs, together with Board-
26 Approved programs, are meant to allow the LDCs to achieve their conservation targets.
27 At the most general level, the OPA-Contracted Province-Wide programs target

1 customers and measures that are applicable province-wide, while the Board-Approved
2 programs are meant to target other and regionally-specific savings opportunities while
3 building on the success of the OPA-Contracted Province-Wide CDM Programs.

4 In light of the above, the purposes for avoiding duplication are as follows:

- 5 1. *Ensure Incremental MW and GWh and do not undermine Province-Wide programs* – e.g. for
6 programs that offer reduced consumption, does the program have the potential to deliver
7 incremental savings beyond those targeted by OPA-Contracted Province-Wide CDM
8 Programs?
- 9 2. *Avoid Market Place Confusion* – e.g. is the program likely to create confusion in the market
10 place?
- 11 3. *Ensure Prudent Use of Rate Payer Funds by Avoiding Duplication of Resources* – e.g. will
12 this program result in duplication of program administration efforts or costs?;
- 13 4. *Capture Regionally Specific Opportunities* – e.g. does this program target end uses,
14 behaviours, or customer groups that are specific to the LDC's region?

15 In determining whether a program is duplicative, the OPA assesses the program by
16 reference to the four purposes noted above. While the conclusion does not
17 mechanically follow from the consideration of these purposes, generally, if a program is
18 found to conflict with some or all of the purposes, then the OPA may offer
19 recommendations on how to avoid the potential conflict. If significant potential conflicts
20 cannot be cured, then the program would likely be found to be duplicative.

21 **Q. Please explain the opinions expressed in the letter of April 21, 2011, to THESL.**

22 A. In reviewing THESL's programs, the OPA divided the programs into two categories: 1)
23 direct savings programs, i.e. #5-9 in the OPA letter, and 2) the marketing and outreach
24 programs, i.e. #1-4 in the OPA letter.

25 In order to determine if any of the programs were duplicative, the OPA reviewed each
26 THESL program in the context of the OPA-Contracted Province-Wide programs and
27 assessed them on the four purposes described above.

28 This process does not lead to a simple, mechanical conclusion. Instead, it is necessary
29 to exercise judgement regarding each program. This is in part because the OPA-

1 Contracted Province-Wide programs were intentionally designed to be broad and
2 flexible to address the various needs of LDCs and communities across the province.

3 This process can result in programs that are found to be non-duplicative on their face
4 and others that require adjustments and conditions to avoid potential duplication. Thus,
5 on page 2 of the letter, the OPA concludes that programs #5-9 are not duplicative,
6 based on the stated reasons and given certain conditions.

7 Reviewing the marketing and outreach programs for duplication was more complicated.
8 The THESL programs are stand alone programs. There is no simple analogue in the
9 OPA-Contracted Province-Wide programs, which do not include stand alone marketing
10 and outreach initiatives. Instead, marketing and outreach are a component of all OPA-
11 Contracted Province-Wide initiatives. It is expected that the LDCs, using Program
12 Administration Budget ("PAB") funding available under the Province-Wide Programs,
13 will undertake marketing and outreach activities to promote the programs and initiatives.
14 The programs also include capability building initiatives that provide training to
15 customers and the supply chain. Additionally, the OPA will undertake direct province-
16 wide marketing and outreach.

17 The activities proposed to be included in Toronto Hydro's four marketing and outreach
18 programs are all activities that could in theory be funded using PAB funding.

19 The challenge for the OPA in providing a more definitive opinion on programs 1-4
20 results from the complexity of comparing a stand-alone program to a component of an
21 OPA-Contracted Province-Wide. The OPA therefore did not venture an opinion on
22 whether or not this constitutes duplication for the purpose of the Code.

23 We look to the Board for guidance on this issue.