



ONTARIO ENERGY BOARD

FILE NO.: EB-2011-0011

VOLUME: 2

DATE: May 2, 2011

BEFORE:	Marika Hare	Presiding Member
	Paul Sommerville	Member
	Karen Taylor	Member

THE ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act,
1998, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Toronto
Hydro-Electric System Ltd. for an Order or Orders
granting approval of initiatives and amounts
related to the Conservation and Demand Management
Code.

Hearing held at 2300 Yonge Street,
25th Floor, Toronto, Ontario,
on Monday, May 2nd, 2011,
commencing at 9:32 a.m.

VOLUME 2

BEFORE:

MARIKA HARE	Presiding Member
PAUL SOMMERVILLE	Member
KAREN TAYLOR	Member

A P P E A R A N C E S

MICHAEL MILLAR	Board Counsel
JOSH WASYLYK	Board Staff
VIIVE SAWLER	
MARK RODGER	Toronto Hydro-Electric System
JOHN VELLONE	Limited
DAVID CROCKER	Association of Major Power
SHELLEY GRICE	Consumers of Ontario (AMPCO)
ROBERT WARREN	Consumers Council of Canada
JULIE GIRVAN	(CCC)
DAVID MacINTOSH	Energy Probe Research Foundation
OLENA LOSKUTOVA	
MARK RUBENSTEIN	School Energy Coalition (SEC)
MICHAEL BUONAGURO	Vulnerable Energy Consumers
	Coalition (VECC)
MATT GARDNER	Low Income Energy Network (LIEN)
JUDY SIMON	

I N D E X O F P R O C E E D I N G S

<u>Description</u>	<u>Page No.</u>
--- On commencing at 9:32 a.m.	1
Preliminary Matters	1
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED - PANEL 1	3
J. Bilé, G. Earle, C. Tyrrell, Sworn	
Examination-In-Chief by Mr. Rodger	3
Cross-Examination by Mr. Warren	24
Cross-Examination by Mr. Buonaguro	38
--- Recess taken at 10:51 a.m.	54
--- On resuming at 11:15 a.m.	54
Cross-Examination by Mr. Crocker	54
--- Luncheon recess taken at 11:53 a.m.	72
--- On resuming at 1:16 p.m.	72
Cross-Examination by Mr. Rubenstein	72
Cross-Examination by Mr. Gardner	87
Cross-Examination by Mr. Millar	93
Questions by the Board	111
Re-Examination by Mr. Rodger	120
--- Recess taken at 2:36 p.m.	124
--- On resuming at 3:07 p.m.	124
TORONTO HYDRO-ELECTRIC SYSTEM LIMITED - PANEL 2	125
M. Marchant, T. Pardal. Sworn; C. Tyrrell,	
Previously Sworn	
Examination-In-Chief by Mr. Rodger	125
Cross-Examination by Mr. Warren	130
Cross-Examination by Mr. Buonaguro	145
Cross-Examination by Mr. Crocker	162
Cross-Examination by Mr. Rubenstein	169
Cross-Examination by Mr. Gardner	173
--- Whereupon the hearing adjourned at 4:33 p.m.	180

E X H I B I T S

<u>Description</u>	<u>Page No.</u>
EXHIBIT NO. K2.1: LETTER FROM OPA DATED APRIL 29, 2011.	1
EXHIBIT NO. K2.2: AMPCO COMPENDIUM.	54
EXHIBIT NO. K2.3: CITY OF TORONTO BACKGROUNDER.	92

U N D E R T A K I N G S

<u>Description</u>	<u>Page No.</u>
UNDERTAKING NO. J2.1: FOR MR. TYRRELL TO REPORT ACTUAL ACHIEVEMENTS OF THE PROGRAMS IDENTIFIED ON PAGE 9 OF THE AMPCO COMPENDIUM OF MATERIALS	69
UNDERTAKING NO. J2.2: TO PROVIDE RESPONSE TO SCHOOL ENERGY COALITION INTERROGATORY 45.	86
UNDERTAKING NO. J2.3: TO FILE OPA'S LOW-INCOME SCHEDULES, WHEN AVAILABLE.	95
UNDERTAKING NO. J2.4: TO PROVIDE TOTAL PROGRAM COST IF OTHER PARTIES WERE NOT ASSISTING WITH FUNDING.	120
UNDERTAKING NO. J2.5: TO PROVIDE A RESPONSE AS TO WHETHER CUSTOMERS WERE TOLD USAGE WAS AN IMPORTANT PART OF THEIR ABILITY TO SAVE WITH RESPECT TO CONVERSION PROGRAMS FROM 2007 FORWARD.	142
UNDERTAKING NO. J2.6: TO PROVIDE UPDATED CALCULATION OF CURRENT AVERAGE DEMAND, AVERAGE CONSUMPTION KILOWATT-HOURS AND ANNUAL COSTS FOR A TYPICAL FRWH CUSTOMER.	151
UNDERTAKING NO. J2.7: TO PROVIDE EXPLANATION OF REDUCTION IN EXTERNAL COSTS FOR FLAT-RATE WATER HEATER PROGRAM, WITH REFERENCE TO EB-2010-0142, EXHIBIT F1, TAB 6, SCHEDULE 1, PAGES 5 TO 9.	157

1 Monday, May 2, 2011

2 --- On commencing at 9:32 a.m.

3 MS. HARE: Good morning. We're reconvening today in
4 the case of Toronto Hydro's application for eight CDM
5 programs to be funded out of the global adjustment
6 mechanism, docket number 2011-0011.

7 Do we have any preliminary matters?

8 **PRELIMINARY MATTERS:**

9 MR. RODGER: Good morning, Madam Chair. Just one.

10 Since the adjournment of the hearing last Thursday, we
11 have one new filing from the Ontario Power Authority. This
12 was the correspondence dated April 29th, 2011, and it
13 contains a witness statement for Julia McNally of the OPA.
14 I am just wondering if we could mark this as an exhibit,
15 please?

16 MS. HARE: Thank you.

17 MR. MILLAR: That will be Exhibit K2.1, the April 29th
18 letter from the OPA.

19 **EXHIBIT NO. K2.1: LETTER FROM OPA DATED APRIL 29,**
20 **2011.**

21 MR. MILLAR: Madam Chair, does the Panel have copies
22 of this letter?

23 MS. HARE: No, we don't.

24 MR. MILLAR: I will bring them up.

25 MR. RODGER: While Mr. Millar is doing that, what I
26 would propose, Madam Chair, in terms of process, OPA's
27 counsel is not available today at all, apparently. So we
28 would propose we proceed with our -- Toronto Hydro's two

1 witness panels, and then presumably at some point tomorrow
2 hopefully it will conclude, and then the OPA will present
3 their witness, if that suits the Board.

4 MS. HARE: That's fine. Just in terms of logistics,
5 we will have to break for lunch at noon today. One of the
6 Panel members has another meeting, and we cannot go beyond
7 tomorrow, because all of the Panel members are on different
8 proceedings starting Wednesday.

9 So if we are not done by the end of day tomorrow, we
10 will have to look at schedules and resume in a few weeks.

11 MR. RODGER: Perhaps we can speak to that later, but I
12 know a few weeks' delay would be, as you will hear from the
13 witnesses, really devastating to the implementation of
14 these programs, but perhaps we can deal with that later.

15 MS. HARE: Maybe we can be optimistic and think we
16 will be done by the end of day today.

17 MR. RODGER: Absolutely. That would be great. Thank
18 you. With that -- that was the only preliminary matter I
19 had, Madam Chair, and with that, we are ready to proceed
20 with our first panel.

21 MS. HARE: I think Mr. Sommerville has a question.

22 MR. SOMMERVILLE: Just with respect to what is Exhibit
23 K2.1, this is from -- this is the prefiled evidence of
24 Julia McNally. Is Ms. McNally going to be the witness?

25 MR. RODGER: I believe so, Mr. Sommerville.

26 MR. SOMMERVILLE: Now, do you think she is the only
27 witness or will Mr. Pride also be --

28 MR. RODGER: My understanding is that it is going to

1 be only Ms. McNally.

2 MR. SOMMERVILLE: Okay.

3 MR. RODGER: I can confirm with the OPA at the break,
4 but that is my understanding.

5 MS. HARE: That's fine.

6 MR. SOMMERVILLE: And they produced this document?
7 OPA produced this document?

8 MR. RODGER: That's right. It was filed Friday
9 afternoon.

10 MR. SOMMERVILLE: Thank you.

11 MS. HARE: If you would like to present your witness
12 panel, then, and we will swear the witnesses in.

13 MR. RODGER: Yes. So, panel, if you could please go
14 forward and be sworn in, please?

15 **TORONTO HYDRO-ELECTRIC SYSTEM LIMITED - PANEL 1**

16 **Joe Bilé, Sworn**

17 **Gillian Earle, Sworn**

18 **Chris Tyrrell, Sworn**

19 **EXAMINATION-IN-CHIEF BY MR. RODGER:**

20 MR. RODGER: Madam Chair, as I advised the Board and
21 parties a week or so ago, this first panel will speak to
22 issues related to Toronto Hydro's strategy and approach to
23 program development, as well as Toronto Hydro's education
24 and information programs, and then a second panel will
25 speak to the balance of Toronto Hydro's programs.

26 This first panel is comprised of three witnesses, Mr.
27 Chris Tyrrell, Mr. Joe Bilé, and Ms. Gillian Earle.

28 So, Mr. Tyrrell, just to start with you, you are the

1 vice president customer care and chief conservation officer
2 of Toronto Hydro?

3 MR. TYRRELL: Yes, I am.

4 MR. RODGER: And your CV has been provided to the
5 Board as Exhibit K, tab 1, schedule 1?

6 MR. TYRRELL: Yes.

7 MR. RODGER: And, Ms. Earle, your title is customer
8 experience and marketing consultant of Toronto Hydro, and
9 you have held this position since June 2006?

10 MS. EARLE: Yes.

11 MR. RODGER: Your CV has been provided to the Board as
12 Exhibit K, tab 1, schedule 5?

13 MS. EARLE: Yes.

14 MR. RODGER: And if you could just remember to press
15 the green button, Ms. Earle?

16 And, Mr. Bilé, you are the manager CDM program
17 delivery and business development of Toronto Hydro-Electric
18 System Limited?

19 MR. BILÉ: Yes.

20 MR. RODGER: And your CV has been provided to the
21 Board as Exhibit K, tab 1, schedule 4?

22 MR. BILÉ: Yes.

23 MR. RODGER: I understand that both Ms. Earle and Mr.
24 Bilé, this is your first time ever appearing as a witness?

25 MS. EARLE: Yes.

26 MR. BILÉ: That's correct.

27 MR. RODGER: Panel members, was the application and
28 supporting materials prepared by you or under your

1 supervision?

2 MR. TYRRELL: Yes.

3 MR. RODGER: Mr. Bilé?

4 MR. BILÉ: Yes.

5 MR. RODGER: Ms. Earle?

6 MS. EARLE: Yes.

7 MR. RODGER: And do you have any corrections to the
8 evidence you would like to make at this time?

9 MS. EARLE: Yes. As we previously advised the Board
10 and parties, there was an administrative error in
11 connection with one of the programs in terms of how that
12 program was presented, specifically, the in store
13 engagement and education initiative. It should not have
14 been shown as a separate program.

15 In the final draft review process, we recognized there
16 was some overlap with program 4, the community outreach and
17 education initiative.

18 We therefore consolidated the two programs and, in
19 doing so, improved the cost-effectiveness of the combined
20 program approach. As we indicated in our interrogatory
21 answers, any questions pertaining to what was shown as
22 program 8 all fall within the community outreach and
23 education initiative. We apologize for this oversight.

24 MR. RODGER: Now, panel, is the evidence before the
25 Board, to the best of your knowledge, an accurate
26 reflection of the company's affairs?

27 MR. BILÉ: Yes.

28 MR. TYRRELL: Yes.

1 MR. RODGER: Do you each adopt this evidence as your
2 own evidence in this proceeding?

3 MR. BILÉ: Yes.

4 MR. TYRRELL: Yes.

5 MS. EARLE: Yes.

6 MR. RODGER: Now, Mr. Tyrrell, I would like to start
7 with you first, please. Can you please briefly explain to
8 the Panel why Toronto Hydro has filed the application
9 before the Board for funding of eight specific CDM
10 programs?

11 MR. TYRRELL: Certainly, Mr. Rodger. I think it would
12 be -- sorry.

13 I think it would be helpful to start by making
14 reference to Toronto Hydro's CDM strategy which was
15 submitted to the Board October 22nd, 2010 and publicly
16 available to both the Board and Toronto Hydro -- on Toronto
17 Hydro's website. I believe it was marked Exhibit 1.4 last
18 week.

19 What I have to say for the majority is contained
20 within those IRs, as well as the CDM strategy throughout.
21 So all of my discussion will be consistent with the
22 strategy in the IRs.

23 So starting November 12, 2010, the Board issued an
24 order pursuant to the Minister's directive, March 31st,
25 2010, ordering or essentially providing Toronto Hydro with
26 a condition that they must meet certain obligations of CDM
27 target as a condition of their licence.

28 So the targets are twofold and very significant. In

1 fact, they're the largest targets in the province, and the
2 first target for Toronto Hydro to achieve is to achieve a
3 peak summer demand savings of about 286 megawatts, and the
4 second is to achieve a cumulative energy savings of 1,304
5 gigawatt-hours between 2011 and 2014.

6 So in addition to -- the Board actually ordered that
7 Toronto Hydro must, as a condition of its licence, meet
8 these CDM targets by delivering OPA programs as part of the
9 approach, as well as Board-approved programs or a
10 combination of both of those.

11 So given this situation, Toronto Hydro undertook a
12 very comprehensive CDM marketing analysis to determine how,
13 what and where we were going to be able to do this to
14 achieve this assigned target by 2014.

15 And based on this market analysis, and, in fact, being
16 a very active member in the OPA EDA working group, who in
17 fact were charged with developing tier 1 programs last
18 year, we were able to determine, you know, whether we were
19 able to -- going to meet the program with tier 1 programs
20 or we were going to need tier 2 and 3 to make sure that we
21 met our obligation as a condition of our licence.

22 What we were able to determine was that the tier 1
23 programs were going to be insufficient based on our market
24 base, our customer base and unique needs.

25 So as of today, we've registered for all available
26 tier 1 programs or OPA-contracted programs, and looking at
27 the market analysis and the programs in themselves, we were
28 able to determine that tier 1 or OPA programs will get us

1 to approximately 219 megawatts of the 286 megawatt target,
2 and about 1140 gigawatt-hours of the 1304 gigawatt-hour
3 targets, so approximately 69 megawatts' shortfall, and 164
4 gigawatt-hours came in on the shortfall.

5 So recognizing this shortfall, we turned to looking at
6 Board-approved programs. We relied on a lot of our
7 comprehensive market analysis and research to -- you know,
8 to prepare the -- for the drafting of all of these
9 applications that are before the Board.

10 Through this effort and based on our market
11 experience, we drafted roughly 15 different programs to
12 address Toronto Hydro's unique market, our customer base,
13 and particularly the market gaps that -- between the OPA
14 programs and our market.

15 And these programs were essentially screened through a
16 process for -- to recognize whether they were duplicative
17 or not, whether they were technically feasible, and whether
18 they were, you know, sizeable in terms of economy to make
19 them cost-effective.

20 From this program -- from the programs that remain, we
21 made a judgment call on which ones we could get to market
22 quickly, and which ones would be put on a second tier or
23 tranche that we would file with the Board some time later.

24 So that is what is in front of the Board this morning,
25 these eight applications ultimately for the Board to
26 approve.

27 MR. RODGER: So Mr. Tyrrell, just to clarify that last
28 answer, are you saying, then, that the fact that you've

1 only included eight programs before the Board at this time,
2 does that mean you don't come back -- you don't plan to
3 come back before this Board for any future programs?

4 MR. TYRRELL: No, absolutely not. We have several
5 program ideas and concepts in development, and they passed
6 an internal screening process that we have sort of --
7 probably will actually have them as a second tranche of
8 applications later this fall.

9 MR. RODGER: Mr. Tyrrell, is the application before
10 the Board today -- does this reflect Toronto Hydro's first
11 experience with CDM programs?

12 MR. TYRRELL: No, it is not. I think Toronto Hydro
13 started in the conservation demand management programming
14 quite aggressively in 2005, and over this time Toronto
15 Hydro's built a fantastic, you know, and a very experienced
16 and skilled team dedicated to helping customers with energy
17 efficiency, conservation and demand response. And I am
18 certainly privileged to have a very solid team, and a
19 number of them are here with me today.

20 Over the past six years, Toronto Hydro's really been
21 architect and implementer of a number of programs, award-
22 winning and broadly emulated across the province. In fact,
23 many of these programs are listed as evidence in the
24 Canadian Efficiency -- Energy Efficiency Alliance IR 1, and
25 in fact you will recognize a number of brands there that
26 definitely were emulated across the province, and they go
27 on for 11 pages.

28 So we do have a long history in CDM. Toronto Hydro's

1 really consistently applied a lot of innovation in many of
2 the programs in the residential and mass market and
3 certainly in the business market, and we believe we have
4 demonstrated significant leadership through collaboration
5 with numerous local partners and agencies. In fact, we
6 were the sort of the initiator of the Coalition of Large
7 Distributors, and we have really gotten ingrained without
8 working closely with natural gas companies, as well, on
9 delivering more of a synergistic product to the consumer.

10 So you know, a really good example of this and, you
11 know, one that we're very particularly proud of is the
12 leadership in the development of the peaksaver program. In
13 fact, we boast now over 65,000 installations in Toronto,
14 out of a possible 200 market base. And the program is
15 actually -- was adopted as a province-wide program.

16 So the eight applications before the Board really
17 represents the latest efforts of Toronto Hydro to continue
18 demonstrating innovation and leadership in its CDM, while
19 helping us meet our legal obligations of the OEB and the
20 target assigned to us.

21 MR. RODGER: Now, Mr. Tyrrell, are there any drawbacks
22 to your long experience with CDM that you wish to make this
23 Board aware of?

24 MR. TYRRELL: Yes. Although it is not intuitive at
25 first glance, I think over that long market experience in
26 CDM, we have really taken an aggressive approach to all
27 market. And in some market segments, in fact, you know,
28 energy efficiency measures are reaching saturation, and

1 some of the easy to, you know, identify and low-hanging
2 fruit has already been, essentially, plucked, if you will.

3 And for -- a good example of that is, in fact, what we
4 have achieved in the peaksaver program, over 65,000
5 customers enrolled in the program itself, and many of the
6 early adopters essentially are already on board.

7 So it necessitates, you know, the need to fine-tune
8 our programs now and keep evolving them. We need to
9 essentially look at incentives and delivery methods to
10 target those segments that the market -- are not
11 participating or why they're not participating, such as the
12 commercial and industrial customers less than 200
13 kilowatts, and customers in the multi-res; both of those
14 seem to be absent in the market, and those need to be
15 targeted, as we have a fairly sizeable market share in
16 Toronto.

17 We need to really provide customers with unique
18 programs designed to address their energy efficiency needs,
19 so tailored to meet their energy needs, and incentives to
20 encourage them to invest in CDM.

21 So really to summarize, Toronto Hydro's still required
22 to meet its CDM target, despite the lack of easy to
23 identify and low-hanging fruit. So as a result, Toronto
24 Hydro really needs to develop these unique programs to
25 address the market gaps of the OPA programs and to ensure
26 that we can achieve our mandated OEB target.

27 MR. RODGER: Now, Mr. Tyrrell, do Toronto Hydro's
28 eight CDM programs each comply with the requirements of the

1 Board's Conservation and Demand Management Code?

2 MR. TYRRELL: Yes.

3 MR. RODGER: And are any of the programs Toronto Hydro
4 is proposing for the Board approval duplicative of the
5 OPA's province-wide programs?

6 MR. TYRRELL: No, there are no programs in the Toronto
7 suite that are duplicative of the OPA programs.

8 Last week, April 21st, 2011, we received a letter from
9 the OPA concerning THESL's, Toronto Hydro's proposed CDM
10 programs, and this was marked as K1.1, I believe, last
11 week.

12 You will see at the bottom of the page on page 1 that
13 the OPA concludes that the listed programs between 5 and 9
14 are not duplicative of the OPA province-wide programs.

15 The OPA goes on to say that the programs 1 to 4 are
16 payable through the existing program administrative budget
17 provided under the province-wide programs.

18 MR. RODGER: And do you agree with this part of the
19 OPA's letter with respect to programs 1 to 4, which in
20 Toronto Hydro's prefiled evidence are programs 1, 4 and 6?

21 MR. TYRRELL: No, we don't. However, information
22 provided by the OPA -- specifically the OPA witness
23 statement of Julia McNally -- was -- which was distributed
24 Friday, added some clarity to their opinion.

25 We found this statement helpful. We didn't find any
26 definitive statement regarding the duplication of programs
27 1 to 4 in the OPA material.

28 The OPA conclusion is, in our view, tentative.

1 THESL's position is that the THESL's program
2 administrative budget fund was -- has been already fully
3 allocated to promote the OPA programs, and of course derive
4 the megawatts associated with those programs. And as
5 indicated in the OPA's statement, starting at the bottom,
6 if you could go to that page -

7 MR. RODGER: This is now -- you're referring to
8 Exhibit K2.1? The letter the OPA filed on Friday night?

9 MR. TYRRELL: That's correct.

10 MR. RODGER: Sorry, which page, Mr. Tyrrell?

11 MR. TYRRELL: It is at the bottom of the page,
12 starting with the sentence: "At the most general..."

13 MR. RODGER: Bottom of page 1?

14 MR. TYRRELL: Bottom of page 1.

15 MR. RODGER: Okay.

16 MR. TYRRELL:

17 "At the most general level, the OPA-contracted
18 province-wide programs target customers and
19 measures that are applicable province-wide, while
20 the Board-approved programs are meant to target
21 other and regional-specific saving
22 opportunities."

23 This really is essentially the basis, then, a
24 fundamental principle for our applications before the Board
25 today.

26 The OPA further acknowledges in its statement that
27 THESL's programs are standalone programs, and as a result,
28 comparing these programs to components of the OPA's CDM

1 program is complex and really is akin to trying to compare
2 apples to oranges.

3 So we created these educational programs in response
4 to the Board's CDM code, and -- which explicitly identifies
5 and allows for LDC-specific marketing programs. THESL's
6 programs 1 to 4 and 6, which the OPA refers to as 1 to 4,
7 are all, in our belief, incremental to the funds -- to
8 those funded by the program administrative budget in the
9 tier 1 programs.

10 They have been designed, really, in accordance with
11 the OEB Code, section 4.3, to address market gaps, unique
12 customer needs, and to help customers without the
13 understanding of energy issues that support the
14 conservation culture and result in the overall reduction of
15 energy.

16 For instance, and a good example of our uniqueness in
17 the -- in Toronto compared to the general approach of the
18 province is the multiple languages that we have to address
19 in our communities in Toronto versus what they normally
20 would view as -- in the province.

21 So since THESL's programs constitute incremental
22 expenses beyond the program administrative budget, we're
23 really seeking approval from the OEB for these programs.

24 The OPA has not -- has at no time committed to giving
25 THESL incremental program administrative budget to fund
26 these initiatives.

27 MR. RODGER: All right. Now, turning to the program
28 specific, Mr. Bilé and Ms. Earle, I would ask you to

1 briefly describe the education programs, but when you do
2 this, I would like you to have reference to the
3 requirements of the Board's CDM Code, and specifically I
4 would like you to make reference in your answers to
5 sections 4.1.2 and sections 4.3 of the code, and perhaps
6 for the record I will just put those on the record.

7 Section 4.1.2 of the CDM code says:

8 "Despite section 4.1.1, a distributor may apply
9 to the Board for approval of CDM programs where
10 cost effectiveness cannot be demonstrated if the
11 program is:..."

12 And part (c) says, "designed for educational
13 purposes."

14 Then if we look at section 4.3 of the code, it says --
15 and section 4.3 is entitled "Educational CDM Programs".
16 4.3.1 states:

17 "A distributor must demonstrate how the
18 educational CDM program will promote the
19 understanding of energy issues and lead to
20 behavioural changes that result in the overall
21 reduction of electricity demand and/or
22 consumption."

23 4.3.2 says:

24 "A distributor must:

25 (a) identify the customer type(s) that will be
26 targeted;

27 (b) specify the number of participants that will
28 be targeted;

1 (c) explain why the educational CDM program is
2 needed (i.e., why there is a need to educate the
3 specified customer type(s) on the specified
4 energy issues);
5 (d) articulate the educational approaches that
6 will be utilized by the distributor (i.e.,
7 brochures, seminars, etc.);
8 (e) provide estimates of costs of the educational
9 CDM program; and
10 (f) describe the anticipated benefits of the
11 educational CDM program."

12 So, Mr. Bilé and Ms. Earle, among the CDM programs you
13 are proposing, with these requirements in mind, could you
14 speak to the various educational programs, I believe, Mr.
15 Bilé, starting with you, to talk about the business
16 outreach education program, and, secondly, the greening
17 greater Toronto programs?

18 MR. BILÉ: Good morning. I'll be talking about the
19 business outreach and education, as well as the greening
20 greater Toronto commercial programs that we have proposed.

21 With regards to the first, the Toronto business
22 outreach and education program, Toronto Hydro is seeking
23 \$1.65 million to deliver this program over the 2011 to 2014
24 time frame.

25 The program will broadly target stakeholders, with an
26 influence on energy efficiency projects operating within
27 the commercial and institutional from across the medium- to
28 large-sized businesses, multi-residential, as well as the

1 industrial sector.

2 Now, this is a challenging group to reach and it's
3 extremely diverse. It includes building owners and
4 property managers, tenants and facility managers,
5 architects, consulting and engineering firms, builders,
6 contractors, distributors, suppliers and original equipment
7 manufacturers, government, institution and private sector
8 in full measure, non-governmental organizations, agencies
9 and advocates.

10 In cutting across these groups, we have a multitude of
11 decision makers, technical buyers, influencers, real estate
12 groups and budget managers.

13 Furthermore, Toronto is unique in that it has a high
14 portion of corporate head offices and decision makers
15 within its jurisdiction that comprise its business
16 community.

17 The decisions that are made within these head offices
18 are often instrumental in developing projects right across
19 the entire province. In order to drive savings, Toronto
20 Hydro's program administration budget, PAB, is fully
21 allocated to sales activities in support of project-based,
22 one-on-one specific customer application submissions.

23 These are activities funded through PAB and attribute
24 directly to the CDM target savings. In effect, it creates
25 a sales cost per unit of savings achieved.

26 As a result, investing sales time in broad-based
27 educational activities, without certainty of sales,
28 represents a time risk for business development staff.

1 Accordingly, this education program supports an incremental
2 and separately funded effort.

3 The kind of business community interactions that occur
4 under in program really goes beyond the OPA marketing
5 plans.

6 I think I would like to interject with a personal
7 example. When I do seminars or sessions out in public and
8 I go through my presentation, I typically end up spending
9 more time afterwards dealing with customers on a one-on-one
10 basis in the generalities of the programs that actually
11 spend at the front end delivering the initial message.

12 Between 2011 and 2014, Toronto Hydro estimates that
13 this outreach and education program can provide tangible
14 training to approximately 7,000 participants, as we've
15 designed it, as well as direct engagement over four to
16 5,000 people on a one-on-one basis.

17 With regards to the second, which is the greening
18 greater Toronto commercial building energy initiative,
19 Toronto Hydro is seeking approval to expend \$295,000 to
20 sponsor the greening greater Toronto, or GGT, commercial
21 building energy initiative, only between the periods of
22 January 2011 and December 31st, 2011.

23 This is an initiative of the Greater Toronto Civic
24 Action Alliance, formerly the Toronto City Summit Alliance.
25 Greening greater Toronto is composed of senior executives
26 from all of the leading real estate organizations, and they
27 have joined together for the express purpose of educating
28 and advancing the course of increasing the understanding

1 around energy issues and energy efficiency within the large
2 commercial building sector.

3 The commercial building energy initiative is targeted
4 at large commercial building tenants, building managers and
5 landlords to increase their stakeholder knowledge and
6 awareness of these opportunities.

7 The beauty of the program is that it recognizes that
8 for most members energy efficiency is not top of mind.
9 Their core business is.

10 And energy costs, in fact, represent a relatively
11 small or insignificant part of their costs, operation
12 costs, on a per square foot basis. Typically, an
13 organization's human resource costs is 100 times greater
14 than the energy cost on a per square foot basis.

15 As a result, energy efficiency gets relatively little
16 air time in these circles, and when it does occur, it
17 occurs because of corporate social responsibility
18 motivators, or perhaps motivation through their peers
19 moving and doing something on their own, and competition
20 drives them to follow suit.

21 All of this is to say that it is an extremely large
22 concern for Toronto Hydro, as this group of just over 100
23 accounts represents about 8 percent of our peak demand.
24 And if we're going to have any chance of meeting our
25 targets, we're going to have to engage this marketplace.

26 The commercial building energy initiative fosters a
27 productive dialogue where members can address all of the
28 unique barriers within their sector that otherwise would

1 limit participation in CDM programs.

2 And I think it is important to add that it is not
3 enough to say, Well, they see all of the lights in their
4 lobby, so they're probably well informed on efficiency
5 measures, and I can provide a couple of examples where,
6 within that sort of frame, that is not the case.

7 Often landlords are will come up with programs that
8 have a three-, four-, five-year simple payback type of
9 return on investment. Well, what happens when the tenant
10 is only there for another two or three years in their
11 lease? They might not even know whether they're going to
12 be around for longer than that. That is one example of a
13 slightly different dynamic that you typically see within
14 that particular sector.

15 And in other cases you have -- buildings are very
16 complicated entities. The systems that are generically
17 owned and operated by the building landlord, they flow
18 through every nook and cranny of the building. So there
19 are issues of what is owned by whom. What building systems
20 does the landlord have control over? Which one does the
21 tenant exercise? In some cases, they are even shared.

22 So those kinds of confusions sometimes basically
23 stalemate any particular initiative moving forward. These
24 are some of the issues that we try to deal with at this
25 particular group.

26 As mentioned under the introduction for the previous
27 program, Toronto is also a head office centre for an
28 influence beyond its borders, and many of the experiences

1 that these folks have are really going to resonate as
2 initiatives beyond our borders. So it is really a very
3 important segment of the marketplace for Toronto Hydro.

4 MR. RODGER: Thank you, Mr. Bile.

5 Now, turning to you, Ms. Earle, could you please
6 provide a brief overview of the community outreach and
7 education program, please?

8 MS. EARLE: Toronto Hydro's community outreach and
9 education programs are designed to make energy education
10 available to all customer classes, with a focus on unique
11 demographics and communication needs in Toronto.

12 In order to help build a culture of conservation, this
13 education is broader than a marketing message contained in
14 promoting a simple measure. There is an emphasis on energy
15 issues and how we can help customers manage their energy.

16 This is done through education that features energy
17 efficient technology, and ties in OPA programs where
18 applicable.

19 We also have an opportunity to leverage unique channel
20 partners in Toronto and tap into their own initiatives,
21 which helps with cost-effectiveness.

22 Toronto-Hydro is seeking Board approval to expend
23 5.7 million over four years on this initiative to promote
24 the understanding of energy issues that help lead to
25 behaviour change.

26 This program specifically targets four channels and
27 makes energy efficiency and conservation accessible to our
28 diverse customer base. It provides education through a

1 personal engagement model, featuring an in-store retail
2 campaign, a festive light exchange, a Toronto Police
3 partnership, and school education and outreach.

4 Similar programs to these four were delivered by
5 Toronto Hydro in 2010, and they resulted in face-to-face
6 engagement with over 80,000 participants. For example, our
7 fall 2010 Beat the Peak campaign featured a power bar with
8 timer give-away, in combination with time-of-use and
9 standby power education. We partnered with 20 secondary
10 schools, seven post-secondary institutions, and 25 retail
11 locations to provide live product demonstrations and
12 education.

13 To continue the dialogue with customers and build on
14 the success of these past programs, Toronto Hydro's
15 targeting a minimum of 65,000 participants each year with
16 this new community outreach and education initiative.

17 MR. RODGER: Thank you, Ms. Earle.

18 Mr. Tyrrell, back to you. Will this panel be dealing
19 with the specifics of the remaining Toronto Hydro programs?

20 MR. TYRRELL: No. Our technical experts will appear
21 on a second panel, and are best-positioned to answer any of
22 the detailed questions on the remaining programs.

23 MR. RODGER: All right. And finally, Mr. Tyrrell, do
24 you have any concerns about Toronto Hydro's ability to
25 achieve its CDM targets within the time frame established
26 by the province of Ontario?

27 MR. TYRRELL: Yes, I do. It relates to more timing of
28 the process.

1 Toronto Hydro's required to meet both its peak demand
2 and cumulative energy savings target by December 31st,
3 2014, and simply put, the clock is ticking and time is
4 marching on.

5 And respectfully, it is already May 2011, and we're
6 just starting the oral hearing on whether or not to approve
7 these programs.

8 And realistically, the Board is going to require time
9 to consider the applications and the submissions of all of
10 the parties, and we may not see a decision until, I expect,
11 June or July at best.

12 So once approved, these programs still require a
13 significant level of effort to launch, develop and launch,
14 and in response to several IRs, we noted development
15 timelines typically range between 60 and over -- 60 days
16 and over -- potentially over a year, depending on the
17 program, if it is major or not.

18 So once launched, we are also exposed to sort of the
19 dynamics of the approval cycles of the market sector, and a
20 good example of this is the commercial industrial, which is
21 typically a 12- to 18-month business development and budget
22 approval cycle.

23 So if we launch by the end of this year and we get the
24 customer excited about investing in a certain measure, they
25 will typically have to go through a 12-month budget
26 approval process, and then a six-month execution process,
27 which leads to a fairly lengthy sales cycle and leads to
28 sort of all of the results in -- in a programs being the

1 latter part of this four-year term.

2 So it is really essential that we expedite and get
3 these programs out the door, if they are successful in the
4 approval process, to get to these customers and hopefully
5 use them to help us meet our target that we have obligated
6 to do so by the end of 2014.

7 MR. RODGER: Thank you, Mr. Tyrrell.

8 Those are my questions, Madam Chair. The panel is
9 available for cross-examination.

10 MS. HARE: Thank you.

11 Has there been an order established? Mr. Warren, are
12 you going first?

13 MR. WARREN: I think my friends have asked me if I
14 would go up over the top of the trench first, and I
15 appreciate their generosity.

16 MS. HARE: Thank you.

17 **CROSS-EXAMINATION BY MR. WARREN:**

18 MR. WARREN: Panel, I would like to start with some
19 questions about -- to try to get a sense of the chronology
20 of this, of what is now before the Board.

21 And can you help me out? The directive -- direction
22 from the Minister that you referred to in your testimony--
23 in-chief was issued on March 31st of last year; is that
24 correct?

25 MR. TYRRELL: That's correct.

26 MR. WARREN: That is just on, what, 13 months ago, 14
27 months ago? Is that right?

28 MR. TYRRELL: That's correct.

1 MR. WARREN: Okay. And that direction gave an overall
2 savings target for the province as a whole, and then those
3 targets were to be allocated among -- by the OEB among the
4 various LDCs; is that correct?

5 MR. TYRRELL: That's correct.

6 MR. WARREN: And can you help me out? When was the
7 date of the allocation to Toronto Hydro? Roughly? I don't
8 need the hour.

9 MR. TYRRELL: I would suggest that they would be
10 latter part of the summer last year, but I wouldn't know
11 exactly the date. Perhaps even September.

12 MR. WARREN: And the Board CDM Code, which in some
13 measure structures our discussions in this case, was issued
14 in mid-September of last year; correct?

15 MR. TYRRELL: I believe so.

16 MR. WARREN: Now, I would like you to turn up, if you
17 would, panel, a response to a Board Staff interrogatory.
18 It is Interrogatory No. 3 from Board Staff, and for the
19 record, it is Exhibit J, tab 1, schedule 3.

20 MR. TYRRELL: I'm sorry, could you repeat that again?

21 MR. WARREN: Exhibit J, tab 1, schedule 3.

22 MR. TYRRELL: Okay.

23 MR. WARREN: Now, as this answer indicates, and I
24 quote:

25 "THESL was very involved in all aspects of the
26 EDA/OPA working groups for each program and had
27 an inherent knowledge of all programs developed
28 or substantially developed at the time of its

1 submission."

2 Have I read that correctly?

3 MR. TYRRELL: Yes.

4 MR. WARREN: And I presume that you included a
5 statement to the effect that you were very involved,
6 because that is the matter -- I presume you made that
7 statement because it gave a certain weight or credibility
8 to your overall evidence; is that fair?

9 MR. TYRRELL: That's fair.

10 MR. WARREN: Now, I have elsewhere seen, I believe, in
11 what has been marked as Exhibit K1.1, which is the OPA
12 letter of April 21st, 2011, a reference -- this is a letter
13 to Toronto Hydro.

14 Actually, could you turn that document up, please,
15 Exhibit K1.1?

16 MR. TYRRELL: I have it.

17 MR. WARREN: This letter is directed to you, I
18 believe, Mr. Tyrrell:

19 "On behalf of the OPA --"

20 I am quoting the first sentence:

21 "On behalf of the OPA, I would like to personally
22 thank you and your conservation staff for your
23 support over the past 14 months as we have worked
24 together to design and launch the new suite of
25 OPA-contracted province-wide conservation
26 programs."

27 Now, if that is an accurate statement of 14 months, it
28 means that you were working with the OPA essentially from

1 the time the Minister issued his direction. Have I got
2 that chronology correct?

3 MR. TYRRELL: Actually, we were working with the
4 Ministry and the OPA and the EDA, starting very late in
5 2009, on the development of the OPA programs and a lot of
6 the elements around it.

7 MR. WARREN: Sorry, late 2009?

8 MR. TYRRELL: December 2009, the first committee of
9 the ECWG, which is the Energy Committee Working Group, was
10 established by the Minister, and it included membership
11 from specific CLD -- or EDA -- sorry, OPA members, LDC
12 members, OPA members, as well as the Ministry.

13 MR. WARREN: Energy Committee Working Group, and the
14 OPA was a member of that?

15 MR. TYRRELL: OPA and the OEB.

16 MR. WARREN: The OEB. And Toronto Hydro was a member
17 of that?

18 MR. TYRRELL: Correct.

19 MR. WARREN: And the EDA was a member of that?

20 MR. TYRRELL: At the time, yes.

21 MR. WARREN: Okay. And were other individual LDCs a
22 member of that?

23 MR. TYRRELL: Correct.

24 MR. WARREN: Which ones?

25 MR. TYRRELL: It was a representative sample. I can't
26 remember all of them. Hydro One was part of it,
27 Enersource, a few other larger ones and smaller ones, a
28 representative sample of the cross-section of the LDCs.

1 MR. WARREN: Now, that began work in December of 2009,
2 and when did that work conclude?

3 MR. TYRRELL: It concluded later, the first quarter of
4 2010.

5 MR. WARREN: Okay.

6 MR. TYRRELL: And which evolved into a working group
7 from the OPA/EDA.

8 MR. WARREN: The working group of the OPA and the EDA,
9 and that consisted of whom?

10 MR. TYRRELL: A representative sample, again, of
11 various utilities across the province, as well as the OPA
12 members -- or people that were specific on program
13 development. OEB was represented. EDA was represented.

14 MR. WARREN: And that working group was working on
15 specific programs, as I understand the evidence; is that
16 right?

17 MR. TYRRELL: That's correct.

18 MR. WARREN: And when did that working group of the
19 OPA and the EDA complete its work?

20 MR. TYRRELL: It has not yet. It is still working
21 through just final stages of programs that have not been
22 released as of yet. Low income would be one of them, and I
23 believe that is just the only one that is remaining. In
24 fact, the working group itself is going to survive for
25 change management processes, as well as monitoring feedback
26 through the program, you know, implementation.

27 MR. WARREN: Now, am I right in understanding, from
28 that evidence and from the OPA's letter, that Toronto Hydro

1 was working with the OPA with respect to the design of
2 specific programs? Have I got that correctly?

3 MR. TYRRELL: Correct.

4 MR. WARREN: Now, Toronto Hydro had completed its own
5 suite of OEB-approved programs or to be approved programs,
6 when?

7 MR. TYRRELL: Approximately December.

8 MR. WARREN: December of 2010?

9 MR. TYRRELL: That's correct. We finalized them in
10 January, early January.

11 MR. WARREN: Now, if you could turn up, please,
12 Exhibit K2.1, which is the letter from the OPA dated April
13 29th, to which is attached the witness statement of Julia
14 McNally? Do you have that?

15 MR. TYRRELL: Yes, I do.

16 MR. WARREN: According to Ms. McNally's prefiled --
17 sorry, her witness statement, beginning at line 14 on
18 page 1, it says:

19 "In March of 2011 Toronto Hydro requested OPA's
20 views on whether or not THESL's proposed Board-
21 approved programs were duplicative."

22 Do you see that?

23 MR. TYRRELL: Yes, I do.

24 MR. WARREN: So you submitted it to the OPA some three
25 months after you completed your own internal -- you
26 completed to your satisfaction your own design of those
27 programs; is that fair?

28 MR. TYRRELL: That's correct.

1 MR. WARREN: Okay. Just one month before this matter
2 was to come to a hearing; is that fair?

3 MR. TYRRELL: It was prompted by the Hydro One
4 proceedings that they seek an OPA support letter and we,
5 once reviewing that process, thought we should do the same.

6 MR. WARREN: You thought you should do the same?

7 MR. TYRRELL: Yes.

8 MR. WARREN: Okay. Actually, in that context, sir, if
9 you could turn up the CDM Code? Do you have that in front
10 of you?

11 MR. TYRRELL: Yes, I do.

12 MR. WARREN: I would ask you to turn up section 2.3
13 under the heading, "Co-ordination with the OPA".

14 MR. TYRRELL: I have it.

15 MR. WARREN: Section 2.3.1 reads, and I quote:

16 "Prior to applying for Board approval of any CDM
17 Programs, a distributor must review the existing
18 OPA-Contracted Province-Wide CDM Programs."

19 And you did that?

20 MR. TYRRELL: Yes, we did.

21 MR. WARREN: Section 2.3.2:

22 "Distributors shall not apply for Board approval
23 of CDM Programs that duplicate existing OPA-
24 Contracted Province-Wide CDM Programs."

25 Have I read that correctly?

26 MR. TYRRELL: Yes.

27 MR. WARREN: Now, my gloss on that statement is that
28 it would at least make sense, if not be a requirement, for

1 Toronto Hydro to review its own OEB-approved programs with
2 OPA programs to see if there was duplication. Is that
3 correct?

4 MR. TYRRELL: Yes, yes, and we did that.

5 MR. WARREN: But you did that only at the prompting of
6 the result of the Hydro One Networks' decision?

7 MR. TYRRELL: No. We did that in advance, as I noted
8 in my in-chief evidence, that we reviewed all of the
9 programs in relation to the tier 1 programs.

10 We had very detailed knowledge of all of the tier 1
11 programs that were developed, because we were actively
12 members in the OPA, EDA program development.

13 When we reviewed the programs that we put before the
14 Board, these were not duplicative.

15 MR. WARREN: Okay. But you didn't review those with
16 the OPA until March of this year?

17 MR. TYRRELL: No. At this point, as part of the code,
18 there is no requirement to do so as a formal matter of
19 process.

20 MR. WARREN: So in March of 2011, when exactly in
21 March did you submit the OEB programs to the OPA for their
22 review?

23 MR. TYRRELL: I don't know the exact date, but early
24 March.

25 MR. WARREN: And at what point did the OPA tell you
26 that, in their view, there was duplication with respect to
27 four of the programs?

28 MR. TYRRELL: I would suggest early April.

1 MR. WARREN: Okay.

2 MR. TYRRELL: Well, yes, sometime in early April.

3 There was consultation between the two parties. I believe
4 our teams got together or at least had a discussion between
5 our applications and what OPA was reviewing, in terms of
6 any duplication or clarification, essentially, is what the
7 OPA was trying to get from us.

8 And that was sort of an ongoing discussion between
9 March and April.

10 MR. WARREN: And those discussions in the month of
11 March after you filed them revealed, I take it, that the
12 OPA felt there was duplication in some of the programs, at
13 least four; is that fair?

14 MR. TYRRELL: Well, based on the witness statement of
15 Julia McNally, I don't believe that they answered that
16 clearly. It is basically effective -- they didn't really
17 provide an opinion.

18 MR. WARREN: So is your evidence under oath today that
19 the April 21st letter from the OPA was the first time that
20 you were aware that they felt that those programs, those
21 four programs, are duplicative?

22 MR. TYRRELL: Sorry, could you repeat that?

23 MR. RODGER: The witness didn't say that. He didn't
24 say they were duplicative or he didn't say the OPA said
25 that.

26 MR. WARREN: Can I take you to Exhibit K1.1, witness?
27 Do you have it in front of you? That is the OPA letter of
28 April 21st.

1 MR. TYRRELL: Sorry, could you repeat that number
2 again?

3 MR. WARREN: Exhibit K1.1. Can I take you to the
4 penultimate paragraph on page 1? It reads:

5 "The OPA is of the opinion that programs 1 - 4
6 above are payable through the existing Program
7 Administration Budget provided under the
8 Province-Wide Programs."

9 Now, would you agree with me, Mr. Tyrrell, that a
10 reasonable person reading that sentence would conclude that
11 the OPA feels that programs 1 through 4 are duplicative?
12 Is that a fair interpretation on my part?

13 MR. TYRRELL: I don't believe -- no, that is not the
14 interpretation we're taking from that.

15 Based on the evidence or the prefiled evidence of
16 Julia McNally, it suggests that we could use the
17 provincial-wide program, but it also suggests that perhaps
18 there is a possibility that we may not get it approved
19 through the province-wide PAB program, and ultimately they
20 could not render a decision or an opinion conclusive that
21 this is duplicative of tier 1 programs.

22 MR. WARREN: I am just dealing with this letter for a
23 moment, and we will get to Ms. McNally's after-the-fact
24 delivered evidence.

25 As of April 21st when this letter comes out, would you
26 agree with me that that sentence, a reasonable person would
27 conclude that the OPA is saying that those four programs
28 are duplicative? Yes or no?

1 MR. TYRRELL: I disagree. No.

2 MR. WARREN: Let me take you to the next one,
3 paragraph -- the one immediately after it:

4 "The OPA is of the opinion that the remaining
5 five programs (programs 5 - 9 listed above)
6 proposed by Toronto Hydro are not duplicative,
7 based on the following reasons and the conditions
8 which have been agreed to by Toronto Hydro..."

9 Now, if I put that last sentence, which includes the
10 words "not duplicative" with the sentence that precedes it,
11 would a reasonable person conclude that the OPA is saying
12 that the four programs are duplicative?

13 MR. TYRRELL: No, I don't think you can glean that
14 from those two statements.

15 I suggest that, in our opinion, they're suggesting
16 that the program administrative budget could be used for
17 these programs, but do not render an explicit ruling or
18 opinion on programs 1 to 4. But on 5 to 9, they do render
19 an explicit opinion of 5 to 9 based on conditions that they
20 have proposed to us and that we have agreed to.

21 MR. WARREN: Was the April 21st, 2011 letter from the
22 OPA the first occasion on which the OPA had expressed a
23 concern that programs 1 through 4, as they have described
24 them in the letter, could be covered by OPA province-wide
25 funding. Was that the first time that view had been
26 expressed to you by the OPA?

27 MR. TYRRELL: No.

28 MR. WARREN: When was it first expressed to you?

1 MR. TYRRELL: As I said, through our discussions
2 between March and April, there was not necessarily a
3 disagreement, but a -- basically could not render a
4 decision on whether these were duplicative or not, and that
5 they were ultimately not -- they didn't come out with an
6 opinion one way or another.

7 So it was expressed around April, early April, that
8 they weren't going to render an opinion, an explicit
9 opinion on these 1 to 4 programs.

10 MR. WARREN: Early April? Can you tell me, sir, what
11 evidence there is from Toronto Hydro, as opposed to a
12 letter from the Ontario Power Authority, in which Toronto
13 Hydro tells the Board that the OPA has expressed some
14 concern about whether or not programs 1 through 4 -- I will
15 avoid the loaded word "duplicative" -- programs 1 through 4
16 could be captured by OPA funding, province-wide funding?

17 Did Toronto Hydro, in other words - to put it
18 bluntly - did it tell the Board at any point that the OPA
19 had expressed concern about these programs? Did it?

20 MR. TYRRELL: No, I don't believe so.

21 MR. WARREN: Okay. And is there a reason why you
22 wouldn't do that, sir?

23 MR. TYRRELL: Through the progression of getting this
24 sort of dialogue and discussion with the OPA and the review
25 of the code and trying to come up with, essentially, what
26 everybody's opinion was on these, that takes time. And I
27 don't believe there was allowable -- much time to do all of
28 these types of things, and it became more a matter of

1 timing.

2 I think if we had more time, we would have been able
3 to suggest to the Board what the outcome of this was.

4 MR. WARREN: If the OPA had not delivered its letter
5 of April 21, 2011, I'm going to suggest to you, sir, that
6 this Panel and the intervenors would never have been aware
7 of the OPA's concerns expressed to you for at least a month
8 before the hearing date. Is that a fair conclusion on my
9 part, sir?

10 MR. TYRRELL: Could you restate that question? Sorry.

11 MR. WARREN: I'm suggesting to you, sir, that had the
12 Board not received the April 21st letter of 2011 from the
13 OPA, that at least as far as Toronto Hydro is concerned,
14 this Board would never have been aware that the OPA was
15 concerned about four of those programs being covered by OPA
16 province-wide funding. Is that a fair conclusion on my
17 part, sir?

18 MR. TYRRELL: I guess it is.

19 MR. WARREN: My last series of questions to this panel
20 deals with just some numbers, sir, so that I can understand
21 them.

22 In that context, if you could turn up -- this is a
23 response to a Board Staff interrogatory, Exhibit J, tab 1,
24 schedule 1, page 3 of 4.

25 It is a chart which shows the OPA province-wide
26 funding, and Toronto Hydro's Board-approved programs, some
27 budget numbers.

28 MR. BILÉ: I'm sorry, was that Interrogatory Question

1 No. 1 from Board Staff?

2 MR. WARREN: Yes, it was, I'm sorry.

3 MR. BUONAGURO: If it helps, I can put that on the
4 screen, if the presentation system is on.

5 MS. HARE: Okay.

6 MR. WARREN: Mr. Buonaguro is so helpful to the
7 troglodytes like me in the room.

8 MR. BUONAGURO: I am PC number 11.

9 MR. WARREN: I just want to see if I can understand
10 this chart, panel, if you can help me.

11 If I look at the top of the chart, I see under the
12 heading "Customer Type, Residential" that for residential
13 programs, the OPA's province-wide programs, that's some
14 13 million -- let's say \$14 million. And is that -- tell
15 me what that number represents, folks.

16 MS. EARLE: That's Toronto Hydro's budget for the
17 residential programs.

18 MR. WARREN: So the OPA has allocated \$14 million of
19 its province-wide budget for Toronto Hydro's residential
20 programs; is that correct?

21 MS. EARLE: That's correct.

22 MR. WARREN: And then if I go down to the next tranche
23 of information under "Board-approved Programs" for
24 residential programs, Toronto Hydro is proposing to spend
25 how much money on residential programs?

26 MS. EARLE: Sorry, can you repeat that question?

27 MR. WARREN: Under the heading "Board-approved
28 programs," the second part of this chart, these are OEB --

1 what you would -- the programs for which you are seeking
2 OEB approval, in the residential category, there is -- how
3 much money does Toronto Hydro propose to spend?

4 MS. EARLE: For the community outreach and education,
5 the residential-specific programs, it is 5.7 million over
6 four years.

7 MR. WARREN: So do I understand it, then, for the
8 community outreach program, that that's \$5 million in
9 addition to the some \$14 million which the OPA has already
10 allocated to? Is that right?

11 MS. EARLE: That's correct.

12 MR. WARREN: Those are my questions. Thank you very
13 much. I have no further questions of this panel.

14 MS. HARE: Thank you.

15 Mr. Crocker, are you next?

16 MR. CROCKER: I would rather wait, Madam Chair, if
17 that is possible, to after the break.

18 MS. HARE: Mr. Buonaguro, then?

19 MR. BUONAGURO: I am on the screen already, so I might
20 as well go.

21 **CROSS-EXAMINATION BY MR. BUONAGURO:**

22 MR. BUONAGURO: Good morning, panel. Just following
23 up with the response that is on the screen -- and just for
24 clarity, this is actually the corrected April 21st version
25 of the table. Because I know there is two versions
26 floating out there. And also, I can tell you that I put
27 the highlighting in on this table for my own purposes. It
28 is just -- all I have done is highlighted the numbers, the

1 dollar values for the programs that you are seeking
2 approval for in this case.

3 Can you confirm that that is what I have done?

4 MR. TYRRELL: Correct.

5 MR. BUONAGURO: Then I did some editing here, and
6 maybe you can confirm why I did editing.

7 So under "Flat-rate water heater Conversion And
8 Demands Response" I crossed out "demand response" on my
9 understanding of one of the corrections that was made to
10 this table, which was that the demand response aspect of
11 the flat-rate water heater conversion program was taken out
12 of this proceeding and the dollar values associated with it
13 were removed from the dollar values in that program; is
14 that correct?

15 MR. TYRRELL: That's correct.

16 MR. BUONAGURO: Okay. And then I did a spelling --
17 under "Commercial Energy Management Load Control" there was
18 a spelling error, I think, unless there is some term there,
19 I don't know what that is. So thank you.

20 Now, just following up with Mr. Warren's last bit of
21 questioning, and looking at the OPA contracted province-
22 wide programs budget, first, my understanding is that the
23 just over \$50 million total for OPA contract programs is
24 just the program administration budget. Then there is some
25 variable amount to that, which gets recovered after the
26 fact?

27 MR. TYRRELL: The program administrative budget is
28 just for the administrative -- administering the programs.

1 It does not include incentives, which is -- which is -- in
2 Board-approved programs does include incentives. So that
3 is the major difference here.

4 MR. BUONAGURO: Right. Okay. So there would be, for
5 example, for the community outreach and education
6 initiative, where under "Board-approved Programs" you have
7 \$1.96 million, for the consumer program there is some
8 equivalent number, but it is not on the table, I think.

9 MS. EARLE: The incentives are funded through the OPA
10 directly, so yes, you are correct.

11 MR. BUONAGURO: Right. Okay. So in terms of the -- I
12 am back up to the total for OPA contract programs, the
13 \$50,194,000 or so.

14 First of all, that is, I think, obviously a Toronto
15 Hydro-specific number; correct?

16 MS. EARLE: Correct.

17 MR. TYRRELL: That's correct.

18 MR. BUONAGURO: Okay. Can you just briefly explain
19 how that number gets built?

20 MR. TYRRELL: Sure.

21 The EDA/OPA working group was established to -- was
22 charged with the allocation of that budget, and it was
23 basically taking them, the customer base, as well as the
24 targets associated with each LDC, and a division or
25 a percentage division was used to calculate that budget
26 allocation for each LDC.

27 And it was consistent across the board. Ultimately
28 the -- it was made as a recommendation to the joint

1 steering committee, which was members of the OPA/EDA, that
2 ultimately ended in approval of the budget allocations for
3 each LDC.

4 MR. BUONAGURO: Okay. So for example -- so for
5 Toronto Hydro that resulted in a number of just over
6 \$50 million?

7 MR. TYRRELL: Correct.

8 MR. BUONAGURO: If you had gone to the OPA or you went
9 to the OPA now and said, Thanks for the \$50 million but we
10 want 60, what would be the reaction?

11 MR. TYRRELL: The budget from the OPA was fully
12 allocated to the number of the -- all of the LDCs, and so
13 there is no more program administrative budget that can be
14 used to allocate against any incremental programs.

15 MR. BUONAGURO: Okay. And on the flip side, if you
16 said, Thanks for the \$50 million but we only need -- I know
17 this is theoretical, but we only need \$40 million, what
18 would happen?

19 MR. TYRRELL: They would then reduce our program
20 administrative budget and reallocate the 10 million to
21 other utilities that require it.

22 MR. BUONAGURO: Okay. So, in theory, there may be
23 more money floating out there for reallocation, but it
24 entirely depends on what other utilities are using. For
25 example, it could be the case there are some utilities out
26 there who aren't using their full budget?

27 MR. TYRRELL: True, but it would be far too early to
28 tell.

1 I think through the contract process, the master
2 agreement ultimately has an 18-month reporting period,
3 which would then give the OPA some visibility on who is
4 using what, and what are the megawatts associated with that
5 dollars spent.

6 MR. BUONAGURO: Okay.

7 MR. TYRRELL: At that point, they would consider or
8 revisit the program administrative budget.

9 MR. BUONAGURO: Thank you. Now, obviously above the
10 \$50 million, you have the dollar values broken down into
11 four different programs.

12 Is that set to? So, for example, is Toronto Hydro's
13 consumer programs set at \$13.236 million?

14 MR. TYRRELL: Yes.

15 MR. BUONAGURO: Right. The same thing, if you wanted
16 more money for that from the OPA, they would say, That's
17 not how it works?

18 MR. TYRRELL: That's right. And there is a condition
19 on changing the budget between marketing sectors, as well
20 as part of the master agreement.

21 You'd have to go through a change management process
22 with the OPA.

23 MR. BUONAGURO: Okay. So the reason I am asking this
24 question is -- and it's in relation to the letter that Mr.
25 Warren took you to, and I don't think I have to bring it up
26 again, perhaps, but just to remind you of what it said.
27 This is K1.1, I believe, the OPA letter of April 21st, when
28 it said:

1 "The OPA is of the opinion that programs 1 - 4
2 above are payable through the existing Program
3 Administration Budget provided under the
4 Province-Wide Programs."

5 When we take that in connection with these budget
6 numbers we're looking at, what that suggests to me is what
7 they're saying there is that, Of the \$50 million or so that
8 we allocate to you, you could have or could spend some of
9 that money on these specific education programs that you
10 have posited to the OEB in this proceeding. That's how I
11 understood it, having heard some of the evidence, at least.

12 MR. TYRRELL: That interpretation would be correct.

13 However, the evidence that we provided in the in-chief
14 is essentially that the programs that were designed have a
15 broad-base marketing campaign, which we use PAB money to do
16 complimentary and aligned kind of strategies to really
17 drive megawatts.

18 And these would ultimately be incremental to those
19 programs.

20 MR. BUONAGURO: Okay. So I took from that what you're
21 saying is that -- well, let's start with the obvious.
22 Within the \$50 million OPA budget, you have education
23 programs; right?

24 MR. TYRRELL: Correct.

25 MR. BUONAGURO: And those education programs are
26 largely or, perhaps you can confirm, exclusively in
27 connection with or subsumed under the different programs
28 you have that make up the \$50 million.

1 So the consumer program includes an element of
2 education, for example?

3 MR. TYRRELL: I'm going to...

4 MS. EARLE: The consumer program includes marketing
5 elements, which has material -- it has an educational
6 function, as well, specific to those consumer programs, so,
7 for example, fridge retirement and peaksaver, which I think
8 a lot of people are familiar with, or heating and cooling
9 rebates, whereas our education programs we're proposing are
10 outside of those.

11 If you look at your -- the chart we have up, the
12 consumer program, the second to last column and the last
13 speak to the megawatt and gigawatt-hour targets that are
14 associated with those, whereas our education programs
15 aren't direct drivers of reaching those megawatt- or
16 gigawatt-hour targets.

17 MR. BUONAGURO: Okay. So what I am trying to get at
18 is trying to understand what the OPA meant when it put out
19 this particular line, which is causing everyone so much
20 concern.

21 And I understand that the OPA will be here tomorrow
22 and will speak to it, but it sort of sounded to me like if
23 you had proposed these particular types of educational
24 programs as part of delivering, for example, the consumer
25 program, they would have signed off on it, it sounds like.

26 I am trying to figure out if it is that simple,
27 because my understanding, again, from the OPA evidence, is
28 that they don't have necessarily a suite of education

1 programs that are targeted to specific consumer groups, but
2 if a company like THESL comes forward as part of their
3 consumer program and says, Of the \$13.2 million we can
4 spend - and in this case we will look at the community
5 outreach and education initiative as an example - we want
6 to spend 5.6 million of it this way, they would have
7 approved it, or something would have been accommodated
8 under the OPA programming.

9 Does that sound feasible or is that maybe what I am
10 going to hear from the OPA tomorrow?

11 MS. EARLE: The challenge with that approach from the
12 consumer perspective would be stopping the marketing
13 efforts we have already in place and funding allocated for
14 it to drive results again for those consumer programs, and,
15 instead, funneling it into these education programs.

16 So, for example, the police initiative, where we're
17 going to vulnerable neighbourhoods and replacing porch
18 lights, those aren't necessarily going to get us peaksaver
19 sign-ups or get old fridges out of basements, but they will
20 provide needed education to communities that don't have it.

21 So we would have to sacrifice the marketing that we
22 have to drive the OPA program megawatts to implement
23 education programs that don't fit into the mould of these
24 province-wide standardized programs.

25 MR. BUONAGURO: Okay. Thank you for that.

26 So we will go back to the consumer program as the
27 example under the OPA.

28 We talked about the \$13.2 million as being essentially

1 set, I think. That is the maximum that you are going to
2 spend under the consumer program for the OPA, because if
3 you try to spend more, they will say, No, that is not what
4 was allocated to you for that particular program; right?

5 MR. TYRRELL: Correct.

6 MR. BUONAGURO: How defined is the way in which you
7 spend that money, the \$13.2 million?

8 MR. TYRRELL: There is a definition of eligible
9 expense within the master agreement, and that qualifies
10 what can be -- what can qualify as an eligible expense
11 against the marketing and communication type programs.

12 MS. EARLE: We also have marketing standards and
13 templates that we have to adhere to for the province-wide
14 programs.

15 Photography standardized -- language is standardized,
16 so, again, these education programs we're proposing that
17 are Toronto-specific don't fit into that standardization.

18 MR. BUONAGURO: Okay. So I take it from that that
19 within the administration of the consumer program, for
20 example, by Toronto Hydro, there is some flexibility in
21 terms of how you administer the program and deliver it, but
22 in relation to the specific OEB programs you are proposing
23 - and particularly we will use the community outreach and
24 education initiative as an example - you're saying the
25 discretion that exists under the consumer program, you
26 don't see it being that flexible?

27 MR. TYRRELL: I think it has some flexibility to it,
28 but a lot of hours are really targeted at a unique

1 marketing need within Toronto.

2 And as per the OEB statement -- OPA statement, it is
3 essentially characterized as a stand-alone program. And
4 although there may be bridging or overlaps, subtle
5 overlaps, in the tier 1, which there always will be in an
6 education program, I would say, that made it difficult for
7 them to determine whether these are duplicative or not, and
8 that the program administrative budget essentially is
9 incremental to these.

10 MS. EARLE: There is flexibility as it relates to
11 marketing in Toronto. So, for example, we could choose
12 what community newspapers we go in, and we can use --
13 within their template and photography template, we could
14 put our own photos in it.

15 But, again, for a program that is specific to a police
16 partnership or a festive light exchange, that is a lot --
17 it would require a lot more flexibility than putting
18 different photographs in a template that has standardized
19 copy.

20 MR. BUONAGURO: All right. Thank you. I have some
21 follow-up for the OPA tomorrow, but thank you for that.

22 And staying with this chart for a second, I want to
23 confirm that this is correct. The community outreach and
24 education initiative, the total budget is about
25 \$5.7 million, I think.

26 This is the program which the in store engagement
27 program is subsumed within?

28 MS. EARLE: That's correct.

1 MR. BUONAGURO: Okay. And just for quick comparison,
2 I am going to pull up the old in store budget. This is
3 from the original application. I guess it was tab 8, page
4 11. So this is the old program budget for the in store
5 engagement program.

6 MS. EARLE: Yes.

7 MR. BUONAGURO: So the budget for that was a total
8 budget of \$4.2 million?

9 MS. EARLE: Correct.

10 MR. BUONAGURO: Then if we go to the -- I am going to
11 use the updated. I don't think it changes, but I will use
12 the updated application which shows the... just a moment.

13 I think this is the page that you referred to, in
14 terms of -- when you make the update and noted the
15 withdrawal when you filed the new application, you point
16 out this page number as being -- it is in here.

17 MS. EARLE: That's right. That's correct.

18 MR. BUONAGURO: And I have highlighted the
19 \$5.7 million. My understanding of the \$5.7 million for the
20 community outreach program, just over four million of it is
21 actually the in-store engagement program, and then the rest
22 of it is the difference between the two?

23 MS. EARLE: The in-store engagement program certainly
24 makes up the bulk of it.

25 MR. BUONAGURO: Okay. So when we look at incentives
26 and premiums of \$490,000 per year -- and I won't pull it
27 back, but the old budget for the in-store was about
28 \$400,000 per year in incentives, and I think that remains

1 the same?

2 MS. EARLE: That's correct.

3 MR. BUONAGURO: Okay. Thank you for that.

4 Now, there is a component -- not just in, I guess, the
5 OEB-related programs, but I think it is also in some of the
6 OPA programs and over the number of years that I have been
7 looking at conservation and demand management -- there is
8 the -- a lot of incentives have to do with distributing
9 CFLs or similar type efficient lighting; correct?

10 MS. EARLE: In the past, CFLs have been distributed,
11 yes.

12 MR. BUONAGURO: Yes. And I am going to ask you --
13 because this seems like a good time to ask, and my Google
14 searches have failed me. My understanding is that there
15 was a -- or there is a move from the federal and provincial
16 governments to outlaw inefficient lighting, in which case
17 the only thing anybody will be able to buy in stores will
18 be CFLs; am I correct?

19 MS. EARLE: Yes. As of 2012.

20 MR. BUONAGURO: As of 2012. And can you briefly
21 describe for me - because I am assuming that you will know
22 this - how that fact is factored into the development of
23 programs? Because it seems to me that that means that, if
24 not right this second, in the very near future, the savings
25 associated with distributing CFLs or similar type efficient
26 lighting will be -- that there will be 100 percent free
27 ridership, because people won't be able to buy inefficient
28 lighting. Is that -- can you discuss that, just briefly,

1 so we have something on the record about that?

2 MS. EARLE: Sure. Are you asking about OPA program
3 design or THESL's programs here? Or both?

4 MR. BUONAGURO: If you accounted for it in your
5 design, then I would love to hear about it. If you know
6 that the OPA has accounted for it in their design, I would
7 also like to hear about that.

8 MS. EARLE: So as it relates to our own program, the
9 education and outreach, we are looking to do a CFL exchange
10 this year for the last time, should the application be
11 approved in time and we're able to develop and launch a
12 program in the fall.

13 And it is an exchange, meaning that a customer would
14 need to bring in an incandescent in exchange for the CFL,
15 so they actually do have to take action, and it is getting
16 them to unscrew those bulbs and get those bulbs out of
17 their closet, of which they have a lot.

18 Then as of 2012, we would no longer be using the CFL
19 as our incentive, and would be moving to another
20 technology.

21 For the Toronto Police initiative, the porch light CFL
22 installation would actually be ongoing while we saw a need
23 for it, because again, these are lights that are not as
24 likely to be changed out. And so it is providing that one
25 single bulb, providing the education on the importance and
26 getting them to go out and make the purchase themselves.

27 MR. BUONAGURO: Okay. Thank you. Did you want to
28 speak to the OPA programs in relation to CFLs, or are you

1 unable to do that?

2 MS. EARLE: They've considered that, absolutely. So
3 they have a coupon incentive for CFLs, and then as of next
4 year they're not providing any type of promotion towards
5 CFLs.

6 MR. BUONAGURO: All right. Thank you.

7 You mentioned, either in-chief or from a particular
8 question from Mr. Warren, the -- I will call it the
9 outstanding OPA-related low-income program. Do you
10 remember that?

11 MR. TYRRELL: Yes.

12 MR. BUONAGURO: Can you give me -- do you have a
13 status update on that program? Because my understanding is
14 that is as of right now, the one low-income-specific
15 program that is supposed to produce kilowatt-hour savings
16 for low-income consumers that the OPA is considering and
17 that presumably Toronto Hydro is considering.

18 MR. TYRRELL: That's correct.

19 MR. BUONAGURO: But it isn't implemented yet?

20 MR. TYRRELL: No. The schedules of the program have
21 been completed as far as -- as of last week.

22 And the final versions are being vetted this week.

23 So I believe the -- and don't quote me on this date,
24 but March -- I'm sorry, May 9th was the launch date of that
25 program.

26 MR. BUONAGURO: Okay. When you say May 9th is the
27 launch date of that program, do you mean by the OPA? Or by
28 the OPA, and consequently THESL?

1 MR. TYRRELL: No. It will be the launch of the OPA.
2 So that means that the schedules will be available on Icon,
3 which is the OPA's program management system, and that then
4 the LDCs would be eligible to register for that program.

5 MR. BUONAGURO: Okay. Just -- I am going to pull up
6 Exhibit KM1.1, which is -- this is a letter to LIEN from
7 the OPA, and it has specific to this program.

8 The reason I am bringing it up -- woops, I am about to
9 lose it, sorry.

10 At the third paragraph, it says:

11 "The timing and extent of program uptake will
12 depend on the program execution strategies
13 deployed by the LDCs."

14 Which suggests to me that Toronto Hydro, for example,
15 in implementing this program has a lot of work to do.
16 Could you comment on that?

17 MR. TYRRELL: Yes. Once it is available on Icon we
18 ultimately would register immediately for it, but that just
19 starts a process of getting RFP and procurement processes
20 in place to contract third parties for delivery of this
21 program, which takes, you know, three to six months,
22 normally.

23 What we're trying to do is expedite that with some
24 collaboration with other utilities, to get RFPs out on the
25 street very quickly and execute this program as quickly as
26 possible.

27 MR. BUONAGURO: Can you tell me -- thank you for that.
28 Beyond your testimony on that, is there documentation

1 or something about this program going forward that Toronto
2 Hydro has? Or are you basically waiting for the May 9th
3 availability of the program for registration and then that
4 is when you will start going on it?

5 MR. TYRRELL: No. We have been party to the working
6 group that has helped to establish this program, and so we
7 have some inherent knowledge of the program content and
8 what have you.

9 But we cannot execute any process or go through any
10 RFP or launch those types of processes until we, in fact,
11 have registered for the program.

12 MR. BUONAGURO: All right. Thank you.

13 Just checking to make sure I asked all of the
14 questions.

15 And just briefly to confirm -- and this may be self-
16 evident -- but the way in which you are seeking recovery
17 for all of the costs associated with the OEB-approved
18 programs, assuming that they're all approved, they all go
19 through the global adjustment?

20 MR. TYRRELL: That's correct.

21 MR. BUONAGURO: Which means that all consumers in
22 Ontario, regardless of where they are or what rate class
23 they're in, they're going to pay some amount based on their
24 allocation of the global adjustment?

25 MR. TYRRELL: Correct.

26 MR. BUONAGURO: All right. Thank you. Those are my
27 questions.

28 MS. HARE: Thank you. We will take our morning break

1 now, and return at 11:05.

2 --- Recess taken at 10:51 a.m.

3 --- On resuming at 11:15 a.m.

4 MS. HARE: Please be seated. Mr. Crocker.

5 **CROSS-EXAMINATION BY MR. CROCKER:**

6 MR. CROCKER: Madam Chair, at the outset, we've put
7 together a compendium of material which may be helpful as
8 we go forward. I wonder whether that could be marked as an
9 exhibit?

10 MR. MILLAR: Exhibit K2.2.

11 MS. HARE: Thank you.

12 **EXHIBIT NO. K2.2: AMPCO COMPENDIUM.**

13 MR. CROCKER: Panel, my name is David Crocker.
14 Shelley Grice and I represent AMPCO, large users. I'm
15 going to be focussing my cross-examination, as much as I
16 can, on your programs directed to the large industrial
17 sector, okay?

18 I wonder whether you could look at the -- your
19 strategy, K1.4, please?

20 If you look at page 6, you've broken down consumption
21 for large users, and I'm not sure which of these colourful
22 pie charts we should be talking about, but if we look at --
23 which one?

24 If we look at the consumption breakdown at the bottom
25 right, you've got industrial -- the large industrial sector
26 at 14 percent. That is correct, isn't it?

27 MR. TYRRELL: That's correct.

28 MR. BILÉ: That's correct.

1 MR. CROCKER: And the demand pie chart, as well, has
2 the industrial sector at 13 percent; correct?

3 MR. BILÉ: That is correct.

4 MR. CROCKER: Okay. If you turn over the page, you
5 say -- under the heading "THESL's Industrial Sector", you
6 say:

7 "The industrial sector remains a large
8 contributor to the overall consumption and peak
9 demand."

10 I have read that correctly, haven't I?

11 MR. BILÉ: Yes.

12 MR. CROCKER: And you, in your opening remarks in your
13 examination-in-chief this morning, once again, highlighted
14 the importance of that sector; correct?

15 MR. BILÉ: We highlighted the importance of the sector
16 through both the business outreach and education programs,
17 but not so on the greening greater Toronto.

18 MR. CROCKER: If you look at AMPCO interrogatory -- if
19 you look at AMPCO interrogatory 7, so that's Exhibit J,
20 tab 2, schedule 7, the updated version of that; do you have
21 that?

22 MR. BILÉ: Yes.

23 MR. CROCKER: Okay. Your proposal to target that
24 industrial sector with respect to the OPA programs is
25 8 percent, and with respect to the programs for which you
26 are seeking Board approval is only 2 percent. That's
27 2 percent of your budget, I believe; correct?

28 MR. BILÉ: It would appear to be correct, yes.

1 MR. CROCKER: Okay. My question is: If the
2 industrial sector is as important to you as you have
3 suggested in all of this, why are you proposing only to
4 direct 2 percent of your budget to the industrial sector?

5 MR. TYRRELL: When we did a marketing segmentation
6 breakdown of all of the load profiles that are contributing
7 to this summer peak reduction, we found that in
8 commercial -- C&I programs, we found a better opportunity
9 that ultimately we could get, you know, for lack of a
10 better word, a better bang for our buck in terms of meeting
11 our target.

12 Industrial quite often are process related and
13 ultimately are fairly flat load profiles. Although they do
14 have significant opportunity, it is -- it hasn't been
15 absent in our strategy. It's just not the dominant force
16 in relation to the commercial and industrial markets --
17 sorry, commercial and institutional markets.

18 MR. CROCKER: All right. We will go back to that
19 comment in a second.

20 If we look at AMPCO -- your response to AMPCO
21 interrogatory - what number are we talking about - 23,
22 that's Exhibit J, tab 2, schedule 23. You indicate that
23 11 -- you're targeting 11 participants; correct?

24 MR. BILÉ: In the industrial sector; correct.

25 MR. CROCKER: Right. And then you have broken out
26 your costs for that.

27 Where do you come to the conclusion that you will have
28 11 participants?

1 MR. BILÉ: With regards to the monitoring and
2 targeting program, this particular program was designed and
3 focussed on customers above the 200 kilowatt threshold, but
4 below the threshold that would ordinarily represent the
5 largest -- or the larger industrial client base.

6 MR. CROCKER:

7 MR. TYRRELL: The OPA accelerator program is one
8 increment higher than this. I believe it is 15 gigawatt-
9 hours annual, and we are just below that, 200 gigawatts to
10 the 15 gigawatt -- I can't remember the exact threshold,
11 but I could turn to them.

12 MR. RODGER: Just a point, Madam Chair. We are having
13 a second panel that deals with the program specifics, which
14 I think would cover off Mr. Crocker's questions. So it
15 might be -- I think to move things along, to wait for that
16 panel to speak to those specific issues.

17 MR. CROCKER: I meant to invite you to defer any of my
18 questions which you are not comfortable answering to the
19 second panel, but you have to advise them that they can't
20 defer any of their answers back to you.

21 Okay. Are you familiar with a Hydro One program which
22 we have included in here in our compendium from pages 2
23 through pages 8? I am not going to deal with it in any
24 detail, but I didn't think it was fair to talk to you about
25 it without including the program, and so I have. This
26 comes from Hydro One's application, which was taken off the
27 table.

28 Are you familiar with their Double Return Plus

1 program?

2 MR. TYRRELL: At a very high level.

3 MR. CROCKER: Can you -- and I would assume that you
4 are, in light of your discussions with, I believe, Mr.
5 Buonaguro or perhaps Mr. Warren - it doesn't really
6 matter - about the groups with which you were involved and
7 the members of that group, which included Hydro One.

8 Can you tell me why you didn't include a program like
9 that?

10 MR. TYRRELL: I think I am going to defer that to the
11 people that are on the technical panel who are more
12 involved in the working group discussions around that.

13 MR. CROCKER: Okay. If you look at the code, just to
14 finish the thought on this issue, the Demand Management
15 Code -- do you have that in front of you?

16 If you look at paragraph 7 on page 19, the end of the
17 paragraph 7.1 -- well, maybe I will just read you 7.1. 7.1
18 says:

19 "Provide a description of how the distributor
20 will ensure that CDM Programs will be offered for
21 all customer type(s), including low income
22 customers, in the distributor's service area, as
23 far as is appropriate and reasonable..."

24 And then this is what is interesting to me:

25 "...having regard to the composition of the
26 distributor's customer base."

27 Now, it seems to me, in terms of consumption and
28 demand, we're talking 13 and 14 percent, but you are only

1 dedicating 2 percent of your budget to the industrial
2 sector.

3 You would agree with my numbers?

4 MR. BILÉ: Yes.

5 MR. CROCKER: I don't understand, once again, I don't
6 understand how allocating 2 percent in light of the demand
7 and consumption of that sector complies with the intention,
8 at least, or the high-level requirement of the code.

9 MR. TYRRELL: Actually, it's based on customer volume.

10 We have 47 large users in the City of Toronto. We
11 also have about 1100 customers between one and five
12 megawatts. So we actually have, through the OPA programs,
13 an opportunity to put roving energy managers embedded right
14 in those utilities -- or right in those large users, and
15 ultimately, that area is covered off fairly well from an
16 OPA programming base.

17 So we haven't -- we've allocated those costs through
18 the program administrator budget to the industrial. We
19 think that they're well covered and that they will deliver
20 certain megawatts, significant megawatts for us relative to
21 their system peak, 14 and 13 percent system and the
22 gigawatt-hour consumption.

23 MR. CROCKER: But that allocation isn't directed to
24 the large user, to the largest user class; correct?

25 MR. TYRRELL: I am trying to understand your question.
26 You are suggesting that two percent is not enough, and that
27 we should allocate more? Is that your question?

28 MR. CROCKER: What I am suggesting is not particularly

1 relevant, I don't think.

2 What I am asking you is: Why haven't you dedicated
3 more?

4 MR. TYRRELL: And I think I answered that by
5 suggesting that the OPA programs really do cover -- with
6 the roving energy managers and the key account people that
7 are associated with the accelerator program, that we
8 ultimately have very good coverage in the OPA programs, and
9 that we will achieve some significant results from there.

10 MR. CROCKER: And your group tomorrow is going to tell
11 me why the Double Return Plus Program didn't interest you?

12 MR. TYRRELL: I am not suggesting that the Double
13 Return did not interest us, and it's still on the radar
14 screen. It is just not in our first tranche of programs.

15 MR. CROCKER: Okay. And the group tomorrow is going
16 to tell me why?

17 MR. TYRRELL: Not necessarily. I don't know what the
18 group tomorrow is going to tell you. What I am going to
19 tell you is that I know that it was part of our discussions
20 and that we have not excluded it at this point in time.

21 But we have to do further analysis to support whether
22 it is a real program for Toronto customer base, not
23 necessarily the provincial customer base.

24 MS. HARE: Mr. Crocker, I will let this go on a little
25 bit, but, you know, one of the issues that we had with the
26 Pollution Probe motion was this whole issue as to
27 questioning why you are not doing more or why you are not
28 doing something else.

1 And I think the panel was very clear to indicate that
2 it is the eight programs that are applied for that we're
3 looking at, not what they are not applying for.

4 MR. CROCKER: I understand. Thank you.

5 Okay. Let's see if we can deal with that area in a
6 little bit more detail.

7 I would like you to turn to the table that we
8 prepared, if I can call it that, which is at page 1 of the
9 compendium that we've put together.

10 Some of this has been dealt with before, but other
11 parts of it have not.

12 And just so that I can explain to you what Ms. Grice
13 has done here, the references to where the information
14 comes are at the bottom of the page, perpendicular to the
15 rest of the information.

16 And on the basis of this information -- and I will
17 just take you to the bottom line, because I think it is
18 probably simpler -- can you take, subject to check, please,
19 that what you are proposing is to -- let me take it back
20 another step.

21 The first part of this shows that the OPA programs,
22 the OPA programs propose to -- I want to check one
23 reference -- to cost \$227,125 per megawatt saved, and in
24 terms of consumption \$44 per megawatt saved. Do you see
25 that?

26 MR. TYRRELL: I do see that.

27 MR. CROCKER: Okay. And subject to check, can you
28 agree with those dollars?

1 MR. TYRRELL: No. They do not include incentives.

2 MR. CROCKER: Okay. It is not fair of me to ask you
3 to redo this chart on the fly, including incentives, but I
4 think --

5 MR. SOMMERVILLE: I think maybe the Board can be of
6 some assistance.

7 I think the evidence was to the effect, Mr. Crocker,
8 that this represents the PAB budget. It's the
9 administration budget, and does not include any of the
10 payments that may be made by way of incentive.

11 On the other hand, the Toronto Hydro programs do
12 include those incentives. So it really is an inept
13 comparison.

14 MR. CROCKER: An apples-to-orange?

15 MR. SOMMERVILLE: Indeed.

16 I think that is right, Mr. Rodger?

17 MR. TYRRELL: That's correct.

18 MR. CROCKER: Let's go to the programs for which you
19 are seeking approval of the Board.

20 They are -- you are proposing to spend 2 million and
21 change per megawatt saved, and 398 per megawatt-hour to be
22 saved; those numbers are also correct?

23 MR. TYRRELL: Mathematically, subject to check, I
24 assume they are correct.

25 MR. CROCKER: Is the information -- your numbers are
26 eight times -- about eight or -- and a bit, change, more
27 than the OPA numbers.

28 I take your point about incentives. But just as they

1 sit here, that's correct, isn't it?

2 MR. TYRRELL: Subject to check, I assume they're eight
3 times. It really is relative to the incentive, though. It
4 is an apples-and-oranges comparison.

5 MR. CROCKER: I understand that.

6 MR. TYRRELL: As a reference the OPA's program
7 administrative -- the program all-in budget for the four-
8 year term, based on the Minister directive, is \$1.4 billion
9 for 1,330 megawatts.

10 If you do that calculation, the average cost per
11 megawatt is 1.3 million per megawatt.

12 That is not the -- that is the average cost. If you
13 actually break it down by sector, residential is much
14 higher than the industrial, for the very reasons I talked a
15 few minutes ago on the responses I had.

16 So you are basically north of 2 million per megawatt
17 for residential, and approximately one million for
18 industrial.

19 So when you look at our programs, they are delivering
20 megawatts and megawatt-hours, but they're loaded with
21 commercial -- with educational outreach, which don't have a
22 megawatt associated to it, because it is for a different
23 purpose. And so we are still well within the budget
24 numbers of the province programs.

25 MR. CROCKER: All right. Because of the way you have
26 set up your programs, I can't -- we can't compare the
27 numbers exactly one to one, even regardless of the apples-
28 to-oranges comparison, because you haven't broken out

1 commercial and industrial way the OPA has.

2 MR. TYRRELL: I think if we went to the TRC models for
3 each of the applications at hand, those actually -- those
4 actually describe the economic cost-effectiveness of each
5 program.

6 MR. CROCKER: Could I get an undertaking from you to
7 do that? And -- so that we can fill in the gaps in this
8 chart?

9 MR. TYRRELL: I believe an IR is already on record,
10 that it does all the TRs for each, and it would take me a
11 few minutes to find it, but there is already that evidence
12 here.

13 MR. CROCKER: Okay. You can go ahead and do that, but
14 I'm not sure it is going to give us what we want.

15 If you look at the gray area under -- in the area of
16 this table that deals with Board-approved programs, we
17 can't break out the numbers that --

18 MR. RODGER: Perhaps we should find the interrogatory.
19 That might give you the answer you need, Mr. Crocker --

20 MR. CROCKER: I don't think it will.

21 MR. RODGER: -- rather than guessing.

22 MR. CROCKER: Okay.

23 MR. TYRRELL: Sorry. I think I found what might help
24 you. Under Board Staff IR No. 5, referencing question
25 number (c):

26 "Please provide a table that lists the Board-
27 approved CDM programs and show both the expected
28 participation levels..."

1 Oh, maybe that's not it. Part B, right.

2 Sorry, it is program to remain -- the table in the
3 back of that IR is essentially by program, and it is part
4 B, and it illustrates the TRC and PAC test of each of the
5 programs.

6 MR. RODGER: Exhibit J, tab 1, schedule 5, appendix B,
7 part B.

8 MR. TYRRELL: Thank you.

9 MR. CROCKER: All right. I will take that, but I
10 don't think it gives us what we're looking for here. But I
11 will look at it and I guess I can ask, if I have a
12 difficulty with -- if I don't think it answers the
13 question, can I ask the panel tomorrow or is --

14 MR. TYRRELL: Certainly.

15 MR. CROCKER: -- this your question?

16 The other area dealt with by this table that I was
17 going to ask you about, but I won't take -- my questions
18 were primarily asked by somebody else -- deals with your
19 shortfall with respect to the targets that have been
20 established.

21 Can you tell me, again, how you intend to make up that
22 shortfall?

23 MR. TYRRELL: I believe in other IRs responding to
24 that, but I will do it without the support of that.

25 We have got a roster of programs, concepts, ideas that
26 are going through development phase right now and that we
27 need to do further market analysis assessment on
28 determining what the market potential is, and that we will

1 then make a subsequent application to the Board later this
2 fall or early 2012 to have those reviewed and hopefully
3 approved.

4 MR. CROCKER: And -- but to meet your targets as of
5 2014, still?

6 MR. TYRRELL: That's correct.

7 MR. CROCKER: All right. In response to an
8 interrogatory of the Canadian Energy Efficiency Alliance, J
9 -- Exhibit J, tab 4, schedule 1, it asks a question, and
10 your response -- do you have that?

11 MR. TYRRELL: Yes, I do.

12 MR. CROCKER: Your response is:

13 "Since 2005 THESL has been delivering
14 conservation and demand management programs on
15 target and on budget."

16 I read that correctly?

17 MR. TYRRELL: That's correct.

18 MR. CROCKER: Okay. I would just like to pursue this
19 a little bit to see whether we know, on the basis of the
20 information you provided, how accurate that is.

21 AMPCO asked in our interrogatory 8 -- so that is
22 Exhibit J, tab 2, schedule 8. We asked whether you would
23 provide the proposed and actual megawatt savings and
24 megawatt-hour savings and budget for each customer class
25 for each CDM program prior to 2011.

26 And you said -- your answer didn't include what we
27 were looking for, and we did a search and found the table
28 which is at tab 9 of the -- I mean page 9 of the compendium

1 that we put together.

2 And my question to you is, if I can go back to the
3 wording of -- does this provide us with the proposed
4 savings that we asked for? This was with respect to
5 another one of your applications, a Toronto Hydro
6 application.

7 MR. TYRRELL: I'm sorry. This is schedule 1, tab...

8 MR. CROCKER: This comes from or another application.

9 MR. RODGER: It looks like a rate case back in 2007.

10 MR. CROCKER: Uh-huh.

11 MR. TYRRELL: Oh, I'm sorry. Okay. I guess if this
12 is -- if that was evidence or on record in some other date,
13 then I would, subject to check, assume that this is okay.

14 MR. CROCKER: But does it, in your view, provide
15 proposed savings, then? You are comfortable that that is
16 what it does?

17 MR. RODGER: Sorry, the question is proposed savings?
18 This is all in the past.

19 MR. CROCKER: Well, however, this is -- this table,
20 though, is a table of what was proposed at the time.

21 My next question is: Could we then -- could we get an
22 undertaking for you to provide what the actual savings were
23 as a result of this?

24 MR. RODGER: I am not sure why that is relevant
25 looking at projects a number of years ago.

26 MR. CROCKER: Well, with respect, you've said you are
27 on budget, on target, and we would just like to know how
28 successful you have been and to be able to assess the

1 degree of success you might have with the programs that you
2 are proposing here.

3 MR. TYRRELL: I am fine with the undertaking.

4 MR. CROCKER: All right.

5 MR. TYRRELL: Based on the OPA reporting nature of
6 each of these program areas, we can provide a table such as
7 this that reports on this.

8 MR. MILLAR: That will be undertaking J2.1. Mr.
9 Crocker, are you satisfied with the description of the
10 undertaking?

11 MR. CROCKER: Yes.

12 MR. MILLAR: Would you like to restate it or are you
13 fine?

14 MR. CROCKER: I think I am okay. I think the
15 transcript...

16 MR. RODGER: Maybe we could just have it again. I am
17 not sure I caught all of it, so it would be helpful to have
18 it again, Mr. Crocker.

19 MR. CROCKER: I will just go back to the -- in our
20 interrogatory 8, we asked for proposed and actual megawatt
21 savings and consumption savings and the budget for each
22 customer class for each CDM program prior to 2011.

23 We found what the proposed megawatt savings and
24 consumption savings were, and we were -- and we are -- the
25 undertaking was for the actual savings and budget, et
26 cetera.

27 MR. SOMMERVILLE: I understood the undertaking to be
28 along these lines, Mr. Crocker, without wasting any more

1 time about this.

2 It seems to me what you are looking for is a report
3 from Mr. Tyrrell with respect to the actual achievements of
4 the programs identified on page 9 of your compendium of
5 materials; is that right?

6 MR. CROCKER: I wouldn't restrict the question to the
7 programs on page 9, but if the -- the answer may be
8 restricted to the programs on page 9. We want all of the -
9 - and if this is all, then that's fine.

10 MR. TYRRELL: The only condition that I would have to
11 your undertaking would be that this was a forecast, versus
12 what, in fact, got -- what actually got launched, and I
13 would have to confirm that all of these elements would be
14 ultimately what actually did get launched.

15 MR. CROCKER: Well, that is what I tried to indicate,
16 that the search found the forecast, the proposed programs.
17 We haven't been able to find anything with respect to the
18 actual programs. So I understand that.

19 MR. TYRRELL: Okay.

20 **UNDERTAKING NO. J2.1: FOR MR. TYRRELL TO REPORT**
21 **ACTUAL ACHIEVEMENTS OF THE PROGRAMS IDENTIFIED ON**
22 **PAGE 9 OF THE AMPCO COMPENDIUM OF MATERIALS**

23 MR. CROCKER: I just have some questions with respect
24 to clarification, please.

25 I am looking at interrogatory -- Exhibit J, tab 1,
26 schedule 7. It is a Board Staff interrogatory. I am
27 looking at page 2 of 4.

28 With me?

1 You say under the table at line 3:

2 "Program labour costs are based on fully burdened
3 labour rates."

4 Can you tell me what "fully burdened labour rates"
5 means?

6 MR. TYRRELL: I think what I would like to do is defer
7 all of the resource calculations on these tables to the
8 subject matter experts in panel 2.

9 MR. CROCKER: Okay. You are going to say the same
10 thing, I think, with respect to my next question, but I
11 don't want them to be -- to say to me tomorrow I should
12 have asked you.

13 If you look at the Board interrogatory -- I guess it
14 is the same interrogatory, page 4 of 4, what's going to
15 happen to these employees, and what's going to happen to
16 the \$100,000 in 2015?

17 MR. TYRRELL: For Board-approved programs, any
18 incremental resources required to support Board-approved
19 programs are contracted staff, with a two-week notice
20 period. These people are ultimately -- the contract will
21 be dissolved.

22 MR. CROCKER: Okay. I just have one further question,
23 if you could turn to AMPCO Interrogatory 9. So that is
24 Exhibit J, tab 2, schedule 9.

25 This deals with your development -- developing your
26 program, and we asked you this:

27 "Please discuss the process and market analysis
28 THESL under took or studies relied upon to

1 understand its overall CDM potential and the CDM
2 potential for each customer type..."

3 Et cetera.

4 And you described in your response what you did. And
5 my question is: Did you talk to your customers? Once
6 again, I am referring to your industrial customers, your
7 large-user industrial customers. Did you talk to them?

8 MR. TYRRELL: We have key account people that
9 ultimately talk to those customers on a routine basis.

10 We have been in the market since 2005. And they have
11 been engaging in CDM for a number of -- for those number of
12 years. So we had people dedicated to working with
13 industrial customers, so yes.

14 MR. CROCKER: Was it not important enough, that
15 element of what you did, to include it in your answer?
16 Because you didn't.

17 MR. TYRRELL: It is -- industrial customers are very
18 much included in our answer.

19 MR. CROCKER: No. I'm sorry. You --

20 MR. TYRRELL: When we've taken all of the -- oh, you
21 mean the discussion with those customers?

22 Ultimately, we -- it was a foregone conclusion that
23 we've had a great deal of discussion with customers, albeit
24 not maybe explicit in the chronology here or the outline of
25 how we have assessed the market.

26 MR. CROCKER: Okay. I am not going to pursue this
27 particularly. I just -- a couple of more questions just on
28 -- do you not consider that market analysis? I just want

1 to -- if it is important enough, if it is as important as
2 you have just described, why didn't you include it in your
3 answer?

4 MR. TYRRELL: Well, I think number 4, potential
5 savings based on our knowledge of each sector, perhaps it
6 should have been a bit more explicit that we have
7 communication and, you know, have engagement with these
8 industrial, commercial. We have engagement with every
9 customer.

10 MR. CROCKER: Thank you. Thank you, Madam Chair. I
11 have nothing further.

12 MS. HARE: Thank you.

13 I think we will take our lunch break now and return at
14 10 after 1:00.

15 --- Luncheon recess taken at 11:53 a.m.

16 --- On resuming at 1:16 p.m.

17 MS. HARE: Please be seated. Mr. Rubenstein, I think
18 that you are cross-examining next.

19 **CROSS-EXAMINATION BY MR. RUBENSTEIN:**

20 MR. RUBENSTEIN: Good afternoon. In Schools
21 Interrogatory No. 1, we asked -- and that is tab J, tab 9,
22 schedule 1 -- we asked you to provide the latest approved
23 budget for the applicant's CDM business unit covering all
24 or any part of the periods through 2014 inclusive, and
25 providing a breakdown by function and between the
26 categories, Board-approved programs, OPA programs and
27 others, and then in (b) we asked to break down the current
28 proposed FTEs in the applicant's CDM business unit broken

1 down by function and between the same three categories.

2 And we were referred to Board Staff Interrogatories 1
3 and 7. In No. 7, it provides -- well, we have the budgets
4 for the CDM business unit broken down to Board-approved in
5 OPA programs, and the staffing members that are being
6 allocated between Board-approved and OPA programs.

7 Would it be correct, then, to say that once the
8 Board -- the funding for the Board-approved programs --
9 well, is approved and the OPA programs begin to flow, that
10 there will be no other members of the -- of your CDM
11 department that will be funded by any other -- by rates or
12 any other mechanism?

13 MR. TYRRELL: There is no FTEs of any sort being
14 funded by rates, at all.

15 MR. RUBENSTEIN: And so there will be no other funding
16 mechanism -- I mean there will be no other method of
17 funding besides the funding allocated by the OEB -- the
18 proposed programs and the OPA programs?

19 MR. TYRRELL: That is correct.

20 MR. RUBENSTEIN: Okay, that's fine.

21 Throughout the interrogatories - and I think it was
22 actually mentioned earlier on today - there was references
23 that the education programs will help the other non-
24 educational programs that Toronto-Hydro is proposing, that
25 they will cross-promote. I was wondering if you could talk
26 in greater detail about how specifically the various
27 programs would help cross-promote the non-educational
28 outreach programs.

1 MR. BILÉ: So in terms of the various programs, the
2 idea is that once these educational programs were approved,
3 that we would have a look at what the total FTE outcome is
4 and basically optimize that for the best kind of delivery
5 mechanism that we have. And I will give you an example of
6 what I mean.

7 If you have someone who is going to be now talking
8 about a brand new MURB DR, which is one of the programs
9 that are coming later, you know, it makes sense to talk
10 about that at the same time that you're talking about the
11 regular OPA province-wide programs.

12 So I think the point is that we have to be sensible
13 about how we're communicating to the general population the
14 various programs that we're going to embark upon.

15 MR. RUBENSTEIN: I will clarify a little. So you talk
16 about sort of for the business program, you know, you will
17 be at trade shows and other such events.

18 How will you be cross-promoting -- I mean, you will be
19 promoting conservation generally, I would assume.

20 MR. BILÉ: That's correct.

21 MR. RUBENSTEIN: As well as the specific programs?

22 MR. BILÉ: Of course, yes, that's right.

23 MR. RUBENSTEIN: Would you say that is a small part of
24 it is the promoting of the non-outreach programs or a large
25 part, a significant part? If you can give me some sense of
26 an idea of how much?

27 MR. BILÉ: It is hard to say, precisely, because every
28 customer that kind of comes knocking on your door could

1 potentially be very different.

2 If you have someone who is a multi-res, they're going
3 to be interested in a certain, I guess, mix of programs.
4 If you have someone who is small commercial, they're going
5 to be interested in another one.

6 I think it is fair to say that we'll be promoting them
7 equally, in terms of what is available and of interest to
8 the particular customer that comes knocking.

9 MR. RUBENSTEIN: But you would say that the promotion
10 would be a significant part compared to, just broadly,
11 conservation is good and you should -- you could save money
12 and those sort of things?

13 MR. BILÉ: I'm sorry, I'm not quite following that
14 one.

15 MR. RUBENSTEIN: I will rephrase. Would you say that
16 the cross-promoting of your other Board-approved programs
17 that are not outreach would be a significant portion of the
18 sorts of messages and the sorts of information and the
19 sorts of discussions that you have with your -- with
20 various people who come to, you know, the tables at various
21 trade shows or other sorts of things?

22 MR. BILÉ: I'm still struggling to kind of be able to
23 project that. I think it is going to be dependent on who
24 is coming to the table.

25 Now, the Board-approved programs are incremental to
26 the OPA programs. So we are going to be looking at the
27 whole spectrum of programs. It is really hard to kind of
28 guess ahead of time what -- how much time we're going to

1 spend in any one given backyard versus another.

2 MR. RUBENSTEIN: I appreciate you can't -- you know,
3 40 percent or you can't give a number. But would you say
4 that some sort of range -- I'm just trying to get a feel of
5 the interplay between the two.

6 MR. TYRRELL: Let me see if I can try to answer your
7 question with a bit of a strategy. The overall strategy is
8 to use OPA programs and, you know, general marketing as
9 they have been designed to get to the larger audience in
10 all of the market sectors, but these are essentially
11 incremental, as my colleague Mr. Bilé suggests, in that
12 they would be marketed incrementally to the general
13 audience.

14 And, you know, from a sales and marketing approach, we
15 essentially are exposed to the market dynamics and interest
16 of the events that we're in. So we would generally be
17 promoting OPA programs and the list of incremental programs
18 that we have at the Board today. And it would depend on
19 what the audience is.

20 So if it is predominantly a multi-residential
21 audience, say PM Expo, we would ultimately probably have a
22 large audience of condominium property management type
23 building owners there, and we would be talking a great deal
24 about MURB DR, for example, and any other CDM-related OPA
25 program that would help them with conservation.

26 MR. RUBENSTEIN: Are the targets in the non-outreach
27 educational programs dependent on that sort of cross-
28 promotion?

1 MR. TYRRELL: The targets of -- CDM targets?

2 MR. RUBENSTEIN: You are expecting it's going to
3 take -- you know, in the -- you know, your commercial
4 energy management and load control, you are expecting a
5 certain amount of participants.

6 MR. TYRRELL: Yes.

7 MR. RUBENSTEIN: Is the number that you have, I mean,
8 in the evidence that you have said that you are going to --
9 you know, the uptake you are going to have and the targets
10 that come from that, is it dependent on how much cross-
11 promotion -- you know, how many people that you are
12 advertise this program to within your business outreach
13 program?

14 MR. TYRRELL: No. I mean, we're doing a base -- we've
15 got a base staff that are marketing conservation generally
16 through the OPA programs. These are incremental to that.
17 So any added promotional resource or materials that we
18 require to meet these CDM targets that are associated with
19 this application, say, in MURB DR, would be incremental to
20 the other.

21 MR. RUBENSTEIN: So if the Board decided to not
22 approve your education and outreach programs, this will
23 have no effect on your -- the other programs, in terms of
24 the targets that you have set, the amount of uptake and
25 participation rates that you have assumed?

26 MR. TYRRELL: Well, I believe there would. They're
27 enabler programs, essentially. They are a general audience
28 of people that we have that would get a communication and

1 outreach education to those customers.

2 We can't typically pinpoint exactly what is
3 attributable to the communication education and outreach
4 programs. But we intuitively know they will help all of
5 us -- Toronto Hydro meet all of the targets.

6 MR. RUBENSTEIN: So there is a difference between you
7 now being able to get more to -- you are able to sort of
8 send more people to these programs versus, if they didn't
9 exist, you would have less. So, I mean, to some degree you
10 must be able to -- it goes back to my earlier question.
11 There must be some amount.

12 You must have some vague idea of what type of an
13 effect these sort of programs have on the other programs?

14 MS. EARLE: From a residential perspective, I can say
15 that the targets we have for our OPA programs are not
16 dependent on this OEB application, meaning that we could
17 reach our target with OPA and we wouldn't then speak to the
18 certain customer segments that we're trying to attract with
19 our education programs, because they're potentially out of
20 scope for them.

21 These programs are meant to help the OPA programs by
22 building an understanding of the issues and providing a
23 tool to help specific customer segments, to help and enable
24 them to participate, without committing to a purchase
25 initially at that time.

26 We then work to lead them to that participation in an
27 OPA program. While it might not be immediate, it might be
28 at the time where, in the future, they're able to purchase

1 a house and then participate in a program that requires
2 central air conditioning or a heating system.

3 So we see our education programs as a building block
4 that do link to participation in those megawatt programs,
5 but not to reach the immediate targets that we have.

6 MR. RUBENSTEIN: I mean, you mentioned the OPA
7 programs. I'm talking more specifically about the OEB
8 programs that you are proposing.

9 MR. BILÉ: So the OEB programs that are proposed have
10 built within their costing structure -- perhaps this is
11 where we're trying to get to -- within their own costing
12 structure, their own education, as well as sales, as well
13 as promotional pieces built into those costs.

14 The education programs are here to augment the OPA
15 base programs. Obviously, there's going to be some
16 interaction, because you can't sort of talk about the grand
17 picture. It is very artificial to talk about only the OPA
18 programs, distinct from the OEB, if they're all approved at
19 the same time.

20 But they are designed to be such that if the OEB-
21 sponsored programs, education programs, are not approved,
22 the other programs -- the ones that have megawatt-hour
23 savings and megawatt savings themselves -- have their own
24 education and sales and marketing budgets built into those
25 costs.

26 MR. RUBENSTEIN: Yes. So I think we're getting to
27 where I'm trying to understand.

28 So there is -- you're at a trade -- so if we're

1 talking about the business outreach program, you're at a
2 trade show

3 MR. BILÉ: Mm-hmm?

4 MR. RUBENSTEIN: And there is an individual talking to
5 various stakeholders, and you are handing out information.
6 And this is under the business outreach program solely? Or
7 now is some of the funding for this sort of event coming
8 from some of the industrial programs?

9 MR. BILÉ: Perhaps I could digress a little bit. It
10 might be helpful.

11 MR. RUBENSTEIN: Please do.

12 MR. BILÉ: When -- as we market the -- these programs
13 to the general public and our customer base, it is
14 reasonable to assume that every business development
15 professional on staff is going to devote a little bit, a
16 fraction of their time to education. I think that is
17 reasonable to say.

18 Where we get into difficulty is when you expect that
19 same individual to devote 100 percent of their time on
20 educational initiatives, where you really don't know at the
21 end of the day whether you are going to significantly
22 contribute to the achievement of the targets.

23 At the end of the day, I'm going to be asking: So
24 what did you sell this week? What did you sell this month?
25 What are your targets looking like relative to your overall
26 target?

27 Given that reality, they're limited, perhaps, as to
28 how much time they're willing to invest.

1 Therefore if we were to proceed with this particular
2 program, what I see is having a group of people who are
3 dedicated, who don't necessarily have to have those
4 megawatt-hour targets associated with them.

5 So in your example, when somebody comes a-knocking on
6 our booth door, they're talking to someone who is doing
7 this all the time, and they're going to be talking to them
8 across the broad spectrum.

9 But the fact that that person is there and totally
10 available for them, regardless of what type of interest
11 they may have, what their background is, is really through
12 the benefit of this outreach program being in place.

13 MR. RUBENSTEIN: So these individuals who are at the
14 show booth, and are putting -- in the business outreach
15 program are the ones who are talking to sort of
16 stakeholders.

17 At those booths, none of the funding for their work
18 will be the marketing budget for the various industrial
19 programs?

20 MR. BILÉ: No. That's not -- that's not correct.

21 I think that if these programs were not to be approved
22 by the Board, it would be reasonable to assume that they
23 will be at some shows. Okay? So the business development
24 staff will be there; we're there now.

25 But the point is that we will not be able to devote
26 the majority of our time. We will be able to devote a
27 minority of the time, because at the end of the day, we've
28 got to deliver project-based megawatts and megawatt-hours,

1 and you really don't get them working the show floor.

2 MR. RUBENSTEIN: If we turn that around, I mean,
3 forget about -- I am not necessarily interested in the
4 time, per se, about who is doing what. It is more the
5 funding.

6 Which pot of money is paying for the activity?

7 MR. BILÉ: Mm-hmm. If the person is someone who is
8 not dedicated to specific sales, is a trainer or educator,
9 it would be from the OEB-sponsored program.

10 MR. RUBENSTEIN: So -- and from that budget, could you
11 say that there are somewhat -- there's a significant or
12 there's some amount of time that is being spent on the
13 other programs, on the other Board-approved programs that
14 are not outreach, even though he is being funded from the
15 outreach program?

16 MR. BILÉ: I think where some of the sort of
17 hesitation comes from is that, at the end of the day, these
18 are incremental resources that we're looking at, and
19 whether those incremental resources are dedicated people or
20 whether they are 50 percent of this person's time, 50
21 percent of that, it gets a little bit difficult to draw --
22 to draw a black and white answer, when in fact it is going
23 to be optimized to the particular delivery scheme.

24 So if it translates to a certain number of hours
25 associated to delivering education, I think it is
26 reasonable to assume that we'll optimize what kind of
27 resource is best to deliver that.

28 Is that a full-time dedicated person? Or is it -- we

1 hire one extra business person, and everybody basically
2 takes a share of the load, as well?

3 It is kind of difficult to kind of draw that black and
4 white: This is how the model is going to definitely be
5 rolled out.

6 MR. RUBENSTEIN: Okay. I am just -- I am asking the
7 question because I am trying to get a sense. If the
8 marketing budget in the -- if we, you know -- any of the
9 non-educational programs, is that the only sort of
10 marketing that will be done? If it is other programs with
11 another pool, does that necessarily reflect the true
12 marketing costs, and thus truly reflect the true
13 cost/benefit analysis which has to be undertaken?

14 [Witness panel confers]

15 MR. BILÉ: I think some of the struggle in answering
16 that is if you have a single program that, say, has a 0.5-
17 FTE allocation to doing training, that resource has to be
18 shared amongst the team.

19 And I think, again, it is the concept that it is an
20 incremental amount of resources into the mix that is what's
21 really being looked at as being the delivery model for that
22 education.

23 MR. RUBENSTEIN: Okay. Moving on to another area, so
24 in Schools 9, you were asked to provide both a budget and
25 actual spending, and you only provided the actual spending.

26 MR. TYRRELL: Could I suggest that we defer this
27 question to the subject matter expert on panel 2?

28 MR. RUBENSTEIN: That's fine.

1 MR. TYRRELL: Thank you.

2 MR. RUBENSTEIN: My last sort of set of questions is
3 for the in-store engagement education program, as the
4 application had originally -- was laid out in the
5 application, a number of parties asked -- a number of
6 intervenors asked a number of questions about it, and
7 because you had said you had withdrawn it, you had not
8 answered any of the interrogatories.

9 Now, from what your discussion earlier on today
10 revealed, that the in-store engagement and education
11 initiative is not just a component, it is a very large
12 component of the education and outreach, and it was
13 subsumed by that; that's correct?

14 MS. EARLE: That's correct.

15 MR. RUBENSTEIN: So I was wondering if you would still
16 answer many of these questions, because while I understand
17 that as was -- it's not an individual program that you had
18 presented, it still, you know, if you take everything but
19 the budget part of the initial application should still be
20 -- you know, should still exist?

21 MS. EARLE: Yes. We can address any of those
22 questions.

23 And in fact, most of them are consistent with
24 questions that are within the community program.

25 So we have responses to them, and basically they
26 reference other IRs, except for one or two.

27 MR. RUBENSTEIN: Are you correct, because at least for
28 all of ours, we get the same response:

1 "THESL has withdrawn the In Store Engagement and
2 Education Program application for consideration
3 by the Board in this proceeding. Please refer to
4 THESL's letter filed April 1st, 2011."

5 MS. HARE: Mr. Rubenstein, I think if you want answers
6 to any specific interrogatory that wasn't answered, you
7 should ask the question.

8 MR. RUBENSTEIN: Well, I can name the interrogatories
9 we would like answered. That is easier. That would be
10 School's 45 to 46. I mean, I don't mean now. By way of
11 undertaking is fine. Staff 74 and 76, AMPCO 27 and 28.

12 MS. HARE: I think what we should do is go through
13 each one separately and decide whether it is by way of
14 undertaking or they could be answered. So the first one
15 you mentioned was School's 45?

16 MR. RUBENSTEIN: Yes.

17 MS. HARE: And I would expect that would be an
18 undertaking?

19 MR. RODGER: Or are they answered elsewhere?

20 MS. HARE: Or are they answered elsewhere?

21 MS. EARLE: Because the program was combined with the
22 other and the budget slightly reduced, it would be a
23 slightly smaller reach of the target from 80 percent. So
24 this is based on the marketing tactics and the impressions
25 we would have on our customer base. We can take that as an
26 undertaking.

27 MR. RUBENSTEIN: Please do.

28 MR. MILLAR: That will be undertaking J2.2, and it is

1 to provide a response to School Energy Coalition
2 Interrogatory 45.

3 **UNDERTAKING NO. J2.2: TO PROVIDE RESPONSE TO SCHOOL**
4 **ENERGY COALITION INTERROGATORY 45.**

5 MR. RUBENSTEIN: So then 45.

6 MS. EARLE: Forty-six?

7 MR. RUBENSTEIN: Forty-five and 46.

8 MS. EARLE: The answer to 46 is "no".

9 MR. RUBENSTEIN: Okay.

10 MR. RODGER: Was there another one?

11 MR. RUBENSTEIN: Staff 74 and 76.

12 MS. EARLE: Okay. For Staff 74, I believe the -- it's
13 answered in AMPCO IR 24 and SEC IR 31 for the community
14 program.

15 MR. RUBENSTEIN: Staff 76?

16 MS. EARLE: See the OEB IR 45(c).

17 MR. RUBENSTEIN: AMPCO 27?

18 MS. EARLE: Okay, I can answer this now. The first
19 question asks the nature of charges under paid media and
20 corresponding costs. Paid media includes radio, print, out
21 of home and digital, to be defined once the final media
22 plan is created, at a cost of approximately \$150,000.

23 Define impressions: Impressions are the number of
24 times a person is exposed to a campaign. This projection
25 is based on our historical campaign results from 2005 that
26 we've executed every year. It is based on paid and unpaid
27 media.

28 MR. RUBENSTEIN: Thank you. And VECC 8, which -- tab

1 10.

2 MS. EARLE: Okay. For VECC 8, the answer to (a) is in
3 VECC 6(a) under the community program. The answer to (b)
4 is: How will it be branded relative to OPA? And we would
5 use common branding wherever possible.

6 The answer to (c) and (d), if you can refer back to
7 VECC 6(c) under the community program.

8 And the answer to (e), coordination with gas, is that
9 once it is Board approved, we would invite Enbridge to
10 coordinate with us.

11 MR. RUBENSTEIN: Okay. Those are all of my questions.
12 Thank you.

13 MS. HARE: Thank you. I understand Energy Probe has
14 no cross-examination; is that correct?

15 MR. MACINTOSH: Madam Chair, Energy Probe finds itself
16 in general support of the applicant's programs and funding
17 requests, but do not wish to conduct friendly cross.

18 MS. HARE: Thank you. So we move to Mr. Gardner,
19 LIEN.

20 **CROSS-EXAMINATION BY MR. GARDNER:**

21 MR. GARDNER: Thank you, Madam Chair. LIEN's
22 questions mostly relate to the community outreach and
23 education initiative, but before we get into that, I just
24 have a couple of preliminary questions based on what we
25 have heard so far.

26 Touching on what SEC said, just by way of an example,
27 if you could -- as you said earlier, I think you said that
28 the OPA's PAB is fully allocated at this time.

1 Does this go -- would this sort of pot of money go
2 towards sales people at your booth, whereas the money
3 sought under your OEB education budget would provide an
4 education person or a trainer at the same booth?

5 MR. BILÉ: The PAB funding is allocated towards the
6 provision of sales or business development staff, which
7 really references people spending time to work with clients
8 on specific applications, providing information, walking
9 sites, specific sites, the kind of typical business
10 development support function that we're talking about.

11 I think it would be incorrect to presume that the kind
12 of trade show floor or seminar type of model that we're
13 talking about here would really represent a large portion
14 of their time.

15 Myself, as the manager of that group, I probably do
16 those about once every couple of months, my team less
17 frequently. I think we would like to do more so, and I
18 think part of what we're looking for is the ability to
19 basically have the opportunity to conduct more of those
20 sessions, or to have people, again, by virtue of the
21 incremental resources that we're bringing, that would have
22 that as being part of their full-time type of operation.
23 They wouldn't be -- they wouldn't be performance benchmark
24 on how many kilowatts they bring to bear because of the
25 difficulty to make that association in the long run.

26 They would be there -- I hate to say it, but it would
27 be a very altruistic type of job function whereby they are
28 there to introduce the programs, educate people.

1 What I said during my in-chief evidence is, I have to
2 reiterate, that a lot of times I have people come to me
3 clutching in their hands a lot of the marketing material
4 that has been made available, but it is not enough and they
5 need that personal level of interaction.

6 And I think that the challenge as a sales person is
7 you've got to bring in a certain number of megawatts per
8 quarter, and you are going to be very brutal about, you
9 know, who you are going to talk to.

10 If it's a big industrial, yeah, you probably will be
11 quite forthcoming; large commercial, for sure. But when
12 you start getting into other smaller demographics, it
13 becomes kind of hard, because you've got numbers to meet.

14 MR. GARDNER: Okay, thank you. So just to summarize,
15 then, if you were to have that altruistic sort of a person
16 present at a booth or in some sort of a presentation
17 scenario, the pot of money that would be going towards that
18 person's being there would be through the OEB?

19 MR. BILÉ: That's correct.

20 MR. GARDNER: Okay, thank you.

21 So now just getting to specifically the community
22 outreach and education initiative, would you characterize
23 this initiative as a low-income program?

24 MS. EARLE: It has low-income components. I wouldn't
25 characterize the full program as a low-income program.

26 MR. GARDNER: Okay. So it will benefit low income?

27 MS. EARLE: It will benefit low income.

28 MR. GARDNER: Okay, thank you.

1 In your evidence for this initiative, you mentioned a
2 number of times priority neighbourhoods. Can you just
3 expand on what these are?

4 MS. EARLE: Priority neighbourhoods exist within
5 Toronto. There's 140 neighbourhoods. We have 13 of them
6 that are identified by the City of Toronto as
7 neighbourhoods with community members that are most
8 vulnerable and have less access to social programs and,
9 from our perspective, participation in these type of
10 conservation programs.

11 MR. GARDNER: Okay, thank you.

12 So -- and specifically I went through your responses
13 to our interrogatories, LIEN's IR A-1(c), and actually
14 followed the link that you provided, which is a City of
15 Toronto link, listing a number of demographics.

16 There is a number of documents there, and in
17 particular, we looked at one further down the list called:

18 "The 2006 census update on social risk factors in
19 the City's 13 priority areas."

20 So is this document referring to the same 13 priority
21 neighbourhoods that you just spoke of?

22 MS. EARLE: Yes, it is.

23 MR. GARDNER: And these priority neighbourhoods are
24 essentially based on the 2006 census update; is that
25 correct?

26 MS. EARLE: That's correct.

27 MR. GARDNER: Okay. So going through this document,
28 on page 5 under the sub-heading "Income" you see a number

1 of points there, specifically bullets -- well, 2, 3 and 4,
2 and more specifically number 3.

3 Do you agree that virtually every priority area here
4 had family median incomes after tax below the city average?
5 Do you agree that that is accurate and that is what you
6 based your information on?

7 MS. EARLE: We are basing our information on the
8 city's data, which we believe is accurate.

9 MR. GARDNER: Okay. And similarly, do you agree that
10 12 - this is bullet point number 4, just below - 12 of 13
11 priority areas have low-income rates, which is number of
12 persons in low-income after tax, higher than the city
13 average?

14 MS. EARLE: Yes.

15 MR. GARDNER: Okay. And sort of more generally, just
16 looking at pages 2 to 4, we see that there are a number of
17 at-risk populations listed in this document.

18 So for example, you have visible minorities, and at
19 bullet point 4 on page 3, it indicates that most priority
20 areas exhibit a higher than average number of visible
21 minorities. Similarly on the same page, bullet number 3
22 under "Recent immigrants" heading, almost every PA has a
23 higher than average proportion of recent immigrants.

24 Flipping the next page, number 4, "lone-parent
25 families," second bullet, most PAs, nine of 13, exhibit a
26 higher than average proportion of lone-parent families.

27 Okay. I will give the panel some time just to review
28 what we have already gone through. I apologize.

1 MR. RODGER: I just wonder, should we mark this as an
2 exhibit? I am not sure it has been entered before, Madam
3 Chair.

4 MS. HARE: Mr. Millar, what exhibit number would this
5 be?

6 MR. MILLAR: It will be Exhibit K2.3.

7 **EXHIBIT NO. K2.3: CITY OF TORONTO BACKGROUNDER.**

8 MR. MILLAR: Madam Chair, Staff doesn't have the
9 document in front of us -- oh, we do have it. My
10 apologies. This is the City of Toronto backgrounder.

11 MR. GARDNER: Does the panel need any more time, or
12 would you like me to highlight what I said?

13 MS. HARE: Has this document been presented to the
14 witnesses previously?

15 MR. GARDNER: Yes.

16 MS. HARE: Yes? Thank you.

17 MR. GARDNER: Okay. Finally, page 4, "Seniors living
18 alone" and the seconds bullet point, almost every PA
19 experienced higher than average increases in senior's
20 population. So my question basically is: Do you agree
21 that the -- within most of the 13 priority neighbourhoods,
22 at-risk populations, including the visible minorities
23 mentioned, recent immigrants, lone-parent families and
24 seniors living alone are higher than the city average?

25 MS. EARLE: Yes.

26 MR. GARDNER: Okay. Thank you.

27 Do you agree that Toronto Hydro intends to target
28 residential customers within these 13 priority

1 neighbourhoods?

2 MS. EARLE: Yes.

3 MR. GARDNER: And do you agree that the community
4 outreach and education initiative is aimed at Toronto
5 Hydro's residential customers as a whole, and as such, this
6 initiative serves to assist low-income customers as well?

7 MS. EARLE: We are looking at customers as a whole,
8 and specifically ensuring that these customers are included
9 in our education program.

10 MR. GARDNER: Okay. Thank you.

11 Touching on what, I think, Mr. Buonaguro asked
12 earlier, can you -- but specific to low-income customers,
13 can you confirm that low-income customers will be paying
14 for this initiative through the global adjustment
15 mechanism?

16 MR. TYRRELL: I think all customers across the
17 province will be paying for all of the CDM programs. So
18 yes, the low-income programs would be.

19 MR. GARDNER: Okay. Those are my questions. Thank
20 you very much.

21 MR. TYRRELL: Thank you.

22 MS. HARE: Thank you. Mr. Millar?

23 **CROSS-EXAMINATION BY MR. MILLAR:**

24 MR. MILLAR: Thank you, Madam Chair.

25 Good afternoon, panel. My name is Michael Millar. I
26 am counsel for Board Staff. Many of the areas I had
27 intended to canvass have been covered, so I hope not to
28 take too much of your time.

1 I will begin with just a couple of areas where I
2 wanted to follow up on some of the questions that had
3 already been asked of you. You mentioned -- it may have
4 been to Mr. Buonaguro, but I can't recall for certain, but
5 you mentioned that you anticipate that on or about May 9th
6 the OPA will be completing its low-income schedules.

7 Did I hear that correctly?

8 MR. TYRRELL: That is the best information that I have
9 today. The progress that I heard last week was that they
10 expected to have the schedules completed and available on
11 the Icon system, which is the program management system at
12 OPA, for registration by May 9th. That is the expected
13 date.

14 MR. MILLAR: Okay. So that is about a week from now?

15 MR. TYRRELL: About a week from now.

16 MR. MILLAR: I guess it may depend on where we are in
17 the proceeding and whether or not it actually comes out May
18 9th; was Toronto Hydro planning on filing those schedules?

19 MR. TYRRELL: Registering for the schedules? Or
20 filing? Sorry, I misunderstood your question.

21 MR. MILLAR: Toronto Hydro has previously filed the
22 schedules for the other OPA programs, the ones that are
23 completed; is that right?

24 MR. TYRRELL: We have registered for all available
25 programs as of today.

26 MR. MILLAR: I'm sorry, just to be clear, I mean file
27 in this proceeding. I'm sorry I wasn't --

28 MR. TYRRELL: Oh, I'm sorry. Filed, yes. We did file

1 all of those schedules.

2 MR. MILLAR: And would you anticipate filing the low-
3 income schedule, as well, once it is available?

4 MR. TYRRELL: I assume we would do that. I would have
5 to get sort of legal counsel on what we could file, because
6 some of it may be commercially sensitive, but we would do
7 that under confidence.

8 MR. MILLAR: Okay. Subject, of course, to the same
9 confidentiality provisions in the original ones?

10 MR. TYRRELL: Yes.

11 MR. MILLAR: I don't know if we need to take an
12 undertaking for that. I guess we are requesting it, so Mr.
13 Rodger, maybe we will give it an undertaking number. If it
14 is under advisement, you can tell me if there is a problem.
15 So we will call that Undertaking J2.3, and that is to file
16 the OPA's low-income schedules once they are available.

17 **UNDERTAKING NO. J2.3: TO FILE OPA'S LOW-INCOME**
18 **SCHEDULES, WHEN AVAILABLE.**

19 MR. RODGER: That's fine, Mr. Millar.

20 MR. MILLAR: Thank you. I believe it was Mr. Tyrrell.
21 In your preliminary remarks under examination-in-chief,
22 there was some discussion about Toronto Hydro's attempts to
23 hit its targets, and how you wouldn't be able to do that
24 simply using OPA programs. Did I hear that correctly?

25 MR. TYRRELL: That's correct.

26 MR. MILLAR: I didn't jot down the numbers, but if I
27 recall, it was something like you would be 69 megawatts
28 short on the demand target, and could you give me the

1 gigawatt-hours for the energy?

2 MR. TYRRELL: 1,140 gigawatt-hours, which is about 164
3 gigawatt-hours short of the 1,304 gigawatt target.

4 MR. MILLAR: I wouldn't ask you to spend a lot of time
5 on this. Maybe it was actually canvassed somewhere in the
6 application, but I missed it.

7 I am hoping you can give me at least an overview of
8 how you determined you wouldn't be able to hit the targets
9 simply using the OPA programs.

10 MR. TYRRELL: Mm-hmm. We did a very exhaustive -- and
11 I mean exhaustive -- market segmentation and analysis. In
12 fact, we went so far as to getting every customer's hourly
13 data, because we are fully deployed on smart meters, as
14 well as interval meters, in all market segments. So we
15 could actually analyze on an hour-by-hour basis throughout
16 the entire year, to understand by market segment what each
17 one of these customers typically would contribute to the
18 summer system peak, because essentially that is the target
19 we're after.

20 Once we were to determine that, we are able to break
21 it down by energy end-use profile, which is basically an
22 analysis of the customers, those typical market segments
23 and what really constitutes their energy profile.

24 So for example, in commercial office, 50 percent or
25 59 percent of their total summer peak load is, in fact, air
26 conditioning.

27 So we were able to get to that granularity. We then
28 looked at the OPA programs and analyzed them in relation to

1 the vast market experience we have in the commercial
2 industrial sector and the residential. And we're able to
3 establish these programs and how far they were going to get
4 us, in terms of our target.

5 MR. MILLAR: Because your numbers are fairly specific,
6 in fact. You didn't say 70 megawatts; it is 69.

7 MR. TYRRELL: No, I mean, mathematically, they just
8 came out that way. So we didn't change the number or round
9 them up or round them down. It was just those are the
10 numbers.

11 MR. MILLAR: I won't ask you to produce anything new,
12 but has -- would there be a chart or a table or anything
13 that gives us that figure of 69 or 1,140? Would there be a
14 useful document that could be provided, that sort of breaks
15 down how you arrived at those fairly detailed estimates?

16 MR. TYRRELL: I think in the strategy document we had
17 a fairly good evaluation of how we broke down that market
18 segmentation and analysis. And I am just wondering if that
19 would be helpful to answer your question. Or is...

20 MR. MILLAR: I think we have it on the screen here, so
21 maybe if you could take me -- if you could identify the
22 appropriate page, that may well be sufficient.

23 Mr. Wasylyk is suggesting it may be pages 5 and 6.

24 MR. RODGER: This is Exhibit 1.4, Mr. Millar?

25 MR. MILLAR: Yes, I think that is right. It is the
26 CDM strategy.

27 MR. TYRRELL: That's correct. Page 5 and 6 really
28 sort of gets into the meat of it, and is really the summary

1 of a great deal of our market analysis at a summary level.

2 MR. MILLAR: Okay. I think that is sufficient for my
3 purposes, so thank you for that. I will move on to the
4 next area.

5 Again, still on the theme of follow-up, there was a
6 fair amount of discussion about Exhibit K2.1, and then I
7 guess it was Exhibit K1.1. These are the OPA letters that
8 we have had filed in this proceeding.

9 And I don't intend to go through that in any detail,
10 but I just want to make sure I have an accurate
11 understanding of Toronto Hydro's position with respect to
12 these documents.

13 So I am going to run you through what I think I heard,
14 and, if I've got it wrong, you can let me know.

15 First of all, Toronto Hydro did not approach the OPA
16 or did not go to the OPA for funding for programs 1 to 4 as
17 identified by the OPA in the letter K1.1; is that correct?

18 MR. TYRRELL: That's correct.

19 MR. MILLAR: And we may have to go back to the OPA for
20 confirmation of this, but at least a commonly held view of
21 the letter is that it seems that the OPA is suggesting that
22 had you gone to them, you could have got funding for those
23 programs, or maybe to put it a little bit differently, that
24 they would at least be eligible for funding. Is that fair
25 enough?

26 MR. TYRRELL: I guess based on the terminology used at
27 the bottom of the first page, that would be correct.

28 MR. MILLAR: Okay, thank you. Again, to be clear, I

1 am not asking you to put words in the OPA's mouth. I just
2 want to know what your understanding of the letter is.
3 Presumably we can ask the OPA about it tomorrow.

4 Now, to the extent that these programs are eligible
5 through -- for OPA funding, it would be through the PAB.
6 Is that correct, the PAB budgets?

7 MR. TYRRELL: That's right. And I think it is -- it's
8 fair, safe to say, that there is going to be some overlap
9 in the education and outreach program regardless of any
10 energy -- education and outreach program, and I think it is
11 essentially suggesting that they will provide PAB based on
12 an eligible expense, but they don't know -- in fact, the
13 applications are sort of components of the tier 1 program
14 and not necessarily going to be fully eligible.

15 MR. MILLAR: Okay. Again, we may have to clarify some
16 of this with the OPA.

17 Of course, Toronto Hydro already has, I will call it,
18 significant funding through the public -- the program
19 administration budget, something like \$50 million from the
20 OPA; is that correct?

21 MR. TYRRELL: Over the four-year term, yes.

22 MR. MILLAR: And my understanding is that that is your
23 full allocation and it is not open to you, at least
24 currently, to seek more than \$50 million through that?

25 MR. TYRRELL: No.

26 MR. MILLAR: So to the extent that the OPA was willing
27 to fund these programs, presumably they would reduce
28 funding for something else under PAB; is that your

1 understanding?

2 MR. TYRRELL: That would be correct.

3 MR. MILLAR: Okay.

4 MR. TYRRELL: From some other utility or some other
5 funding source, but, from my understanding, the OPA has
6 \$1.4 billion. It's capped, as the Minister's directive
7 outlined, and that ultimately the PAB had been disbursed or
8 distributed to the utilities based on the EDA-OPA
9 recommendations, and ultimately that is our cap.

10 MR. MILLAR: Just to be certain I heard you correctly,
11 it is 1.4 billion, with a B?

12 MR. TYRRELL: For the entire four-year program that
13 the directive covers, yes.

14 MR. MILLAR: Of which you get 50 million?

15 MR. TYRRELL: Yes.

16 MR. MILLAR: Okay. Thank you for that.

17 Still with the OPA's letter, Exhibit K1.1, this is the
18 letter of April 21st, 2011.

19 On page 2 of that letter, these are the programs that
20 I think that they are of the view are not duplicative.
21 They do suggest for one or two of them, I think the
22 hydronic system balancing and the CEMLC program, that the
23 OPA may look at adopting a similar or identical program
24 sometime in the future. Is that your understanding?

25 MR. TYRRELL: My understanding is they have been
26 considering programs like this, but have not been able to
27 develop them as of yet.

28 They're on their radar screen, if you will, but they

1 would certainly be interested in using a lot of information
2 we would be able to learn out of our launch of these
3 programs to help them develop a province-wide, which we
4 have certainly agreed to.

5 MR. MILLAR: Let's imagine that these programs are
6 approved for Toronto Hydro in this proceeding.

7 To the extent the OPA adopted a province-wide program
8 of the same nature or an identical program, for that
9 matter, say, a year from now or 18 months from now, what is
10 Toronto Hydro's position on what should happen then? Would
11 the Toronto Hydro program continue in parallel or would you
12 look to wind down that program, or have you given any
13 thought to that?

14 MR. TYRRELL: I think based on cost-effectiveness, if
15 we were at a lower dollar per megawatt and being able to
16 achieve our target as a lower cost per megawatt than a
17 provincial-wide program, you know, theoretically, I don't
18 know why we would want to terminate our program to adopt a
19 province-wide program; albeit we are quite happy to
20 transfer all of the knowledge we learn as the initial
21 architect of the program.

22 And I just can't imagine, if it was costing more
23 then -- our program costing more than the provincial
24 program, then I would assume that it would be prudent for
25 us to stop ours and adopt theirs.

26 MR. MILLAR: Okay. So am I hearing, without putting
27 you too much on the spot here, you might take a wait-and-
28 see approach?

1 MR. TYRRELL: I think that is the best, because we
2 just don't know the outcome of each of the programs and how
3 they're subtly different or how they're the same, and what
4 is the cost of delivering these types of programs.

5 MR. MILLAR: To the extent that the OPA's program was
6 more cost-effective, you might be receptive to
7 discontinuing your own program?

8 MR. TYRRELL: Absolutely, as long as it met the
9 targets of the objectives that we had set as a condition of
10 our licence, because that's really the guiding principle.

11 MR. MILLAR: Thank you for that.

12 I have a few -- just a few more questions. Some of
13 these you may bump to panel 2. I wasn't sure which panel
14 they would be for, but I will start with you.

15 Could I ask you to turn up Board Staff No. 2? And
16 this is really sort of a clarification question, I guess.
17 We asked you a question about the mechanics of the funding
18 through the GAM, as you may recall. And if you will turn
19 to page 2 of that response, there is a spot where you ask
20 perhaps for some guidance from the Board, so I thought I
21 better follow up on this just to make sure I understand
22 where you are at least hoping to get some guidance.

23 It says, starting at line 7:

24 "Toronto Hydro further suggests that the Board
25 provide direction on how it wishes Toronto Hydro
26 to deal with variable costs for participant
27 incentives in the event of over achievement of
28 targets of Board-approved programs."

1 Before we go any further, I understand that what
2 you're seeking direction on here is, if you over achieve, I
3 guess that's not included in your current budgets; is that
4 right?

5 MR. TYRRELL: That's correct.

6 MR. MILLAR: What you are suggesting happen in the
7 next couple of sentences, to the extent it looks like you
8 are going to over-achieve, or you do over-achieve, you will
9 be back to the Board seeking more funding for that. Is
10 that an accurate summary?

11 MR. TYRRELL: I guess if there is a program budget
12 that would allow us to over-achieve, but stay within the
13 budget from a cost-effectiveness perspective, we wouldn't
14 necessarily have to come back to the Board for the approval
15 of the incremental that you have already provided budget
16 for.

17 Having said that, if the budget estimates are, in
18 fact, you know, the true budget estimates and -- like,
19 budget versus actual, there is always some variance, and
20 they're reasonable to assume that we could over achieve
21 with a small incremental budget, we would likely be coming
22 back to the Board to present our case on that incremental
23 value so we can capture those incremental megawatts.

24 MR. MILLAR: You note, starting at page 11 -- pardon
25 me, at line 11, a few words in, that:

26 "Incentive payments to participants will be
27 conditional on the availability of funding via
28 regulatory approval of the Board."

1 Could you explain what you mean by that? Would this
2 be, I guess, a caution that is issued to participants to
3 suggest that the incentives may not be available?

4 MR. TYRRELL: Yes. In all of our agreements as of
5 today, that type of wording is in there as a condition of
6 providing an incentive.

7 MR. MILLAR: You don't think that would have any
8 impact on participation numbers or anything like that?
9 This is something that's already in there, in other words?

10 MR. TYRRELL: That's correct.

11 MR. MILLAR: Okay, thank you.

12 Board staff number 7, please. You discussed this IR
13 with Mr. Crocker already, so just a brief follow-up
14 question. Maybe if you could turn to page 4 of that
15 response?

16 These are responses (b) and (c), where you are
17 discussing I guess the staffing budgets for the Board-
18 approved programs.

19 You say that the total budget is 2.7 million and that
20 is for a total of 27 person years; is that right?

21 MR. TYRRELL: That's right.

22 MR. MILLAR: So it averages out to approximately
23 \$100,000 per person per year, if you did it that way?

24 MR. TYRRELL: That's correct.

25 MR. MILLAR: Then you will see the table above that, I
26 think there are nine positions listed.

27 Are these -- have I got that right? These are the
28 nine positions you would be hiring for, for Board-approved

1 programs?

2 MR. TYRRELL: These are incremental FTEs for our
3 Board-approved programs.

4 MR. MILLAR: These would all be contract; is that
5 right?

6 MR. TYRRELL: That's correct.

7 MR. MILLAR: Are you able to give us the breakdown on
8 the approximate annual salaries for those nine positions?
9 I am assuming you have that number, because you've got the
10 2.7 million, so I am wondering if we can have it on a
11 position-by-position average.

12 MR. TYRRELL: Can I defer that question to the --

13 MR. MILLAR: Yes.

14 MR. TYRRELL: I don't have those numbers available.

15 MR. MILLAR: That's fine. Thank you.

16 Can you turn to Board Staff No. 10, please?

17 I have a question in particular about 10(c), and I
18 think the response to that is on page 2.

19 This is where you include a request for \$100,000 for
20 intervenor cost claims; is that right?

21 MR. TYRRELL: That's correct.

22 MR. MILLAR: That is your best estimate of what the
23 cost claims will be for this, for the current proceeding?

24 MR. TYRRELL: I believe so.

25 MR. MILLAR: And then you reference section 5.4 of the
26 code and you say:

27 "As Toronto Hydro is not permitted to fund its
28 CDM activities through distribution rates..."

1 I take it that is your rationale for not seeking to
2 recover this through your ordinary revenue requirement?

3 MR. TYRRELL: That's correct.

4 MR. MILLAR: Could you turn to section 5.4 of the
5 code, please?

6 Just to preface these questions, I want to be clear.
7 I am not necessarily disagreeing with your analysis, but I
8 thoughts it would be prudent to look at what the code
9 actually says in this regard, to assist the Board Panel.

10 5.4 says:

11 "A distributor's program funding and program
12 expenditures from all Board-approved CDM programs
13 and OPA-contracted province-wide CDM programs are
14 to be kept separate from the distributor's
15 distribution operations..."

16 Et cetera.

17 "...and shall not be included in the revenue
18 requirement."

19 That is the provision you are relying on?

20 MR. TYRRELL: That's correct.

21 MR. MILLAR: Would you consider intervenor costs,
22 strictly speaking, to be program funding?

23 MR. TYRRELL: Sorry, I don't know the answer to that.

24 MR. MILLAR: And how about program expenditure? To be
25 clear, I don't wish to be unfair to you. I'll put these
26 questions to the witness panel. It may be a matter for
27 argument, to the extent anyone wishes to raise it at all.
28 But I did want to give the company's witnesses a chance to

1 answer this.

2 So do you have a different response for the term
3 "program expenditure"? Do you know if that -- if an
4 intervenor cost in a proceeding would be included in that?

5 MR. TYRRELL: I think that might be better answered on
6 panel 2.

7 MR. MILLAR: Okay. I may run it by panel 2, or it may
8 simply be a matter for argument.

9 MR. TYRRELL: Okay.

10 MR. MILLAR: I think I just have one final area.
11 Could you turn to Board Staff 44, please?

12 This is a discussion, amongst other things, of one of
13 your programs, in particular one with an in-store retail
14 component, and I am looking at page 2 of 3.

15 This is the community outreach and education program,
16 just to clarify that.

17 If you look about halfway down the page, starting at
18 line 13, and I think here what you are doing is describing
19 the differences between your program and some somewhat
20 similar OPA programs. It says:

21 "While an in-store retail component exchange
22 events does exist under the OPA tier 1
23 residential programs, it does not..."

24 I am just going to focus on the first two bullet
25 points. The first is:

26 "Provide an incentive for any customer that
27 drives them to events..."

28 Et cetera. And then the second one is:

1 "Provide for other incentive product give-aways
2 to drive engagement and participation."

3 Do you see that?

4 MS. EARLE: Yes.

5 MR. MILLAR: Now, could I ask you to flip to section
6 2.3.3 of the code? And in particular, 2.3.3(a), and I will
7 just read it out, for those listening at home.

8 "CDM programs --"

9 The segment -- the entire section is called
10 "Coordination with the OPA" and 2.3.3 states:

11 "CDM programs that will be considered duplicative
12 of OPA-contracted province-wide CDM programs
13 include but are not limited to CDM programs that
14 have, A, different customer incentive levels on
15 products or services already offered through the
16 OPA-contracted province-wide CDM programs."

17 Do you see that?

18 MS. EARLE: Yes.

19 MR. MILLAR: Can you give me your opinion on how your
20 description, back at Board Staff 44, of the differences
21 between your program and the OPA's program, how it meshes
22 with section 2.3.3(a)?

23 And I am talking, of course, in particular about the
24 fact that at least one of the differences simply appears to
25 be the level of the incentive.

26 MS. EARLE: Certainly. While the incentive level is
27 an identifiable difference, fortunately it is not the only
28 one. Really, the main similarity is that they take place

1 in a similar venue, not even the same selected retailers,
2 because again, we're focussing on accessibility to all
3 customers, so we're looking at retailers in the city that
4 allow customers -- for example, those in priority
5 neighbourhoods -- to participate.

6 MR. SOMMERVILLE: Sorry, I did not understand that
7 answer.

8 MS. EARLE: Okay. I will try it a different way. My
9 apologies.

10 The incentive level is, from our perspective, one of
11 the differences. However, it's one of many. And the main
12 difference in our education program is that it has
13 accessibility in Toronto, and provides access to different
14 customer segments to participate.

15 Specifically, the in-store campaign that the OPA runs
16 is an air conditioner and dehumidifier exchange. Those
17 that would participate are those that have an air
18 conditioner or dehumidifier and that have a vehicle that
19 can take it to the retailer, which in this case is a home
20 improvement retailer, which is located in only certain
21 parts of the city.

22 So our program is different, in that it takes place in
23 more locations than that, and provides an offering that is
24 different than the product I just discussed -- air
25 conditioner and dehumidifier -- thereby allowing more
26 customers to participate.

27 Is that helpful?

28 MR. SOMMERVILLE: Thank you.

1 MS. TAYLOR: Can I just ask a follow-on, while Board
2 Staff is -- so your program, though, would it include air
3 conditioning and dehumidifiers and would it include those
4 same retailers? Or is it a separate subset?

5 MS. EARLE: No. It is entirely different.

6 MS. TAYLOR: Thank you.

7 MS. HARE: What does it include, then?

8 MS. EARLE: From a retailer perspective? Well, until
9 we receive approval from the program, we wouldn't commit to
10 retail partners. However, as I mentioned, it would be
11 retailers in locations that blanket the city, and allow
12 accessibility in other neighbourhoods.

13 And then the incentive is a give-away. So rather than
14 requiring a purchase or an exchange of an appliance which
15 customers might not have the capability or the drive to
16 participate in, it drives them to participate in an event
17 where they can take part in a give-away.

18 And that is essentially the hook to get them to the
19 store.

20 MS. HARE: What are the products that are being given
21 away, though?

22 MS. EARLE: This year, we would be looking at a CFL
23 exchange -- I mentioned that earlier -- in advance of the
24 CFL ban. We would ask customers to bring in their old
25 incandescents.

26 For 2012, we would look at another technology; LED
27 bulbs would be ideal. At this time, the price point is
28 around \$20, but it is going down, and certainly when the

1 CFL ban takes place, we see that price point being reduced
2 even further.

3 That is the type of technology that is great to
4 introduce to a customer for the first time as a give-away.

5 MS. HARE: Thank you.

6 MR. TYRRELL: It also gives us that opportunity to get
7 to those priority neighbourhoods, as Gillian mentioned, but
8 it also gives that opportunity where we have one-on-one
9 engagement with these consumers that ultimately want to
10 know about energy issues, and that we can talk to them on a
11 broader basis about all of their energy issues, not just
12 the product coupons or not just the give-away.

13 That is just a hook, an opener that we can really
14 engage in a fruitful discussion with these consumers.

15 MR. MILLAR: Madam Chair, that concludes my questions.
16 Thank you, panel.

17 MS. HARE: Thank you.

18 The Panel does have a few questions. Mr.Sommerville?

19 **QUESTIONS BY THE BOARD:**

20 MR. SOMMERVILLE: Mr. Tyrrell, you are familiar, I
21 gather from your evidence, with the master agreement that
22 exists between the utility and OPA.

23 MR. TYRRELL: Correct.

24 MR. SOMMERVILLE: And when you are answering questions
25 about the PAB, you referenced the nomenclature in the
26 agreement as eligible expense; is that right?

27 MR. TYRRELL: That's correct.

28 MR. SOMMERVILLE: And just for clarification purposes

1 so I understand, so it is an eligible expense an expense
2 that is payable by the OPA pursuant to the PAB?

3 MR. TYRRELL: That's correct.

4 MR. SOMMERVILLE: So you would submit, in effect, an
5 invoice. They would vet the invoice at the OPA to
6 determine whether it was an eligible expense, and, if it
7 was determined to be an eligible expense, it would be paid?

8 MR. TYRRELL: That's correct.

9 MR. SOMMERVILLE: Okay. So is that the context in
10 which you see Mr. Pride's letter of April 21st and his
11 statement that:

12 "The OPA is of the opinion that programs 1 - 4
13 above are payable through the existing Program
14 Administration Budget provided under the
15 Province-Wide Programs."

16 Is that not a direct linkage to that aspect of the
17 master agreement?

18 MR. TYRRELL: I think this statement suggests that
19 some of the programs, based on the evidence that -- the
20 statement of evidence that they provided, some of the
21 program components would ultimately be program eligible
22 expenses.

23 But perhaps that is a question for the OPA. I don't
24 know if all of them would be expendable -- or eligible for
25 that expenditure.

26 What we know is we would not, in fact, go ahead with
27 any of these educational programs or outreach unless we had
28 a predetermination that they were eligible expenses,

1 because it is the utility's risk if we don't get them
2 approved pre rather than post.

3 MR. SOMMERVILLE: Let's deal with that, then. You
4 have a budget now.

5 MR. TYRRELL: Correct.

6 MR. SOMMERVILLE: You have a PAB.

7 MR. TYRRELL: Correct.

8 MR. SOMMERVILLE: The PAB, you're allocated a ceiling
9 with respect to that. And so long as it is an eligible
10 expense and so long as you are still below the ceiling, you
11 are going to get paid. Isn't that the architecture?

12 MR. TYRRELL: We've had -- we have the same
13 terminology in past contracts and we have submitted
14 invoices at risk of not being approved. So we would have
15 these preapproved before, in fact, we would ever consider
16 going ahead with any of these as eligible expenses.

17 MR. SOMMERVILLE: So you are suggesting when Mr.
18 Pride, who is the vice president conservation division of
19 OPA, tells you that programs 1 through 4, which he has
20 defined in his letter and which he has obviously intimate
21 knowledge of, when he says that the OPA - and he's speaking
22 for the organization - is of the opinion that those
23 programs "are payable through the existing Program
24 Administration Budget", you don't necessarily believe him?

25 MR. TYRRELL: It is not necessarily that I don't
26 believe him. It is just that in their statement of
27 evidence, it does suggest that perhaps some of them may not
28 be eligible, as well, given the fact that some of the

1 educational outreach programs are components of current
2 tier 1 programs, and they always will be, for that matter,
3 because there is no real clear demarcation between the tier
4 1 and potential code-approved education programs.

5 So it would be our risk if we went ahead with them
6 without getting these things pre-approved, which we have
7 not done.

8 MR. SOMMERVILLE: Are all of your expenses under the
9 PAB preapproved?

10 MR. TYRRELL: We definitely know which ones are
11 eligible expenses and which ones we have concern with, and
12 these would be in that very gray area that we wouldn't have
13 a determination. We would rather have those completely
14 approved by OPA.

15 MR. SOMMERVILLE: I have your answer, Mr. Tyrrell.
16 Thank you.

17 MR. TYRRELL: Thank you.

18 MS. TAYLOR: Mr. Tyrrell, in your response to one of
19 Mr. Millar's questions relating to, I believe, the
20 terminology of your contracts with customers in some of
21 these programs, to the extent that you are in excess of
22 your targets, you're not guaranteeing that incentives are
23 available. Did I understand that correctly?

24 MR. TYRRELL: That's correct.

25 MS. TAYLOR: So I guess help me out here. You also
26 said that the presence or absence of an incentive at that
27 time wouldn't necessarily detract from participation rates
28 in the particular program that you were talking about,

1 which I found to be a rather odd statement, considering
2 that incentives are integral to participation rates.

3 So can you just sort of reconcile that for me, where
4 the client may or may not know that you are at or in excess
5 of your targets? So can you explain to me how, in the
6 situation where you are in excess of your target, that an
7 incentive doesn't matter to a customer, whereas if you are
8 below the target the incentive does matter and it will
9 affect participation rates?

10 MR. TYRRELL: I am not sure I -- I think perhaps maybe
11 you misunderstood or I didn't convey the message very well,
12 and I apologize. But we have a fairly sophisticated
13 monitoring and tracking system of all customers within a
14 sales funnel through a qualified staging process, and that
15 ultimately we know exactly how many customers are going
16 through and that we are governing with very tight risk
17 control on the actual spend of the program versus what --
18 you know, from a risk perspective.

19 So leading up to the cap, we would have a very clear
20 understanding of who, in fact, would be eligible for an
21 incentive or not, and that we would shut down the program
22 prior to reaching that cap, if there was no ability to
23 exceed the target or there was no mechanism to do so, or no
24 opportunity to come back and make a case before the Board
25 for the incremental value above our cap.

26 MS. TAYLOR: So, in other words, you would actually
27 shut the program down until such time as you had the
28 Board's formal approval; is that correct?

1 MR. TYRRELL: We would have to; that's correct.

2 MS. TAYLOR: Thank you.

3 MR. SOMMERVILLE: Sorry, just one additional question.
4 Mr. Tyrrell or Ms. Earle, I think, perhaps, with respect to
5 program delivery, as far as these four programs are
6 concerned, how do you -- what is the actual -- how do you
7 actually deliver this?

8 Do you foresee hiring third parties to conduct this?
9 Is that how you would do it?

10 MS. EARLE: Yes. We certainly rely on partners and
11 third parties to work with us. So the business improvement
12 area for the festive light exchange, Toronto Police, as
13 well as community leaders in the priority neighbourhoods
14 for that specific outreach and the local youth and local
15 schools, and then third party support for the in store
16 campaign, that involves generally about 200 events. We do
17 hire staff to staff those events.

18 MR. SOMMERVILLE: And would the successful delivery
19 agent -- would they be used exclusively for these four
20 programs, or would they have also a broader responsibility
21 to sell or educate, whatever -- market, whatever
22 terminology is the right one, the broader scope of
23 programs, including the OPA programs?

24 MS. EARLE: That's a great question. There would
25 likely be overlap. We look for synergies and cost
26 efficiencies wherever possible.

27 That being said, these programs are unique and have
28 some unique partnerships and third parties that would be

1 specific just to these programs.

2 MR. SOMMERVILLE: The reason I raise that is that in
3 Mr. Pride's letter, which is Exhibit K1.1, he also says
4 that in delivering the remaining programs, that they would
5 be expecting an alignment of program delivery.

6 And does alignment of program delivery in your mind
7 mean that your delivery agents for these four programs
8 would have this additional responsibility?

9 MS. EARLE: Maybe I can just ask you to repeat the
10 question. So as it relates -- thanks.

11 MR. SOMMERVILLE: I apologize for not being
12 particularly clear.

13 In terms of aligning the delivery of these programs,
14 these four educational community outreach, you know,
15 educational marketing exercises, is it your expectation
16 that as part of the obligation of the delivery agent, that
17 they would also be required, as directed by you, to market,
18 sell, deliver, advertise, whatever terminology is the right
19 one, the OPA programs, as well as the balance of the
20 Toronto Board-approved programs?

21 MS. EARLE: When we would educate our program delivery
22 agents, we would educate them on the OPA programs, as well,
23 so that if there are opportunities that arise for cross-
24 promotion, we would leverage all of those opportunities.

25 MR. SOMMERVILLE: Thank you.

26 MR. BILÉ: As a matter of fact, if I could also jump
27 in, with regards to a specific example, the greening
28 greater Toronto program, all of the sort of initiatives

1 arising from that good level of discussion end up basically
2 funneling their way through OPA programs. If they finally
3 figure out how to work around their lease issues and do
4 that lighting retrofit or that building automation system
5 upgrade, eventually they all trickle downstream as programs
6 that end up being OPA type of programs later on.

7 So very definitely we leverage the whole spectrum of
8 programs that are available to our customers.

9 MR. SOMMERVILLE: Thank you.

10 MS. HARE: My first question was with respect to the
11 greening greater Toronto program, and that is one of the
12 programs that is one year only, as I understand it, to be
13 concluded in December:

14 MR. BILÉ: That's correct, yes.

15 MS. HARE: Given where we are in the year, have you
16 actually missed the window for that program? The second
17 part of that is: Does the budget change, given where we
18 are in the year?

19 MR. BILÉ: As a matter of fact, the greening greater
20 Toronto fiscal year is an April to March fiscal year. So
21 we are actually closer to the beginning than -- now being
22 in May would suggest, if you were to think it was a January
23 start.

24 So it is not so bad for them, given that we are still
25 close to their start of their fiscal year, and given that
26 the budget still remains as we have requested.

27 MS. HARE: Thank you. My second question is somewhat
28 related, Ms. Earle, to the discussion you were having with

1 Mr. Sommerville, and it is with respect to the community
2 outreach program.

3 Have you tried to approach other potential partners
4 for funding? For example, the city of Toronto or police or
5 the retailers that would accept the coupons? Have you
6 talked to any of those parties to see whether or not they
7 would bring money to the table?

8 MS. EARLE: Absolutely. And the application funding
9 request would be larger. Did we not have close ties with
10 partners? Even vendors, when we do give-aways and purchase
11 such a large supply, we do get certainly the best rate
12 possible with the Toronto Police partnership. They're
13 funding their own employees to work at these events.

14 And with TABI, it is the same, and in fact we have
15 volunteers that participates in the Festive Light exchange.

16 So we leverage all of our partnerships, and they do
17 commit.

18 Retailers also -- part of the RFP process in order to
19 partner with us includes them funding some of the marketing
20 dollars.

21 MS. HARE: So do you have a sense of what percentage
22 of the total program costs are being picked up by others?

23 MS. EARLE: I would need to come back with that.

24 MS. HARE: Maybe we could do that as an undertaking.

25 MS. EARLE: Sure.

26 MS. HARE: So specifically what I am interested in,
27 what the total program would cost if there weren't other
28 parties that were assisting in the funding.

1 MS. EARLE: Okay.

2 MR. MILLAR: That will be Undertaking J2.4.

3 **UNDERTAKING NO. J2.4: TO PROVIDE TOTAL PROGRAM COST**
4 **IF OTHER PARTIES WERE NOT ASSISTING WITH FUNDING.**

5 MS. HARE: My last question is -- the other two
6 programs outside of Greening Toronto you have re-applied
7 for four years. Does it matter if, in fact, the Board
8 chooses to only fund for one year or two years, and want to
9 see how things go?

10 What are the consequences of that?

11 MS. EARLE: From our perspective, we could execute the
12 programs for one year only, the education programs.

13 MS. HARE: Thank you.

14 MR. TYRRELL: Just to comment a little bit more on
15 that one, too, there is a considerable amount of
16 mobilization associated with each one of these programs.

17 So when you -- a lot of the upfront costs are to
18 mobilize and get the program out the door, so you wouldn't
19 see the most cost-effective program in year 1. You would
20 see it over the four-year term. That would be essentially
21 more cost-effective than a one-year program.

22 MS. HARE: Thank you.

23 Mr. Rodger, any redirect?

24 MR. RODGER: Yes, thank you.

25 **RE-EXAMINATION BY MR. RODGER:**

26 MR. RODGER: Mr. Tyrrell, first turning to you, and
27 this stems from your discussion with both Mr. Sommerville
28 and Mr. Millar, I wonder if I could ask you to turn up the

1 large table that you filed as Exhibit K1.2 last week.

2 This is entitled: "OPA province-wide residential
3 program comparison table for THESL OEB hearing".

4 MR. TYRRELL: Okay.

5 MR. RODGER: What this table does is it lays out the
6 incremental changes for the four education programs before
7 the Board today, versus the OPA's year 1 residential
8 programs; is that correct?

9 MR. TYRRELL: That's correct.

10 MR. RODGER: Now, let me ask you, when you have had
11 this, these 14 months of discussions with the OPA and
12 discussions over the months over these programs 1 to 4,
13 did, at any time, the OPA tell you that programs 1 to 4 --
14 which are described here in this chart -- would
15 automatically and without doubt be eligible for approval
16 under PAB?

17 MR. TYRRELL: No.

18 MR. RODGER: And does Ms. McNally's witness statement
19 do anything to clarify that answer?

20 MR. TYRRELL: No. It has no opinion to it.

21 MR. RODGER: Now, you had a discussion with -- I
22 believe it was Mr. Warren, and this was on the -- about the
23 April 21st OPA letter. And the exchange was essentially --
24 but for the Hydro One case where the OPA letter was
25 tendered -- that this Board may not have had any
26 opportunity or received any correspondence from the OPA in
27 connection with your application.

28 I wonder if I could just refer you to Board Staff

1 Interrogatory 4.

2 And this interrogatory, part (a) asked you about
3 communications between THESL and the OPA and your answer at
4 the bottom says that, in (a), that you are

5 "...engaged with discussions with the OPA
6 concerning matters related to your Board-approved
7 programs. THESL will provide parties with any
8 correspondence it receives from the OPA prior to
9 the oral hearing."

10 So my question is: Isn't it true that, independent of
11 that HONI case and the OPA letter in that case, that this
12 Board would have received a letter from the OPA, because
13 this is what you said you would do in your interrogatory
14 response?

15 MR. WARREN: Objection, Ms. Chair. I rarely object to
16 it, but that is just --

17 MS. HARE: Leading?

18 MR. WARREN: Gratuitously leading.

19 MR. RODGER: Well, the letter speaks for itself.

20 Now, you also were asked about interpreting the OPA
21 letter, and is part of the confusion here, or the issue
22 that you've been -- put to you by various parties, is that
23 under the OPA's regime, under the province-wide program it
24 is clear that funding could be available for education
25 programs. I think that is clear?

26 MR. TYRRELL: Yes.

27 MR. RODGER: And is it also clear that the OEB CDM
28 Code at least holds out the prospect there could be funding

1 for education programs?

2 MR. TYRRELL: Correct.

3 MR. RODGER: So is the issue here, is it not so much
4 one of duplication of education programs, but we may simply
5 have an area of overlap as between the OPA regime and the
6 Ontario Energy Board's CDM Code?

7 MR. TYRRELL: That's correct.

8 MR. RODGER: And at the end of the day, it will be up
9 to this Board to interpret the CDM Code?

10 MR. TYRRELL: That's my understanding.

11 MR. RODGER: And not the OPA?

12 MR. TYRRELL: That's correct.

13 MR. RODGER: All right. You had a couple of questions
14 about the global adjustment and how the expense for all of
15 these programs would be picked up under that regime.

16 I take it you would agree that means that Toronto
17 Hydro customers are also going to be paying for programs
18 that happen outside the City of Toronto?

19 MR. TYRRELL: That's correct.

20 MR. RODGER: And finally, you had a few questions
21 around implementation and timing of your program.

22 And at the outset of the proceedings today, we talked
23 about, you know, the goal would be to complete the hearing
24 by tomorrow. If this doesn't happen, and if because of
25 scheduling delays it could be several weeks' delay before
26 we even finish the oral part of this hearing, can you tell
27 us what that would do, that delay would do, what impact it
28 would have on your CDM programs?

1 MR. TYRRELL: I think in my in-chief, I essentially
2 suggested there is a 12- to 18-month rollout or business
3 site development cycle, and that leading up to the end of
4 December 31st, 2014, we would ultimately have to stop
5 selling.

6 So we would have an absolute drop of customers, who we
7 have no incentive approval after that date.

8 So we effectively have, really, a two-and-a-half-year
9 window to reach this significant target. And it would be
10 imperative that we have an early approval for this, so we
11 can mobilize, get them out the door so we have any chance
12 of meeting our target.

13 Without these and without getting this expedited, the
14 target is very much at risk.

15 MR. RODGER: No further questions. Thank you.

16 MS. HARE: Thank you. This witness panel is excused.
17 Thank you very much for your evidence.

18 Mr. Rodger, are you prepared to put your second panel
19 up?

20 MR. RODGER: Yes, we are, Madam Chair.

21 MS. HARE: Mr. Rodger, we will take a break now while
22 you get your witnesses ready, and we will be back at five
23 to 3:00.

24 --- Recess taken at 2:36 p.m.

25 --- On resuming at 3:07 p.m.

26 MS. HARE: Please be seated.

27 Mr. Rodger, could you present your witness panel? I
28 see one familiar face.

1 MR. RODGER: Yes. We are all set to proceed with
2 panel number 2, Madam Chair. Mr. Tyrrell you know of
3 course from the first panel and remains sworn in.

4 Could the other two witnesses please go forward to be
5 sworn or affirmed, please?

6 **TORONTO HYDRO-ELECTRIC SYSTEM LIMITED - PANEL 2**

7 **Michael Marchant, Sworn**

8 **Tony Pardal, Sworn**

9 **Chris Tyrrell, Previously Sworn**

10 **EXAMINATION-IN-CHIEF BY MR. RODGER:**

11 MR. RODGER: So, Madam Chair, once again we have three
12 witnesses on this panel, Mr. Chris Tyrrell, Mr. Michael
13 Marchant, and Mr. Tony Pardal.

14 And, Mr. Marchant, you are the manager of CDM projects
15 and technical support of Toronto Hydro-Electric System
16 Limited?

17 MR. MARCHANT: Correct.

18 MR. RODGER: And your CV has been provided to the
19 Board as Exhibit K, tab 1, schedule 3?

20 MR. MARCHANT: Yes.

21 MR. RODGER: And, Mr. Pardal, you are the manager of
22 CDM settlement and regulatory support of Toronto Hydro?

23 MR. PARDAL: That's correct.

24 MR. RODGER: And your CV has been provided to the
25 Board at Exhibit K, tab 1, schedule 2?

26 MR. PARDAL: Yes.

27 MR. RODGER: I understand, like the first panel, Mr.
28 Marchant, Mr. Pardal, this is also your first time

1 appearing as a witness?

2 MR. MARCHANT: Correct.

3 MR. PARDAL: Yes.

4 MR. RODGER: Panel members, was the application and
5 supporting materials prepared by you or under your
6 supervision?

7 MR. MARCHANT: Yes.

8 MR. TYRRELL: Yes.

9 MR. PARDAL: Yes.

10 MR. RODGER: Is the evidence before the Board, to the
11 best of my knowledge, an accurate reflection of the
12 company's affairs?

13 MR. MARCHANT: Yes.

14 MR. PARDAL: Yes.

15 MR. TYRRELL: Yes.

16 MR. RODGER: Do you each adopt this evidence as your
17 own evidence in this proceeding?

18 MR. PARDAL: Yes.

19 MR. MARCHANT: Yes.

20 MR. RODGER: Mr. Marchant, turning to you, in the last
21 panel we heard about the outreach and education programs.
22 Can you please tell the Board about the remaining five
23 programs that you are seeking approvals for?

24 MR. MARCHANT: Certainly.

25 In addition to the three outreach and education
26 programs, Toronto Hydro has proposed the following five
27 savings-based programs.

28 The first is commercial energy management and load

1 control; the second commercial, institutional and small
2 industrial monitoring and targeting. The third is flat-
3 rate water heater conversion and demand response; the
4 fourth, hydronic system balancing program; and fifth,
5 multi-unit residential demand response.

6 These programs are designed to fill specific gaps in
7 the OPA province-wide programs that need to be addressed if
8 we are to meet our targets.

9 As noted this morning, it does not encompass all of
10 our planned applications. As we identify needs, we will
11 revisit areas and ideas to develop potential programs.

12 I will speak briefly on each of the programs, in turn.
13 The first program I will discuss is the commercial energy
14 management and load control program. This program provides
15 small commercial, institutional and retail customers that
16 have a monthly demand less than 200 kilowatts and energy
17 management system. This will allow them both to control
18 through their own energy use and will also enable us to
19 control their loads during periods of high summer peak
20 demand.

21 With this program, Toronto Hydro is seeking approval
22 to expend \$11.7 million over the program life, to achieve
23 13.8 gigawatt-hours of net cumulative electricity savings,
24 and develop 6.7 megawatts of demand response capacity.

25 The anticipated TRC and PAC benefit-to-cost ratios for
26 this program are 1.7 and 4.1, respectively.

27 The second program is the commercial, institutional
28 and small industrial monitoring and targeting program. The

1 M&T program is designed to enable participants to track
2 energy consumption in real time against defined targets and
3 better manage their energy consumption to pursue
4 operational improvements.

5 With this program, Toronto Hydro is seeking approval
6 to expend 5-1/2 million over the next four years to address
7 a gap in the OPA province-wide programs.

8 Toronto Hydro expects to achieve 40.7 gigawatt-hours
9 of net cumulative electricity savings and 0.8 of megawatts
10 of net summer peak demand reduction. The anticipated TRC
11 and PAC benefit-to-cost ratios for this program are 1.6 and
12 1.5, respectively.

13 The third program is the flat-rate water heater
14 conversion and demand response program. This program is
15 based on the estimated 20 percent reduction in electricity
16 consumption to generate hot water that is seen when people
17 switch to a metered service.

18 In addition, customers will also be required to sign
19 up for the peaksaver program for the hot water tank. With
20 this program, Toronto Hydro is seeking approval to expend
21 1.2 million to achieve 10.2 gigawatt-hours of cumulative
22 electricity savings, and develop 1.49 megawatts of summer
23 peak demand response capability and also 0.3 megawatts of
24 peak demand savings.

25 The anticipated TRC and PAC benefit-to-cost ratios for
26 this program are 1.9 and 1.7, respectively.

27 The fourth program is the hydronic system balancing
28 program. This program is designed to provide system survey

1 incentives to allow participants to first identify common
2 hydronic system oversizing issues. The program also
3 provides incentives to encourage participants to act on the
4 results of these surveys.

5 The important part of this program is it is a
6 relatively low cost and easy -- easy measure for customers
7 to implement. So it is an easy way for them to achieve
8 some initial success. With this program, Toronto Hydro is
9 seeking approval to expend 4.7 million to achieve 62
10 gigawatt-hours of net electricity savings.

11 The program also will save 3.4 megawatts of net summer
12 peak demand, and the anticipated TRC and PAC benefit-to-
13 cost ratios for this program are 2.2 and 4.7, respectively.

14 The final program is the multi-unit residential demand
15 response program. This program will use technologies that
16 are currently available to reduce loads in these facilities
17 during periods of high summer peak demand.

18 This program extends the concept of residential load
19 control to the MURB sector. This sector is not addressed
20 currently by any of the province-wide programs, and this
21 sector is very important to Toronto Hydro, as it represents
22 about 22 percent of our peak summer cooling load.

23 With this program, Toronto Hydro is seeking approval
24 to expend 19.9 million over the four-year program life to
25 achieve 11.7 megawatts of demand response capacity, and
26 also 467 megawatt-hours of electricity savings.

27 The anticipated TRC and PAC benefit-to-cost ratio for
28 this program are 1.6 and 1.0, respectively.

1 MR. RODGER: Thank you, Mr. Marchant. Madam Chair,
2 the panel is available for cross-examination.

3 MS. HARE: Thank you. Mr. Warren, will you be first?

4 **CROSS-EXAMINATION BY MR. WARREN:**

5 MR. WARREN: Panel, could you turn up, please, Exhibit
6 J, tab 1, schedule 1, or tab I, schedule 1. I'm not sure.
7 It is the response to Board Staff Interrogatory No. 1.

8 Could you -- just as a follow-up to the examination-
9 in-chief, would you just tell me the total of the Board-
10 approved programs -- total cost of the Board-approved
11 programs over four years for which you are seeking approval
12 in this application?

13 MR. PARDAL: For the total of eight Board-approved
14 programs, we're seeking approval for \$50,652,853.

15 MR. WARREN: So that as I look at this chart, over a
16 period of four years, Toronto Hydro and the OPA will be
17 spending something like \$100 million on CDM programs for
18 the Toronto -- for THESL's service territory; is that fair?

19 MR. PARDAL: There is a difference between the OPA
20 programs and the Board-approved programs. I think as it
21 was indicated in earlier testimony, that the Board-approved
22 programs includes a total budget, including incentives, as
23 well as administration costs.

24 The 50 million that is indicated for the OPA programs
25 is essentially just a PAB, or the program administration
26 budgets.

27 MR. WARREN: Thank you for that clarification. That's
28 fair.

1 So that if I were to build in the incentives -- and we
2 will ask this question tomorrow of the OPA -- if I build in
3 the incentives, the combined expenditure over four years is
4 in excess of \$100 million; is that fair? Likely to be?

5 MR. PARDAL: Yes.

6 MR. WARREN: Okay. Can we agree, panel, as a general
7 proposition or a general principle, that Toronto Hydro,
8 given that there will be in excess of \$100 million spent in
9 the Toronto service territory, the Toronto Hydro would be
10 concerned not to waste ratepayer money? Ratepayers writ
11 large; I appreciate that these are recovered from across
12 the province. We don't want to waste ratepayer money on
13 these programs; is that a fair generalization?

14 MR. TYRRELL: I think it is a -- the CDM is actually
15 a -- conservation first, as a strategy from the Green
16 Energy Act. And essentially, it is a lower cost than
17 generation capital expenditures.

18 And so ultimately it is a prudent way of meeting the
19 supply needs of Ontario.

20 MR. WARREN: That wasn't really the question I asked
21 you, panel. And I appreciate the editorial response, but I
22 asked a question: Would you agree with me that, given the
23 amount of money that's being spent, that Toronto Hydro as a
24 matter of principle doesn't want to waste ratepayer money
25 on programs? Fair?

26 MR. TYRRELL: The answer is fair, yes.

27 MR. WARREN: Okay. Now, I want to turn, then, to a
28 follow-up to the testimony of your colleagues on panel 1.

1 Now, as I understand it -- and I am going to focus my
2 questions here on the residential programs -- as I
3 understood the testimony that we heard this morning, panel,
4 the residential programs, in terms of their design, were
5 effectively completed sometime in the latter part of
6 December of 2010.

7 Have I got that right?

8 MR. TYRRELL: Correct.

9 MR. WARREN: And do I understand it correctly that the
10 components of the residential programs would have been
11 discussed with the OPA as part of the working group that
12 you participated in through much of 2010? Have I
13 understood that correctly?

14 MR. TYRRELL: Correct.

15 MR. WARREN: And is it -- would it be a reasonable
16 conclusion on my part that any overlap between the OPA
17 programs, province-wide programs, and the Toronto Hydro
18 residential programs would have been apparent as of the end
19 of December of 2010? Is that a reasonable conclusion on my
20 part?

21 MR. TYRRELL: I would assume so, yes.

22 MR. WARREN: Okay. Now, can you tell me, given the
23 apparent overlap between the end of December and the early
24 part of March, a period of two months, was an effort made
25 by the OPA and Toronto Hydro to reduce the overlap between
26 the province-wide programs and the THESL programs in the
27 residential sector?

28 MR. TYRRELL: Well, the residential programs are a

1 community outreach program, and essentially has those four
2 elements.

3 So we recognized what was in the province-wide
4 programs and that these were incremental to the province-
5 wide programs, so we didn't necessarily go through OPA to
6 adjust or change these programs, save and except the in-
7 store integration with the other program.

8 MR. WARREN: So is the answer to my question that
9 there were no discussions in that two-month period between
10 the OPA and Toronto-Hydro about apparent overlaps between
11 the residential programs, province-wide programs, of the
12 OPA and Toronto Hydro? Is that fair? No discussions?

13 MR. TYRRELL: Sorry. The discussion was essentially -
14 we had a discussion on potential overlaps, but we didn't
15 conclude that either party concluded that these were
16 overlaps that we were going to avoid or adjust the program.

17 We felt that they weren't overlaps, and that these
18 were complementary or incremental to the programs.

19 MR. WARREN: And is it your evidence that the OPA
20 agreed with that?

21 I'm talking about the two-month period from the time
22 your programs were finalized and the delivery of the
23 evidence to the OPA at the beginning of March.

24 MR. TYRRELL: It would be safe to say that the OPA
25 assumed that some of these components would be covered
26 under PAB, as their -- as their statement suggests.

27 MR. WARREN: Okay. You say it would be safe to say
28 that the OPA would assume. How do you know that, sir?

1 MR. TYRRELL: Well, their letter suggests that some of
2 these programs may be potentially eligible under PAB.

3 MR. WARREN: But they didn't tell you that in the two-
4 month period before the evidence was delivered?

5 You were talking to them that entire time, I take it?
6 Yeah?

7 MR. TYRRELL: Yes. I am not refusing to answer the
8 question. The answer is yes, we -- they did suggest this,
9 but in our view we were compliant with the code
10 requirements and that these were incremental to the thing,
11 and it was the up to the Board to make a decision and
12 determination whether they should be covered as a Board-
13 approved program or an OPA-approved program.

14 It wasn't the OPA's determination whether they should
15 be duplicative or not.

16 MR. WARREN: I apologize, I have misunderstood, then,
17 an answer that you gave to Mr. Rodger in your re-
18 examination in your capacity as a member of the first
19 panel.

20 I understood, when Mr. Rodger said did the OPA ever
21 tell you that there was overlap, I understood that the
22 answer was no, they didn't tell you.

23 But I take it now that they did tell you in that two-
24 month window period, that there was overlap in these
25 programs, continuing, notwithstanding your discussions?

26 MR. TYRRELL: I guess by virtue of the fact that they
27 suggested that some of these programs could be eligible
28 under PAB, that we've assumed or inferred that that would

1 be some overlap.

2 MR. WARREN: Okay.

3 MR. RODGER: And to be fair, Mr. Warren, that wasn't
4 my question in redirect. My question was: At any time,
5 did Mr. Tyrrell or Toronto Hydro get an unequivocal
6 approval from the OPA that these four programs we talked
7 about earlier in the day would be funded and included
8 within PAB? And the answer was no.

9 MR. WARREN: Now, as I understand the evidence that
10 you gave this morning, the evidence -- sorry, the testimony
11 you gave this morning, the actual evidence in this case was
12 delivered to the OPA sometime in the early part of March of
13 this year. Correct, Mr. Tyrrell?

14 MR. TYRRELL: Correct.

15 MR. WARREN: Now, between the time it was delivered to
16 the OPA and the letter of April 21, did you have
17 discussions with the OPA about the evidence?

18 MR. TYRRELL: Sorry, could you repeat the dates that
19 you --

20 MR. WARREN: Between the time you delivered the
21 evidence to the OPA at the early part of March, and the
22 April 21 letter from the OPA, did you have discussions with
23 the OPA about the evidence?

24 MR. TYRRELL: Yes, we did.

25 MR. WARREN: Okay. And during the discussions about
26 the evidence, did the OPA continue to take the position
27 that with respect to the residential programs, the funding
28 could be obtained, in part, from the PAB?

1 MR. TYRRELL: We had ongoing discussions through that
2 whole -- through the process, through March to April, and
3 it was concluded that that was their letter -- that was
4 their position on what their opinion was.

5 MR. WARREN: Okay. That was their position, but it
6 wasn't unequivocally stated to you; is that right?

7 MR. TYRRELL: That's correct.

8 MR. WARREN: Okay. So may I conclude, then, that when
9 you got the letter of April 21, it was not a surprise to
10 you that they were taking that position? That fair?

11 MR. TYRRELL: Not necessarily, no.

12 MR. WARREN: Okay. Well, not necessarily or not at
13 all?

14 MR. TYRRELL: It wasn't a surprise. We weren't
15 surprised.

16 MR. WARREN: Okay. Now, I guess what puzzles me about
17 this, Mr. Tyrrell -- and let me be as direct about this as
18 I can -- is you have two agencies, one a utility, one
19 created by the Ontario government, responsible for some
20 100-plus million dollars in spending. Why is it that you
21 two couldn't have got your stuff in order between the end
22 of December and now, to make sure that there was no overlap
23 or conflict? It's a puzzlement to me.

24 MR. TYRRELL: We were following the code requirements,
25 and ultimately the process that is outlined in the code,
26 and our interpretation of 4.3.

27 Our programs, we truly believe, are incremental to the
28 OPA programs, and ultimately we decided to pursue these as

1 a separate application to the Board.

2 MR. WARREN: And you were going to leave it, then, to
3 the Board to resolve the differences that you and the OPA
4 could not resolve? Fair?

5 MR. TYRRELL: I guess the determination of the outcome
6 of this is really that the code is the -- is dictating what
7 the requirement is of Board-approved programs, and it is
8 really not a determinant from the OPA.

9 So ultimately if we felt strongly that these should be
10 Board-approved programs, then we pursued them in that
11 fashion.

12 MR. WARREN: Now, my last question on this area is, in
13 the letter from Mr. Rodger dated April 27th, which I
14 believe -- subject to my weak note-taking -- has been
15 marked as Exhibit K1.2.

16 This is a sheet which, in tiny print, looks like this.
17 It is a kind of gloss on the four programs in dispute,
18 giving your view as to the differences between them.

19 Do you have that sheet?

20 MR. TYRRELL: Excuse me for a minute. We are just
21 trying to find it here.

22 Sorry, we have it now. I apologize.

23 MR. WARREN: Mr. Millar has just been kind enough to
24 give me the large print version of it, or large version of
25 it.

26 Can you tell me, panel, this -- how would I describe
27 this? This is a comparison of the programs, the four
28 programs that are in dispute between you and the OPA, and

1 the green shaded part on the left, the four columns on the
2 left, are your attempt to distinguish your programs from
3 the OPA-funded programs. Is that a fair description of
4 this?

5 MR. TYRRELL: Well, I wouldn't characterize it as a
6 dispute between OPA and Toronto Hydro.

7 They did not form an opinion on tier 1 program
8 comparison on these community outreach programs. What we
9 tried to do is characterize the differences, the larger
10 differences, that we thought would be helpful to the Panel
11 and Board on making some determination whether these were
12 incremental to the OPA programs.

13 MR. WARREN: Was this information embodied in K1.2
14 ever given to the OPA?

15 MR. TYRRELL: I don't believe so.

16 MR. WARREN: May I ask why not?

17 MR. TYRRELL: I guess it was our determination of
18 these -- of the differences between the two.

19 MR. WARREN: I'm not sure I understand the answer. It
20 was your determination?

21 MR. TYRRELL: It was our decision to develop this type
22 of table. We had discussions around many of these items,
23 you know, leading up to this table, but we didn't
24 necessarily share this table that I am aware of.

25 MR. WARREN: I want to be clear. I understand that
26 you didn't share this table with the OPA, but was the
27 substance of the items in the green component of this,
28 green element of this -- were those matters discussed with

1 the OPA at any point from the end of December until the
2 21st of April?

3 MR. RODGER: Madam Chair, I am going to object to this
4 line of questioning. This is a different panel to deal
5 with program specifics. I have let this go on, but Mr.
6 Warren is essentially trying a repeat of panel 1 on this
7 panel. And if he had these questions, he had an
8 opportunity to ask it on the first panel.

9 So I really think, in light of what has happened this
10 morning and our limited time, that this is just re --

11 MS. HARE: That was my understanding, as well. The
12 earlier panel really spoke to three programs, one having
13 been withdrawn, and this panel is speaking to the other
14 five. But I think, Mr. Warren, you are asking about the
15 community outreach and education initiative, which was
16 panel 1.

17 MR. WARREN: I understood this panel was dealing with
18 the specific -- each of the specific programs.

19 MS. HARE: Meaning programs 2, 3, 5 --

20 MR. WARREN: No, all of them.

21 MR. RODGER: No. No. It was very clear that the
22 first panel dealt with policy issues and the education
23 programs, and, as Mr. Marchant just went through in his in-
24 chief, he went through the five programs that this panel is
25 speaking to.

26 MR. WARREN: Is this panel speaking to the flat-rate
27 water heater conversion program?

28 MR. TYRRELL: Yes.

1 MR. RODGER: That's correct, the five that he
2 mentioned in his in-chief.

3 MR. WARREN: All right. Let's then turn to that,
4 panel. Now, can you tell me, panel, under the -- the folks
5 who have the flat-rate water heat conversion program --
6 sorry, the flat-rate water heaters, how are their rates set
7 for the use of that water heater?

8 MR. TYRRELL: Through THESL or Toronto Hydro's cost of
9 service and rate filings on a normal routine basis.

10 MR. WARREN: So regardless of the amount of hot water
11 that they use, they pay the same flat rate; is that right?

12 MR. TYRRELL: Basically, that is how it is designed at
13 this point.

14 MR. WARREN: And for people who have metered hot water
15 units, they would have to pay a variable rate depending on
16 how much hot water they used and the time of day at which
17 they used it; is that fair?

18 MR. TYRRELL: Correct.

19 MR. WARREN: So is it fair to say that absent a change
20 in use pattern by these folks, that if they were to --
21 sorry, let me turn it around. If they were to continue the
22 same use pattern, given the variable rates over the time of
23 day, they would -- their rates for the use of the water
24 heater would likely go up?

25 MR. MARCHANT: Yes, that's correct.

26 MR. WARREN: Okay. So when this program -- when
27 people are invited to make this conversion, are they told
28 that, that absent a change in use, that their rates are

1 likely to go up?

2 MR. MARCHANT: I believe that that would be part of
3 the marketing material.

4 MR. WARREN: Do you know if it is part of the
5 marketing material?

6 MR. MARCHANT: We haven't developed the final program
7 yet.

8 MR. WARREN: But you have had a conversion program in
9 place since 2007, one that you say has been remarkably
10 successful, at least in the early term; right?

11 MR. MARCHANT: Correct.

12 MR. WARREN: Okay. And for those people under that
13 conversion program, were they told that their rates were
14 likely to go up, absent a change in use?

15 MR. TYRRELL: I don't believe that is part of the
16 marketing communications. And, in fact, the communications
17 is essentially to get them off flat-rate water heater,
18 because essentially two things happen. One, they're not
19 responsible for their energy use behaviors and patterns,
20 which -- when customers are unmetered, and with time of use
21 rates and the structure and through the peaksaver program
22 that has been designed, they could ultimately have lower
23 rates.

24 So it isn't to suggest that all customers' rates would
25 go up. It is to suggest that based on the behavioural
26 usage, which is important to the program, which is the
27 final piece of the program, we are trying to encourage and
28 insist that being metered, you will change your behaviours.

1 MR. WARREN: I understand that, Mr. Tyrrell. Thank
2 you for that gloss. I just was wanting to know whether or
3 not, for the conversion programs up to -- from 2007
4 forward, if they had been told that usage was an important
5 part of their ability to save, time of use; and the answer
6 to that question is you don't know?

7 MR. TYRRELL: I haven't read the materials lately, but
8 I suspect that that would be part of a communication with
9 the customer, and I can take an undertaking to find that
10 out.

11 MR. WARREN: If you wouldn't mind, please?

12 MR. TYRRELL: Yes.

13 MR. MILLAR: J2.5.

14 **UNDERTAKING NO. J2.5: TO PROVIDE A RESPONSE AS TO**
15 **WHETHER CUSTOMERS WERE TOLD USAGE WAS AN IMPORTANT**
16 **PART OF THEIR ABILITY TO SAVE WITH RESPECT TO**
17 **CONVERSION PROGRAMS FROM 2007 FORWARD.**

18 MR. WARREN: Now, for the conversion programs from
19 2007 on, am I correct in understanding that there were no
20 incentives paid for those conversions?

21 MR. MARCHANT: Correct.

22 MR. WARREN: So the cost of the conversions -- am I
23 right in assuming that the cost of the conversions would
24 have been borne by Toronto Hydro's ratepayers generally?

25 MR. MARCHANT: Well, part of the cost would be borne
26 by the customer, as well, for the conversion.

27 MR. WARREN: Okay. Were they required to pay for a
28 portion of it?

1 MR. MARCHANT: Correct.

2 MR. WARREN: Okay. But the balance was paid for by
3 the ratepayers generally?

4 MR. TYRRELL: No. The conversions were voluntary and
5 that they were paid by the consumer that owned the flat-
6 rate water heater.

7 MR. WARREN: Now, the number of conversions, as I
8 understand it, has declined significantly. I don't think
9 you need to turn up Board Staff 52, but it declined from an
10 initial high rate of about 11,000 down to 2,000, or
11 thereabouts. Those are rough numbers. Is that fair?

12 MR. MARCHANT: That's correct.

13 MR. WARREN: So the result of this, as I understand
14 it, is that we have the remaining customers.

15 Now, if you could turn up your prefiled evidence on
16 this subject dealing with the flat rate - I always get this
17 wrong - water heater conversion program, on that, which is
18 program number 5, I am looking at page 8 of that prefiled
19 evidence on that subject.

20 Under market penetration, the second sentence reads:

21 "This approach is reaching the limit of
22 effectiveness as the remaining customers have
23 more difficult conversion choices and require
24 additional inducements to consider changing their
25 service."

26 What are the more difficult conversion choices that
27 are be referred to there?

28 MR. MARCHANT: Some of the remaining tanks are harder

1 to convert. There's also people who just basically flatly
2 refuse to make the change. So there's early adopters, and
3 in some cases there is installation issues that would make
4 it harder to convert.

5 MR. WARREN: Make it more expensive to convert; is
6 that fair?

7 MR. MARCHANT: Yes.

8 MR. WARREN: Okay. But certainly the effect of this,
9 were I a cynical person - of course I am not - is that by
10 having held out this long, they're going to get incentives;
11 whereas the folks who were early converters had to pay for
12 it themselves. Fair?

13 MR. MARCHANT: Well, it is fair to the extent they're
14 also being required now to participate in peaksaver, so
15 they're required to actually contribute something more than
16 the previous conversions.

17 MR. WARREN: Can you tell me, sir, if there were other
18 options considered for this conversion program, for
19 example, telling people that unless they converted by a
20 certain date, that they would -- the program would not be
21 available, as opposed to paying them incentives to do this?

22 MR. TYRRELL: I believe that we've reached a
23 saturation point on all of the communications and marketing
24 efforts that THESL had in place, and that ultimately this
25 was the sort of the next phase of penetration or program
26 participation, that we would get an increase in
27 penetration.

28 So I am not sure what communications or what ultimate

1 sort of program end date we have ever communicated to a
2 customer.

3 MR. WARREN: Those are my questions.

4 Thank you very much.

5 MS. HARE: Thank you.

6 Mr. Buonaguro?

7 **CROSS-EXAMINATION BY MR. BUONAGURO:**

8 MR. BUONAGURO: Thank you.

9 I will pick up on the same topic so it is still in
10 your heads.

11 I am just going to go back quickly to Board Staff
12 Interrogatory No. 1. This is the corrected version,
13 produced on April 21st.

14 Just looking at the flat-rate water heater conversion
15 and demand response program, as it is listed in here, first
16 of all, can you remind me -- you mentioned megawatt savings
17 and gigawatt-hour savings for each program in your
18 examination-in-chief.

19 What were the two numbers that you gave for that
20 program, again? I didn't quite catch them.

21 MR. MARCHANT: So the electricity savings was
22 10.2 gigawatt-hours and 0.3 megawatts of peak demand
23 savings, and 1.49 megawatts of additional summer demand
24 response capability.

25 MR. BUONAGURO: Okay. So that equals about 1.8, which
26 is what is on this table? That is consistent with the
27 table?

28 MR. MARCHANT: Correct.

1 MR. BUONAGURO: Okay. Now, you will see I have
2 highlighted all the dollar values for the Board-approved
3 programs that are, I guess, quote/unquote, "still in play"
4 for this proceeding.

5 My understanding is that as this is the corrected
6 table, the figures for the PAB and variable costs for the
7 flat-rate water heater conversion program, they're
8 different from the original version, and they're different
9 in the sense that you took out costs related to peaksaver
10 components; is that correct?

11 MR. MARCHANT: That's correct.

12 MR. BUONAGURO: But I noticed -- and this is perhaps
13 where you can tell me what I am missing -- in the previous
14 version of this table, you had identical TRC PAC megawatt
15 savings and gigawatt-hour savings.

16 So even though the costs have gone down, everything
17 else in the table has remained constant, which means that
18 it doesn't look like you have taken out the effects of the
19 peaksaver program on the -- on these numbers. You have
20 just taken out the costs; is that correct?

21 I can pull up the original version of this table. It
22 may be a function of just the table, but my understanding
23 is that this table, other than those two first categories
24 of costs, still reflect the program as a whole, including
25 the peaksaver impacts.

26 MR. PARDAL: Yes. Perhaps I can just clarify that.

27 Yes, that should reflect the TRC and the PAC amounts
28 that are reflected in the revised correction, or the

1 correction in the application itself.

2 MR. BUONAGURO: Okay.

3 MR. PARDAL: In other words, the TRC for the flat-rate
4 water heater program should be 1.9 for the ratio, and for
5 the PAC is 1.7, and that is what should be reflected on
6 that table.

7 MR. BUONAGURO: Okay. Thank you for that.

8 So on this table, the -- there is a small change
9 related to removing the peaksaver from those two
10 calculations.

11 How about for the megawatt-hour savings and the
12 gigawatt-hour savings? Do you have it broken up between --
13 these numbers are peaksaver included; do you have peaksaver
14 not included numbers?

15 MR. PARDAL: We do have -- we did run this study and
16 without the peaksaver from a TRC and PAC test point of
17 view. Although for purposes of the full economic
18 evaluation of this particular program, we felt it was best
19 to reflect the causal impact of having the additional
20 peaksaver components being added, which otherwise would not
21 have been -- this participant would not have participated
22 in that program.

23 However, from a TRC and from a PAC, there is
24 relatively no difference in TRC and PAC.

25 MR. BUONAGURO: I ask because my understanding of what
26 the -- what you agreed to do as a result of your
27 discussions with the OPA was take the peaksaver components
28 and -- well, for example, the amount of money that you took

1 out in the two columns here under the flat-rate water
2 heater conversion program, presumably those numbers are now
3 going to be recovered as part of the OPA program, the
4 peaksaver program; am I correct?

5 MR. PARDAL: Yes. From a budget point of view, we
6 removed the peaksaver cost, so it's not reflected in there.
7 From an overall TRC and PAC test effectiveness, we did do
8 the test including the benefits associated with the
9 incremental peaksaver installations, which otherwise would
10 not have been included.

11 But either way, with or without the peaksaver, both
12 the TRC and the PAC are both positive and very little
13 difference, with or without.

14 MR. BUONAGURO: It may be just a matter of making sure
15 the numbers appear in the right columns and understanding
16 what is going on here, because you did make a specific
17 agreement with the OPA.

18 So for example, technically, I think you would also
19 have to isolate the impact of the peaksaver component of
20 the program and reflect it under the peaksaver extension
21 for 2011 row of the OPA programs here, wouldn't you?

22 MR. PARDAL: Yes.

23 MR. BUONAGURO: Okay. You haven't done that, but is
24 it -- of the 1.8 and the 10.2, can you give me an idea of
25 how much is peaksaver-related?

26 MR. MARCHANT: Actually, the numbers are on page 11 of
27 the application.

28 MR. BUONAGURO: Your corrected application; right?

1 MR. MARCHANT: Correct.

2 MR. BUONAGURO: Okay.

3 MR. MARCHANT: It provides in table - or section 3.2 a
4 breakdown between peaksaver and the conversion itself.

5 MR. BUONAGURO: Okay. So then if I were to take a
6 look at this table I have on the screen, I could correct it
7 myself by using those numbers?

8 MR. MARCHANT: Correct.

9 MR. BUONAGURO: Okay. Thank you for that.

10 Now, I just wanted to ask quick questions about the
11 same program as they appear in some of the other
12 interrogatory responses.

13 So this is the -- this is VECC Interrogatory No. 7.
14 So it's Exhibit J, tab 10, schedule 7.

15 The first question we asked was:

16 "Provide the current average demand, average
17 consumption kilowatt-hours and annual costs for a
18 typical FRWH customer."

19 So a flat-rate water heater customer.

20 And we got this table in response.

21 My understanding of this is when you put the average
22 annual operating costs down, you have put it as a -- based
23 on energy charges. I am just trying to figure out, is this
24 what the actual customer would experience?

25 MR. MARCHANT: This was based on an average of the
26 6.7 cents, as noted on the table.

27 MR. BUONAGURO: Okay. I am just trying to figure out
28 why -- when you say flat rate, I expected a flat rate. So

1 I am just -- I may have not looked deeply enough into this.

2 But you're saying the consumption still varies -
3 sorry, their costs per -- their annual costs still vary?

4 MR. MARCHANT: Sorry, I just have to check something
5 here.

6 MR. BUONAGURO: Sure.

7 MR. MARCHANT: Yes. So that does -- it is based on --
8 it appears on the 6.7, but I would have to check that.

9 MR. BUONAGURO: Okay. So is this -- if I am on a
10 flat-rate water heater program, and my consumption was as
11 indicated on this table. Say, for example, I have the
12 first tank, the 40-gallon, 800/800 tank, and I am using an
13 average annual consumption of 3,468.

14 Are you saying that my bill under the flat-rate
15 program would be \$232.36, based on a particular commodity
16 charge?

17 MR. MARCHANT: I believe that is calculated as noted,
18 using a rate. So...

19 MR. BUONAGURO: I am trying to figure out why -- that
20 doesn't sound like a flat rate to me. It sounds like
21 you've assumed a certain energy charge.

22 MR. MARCHANT: No, I believe when filling out this
23 table, it was interpreted slightly different than what you
24 are asking.

25 MR. BUONAGURO: Okay. So that is why I am asking.
26 Because a person on a flat-rate water heater program would
27 get a flat rate; correct?

28 MR. MARCHANT: Correct.

1 MR. BUONAGURO: I think what you have calculated here
2 is what they would experience typically, based on a certain
3 load profile, when they got off flat rate.

4 MR. MARCHANT: Correct.

5 MR. BUONAGURO: Okay. So can you do the calculation
6 as it was intended in the question, which is -- well, I
7 guess if it is a flat rate, the column on the far side
8 should be flat, right? It should have the same number all
9 the way through?

10 MR. MARCHANT: I know it varies by tank size, as well.

11 MR. BUONAGURO: But aside from the tank sizes, you
12 could quite easily fill this out?

13 MR. MARCHANT: Yes, we could.

14 MR. BUONAGURO: Okay. Thank you.

15 Can I take that undertaking?

16 MR. MILLAR: J2.6.

17 **UNDERTAKING NO. J2.6: TO PROVIDE UPDATED CALCULATION**
18 **OF CURRENT AVERAGE DEMAND, AVERAGE CONSUMPTION**
19 **KILOWATT-HOURS AND ANNUAL COSTS FOR A TYPICAL FRWH**
20 **CUSTOMER.**

21 MR. BUONAGURO: Thank you. Then when I have that
22 undertaking, I can compare it to this -- to compare it to
23 sort of the average consumer in those different consumption
24 patterns; is that --

25 MR. MARCHANT: Correct.

26 MR. BUONAGURO: -- fair? So depending on what rate
27 applies to which tank, I guess, what I think you're telling
28 us is that the reason that you are doing this in the first

1 place is that the flat rate would be less than what this
2 average annual operating cost is; is that correct?

3 MR. MARCHANT: I believe so, but I would have to
4 check.

5 MR. BUONAGURO: Okay. We'll see. Thank you.

6 Now also on this same page, the second table here
7 shows the number of things. It has the same three first
8 columns, which are gallons, bottom, top elements, which I
9 guess dictates what kind of tank you're talking about.

10 And then the typical cost to the consumer is the cost
11 to convert; is that correct?

12 MR. MARCHANT: Correct.

13 MR. BUONAGURO: Now, what does that include? Is that
14 the cost to convert basically to add an actual meter or to
15 tie the existing tank into the existing electricity meter?

16 MR. MARCHANT: The way they're wired now is it's -- so
17 basically you have to do some rewiring to basically add it
18 to the house service.

19 MR. BUONAGURO: Okay. So basically you are adding it
20 to the existing meter?

21 MR. MARCHANT: Correct.

22 MR. BUONAGURO: Okay. And then the incentive, which I
23 guess you have put a lot of evidence on, that is based on,
24 for that kind of tank, the average savings that you
25 anticipate to generate?

26 MR. MARCHANT: Correct.

27 MR. BUONAGURO: Based on 20 cents per kilowatt-hour?

28 MR. MARCHANT: And the 20.5 percent reduction in

1 electricity consumption.

2 MR. BUONAGURO: Okay. And then you give a total cost
3 to the customer saying the net cost to them is -- for
4 example, at the first level tank, you're saying on average
5 you are going to pay \$111 out of your pocket, but
6 assuming -- if your consumption goes down, you might save
7 money in the long run?

8 MR. MARCHANT: Correct.

9 MR. BUONAGURO: I think you went through with Mr.
10 Warren that is a might. It depends on what their current
11 consumption is and what their post conversion consumption
12 is; correct?

13 MR. MARCHANT: Correct. It depends much on their
14 change in behaviour.

15 MR. BUONAGURO: Okay, thank you. Now, it says here at
16 the bottom there is no cost to the consumer utility for the
17 load control device. I take it that is the peaksaver
18 device, which is now going to be funded through the OPA
19 program?

20 MR. MARCHANT: Correct.

21 MR. BUONAGURO: Then it says the additional cost to
22 install the additional meter is part of the operational
23 budget of the utility, and I didn't understand what that
24 meant, because my understanding is -- when we talk about an
25 additional meter, are we talking about the existing house
26 service, which you're tying the water heater into now?

27 MR. MARCHANT: In some cases you may require an
28 additional meter, as well, depending on the configuration,

1 so that is just a note.

2 MR. BUONAGURO: Is that because -- I am just guessing.
3 Is that because in some cases you can't physically tie it
4 into the existing service for some reason?

5 MR. MARCHANT: Correct.

6 MR. BUONAGURO: So you have to run a second meter?

7 MR. MARCHANT: Right.

8 MR. BUONAGURO: But for those customers, you're not
9 charging that. That is part of the utility's general meter
10 budget?

11 MR. MARCHANT: Correct.

12 MR. BUONAGURO: Okay. Now, as it happens, the flat-
13 rate water meter program was discussed in your -- in the
14 2011 rate case, which -- I just received an e-mail with Mr.
15 Rodger's reply argument. Thank you very much.

16 And the flat -- like I said, the flat-rate water
17 heater program was discussed in that, and I noticed - you
18 went through some of this with Mr. Warren - you have been
19 doing this for several years, and it was actually discussed
20 as part of the operating expenses of the utility; do you --

21 MR. TYRRELL: The only component really is a marketing
22 campaign to encourage customers to shift to a metered unit,
23 and that ultimately the cost of the conversion was borne by
24 the consumer.

25 MR. BUONAGURO: Right. I noticed there was attributed
26 about a half million-dollar drop in operating costs related
27 to the flat-rate water heater program in the evidence.

28 Do you know what that specifically referred to? It

1 didn't really come up, I have to say, in the -- as a
2 particular issue in the proceeding.

3 MR. TYRRELL: Sorry, a half-a-million-dollar drop in
4 our EDR?

5 MR. BUONAGURO: In the revenue requirement. I can
6 give you a reference for it, if you would like.

7 MR. TYRRELL: Okay.

8 MR. BUONAGURO: Just give me a moment. So in Exhibit
9 F1, tab 6, schedule 1, page 6 of EB-2010-0142. There is a
10 discussion, and you see I have caught it sort of halfway
11 through the discussion on water heaters. It is talking
12 about some of the things we are talking about here, the
13 cost of conversion, the responsibility of the customer.

14 It talks about the different -- the take-up of the
15 actual conversions, because it is voluntary. Correct?

16 MR. TYRRELL: Sorry, I am not catching up on this one.
17 It is hard to see on the panel. I missed the schedule,
18 so...

19 MR. BUONAGURO: There you go.

20 MR. TYRRELL: That's better.

21 MR. BUONAGURO: So I am just showing this is the first
22 part of the reference here talking about the program.

23 I am just going to flip ahead if you are done reading
24 that. I think I've got -- there. So on page 9 of the same
25 exhibit, F1, tab 6, schedule 1, it says there is a
26 0.5 million-dollar decrease in the external costs for the
27 flat-rate water heater project.

28 I am just trying to tie that in to what is happening

1 here. There wasn't an explanation specifically about what
2 that related to in the evidence, as far as I could see, in
3 the main rate case. I wanted to know if you knew about it
4 and, if not, maybe an undertaking just to describe how it
5 is, in the main revenue requirement for the company, this
6 program produced -- or half-a-million dollars was taken out
7 of rates for 2011 at the same time that you are now
8 providing for costs in this proceeding.

9 MR. TYRRELL: I can't explain this just at first
10 glance.

11 MR. BUONAGURO: That's fine. Can I get an undertaking
12 to take a look into it? I want to reconcile it, because it
13 is the exact same program, but there is many things
14 happening in the revenue requirement, so...

15 MR. TYRRELL: Right. And the purpose of it, this is
16 really an incremental component.

17 We do recognize that there is a budget -- or budget in
18 the EDR evidence associated with the flat-rate water heater
19 program, and I believe it is ending this year or next. I
20 can't remember the exact date.

21 But this would be incremental to that to encourage an
22 increase in penetration, because the other programs
23 essentially have stalled.

24 MR. BUONAGURO: Right, because I guess you've gotten
25 all of the people who are going to volunteer without
26 incentive, it appears?

27 MR. TYRRELL: Yes.

28 MR. BUONAGURO: Okay.

1 MR. TYRRELL: And the next tranche of people or the
2 final people we're finding are costing more. So they're
3 much more resistant to conversion.

4 MR. BUONAGURO: I see. Maybe you're doing assessments
5 of the costs on an individual basis, and these ones are
6 getting higher than the average?

7 MR. TYRRELL: That's correct.

8 MR. BUONAGURO: Okay.

9 MR. MILLAR: Mr. Buonaguro, that will be undertaking
10 J2.7, and could you repeat it just so we have a succinct
11 description for the record?

12 MR. BUONAGURO: Sure. With reference to EB-2010-0142,
13 Exhibit F1, tab 6, schedule 1, and in particular around
14 pages 5 to 9, there is a discussion about the costs of the
15 flat-rate water heater program, and, in particular, a
16 reduction in the external costs for the program, about
17 half-a-million dollars; and just to explain how that
18 happened and why that happened, and, if need be, reconcile
19 it with the costs that are appearing in this case with
20 respect to the specific CDM program related to the flat-
21 rate water heaters.

22 MR. TYRRELL: Okay.

23 **UNDERTAKING NO. J2.7: TO PROVIDE EXPLANATION OF**
24 **REDUCTION IN EXTERNAL COSTS FOR FLAT-RATE WATER HEATER**
25 **PROGRAM, WITH REFERENCE TO EB-2010-0142, EXHIBIT F1,**
26 **TAB 6, SCHEDULE 1, PAGES 5 TO 9.**

27 MR. BUONAGURO: Thank you.

28 Now, just going back to the Exhibit J, tab 10,

1 schedule 7 of this proceeding, at part (f) we asked about
2 why it was that rentals -- sorry, flip back to part (f).
3 It says:

4 "Explain why tenants directly and/or rental
5 premises are excluded from the program."

6 The answer, it said:

7 "Please refer to VECC Interrogatory No. 10(a)."

8 And I looked at 10(a) and it doesn't actually relate,
9 I think, at all to tenants. I think it has to do with LRAM
10 and SSMS, to tell you the truth. So I was wondering if you
11 can give me the actual reference that maybe was intended
12 here or just explain why it is that -- and I think Mr.
13 Warren took you to the table that shows that rental tanks,
14 for example, are excluded -- why it is that tenants and --
15 are excluded from the program.

16 MR. MARCHANT: I think actually it is a mis-reference,
17 because there is an interrogatory that refers to questions
18 (a) through (g). There is actually only -- so (f) is the
19 response for (g), and (e) is the response for (f).

20 So you are asking why tenants aren't included.

21 MR. BUONAGURO: Oh, I see. Okay. So you're saying
22 that part (e) is the reference -- the answer I should be
23 looking at is (e)? There is no evidence that users that do
24 not directly pay for the utility usage are impacted by
25 conversion to metered service?

26 MR. MARCHANT: Correct.

27 MR. BUONAGURO: So the assumption there is that
28 tenants are not paying their own electricity?

1 MR. MARCHANT: Well, the assumption is basically --
2 and we could accommodate that in the final program design,
3 but if people aren't paying for their bill directly, then
4 they aren't going to be impacted by now being billed for
5 their water usage.

6 MR. BUONAGURO: All right, thank you. That helps
7 explain the answer there.

8 I just wanted to turn briefly to the multi-unit
9 residential demand response program. At AMPCO No. 29,
10 which I can pull up for you, you were asked about the
11 penetration rates, in particular, the fact that you have a
12 penetration rate of zero percent for the rental sector.

13 And your response, and I will just read it:

14 "THESL does not expect any participation in the
15 rental apartment sector because the vast majority
16 of rental apartment buildings are not centrally
17 cooled. This makes them unsuitable for a demand
18 response program. Even in cases where a rental
19 facility has a significant portable window-based
20 air conditioning population, the issues around
21 controlling these loads do not lend themselves to
22 this program."

23 Which raised the question in my mind -- and perhaps I
24 can ask you -- you talk about the portable window-based air
25 conditioning population as not being suitable for this
26 particular program; is there a program that they're
27 suitable for?

28 MR. MARCHANT: There isn't currently a program that

1 addresses that load.

2 MR. BUONAGURO: Okay. Because me -- you are looking
3 at -- at the same time you are doing this --and I like to
4 call it the MURDR program, because it is multi-unit
5 residential demand response, and I can't believe you shied
6 away from that particular acronym, but the MURB DR program,
7 you are also doing the other MURB program, which is the
8 hydronic -- sorry, what is it called? The hydronic system
9 re-balancing program, which is the same sort of target
10 audience; am I correct?

11 MR. MARCHANT: It is actually a wider target audience.
12 It involves MURB, but it would also involve
13 commercial, institutional and larger retail buildings, as
14 well.

15 MR. BUONAGURO: But it does include the apartment
16 buildings that are essentially excluded from this -- from
17 the --

18 MR. MARCHANT: Correct.

19 MR. BUONAGURO: From the demand response program? So
20 you are already accessing buildings on the hydronic system
21 re-balancing tenanted buildings that potentially have a
22 large population of room air conditioners? I am wondering
23 if -- what you are doing to try and leverage your already
24 exposure to those buildings, to try and get at those.

25 MR. MARCHANT: There wasn't anything -- I mean, the
26 MURB DR program specifically is designed around central
27 cooling.

28 So you are impacting the load in the suite, and the

1 impact's actually back at the central plant. So that's the
2 basis of that program.

3 The idea of controlling the portable air conditioning,
4 I mean, there is a lot of issues around that, including
5 technology. So that is not something we considered as part
6 of this program. It doesn't say we wouldn't consider it in
7 the future.

8 MR. BUONAGURO: All right. Thank you.

9 Just one quick last question on this program, on the
10 demand response program.

11 Am I correct that -- is there an override? We're
12 talking largely -- when you're talking about residential,
13 you're talking about condos, essentially, right?

14 MR. MARCHANT: Correct.

15 MR. BUONAGURO: Can the condo corporation override the
16 demand response?

17 MR. MARCHANT: The condo cannot override the demand
18 response.

19 MR. BUONAGURO: Can anybody?

20 MR. MARCHANT: The suite, depending on our final
21 program rules, we may allow them to override once, once --
22 you know, once a year sort of thing.

23 But their incentives will be adjusted.

24 MR. BUONAGURO: That is on a per-unit basis, or on a
25 condo basis?

26 MR. MARCHANT: It is a condo basis.

27 MR. BUONAGURO: That's what I thought.

28 Okay. Thank you. Those are my questions.

1 MS. HARE: Thank you.

2 Mr. Crocker?

3 **CROSS-EXAMINATION BY MR. CROCKER:**

4 MR. CROCKER: Madam Chair, I want to go back and ask
5 about the flat water heating program, and I mean this
6 question or series of questions to fall within the bounds
7 that you have established for this. I am sure you will let
8 me know if I -- if the questions don't.

9 MS. HARE: Yes, thank you.

10 MR. CROCKER: Ultimately, Mr. Tyrrell, in terms of
11 conservation of electricity exclusively, the program -- the
12 water heater program would work better if those using
13 electricity for water heaters changed to natural gas,
14 wouldn't it?

15 MR. TYRRELL: I mean, from an absolute load reduction?

16 MR. CROCKER: Yes.

17 MR. TYRRELL: From a -- I guess that would be true,
18 but that is not necessarily the conservation targets that
19 we're charged with.

20 And it is ultimately up to the consumer on whether
21 they choose to use electric or to go to natural gas.

22 MR. CROCKER: Sure. But in terms, strictly, of
23 conservation and meeting your targets, if all of those
24 users were off electricity and onto natural gas, you would
25 save more than anything that you would save with respect to
26 these, this program that you are proposing here?

27 MR. TYRRELL: Well, switching to natural gas is not a
28 conservation measure. That is just a fuel-switching

1 program, and as a local distribution company, that is up to
2 the consumer. We don't discourage fuel-switching. When it
3 is in the interests of the consumer and it makes sense for
4 them to do that, as a business case, that is up to them.

5 MR. CROCKER: You didn't -- you don't encourage it in
6 this program? It is not part of the program? It is not an
7 alternative or part of the program, is it?

8 MR. TYRRELL: We don't discourage it either. So it
9 is, again, based on their own business case and investment
10 appetite, and -- whether they want to use gas or electric.

11 MR. CROCKER: Do you -- in developing this program,
12 did you talk to the natural gas supplier? You have -- I
13 think you said earlier this morning, with respect to other
14 things, they are part of the group -- the groups that you
15 described this morning, did you talk to them about this?

16 MR. TYRRELL: I don't think we ever had a formal
17 discussion with Enbridge or Union on conversion of, you
18 know, water heater-type tanks from electric to natural gas.

19 It's really not our business to create this business
20 opportunity for either -- you know, the consumer as a
21 business case.

22 So it is really a selection of energy, and it is up to
23 them to decide.

24 MR. CROCKER: I want to go back to something that I
25 asked this morning. And once again, Madam Chair, if I
26 stray, I will rely on you to let me know.

27 And as should be obvious from this morning, I am not
28 shy about acting stupid, and so I am going to try this

1 again and see if I can do this without acting stupid.

2 I asked the panel -- you, this morning, Mr. Tyrrell,
3 to make an apples-to-oranges comparison, without realizing
4 when I was asking the question what I was asking. I didn't
5 understand the significance of Mr. Buonaguro's question.

6 I want to see whether we can do that, whether there is
7 information before us where we can make the apples-to-
8 apples comparison, so that in argument we can advise the
9 Board about cost comparisons.

10 Can I ask you to look at Exhibit K1.4, the strategy
11 document?

12 If you could turn to page 3 of that, please, now,
13 acknowledging that these numbers are out of date, this
14 being a document that was prepared in, I think, October of
15 2010, and that you are proposing in this document to reach
16 the target, the number -- this document gives us the
17 numbers to allow us to make -- if they were updated, to
18 make an apples-to-apples comparison, doesn't it?

19 In other words, the 252, the total budget in millions
20 of 252?

21 MR. TYRRELL: The 252, if I may, is the -- was our
22 best estimate at the time as to what might represent the
23 total OPA-related program, including PAB, customer
24 incentives and capability funding. That was our sort of
25 best estimate.

26 MR. CROCKER: So just so I understand your
27 terminology, that's the program administration budget and
28 the incentives and the variables?

1 MR. PARDAL: Yes.

2 MR. CROCKER: Correct?

3 MR. PARDAL: Yes.

4 MR. CROCKER: Is there any place that -- in the
5 material where that is updated?

6 MR. PARDAL: No. Because frankly, we just don't know
7 what the final incentive numbers are. It was determined
8 when the budgets were established by the OPA that only the
9 PAB would, in fact, be defined and allocated to the LDCs.
10 It was determined that the customer incentive parts of
11 the program, and there are other elements of the budgets,
12 that would remain with the OPA, and we were simply not
13 apprised of what those numbers are.

14 So this preliminary number was a just pure estimate of
15 what we thought it might be, but we, at this point, have no
16 idea as to what the final number is.

17 The only thing we know is what the PAB is. That's
18 been defined and allocated.

19 MR. CROCKER: Would the OPA have estimates of that?

20 MR. PARDAL: Possibly. Certainly they would have the
21 estimates on a total province-wide basis.

22 MR. CROCKER: Well, they should be able to -- if you
23 don't know the answer to this, don't hesitate to tell me.
24 I am sure you won't.

25 MR. TYRRELL: The program, as I stated previously,
26 residential is approximately, you know, \$2 million per
27 megawatt commercial, averaging, you know, in the 1.4 range.
28 And then industrial, lower again; it is around a \$1 million

1 range.

2 The OPA have anticipated numbers, but don't know the
3 absolute costs until the programs have some, you know,
4 period of time. But those are approximate budget numbers,
5 and I think the OPA could verify though under cross
6 tomorrow.

7 MR. PARDAL: I would also like to add that when you
8 are looking at an apples-and-apples type of comparison, you
9 really need to take a look at the total budgets.

10 So this is not just the LDC-related budgets and
11 customer participant inside of the budget, but also would
12 include the OPA administration and development costs, et
13 cetera.

14 I think then you would probably have a better total
15 picture, and I think Mr. Tyrrell had indicated, based on
16 the total provincial budget of about \$1.4 billion in total,
17 that is a total on a province-wide basis, and it is on that
18 basis that you then should compare to the Board-approved
19 programs of the \$50 million that's been submitted here.

20 MR. CROCKER: All right. I have one question left
21 over from -- this morning's panel that wasn't able to
22 answer. I will see if I can find it.

23 I asked the panel this morning for a definition of or
24 what was meant by the expression "fully burdened labour
25 costs". And this deals or arises from a response to Board
26 Interrogatory 7, so it is Exhibit J, tab 1, schedule 7.

27 You were asked to -- you were talking about a human
28 resource plan. What is that?

1 MR. PARDAL: Yes. The term of "fully burdened" is --
2 when you are looking at labour costs, includes all of the
3 costs that go into that labour, not just salaries. It
4 includes salaries. It includes benefits, everything that
5 goes into supporting that human resource on the job. So it
6 is beyond salary.

7 So we have burden rates that reflect the total cost.

8 MR. CROCKER: That's what I thought you meant. And
9 then when I asked Mr. Tyrrell a follow-up question as to
10 what would happen to those employees in 2015, I assumed we
11 were talking about the same ones. He said they're contract
12 employees and would be able to be terminated on two months'
13 notice, I think is what he said?

14 MR. TYRRELL: That's correct. Any of the Board-
15 approved programs are incremental to the current staff, and
16 that ultimately they would be on contract and that our
17 contract agreements typically include a two-week notice
18 period for termination.

19 MR. CROCKER: But you don't -- they aren't fully
20 burdened, to use your expression, are they? You don't pay
21 them benefits, et cetera, do you?

22 MR. PARDAL: No, but there are certain costs that are
23 incurred with contract employees, for example, payment of
24 certain taxes, Employment Insurance, et cetera. So there
25 are costs associated with the production of essentially a
26 pay cheque.

27 MR. CROCKER: Okay. I have two further questions.

28 If you could go to the commercial energy management

1 and load control program, and if you would turn to page --
2 at the bottom of page 5 of that program, you say:

3 "A key success factor for this program is the
4 selection and implementation of a viable system
5 capable of both demand response for the
6 provincial electricity grid and energy management
7 for the participants, in terms of functionality,
8 system reliability and robustness. System
9 functional requirements and technical
10 specifications will be prepared, and RFP
11 responses will undergo a rigorous evaluation..."

12 So as I understand this, then, you are going to use a
13 third party to deliver the program; correct?

14 MR. MARCHANT: Yes, that is correct.

15 MR. CROCKER: Okay. And that third party will be
16 chosen through an RFP process, as you have suggested?

17 MR. MARCHANT: Correct.

18 MR. CROCKER: How can you be so certain, then, as to
19 your costs, if you haven't even issued an RFP yet at the
20 moment?

21 MR. MARCHANT: There is a number of systems that meet
22 the capability. So talking with various vendors and
23 contractors, we arrived at costing that we believe is
24 accurate.

25 MR. CROCKER: Okay. So there are only a limited
26 number of companies who are in a position to respond to
27 this and you are comfortable that, within that range of
28 companies, you know what your costs are going to be?

1 MR. MARCHANT: Yes, quite comfortable.

2 MR. CROCKER: Okay. Let's do the same exercise with
3 respect to the multi-unit residential demand response
4 program, Mr. Buonaguro's "murder" program.

5 Once again, you have indicated on page 7, when you are
6 talking about the program scope, you say, 2:

7 ~"THESL will issue an RFP for the turn-key
8 provision of demand response software..."

9 Once again, your budget is quite specific with respect
10 to costs and I wonder, once again, how you can be so
11 specific without having issued an RFP yet.

12 MR. MARCHANT: In terms of the demand response
13 software and the costing of the equipment, I mean, we have
14 a fair bit of experience running a demand response centre
15 already for peaksaver, and the costing, again, was talking
16 to various vendors and we took a conservative value for
17 that.

18 MR. CROCKER: Thank you. Thank you, Madam Chair. I
19 have nothing further.

20 MS. HARE: Thank you. Mr. Rubenstein, how long do you
21 think you are going to be? I ask, because the Board does
22 have to break at 4:30 today, so I am wondering if there is
23 any point in starting.

24 MR. RUBENSTEIN: I can finish in 15 minutes.

25 MS. HARE: Okay, very good.

26 **CROSS-EXAMINATION BY MR. RUBENSTEIN:**

27 MR. RUBENSTEIN: My first question, I asked this to
28 the other panel, but this panel might be in a better

1 position to answer it.

2 If the Board does not approve of the education and
3 outreach programs, will Toronto Hydro still be able to meet
4 its targeted savings for its proposed Board-approved
5 programs without an increase in its marketing budget?

6 MR. RODGER: Madam Chair, I object to this question,
7 as well, the same issue. This is a panel 1 issue, not
8 panel 2.

9 MS. HARE: Mm-hm.

10 MR. RUBENSTEIN: I just ask this because they
11 developed the savings for these specific programs. This is
12 the only question I have on this.

13 MS. HARE: But can you re-ask your question, because I
14 thought it was connected to the education program.

15 MR. RUBENSTEIN: Well, my question was just if they
16 had developed -- I mean, this panel will have developed the
17 targets for these programs.

18 MR. SOMMERVILLE: Is what you are getting at, Mr.
19 Rubenstein, the idea that even though the community
20 outreach programs may have been cancelled, there is still a
21 component of all of the programs that is educational and
22 outreach, in essence?

23 MR. RUBENSTEIN: Yes. I just want to make sure
24 they're able to still meet the targets that they have set
25 with the marketing budget that is embedded in these
26 programs.

27 MR. TYRRELL: I believe so.

28 MR. RUBENSTEIN: Okay, thank you very much. Just sort

1 of on a technical matter, you had posted the live TRC
2 spreadsheets on your website that had been filed with the
3 interrogatory response. There have been a number of
4 updates to the budgets and the final TRC on the websites.
5 Have you on your website or have you filed with the Board
6 the updated TRC live spreadsheets?

7 MR. PARDAL: Yes. I believe that what you have is the
8 most up-to-date TRC and PAC test models.

9 MR. RUBENSTEIN: Okay, that is perfect.

10 I had asked a question to the other panel and I was
11 referred to this panel.

12 On SEC Interrogatory No. 9, we had asked for the
13 budgeted and actual spending and you had provided the
14 actual spending.

15 MR. PARDAL: Yes. This is to do with the business
16 outreach and education program?

17 MR. RUBENSTEIN: Yes.

18 MR. PARDAL: Yes, what we provided was the actual
19 spend; we don't establish a budget for these components,
20 per se.

21 Typically, what would happen is they belong to a
22 marketing budget, and depending on the opportunities at
23 that time and the value that the sponsorship provides, then
24 those monies are, in fact, allocated from the marketing
25 budget.

26 MR. RUBENSTEIN: So when you are developing that
27 marketing budget, nothing is allocated in advance? I mean,
28 how do you reach this marketing budget, if you are not able

1 to sort of at least have a rough idea, budgeting-wise?

2 MR. PARDAL: No, we don't -- we have some idea that
3 there may be some of these elements built in there, but we
4 don't allocate or break down the budget in this finite
5 level.

6 MR. RUBENSTEIN: Okay. Thank you.

7 If I could take you to School Energy Coalition No. 41,
8 where we talk about -- where we asked a question about why
9 you are using a facility and not per-pump incentive.

10 I was wondering, reading your response, why -- was
11 there any consideration of doing both to some degree?

12 MR. MARCHANT: At the time we developed the program,
13 we thought it would be more consistent if it was on a per-
14 facility basis, because of the setup time for the balancing
15 contractor at each site.

16 So we didn't consider a per-pump basis.

17 MR. RUBENSTEIN: But would you agree that some element
18 that would be per-pump, so a mix of both, you know, per-
19 facility, and then some sort of incentive that would be
20 per-pump, would have greater savings?

21 MR. MARCHANT: Well, that's -- as noted, we're
22 providing the up to \$1,500 per facility for the balancing.

23 So the contractor, when they price up each site, that
24 is going to be reflective of both site conditions and
25 number of pumps.

26 So we think that is actually captured, you know, via
27 the contractor pricing.

28 MR. RUBENSTEIN: Okay. Thank you. That is actually

1 all of my questions.

2 MS. HARE: Thank you.

3 Mr. Gardner, how long will you be? Or we can break
4 until tomorrow.

5 MR. GARDNER: I think I can squeeze it in. I have
6 fewer questions than for the last panel, so I think it
7 should be less than 10 minutes.

8 MS. HARE: All right. Thank you. Please proceed,
9 then.

10 **CROSS-EXAMINATION BY MR. GARDNER:**

11 MR. GARDNER: Thank you, Madam Chair.

12 So my questions for this panel are exclusively
13 relating to the flat-rate water heater conversion program.

14 Flipping to LIEN's IR, the response to LIEN's IR C-
15 2(a), which is at schedule -- I have lost it, sorry.

16 It is at Exhibit J, tab 7, schedule 9. Oh, sorry,
17 that is the wrong one.

18 Exhibit J, tab 7, schedule 6, and it continues on to
19 the next page. There is a table here. At the bottom of
20 the table, on page 2 of 2, Toronto Hydro sets out that 11.9
21 percent of the eligible water heaters for the conversion
22 program are in the priority neighbourhoods.

23 Can you please confirm this?

24 MR. MARCHANT: Sorry, I missed the question.

25 MR. GARDNER: Can you confirm that -- you can see at
26 the bottom of the table there's a percentage of the flat-
27 rate water heaters in priority neighbourhoods? Can you
28 just tell me what the percentage is there of --

1 MR. MARCHANT: Yes. It is 11.9 percent. That is
2 confirmed.

3 MR. GARDNER: Thank you.

4 And are you of the opinion that, while not a low-
5 income program per se, the flat-rate water heater
6 conversion program offers potential savings to low-income
7 customers?

8 MR. MARCHANT: Correct.

9 MR. GARDNER: So getting rid of this program would
10 mean less savings for low-income customers?

11 MR. MARCHANT: That is correct.

12 MR. GARDNER: Okay. And touching on kind of what I
13 asked earlier for the other panel, can you confirm that
14 low-income customers are paying for this program and any
15 other residential program through the global adjustment
16 mechanism?

17 MR. MARCHANT: I believe that is correct, yes.

18 MR. GARDNER: Okay. Turning to C-5 of LIEN's
19 interrogatories, which is basically the table that I
20 referred you to earlier accidentally, Exhibit J, tab 7,
21 schedule 9, basically what we have here is LIEN offered
22 three scenarios to Toronto Hydro, all three of them
23 involving implementation of two free low-flow showerheads
24 and up to three aerators.

25 However, in scenario 1, there was a free installation
26 of the showerheads and aerators at the time the switch to
27 metered service occurred.

28 Scenario 2 did not involve free installation.

1 And then scenario 3 did, like scenario 1, involve free
2 installation of the showerheads and aerators, plus it
3 offered coverage of the full cost of the meter conversion.

4 And LIEN asked Toronto-Hydro to perform the TRC and
5 PAC tests on these three scenarios, and compare them to the
6 original program as proposed.

7 So first of all, I think tying into something that Mr.
8 Buonaguro asked earlier, have any of these values -- at
9 least for the original, but all four if you want to --
10 changed in light of your answer to VECC's question about --
11 I think there is a table in Board Staff's IR at page 3,
12 Exhibit J, tab 1, schedule 1.

13 MR. TYRRELL: Sorry, could you repeat that, the last
14 schedule?

15 MR. GARDNER: Sure. Exhibit J, tab 1, schedule 1, at
16 page 3. I don't have it in front of me, but...

17 Yes. That's the one on the screen.

18 MR. SOMMERVILLE: You're referring to the elimination
19 of the peaksaver --

20 MR. GARDNER: That's correct, yes.

21 MR. MARCHANT: Can you repeat the question?

22 MR. GARDNER: Sorry, the question was: Have any of
23 these values changed, in this table that you have in front
24 of you on this screen -- well, sorry. In relation to that
25 table, have any of the values, as proposed in our
26 responses, changed?

27 I am just trying to make sure that sort of in relation
28 to peaksaver being eliminated, whether this changes our

1 responses.

2 MR. MARCHANT: So you are looking for an updated
3 table?

4 MR. GARDNER: Essentially. Unless it is already
5 updated. We're not sure. We are just kind of seeking
6 clarification.

7 MR. PARDAL: I am not sure if I fully am following
8 your questioning here, but in terms of the flat-rate water
9 heater, what we have done is we've performed the TRC and
10 PAC tests with and without the peaksaver.

11 MR. GARDNER: Okay.

12 MR. PARDAL: And without the peaksaver, we're looking
13 at a TRC of 1.8 and a PAC test of 1.7.

14 MR. GARDNER: Okay. Perfect. Thank you.

15 So then actually referring to -- back to the LIEN
16 responses in our IRs, again Exhibit J, tab 7, schedule 9
17 page 2 of 6, and flip over, it goes to page 3 of 6. We
18 have -- first of all, we'll just deal with the TRC values.

19 Scenario 1 -- sorry, I should say, just to clarify,
20 according to your responses, the TRC and PAC tests pass.
21 In other words, they're positive values; right?

22 MR. TYRRELL: Yes.

23 MR. MARCHANT: Correct.

24 MR. GARDNER: So would you agree that in fact scenario
25 1 and scenario 3 achieve better PAC and TRC values and net
26 benefits than Toronto Hydro's program as it stands right
27 now?

28 MR. TYRRELL: Correct; mm-hmm.

1 MR. GARDNER: So just quickly going through -- I know
2 we are kind of on limited time right now, but you can see
3 that scenario 1, the TRC value is 2.7 versus the original
4 1.8, and for scenario 3 it is 2.7, as well.

5 And for both, they have the same net benefit. It is
6 something in the realm of 2 million greater net benefit
7 than Toronto Hydro's program; is that correct?

8 MR. TYRRELL: Mm-hm.

9 MR. PARDAL: Correct.

10 MR. GARDNER: Flipping over to the PAC test, you can
11 see that the original is 1.7, scenario 1, and scenario 3
12 are 2.5 and 2.2, respectively, and they each have roughly
13 just under 2 million greater net benefit; is that correct?

14 MR. TYRRELL: Correct.

15 MR. PARDAL: Yes.

16 MR. GARDNER: Now, would these measures, in your
17 opinion, mitigate sort of the potential for rates to go up
18 because of metering? If customers were to convert and
19 they're not changing their use patterns and they're using
20 at a peak time, would these measures assist in mitigating
21 that sort of increase?

22 MR. TYRRELL: I think there is the obvious increased
23 incremental benefit by adding the scenarios that you are
24 suggesting in your IR.

25 So it would help mitigate some of the, perhaps, energy
26 cost increases and consumption decreases. There might be
27 energy cost increases.

28 MR. GARDNER: Okay, thank you. So would Toronto

1 Hydro, on the basis of that, consider implementing -- in
2 this case, I suppose scenario 3 would be the most
3 beneficial?

4 MR. TYRRELL: I think we would, save and except a bit
5 of an analysis around this, but I think that it does add to
6 the benefit of the program.

7 The only condition or the only concern I would have is
8 having to rework the program. To refile it as -- for an
9 approval would just be -- we would be happy to essentially
10 take this on as incremental to the program to improve its
11 overall effectiveness after we launch it.

12 MR. GARDNER: So in other words, adding it to the
13 second tranche of --

14 MR. TYRRELL: Yes.

15 MR. GARDNER: In the fall?

16 MR. TYRRELL: Right.

17 MR. GARDNER: Do we have an undertaking to that
18 effect?

19 MR. TYRRELL: We would be happy to do that.

20 MS. HARE: I am not really sure what the undertaking
21 would be. It is not part of this hearing.

22 MR. GARDNER: Right. And that's fine.

23 MR. RODGER: I think what Mr. Tyrrell said, that like
24 any other net benefit good ideas, they could look at it and
25 do analysis on it, but I don't think we're prepared today
26 to give a commitment.

27 MS. HARE: Correct.

28 MR. GARDNER: That's fair. Thank you. Just a few

1 more questions, briefly.

2 Going back to -- we don't need to turn to this,
3 necessarily. I will just quote it for the record, but if
4 you want to, you can. Toronto Hydro's response to School
5 Energy Coalition's IR No 10(a), I will state it for the
6 record:

7 "Toronto Hydro stated that it would endeavour..."

8 And I am quoting here:

9 "...to establish consultative and/or
10 collaborative relationships with its customers in
11 order to provide value, superior customer service
12 and to positively support them in making CDM
13 investment decisions."

14 So this question was related to the business outreach
15 and education program, but what we're asking is: Would
16 Toronto Hydro consider establishing a consultative or
17 collaborative process through which parties such as LIEN
18 can have meaningful and timely engagement in the
19 implementation, delivery and evaluation of this program,
20 the flat-rate water heater conversion program?

21 MR. TYRRELL: I'm sorry, I don't necessarily
22 understand that question. This is relative to the
23 questions proposed by the School --

24 MR. GARDNER: Well, in your answer to School, you said
25 that you would be interested in undergoing such a sort of
26 collaborative process. So what we're asking is flip it to
27 this program. Would you be interested in engaging in the
28 same sort of process for implementation, delivery and

1 evaluation with parties such as LIEN who are interested,
2 obviously, in this program, the flat-rate water heater
3 conversion program?

4 MR. TYRRELL: I think any input that would help us
5 expedite the program would certainly be helpful. So any
6 collaborative effort that would support the program, we
7 would certainly be engaged with.

8 MR. GARDNER: Okay, those are my questions. Thank
9 you.

10 MS. HARE: Thank you. We will adjourn for today and
11 resume tomorrow at 9:30.

12 --- Whereupon the hearing adjourned at 4:33 p.m.

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28