

## **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 Limited Inc. for an Order or Orders granting approval of initiatives and amounts related to the Conservation and Demand Management Code;

### **LOW-INCOME ENERGY NETWORK SUBMISSION**

#### **I. INTRODUCTION**

- 1 The Low-Income Energy Network (LIEN) supports the application by Toronto Hydro-Electric System Limited Inc. (THESL) for approval of eight Conservation and Demand Management (CDM) Board-approved programs (the “Board-Approved Programs”).

#### **II. COMPLIANCE WITH THE CDM CODE**

- 2 THESL has complied with the Conservation and Demand Management Code for Electricity Distributors issued September 16, 2010 (the “CDM Code”) when developing its application for Board-Approved Programs in accordance with Issue #1 of the Final Issues List (the “Issues List”).

#### **Timing of THESL’s Application**

- 3 THESL’s application was appropriately commenced in January, 2011.
- 4 The OPA-Contracted Province-Wide Programs (the “OPA Programs”) have been established in accordance with Section 3.1.1 of the CDM Code and Section 7 of the Minister’s Directive dated March 31, 2010 to the Board.
- 5 The CDM Code requires that OPA Programs be established prior to application.

- 6 The Directive requires that the OPA programs be established prior to Board approval.
- 7 Neither the Code nor the Directive defines “established”. We submit that by using a common sense approach to define establish, THESL’s application meets the requirements of the Code and the Directive.
- 8 It is submitted that the OPA Programs save for the OPA-Contracted Province-Wide Low Income Program (the “Low Income Program”) were established in July, 2010. This is the date of the only approval necessary for these programs, and thus the date they were “established”.
- 9 In July, 2010, the OPA Board of Directors approved a 4 year program budget for the OPA Programs. There is no other approval function available or necessary for the OPA Programs. The date the budget was set for the OPA Programs is the legal approval date, after which the OPA Programs could be implemented.

**OPA letter to Board dated March 3, 2011 as filed in EB-2010-0331/0332**

- 10 The OPA has also taken the next steps to implement the programs. Schedules to most OPA Programs were available as of March, 2011. Once an LDC signs the Master Agreement and registers for a particular initiative set forth in a Schedule the initiative can be implemented.
- 11 The Low Income Program Schedule, Schedule "E-1" - Low Income Initiative 2011-2014 (the “Low Income Initiative”) is available for LDC registration to become part of the legal agreement between the LDC and the OPA for delivery of CDM and was provided by THESL by way of Undertaking J2.3 in this proceeding. The Low Income Program is now in the implementation stage; we can conclude it has also been established, though we do not know the precise date of OPA Board of Directors’ approval.

**Undertaking J2.3.**

**THESL’s Board-Approved Programs are Not Duplicative**

- 12 LIEN submits that THESL’s Board-Approved Programs do not duplicate the OPA Programs. THESL’s Board-Approved Programs are incremental to and not duplicative of OPA Programs.
- 13 LIEN will focus its comments on the two Board-Approved Programs that are not “low-income CDM programs”, but will reach low-income customers, namely, the Flat Rate Water Heater Conversion Program and the Community Outreach and Education Initiative. It is submitted that neither program duplicates OPA Programs.

- 14 As these programs are residential CDM programs they need to be compared against the OPA Residential Program in particular.

***Flat Rate Water Heater Conversion Program***

- 15 OPA does not have any programs converting hot water heaters from flat rate to metered, and therefore no duplication exists. The OPA confirms this.

**Exhibit K1.1.**

**Transcript, Volume 3, May 3, 2011 at page 77 Lines 7-18.**

- 16 There is no initiative, either in part or in whole, under the OPA Residential Program that addresses the conversion of electric hot water heaters on a flat rate to ones that are individually metered. The OPA's Residential Program is comprised of the following initiatives: Residential New Construction and Major Renovation Initiative, Conservation Coupon Booklet Initiative, HVAC Incentive Initiative, Appliance Retirement Initiative, Home Energy Assessment Tool Initiative, Midstream Electronics Initiative, and Midstream Pool Equipment Initiative. None of these initiatives address, in whole or in part, the conversion of residential electric hot water heaters that are on a flat rate to an individual metered rate.

***Community Outreach and Education Initiative***

- 17 THESL's Community Outreach and Education Initiative does not duplicate OPA programs. The Community Outreach and Education Initiative is comprised of four channels: the In Store Retail Campaign, the Festive Light Exchange, the Toronto Police Outreach and the School Education Outreach.
- 18 THESL's In Store Retail Campaign does not duplicate OPA Programs for a number of reasons including the following:
- a) The In Store Retail Campaign aims to provide education and awareness, notably to residents of Toronto's 13 Priority Neighbourhoods. The OPA Programs do not.
  - b) The OPA Residential Programs include an in-store coupon campaign. THESL's In Store Retail Campaign is incremental to, but not duplicative of, the OPA's in-store coupon campaign as THESL's In Store Retail Campaign provides an in-store education program to, in part, drive customers to OPA coupon initiatives.
  - c) THESL's In Store Retail Campaign provides an incentive to drive customers to events. The OPA Programs do not.
  - d) THESL's In Store Retail Campaign provides for product give-aways to drive engagement. The OPA Programs do not.

- e) THESL's In Store Retail Campaign reaches certain customer segments including those who are unable to visit retailers. The OPA Programs do not.
- 19 Regarding section 18(b) above, The OPA's Residential Program has two initiatives related to in-store retail programs targeted at the consumer: the Conservation Instant Coupon Booklet Initiative 2011-2014 (Exhibit A) and the Bi-Annual Retailer Event Initiative 2011-2014 (Exhibit C).
- 20 Exhibit A summarizes the Coupon Booklet Initiative as being comprised of each Ontario household receiving a Coupon booklet valid for the year, the coupons of which can be redeemed at participating retailers upon purchase. There is no reference to any type of consumer education related to the coupon program as being required or suggested.
- 21 Exhibit C describes a bi-annual retailer event which is designed to provide instant point-of-purchase discounts with participating retailers who will make these coupons available in-store. As with Exhibit A, there is no reference to any type of consumer education related to the bi-annual events as being required or suggested. Therefore, any program that would provide general in-store education to targeted markets, such as the 13 Priority Neighbourhoods targeted by THESL, would be incremental and non-duplicative of the two relevant OPA initiatives for comparison.
- 22 Regarding section 18(d) above, unlike THESL's In Store Retail Campaign, neither Exhibit A nor C contain any reference to having product giveaways to entice consumers to enter the stores of participating retailers.
- 23 Regarding section 18(e) above, unlike THESL's In Store Retail Campaign, Exhibits A and C do not mention specific markets within the residential sector; these Exhibits are limited to specific retailers. Neither Exhibit A nor C targets any priority markets or neighbourhoods.
- 24 The remaining three channels of the Community Outreach and Education Initiative, namely, the Festive Light Exchange, the Toronto Police Outreach and the School Education Outreach channels are unique to THESL's program.
- 25 Further, THESL's Community Outreach and Education Initiative focuses on education relating to time-of-use rates, while OPA Programs do not.

**Exhibit K1.2.**

- 26 THESL's suite of education-focused Board-Approved Programs will help to drive future customer uptake, while providing greater understanding and awareness about the value of energy conservation to THESL customers.
- 27 In particular, the Community Outreach and Education Initiative will reach customers that traditionally do not have access to other residential programs. The Community Outreach and Education Initiative will provide the opportunity for

one-on-one engagement of hard-to-reach and normally inaccessible customers on energy conservation. The Community Outreach and Education Initiative will assist these customers to better manage their electricity bills. Such engagement is incremental to how THESL intends to spend the OPA Program Administration Budget provided to THESL.

**THESL Argument-In-Chief, pages 10-12, sections 24-27.**

***No Duplication of OPA Low Income Program***

- 28 THESL submits that it is aware of the details of the OPA Low Income Program. THESL also submits that the OPA Low-Income Program is not directly relevant to the issue of duplication in the proceeding because none of THESL's Board-Approved Programs are, in fact, low-income programs.

**THESL Argument-In-Chief, page 9, section 21.**

**Transcript, Volume 2, May 2, 2011 at page 89 Lines 20-28.**

**Transcript, Volume 2, May 2, 2011 at page 173 Line 25 to Page 174 Line 7.**

- 29 LIEN concurs with these submissions by THESL. THESL's Board-Approved Programs reach the residential customer base which includes low-income customers. Specifically, the Community Outreach and Education Initiative and the Flat Rate Water Heater Conversion Program are designed to reach Toronto's 13 Priority Neighbourhoods, in which the proportion of low-income customers is higher than average. However, these, along with the six other Board-Approved Programs, do not duplicate any of the OPA Programs, including the Low Income Program.

**Exhibit K2.3.**

**Transcript, Volume 2, May 2, 2011 at page 89 Lines 20-28.**

**Transcript, Volume 2, May 2, 2011 at page 173 Line 25 to Page 174 Line 7.**

- 30 The OPA Low Income Program and its Low Income Initiative involve the free installation of energy efficiency measures to qualifying low-income households that meet the program eligibility criteria. These measures are listed at Exhibit B of the Low Income Initiative.
- 31 The program permits an LDC, at the LDC's option, to conduct an outreach campaign to encourage prospective participants to apply to the Low Income Initiative. It is submitted that the education and outreach proposed by THESL in its Community Outreach and Education Initiative is distinct from and non-duplicative of the outreach permitted in the Low Income Program.
- 32 The Low Income Program permits an outreach program, but does not specify its nature. The Oxford Dictionary defines outreach as "an organization's involvement with or influence in the community, especially in the context of religion or social welfare."

Online: [http://oxforddictionaries.com/view/entry/m\\_en\\_gb0591220#m\\_en\\_gb0591220](http://oxforddictionaries.com/view/entry/m_en_gb0591220#m_en_gb0591220).

- 33 The Oxford Dictionary defines education as “the process of receiving or giving systematic instruction.”

Online: [http://oxforddictionaries.com/view/entry/m\\_en\\_gb0256500#m\\_en\\_gb0256500](http://oxforddictionaries.com/view/entry/m_en_gb0256500#m_en_gb0256500).

- 34 As evident above, education is neither suggested nor included in the definition of outreach. However, the broad definition of outreach could include education.

- 35 THESL's Community Outreach and Education Initiative provides education targeted at 13 specific neighbourhoods and focuses on time-of-use rates. The purpose of the OPA Low-Income Program is to provide free installations of efficiency measures in qualifying low-income households. The most effective outreach for the Low-Income Program will focus on the opportunities and savings to be garnered from participating in this program such as having access to free measures. This will be very different from the education provided under THESL's Community Outreach and Education Initiative.

- 36 THESL's Community Outreach and Education Program is comprised of four channels: the In Store Retail Campaign, the Festive Light Exchange, the Toronto Police Outreach and the School Education Outreach. None of these channels aim to provide education on and promotion of the measures contained in the Low Income Program. These channels will focus primarily on education relating to time-of-use rates. Moreover, THESL has indicated that this program will be incremental to its PAB expenditures for its OPA programs.

**THESL Argument-In-Chief, page 12, section 27.  
Transcript, Volume 2, May 2, 2011 at page 121 Lines 10 to 20.  
Undertaking J3.6.**

- 37 THESL's Community Outreach and Education Initiative provides conservation education to the 13 Priority Neighbourhoods. As provided in THESL's testimony, these 13 Priority Neighbourhoods have less access to conservation programs than do the balance of the 140 neighbourhoods in Toronto. The residents within these 13 Priority Neighbourhoods are under-represented in residential CDM programs as they are hard to reach, and require educational opportunities that specifically address their needs. The Community Outreach and Education Initiative achieves the foregoing. The suite of OPA programs and initiatives, including the Low Income Program and Low Income Initiative, do not.

**Transcript, Volume 2, May 2, 2011 at page 90 Lines 4 to 10.  
Exhibit K2.3.**

- 38 Should THESL's targeted education approach be successful, as LIEN predicts it will be, LIEN would support increased efforts that reach neighbourhoods similar to Toronto's 13 Priority Neighbourhoods in other LDC service territories.

### **THESL Appropriately Applied and Passed the Cost Effectiveness Tests**

- 39 LIEN submits that the OPA's Total Resource Cost ("TRC") and Program Administrator Cost ("PAC") tests have been appropriately applied to THESL's five "direct savings" Board-Approved Programs and that these programs are cost effective.
- 40 THESL's Flat Rate Water Heater Conversion Program has the potential to significantly impact low-income customers. THESL confirmed, in response to LIEN's Interrogatory C-2, that nearly 12 percent of flat-rate water heaters in Toronto exist in Toronto's 13 Priority Neighbourhoods.

**Exhibit J, Tab 7, Schedule 6, page 2.  
Transcript, Volume 2, May 2, 2011 at page 176 Line 24 to Page 178 Line 16.**

- 41 In LIEN's Interrogatory C-5, LIEN proposed three scenarios in which THESL's Flat Rate Water Heater Conversion Program could be improved. Two of the three scenarios yielded better TRC and PAC test results than those of THESL's original program. These scenarios include free installation of free measures. THESL agreed that these scenarios yielded better TRC and PAC results than the Flat Rate Water Heater Conversion Program as presently designed. THESL agreed that these scenarios would mitigate the increased bills that some customers may experience when moving to metered hot water systems. THESL stated that it would consider implementing one of the two beneficial scenarios in its second tranche of Board-Approved Programs, anticipated to be designed in the Fall of 2011.

**Exhibit J, Tab 7, Schedule 9, pages 2 to 3.  
Transcript, Volume 2, May 2, 2011 at page 176 Line 24 to Page 178 Line 16.**

- 42 LIEN's productive exchange with THESL during the Interrogatory process and cross examinations shows that LIEN's expertise and knowledge of the low-income consumer base is extremely useful in designing cost effective CDM programs.
- 43 Accordingly, LIEN asks the Board to urge THESL to establish a stakeholder consultation process that engages interested stakeholders on the development and design of THESL's second tranche of Board-Approved Programs. This consultative process needs to be timely to avoid having the first opportunity for input on program design take place at another application by THESL for approval of Board-Approved Programs. More timely input will help to ensure that design improvements can be considered effectively.

**Transcript, Volume 2, May 2, 2011 at page 180 Lines 4 to 7.**

- 44 For this reason, LIEN submits that it should be engaged in meaningful consultative processes with THESL as it implements, delivers and evaluates its residential programs.

### **THESL Appropriately Applied the OPA's EM & V Protocols**

- 45 LIEN submits that THESL has appropriately applied the OPA's EM&V Protocols in accordance with section 3.1.4 of the CDM Code. THESL promptly engaged third party consultants to assist with the development of Draft Evaluation Plans and program logic models after the Board delivered its oral Decision on March 7, 2011 in the Hydro One Networks Inc. and Hydro One Brampton Networks Inc. application for CDM Board-approved programs.

**THESL Argument-In-Chief, pages 7 to 8, section 15.**

- 46 THESL has submitted detailed and comprehensive Draft Evaluation Plans for each of its eight (8) Board-Approved Programs.
- 47 LIEN submits that the Board should approve THESL's application on the condition that THESL files with the Board finalized evaluation plans prior to program delivery.

### **III. CONCLUSIONS**

- 48 Low-income customers across Ontario, like non-low-income customers across Ontario, pay for THESL's Board-Approved Programs through the Global Adjustment Mechanism. Accordingly, low-income customers will be paying for THESL's Board-Approved Programs whether these programs have low-income participants or not.

**Transcript, Volume 2, May 2, 2011 at page 93 Lines 10 to 18.**  
**Transcript, Volume 2, May 2, 2011 at page 174 Lines 4 to 17.**

- 49 LIEN finds that all eight of THESL's Board-Approved Programs are reasonable and appropriate. THESL has adequately met the requirements under section 4.3 of the CDM Code.
- 50 LIEN submits that the two programs with the most significant low-income components, namely, the Community Outreach and Education Initiative and the Flat Rate Water Heater Conversion Program, are both reasonable and appropriate, in accordance with Issues 9 and 10 of the Issues List, respectively, for the foregoing reasons.
- 51 LIEN supports THESL's education efforts. While THESL has not put forth a low income program designated exclusively to low-income customers, THESL's



Community Outreach and Education Initiative will specifically reach the City of Toronto's 13 Priority Neighbourhoods in which low-income customers reside.

52 LIEN is satisfied that the Flat Rate Water Heater Conversion Program is cost-effective as it meets the PAC and TRC tests.

53 However, LIEN has suggested changes that would make the programs more cost effective and beneficial to customers. LIEN asks the Board to urge THESL to engage residential stakeholders, such as LIEN, in the development, design, implementation, delivery and evaluation of its future CDM Board-approved programs.

May 24, 2011

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AND TO: **ALL REGISTERED INTERVENORS**

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