

14 February 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board

VIA RESS

Dear Ms. Walli:

Re: EB-2007-0791, OPA 2008 Revenue, GEC/Pembina/OSEA Interrogatories to OPA

Attached please find our interrogatories in this matter which we are filing by the RESS and e-mailing to all parties.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Poch', with a stylized flourish at the end.

David Poch

Cc: all parties by e-mail

**Ontario Power Authority 2008 Revenue Submission
Interrogatories of GEC/Pembina/OSEA**

1. Issue: 1.1, Ref. B-1-1, page 4

- a) Does OPA see itself as having a role in facilitating a coherent, streamlined, simplified process for distributed generation approvals, implementation and contracting?
- b) Please provide details describing the budget and resources assigned and the efforts OPA has made in 2007 and is expected to make in 2008 in that regard for distributed generation initiatives generally, and for renewable generation in particular.
- c) Please outline what specific barriers OPA is seeking to reduce and how OPA is intending to pursue this (for example, analogous to its advocacy for socialization of enabler transmission costs for larger generation clusters, what reforms has OPA identified that it will advocate in the OEB's various consultations on distributed generation connection and rates)?

2. Issue 1.2b, Ref. B-1-1, page 3

- a) What programs are planned and what budget is allocated for each program that OPA intends to pursue in 2008 to address local supply constraints with targeted supply, targeted CDM or a combination?
- b) For each local constraint identified, please indicate the nature and extent of the supply problem being addressed and explain how OPA's proposed approach was developed in light of potential demand side and supply side responses identified. Please provide all studies that identify the potential for fast track CDM efforts in these particular areas and for renewable and higher efficiency generation such as CHP.

3. Issue: 2.2, Ref. A-6-1, page 42 and B-2-1 tables 3, 4 & 5

Please reconcile the MW targets listed in table 5.1 of A-6-1 with the values listed in tables 3, 4 & 5 of B-2-1.

4. Issue: 2.2, Ref. B-2-1 tables 3, 4 & 5

- a) Please provide MWhr estimates for each program in tables 3, 4, & 5 and explain how OPA develops its MW and MWhr expectations for the various programs.
- b) Please indicate if and how OPA's evaluation of 2008 CDM activities will consider MWhr goals. How will success at obtaining energy savings be determined?
- c) Does OPA view maximization of MWhr efficiency to be an appropriate guiding principle for the design and delivery of its CDM programs and portfolio in 2008? If not please explain and indicate how OPA will avoid lost opportunities due to capital stock turnover and due to lost efficiencies of scope in program delivery.

5. Issue 2.2, Ref. B-2-1, page 14

Concerns have been expressed by some stakeholders about the underestimation of supply costs (particularly nuclear costs) in the IPSP. Please confirm our understanding that the avoided costs that are associated with OPA's IPSP proposal are generally lower than those that the OEB published in its guidelines. Is OPA currently utilizing the OEB avoided costs or those developed for the IPSP to design and evaluate its 2008 CDM programs?

6. Issue 2.2, Ref. B-2-1, page 31 and A-9-1, page 14

- a) The ICF report that OPA commissioned as part of the CBSAG CDM consultations noted:

We also note that the assessment of CDM potential contains a discussion of "negative reduction" for multi-residential and for commercial sectors due to increase in number of units using electric heat. If this growth in electric heat refers to efficient applications such as ground source heat pumps or installations which allow load shifting (i.e. storage heaters) then the use of electric heating may be appropriate. In many instances, however, the use of electric resistance heating can be eliminated by improved building and HVAC system design, increasing overall efficiency. This implies an opportunity to manage this "negative potential" as an element in any fuel substitution or new construction programs.

How has OPA addressed this concern in its 2008 CDM portfolio?

- b) Please provide details comparing the expected 70 MW of fuel switching (noted at A-9-1, p. 14) to OPA's information on potential opportunities for fuel switching?

7. Issue 2.2, Ref. B-2-1, page 31

The ICF report noted OPA's MW targets as follows:

Table 10: Existing Program Targets vs. Potential

| Existing Programs Targets vs. Potential | | | |
|--|--------------------------------|---|--|
| Sector | Achievable as % of Economic | Program Target as % of Achievable | Resulting Target as % of Economic Potential |
| Residential | 41% | 14% | 6% |
| Commercial | 36% | 36% | 13% |
| Industrial | 14% | 5% | 1% |

Please update the table and detail if and how OPA has increased its near term CDM targets following the ICF report and the CBSAG Process.

8. Issue 2.2, Ref. B-2-1, page 31

- a) Please describe any changes made in response to the recommendations submitted by Pembina Institute in the CBSAG process (as reproduced below).
- b) Please indicate if and to what extent OPA allocated additional staff resources and or budget in response to any of these suggestions?

Pembina Institute Recommendations to OPA (CBSAG) Aug. 24, 2007:

1. Raise the targets for the 2008–2010 CDM portfolio to at least the cost effective potential identified by ICF — particularly for those programs that include energy efficiency and fuel switching and that reduce base load demand. The current pilot program approach is unnecessary and should be abandoned.
2. Develop a long-range plan (based on ICF's recommendations) that sets out a strategy, timelines, targets and key programs over the next 20 years for achieving permanent base load reduction. This plan should iteratively inform the 2008–2010 program. We further recommend that the CDM 2025 target be raised to 10,000 MW — the effective long-range potential identified by ICF.
3. Make explicit linkages between lighting CDM programs and the new National Lighting Initiative and standards aimed at phasing out inefficient lighting. Further, implement similar coordination between programs and regulations for other key end uses such as new building and home construction, air conditioning and industrial drive-power.
4. Resolve the confusion over support for self generation as soon as possible.
5. In the interest of facilitating a bolder portfolio that serves to transform all electricity using markets and maximizes cost effective CDM,

- immediately establish a process to develop implementation plans or “road maps” for market transformation in each sector and end use so that CDM programs and regulatory actions can be designed with a specified role and target within this road map

- retain experienced staff from jurisdictions that have implemented comprehensive CDM programming.

6. Expand the terms of reference of the OPA CDM Business Advisory Group to include

- ongoing guidance to the OPA on the design of the overall CDM strategy, including CDM programs to be delivered by all third parties

- review and approval of priority sector and end-use implementation plans

- working with the OPA on CDM implementation plans or “road maps” for each sector and end use so that a complementary suite of programs is designed for each market segment

- working with the OPA on a long-range base load reduction plan and strategy.

The advisory group should participate regularly in the government/utility forum on regulation and other policy tools proposed by the Conservation Bureau.

7. Put in place the government/utility forum on regulations and other policy tools as proposed by the Conservation Bureau. The forum should be backed up by a memorandum of understanding between the relevant provincial agencies and the OPA to regularly update codes and standards based on Conservation Bureau recommendations.

8. Support a training, certification and oversight initiative through a partnership among the Conservation Bureau, community colleges and contractor organizations across the province. Further, take immediate action to assess gaps in capacity to deliver CDM programs, and ensure that efficient manufacturing, product distribution, service and consulting capacity is available in all regions of Ontario. Plans to fill these gaps via regional training centres or other capacity building programs should be based on this gap analysis and incorporated into all program designs.

9. Set up a CDM Coordination and Service Unit to help local distribution companies (LDCs) with the delivery of OPA CDM programs. Operated by the Conservation Bureau and experienced LDCs, the service unit would coordinate CDM programming across Ontario so that all customers benefit to a similar extent from common programs.

9. Issue 3.2c, Ref. B-3-1, page 3

- a) The June 15th, 2007 Directive to implement a clean energy standard offer (CESOP) does not limit the projects to 10MWs. Please indicate why OPA has limited CESOP to projects 10MWs and under?
- b) Does OPA agree that the costs and delays of an RFP process can be a serious barrier for CHP proponents of all sizes?

- c) Please provide any analysis that OPA has comparing the success of efforts to encourage CHP in other jurisdictions with SOP versus RFP processes.
- d) What was the average and the highest bids that OPA accepted in the first RFP for CHP and what price does OPA currently anticipate offering in the CESOP?
- e) Please provide any information OPA has on the technical, economic and achievable potential values for clean energy generation (specifically for CHP and waste heat recovery generation). In answering this interrogatory please do not limited the information to projects under 10 MWs and to the extent possible, please break out estimates by number of projects in various MW size categories (eg. under 5, 5-10, 10-25, 25-50, 50-100, 100-200).

10. Issue: 4.1, Ref. A-9-1, page 21

- a) What is budgeted for environmental attribute trading related efforts?
- b) Please confirm that OPA has suspended its plans to conduct an environmental attribute trading pilot and provide an update of OPA's plans and budgets in this area.
- c) Will OPA commit not to pursue such an effort in future without first giving the public an opportunity to address the appropriateness of the effort before the OEB?

11. Issue 4.1, Ref. 4-1-1, page 1

- a) What is budgeted for efforts in relation to LSE's in 2008?
- b) Please explain how OPA's proposed LSE models (especially the distributed model) can accommodate provincially regulated, province-wide time-of-use commodity rates or other province-wide smart meter based programs that utilize rate structure or level to induce conservation?