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Niagara-on-the-Lake Hydro Inc.

LRAM Support

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1. Introduction

Continuing their participation in OPA province wide CDM programs, Niagara-on-the-Lake Hydro Inc. ("Niagara-on-the-Lake Hydro") has demonstrated leadership and obtained significant energy and peak reductions in the communities they serve. In its prior 2011 rate filing, Niagara-on-the-Lake Hydro submitted an LRAM claim for $126,021.91, based on results (input assumptions) validated by the OPA up to the end of 2009, and for combined CDM program efforts undertaken between 2006 and 2009.

With continued success in its CDM activities since the previous claim, Niagara-on-the-Lake Hydro has additional lost revenues that need to be addressed as part of its 2012 IRM3 rate filing with the Ontario Energy Board (OEB).

In accordance with the Ontario Energy Board (OEB) published March 28, 2008 Guidelines for Electricity Distributor Conservation and Demand Management EB-2008-0037 ("CDM Guidelines"), LRAM calculations are required for financial adjustments being claimed. In 2010, finalized 2009, OPA published program evaluations were used for LRAM calculations in Niagara-on-the-Lake Hydro's 2011 rate submission since this represented the most current information and basis for input assumptions available at the time.

The LRAM claim made in 2010 did not incorporate energy and peak savings beyond what was attributable to 2009 programs up to the end of 2009. Calculations in this claim continue to utilize persistent 2009 program evaluation results into 2011.

2. Scope

Niagara-on-the-Lake Hydro requested that Burman Energy Consultants Group Inc. (Burman Energy) prepare and critically assess an additional LRAM claim for program results to the end of 2010. In lieu of OPA published program evaluation results for 2010, 2009 program results were used as a best representative estimate for 2010 program year results. Adjustments to these estimates may be required to accurately reflect final OPA program evaluation results for 2010 programs.

Burman Energy committed to providing the following:

1. Review available suitability of published Niagara-on-the-Lake Hydro data for determining appropriate input assumptions.

2. Prepare and finalize LRAM calculations and assumptions consistent with CDM Guidelines and suitable for inclusion in Niagara-on-the-Lake Hydro's 2012 IRM3 application, with supporting details.
3. Produce a report, recommendations, and support related to LRAM assessments/findings.

In performing the above tasks, BECGI's involvement is intended to constitute a third party review as specified in the OEB's CDM Guidelines.

3. LRAM Principles

The OEB issued GUIDELINES FOR ELECTRICITY DISTRIBUTOR CONSERVATION AND DEMAND MANAGEMENT, EB-2008-0037 were applied to the preparation of this LRAM application.

LRAM was calculated as the product of the demand/energy savings by customer class and the Board-approved variable distribution charge appropriate to each respective class (net of Regulatory Asset Recovery rate riders) for Niagara-on-the-Lake Hydro.

The OPA published program evaluation reports were utilized where available in the validation of input assumptions.

4. Process

In calculating LRAM, Burman Energy:

1. Reviewed existing LRAM CDM Guidelines and precedents set through LDC submissions to the OEB, to identify the most prudent course for Niagara-on-the-Lake Hydro LRAM.

2. Sought counsel within OEB staff to validate assumptions and processes to complete LRAM submission consistent with other LDC submissions.

3. Reviewed Niagara-on-the-Lake Hydro's CDM program results and input assumptions.

4. Verified correct input assumptions were applied in LRAM calculations.

5. Prepared report and recommendations related to LRAM calculations consistent with OEB CDM Guidelines which are in the accompanying documentation.

5. Results

A review of Niagara-on-the-Lake Hydro's CDM program supporting data verified that documentation exists to support the use of OPA program evaluations as the basis for LRAM calculations. At the time of this report's preparation, preliminary and final program evaluations for 2010 were unavailable. 2009 results were assumed to be a reasonable proxy for LRAM calculations forecast into 2010. These calculations will be updated once the OPA publishes preliminary and/or final program evaluations. Input assumptions and free ridership rates are identified in Attachment ??

The accompanying table below summarizes the calculated amounts for LRAM for Niagara-on-the-Lake Hydro's OPA programs. The calculation of the results, by program and customer class as applicable, are explained in the text below, and detailed in the appended attachment.

Rate Class	LRAM $
OPA Programs	
RESIDENTIAL	$30,929.11
GENERAL SERVICE <50KW	$20,270.28
GENERAL SERVICE >50KW	$6,722.00
	$57,921.39

6. Calculation of LRAM

OPA sponsored programs represent lost revenue through their successful implementation and are included in LRAM calculations.

LRAM amounts were identified by rate class consistent with the CDM Guidelines for programs that impacted revenues from 2006 to 2010 for OPA programs. No adjustments were made to incorporate impacts for any kW/kWh reductions assumed in current Board approved load forecasts.

The sum of all program LRAM calculations, including OPA sponsored programs is $57,921.39

Attachment A summarizes load impacts by class and program. Attachment B (Foregone Revenue By Class and Program) summarizes the CDM load impacts by program and rate class and the resultant revenue impacts.

The LRAM amounts arising from CDM programs in each respective rate class are allocated to that class for recovery.

7. Recommendations

Burman Energy recommends the following:

1. LRAM amounts arising from CDM programs in each rate class be allocated to that class for recovery.

2. Prepare adjustments to account for any kW/kWh savings amounts included in current load forecasts.

3. Incorporate impacts of final OPA program evaluation reports into LRAM and rate filing addenda as required.

4. Rate impacts, proposed rate riders and respective terms to mitigate LRAM recovery be addressed by Niagara-on-the-Lake Hydro