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January 18, 2012

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
Cooperative Hydro Embrun Inc. EB-2011-0164
Final Submissions of VECC

Please find enclosed the submissions of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

cc: Cooperative Hydro Embrun
Mr. Benoit Lamarche

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Cooperative Hydro Embrun Inc. for an order or orders approving or fixing just and reasonable distribution rates to be effective May 1, 2012.

FINAL SUBMISSIONS

On Behalf of The

Vulnerable Energy Consumers Coalition (VECC)

January 18, 2012

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Vulnerable Energy Consumers Coalition (VECC)

Final Argument

1 The Application

- 1.1 Cooperative Hydro Embrun Inc. (“Cooperative Hydro Embrun”, “the Applicant”, or “the Utility”) filed an application (“the Application”) with the Ontario Energy Board (“the Board” or “the OEB”), under section 78 of the *Ontario Energy Board Act, 1998* for electricity distribution rates effective May 1, 2012. The Application was filed in accordance with the OEB’s guidelines for 3rd Generation Incentive Regulation which provides for a mechanistic and formulaic adjustment to distribution rates between cost of service applications.
- 1.2 As part of its application, Cooperative Hydro Embrun included the recovery of the impact of lost revenues associated with various conservation and demand management (CDM) activities (i.e. an LRAM recovery). The following section set out VECC’s final submissions regarding this aspect of the application.

2 Lost Revenue Adjustment Mechanism (LRAM)

- 2.1 Cooperative Hydro Embrun is applying to the Board in this application for the recovery of lost revenue of \$23,748.80 through one year rate riders effective May 1, 2012 related to the impact of CDM program activities.
- 2.2 Cooperative Hydro Embrun confirmed that it has not claimed LRAM amounts in previous applications.¹
- 2.3 In this application, Cooperative Hydro Embrun seeks lost revenue from 2006-2010 OPA CDM programs, for the years January 1, 2006 through April 30, 2012.
- 2.4 The original LRAM amount was calculated based on 2006-2009 Final OPA CDM Results (update to December 2010 report January 24, 2011) and OPA Final 2010 CDM Summary Results (September 16, 2011).²
- 2.5 Cooperative Hydro Embrun received updated Final 2010 OPA Results on November 15, 2011. In response to Board Staff Interrogatory # 1 (c) for Cooperative Hydro Embrun to update the LRAM claim if it did not use final 2010 program evaluation results, Cooperative Hydro Embrun revised the LRAM claim based on the November 15, 2011 data to \$23,482.09, a reduction of \$266.71.

¹ Response to Board Staff & VECC Interrogatory # 1 (a)

² Exhibit 1, Tab 1, Schedule 6, Page 1, Elenchus LRAM Report

- 2.6 In the Board's Decision in the Horizon Application (EB-2009-0192), the Board indicated that distributors are to use the most current input assumptions which have been adopted by the Board when preparing their LRAM recovery as these assumptions represent the best estimate of the impacts of the programs.
- 2.7 VECC accepts for LRAM purposes, the OPA verification of the energy savings for Cooperative Hydro Embrun's 2006 to 2010 OPA-funded CDM programs using final 2006-2009 and 2010 OPA program results.
- 2.8 VECC submits Cooperative Hydro Embrun has appropriately demonstrated through interrogatory responses that savings for the OPA's 2006 Every Kilowatt Counts Program regarding 13-15 W Energy Star CFL's have been removed from the LRAM claim beginning in 2010.

Load Forecast

- 2.9 As part of Cooperative Hydro Embrun's 2010 Cost of Service (COS) Application (EB-2009-0132), the load forecast was updated for rates effective May 1, 2010. Cooperative Hydro Embrun indicates that there are no direct CDM savings from OPA programs included in its approved 2010 load forecast.³
- 2.10 The Board's Guideline states "The LRAM is determined by calculating the energy savings by customer class and valuing those energy savings using the distributor's Board-approved variable distribution charge appropriate to the class. The calculation does not include any Regulatory Asset Recovery rate riders, as these funds are subject to their own independent true-up process. Lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the savings would be assumed to be incorporated in the load forecast at that time."⁴
- 2.11 In the recent Hydro Ottawa Decision (EB-2011-0054), the Board disallowed a true-up of the effects of CDM. The Board noted firstly, that the Board's CDM Guidelines do not consider symmetry with respect to LRAM; and secondly, that there have been expectations related to LRAM including no-true up of the effects of CDM activities embedded in a rebasing year.⁵
- 2.12 VECC notes that in other recent Decisions, the Board disallowed LRAM claims in the rebasing year and beyond for CDM programs implemented prior to (and including) the rebasing year.
- 2.13 In the Whitby Hydro Decision (EB-2011-0206), the Board disallowed the LRAM claim for the rebasing year as the Board is of the view that it is not appropriate to

³ Response to VECC Interrogatory # 1 (c)

⁴ Guidelines for Electricity Distributor Conservation and Demand Management (EB-3008-0037), Page 18

⁵ EB-2011-0054 Hydro Ottawa Decision, Page 24

vary from the stated policy which states that lost revenues are only accruable until new rates are set by the Board, as the CDM savings would be assumed to be incorporated in the load forecast at that time.⁶ In the Hydro One Brampton Decision (EB-2011-0174), the Board found the request for LRAM in 2011 (its rebasing year) inconsistent with the Guidelines and agreed these savings should have been incorporated into the 2011 load forecast at the time of rebasing.⁷

2006 to 2010 CDM Programs – Recovery of Lost Revenue in 2010 to April 30, 2012

- 2.14 In accordance with the Board's guidelines and recent Decisions, VECC submits that energy savings from CDM programs implemented between 2006 and 2010 are not accruable in 2010 through April 30, 2012 as savings should have been incorporated in the 2010 load forecast at the time of rebasing.

2006 to 2009 CDM Programs – Recovery of Lost Revenue in 2006, 2007, 2008 & 2009

- a. VECC supports the approval of the lost revenues requested by Cooperative Hydro Embrun in 2006 to 2009 for OPA CDM programs implemented from 2006 to 2009 as Cooperative Hydro Embrun did not collect this revenue while under IRM in the years prior to rebasing.
- b. In summary, VECC submits that the LRAM claim and rate riders approved by the Board should be adjusted to exclude the lost revenues in 2010, 2011 and January 1, 2012 to April 30, 2012 resulting from the impacts of OPA CDM programs delivered between 2006 and 2010.

4 Recovery of Reasonably Incurred Costs

- 4.1 VECC submits that its participation in this proceeding has been focused and responsible. Accordingly, VECC requests an order of costs in the amount of 100% of its reasonably-incurred fees and disbursements.

All of which is respectfully submitted this 18th day of January 2012.

⁶ EB-2011-0206 Whitby Hydro Decision, Page 14

⁷ EB-2011-0174 Hydro Brampton Decision, Page 13