

EB-2012-0003

Ontario Energy Board

Guidelines for Electricity
Distributor Conservation and
Demand Management

Ontario Power Authority
Comments

January 26, 2012



ONTARIO
POWER AUTHORITY



Background

On January 5, 2012, the Ontario Energy Board (“Board”) issued Conservation and Demand Management (“CDM”) Guidelines for Electricity Distributors. The CDM Guidelines provide more specific guidance on certain provisions in the CDM Code and what evidence should be filed by distributors in support of an application for Board-Approved CDM programs. The CDM Guidelines also provide details on the lost revenue adjustment mechanism for the 2011 to 2014 period. The Board has invited parties to provide written comments on these CDM Guidelines.

OPA Comments

The OPA appreciates the Board’s efforts to provide additional clarity and guidance on the CDM Code. The OPA has comments on a number of areas, as described below. In order to be helpful to the Board, where possible, the OPA has attempted to provide draft language to address suggested changes.

1) Pre-2011 OPA-Contracted Province-Wide CDM Programs (Page 3, Section 3)

The OPA finds the existing wording in this section to be unclear. The OPA recommends amending the wording of this section to provide greater clarity and to better reflect what the OPA believes to be the Board’s intended purpose, i.e. to allow projects started prior to 2011, but not completed until after January 1, 2011, to count towards the LDC target.

Existing Text:

The Board also recognizes that some distributors entered into contracts for OPA-Contracted Province-Wide CDM programs at the end of 2010, with little to no program activities undertaken until 2011. The Board is of the opinion that it is reasonable to allow distributors to count the new savings arising from the portion of these programs that have taken place in 2011 against their CDM targets. Distributors must still follow the OPA’s EM&V Protocols in evaluating and verifying these savings, as outlined in the CDM Code. The Board will not consider any savings that persist from historical programs (i.e. programs implemented prior to 2011). The Board will not count savings that take place after December 31, 2014 towards a distributor’s CDM targets.

Proposed Text:

The Board also recognizes that there are projects from programs prior to 2011 that will be completing in and after 2011. The Board is of the opinion that it is reasonable to allow distributors to count the new savings arising from projects completed pursuant to the terms of the program in or after 2011 against their CDM targets. Distributors must still follow the OPA’s EM&V Protocols in evaluating and verifying these savings, as outlined in the CDM Code. The Board will not consider any savings that persist from projects completed prior to 2011 against an LDC’s CDM target. The Board will not count savings from projects that are completed after December 31, 2014 towards a distributor’s CDM targets.

2) Savings from Pilot Programs

The OPA recommends the addition of a new section to address concerns raised by LDCs about counting savings from pilots. This section would clarify that new savings arising from pilot projects completed in or after 2011 would count towards an LDC's CDM target. This change ensures that LDCs are not discouraged from undertaking pilots that could help improve program performance in 2013 and 2014, as well as inform the development of next generation programs and activities.

Proposed Text:

The Board also recognizes that there may be material savings from pilot projects undertaken by LDCs. The Board is of the opinion that it is reasonable to allow distributors to count the new savings arising from pilot projects completed in or after 2011 against their CDM targets. Distributors must still follow the OPA's EM&V Protocols in evaluating and verifying these savings, as outlined in the CDM Code. The Board will not consider any savings that persist from pilot projects completed prior to 2011 toward an LDC's CDM target. The Board will not count savings from projects that are completed after December 31, 2014 towards a distributor's CDM targets.

3) Duplication with OPA Programs (Page 3, Section 4)

As set out in Andrew Pride's letter of July 27, 2011 to all distributors (attached as Appendix A), the OPA is willing to work with any LDC who is interested in developing additional programs to supplement the Province-Wide programs. The OPA has already begun working with LDCs to address their need for additional savings. LDCs wishing to discuss possible Board-Approved CDM programs should feel free to contact Julia McNally, Director of Market Transformation, to discuss opportunities.

To date, discussions around possible Board-Approved CDM programs have begun with a meeting, either by phone or in person, for the LDC to present their program idea to the OPA. The OPA has then reviewed the proposed program to determine whether:

- 1) the existing Province-Wide programs already address the proposed need;
 - 2) the existing programs may be modified to incorporate the LDC idea, in which case, the OPA, working with the LDC, makes proposals to modify the program (it is expected that the LDC working groups will play a role in this process);
 - 3) a proposed Board-Approved program is not duplicative, in which case the OPA would express the view that, in its opinion, the program was not duplicative;
- or the OPA make any other determination as applicable.

In determining whether a proposed program is duplicative, the OPA intends to apply these CDM Guidelines and the CDM Code. The OPA will also assess whether the program is likely to be an effective program based on the cost, benefits, program theory and logic, and other relevant information.

4) Educational CDM Programs (Page 6, Section 7.2)

The OPA recommends amending the wording of this section to better reflect that some educational activities can be funded by the Program Administration Budget ("PAB") pursuant to the OPA-Contracted Province-Wide CDM Program Agreement between the OPA and the LDCs, and other activities cannot.

Existing Text:

The Board will consider Board-Approved Educational CDM programs if the distributor can demonstrate that it has exhausted its portion of the OPA's Program Administration Budget (PAB) which is intended to fund similar educational and marketing activities. Distributors should also provide a clear demonstration that the proposed program will provide demonstrable benefits (i.e. increased awareness of conservation, increased savings/participation levels, etc.). Distributors will be expected to provide a clear description of the similarities and differences between a proposed Board-Approved Educational CDM program and the most similar OPA-Contracted Province-Wide CDM program. Distributors are reminded that any application for a Board-Approved Educational CDM program must still meet the requirements set out in Section 4.3 of the CDM Code and not duplicate OPA-Contracted Province-Wide CDM programs.

Proposed Text:

In order for the Board to consider Board-Approved Educational CDM programs, Distributors should provide a clear demonstration that the proposed program will provide demonstrable benefits (i.e. increased awareness of conservation, change behaviour, increased participation levels in programs, etc.). Distributors will be expected to provide a clear description of the similarities and differences between a proposed Board-Approved Educational CDM program and the most similar OPA-Contracted Province-Wide CDM program. Distributors are reminded that any application for a Board-Approved Educational CDM program must still meet the requirements set out in Section 4.3 of the CDM Code and not duplicate OPA-Contracted Province-Wide CDM programs. For certainty, all PAB spending must be in accordance with the OPA-Contracted Province-Wide CDM Program Agreement between the OPA and the LDCs. If the proposed educational activity is one that could be funded from the OPA's Program Administration Budget (PAB), then the distributor must demonstrate that its PAB has been fully exhausted and additional funds are required. If the educational activities cannot be funded by PAB, a distributor does not need to demonstrate that PAB has been exhausted.

The OPA appreciates the opportunity to provide its comments in this matter, and looks forward to participating further as required.



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July 27, 2011

Wilf Thorburn
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RE: OPA Support for LDC Conservation Strategy Implementation

Dear Mr. Thorburn,

Now that we have all had an opportunity to consider the recent decision by the OEB regarding Toronto Hydro's application for board approved CDM programs, I wanted to reach out and assure you that the OPA is here to help you achieve your CDM targets.

Together, the LDCs and the OPA will help Ontario meet some of the most ambitious conservation targets in North America. The Province-wide Programs, which were a collaborative effort of the OPA and the LDCs, were designed to help LDCs achieve a large share, but not necessarily all, of their CDM targets. At the request of LDCs, room was left for additional programs to address unique LDC needs. We would be pleased to work with you as you develop these additional initiatives.

We have commenced discussion with some LDCs on developing a strategy for achieving their additional CDM programs. We are more than happy to work with any LDC who is interested in developing additional programs to supplement the Province-wide Programs. Please feel free to contact me directly or Julia McNally should you wish to discuss your programs or CDM strategy. Alternatively, the Business Development Team led by Sean Brady is always available for further discussion. For your reference I have attached a chart of contacts for Team Conservation at the OPA.

We look forward to continuing our collaboration to achieve CDM goals and create a culture of conservation in Ontario.

Sincerely,

Andrew Pride
Vice President, Conservation

Copy:
Julia McNally – Director, Market Transformation, OPA
Sean Brady – Director, Business Development, OPA
– , Atikokan Hydro Inc.