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February 06, 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)
Cambridge and North Dumfries Hydro Inc. EB-2011-0156
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: Cambridge and North Dumfries Hydro Inc.
Mr. John Grotheer

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 Cambridge and North Dumfries Hydro 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)

February 6, 2012

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Vulnerable Energy Consumers Coalition (VECC)

Final Argument

1 The Application

- 1.1 Cambridge and North Dumfries Hydro Inc. (“CND”, “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, CND 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 sets out VECC’s final submissions regarding this aspect of the application.

2 Lost Revenue Adjustment Mechanism (LRAM Recovery) & Shared Savings Mechanism (SSM)

- 2.1 CND is applying to the Board in this application for the recovery of \$190,487.92 (\$185,376.17 plus \$5,111.75 carrying charges) through one year rate riders effective May 1, 2012 to recover lost revenue from CDM activities.
- 2.2 The LRAM claim in this application covers the revenue impacts from 2006 to 2009 OPA CDM programs, in the year 2009.
- 2.3 CND has not previously filed an LRAM claim. CND confirms that it has not received any of the lost revenue requested in this application in the past.¹
- 2.4 At the time of this application, CND used the 2006-2009 Final OPA CDM Results-Update (January 24, 2011) to calculate energy savings.² CND received the 2006-2010 Final OPA CDM Detailed Results and updated the LRAM claim to \$186,771.32, (before carrying charges) an increase of \$1,335.16 in the Residential Rate Class due to changes in the final savings for the 2009 Great Refrigerator Round-Up Program.³
- 2.5 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

¹ Response to Board Staff Interrogatory # 6 (e) & (f)

² Exhibit 1, LRAM Support – Burman Report, Scope, Page 2

³ Response to Board Staff Interrogatory # 6 (d)

assumptions represent the best estimate of the impacts of the programs.

OPA Funded Programs

- 2.6 VECC accepts for LRAM purposes, the OPA verification of the energy savings for CND's OPA-funded CDM programs using the 2006-2010 Final OPA CDM Results.
- 2.7 VECC notes that at line 613 of the OPA's 2006-2010 Final CDM results, for the 2009 Final Every Kilowatt Counts Power Savings Event, 101.42 kWh is used as the input assumption to calculate net annual energy savings for Installed CFLs (Spring Campaign, Participant Spillover). VECC submits that this input assumption value is outdated and 44.4 kWh should be used to calculate the 2009 net annual energy savings, however the impact on lost revenue in 2009 is immaterial.⁴
- 2.8 VECC submits CND has appropriately demonstrated through interrogatory responses that energy savings that have expired are not included in the LRAM claim in 2009.

Load Forecast

- 2.9 CND's last approved load forecast was part of CND's 2010 Cost of Service (COS) Application (EB-2009-0260), for rates effective May 1, 2010. The savings included in the load forecast for CDM programs deployed from 2006-2010 inclusive are 54,779,225 kWh.⁵
- 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."⁶
- 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

⁴ Appendix D – OPA Assumptions, CNDHI_Appendix A to IR Responses_20120123

⁵ Response to Board Staff Interrogatory # 6 (g)

⁶ Guidelines for Electricity Distributor Conservation and Demand Management (EB-3008-0037), Page 18

of CDM activities embedded in a rebasing year.⁷

- 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 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.⁸
- 2.14 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.⁹

2006 to 2009 CDM Programs – Recovery of Lost Revenue in 2009

- 2.15 In accordance with the Board's guidelines and recent Decisions, VECC submits that energy savings from CND's OPA CDM programs deployed between 2006 and 2009 are accruable in 2009, as CND did not collect this revenue prior to rebasing in 2010.
- 2.16 In summary, VECC submits that CND's revised LRAM claim of \$191,859.88 (\$186,711.32 plus \$5,148.56 in carrying charges) should be approved by the Board, for the reasons noted above.

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 6th day of February 2012.

⁷ EB-2011-0054 Hydro Ottawa Decision, Page 24

⁸ EB-2011-0206 Whitby Hydro Decision, Page 14

⁹ EB-2011-0174 Hydro Brampton Decision, Page 13