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February 10, 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)**  
**Enersource Hydro Mississauga Inc. EB-2011-0100**  
**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: Enersource Hydro Mississauga Inc.  
Ms. Gia DeJulio

**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 Enersource Hydro Mississauga 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 10, 2012**

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# Vulnerable Energy Consumers Coalition (VECC)

## Final Argument

### 1 The Application

- 1.1 Enersource Hydro Mississauga Inc. (“Enersource”, “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 3<sup>rd</sup> 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, Enersource 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 Enersource is applying to the Board in this application for the recovery of lost revenue of \$856,957 (\$840,297 plus \$16,660 in carrying charges) through one year rate riders effective May 1, 2012, as a result of the implementation of CDM programs.
- 2.2 Enersource has filed three previous LRAM claims that in total covers lost revenue for the time period January 1, 2005 to December 31, 2009.<sup>1</sup> Enersource confirms that it has not received any of the lost revenue requested in this application in the past.<sup>2</sup>
- 2.3 The LRAM claim in this application covers lost revenue for the period January 1, 2010 to December 31, 2010 resulting from the following:
  - OPA-funded CDM programs implemented in 2007, 2008, 2009 & 2010;
  - Third Tranche funded programs implemented in 2005, 2006, 2007 & 2008; and
  - CDM programs implemented in 2006, 2007 & 2008 through Incremental funding approved in rates.<sup>3</sup>
- 2.4 Enersource used the 2006-2009 Final OPA CDM Program Results (Attachment F, December 2, 2010) and the 2010 Final CDM Results: Summary (Attachment

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<sup>1</sup> Response to Board Staff Interrogatory # 7 (c)

<sup>2</sup> Response to Board Staff Interrogatory # 7 (d)

<sup>3</sup> Tab 3, Page 3

G, September 16, 2011) to calculate the energy savings.<sup>4</sup>

- 2.5 On November 15, 2011, Enersource received the 2010 Final OPA CDM Detailed Results. Enersource compared the CDM energy savings results against the updated November 15, 2011 version which netted an increase in the LRAM claim of \$5,680. Enersource submits that this increase is not significant and suggests that the original LRAM amount is reasonable and accurate.<sup>5</sup>
- 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.

### Input Assumptions

#### OPA Funded Programs

- 2.7 VECC accepts for LRAM purposes, the OPA's verification of the energy savings for Enersource's OPA-funded CDM programs.
- 2.8 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 kWh is used as the input assumption to calculate 2009 net annual energy savings for Installed CFLs (Spring Campaign, Participant Spillover). VECC submits that this input assumption value is outdated and 46.3 kWh should be used to calculate the 2009 net annual energy savings, however the impact on lost revenue in 2009 is immaterial.<sup>6</sup>

#### Third Tranche Programs

- 2.9 Enersource indicates in its SeeLine Group Ltd. Third Party Independent Review Report that it relied on the 2011 OPA Measures and Assumptions List – Release Version 1 Final (April 6, 2011) as the basis for the recommended savings for Third Tranche savings in the LRAM claim.<sup>7</sup>
- 2.10 Enersource confirmed that it erroneously included Seasonal Light Emitting Diodes (LEDs) in its 2005 Third Tranche Savings claim which Enersource calculates as a \$2,298 reduction in the Third Tranche LRAM amount from \$147,934 to \$145,636. Enersource submits that this difference is not significant and suggests as it did when updated CDM savings netted an increase in the LRAM amount, that due to its immateriality, no change be made to the LRAM

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<sup>4</sup> Response to Board Staff Interrogatory # 7 (a)

<sup>5</sup> Response to Board Staff Interrogatory # 7 (b)

<sup>6</sup> Enersource\_IRR\_VECC\_Attach 1\_120127

<sup>7</sup> Attachment H, Page 5

amount. VECC submits that Enersource's approach seems reasonable.

- 2.11 Enersource indicates that the Third Tranche input assumptions used in prior LRAM claims for 13-15 W CFLs and LEDs are as follows:<sup>8</sup>

Time Period	Measure	Unit kWh	Measure Life - Years	Application No.
Jan 1, 2005 to Apr 30, 2007	CFLs	104.4	4	EB-2007-0706
May 1, 2007 to Dec 31, 2008	CFLs	44.9	8	EB-2009-0400
Jan 1, 2009 to Dec 31, 2009	CFLs	46.3	8	EB-2010-0078
Jan 1, 2005 to Apr 30, 2007	LEDs	18.86	30	EB-2007-0706
May 1, 2007 to Dec 31, 2008	LEDs	13.7	5	EB-2009-0400
Jan 1, 2009 to Dec 31, 2009	LEDs	13.7	5	EB-2010-0078

- 2.12 VECC submits that the energy savings eligible for LRAM recovery are based on lifetime savings which are based on a certain number of hours used. Enersource has two prior claims for CFLs (13-15 W) with energy savings based on different input assumptions including useful life.
- 2.13 VECC submits that it is not appropriate to change the input assumptions midstream without taking into account the lifetime savings already used up. In this case, it is not appropriate to adjust the useful life of 13-15 W CFLs to 8 years beginning in 2007/8 and calculate energy savings without recognizing the prior hours already consumed.
- 2.14 VECC submits that the LRAM claim related to Third Tranche installed 13-15 W CFLs should be prorated to recognize prior claims.

#### Load Forecast

- 2.15 Enersource's last approved load forecast was part of Enersource's 2008 Cost of Service (COS) Application (EB-2007-0706), for rates effective May 1, 2008. In EB-2007-0706, Enersource proposed a reduction to forecast throughput in the 2008 Test Year attributable to the effects of Conservation and Demand Management of 57.6 million kWh and demand of 2,600 kW. This proposed reduction to the 2008 forecast throughput was eliminated in the approved Settlement Agreement.

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<sup>8</sup> Response to VECC Interrogatory # 3 (a)

- 2.16 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."<sup>9</sup>
- 2.17 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.<sup>10</sup>
- 2.18 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.
- 2.19 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.<sup>11</sup>
- 2.20 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.<sup>12</sup>

#### 2005 to 2008 CDM Programs – Recovery of Lost Revenue in 2010

- 2.21 In accordance with the Board's guidelines and recent Decisions, VECC submits that energy savings from Enersource's CDM programs deployed between 2005 and 2008 are not accruable in the year 2010 as these savings should have been incorporated in the 2008 load forecast at the time of rebasing.

#### 2009 to 2010 CDM Programs – Recovery of Lost Revenue in 2010

- 2.22 VECC supports the approval of lost revenues in 2010 from 2009 persistent results into 2010 and 2010 CDM program results in 2010, as these savings

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<sup>9</sup> Guidelines for Electricity Distributor Conservation and Demand Management (EB-3008-0037), Page 18

<sup>10</sup> EB-2011-0054 Hydro Ottawa Decision, Page 24

<sup>11</sup> EB-2011-0206 Whitby Hydro Decision, Page 14

<sup>12</sup> EB-2011-0174 Hydro Brampton Decision, Page 13

occurred post rebasing (during an IRM year) and have not been claimed.

- 2.23 In summary, VECC submits that the LRAM claim and associated rate riders should be adjusted to include lost revenue in the year 2010 from the impact of CDM programs implemented in 2009 and 2010, for the reasons noted above.

**3 Recovery of Reasonably Incurred Costs**

- 3.1 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 10<sup>th</sup> day of February 2012.