

April 1, 2008

**BY COURIER (2 COPIES) AND EMAIL**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
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Dear Ms. Walli:

**Re: Pollution Probe – Position on Issues and Future Participation  
EB-2007-0791 – Ontario Power Authority – Fiscal 2008**

After careful review of the Board's oral decision on March 28, 2008 and careful consideration, we write on behalf of Pollution Probe to advise the Board that Pollution Probe takes no position with respect to the outstanding issues for this matter. The reasons for this decision are detailed below, and Pollution Probe accordingly does not intend to actively participate in the remainder of this proceeding.

Prior to the Board's decision, Pollution Probe intended to explore certain topics in a focused manner to assist the Board in carrying out its statutory mandate. The topics that Pollution Probe intended to explore included:

- Whether the OPA was appropriately pursuing demand response and combined heat and power on a province wide basis;
  - Pollution Probe intended to explore whether the OPA was underestimating the avoided costs of conventional supply and thus underestimating the maximum amount that should be paid for these options;
  - Pollution Probe also intended to explore if the proposed CHP standard offer program for projects of 10 MW or less is being designed to encourage the development of *both* base-load and intermediate CHP projects;
- Whether the OPA was appropriately pursuing demand response and combined heat and power in the Northern York Region and Kitchener-Waterloo-Cambridge-Guelph local supply areas;
  - Pollution Probe intended to explore if the OPA was appropriately pursuing demand response and combined heat and power to reduce customers' bills and the risk of local brownouts or blackouts *in 2008*; and

- The appropriateness of the OPA's proposed system to evaluate, measure, and verify conservation program data and results;
  - Pollution Probe intended to explore whether the OPA should use a process analogous to that used by Ontario's natural gas utilities.

Pollution Probe believes that this exploration would have assisted the Board in carrying out its review of the OPA's 2008 revenue requirement in accordance with the Board's statutory objectives. Such an exploration, Pollution Probe believes, would have also ensured that ratepayers were getting appropriate "value for money" (particularly since the fees fund various aspects of the research, design, and evaluation of the OPA's programs that are funded by the OPA's charges). However, such exploration can only be carried out most effectively if there is some detailed review of the OPA's programs.

However, the Board stated the following as part of its decision on Pollution Probe's motion:<sup>1</sup>

It is the Board's view that the disputed interrogatories generally seek to garner information about the scope and effectiveness of the local supply area programs themselves. These costs, however, are not recovered by the OPA through this proceeding. While *the nature and scope of the actual programs may have some minimal effect* on the OPA's internal budget, and therefore its fees, *the Board would not be assisted* in assessing the reasonableness of the OPA's fees *through a detailed review of these programs*. [emphasis added]

In light of the Board's clear statements, Pollution Probe believes that it cannot effectively assist the Board further with respect to the Board's review of the OPA's 2008 revenue requirements. While there is some general evidence on the record, Pollution Probe believes that this evidence is insufficient to allow Pollution Probe to effectively explore Pollution Probe's topics. Further, it does not appear that the Board would view additional evidence or cross-examination on Pollution Probe's topics as helpful, particularly since some further detailed review of the OPA's programs would be required.

Pollution Probe thus takes no position with respect to the outstanding issues for this proceeding, and Pollution Probe accordingly does not intend to actively participate further in this proceeding. Please do not hesitate to contact the undersigned if you wish to discuss this matter further.

Yours truly,



Basil Alexander

BA/ba

cc: Applicant and Intervenor per Procedural Order No. 1

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<sup>1</sup> Transcript, March 31, 2008, pages 48-49.