



PUBLIC INTEREST ADVOCACY CENTRE

LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC

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February 4, 2013

VIA EMAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: Letter of January 24, 2013 regarding the Development of a Standby Rates Policy for Load Displacement Generation - EB-2013-0004
Vulnerable Energy Consumers Coalition (VECC) –
Participation and Nomination of LDG Working Group Participant**

As Counsel to the Vulnerable Energy Consumer's Coalition (VECC), I am writing, per the Board letter of January 24, 2013 to indicate VECC's intention to participate in the above referenced proceeding and to nominate Mr. William Harper to the Load Displacement Generation Working Group (LDGWG) the Board is establishing. VECC will be requesting a cost award for its participation and that of Mr. Harper in both the LDGWG and the broader consultation to follow. The following sections address the interests of the constituency represented by VECC, Mr. Harper's relevant experience and qualifications as a Work Group participant and VECC's eligibility for cost awards.

Interests Represented

VECC is a coalition of groups that represents the interests of those energy consumers who, because of their household income, or other distinguishing characteristic such as age, literacy, etc, have a set of concerns that may differ in kind, and, in magnitude, from those of more affluent residential consumers as well as commercial and industrial consumers.

VECC consists of the following organizations:

- The Federation of Metro Tenants Association (FTMA)
- The Ontario Coalition of Senior Citizens' Organizations (OCSCO)

The Federation of the Metro Tenants Association (the "FTMA") is a non-profit corporation composed of hundreds of affiliated tenants associations, individual tenants, housing organizations, and members of non-profit housing co-ops. In addition to encouraging the organization of tenants and the promotion of decent and affordable housing, the Federation provides general information, education, and assistance to tenants. The address is:

500-27 Carlton Street
Toronto, ON
M5B 1L2

The Ontario Coalition of Senior Citizens' Organizations ("OCSCO") is a coalition of over 120 senior groups as well as individual members across Ontario. OCSCO represents the concerns of over 500,000 senior citizens through its group and individual members. OCSCO's mission is to improve the quality of life for Ontario's seniors. OCSCO's address is:

333 Wilson Avenue, Suite 406
Toronto, ON
M3H 1T2

The coalition of the FMTA and OCSCO under the name VECC has the specific mandate of intervening in proceedings to advocate on behalf of the interests of Ontario's vulnerable consumers with respect to energy issues, primarily through intervention in regulatory proceedings at the Ontario Energy Board.

Although the organization is not itself a member of VECC, the Public Interest Advocacy Centre (PIAC) in Ottawa assists in the representation of the interests of vulnerable consumers by ensuring the availability of competent representation and consultant support to the VECC participation.

Importance of Load Displacement Generation Standby Rates to VECC

VECC's constituents' general concerns are that distribution rates should be kept as low as necessary to maintain the reliability and quality of distribution service. Load displacement generation can play a significant role in contributing to reliability both for the province overall and for individual distributors. In this regard, distribution standby rates are a contributing factor to the overall economics of load displacement generation development (and subsequent operation). As a result, the design (and costing) of LDG standby distribution rates can provide important signals regarding the cost-effectiveness of such projects. At the same time, LDG standby customers are users of their local electricity distribution system and it is important that, like all distribution customers, they pay (through their standby rates) an appropriate share of the distributor's overall revenue requirement. Overall, VECC sees the Board's Standby Rates policy as being critical in addressing both of these issues and therefore an issue for its constituents.

LDG Working Group Participation

As directed by the Board's letter of January 24, 2013, I am nominating William Harper of Econalysis Consulting Services to participate on the OEB's LDG Working Group. Should he be accepted on that Group, VECC also intends to seek cost recovery for his participation. Details regarding Mr. Harper's relevant experience and expertise are provided in Attachment A.

Cost Awards

VECC will be requesting an award of costs for its participation in this proceeding and believes that, as a coalition representing the direct interests of consumers, it meets the eligibility criteria set out in the Ontario Energy Board's Rules of Practice and Procedure (Section 41) and its Practice Direction on Cost Awards (Section 3.03).

VECC's members do not have access to the direct funding required to retain appropriate legal and consulting support for its intervention in OEB proceedings. Accordingly VECC relies on PIAC to provide legal support and retain qualified consultants on the basis that PIAC can recover the related fees and disbursements from the Board based on the Board's Practice Direction on Cost Awards at the prevailing Cost Award Tariff.

I look forward to a favourable response to this request.

Yours truly,



Michael Janigan
Counsel for VECC

Attachment A

Summary of Mr. William Harper's Experience Relevant to the OEB's Load Displacement Generation Working Group

Mr. Harper has worked in the Ontario energy sector for over 35 years, first with the Ontario Ministry of Energy undertaking research directly related to electricity issues and subsequently, with Ontario Hydro dealing with rates/rate design, regulatory matters, including the regulation of municipal utilities' electricity rates, and restructuring issues. Since joining ECS in 2000, Mr. Harper has been involved in rate design and cost allocation issues in Ontario as well as in Manitoba, Quebec, Saskatchewan and British Columbia. Mr. Harper's relevant work experience is summarized below.

Methodologies and Principles related to Cost Allocation and Rate Design for Electricity Distributors: During the period 1987-1995, Mr. Harper was responsible for the developing rate setting policies and designing rate structures for application to retail customers of municipal electric utilities and Ontario Hydro, including standby rates. Furthermore, during the period 1989-1995, Mr. Harper was also responsible for the execution of Ontario Hydro's role as regulator of the province's municipal electric utilities. This involved setting the policy framework and guidelines for the regulatory function as well as the review of all utility applications for approval of rates.

Since joining ECS, Mr. Harper has assisted VECC with its participation in the review of virtually all individual utility rate design applications made as part of the utility's cost service-based rate proceedings before the OEB over the past several years as well as VECC's participation in EB-2007-0630 (Distributed Generation: Rates and Connection). Mr. Harper has also participated in regulatory proceedings in Manitoba, Saskatchewan, Quebec and British Columbia dealing with issues of cost allocation and rate design.

Through these activities Mr. Harper has not only gained an understanding and experience regarding the methodologies and principles related to cost allocation and rate design as they would apply to electricity distributors and also to the specific standby rates offered by Ontario's distributors.

Board's Cost Allocation Model for electricity distributors: Mr. Harper also has developed working understanding of the Board's Cost Allocation Model through:

- OEB initiated cost allocation policy and rate design reviews. As part of these processes, Mr. Harper has participated on the OEB's 2002 Cost Allocation Working Group, the OEB's 2005 Cost Allocation Technical Advisory Team and the OEB's 2011 Cost Allocation Work Group. Mr. Harper is currently participating on the Board's Unmetered Load Cost Allocation Work Group
- Utility rate application reviews. In supporting VECC's participation in the review of Ontario distributors' cost of service-based rate applications, Mr. Harper has regularly reviewed these distributors' application of the Board's Cost Allocation Model and associated cost allocation policies.

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