



ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION

**Application by PowerStream Inc. for Approval of a Board-Approved
CDM Program**

Board File No. EB-2013-0070

May 24, 2013

BACKGROUND

On March 13, 2013, PowerStream Inc. filed an application seeking Board approval of a Board-Approved CDM Program.

The program for which PowerStream is seeking approval is the Direct Install Refrigeration (“DIR”) program to partially address its projected shortfall against its 2011-2014 CDM targets. The DIR program is projected to cost \$4.1Million and generate 3.3MW of demand savings and 19.6 GWh of net energy savings, representing an additional 3.5% and 4.8% towards PowerStream's 2011-2014 demand and energy targets, respectively.

In Procedural Order No. 1 and Cost Eligibility Decision that was issued on April 24, 2013, the Board provided Board staff and interested parties with the opportunity to provide a submission on PowerStream's application. The following are Board staff's submissions.

BOARD STAFF SUBMISSIONS

Compliance to the Conservation and Demand Management Code for Electricity Distributors (“CDM Code”) and Adherence to the CDM Guidelines for Electricity Distributors (“CDM Guidelines”)

The CDM Code issued on September 16, 2010 sets out the obligations and requirements with which electricity distributors must comply in relation to the CDM targets set out in their licences. The CDM Code also sets out the conditions and rules that licensed electricity distributors are required to follow if they choose to apply for Board-Approved CDM programs to meet the CDM targets.

The CDM Guidelines issued on April 26, 2012 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 are intended to be read in conjunction with, and supplemental to, the CDM Code. However, the CDM Code is an enforceable provision within distributors' licences. The CDM Guidelines are intended to act as a Board policy document that establishes a baseline of the Board's expectations that a distributor should meet.

Board staff has reviewed the CDM Code and CDM Guidelines and submits that PowerStream's application complies with the CDM Code and the application is consistent to the CDM Guidelines.

Non-Duplication of OPA Programs

Board staff notes that provisions regarding duplication of OPA Programs are contained in section 2.3 of the CDM Code and additional guidance is contained in Section 4 of the CDM Guidelines.

On March 4, 2013, the OPA provided PowerStream with a letter summarizing its duplication assessment of the DIR program and its support for the program. The OPA indicated that it "is of the opinion, that the question of duplication with respect to the proposed program does not have a clear answer." The OPA indicated that this lack of clarity stems from a comparison of sections 2.3.3 (a) to (e) of the CDM Code with Section 4 of the CDM Guidelines. The OPA's letter specified that the proposed program could be considered duplicative under the CDM Code, while under the CDM Guidelines the proposed program meets the examples of what can constitute a non-duplicative program – namely a market-specific consideration which requires a novel approach. The OPA also indicated that it is supportive of innovative CDM initiatives and that there is a possibility of rolling out the DIR program provincially by leveraging PowerStream's results and lessons learned.

PowerStream submitted that it does not fully agree with the OPA's interpretation of sections 2.3.3 (a) to (e) of the CDM Code. PowerStream's application indicates that the DIR program addresses market-specific needs of small commercial customers; a market segment that PowerStream claims is underserved by the Electricity Retrofit Incentive Initiative ("ERII") within the Provincial Commercial & Industrial Program. PowerStream stated that this is particularly the case for refrigeration measures, based on the disproportionately low penetration of the program within this market segment. PowerStream noted that while ERII has penetrated approximately 14% of PowerStream's General Service ("GS") >50kW accounts, less than 1% of GS <50kW customers have participated in ERII. Of all PowerStream ERII participants, only 2% have included refrigeration measures.

PowerStream stated that despite the commercial availability and cost effectiveness of energy saving refrigeration measures, there are barriers preventing the small

commercial customer segment from undertaking these and other conservation actions through ERII's "custom measures" track. PowerStream noted that small commercial customers are well established as "hard to reach" customers within conservation programs and typical barriers to their participation include lack of knowledge, time and capital resources. PowerStream identified direct installation programs as a common means to overcome some of these barriers and increase penetration of CDM programs within this customer segment and the DIR program has been designed specifically to address these barriers.

PowerStream did a comparison of the DIR program to existing OPA Programs and provided analysis on why it is non-duplicative. PowerStream also states that it has reviewed the CDM Code and CDM Guidelines "carefully" and has worked closely with OPA staff to ensure that the program is non-duplicative.

Board staff submits that PowerStream has fully addressed the issue of duplication and has provided comprehensive evidence on why the DIR program does not duplicate an existing OPA Program or initiative.

Board staff notes that PowerStream indicated in its application it "would be more than happy to share the program results, lessons learned and actual materials with the OPA and/or other Local Distribution Companies that are interested in building a business case for a broader rollout of this program". Board staff recommends that the Board make this a requirement.

Board staff submits that PowerStream should be granted approval of the DIR program as filed with the Board.

All of which is respectfully submitted.