

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, being Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by PowerStream Inc. to the Ontario Energy Board for an Order or Orders granting approval of a Board-Approved Conservation and Demand Management Program.

REPLY SUBMISSIONS OF POWERSTREAM INC.

DELIVERED JUNE 3, 2013

A. INTRODUCTION

1. PowerStream files these reply submissions in respect of its Application to the Ontario Energy Board (the “Board”) pursuant to the Board’s *Conservation and Demand Management Code for Electricity Distributors* issued September 16, 2010 (“CDM Code”) seeking an order granting approval of funding for a Direct Install Refrigeration Program (“DIR Program”).
2. PowerStream has reviewed the submissions of Board Staff, Building Owners and Managers Association, Greater Toronto (“BOMA”), and Vulnerable Energy Consumers Coalition (“VECC”). PowerStream did not receive submissions from any other parties in this proceeding.
3. PowerStream repeats and relies upon the submissions in its Application and Evidence and Interrogatory Responses and has limited this reply to responding directly to the parties’ submissions noted above.

B. BOARD STAFF

Submissions:

4. Board Staff submitted that PowerStream’s Application complies with the CDM Code and is consistent with the CDM Guidelines.

5. Board Staff submitted 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.
6. Board Staff recommended that the Board require PowerStream to share 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 the DIR Program.
7. Board Staff submitted that PowerStream should be granted approval of the DIR Program as filed with the Board.

PowerStream's Reply:

8. PowerStream acknowledges and agrees with all Board Staff submissions.

C. BOMA

Submissions:

9. BOMA submitted that PowerStream has demonstrated, through its Application and interrogatory responses, creativity, a keen understanding of CDM and conformance with the CDM Code and Guidelines and a thorough analysis of the shortfalls against targets that would result if it was restricted to the Province Wide Programs.
10. BOMA recognized PowerStream's contribution to efforts to improve both the OPA's province wide programs and the OPA's change management process. BOMA also acknowledged PowerStream approach to program design.
11. BOMA recommended that PowerStream's proposed program be approved.

PowerStream's Reply:

12. PowerStream acknowledges and agrees with all BOMA submissions.

D. VECC

Submissions:

13. VECC noted the challenges that PowerStream identified in its Application related to Provincial Program delivery and the change management process. VECC expressed concern about these challenges and their potential negative impact on PowerStream's (and other distributors) forecasted results. VECC expressed concern about the potential increase in overall cost to ratepayers if distributors need to develop additional Board-Approved CDM programs in order to meet their targets. VECC submitted that it may be appropriate for the Board to determine, in consultation with the OPA, if the same issue exists for other LDCs and, if so, to examine the issue on a generic basis.
14. VECC submitted that the OPA's assessment of the duplication of the proposed DIR Program with Provincial Programs was not definitive. VECC is of the view that the OPA's letter appears to suggest that there is duplication (as defined by the CDM Code) with existing OPA programs. VECC recommended that the Board not approve PowerStream's DIR Program until such time as the OPA confirms that the DIR program is non-duplicative.

PowerStream's Reply:

15. PowerStream acknowledges and thanks VECC for its submissions and its thoughtful and comprehensive review of PowerStream's Application and Interrogatory Responses.
16. PowerStream acknowledges VECC's concern regarding the cost of meeting distributors' CDM targets. PowerStream agrees that the cost of CDM is an important issue. It is critical that CDM Programs be cost effective if conservation is going to continue to be considered as an electricity resource in Ontario. As detailed in the Application, the proposed DIR Program passes the required cost-effectiveness tests by a wide margin, with the economic benefits of the program outweighing the costs to deliver the program by a ratio of 2.7 to 1. "To ensure prudent use of rate-payer funds and to provide confidence to the OEB in the robustness of PowerStream's projections for the DIR Program, PowerStream undertook a battery of sensitivity and scenario analyses on the baseline projections for the DIR Program. The baseline DIR Program projections have a

significant amount of “buffer” to changes in any one variable before the program would no longer be cost effective. For example, participation in the program would have to drop to 85% below the baseline projection, for the program to no longer be cost effective” (Executive Summary, page IV). With respect to the Provincial CDM Programs, the OPA is similarly diligent in ensuring that the Provincial CDM programs are designed and delivered in a cost effective manner. As seen in the OPA’s 2011 Conservation Results Report¹ (the most recent year of verified results available), the OPA-funded CDM portfolio was cost effective, passing both the Total Resource Cost (TRC) Test and the Program Administrator Cost (PAC) Test.

17. PowerStream repeats and relies on its submissions in its Application (page 2) that there are challenges associated with the current Provincial Programs and change management process. PowerStream respectfully submits that there are also challenges with the current CDM Policy and Regulatory framework, such as the duplication provisions within the CDM Code. VECC submitted that “based on the OPA’s assessment, uncertainty exists as to whether or not PowerStream’s proposed DIR program duplicates Provincial CDM Programs” (page 7). In their duplication assessment (Appendix B to the Application), the OPA indicated that “the question of duplication with respect to the proposed program does not have a clear answer” but also stated that “the proposed program complements the existing portfolio of province wide program initiatives and the OPA recommends that it be approved as a Board Approved Program”. The difficulty in clearly and decisively assessing duplication of Provincial CDM Programs with proposed Board-Approved CDM programs is one of the challenges of the existing CDM framework. PowerStream welcomes a broad and public discussion of this and other challenges with the existing CDM framework so that the next generation CDM framework (post-2014) can be enhanced and improved.
18. While there are some challenges with the existing CDM framework, as noted above, PowerStream respectfully requests that the Board approve the DIR Program based on the needs and merits presented in the Application. PowerStream is currently projecting a

¹ <http://www.powerauthority.on.ca/news/2011-conservation-results-report>

shortfall against its 2014 CDM target. PowerStream is seeking Board approval for the proposed DIR Program to partially address this shortfall. The DIR Program is robustly designed, cost-effective and low risk. The DIR Program represents a prudent use of rate-payer dollars while minimizing customer confusion and avoiding duplication of resources, namely those of the OPA.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 3rd DAY OF JUNE, 2013.

Original Signed by Colin Macdonald
Colin Macdonald
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PowerStream Inc.