

IN THE MATTER OF Sections 25.20 and 25.21 of the Electricity Act, 1998;

AND IN THE MATTER OF a Submission by the Ontario Power Authority to the Ontario Energy Board for the review of its proposed expenditure and revenue requirements and the fees which it proposes for the year 2014.

**INTERROGATORIES OF
BUILDING OWNERS AND MANAGERS ASSOCIATION, GREATER TORONTO
("BOMA")**

June 17, 2014

Interrogatories

1. CONSERVATION

1.1 2014 Operating Budget for Goal 1 – Conservation

- Is the Operating Budget of \$10,588 thousand allocated to Goal 1 reasonable?

Reference: Exhibit A, Tab 2, Schedule 1, Page 11 of 40: “The division will increase its efforts with transmission-connected customers and national accounts.”

- 1) Has the OPA considered delegating conservation activities with transmission connected customers to Hydro One’s transmission division? If not, why not? Please discuss.
- 2) Please describe the process for dealing with national accounts.

Reference: Exhibit A, Tab 2, Schedule 1, Page 11 of 40: “Energy benchmarks across various sectors are being developed to better articulate and communicate electricity consumption to customers.”

- 3) Please provide the energy benchmarks that have been developed.
- 4) What sector member based organizations have been involved in development of the benchmarks?

Reference: Exhibit A, Tab 2, Schedule 1, Page 11 of 40: “enhanced conservation participation and awareness for partners and customers through effective communication strategies, and celebration and promotion of Ontario’s conservation successes.”

- 5) How will the OPA measure this milestone? Will the milestone be cast in terms of improvements? If so, what previous studies exist to compare progress?

Reference: Supplemental Evidence, Exhibit A, Tab 3, Schedule 3, Page 1: "Ontario's conservation programs are being delivered at a program cost of less than four cents per kwh".

- 6) Please provide the analysis (and calculations) to support this claim.

Reference: Exhibit B, Tab 1, Schedule 1, Page 3 of 36: “In December 2011, the OPA established the Advisory Council on Conservation (“ACC”). The mandate of this group is to provide insight into the future of conservation that informs program design and customer-centric strategy. In 2014, the ACC will continue to meet on a quarterly basis to provide advice on the transition from the current to the next generation conservation framework.”

- 7) Please provide the past and current list of the members of the ACC. Please file copies of reports for each of these meetings.

Reference: Exhibit B, Tab 1, Schedule 1, Page 11 of 36: “The Conservation division will manage an annual 1 budget of \$483.4 million in charges. This does not include the Conservation division’s fees budget.

- 8) Please provide a table showing the actual conservation related fees and charges from 2005 to 2013 and the projected for 2014, 2015 and 2016.

Reference: Exhibit B, Tab 1, Schedule 1, Page 12 of 36: “The OPA maintains a Measures and Assumptions List (“MAL”) which provides the deemed energy and demand savings, measure life, and other data associated with energy conservation measures. This publically available database is updated on an annual basis and serves as a vital resource for the design, implementation and evaluation of conservation programs in Ontario. The OPA will continue to provide results reports in order to monitor and report on conservation achievements and their impact on system needs and conservation targets. This includes providing: quarterly reports to LDCs of preliminary results (unverified); final annual results reports (verified) to LDCs, the Ministry of Energy, the Environment (sic) Commissioner of Ontario, and the Board; and an annual report published on the OPA website in support of the OPA’s annual energy reporting activities. A series of enhancements to the MAL will be implemented in 2014, focused on improving the usability of the database, including providing additional cost and program design information for all measures presented.

- 9) What process is in place to verify the accuracy of the “deemed energy and demand savings, measure life, and other data associated with energy conservation measures?”

Reference: Exhibit B, Tab 1, Schedule 1, Page 1

- 10) Please provide a copy of the OPA's 2014 energy efficiency achievable potential study. If it is not yet available, please file a copy of the 2013 study.

- 11) The OPA filed its evidence in this case on March 6, 2014. On March 31, 2014, the Minister of Energy issued its 2015-2020 Conservation First Framework directive to the OPA. The evidence states:

"In 2014, the Conservation division will be preparing for the next conservation framework. As of the submission of this application, the details of the new six-year framework have not yet been announced. As such, the amount of effort and resources needed for a smooth transition to the new framework are not yet known, and there will be some variability around resource requirements. Prioritization of activities will be required throughout the year" (our emphasis) (Exhibit B, Tab 1, Schedule 1, Page 1 of 36).

- (a) (i) Please provide the shifts in priorities, or prioritizations that will be required throughout the year. Please discuss in detail.
- (ii) Will these shifts in priorities include shifts of resources into the conservation division from other divisions?

- (b) (i) Please provide a detailed estimate of any additional resources, including full-time or part-time employees, contract employees and dollars that will be required to accommodate the ramp-up of activity during the year to ensure that the new program is operational by January 1, 2015.
 - (ii) Will the OPA amend its application to seek additional resources it requires, to ensure the Conservation First program can be successful, and launched in a timely fashion?
- (c) If the new six-year program will not be operational by January 1, 2015, please advise what date the OPA has targeted for having it operational. Please explain fully and explain the steps that will need to be taken, and the milestones to measure the completion of each step.
- (d) Schedule C, Tab 2, Table 1 shows a shift of nine FTEs out of the conservation division in 2014 relative to the 2011 Board approved. Please explain why the reallocation has occurred in the light of the increasing demands on the conservation division in 2014, particularly with respect to establishing the Conservation First Plan with seventy-one distributors. Can you assure intervenors and the Board that this reallocation of resources away from the conservation division will not compromise the effectiveness, including the timely launch, of the new six-year Conservation First Program. Please discuss.
- (e) The OPA 4-year conservation program scheduled to end in 2014 was, in BOMA's view, severely delayed by the lengthy negotiations between the OPA and distributors on the program, overly complicated contracts, and overly literal interpretations of Ministry guidelines by the OPA and the OEB. These difficulties caused the program to be very late starting. The integrity of the program was substantially compromised. The recent Ministry Directive (Conservation First) is clearer than the previous one, and appears to give the agencies more flexibility. What steps will the OPA be taking to ensure that the ramp-up of the new program will improve upon the ramp-up of the current one?
- (f) Please provide data on the extent to which the current program will achieve the targets mandated for 2014 in the 2010 LTEP plan.
- (g) What tools does the division have to monitor the progress year by year, in quantitative terms, of the Conservation First Program? Please discuss.
- (h) More specifically, the evidence indicates that the OPA does not provide its analysis of the results achieved by each distributor's CDM program until nine months after the end of the year in question, which means the distributors cannot report their results to the OEB for almost two years after the year ended. That is an unacceptable lag. Please advise what steps the OPA can take to ensure the results of each distributor's CDM program are available earlier, and early enough

to be in the distributor's report to the OEB for the previous year's CDM program. What additional resources would the OPA require to accomplish this objective?

- (i) What steps will the OPA take to help ensure the OEB is fully supportive of electricity and gas distributors' CDM efforts, and that such efforts will be coordinated, as set out in the Minister's Directive? Did the OPA make submission to the OEB on its recent proposal to change its electricity rate design to replace its volumetric charge with a fixed charge? If so, please provide a copy of this submission. If not, why not?
- (j) The evidence does not appear to discuss the role of Energy Service Companies ("ESCOs") in the implementation of conservation programs, even though these companies have been active in Ontario for twenty-five years and have performed hundreds of retrofits of facilities. What role does the OPA see for ESCOs, and how does it collaborate with them?

Reference: Exhibit B, Tab 1, Schedule 1, Page 3

12) How does the OPA intend to leverage its relationship with each of the six "strategic channels" noted at line 24?

13) Please provide the documentation for a typical one-day conservation workshop for LDC staff.

Reference: Ibid, Page 10: "The IESO will be responsible for evolving existing demand response programs and introducing new initiatives".

14) Please provide a timetable for the steps required for the OPA to transfer the program to IESO and stop supplying DR program.

15) Please summarize the documented peak savings in each of 2011, 2012, and 2013, for existing DR programs, by program.

Reference: Ibid, Page 11

16) Please provide expenditure details on the \$483.4M 2014 conservation programs initiative by initiative, net of division fees. Please show comparable numbers for 2011, 2012, and 2013.

17) Given the fact that conservation is stated to be the first resource used, please explain the order of magnitude difference between the conservation program budget and the generation program budget.

18) Please file the results of the 2013 analysis of Time of Use rates for the five distributors and indicate when the results for 2014 for all LDCs will be reported.

Reference: Ibid, Page 29

- 19) Please explain to what extent the OPA measures the results of each of its conservation programs as part of its verification program or otherwise. To the extent savings are not measured, how does the OPA judge the effectiveness of its program? Please discuss, by program.
- 20) Please specify which of the LDC-delivered or OPA-delivered programs the savings are measured, and how.

Reference: Ibid, Page 13

- 21) To what extent has the OPA used benchmarking in its programs; in which programs? Please discuss, by program. To what extent will this increase in 2015 and subsequent years? What milestones have the OPA established to measure the introduction of, and effectiveness of, additional benchmarking in its programs?

Reference: Ibid, Page 15

- 22) In how many of the designated regions for regional planning studies has the division been asked to participate? Why has it not been asked to participate in the others (and/or each regional plan study)? Is it participating in all the ongoing regional plan studies? If not, why not?

Reference: 2014 Milestones, Page 17 of 36: The second 2014 milestone states: "Exceeded energy savings forecasts through local distribution partners achieving their conservation targets".

- 23) What are the savings forecast(s) that have been made for 2014? To what extent have forecasts – province-wide, and by distributor, been achieved for each of 2011, 2012, and 2013?
- 24) Please provide more specific, concrete milestones, that target measurable progress towards making the conservation program more effective year over year.

Reference: Ibid: The third 2014 milestone states that: "ensure that regional and provincial plans incorporate conservation and integrate land, natural gas, water, and other resources".

- 25) Please discuss how the division will ensure that results of distributors and OPA conservation programs, and third party conservation programs, are properly accounted for in provincial and regional energy (wholesale) plans, and that these "wholesale" forecasts reflect CDM "retail" results.

Reference: Exhibit B, Tab 1, Schedule 1, Appendix C, Page 20; 2010 LTEP (Page 40)

- 26) Results of 2012 conservation program showed Ontario progress in meeting conservation targets set out in the 2010 LTEP. For the years 2011 and 2012, the 2010 LTEP set a 2015 conservation target of 4.550 MW peak demand reduction and 13 Twh in savings (relative to

2010 levels). What are the results achieved for 2013, and the forecasted results for 2014? Please show the 2011, 2012 and 2013 results as a percentage of the 2015 target for both peak demand reduction and energy savings. Please make clear whether the annual results are incremental or cumulative, and if cumulative, what "persistence factors" are assumed.

Reference: Ibid, Page 5

27) Can you provide a list of Conservation Fund new projects funded in 2013, with a description of each of the ten projects and the funds allocated to each project in 2013 and thereafter?

28) Provide a list of the projects initiated since 2011, and for each one:

- (a) description of each project;
- (b) OPA funds paid; and
- (c) third party funds leveraged.

Reference: Ibid, Page 5

29) Describe each of the two fast-track pilots the OPA has sponsored. What are the costs to date for OPA; for the distributor?

30) Please provide a copy of the primer on community energy planning in Ontario.

Reference: Ibid, Page 7. OPA's 2013 IESO report.

31) Please provide copies of the draft plans for north of Dryden and Remote Communities or a reference to obtain these from the OPA's website.

Reference: Exhibit A, Tab 2, Schedule 1, Page 4 of 40: Highlights of the 2014-2016 Business Plan states: "the 2014 operating plan incorporates learnings from the 2012 merger process with the Independent Electricity System Operator, for example, reorganization of the marketing function".

32) Please explain what the reorganization of the conservation marketing function entails, and the reasons for doing so. How do those reasons come from the 2012 merger process with the IESO?

Reference: Business Plan, Page 12. The Plan states: "By the end of 2016, the OPA will have reached the following milestones...partners fully accountable for conservation transactions, while the OPA maintains relationships, evaluates new programs and offers a broad set of information-based tools to its partners".

33) Please discuss what is meant by the reference to its partners being fully accountable for conservation transactions.

34) Compare this state to the current situation.

35) Why does this transition take a further two and one-half years? Please explain fully.

Issues 1.1 and 2.1

36) Please discuss the degree to which CDM measures are integrated into the electricity planning activity for the eight regional plans currently underway.

2. POWER SYSTEM PLANNING

2.1 2014 Operating Budget for Goal 2 - Power System Planning

- Is the Operating Budget of \$5,749 thousand allocated to Goal 2 reasonable?

Reference: Exhibit B, Tab 2, Schedule 1, Page 2 of 11: “To integrate conservation, the division develops conservation forecasts that include assessment of the impacts of codes and standards, incentive-driven efficiency programs and rate designs. Current conservation performance is also integrated to inform updates to conservation plans. PSP will support the development of conservation reports.”

37) Please file a table indicating the amount of conservation from codes and standards that have been allocated towards the achievement of the provincial conservation target from 2005 to 2013, and estimates for 2014, 2015 and 2016. What is the source for this data? Has the OPA done any research to determine the actual impact of codes and standards? If so, please file the results of this research.

Reference: Exhibit B, Tab 2, Schedule 1, Page 5 of 11: “As Ontario’s conservation delivery framework evolves, the division will provide advice and planning input on implementation, target setting and integration of conservation as a first resource at the provincial and regional level. Key initiatives in support of these activities include maintaining assessments of the cost effectiveness of conservation, and developing long-term conservation plans.

38) Please provide the avoided costs used to assess the cost effectiveness of conservation from 2005 to 2014 and the estimated avoided costs used for 2015 and 2016.

39) How did the government’s decision with respect to defer nuclear new build affect the cost effectiveness?

40) How are avoided costs determined for regional planning?

3. ELECTRICITY RESOURCES

3.1 2014 Operating Budget for Goal 3 – Electricity Resources

- Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

Reference: Exhibit A, Tab 3, Schedule 2, Page 15 of 43: “In the face of a continuing increase in program activities and corresponding program spending, the OPA was able to decrease its

operating costs for the year from three percent to two percent of total program spending. Generation program spending is higher in 2012 due to an increase in the number of contracts achieving commercial operation. Conservation-related program spending provided financial assistance toward meeting or exceeding the provincial conservation targets.”

41) Please provide the actual amounts for the data shown in percentages.

Reference: Exhibit A, Tab 3, Schedule 2, Page 15 of 43 "Electricity supply contracts include nuclear, clean and renewable generation facilities. Generation charges account for changes in the mix of fuel sources and total installed capacity under contract in operation and for differences between HOEP and the rates paid to contracted generators for electricity in Ontario. These “top up” contract payments increased in 2012 as the value of HOEP continued to decrease. In 2012, total electricity generation charges increased 18 percent over 2011. The lower HOEP and new renewable generation contracts contributed to the majority of the increase in generation charges."

42) Please provide a break down for the Global Adjustment according to the following categories, from 2006 to 2013: payments to Ontario Power Generation, payments to Bruce Power, payments to hydro electric generators, payments to wind generators, payments to solar generators, payments to combined heat and power generators, payments to biomass generators, payments to non-utility generators under contracts administered by the OEFC, payments for demand response and payments for conservation.

Reference: Exhibit A, Tab 5, Schedule 1, Page of 1 of 14: Moving Forward – Letter Requiring Report Back – Combined Heat and Power (“CHP”) – Amendment to a previous CHP direction – Based on the government’s document Achieving Balance: Ontario’s Long-Term Energy Plan, the Minister is requiring the OPA to consult and report back to him by the end of February, 2014, on the most appropriate and efficient means by which the OPA could design a targeted procurement program for CHP projects that are capable of maximizing efficiency and/or regional capacity need in respect of the Target Sectors. The letter identifies programs for CHP at greenhouse operations agri-food and district energy projects as the “Target Sectors”. The Minister also confirms his desire that the OPA implement the CHP initiative described in the CHP direction of November 23, 2010.

43) Is this report completed? If so please file a copy of it. If not, why not?

44) What is the status of the implementation of the CHP directive of November 23, 2010?

Reference: Exhibit A, Tab 5, Schedule 1, Page of 13 of 14: Stakeholder Engagement – The Director and Chair of the OPA Board of Directors received a letter from the Minister directing the OPA to further enhance its stakeholder engagement strategy by developing a Stakeholder Advisory Committee (“SAC”) which could be structured similar to that of the Independent Electricity System Operator (“IESO”). The Minister requests that the OPA Board of Directors give special consideration to the following essential principles and processes: Increased transparency; Balanced representation; How recommendations are efficiently and effectively integrated into the decision making of the OPA; OPA Board members are asked to attend the

SAC sessions, as observers; and At least five SAC meetings be held in each calendar year. The Minister has asked for a detailed plan by the end of August 2013.

45) Please file the detailed plan requested by the Minister.

46) Please file a list of past and current members of the SAC and any reports from the meetings.

Reference: Exhibit B, Tab 3, Schedule 1, Pages 5 and 6 of 38. “Unbuilt Rooftop Solar Pilot Program (“URSP”) On July 11, 2012 with follow-up on November 23, 2012, the OPA was directed to design a pilot stream within the FIT program whereby applicants with un-constructed buildings could apply for small FIT rooftop solar contracts. The procurement target for this initiative is 15 MW, with the ability to renew in subsequent years. The application period for the URSP was concurrent with FIT 3 and closed on December 13, 2013. Contract offers for successful applicants are expected in Q2 2014. After the procurement process has concluded, the OPA will examine the results and determine if unbuilt rooftop solar projects should be considered for inclusion as part of the broader FIT 4 program.”

47) How many applications were received and approved? What types of buildings were the subjects of the application? Given the lengthy lead time for the design, approval and construction of commercial buildings (four years or more), has the OPA considered making this category and integrated PV an element of its New Construction Program.

4. CORPORATE SUPPORT

4.1 2014 Operating Budget for Goal 4 – Organizational Capacity

- Is the Operating Budget of \$24,577 thousand allocated to Goal 4 reasonable?

Reference: Legal and Consulting Fees. The OPA has substantial annual legal fees of between \$4 million and \$5 million per year.

48) How many in-house lawyers does OPA have that perform legal work on a day to day basis; what is the total cost of the in-house legal group in 2012 through 2014 (actuals budget, both loaded and unloaded); what is the average cost per hour to OPA of OPA's outside legal services, for 2014, 2013, 2012, and 2011?

49) What steps has OPA taken to lower these costs?

50) Are all third party legal fees captured in the legal, aboriginal and regulation budget or are some included in the professional and consulting fees for each of Tables 1, 2 and 3? (See Exhibit D1, Tab 2, Schedule 1, Page 4, Table 4). Please identify the amounts in each.

5. COMMUNICATIONS

5.1 2014 Operating Budget for Goal 5 – Communications

- Is the Operating Budget of \$4,398 thousand allocated to Goal 5 reasonable?

Reference: Exhibit D, Tab 2, Schedule 2, Pages 1 to 8

51) What is the total business development budget for the OPA for 2014, and actuals for 2011 through 2013?

52) What do the activities consist of?

6. GENERAL

6.1 Proposed Usage Fee

- Is the proposed usage fee reasonable?

Reference: Exhibit A, Tab 1, Schedule 2, Page 1 of 5: “This reduction has been achieved through a combination of administrative and process efficiencies, carried out while the OPA’s mandate has expanded and it addresses a growing volume and complexity of work.”

53) Please provide a description of the administrative and process efficiencies? Were additional efficiencies considered? If so, why weren’t they implemented? If not, why not?

Reference: Exhibit A, Tab 1, Schedule 2, Page 1 of 5: “As well, pursuant to the April 23, 2010 directive, new grants under the Conservation Fund are being recovered through the OPA’s program spending rather than through fees.”

54) Please indicate the amount allocated to the Conservation Fund in each of the years before and after the directive was provided.

Reference: Exhibit A, Tab 2, Schedule 1, Page 3 of 40: “fulfilling the government’s Long-Term Energy Plan”

55) Given that the original mandate of the OPA was to develop the Integrated Power System Plan, how has the OPA’s work load been impacted by no longer having that responsibility?

Reference: Exhibit A, Tab 2, Schedule 1, Page 3 of 40: “ensuring that we incorporate the principles of sustainability into the work that we do, through the development of a framework that strengthens our commitment to sustainability and includes approaches for enhanced integration and reporting”

56) What are the principles of sustainability used by the OPA? Please describe the framework. How has the framework strengthened your commitment to sustainability?

Reference: Exhibit D, Tab 2, Schedule 1, Page 1: "The OPA's operating budget is developed taking into consideration, continued progress of 2013 activities with a prioritized list of new initiatives planned for 2014".

57) Please provide the prioritized list of new initiatives.

58) For each new initiative, indicate the total FTE's and other personnel operating costs, projected for 2014, 2015, and 2016.

6.2 Registration Fees

- Are the proposed registration fees reasonable?

Reference: Exhibit D, Tab 3, Schedule 1

59) Why have registration fees not been reduced as a result of the substantial surplus in Forecast Variance Deferral Accounts over the last few years?

60) Please list the registration fees for programs, or procurement initiatives from 2011 to 2014, inclusive.

61) Please explain any proposed changes for 2014 relative to 2013.

6.3 Deferral and Variance Accounts

- Is the proposed disposition of the various Deferral and Variance Accounts reasonable and appropriate?
- Are the proposed Deferral and Variance Accounts appropriate?

6.4 Commitments from previous Settlement Agreements and Decisions

- Has the OPA responded appropriately to previous Settlement Agreements and Decisions?

Reference: Exhibit A, Tab 2, Schedule 1, Page 35 of 40: The OPA conducted consultations with intervenors that participated in the regulatory hearing on the OPA's 2011-13 revenue requirement submission.

62) Please provide the dates of the consultations with intervenors and the list of invitees to each consultation.