

**BOARD STAFF INTERROGATORY #6**

**Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

**INTERROGATORY**

Issue 3/Board Staff/6

Reference:

1. Pre-Filed Evidence of OPA, Exhibit B, Tab 3, Schedule 1, page 9.
2. Pre-Filed Evidence of OPA, Exhibit B, Tab 3, Schedule 1, page 20.

Preamble: OPA states:

1. "As part of the management of the FIT program, the OPA will initiate and conclude audits on a random selection of approximately 70 FIT contracts during 2014. These audits will be to assess compliance with key contract parameters."
2. "As of Q4 2013, the OPA had approximately 22,500 MW of electricity supply capacity under contract. This includes over 10,500 MW of renewable energy, over 8,800 MW of clean energy and 3,000 MW of nuclear energy. Of the overall total, over 15,900 MW is in commercial operation. The remaining capacity is either under development or construction. This represents over 21,000 contracts, including over 18,000 microFIT contracts, over 2,600 FIT contracts..."

Questions:

- a) Provide the methodology used to determine the sample size of 70 FIT contracts.
- b) Taking into account the total population of over 2,600 FIT contracts, how did the OPA determine that a sample of 70 contracts was of adequate and appropriate size to assess compliance?
- c) Identify the "key contract parameters" that will be assessed and why they were selected.

**RESPONSE**

- a) The audit population for FIT compliance audits is comprised of all facilities having reached Commercial Operation ("COD") prior to December 2013. From the 900 projects in that population, the OPA used a simple random sampling technique in order to achieve the following sampling criterion:
  - Confidence Level - 90 %
  - Margin of Error - 10%
  - Base Level of the Indicators - 50 %

The above criteria describe the robustness of the statistical methodology to be used. The baseline level of the indicators provides evidence that a certain condition exists or certain results have or have not been achieved. These criteria were used as an input for a random sampling model which was based on Cochran's Statistical methods. This is the same approach used in the 2013 audits. This approach was developed by the OPA, and was then confirmed and verified by ORTECH Consulting Inc. ORTECH Consulting Inc provides independent due diligence review for renewable energy projects. ORTECH verified the approach as being appropriate and reliable then later conducted the audits. ORTECH will be providing the same services for 2014.

b) The sample size was determined from the population of 900 FIT contracts which achieved commercial operation by December 31, 2013. The criteria described above were used to determine the sample size. The appropriateness of the sample size is based on the confidence level and level of precision values. Random sampling techniques are used as this minimizes statistical bias. Since 2012 the OPA has conducted annual audits of the completed projects. By the end of 2014 calendar year, 200 of the 900 completed projects will have been audited.

c) The contract parameters below are based on the key provisions of the FIT contract. The following are the contract parameters to be verified in the 2014 audits.

Table 1: Key Contract Parameters

| Key Contract Parameter                                   |
|--|
| Contract/Nameplate Capacity                              |
| Generating Equipment(s) and Renewable Energy Fuel Type   |
| Location and Connection Point of the FIT Contract        |
| Project Splitting; Proximity to other facilities         |
| Existing Building if applicable                          |
| Contract Amendments, Connection Details, Site Amendments |
| Minimum Required Domestic Content Level                  |
| Insurance Covenants                                      |

**BOMA INTERROGATORY #41**

**Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

**INTERROGATORY**

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.

**RESPONSE**

Please see below for the actual amounts for the data shown in percentages.

| OPA Expenses<br>(in millions) | 2012 Actual | 2011 Actual | Change in<br>2012 from 2011 |
|-------------------------------|-------------|-------------|-----------------------------|
| Operating expenses            | \$59.5      | \$62.2      | (\$2.6)                     |
| Conservation programs         | \$301.1     | \$317.8     | (\$16.7)                    |
| Generation programs           | \$2,608.3   | \$2,210.4   | \$397.9                     |

**BOMA INTERROGATORY #42**

**Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

**INTERROGATORY**

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.

**RESPONSE**

The OPA believes that costs of conservation and generation programs are not in the scope of its revenue requirement submission as they are not included in the OPA's operating fees budget.

While the information requested by BOMA is not within the scope of this proceeding, to be helpful, the OPA has provided the following links to publicly available sources of Global Adjustment data:

Generation Cost Disclosure provides a view that breaks the OPA costs into different technologies.

<http://www.powerauthority.on.ca/about-us/electricity-pricing-ontario/opa-generation-and-conservation-resource-costs/resource-costs-meet-needs>.

Provided here is also a link to the IESO's website which reports on Global Adjustment by agency (OEFC/OPG and OPA).

<http://ieso-public.sharepoint.com/Pages/Ontario's-Power-System/Electricity-Pricing-in-Ontario/Global-Adjustment.aspx>.

**BOMA INTERROGATORY #43**

**Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

**INTERROGATORY**

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?

**RESPONSE**

The report has been completed and is available on the OPA’s website at:  
<http://www.powerauthority.on.ca/sites/default/files/page/OPA-Report-Moving-Forward-CHP.pdf>.

1 **BOMA INTERROGATORY #44**

2 **Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

3 **INTERROGATORY**

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

15 44)What is the status of the implementation of the CHP directive of November 23,  
16 2010?

17 **RESPONSE**

18 To date, 5 contracts, totaling about 20 MW, have been awarded. Three of these  
19 facilities have now achieved commercial operation.

20 The most recent directive was received in March 2014, which supplements and amends  
21 previous directives, and requires that the OPA launch a procurement for an additional  
22 150 MW of CHP, targeting district energy and the agricultural industry. The program is  
23 currently under development, with a first 100 MW application window expected in  
24 November 2014 and a second window planned for 2015.

**BOMA INTERROGATORY #45**

**Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

**INTERROGATORY**

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.

**RESPONSE**

The OPA is not in possession of a detailed written plan. Attachment 1 to this exhibit however, is a letter from the Minister of Energy to the OPA’s Chair of the Board of Directors dated October 9, 2013 referencing their meeting to discuss the formation of the Stakeholder Advisory Committee (“SAC”). These discussions formed the basis for the terms of reference for the SAC which contains the composition of the SAC. The terms of reference can be found on the OPA’s website at the following link:  
<http://www.powerauthority.on.ca/sites/default/files/page/OPA-SAC-Terms-of-Reference.pdf>.

Ministry of Energy

Ministère de l'Énergie

Office of the Minister

Bureau du ministre

4<sup>th</sup> Floor, Hearst Block  
900 Bay Street  
Toronto ON M7A 2E1  
Tel.: 416-327-6758  
Fax: 416-327-6754

4<sup>e</sup> étage, édifice Hearst  
900, rue Bay  
Toronto ON M7A 2E1  
Tél.: 416 327-6758  
Télec.: 416 327-6754



**OCT 09 2013**

MC-2013-2401

Mr. Jim Hinds  
Chair  
Ontario Power Authority  
1600-120 Adelaide Street West  
Toronto ON M5H 1T1

Dear Mr. Hinds:

Thank you for meeting with me to discuss the formation of the Ontario Power Authority's new stakeholder advisory committee.

I appreciate your taking the time to review this important initiative with me. The Ministry of Energy recognizes the importance of stakeholder engagement, and it is always a pleasure connecting with organizations that share similar priorities.

Once again, thank you for taking the time to meet with me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bob Chiarelli".

Bob Chiarelli  
Minister





**BOMA INTERROGATORY #46**

**Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

**INTERROGATORY**

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.

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

**RESPONSE**

The current members of the OPA’s Stakeholder Advisory Committee (“SAC”) are:

- Brian Bentz, SAC Chair, CEO PowerStream
- Steve Baker, President, Union Gas Limited
- John Beaucage, Member, OPA Aboriginal Energy Working Group, Principal, Counsel Public Affairs
- Bryce Conrad, President and CEO, Hydro Ottawa
- Laura Cooke, Vice-President, Corporate Relations, Hydro One Networks Inc.
- Jared Donald, President, Conergy Canada
- Julie Girvan, Independent, Consultant/Consumer Advocate
- Valerie Helbronner, Partner, Torys LLP
- Tim Gray, Executive Director, Environmental Defence
- Kristin Jenkins, Vice-President, Communications, OPA
- Geoff Lupton, Director, Energy, Fleet and Traffic, City of Hamilton
- Brenda Marshall, Vice-President, Marketing, TransAlta
- Rob Mace, President and CEO, Thunder Bay Hydro Electricity Distribution Inc.

- 1 • Ian Rowlands, Member, OPA Advisory Committee on Conservation,  
2 Professor, Environment and Resource Studies, University of Waterloo
- 3 • James Scongack, Vice-President, Corporate Affairs, Bruce Power
- 4 • David Timm, Vice-President, Sussex Strategy Group
- 5 • Adam White, President, AMPCO

6 There are no past members.

7 Materials related to the SAC including the its terms of reference, policies and meeting  
8 webinar archives and presentations can be found at the following link:

9 <http://www.powerauthority.on.ca/stakeholder-engagement/stakeholder-advisory->  
10 [committee.](http://www.powerauthority.on.ca/stakeholder-engagement/stakeholder-advisory-)

**BOMA INTERROGATORY #47**

**Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

**INTERROGATORY**

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.

**RESPONSE**

During the November 4 to December 13, 2013 URSP application period, 151 applications were received, totalling 35.5 MW. Applications with respect to a wide range of building types were received, including small and large commercial, as well as eligible Farm Buildings. One hundred (100) applications, for almost 24 MW, passed the completeness and eligibility reviews and moved into the transmission and distribution availability testing. Following this testing, contracts are expected to be offered for up to 15 MW in Q3 2014. Once the URSP has been concluded, the pilot program will be evaluated to assess whether applications for rooftop solar PV on unconstructed buildings could be accepted in future FIT application periods. Under the Conservation First framework, the OPA has not considered making this category and integrated PV an element of the New Construction Conservation program.

## SEC INTERROGATORY #4

**Issue 3.1** Is the Operating Budget for \$15,028 thousand allocated to Goal 3 reasonable?

### INTERROGATORY

3.1-SEC-4

[B1-3-1/p.16] Please complete the following table.

| Major Cost Category                            | 2011<br>Board<br>Approved | 2011<br>Actual | 2012<br>Actual | 2013<br>Actual | 2014<br>Budget |
|--|---------------------------|----------------|----------------|----------------|----------------|
| Compensation & Benefits                        |                           |                |                |                |                |
| Professional & Consulting Fees                 |                           |                |                |                |                |
| Conservation/Technology Funds                  |                           |                |                |                |                |
| Operation and Administration Expenses          |                           |                |                |                |                |
| <b>Total Operation Costs Before Allocation</b> |                           |                |                |                |                |
| Shared Services Allocation Expenses            |                           |                |                |                |                |
| <b>Total Operating Costs After Allocation</b>  |                           |                |                |                |                |

### RESPONSE

The table, as requested for the Electricity Resources division, is as follows:

**Goal 3 (Electricity Resources)**  
**2011 Board-approved Budget, 2011 Actual, 2012 Actual, 2013 Actual and 2014 Budget**  
**(\$'000)**

| Major Cost Category                            | 2011 Budget<br>Board-approved | 2011<br>Actual | 2012<br>Actual | 2013<br>Actual | 2014<br>Budget |
|--|-------------------------------|----------------|----------------|----------------|----------------|
| Compensation & Benefits                        | 5,937                         | 6,417          | 7,454          | 8,784          | 7,911          |
| Professional & Consulting Fees                 | 4,970                         | 5,528          | 4,335          | 4,138          | 6,849          |
| Operating & Administration Expenses            | 265                           | 180            | 188            | 263            | 268            |
| <b>Total Operating Costs Before Allocation</b> | <b>11,172</b>                 | <b>12,125</b>  | <b>11,978</b>  | <b>13,185</b>  | <b>15,028</b>  |
| Shared Services Allocated Expenses             | 9,389                         | 9,282          | 9,463          | 10,460         | 9,634          |
| <b>Total Operating Costs After Allocation</b>  | <b>20,561</b>                 | <b>21,407</b>  | <b>21,441</b>  | <b>23,645</b>  | <b>24,662</b>  |

**VECC INTERROGATORY #14**

**Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

**INTERROGATORY**

3.1-VECC-14

Reference: A-4-1 Updated, C/T2/S1/pg.6-9, B/T3/S1 pg. 16, and D/T2/S2 pg. 3

Please provide the number of FTEs reporting to each of the 4 directors under the VP position. Please denote temporary positions.

**RESPONSE**

Please see below for the number of FTEs reporting to each of the 4 Directors under the VP position in the Electricity Resources division:

|                                    | 2014 | 2014 | 2014  |
|------------------------------------|------|------|-------|
| Goal 3- Electricity Resources FTEs | Reg  | Temp | Total |
| Clean Energy Procurement           | 4    | 1    | 5     |
| Renewables Procurement             | 14   | 12   | 26    |
| Contract Management                | 34   | 7    | 41    |
| Policy & Analysis                  | 7    | 0    | 7     |
| Total                              |      |      | 79    |

Please note that Directors have been included in the totals provided above.

**VECC INTERROGATORY #15**

**Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

**INTERROGATORY**

**3.1-VECC-15**

Reference: B/T3/S1 pg.12

- a) For the Policy and Analysis group please list the number of outside consultations led by one the following groups: IESO led; OEB led; OPG led; or Ministry of Energy led;
- b) For each of these consultations above please indicate the number of OPA staff attending.
- c) Please describe the type output of this group (e.g. reports, briefings) . If the group has produced any publicly available documentation please provide this (or provide reference).

**RESPONSE**

- a) Currently the Policy and Analysis group is participating or observing several stakeholder engagements being led by the IESO:

- General Conduct Rule;
- Energy Market Pricing System review;
- Generation Guarantee Programs; and
- Transmission Rights.

The Policy and Analysis group over the past two years has either participated or observed several other IESO stakeholder engagements such as the Global Adjustment and HOEP reviews, and Renewable Integration, CMSC for Generation Facilities.

The Policy and Analysis group attends all the IESO Stakeholder Advisory Committee meetings, Stakeholder summits and most of the IESO Technical Panel meetings.

The Policy and Analysis group also participated in consultations being led by the Ministry on the Long-Term Energy Plan, as well as a variety of third party, external industry events. The group is also active in participating in other initiatives undertaken by the provincial government, including recent consultations on a discussion paper issued by the Ministry of the Environment on Greenhouse Gas Emissions Reductions in Ontario.

- 1        b) In each consultation session attended by Policy and Analysis, typically one or two  
2        representatives attend, depending on the topic and its relevance.
- 3        c) Both internal summary reports and briefings are usually prepared based on these  
4        consultations for information to staff, Senior Management and Directors, the Senior  
5        Executive in the OPA, and for the OPA Board of Directors.



**VECC INTERROGATORY #16**

**Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

**INTERROGATORY**

**3.1-VECC-16**

Reference: B/T3/S1/pg.16 & D/T2/S1

- a) Please explain the increase in the Professional and Consulting fees as between 2013 actuals and 2014 forecast.
- b) Please list all proposed consulting /professional projects and the forecast cost which are contemplated for each project in the 2014 budget.
- c) Please provide the consulting and professional fees for 2012.

**RESPONSE**

- a) Please refer to Exhibit D-2-2, Pages 3 and 4 for the analysis of the increase in Professional & Consulting fees between 2013 actuals and 2014 forecast.
- b) Please see below for a listing of all project costs in the 2014 budget.

| <b>GOAL 3 - ELECTRICITY RESOURCES - Project Costs (000's)</b> | <b>2014</b> |
|---|-------------|
| Contract Management Department                                | 2,978       |
| Procurement Department  | 2,089       |
| ER Division - VP's Office - Corporate Support                 | 1,285       |
| Policy & Analysis Department                                  | 498         |

- c) The Professional & Consulting fees for 2012 were \$4,335 thousand.

## **ENERGY PROBE INTERROGATORY #10**

**Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

### **INTERROGATORY**

#### **1.1-Energy Probe-10**

Ref: Exhibit B Tab 3 Schedule 1 Pages 15-16

Preamble:

Qualitative results for 2012-2013 are provided in the Reference.

- (a) Please provide the expected 2014 outcomes for each of the ER groups. Where possible provide quantitative outcomes such as procurements and capacity MW for each type of resource (Clean, Renewable etc.).
- (b) Please compare to the LTEP Targets.

### **RESPONSE**

- a) The 2014 milestones outlined in the reference identified can be broken into the Electricity Resources groups as follows:

|   |  |
|---|--|
| Procurement of directed targets for renewable energy from wind, solar, bio-energy and hydro   | Renewable Energy Procurement                       |
| Competitive procurement process for large-scale renewable generation projects   | Renewable Energy Procurement                       |
| Negotiated and executed contracts for clean energy generation, including those with non-utility generators  | Clean Energy Procurement                           |
| Launched new processes for improved siting of large-scale energy projects   | Policy & Analysis                                  |
| Implemented system enhancements to support the ongoing evolution of the FIT and microFIT programs   | Contract Management                                |
| Attracted a diverse range of FIT and microFIT program participants, including First Nation and Métis communities, municipalities and other public sector entities | Policy & Analysis and Renewable Energy Procurement |
| Completed determination and implementation of contractual needs, as appropriate with respect to the nuclear fleet   | Contract Management and Policy & Analysis          |
| Maintained effective project management of contracts, including no OPA default events, on-time and accurate settlements, and the conclusion of required audits    | Contract Management                                |

|   |                     |
|---|---------------------|
| Concluded contract negotiations and amendments where needed with counterparties to provide ratepayer benefits and system reliability  | Contract Management |
| Changes to the external environment that have a material impact on OPA contracts, such as IESO market rule amendments and greenhouse gas regulations, proactively identified, assessed, and responded to where required   | Policy & Analysis   |
| The Community Energy Partnerships Program, Aboriginal Renewable Energy Fund, Aboriginal Community Energy Plan program, Aboriginal Transmission Fund, as well 27 as similar programs to support municipalities and public sector bodies, operational with funding under each program dispersed to grant recipients and project partners. | Policy & Analysis   |

The table below outlines the quantitative outcomes expected from the procurements undertaken in the coming year. It contains both new and existing resources, some that will achieve commercial operation in 2014 and some that will not achieve commercial operation until later years.

| Technology Type | Procurement Estimate (MW) 2014 |
|-----------------|--------------------------------|
| Biomass         | 160                            |
| Solar           | 440                            |
| Wind            | 200                            |
| Hydro           | 106                            |
| Gas/CHP/EFW     | 235                            |

b) Note that while the 2013 LTEP did set targets for renewable energy for 2021, it did not do so for 2014. Rather the annual capacity breakdowns contained in the LTEP illustrate forward-looking estimates. Estimates for installed capacity by resource type contained in the 2013 LTEP are as follows:

| LTEP 2013 Installed Capacity (MW) | 2013   | 2014   | Difference |
|-----------------------------------|--------|--------|------------|
| Nuclear                           | 12,946 | 12,946 | 0          |
| Hydro                             | 8,388  | 8,421  | 33         |
| Non-Hydro Renewables              | 3,726  | 6,190  | 2,464      |
| Natural Gas                       | 9,991  | 9,786  | -205       |
| Coal                              | 2,291  | 153    | -2,138     |
| Demand Response                   | 655    | 655    | 0          |

General differences can be expected between annual capacity projections in LTEP 2013 and the ER procurement estimates. For example, annual capacity projections in LTEP 2013 reflect expectations around the types and amounts of resources that will be in-service in a given year. In contrast, ER procurement estimates in part "a" above reflect both new and existing resources that are expected to be entered into contract in 2014. Some of these facilities will achieve commercial operation in 2014, while others

1 will enter into service in coming years. Other considerations in comparing between  
2 LTEP and procurement estimates include attrition, that projections in LTEP 2013  
3 recognize resource reductions or retirements, and that ER procurements account for the  
4 re-contracting of existing facilities such as NUGs.

1                                    **ENERGY PROBE INTERROGATORY #11**

2        **Issue 3.1** Is the Operating Budget of \$15,028 thousand allocated to Goal 3 reasonable?

3        **INTERROGATORY**

4        3.1-Energy Probe-11

5        Ref: Exhibit C1, Tab 1, Page 12, Tables 2 and 3

6        Please relate the 2014 targets to the 2013 LTEP.

7        **RESPONSE**

8        Please see the response to Energy Probe Interrogatory 10 b), at Exhibit I, Tab 3,  
9        Schedule 6.10.