PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC

ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7
Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. http://www.piac.ca

Michael Janigan
Counsel for VECC
(613) 562-4002 ext. 26

October 22, 2014

VIA MAIL and E-MAIL

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

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
Canadian Niagara Power Inc. EB-2014-0061
Final Submissions of VECC

Please find enclosed the submissions of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Janigan
Counsel for VECC
Encl.

cc: Canadian Niagara Power Inc.

EB-2014-0061

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), as amended;

AND IN THE MATTER OF an Application by Canadian Niagara Power Inc. for an order or orders approving or fixing just and reasonable distribution rates to be effective January 1, 2015.

FINAL SUBMISSIONS

On Behalf of The

Vulnerable Energy Consumers Coalition (VECC)

October 21, 2014

Public Interest Advocacy Centre

ONE Nicholas Street
Suite 1204
Ottawa, Ontario
K1N 7B7

Michael Janigan
Counsel for VECC

Vulnerable Energy Consumers Coalition (VECC)

Final Argument

1 The Application

1.1 Canadian Niagara Power Inc. ("CNPI", "the Applicant", or "the Utility") filed an application ("the Application") with the Ontario Energy Board ("the Board" or "the OEB"), under section 78 of the *Ontario Energy Board Act, 1998,* as amended, for electricity distribution rates effective January 1, 2015. The Application was filed based on a 4th Generation Incentive Rate-setting ("4GIR") application.

1.2 As part of its application, CNPI is seeking to dispose of the balance in its variance account caused by the difference between the actual revenue impacts of conservation programs relative to what was anticipated.

1.3 CNPI is seeking to establish an LRAMVA effective January 1, 2015 with an opening balance of $80,868.18. The variance would be collected over a one year period ending December 31, 2015.[1]

2 Lost Revenue Adjustment Mechanism (LRAM) Variance Account

Background

2.1 The Board determined that LRAM for pre-2011 CDM activities was to be completed with the 2012 rate applications, outside of persisting historical CDM impacts realized after 2010 for those distributors whose load forecast has not been updated as part of a cost of service application.

2.2 Distributors intending to file an LRAM application for CDM Programs funded by the OPA between 2005 and 2010, were to do so as part of their 2012 rate application filings, either cost-of-service or IRM. If a distributor did not file for the recovery of these LRAM amounts in its 2012 rate application, the Board's Filing Guidelines indicated the distributor would forego the opportunity to recover LRAM for this legacy period of CDM activity.[2]

2.3 As part of CNPI's 2012 IRM application, CNPI did not apply for recovery of LRAM amounts for 2005-2010 CDM legacy programs. The Board found that CNPI has foregone the opportunity to recover LRAM for 2005 to 2010 CDM activities related to its service areas. (EB-2011-0157, EB-2011-0158).

[1] VECC IR#1
[2] Guidelines for Electricity Distributor Conservation and Demand Management EB-2012-0003 Page 14

2.4 For CDM programs delivered within the 2011 to 2014 period, the Board established Account 1568 as the LRAM Variance Account (LRAMVA) for 2011 – 2014 LRAMVA to capture the variance between the Board-approved CDM forecast and the actual results at the customer rate class level.

2.5 The Board established an LRAM variance account ("LRAMVA") to capture at the customer rate-class level, the difference between the following:

i. The results of actual, verified impacts of authorized CDM activities undertaken by electricity distributors between 2011-2014 for both Board-Approved CDM programs and OPA-Contracted Province-Wide CDM programs in relation to activities undertaken by the distributor and/or delivered for the distributor by a third party under contract (in the distributor's franchise area); and

ii. The level of CDM program activities included in the distributor's load forecast (i.e. the level embedded into rates).[3]

2.6 In the current application, CNPI is proposing to establish its 2011 and 2012 LRAMVA and has included Pre-2011 CDM Programs persisting in 2011 and 2012, 2011 OPA CDM Program results in 2011 and 2012 and 2012 OPA CDM Program results in 2012. CNPI has based its LRAMVA on the OPA's 2011 and 2012 Final Reports. CNPI filed an independent third party review of its LRAMVA prepared by Burman Energy Consultants Group Inc.

2.7 The difference between the approved CDM amount (kWh and MW) in the distributors load forecast and the actual verified final program results will be the LRAM amount eligible for recovery.[4]

2.8 For CNPI's service areas[5], the 2009 load forecast underpins the lost revenue calculations for 2011 and 2012. The Board's Decision in CNPI's 2009 rebasing application notes CNPI incorporated the effects of CDM into its 2009 load forecasting by projecting previously realized CDM impacts into the Test Year forecast.[6] VECC submits LRAM claims in the rebasing year and beyond for CDM programs implemented prior to (and including) the rebasing year are not eligible for recovery.

2.9 The OPA's Final 2011 and 2012 CDM Reports indicate that Pre-2011 CDM Programs persisting in 2011 and 2012 relate to 2010 CDM Programs. On this basis, VECC submits CNPI is eligible to recover 100% of the 2011 and 2012

[3] Guidelines for Electricity Distributor Conservation and Demand Management
EB-2012-0003 Page 12
[4] Guidelines for Electricity Distributor Conservation and Demand Management
EB-2012-0003 Page 13
[5] EB-2008-0222 Eastern Ontario Power & Fort Erie; EB-2008-0024 Port Colborne
[6] EB-2008-0222 Decision Load Forecast

LRAMVA amounts requested ($80,868.18), subject to the following comments regarding CNPI's Demand Response 3 Program.

2.10 In CNPI's most recent cost of service application for the 2013 rate year (EB-2012-0112) CNPI's updated load forecast was approved. In the settlement agreement accepted by the Board, the parties agreed that CNPI had not included any impacts for the 2012 or 2013 CDM programs in the 2013 load forecast. The Parties agreed that CNPI may apply in a future proceeding to recover any lost revenues in accordance with any Board requirements regarding such an application.[7] VECC notes that the Board-approved 2013 load forecast does not impact CNPI's request in this application as the 2011 and 2012 LRAMVA balances occur prior to the updated load forecast.

Demand Response 3 Program

2.11 CNPI confirmed the savings reported for the Demand Response 3 Program are contracted values and not actual demand reductions in each year.[8]

2.12 CNPI does not have any record as to how much actual demand reduction was achieved in each year due to the Demand Response 3 Program and how much the actual demand reduction in each year was and if the demand reduction was coincident with the peak interval used to establish the customers' billing demands.[9]

2.13 VECC submits that there are three fundamental problems with CNPI's inclusion of Demand Response 3 Programs in its LRAM application. First, there is no evidence that the program was actually activated for even one month. As a result, there is no evidence that the program had any effect on CNPI's actual 2011 and 2012 load.

2.14 Second, if it was activated, it is not known from the evidence in this proceeding whether any Demand Response 3 activations in 2011 and 2012 would have occurred at the same time as the customer's billing demand (kW) for the month was established, as the customer's monthly peak may not correspond to the system's peak.

2.15 Finally, even if they were coincident, if a demand response event was called, and the customer's monthly peak was shaved, it is likely that the customer's second highest peak in the month is only slightly less than their highest peak. Thus, the impact on distribution revenues is likely to be minimal with virtually zero impact on billing demand.

[7] EB-2012-0112 Appendix A Section 3.3
[8] VECC IR#2
[9] VECC IR#2

2.16 On this basis, VECC submits that in CNPI's application, no lost revenues from GS>50 kW customers' participation in Demand Response 3 Programs should be included for recovery.

3 Recovery of Reasonably Incurred Costs

3.1 VECC submits that its participation in this proceeding has been focused and responsible. Accordingly, VECC requests an order of costs in the amount of 100% of its reasonably-incurred fees and disbursements.

All of which is respectfully submitted this 21st day of October 2014.