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Michael Janigan  
Counsel for VECC

October 30, 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)**  
**Grimsby Power Inc. EB-2014-0076**  
**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: Grimsby Power Inc.

**ONTARIO ENERGY BOARD**

**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 Grimsby Power Inc. (Grimsby Power)  
to the Ontario Energy Board for an Order or Orders approving  
just and reasonable rates for electricity distribution  
to be effective January 1, 2015.

**Submissions of Vulnerable Energy Consumers Coalition (VECC)**

**Lost Revenue Adjustment Mechanism (LRAM) Variance Account**

- For CDM programs delivered within the 2011 to 2014 period, the Board established Account 1568 as the LRAMVA to capture the variance between the Board-approved CDM forecast and the actual results at the customer rate class level.
- Distributors must apply for the disposition of the balance in the LRAMVA as part of their cost of service applications. Distributors may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of their IRM rate applications, if the balance is deemed significant by the distributor.
- Grimsby Power application includes disposition of its LRAMVA balance (Account 1568) as at December 31, 2013 in the amount of \$67,275 (\$66,002 plus \$1,274 in carrying charges)<sup>1</sup> which Grimsby Power deems materially significant. VECC notes this amount differs slightly from Page 13 of the application which shows the balance as \$68,246.
- Grimsby Power states the LRAM balance is attributable to 2011 and 2012 CDM programs completed in 2011, 2012 and 2013 as well as an estimate for 2013 projects, which contribute towards Grimsby Power's 2011-2014 CDM Targets.
- Grimsby Power revised its LRAMVA claim balance to \$73,418 (\$71,100 plus \$2,318 in carrying charges) to reflect the inclusion of the 2013 OPA Verified CDM results which were issued on August 31, 2014, after the application was submitted.<sup>2</sup> Estimated 2013 savings have been replaced with actual savings.

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<sup>1</sup> Board Staff IR#3 Exhibit 3

<sup>2</sup> Board Staff IR#3 , VECC IR#1

- Grimsby Power confirmed that no amounts in this application have been previously recovered.<sup>3</sup>
- The Board established an LRAM variance account (“LRAMVA”) to capture at the customer rate-class level, the difference between the following:
  - 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
  - The level of CDM program activities included in the distributor’s load forecast (i.e. the level embedded into rates).<sup>4</sup>
- The difference between the approved CDM amount (kWh and kW) in the distributors load forecast and the actual verified final program results will be the LRAM amount eligible for recovery.<sup>5</sup>
- Grimsby Power’s last Board approved load forecast in 2012 included CDM savings of 776,000 kWh in 2011 and 1,552,000 kWh in 2012 (EB-2011-0273). Thus in calculating the LRAMVA balances, Grimsby Power deducted the CDM savings that were included in the Board-approved load forecast from the total savings.<sup>6</sup>
- In its original review of the application, VECC could not reconcile the data in Appendix 6 with the 2012 OPA Final CDM Results and asked for confirmation of the source of the data for each year of lost revenue (2011 to 2013) for the Appliance Retirement Program for the residential rate class in an effort to track the values provided in Appendix 6.<sup>7</sup> Grimsby Power’s response was not detailed enough for VECC to reconcile the amounts.
- In response to VECC IR#2, Grimsby Power provided the demand reduction per year due to the Demand Response 3 Programs (see below) which it indicates are from the OPA 2013 Verified CDM Savings Report.

2011:	285.78 kW
2012:	380.86 kW
2013	361.19 kW

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<sup>3</sup> VECC IR#1

<sup>4</sup> Guidelines for Electricity Distributor Conservation and Demand Management  
EB-2012-0003 Page 12

<sup>5</sup> Guidelines for Electricity Distributor Conservation and Demand Management  
EB-2012-0003 Page 13

<sup>6</sup> Board Staff IR#3

<sup>7</sup> VECC IR#2

- It is unclear to VECC how the CDM results have been calculated by customer class. VECC asks that Grimsby Power, in its reply submission, provide the full calculation including the calculation that shows the difference between the approved CDM component of the approved load forecast (kWh and kW) and the actual verified final program results that reflect the entries in the LRAMVA in order to support the \$73,418 LRAMVA balance.

### Demand Response 3 Programs

- Grimsby Power is seeking recovery associated with its Demand Response 3 Programs.
- Grimsby Power does not confirm that the 2011-2013 kW savings values reported for its Demand Response 3 Program are contracted values and not actual demand reductions in each year. Grimsby Power submits, to the best of its knowledge that the 2011-2013 kW savings values for the LRAMVA are taken from the OPA's 2013 Verified CDM Savings Results, which provides demand reduction amounts per year that are actual demand reduction measures in each year.<sup>8</sup>
- Grimsby Power further indicates the demand reduction was coincident with peak intervals used to establish the customers' billing demands.<sup>9</sup>
- VECC does not agree with Grimsby Power's response to the interrogatory.
- In Bluewater Power's 2014 IRM application (EB-2013-0112), Bluewater Power provided the formula used by the OPA to calculate the value of 1,798 net kW related to its Demand Response 3 Programs as follows:

*Peak Demand: Gross Savings = Net Savings = contract MW at contributor level \* Provincial contracted to ex ante ratio.<sup>10</sup>*

- The contracted MW at the contributor level was (2066.7 kW) and the Provincial contracted to ex ante ratio in 2012 for Industrials = 87%. Thus, (2066.7 kW) \* provincial contracted to ex ante ratio (87%) = 1,798 kW.
- The 1,798 kW represents an adjustment (13% reduction as determined by the OPA for the industrial class) to the amount under contract and available for demand response with each activation. The OPA did not provide information on the actual activations in 2012.<sup>11</sup>
- VECC submits Grimsby Power's net kW related to its Demand Response 3 Programs provided by the OPA would be calculated on the same basis.

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<sup>8</sup> VECC IR#2

<sup>9</sup> VECC IR#2

<sup>10</sup> EB-2013-0112 VECC IR#2(d)

<sup>11</sup> EB-2013-0112 VECC IR#2(f)

- VECC submits there is no evidence that the program was actually activated for even one month and if it was that thus there is no evidence that the program had any effect on Grimsby Power's 's actual load.
- Even if it was activated, it is not known from the evidence in this proceeding whether any Demand Response 3 activations 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.
- 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.
- On this basis, VECC submits that in Grimsby Power's application, no lost revenues from participation in Demand Response 3 programs should be included for recovery.

### **Recovery of Reasonably Incurred Costs**

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 30<sup>th</sup> of October 2014.