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Michael Janigan
Counsel for VECC

November 05, 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)
PowerStream Inc. EB-2014-0108
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: PowerStream Inc.

EB-2014-0108

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 PowerStream 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)

November 5, 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 PowerStream Inc. ("PowerStream", "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, PowerStream is requesting disposition of the balance in its LRAM variance account as well as an update to its compensation claim for Renewable Generation Connection Rate Protection.

2 Lost Revenue Adjustment Mechanism (LRAM) Variance Account

Background

2.1 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).[1]

2.2 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.[2]

2.3 In PowerStream's Cost of Service (COS) application for the 2013 rate year (EB-2012-0161) PowerStream's anticipated CDM savings related to the new CDM targets assigned to distributors were reflected in PowerStream's updated 2013 load forecast as a CDM adjustment.

[1] Guidelines for Electricity Distributor Conservation and Demand Management EB-2012-0003 Page 12
[2] Guidelines for Electricity Distributor Conservation and Demand Management EB-2012-0003 Page 13

2.4 Previous COS applications were filed for 2008 rates for the former Barrie Hydro (Barrie and Simcoe County) and for 2009 rates for the former PowerStream (York Region). PowerStream indicates there was no CDM impact built into the Barrie 2008 rates. The 2009 PowerStream rates did not contain any reduction with respect to the new CDM targets assigned to distributors for the 2011 to 2014 time period.

2.5 As the 2011 and 2012 rates do not contain any reduction for CDM programs, the entire amount of the OPA reported savings in 2011 and 2012 represents the variance between CDM in rates and actual CDM results.

2.6 In its 2014 IRM application, the Board approved PowerStream's LRAM claim of $435,460 including carrying charges related to persisting savings in 2011 and 2012 for 2007 to 2010 OPA CDM programs. PowerStream also calculated estimated CDM savings in 2011 and 2012 in the amount of $716,910 related to 2011 and 2012 OPA CDM programs, however, it did not apply for a disposition of the LRAMVA balance at that time due to some uncertainly with the data.

2.7 In the current application, PowerStream is seeking the recovery of its LRAMVA in the amount of $801,680 including carrying charges for 2011-2012 CDM activities in 2011 and 2012 based on updated data.[3] This amount is based on a principal balance of $770,967 as at December 31, 2012 plus carrying charges of $30,714 for 2011 through 2014.

2.8 VECC submits the LRAMVA is appropriately based on the 2012 Final OPA CDM Report results.[4] The 2011 and 2012 rates do not contain any reduction for CDM programs and as a result VECC agrees the entire amount of the OPA reported savings is eligible for recovery. VECC has reviewed PowerStream's calculation of the CDM savings and supports PowerStream's LRAMVA balance for recovery subject to VECC's comments below under Demand Response 3 Programs.

2.9 With respect to 2013, PowerStream does not request disposition of the LRAMVA balance resulting from 2013 CDM activities at this time given the uncertainty regarding the final amount for 2013. PowerStream proposes to update its LRAMVA balance based on the 2013 OPA final report and provide the resulting LRAMVA balances in its next rate application for consideration for disposition. VECC supports PowerStream's approach to defer recovery of 2013 balances until the final CDM results are known.

<u>Recovery</u>

2.10 PowerStream proposes to recover the $801,690 by means of class-specific volumetric rate riders over a 12 month period effective January 1, 2015 to

[3] Manager's Summary Page 11
[4] Manager's Summary Page 10

December 31, 2015. VECC supports PowerStream's proposal subject to its comments below.

Demand Response 3 Program

2.11 PowerStream uses the peak demand reductions listed in the OPA report as the basis for calculating is lost revenue adjustment variance.

2.12 PowerStream confirms that the kW savings reported for the Demand Response 3 Program are contracted values and not actual demand reductions in each year.[5]

2.13 PowerStream does not have any records as to how much actual demand reduction was achieved in each year due to the Demand Response 3 Program.

2.14 PowerStream has assumed that the demand reduction is coincident with the peak interval used to establish the customer's billing demand.

2.15 VECC submits that there are three fundamental problems with PowerStream's inclusion of Demand Response 3 Programs in its LRAMVA balance. First, there is no evidence that the program was actually activated for even one month or the 3 months proposed by PowerStream. As a result, there is no evidence that the program had any effect on PowerStream's actual 2011 and 2012 load.

2.16 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.

2.17 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.

2.18 The Demand Response 3 Programs represent approximately 57%[6] of the kW savings ($33,905) for the GS>50 kW customer class in 2011 and 36%[7] ($35,931) in 2012.

2.19 In considering the above, VECC submits that in PowerStream's application, no lost revenues from GS< 50 kW and GS>50 kW customers' participation in Demand Response 3 Programs should be included for recovery. VECC

[5] VECC IR#1
[6] Appendix H , Table H-1: (7902 + 3729 kW)/20241 kW = 57%
[7] Appendix H, Table H-2: (9558 +3696 kW)/36664 kW = 36%

estimates the reduction to be approximately $69,836.

3 Renewable Generation Enabling Investments

3.1 PowerStream is requesting an update to the Renewable Generation Connection Rate Protection (RGCRP) recovery for 2015 under Ont. Reg. 330/09. The update calculates the amount for 2015 based on the previous filing (EB-2013-0166) that includes costs up to December 31, 2012, and includes 2013 additions.

3.2 In its 2013 COS application (EB-2012-0161) the Board approved PowerStream's requested compensation of $162,684 which represents the revenue requirement on the capital investments to enable renewable generation connection up to the end of 2011 (net of 6% of cost deemed to be a benefit to PowerStream customers).

3.3 In its 2014 IRM application, the Board approved PowerStream's requested compensation of $213,839 for 2014 which represents the revenue requirement on the capital investments to enable renewable generation connection up to the end of 2012 (net of 6% of cost deemed to be a benefit to PowerStream customers).

3.4 In this application, the request for 2015 in the amount of $261,290 has been updated to include:
- the revenue requirement for eligible investments made in 2013 for the years 2013, 2014 and 2015 ($146,353)
- the 2015 revenue requirement for eligible investments made in 2012 ($61,132)
- the 2015 revenue requirement on eligible investments made up to the end of 2011 ($53,805).

3.5 VECC has reviewed PowerStream's calculations and submits they are consistent with previous filings. VECC supports PowerStream's RGCRP claim for 2015 in the amount of $261,290.[8]

4 Recovery of Reasonably Incurred Costs

4.1 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 5th day of November 2014.

[8] Manager's Summary Page 22