

November 12, 2014

Ms. Kirsten Walli Board Secretary Ontario Energy Board 2300 Yonge Street 26th Floor, Box 2319 Toronto, ON M4P 1E4

Dear Ms. Walli

#### Re: PowerStream Inc. (Licence ED-2004-0420) 2015 Electricity Distribution Rate Adjustment Application EB-2014-0108 Reply Submission

Please find enclosed two (2) paper copies of the above captioned reply submission. This submission, in PDF format, has been filed through the Board's Regulatory Electronic Submission System (RESS).

If you have any questions, please do not hesitate to contact the undersigned.

Yours truly,

Original signed by

Tom Barrett Manager, Rate Applications

### EB-2014-0108

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

**AND IN THE MATTER OF** an application by PowerStream Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2015.

### **POWERSTREAM INC.**

**Reply Submission** 

November 12, 2014

- 1 PowerStream has received submissions from Board Staff and the intervenor of record,
- 2 Vulnerable Energy Consumers Coalition (VECC).
- 3 PowerStream's submissions are organized into two sections dealing with the submissions from
- 4 each of these parties.

## 5 **Board Staff Submissions:**

6 PowerStream notes that Board Staff has no issues with the Application as filed.

# 7 Vulnerable Energy Consumers Coalition (VECC)

PowerStream notes that VECC had only one issue with the Application as filed. The issue is
with regards to the LRAM variance account (LRAMVA) claim and it is limited to the amount in
respect of the Demand Response 3 (DR3) program.

VECC submits that no amount be approved for the DR3 program peak demand reductions
 thereby reducing the LRAMVA claim by \$69,836.

Upon consideration of VECC's submission, PowerStream is persuaded that the reduction in billed demand may be less than 100% of the OPA reported demand reduction in the months that there are demand response activations. This will depend on the individual circumstances of each customer participating in the DR3 program.

PowerStream submits that it is equally unlikely that the reduction in billed demand will be 0% of the OPA reported demand reduction in the months that there are demand response activations as purported by VECC.

For the following reasons, PowerStream submits that a value of 50% of the OPA demand reduction for an average of three months per year is a reasonable estimate of the lost revenue impact due to lower billed demand. This would result in a reduction of 50% of the LRAMVA claim in respect of the DR3 program or approximately \$35,000.

- Under the DR3 program, program participants agree to make a firm commitment to
   reduce energy use during periods of peak demand and they are expected to fulfill their
   contractual obligations for energy reductions under the program. Financial set-offs are
   applied for failure to perform during an activation.
- 2. The DR3 program issues activation notices when there is the need to reduce the system
  demand for power. Such events are typically due to a majority of customers demanding
  more electricity than they normally do, such as significant increases in the demand for
  energy due to air-conditioning load. Table 1 below summarizes the 2011-2012 DR3
  activation notices issued by the OPA.

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Event Date	Event Start	Event End
5/31/2011	3:45 PM	7:45 PM
6/6/2011	2:45 PM	6:45 PM
6/7/2011	2:45 PM	6:45 PM
6/8/2011	2:45 PM	6:45 PM
7/11/2011	1:45 PM	5:45 PM
7/21/2011	2:45 PM	6:45 PM
7/22/2011	2:45 PM	6:45 PM
8/2/2011	1:45 PM	5:45 PM
8/4/2011	3:45 PM	7:45 PM
11/21/2011	3:45 PM	7:45 PM
11/22/2011	3:45 PM	7:45 PM
Total DR3 Activation Instances in 2011	11	
6/20/2012	1:45 PM	5:45 PM
6/21/2012	1:45 PM	5:45 PM
7/17/2012	2:45 PM	6:45 PM
9/5/2012	2:45 PM	6:45 PM
9/6/2012	2:45 PM	6:45 PM
Total DR3 Activation Instances in 2012	5	

# Table 1: 2011-2012 DR3 Activation Notices

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- There were eleven activation notices in 2011, which occurred in May, June, July, August
   and November, affecting a total of five months. There were five activation notices in
   2012, which occurred in June, July and September, affecting a total of three months.
- 4. The actual performance during DR3 activation notices for DR3 Program participants is
   confidential information and is not publically available. Participants will normally reduce
   their demand during the activation because of the contractual obligation to curtail and the
   financial consequences of not performing. Note that the OPA adjusts its estimate of the

- actual demand reductions based on past history to reflect that some participants may not
   be able to deliver the full contracted reduction all of the time.
  - 5. The OPA-reported Net Peak Demand Savings (kW) are counted as progress towards
     2011-2014 OPA Contracted Province-Wide CDM Programs. The reductions reported by
     the OPA are the best available data for use in calculating the lost revenue.
- 6. On the days where most of the DR3 activation hours occur, for many customers it is 6 likely that the peak demand without reduction, driven by the high air-conditioning load, 7 would be significantly higher than the peak demand on days where there are no 8 9 activations. It is reasonable to assume that under these circumstances the peak 10 reductions will coincide with what would have been the customer's monthly peak demand, thereby reducing the billed demand for the month. In the case of several 11 activations within the same month (e.g. July 2011 - 3 activations) it is very likely that not 12 only the peak (highest) monthly demand has been reduced but even the second and 13 third highest demands. The difference between the peak demand before reduction and 14 the 4<sup>th</sup> highest peak demand would be an even greater differential than the peak demand 15 before reduction and the 2<sup>nd</sup> highest demand in the month. The reduction in billed 16 demand may be less than 100% of the OPA reported demand reduction but it is very 17 unlikely that it is 0%. 18
- PowerStream therefore submits that a value of 50% of the OPA demand reduction for an average of three months per year is a reasonable estimate of the lost revenue impact due to lower billed demand. This would result in a reduction of 50% of the LRAMVA claim in respect of the DR3 program or approximately \$35,000.