



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

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Michael Janigan
Counsel for VECC

November 20, 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)
Innisfil Hydro Distribution Systems Limited EB-2014-0086
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,

A handwritten signature in black ink, appearing to be 'Michael Janigan', written in a cursive style.

Michael Janigan
Counsel for VECC
Encl.

cc: Innisfil Hydro Distribution Systems Limited

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 Innisfil Hydro Distribution Systems Limited 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 20, 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 Innisfil Distribution Systems Limited (“Innisfil Hydro”), “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, Innisfil Hydro requests the approval of a new deferral account to track the impact of conservation programs by the Town of Innisfil. VECC submissions are focused on this issue.
- 1.3 Innisfil Hydro indicates that through the calculation and reporting of its Return on Equity (ROE) on a deemed basis it was made aware of a significant change that will occur in 2015 related to the conversion of streetlights to LED technology which may trigger it to be outside the +/- 300 basis points range.
- 1.4 A project to convert the Town of Innisfil streetlights to LED technology is estimated to commence in October 2014 and be completed by December 31, 2014 and preliminary calculations indicate a potential revenue shortfall of \$110,809 for the Street Lighting rate class in 2015 and beyond. Thus, Innisfil Hydro is asking the Board to approve a DVA account to track forecasted revenue to actual revenue incurred for the Street Lighting Rate Class until its next COS application currently scheduled for 2017 rates.¹

2 New Deferral Account

- 2.1 Innisfil Hydro’s Argument-in-Chief on this issue, filed November 13, 2014, indicates the estimated kW for the LED project exceeds the embedded CDM forecast for the Street Lighting rate class by 159,616 kW (159,758 kW minus the forecasted 142 kW) and thus Innisfil Hydro has exceeded the forecasted CDM impact for the street lighting rate class for the 2011-2014 timeframe. On this basis Innisfil Hydro estimates that revenues for the Street Lighting rate class for the years 2015 and 2016 will be reduced by 70%.²
- 2.2 Innisfil Hydro references the Board’s Guidelines for Electricity Distributor Conservation and Demand Management EB-2012-0003 issued April 26, 2012, and the existence of an LRAM variance account to keep distributors whole for the

¹ Innisfil Hydro Argument-in-Chief November 13, 2014, Paragraph 12

² Innisfil Hydro Argument-in-Chief November 13, 2014, Paragraph 2

2011-2014 CDM term. Innisfil Hydro notes that a Conservation First Framework term for 2015-2020 is underway and Innisfil Hydro assumes that there will be updates to the Guidelines for Electricity Distributor Conservation and Demand Management EB-2012-0003. In the meantime, Innisfil is looking for a mechanism to capture scenarios where CDM forecasts do not align with rebasing forecasts and specific rate classes over exceed in CDM benefits.

- 2.3 VECC agrees with Innisfil Hydro that the current CDM Guidelines do not cover 2015 and beyond. The timeframe in the Guidelines indicates that the CDM Code applies to the 4-year period that started on January 1, 2011 and finishes on December 31, 2014 and the CDM Guidelines are applicable to this same timeframe.³
- 2.4 The Guidelines also state “the Board expects that the CDM Guideline document may be updated from time to time as required.”⁴
- 2.5 VECC submits the Board is likely to update the Guideline or provide specific guideline on the LRAM and LRAMVA mechanism for 2015 and beyond, thereby making the need for Innisfil Hydro’s new deferral account redundant.
- 2.6 VECC has reviewed the draft submissions of Energy Probe and supports Energy Probe’s reasoning that if the Board does not approve the continuation of LRAM and the LRAMVA for 2015 and beyond to capture the impact of CDM programs delivered in the 2011-2014 timeframe then it would not be appropriate for the Board to approve an account for Innisfil Hydro, as no other distributor would have a similar account.
- 2.7 In considering the above, VECC submits that the Board should reject Innisfil Hydro’s request for a new deferral account to track any lost revenues from the Street Lighting Rate Class resulting from a LED conversion project.
- 2.8 In the event the Board approves the new deferral account, VECC submits other rate classes could potentially over exceed in CDM benefits and thus the Board should approve the same treatment for all rate classes.

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 20th day of November 2014.

³ Guidelines for Electricity Distributor Conservation and Demand Management EB-2012-0003, Page 1

⁴ Guidelines for Electricity Distributor Conservation and Demand Management EB-2012-0003, Page 1