**Orillia Power Distribution Corporation (Orillia)**

**EB-2016-0321**

**Response to Board Staff Questions**

**Interrogatory #1**

Ref:

D16-12494 Orillia\_APPL\_2017 IRM\_20161114, Revised Application, Page 20 of 26

EB-2009-0273, Settlement Proposal

Question:

Orillia has indicated that its 2010 load forecast was not adjusted to account for CDM impacts.  However, in the Settlement Proposal in EB-2009-0273 (Section 3 Operating Revenue, page 15 of 38), it states “the parties agree to an updated load forecast including the impacts of conservation and demand management”.

Please reconcile these two conflicting statements and provide the reference that supports the statement that Orillia’s 2010 load forecast was not adjusted for CDM impacts.

Reply:

Orillia did not indicate that its 2010 load forecast was not adjusted to account for CDM impacts. In fact, Orillia’s 2010 load forecast was adjusted to account for CDM impacts of 2005-2010 CDM programs. Please note that the Revised Application, Page 20 of 26 states,

*“Orillia Power’s 2010 approved load forecast did not include any CDM on account of IESO 2011-2015 CDM programs. Orillia Power has not submitted a claim for lost revenues from the 2011-2015 CDM programs in any previous rate applications.”*

It is important to note that the LRAMVA balance in Account 1568 included in the Revised Application has been calculated using IESO final verified results for 2011-2015.

Please refer to the Indeco report, OPDC 2011-2015 LRAMVA Report (Appendix E). The introduction (page 1) states,

*“OPDC’s last cost of service and load forecast was for the 2010 rate year (EB-2009-0273) and the load forecast did not account for CDM programs offered from 2011 onwards. This report, and the associated OEB LRAMVA work form, show the variance account balance for the following revenue losses:*

*• Lost revenues in 2011 related to programs offered in 2011,*

*• Lost revenues in 2012 related to programs offered in 2011,*

*• Lost revenues in 2012 related to programs offered in 2012,*

*• Lost revenues in 2013 related to programs offered in 2011,*

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*• Lost revenues in 2015 related to programs offered in 2013.*

*• Lost revenues in 2015 related to programs offered in 2014, and*

*• Lost revenues in 2015 related to programs offered in 2015.”*

Orillia has provided the following references to support the statement that Orillia’s 2010 load forecast was adjusted to account for CDM impacts of 2005-2010 CDM programs.

In the Settlement Proposal in EB-2009-0273, Orillia agreed to modify the 2010 load forecast. Settlement Proposal Section 3, Operating Revenue, page 15 of 38 states,

*“the parties agree to an updated load forecast including the impacts of conservation and demand management”.*

 *“for recent information on the current production capabilities of load displacement (embedded) generation and a slightly more optimistic economic outlook than had been anticipated in the application.”*

The original load forecast in the 2010 cost of service application was adjusted based on observations in the IESO 18-month Outlook which stated:

*"The current recession has significantly reduced electricity demand on the system. Both energy and peak demands are tracking much lower than a year ago. Although the economy is expected to recover in 2010, electricity demand will not due to structural change in the Ontario economy, higher levels of conservation and continuing growth in embedded generation."* - Orillia\_APPL\_20090916.pdf (Exhibit 3, Tab 1, Schedule 3, Page 2 of 21).

Accordingly, Orillia’s original 2010 load forecast includes the impact of CDM programs from 2005-2010. The cost of service application stated,

*“Using the information from the IESO 18-Month Outlook the forecast of weather normal purchases for 2009 and 2010 is simply the 2008 weather normal value reduced by 4.0% in 2009 and further reduced in 2010 by 0.3%.”* - Orillia\_APPL\_20090916.pdf (Exhibit 3, Tab 1, Schedule 3, Page 9 of 21).

*“usage per customer/connection declines in the Residential and General Service Less than 50 kW classes after 2005. It is OPDC’s view, that this decline is at least partially due to the CDM programs initiated in 2005.”* - Orillia\_APPL\_20090916.pdf (Exhibit 3, Tab 1, Schedule 3, Page 13 of 21).

In addition, Orillia responded to a Board staff interrogatory, stating,

*“OPDC local CDM activities for 2006 through 2008 have resulted in annual energy savings of 1.5% of forecasted load based on Ontario Power Authority Conservation Results for OPDC in 2008. It is OPDC's view that a similar level of savings will continue in 2009 and 2010*.” - Orillia Response 091202\_PO1\_EB-2009-0273\_BdStaff\_IRs.pdf (Page 22 of 75).

Further, in response to a VECC interrogatory, Orillia confirmed that 1.5% reflects the cumulative CDM savings over 2006-2008 and, as a result, it was appropriate to assume these savings would result in a 1.5% reduction in usage between 2008 and 2009,

*“OPDC confirms that the 1.5% reflects the cumulative CDM savings over 2006-2008. In the OPDC load forecast model the 2008 weather normal purchased amount which is used as a base to determine the 2010 forecast is 344.8 (GWh). However, the actual 2008 purchased amount is 337.3 (GWh). This is a difference between the 2008 weather normal and actual amount of 2.2%.*

*Since the weather normal amount is determined based on the prediction model that reflects 13 years of historical data in the regression analysis, it is OPDC's view that the actual CDM savings results have not been reflected in the 2008 weather normal amount. This means it is appropriate to make the adjustment of 1.5% to the 2008 weather normal amount for CDM savings to produce the 2010 forecast.”*

Orillia\_IRR\_VECC\_201001114.pdf, Page 11 (Question #34).

Reply Summary:

The Board Decision and Order (EB-2009-0273) is based on a 2010 load forecast adjusted for CDM impacts from CDM programs offered in Orillia from 2005-2010. Accordingly, the last approved load forecast does not include impacts of CDM programs from 2011 onwards. Amounts included in the LRAMVA claim in the Revised Application for rates effective May 1, 2017 are calculated using the results of CDM programs offered between 2011 and 2015.