



Fogler, Rubinoff LLP
Lawyers

77 King Street West
Suite 3000, PO Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
t: 416.864.9700 | f: 416.941.8852
foglers.com

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Reply To: Thomas Brett
Direct Dial: 416.941.8861
E-mail: tbrett@foglers.com
Our File No. 173431

VIA RESS, EMAIL AND COURIER

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attention: Kirsten Walli,
Board Secretary

Dear Ms. Walli:

**Re: Intervenor Status and Cost Eligibility Request on Behalf of the Building Owners
and Managers Association, Greater Toronto (BOMA) for EB-2017-0049:
Hydro One Networks Inc., 2018-2022 Distribution Custom IR Application**

The Building Owners and Managers Association, Greater Toronto (BOMA) seeks intervenor status and cost award eligibility in the above noted proceeding.

BOMA represents over 800 Ontario Property and Facility Owners, Managers, Developers, Leasing Agents, and Commercial Real Estate Professionals. These entities account for 80 per cent of all commercial and industrial real estate companies in Ontario. BOMA's members, on an aggregate basis are large consumers of electricity in Ontario (except for Ottawa). The facilities owned by its members range from Class A office towers in downtown Toronto to Classes B and C commercial space across the province, retail outlets, local branches of national financial institutions, and the like. Commercial facilities collectively account for almost 13% of Hydro One Distribution's load [B1-1-1, Section 1.3, Attachment 1, p8], and are found mainly in its Urban General Service Demand Billed and Urban General Service Energy Billed rate classes. BOMA needs to represent its members in this aspect of regulatory oversight in both transmission and distribution. In addition, Hydro One Distribution's Sub-Transmission facilities, the cost of which are passed through to 29 embedded distributors through Hydro One's Retail Transmission

Service Rates, impact many commercial customers of those embedded distributors, which are BOMA members.

The addition of Woodstock to Hydro One's rates in 2021 will add additional BOMA members. Pockets of urban development and commercial buildings are often found adjacent to the boundaries of major Ontario cities [A-3-1, Attachment 1, p25].

Hydro One's commercial customers were active participants in its stakeholder engagement process, attending all of the seven regional meetings for C&I customers [B1-1-1, Section 1.3, p8].

BOMA members are interested in all the issues listed on the draft Issues List. BOMA also has special concerns with Hydro One Distribution, including:

- Continuously rising electricity rates and bills will increase the cost of building operations and leasing in Ontario. In the short term, price sensitive tenants may to leave Ontario and relocate to other jurisdictions with lower rates.
- Removal of the Ontario Auditor General's oversight of Hydro One given its corporate changes puts a greater onus on the Ontario Energy Board. In its 2015 Report, the Auditor General stated:

"Given that the Office of the Auditor General will no longer have jurisdiction over Hydro One as of December 4, 2015, we have made the following recommendation, requesting that the Ontario Energy Board take the observations we have made in this report into consideration during its regulatory processes: That the Ontario Energy Board, on behalf of electricity ratepayers in Ontario, as part of its regulatory oversight of Hydro One, review this report, the recommendations, and future actions taken by Hydro One to improve the reliability and cost-effectiveness of its transmission and distribution systems."

BOMA is interested in Hydro One Distribution's Executive Report on Action taken on Auditor General's Findings and the Hydro One Internal Audit Report on Auditor General's Findings, both of which are to be filed in this proceeding.

- Members of BOMA who are served by Hydro One Distribution experience some of the worst reliability in Canada making resiliency for business continuity of our members served by Hydro One even more important than in members served by LDCs with better reliability performance.
- While BOMA supports improvements in Hydro One Distribution reliability, there are other options to address the issues resulting from poor reliability performance: an increased number of decentralized CHP systems and other integrated grid solutions such

as storage and geothermal systems provide not only increased grid reliability (through diversified power supply) but also provide additional resiliency to allow for business continuity, including the protection of property and occupants, during weather-related and other types of utility power interruptions. Yet, BOMA understands that its members who are customers of Hydro One Distribution do not have access to these broader options.

- Target customers for Hydro One's CDM programs (and those of other distributors) are mostly Class A buildings, leaving the rest of the members without resources to mitigate prices increases or contribute to Ontario's conservation targets. BOMA would urge the expansion of the program to deal with other commercial buildings.

As noted above, BOMA's membership includes leading Ontario building owners, property and facility managers, developers, corporate facility managers, leasing professionals, as well as service providers that cater to the Commercial Real Estate (CRE) Industry. BOMA's mission is to develop, promote and advance best management practices in the CRE Industry through advocacy, education and networking. As a major stakeholder in Ontario's CRE Industry and as the voice of building owners and managers, BOMA is supportive of the government's effort to reaffirm its policy of "putting Conservation First". However, BOMA members which are not Class A are not well served by CDM programs no matter where in Ontario they exist. Yet these are buildings that need the most help to conserve energy. For the information of the Board, there are three classes of buildings:

- Class A: Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.
- Class B: Buildings competing for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area. Building finishes are fair to good for the area and systems are adequate, but the building does not compete with Class A at the same price.
- Class C: Buildings competing for tenants requiring functional space at rents below the average for the area.

Currently, most CDM programs are used by Class A buildings; buildings whose owners and managers are driven by corporate sustainability objectives and whose knowledge in conservation and energy efficiency are quite advanced with access to resources that could help achieve their objectives. But these buildings constitute only a small fraction of the total CRE building stock in Ontario. The vast majority of Ontario's buildings are classified as Class B and C whose management are resource constrained and lack

motivation; their rate of participation in the conservation programs is estimated to be less than 2 percent. Yet, these customers are seemingly not targeted by the any of the distribution utilities in Ontario, including Hydro One Distribution. There is much to be done to leverage the conservation potential within this sector and give these building owners and managers tools to mitigate rate increases.

- Power quality is becoming a greater issue for all electricity consumers no matter what size they are. BOMA members are also finding power quality an issue as its members and their tenants rely more and more on sensitive electronic equipment. The Auditor General's Report addressed this in its 2015 Report, as follows:

"Power quality issues are not corrected proactively: Major transmission and distribution customers are concerned about the quality of their power, such as having stable voltage levels, but Hydro One addresses power quality issues only if customers complain. Hydro One has received 150 power quality complaints from 90 large industrial transmission customers alone since 2009. To measure fluctuations and assess the frequency and location of power quality events, Hydro One has installed 138 power quality meters across its transmission and distribution systems since 2010. However, Hydro One is not monitoring and analyzing the data from these meters to improve system reliability for its customers unless a customer first calls to complain."

Over the years, BOMA has been active in protecting and advancing the interests of its members on such important policy issues as energy pricing and supply, property taxes, labour requirements, building materials and equipment regulations. BOMA continues to work at all levels of government providing a voice for Commercial Property throughout Ontario. BOMA has an active energy committee, which provides guidance on BOMA's priorities.

BOMA has been a constructive participant in numerous previous electricity rate cases, including the most recent Hydro One Transmission case. As a representative of a large sector of energy consumers in Ontario, the commercial and industrial building owners and operators, BOMA seeks a cost award in this proceeding. BOMA will coordinate its activities, where appropriate, with parties which represent other consumer interests in Ontario. BOMA requests that further communications with respect to this matter be sent to the following parties:

Thomas Brett, Partner	Marion Fraser, President
Fogler, Rubinoff LLP	Fraser & Company
77 King Street West	65 Harbour Square
Suite 3000	Suite 1005
Toronto, Ontario	Toronto, Ontario
M5K 1G8	M5J 2L4
Tel: (416) 941-8861	Tel: (416) 941-9729
tbrett@foglers.com	marion.fraser@rogers.com

BOMA respectfully requests your acceptance of this intervention and confirmation that it will be eligible for costs.

Yours truly,

FOGLER, RUBINOFF LLP



Thomas Brett

TB/dd

cc: Harold Thiessen, OEB (*via email*)
Erin Henderson, HONI (*via email*)
Gordon M. Nettleton, McCarthy Tétrault (*via email*)
George Vegh, McCarthy Tétrault (*via email*)
Marion Fraser, Fraser & Company (*via email*)
Bala Gnanam, BOMA (*via email*)