

**VIA COURIER, EMAIL AND RESS**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319, 27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

October 31, 2018

Dear Ms. Walli:

**RE: Lakefront Utilities Inc. Procedural Order No. 1**  
**Board File No.: EB-2018-0049**

Please find enclosed ECNG Energy L.P.'s ("ECNG") response to the the preliminary question in Procedural Order No. 1:

"Should the OEB consider Lakefront Utilities' request for standby charges in an IRM application?"

ECNG is an electricity retailer with a number of clients who install load displacement generation and our interest is ensuring the reasonableness of any determination with respect to a proposed standby charge.

While ECNG cannot speak to which process would be appropriate for this matter, we would like to provide the following comments for the Ontario Energy Board's (the "OEB") consideration when making this decision.

1. The analysis provided by Lakefront Utilities Inc. ("LUI") assumes that behind the meter generation will run 24/7. LUI's analysis exemplifies only this situation and does not account for the reasonable likelihood of any shutdowns where the customer obtains 100% of their consumption from the grid. This could lead to over recovery by LUI and what would amount to essentially double billing customers during that period. Such a situation would therefore also be far from 'revenue neutral' for LUI. It is unclear how a customer would be billed for any traditional demand charges during a shutdown. This is critical to determine ahead of time to ensure revenue neutrality. The billing methodology for these circumstances is unknown because LUI neglected to consider any scenarios other than running continuously.

2. There needs to be a reasonable review of the standby charge independently of the IRM ideals and methods to account for issues such as properly defining any standby charge. Perhaps, as recommended in the letter dated October 1, 2018 to the OEB by Mark Rubenstein of Shepherd Rubenstein it would be appropriate for the OEB to wait until the outcome of the OEB's consultation on Commercial and Industrial Rate Design (EB-2015-0043) before determining any standby rate methodology. This would provide the OEB with a more fulsome picture and defined policy approach as a background to the decision with respect to the standby charges at issue in this proceeding.
3. Further to point two above and echoing the sentiments of the Mr. Rubenstein's October 1<sup>st</sup> letter regarding the lack of consultation by LUI, ECNG suggests that the determination of any standby charge be part of a process of customer engagement activities. The potential impact of a standby charge could be significant, as outlined above, and as the OEB has stated, robust planning, informed by customer preferences and driven by benefits to customers, with appropriate pacing and prioritization to control costs and manage risk is a key consideration in rate applications.<sup>1</sup>

Sincerely,

A handwritten signature in blue ink, appearing to read "Melissa Loucks", written in a cursive style.

Melissa Loucks, B.I.B, J.D., LL.M.

Legal Counsel

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905-635-3300

cc: Vince Mazzone, OEB Case Manager (via email)  
OEB Counsel, Richard Lanni (via email)  
Applicant (via email)  
Northumberland Hills Hospital (via email)  
Vulnerable Energy Consumers Coalition (via email)

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<sup>1</sup> Ontario Energy Board, Handbook for Utility Rate Applications, October 13, 2016 page 10.