**Greater Sudbury Hydro Inc. – 2019 Rates Application (EB-2018-0034)**

**OEB Staff Follow Up Question**

**February 14, 2019**

**Follow Up Question #1**

**Ref: Response to Question #2 filed on February 10, 2019**

Regarding Greater Sudbury Hydro’s response to question #2, it is not clear why there shouldn’t be a CDM manual adjustment from the 2009 COS that can’t be applied as forecast savings in 2012 for purposes of the LRAMVA.  Based on your response, it appears that 1.46 GWh was the CDM manual adjustment and the 2.618 GWh (amount referenced in the decision) was an approved revision to the CDM manual adjustment. In your responses, it appears that the make-up of the 2009 CDM manual adjustment was inclusive of 2006 and 2007 forecast savings, which would have been best available information at the time of developing the 2009 load forecast. Please confirm if this is correct.

Please also confirm whether the 2009 load forecast had in fact included an amount of 1.426 GWh for CDM that lowered the 2009 load forecast. If this is the case, that CDM adjustment would persist until the next rebasing, in 2013.  Despite the fact that no LRAMVA threshold for 2012 was applied in the disposition of the 2010 and 2011 LRAMVA, a CDM manual adjustment should be applied in this application, as that would be consistent with the [CDM Guidelines](https://www.oeb.ca/oeb/_Documents/EB-2012-0003/CDM_Guidelines_Electricity_Distributor.pdf), which state that the LRAMVA captures the difference between actual verified savings and the level of CDM included in the distributor’s load forecast.

**Response**

The above follow-up questions are confirmed but the “CDM adjustment” made in the 2009 load forecast is not the same type of adjustment that is typically referred to as a “CDM adjustment” today and should not be characterized as an adjustment related to forecast CDM savings.

The CDM adjustment in the 2009 load forecast was made to incorporate CDM activities that were not properly reflected in Greater Sudbury’s forecast methodology. Greater Sudbury’s response to Undertaking J2.10 in EB-2008-0230 explains that the adjustment was made because CDM activities were only present in 2006 to 2008 data so a forecast based on 1998 to 2008 data would not accurately capture the impact of CDM.

The reduced consumption in 2006-2008 from CDM programs would not have been explained within the 2009 load forecast model. The unexplained reduction was not reflected in the regression coefficients used to produce the 2009 forecast. As a result, consumption would be overstated without an adjustment to maintain existing persisting CDM to the test year. Please see the fourth paragraph of J2.10 for more information. Greater Sudbury has subsequently revised its load forecasting methodology.

The 2013 load forecast makes two types of CDM adjustments, a methodology adjustment and a forecast CDM adjustment. First, a forecast is produced excluding the impacts of CDM activities, then it is adjusted by that persisting CDM. This methodology was recommended by VECC in their written submission in EB-2008-0230. The forecast is then further reduced by forecast CDM which forms the basis of the LRAMVA threshold. The 2006/2007 CDM adjustment is more analogous to the methodological CDM adjustment described above because it is made to account for existing persisting savings, not forecast savings. There was no forecast CDM adjustment.

The CDM adjustment described in the decision of EB-2008-0230 was a necessary adjustment within the scope of the load forecasting methodology used in that proceeding. It was not an adjustment made to consider CDM program impacts that had not yet occurred and should not be considered an LRAMVA threshold.