

April 7, 2019

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

EB-2018-0028 – Energy Plus Inc. 2019 Rates – Reply Submissions

We represent the Consumers Council of Canada (“Council”) in the above-referenced proceeding. On March 29, 2019, the Council submitted its Final Argument. The Ontario Energy Board (“OEB”) made a provision for parties to file reply submissions to allow them to address issues raised in the first round of submissions. The Council has a few brief submissions to make in response to the positions advanced by other intervenors.

Monthly Billing:

Energy+ sought and obtained approval of a new deferral account to record the incremental OM&A costs directly attributable to the transition to monthly billing in its EB-2015-0057 IRM application (2016 Rates). In this proceeding Energy+ is seeking to recover \$416,346 of incremental costs for the period up to December 31, 2017, net of any associated benefits, as a result of its transition to monthly billing.¹ The materiality threshold applicable to Energy+ is \$125,000.

In its Final Argument the School Energy Coalition (“SEC”) presented an analysis to demonstrate that Energy+ has understated the benefits associated with the move to monthly billing. In its calculations of the net costs, Energy+ had not taken into account any savings related to working capital that would have resulted from the transition to monthly billing. SEC has estimated that the change in working capital related to the move to monthly billing is approximately 1.26% of the working capital allowance. The result of this analysis is to reduce the recoverable amount from \$416,346 to \$319,235 for 2016 and 2017.² The Council supports this reduction as it would be inappropriate not to take into account the fact that there are working capital savings related to the monthly billing transition.

OEB Cost Assessment:

Energy+ is seeking recovery of \$174,262 related to the balances in the OEB Cost Assessment Account for 2016 and 2017.³ The OEB established this account to capture the variances related to a change in the methodology it uses to allocate OEB costs to the entities it regulates. The fact that the OEB allowed for

¹ Argument-in-Chief, p. 32

² Final Argument of SEC, pp. 7-8

³ AIC, p. 28

the establishment of the account does not mean that all balances are recoverable. As pointed out by SEC, in its Final Argument, when the OEB allowed LDCs to establish these accounts, it explicitly stated that “any disposition of deferral and variance account balances must meet any OEB default or company-specific thresholds.”⁴ Energy+’s materiality threshold is \$250,000.⁵ The Council agrees with the submissions of both SEC and the Vulnerable Energy Consumers Coalition (“VECC”) with respect to this issue. The amounts are not recoverable from customers as they are below the Applicant’s materiality threshold.

Standby Rate:

Energy+ is proposing to implement a new Standby Charge for all GS 5-999kW, GS 1000-4,999kW and Large Use customers that have load displacement generation and that require Energy+ to provide back-up supply. Toyota Motor Manufacturing Canada (“TMMC”) has, through its expert Mr. Pollock provided an alternative to Energy+’s proposal for a Standby Charge. On February 19, 2019, OEB Staff issued a report, *Staff Report to the Board – Rate Design for Commercial and Industrial Electricity Customers Rates to Support and Evolving Energy Sector* (EB-2015-0043). That consultation process is dealing with many rate design issues, including those relevant to Standby Charges. The Council agrees with both VECC and SEC that rather than approving a Standby Rate for Energy+ at this time, it should wait until the consultation process has concluded and the OEB makes a final determination as to how these issues should be dealt with on a generic basis.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: Energy+ Inc., Regulatory Affairs
All Parties

⁴ OEB Letter, Revisions to the OEB Cost Assessment Model, February 9, 2016.

⁵ Ex. 9/p. 30