

GEC Cross Exhibit: SSM Incentive v. LRAM Disincentive

Marginal SSM Incentive for a 50% change in CDM:

From 2007 CDM Report¹: 2007 3rd Tranche MARR budget \$39 million

Highlights: "The CDM program portfolio to date has produced over \$3.40 of societal benefits for every \$1 spent on program costs, as measured through the Total Resource Cost (TRC) test. Net TRC benefits of \$88 million have been produced"

HON Retail CDM impact (cumulative): 2007: 311 GWh, 2008: 437 GWh²

2008 (annual): 437 – 311 = 126 GWh

If same benefit/cost ratio as in 2007, $126/311 \times \$88M = \$35.7M$ net benefit

For a 50% variance, SSM @5% = $50\% \times (5\% \times 35.7) = \mathbf{\$0.89M}$

Marginal LRAM Disincentive for a 50% change in CDM:

Load 40,666 GWh (Exhibit A Tab 14 Schedule 3 Page 4 of 37)

2008 CDM Impact retail customers 126 GWh

CDM impact = $126/40,666 = .31\%$

2008 revenue = \$1.067 billion (Exhibit A, Tab 2, Schedule 2, Page 1)

If revenue varies 1:2 with load:

50% variance in CDM = $50\% \times .31\% \times \$1.067 \text{ billion} \times .5 = \mathbf{\$0.83M}$

¹ http://www.oeb.gov.on.ca/OEB/_Documents/RP-2004-0203/2007_annual_report_hydroonenetworks.pdf

² A-14-3, p. 8