**Algoma Power Inc. (API)**

**Staff Questions**

Please note, Algoma Power Inc. is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the Freedom of Information and Protection of Privacy Act), unless filed in accordance with rule 9A of the OEB’s Rules of Practice and Procedure.

**Question 1**

**Ref: LRAMVA Workform, Tab 1, LRAMVA Summary, Table 1(c)**

The 2021 CDM Guidelines (section 8) require distributors filing an application for 2023 rates to seek disposition of all outstanding LRAMVA balances related to previously established thresholds, including approval of LRAM-eligible amounts in future years (arising from persisting savings) until a distributor’s next rebasing application, unless a distributor does not have complete information on eligible savings.

1. Please confirm that API will not be seeking to dispose of any balance in the LRAMVA due to LRAM-eligible CDM activities funded by the IESO through the Conservation First Framework or Interim Framework in a future year’s application.
   1. If not confirmed, please explain why a request for disposition was not submitted as part of this application.
   2. If confirmed, please also confirm that API has verified that, relative to the LRAMVA threshold (if any) established in API’s most recent rebasing application, the balance in the LRAMVA, and any prospective LRAM-eligible amounts until the next rebasing, are either zero or a debit (i.e., not a credit that would need to be refunded to customers).

**Response:**

1. API confirms it will not be seeking to dispose in a future year of any balance in the LRAMVA due to CFF or Interim Framework programs, following the updated disposition outlined with these responses.
   1. N/A
   2. Please see the updated LRAMVA amount included with Attachment A. API confirms that the most recent an applicable LRAMVA baselines have been used in the calculations (being the 2015 and 2020 baselines). Please refer to the response to Question 7 for an outline of the updates made to the LRAMVA disposition request.

**Question 2**

**Ref: LRAMVA Workform, Tab 2, LRAMVA Threshold, Table 2(c)**

Please discuss why the LRAMVA threshold established in 2015 has not been carried forward through to 2027. Please update, consistent with your response to Question 1 above regarding disposition of future amounts in 2022 to 2027.

**Response:**

API has determined that both the 2015 and 2020 LRAMVA thresholds apply during the period eligible for disposition. Please see the summary of the LRAMVA threshold applicability in the table below:



As API’s next scheduled rebasing is for January 1, 2025 rates, API has only included the years 2018-2024 in the model. These updates have been made in the LRAMVA model submitted as Attachment A.

**Question 3**

**Ref: LRAMVA Workform, Tab 5, Tables 5(d)-5(e), Persisting Savings**

Persisting savings from program implementation years are expected to be input up to and including the year that the distributor is requesting approval of the LRAMVA balance.

1. Please explain why persisting savings have not been included for the following program years:

* 2018-2020 programs savings persisting into 2021 to 2027
* 2021 programs savings persisting into 2022 to 2027

1. Please update the workform to include persisting savings from 2018 to 2021 programs consistent with the response to Question 1 above.

**Response:**

1. As per the response to Question 1, an update has been made to include the persistent savings for 2018 – 2021 programs have been included in the LRAM Workform for the years 2018 – 2024(as applicable). The persistence was previously excluded in error.
2. Please see the updates as requested in Attachment A. per response to question #1, LRAMVA thresholds and persistence have only been included up to 2024(inclusive), representing the years before API’s next scheduled Cost of Service rebasing, at which point the current threshold would be replaced and a new load forecast would be in place (ie: 2025-2027 have not been populated in the model).

**Question 4**

**Ref: LRAMVA Workform, Tab 5, Cell AF782**

The OEB released LRAMVA workform version updates on June 3, 2022 (Version 1.1) and June 9, 2022 (Version 1.2). The formulae in Version 1.0 which has been used by API referenced savings one year later than intended.

1. Please update cell AF782 in Tab 5 with the corrected formulae below to capture the correct 2018 seasonal energy savings persisting in 2020
   * =SUMPRODUCT(F$608:F$763,AF608:AF763)

**Response:**

Cell AF782 in Tab 5 now has the corrected formulae in the revised LRAM Workform submitted as Attachment A.

API has also updated the formulae in cells AF781-AF786 to refer to the correct persistence years.

API has made a similar update to the formula in cell AH977.

**Question 5**

**Ref: LRAMVA Workform, Tab 5, Cells 1632, 1659, 1686, AE:AR**

The OEB released LRAMVA workform version updates on June 3, 2022 (Version 1.1) and June 9, 2022 (Version 1.2). The formulae in Version 1.0 which has been used by API referenced the incorrect year for forecast savings in 2025, 2026, and 2027.

1. Please update the following cells using the correct formula below
   * Row 1632, columns AE:AS:

=HLOOKUP(AE1628,'2. LRAMVA Threshold'!$B$42:$Q$60,17,FALSE)

* Row 1659, columns AE:AS:

=HLOOKUP(AE1655,'2. LRAMVA Threshold'!$B$42:$Q$60,18,FALSE)

* Row 1686, columns AE:AS:

=HLOOKUP(AE1682,'2. LRAMVA Threshold'!$B$42:$Q$60,19,FALSE)

**Response:**

The updates to the formulae in Tab 5, cells 1632, 1659, 1686, AE:AR have been made in the revised LRAM Workform submitted as Attachment A. API notes there are no forecast savings in 2025-2027 as a result of the expected rebasing in 2025.

**Question 6**

**Ref: LRAMVA Workform, Tab 5, Table 5-g 2021 Lost Revenues, Row 1271**

1. Please provide more details related to the Save on Energy Retrofit Program completed in 2021 that resulted in 9,009,009 kWh of energy savings. In your response, please discuss the following:

* If the demand savings of 994.3 kW shown in attachment “API LRAM Project Submitted” were associated with this project (Project 159884)
* Why API did not input the demand savings (kW) from this project in cell R1271 as it appears this project impacted the Rate R2 class that is demand billed (kW)

**Response:**

Reference: LRAM Workform, Tab 5, Table 5-g 2021 Lost Revenues, Cell D1271

The Save on Energy Retrofit Program project that resulted in the gross energy savings of 9,009,099 kWh and 994.3 kW of demand savings has been accounted for in the net energy and demand savings claim for the program year 2020 persisting to 2024. The single energy savings value of 9,009,099 kWh has been removed from LRAMVA template Tab 5 2015 – 2027 LRAM, cell D1271 included in Attachment A.

**Question 7**

Please make any necessary updates to the LRAMVA workform in response to these questions and provide an updated LRAMVA workform with your responses.

**Response:**

Changes made in Tab 5 2015 – 2027 LRAM have been highlighted in yellow. Please see Attachment A for the updated model. API has made the following changes:

|  |  |  |
| --- | --- | --- |
| **Tab** | **Cell(s)** | **Explanation** |
| 5.2017-2027 LRAM | Var. | Extend persistence of 2018-2020 program kW and kWh savings into 2024 |
| 5.2017-2027 LRAM | Col. C | Change Persisting savings for 2018-2020 programs to “Yes” until 2024. |
| 2. LRAMVA Threshold | C51-G57  C15-G16 | Updates required to add 2020 threshold to the applicable claim years up to 2024 |
| 3. Distribution rates | M18-P18 | Updated the volumetric rate to be the average of the R1(i) and R1(ii) rates. This is consistent with the approach taken in the LRAMVA claims for 2016/2017 included with the 2020 COS, and addresses the issue that savings for customers in both sub-classes would be included with the kWh savings allocate to R1. |
| 5.2015-2027 LRAM | D694 | Corrected a transposition error for the 2018 SOE Small Business Lighting Program results for 2018 in 2018 ( persistence to future years was correct) |
| 5.2015-2027 LRAM | Rows 1076 and 1077 | Enter SOE Retrofit Program results in 2020 to reflect in-service timing of 2020 project: 4.9GWh and 832kW\*8 months, then 7.4GWh an 832kW \*12 months for 2021 and beyond. Note these are not “adjustments” to 2020 programs, but changes to reflect the timing of the project in 2020.  API notes the project allocation is >100% among rate classes. 100% of **kW** are attributable to R2 class, however 0.2% of **kWh** are attributable to R1. |
| 5.2015-2027 LRAM | D703-J703 | Corrected a transposition error for the Instant Savings Local Program in 2018 and persisting to 2024. |
| 5.2015-2027 LRAM | D881-I881 | Added SOE Energy Retrofit Program results from P&C report which were inadvertently excluded in 2019 and persisting to 2024. |
| 5.2015-2027 LRAM | R692-X692 | Added kW savings from 2018 SOE Retrofit, which were previously inadvertently excluded.  kW savings were obtained from the IESO and were adjusted by the same NTG ratio applicable to the kWh for the same program/year.  Note: kW savings were added in row 692 which is the “adjustments” row. This is to enable the correct allocation of kWh vs. kW among the rate classes. |
| 5.2017-2027 LRAM | AE-AH691 and AE-AH692 | Updated allocation factors per class for 2018 SOE Retrofit kWh (row 691) and kW (row 692) based on program results by rate class\*.  Previous version had less than 100% allocation among rate classes.  API obtained detailed program data by application from the IESO and was able to allocate kWh and kW among the classes. The Allocators applicable to kWh vs. kW were different, so results were allocated separately in rows 691 and 692. |
| 5.2017-2027 LRAM | Cols. AE-AH | (formula changes outlined in Questions 4 and 5 above) |
| 6. Carrying Chares | C62 | Updated Q4 2022 Interest rate to 3.87% per:  [Prescribed interest rates | Ontario Energy Board (oeb.ca)](https://www.oeb.ca/regulatory-rules-and-documents/rules-codes-and-requirements/prescribed-interest-rates) |

The changes outlined above result in the following updated claim for the 2018-2020 Programs and their persistence in 2018 to 2022. These changes have been made in Tab 3- Continuity Schedule in the Rate Generator.



In addition the following LRAM has been calculated on a prospective basis for 2023 and 2024 persistence from the same 2018-2020 programs. API understands that no carrying charges apply to the prospective amounts.



API notes the following rate riders have been added in Tab 18 of the Rate Generator, to represent the LRAMVA associated with Lost Revenues in 2023. The current calculations represent placeholder numbers (2022 rates), as the distribution rates for 2023 have not yet been finalized. The rate riders will need to be updated upon finalization of the volumetric distribution rates for each class.



**Question 8**

In Appendix A, OEB staff has provided an updated RRRP adjustment factor of 3.18%. Please review and confirm that API agrees with the analysis.

**Response:**

API has reviewed the RRRP provided by OEB Staff, and identified a limited number of anomalies to be investigated in conjunction with OEB staff. API does not expect the anomalies to result in a material impact to the RRRP adjustment.

**Question 9**

With respect to accounts 1588 and 1589 for the year 2021, the variances exceed the OEB’s threshold of 1% such that API.

As per discussion with OEB staff, please confirm that API will withdraw its disposition of its 1588 and 1589 balances until it concludes its investigation of the drivers of the variances.

**Response:**

API confirms, it withdraws its request to dispose of the 1588 and 1589 balances until it concludes its investigation of the drivers of the variances. To be clear, the remaining Group 1 disposition as well as the LRAMVA disposition are still being requested. API has made offsetting entries for the total eligible claims in 1588 and 1589 in column BR (intended from Projected interest from Jan 1 2023-Apr 30 2023) of Tab 3- Continuity Schedule, in order to remove the balances from the total disposition amount.