

August 18, 2008

**BY COURIER (7 COPIES) AND EMAIL**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
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Toronto, Ontario M4P 1E4  
Fax: (416) 440-7656  
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Dear Ms. Walli:

**Re: Pollution Probe – Written Submissions  
EB-2007-0681 – Hydro One – 2008 Rates**

Please find enclosed Pollution Probe's written submissions for this matter.

Yours truly,



Basil Alexander

BA/ba

cc: Applicant, Intervenor, and Board Staff per Procedural Order No. 1

**EB-2007-0681**

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, Schedule B;

**AND IN THE MATTER OF** an application by Hydro One  
Networks Inc. for an order approving or fixing just and  
reasonable rates and other charges for the distribution of  
electricity (the "Hydro One 2008 Rates Application").

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**WRITTEN SUBMISSIONS**

**on behalf of POLLUTION PROBE**

**August 18, 2008**

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**Counsel for Pollution Probe**

## **Overview**

Pollution Probe's written submissions for this matter is limited to two issues:

- Conservation and Demand Management; and
- Costs.

Pollution Probe provides detailed submissions on these issues below.

## **Conservation and Demand Management**

Pollution Probe submits that the Board should encourage Hydro One to spend significantly more than \$25 million per year on cost-effective CDM programmes in 2008, 2009, and 2010 regardless of final funding source (e.g. OPA or rates). Pollution Probe further submits that this encouragement should be a specific requirement for 2008, and Hydro One should be provided with a deferral account in the event that Hydro One is unable to obtain full funding from the OPA.

Table 1 provides a break-out of Hydro One's conservation and demand management ("CDM") budgets and electricity savings for the years 2005 to 2008. The 2008 figures reflect the Ontario Power Authority ("OPA") approved budget and electricity saving targets for Hydro One as of July 17, 2008.

Table 1: Hydro One's Conservation and Demand Management Budgets and Electricity Savings

Year	Budget	KW Savings	kWh Savings
2005	\$4,006,000	681	8,169,013
2006	\$16,432,000	9,948	90,949,234
2007	\$25,319,879	53,142	172,759,303
2008	\$13,190,000	19,250	60,208,200

Reference: Ex. K4.9, and Ex. J4.2, Attachment

It appears from this data that Hydro One's 2008 CDM budget is currently 48% *lower* than Hydro One's 2007 budget. Furthermore, according to Hydro One, it was still seeking approval from the OPA as of July 17, 2008 for an additional \$18,550,000 of CDM funding for the three-year period of 2008 to 2010.<sup>1</sup>

Based on this information, Pollution Probe is dismayed and discouraged that 2008 CDM does not appear to be a priority for the OPA. It unfortunately appears that 2008 CDM has "slipped through the cracks" of the OPA, and Pollution Probe provides below some reasons to support this view.

First, the OPA has so far failed to approve a significant increase in Hydro One's CDM budget for 2008 (relative to Hydro One's 2007 CDM budget). Pollution Probe submits

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<sup>1</sup> Ex. J4.2 Attachment

that CDM budgets should be *increasing* annually given the significant impacts of cost-effective CDM. In short, regardless of their final funding source, CDM budgets should not be allowed to decrease.

Second, it appears to Pollution Probe that OPA approvals are not being completed in a timely manner. For example, approvals for the 2008 CDM budget should have been completed at least before January 1, 2008 to allow LDCs and the Board to consider whether additional funding through rates is required. Furthermore, timely approvals allow LDCs to better plan and implement CDM programmes over the course of the *entire* year (unlike the current situation where it is now already August).

Pollution Probe is ultimately concerned that the CDM programmes of Ontario's largest LDC continue to be improved in a cost-effective manner rather than negatively impacted. Pollution Probe submits that the Board should take steps to ensure this outcome in light of the above and regardless of the final funding source for these CDM programmes.

Pollution Probe thus submits that the Board should encourage Hydro One to spend significantly more than \$25 million per year on cost-effective CDM programmes in 2008, 2009, and 2010 and to seek OPA funding for these programmes. This encouragement should also be a specific requirement for 2008. Furthermore, similar to the Board's recent Toronto Hydro rates decision, Pollution Probe submits that the Board should determine that if Hydro One is not successful in obtaining full funding from the OPA, then Hydro One "is authorized to employ a deferral account to record the costs not included in rates for future review by the Board."<sup>2</sup>

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<sup>2</sup> EB-2007-0680, *Decision* dated May 15, 2008 (Toronto Hydro 2008-2010 Rate Application) at p. 60.

## Costs

Pollution Probe respectfully requests that it be awarded 100% of its reasonably incurred costs of participating in this proceeding. Pollution Probe submits that its participation was responsible and assisted the Board in its consideration of the issues. In addition, Pollution Probe is a registered charity that has no pecuniary interest in the outcome of this proceeding, and its membership includes thousands of electricity consumers.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

August 18, 2008

  
per: Murray Klippenstein, Counsel for Pollution Probe

  
Basil Alexander, Counsel for Pollution Probe

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