

EB-2007-0791

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EB-2007-0791

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** sections 25.20 and 25.21 of the  
*Electricity Act, 1998;*

**AND IN THE MATTER OF** a Submission by the Ontario  
Power Authority to the Ontario Energy Board for the review  
of its proposed expenditure and revenue requirements and  
the fees which it proposes to charge for the year 2008.

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**SUBMISSIONS OF  
THE ONTARIO POWER AUTHORITY**

**APRIL 24, 2008**

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AIRD & BERLIS LLP  
Brookfield Place, Suite 1800  
181 Bay Street  
Toronto, Ontario  
M5J 2T9

Fred D. Cass  
Tel: 416-865-7742  
Fax: 416-863-1515

Counsel for the Ontario Power Authority

EB-2007-0791

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### **SUBMISSIONS OF THE ONTARIO POWER AUTHORITY**

On November 2, 2007, the Ontario Power Authority (OPA) filed a Submission for Review seeking approval by the Ontario Energy Board (the Board) of the OPA's proposed revenue requirement, capital expenditures and fees for 2008. The Submission for Review was amended on February 11, 2008.

The hearing of the Submission for Review commenced on April 14, 2008. Following the completion of the evidence, the OPA received three written arguments; these arguments were filed by the Vulnerable Energy Consumers Coalition (VECC), Energy Probe Research Foundation (Energy Probe) and jointly by the Green Energy Coalition, the Pembina Foundation and the Ontario Sustainable Energy Association (which, for convenience, will be referred to collectively in the following submissions as GEC).

The OPA will respond to the arguments made by VECC, Energy Probe and GEC under the headings that follow below.

#### **Conditions of Approval**

The OPA's 2008 Submission for Review was filed pursuant to subsection 25.21(1) of the *Electricity Act, 1998*, which states that the OPA shall submit to the Board

“its proposed expenditure and revenue requirements for the fiscal year and the fees it proposes to charge during the fiscal year”.<sup>1</sup>

The striking feature of this case is that, although a number of issues went to hearing, no party has contended for a change to the OPA’s proposed 2008 expenditures, no party has contended for a change to the OPA’s proposed 2008 revenue requirement and no party has contended for a change to the OPA’s proposed 2008 fees. Rather than advancing reasons for any change to the expenditures, revenue requirement or fees, the arguments by GEC and VECC offer opinions or suggestions about how the OPA should go about fulfilling its mandate.

In the case of GEC, certain of these opinions or suggestions are framed as submissions that the Board should attach conditions to its approval of the Submission for Review in order to require the OPA to follow the approach favoured by GEC.<sup>2</sup> In other instances, GEC does not specifically propose conditions of approval, but submits that the Board should “direct” or “require” the OPA to act in a certain manner.<sup>3</sup> Effectively, given the evident intention that the OPA be directed or required to act in a certain way in order to secure approval of the Submission for Review, all of GEC’s proposals operate in the same manner as conditions of approval.

Similarly, VECC makes submissions about steps that the OPA should follow,<sup>4</sup> or should be required to follow,<sup>5</sup> in the fulfillment of its mandate. These submissions are not explicitly framed as proposed conditions of approval, but they are only meaningful in the context of the Revenue Requirement Submission if they operate in the same manner as conditions, that is, if the OPA is required to follow these steps in order to secure approval of the Submission for Review.

While there is no doubt that the Board is empowered to refer a Revenue Requirement Submission back to the OPA “with the Board’s recommendations”,<sup>6</sup> the OPA submits that GEC and VECC are inviting the Board to misuse this power. The Board’s jurisdiction is limited to recommendations that arise from matters within the scope of its review (namely, in this case, the OPA’s 2008 expenditures,

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<sup>1</sup> S.O. 1998, c. 15, Sch. A, ss. 25.21(1).

<sup>2</sup> GEC Argument, pages 5 and 8.

<sup>3</sup> GEC Argument, pages 3, 6 and 7.

<sup>4</sup> VECC Argument, page 13, third paragraph.

<sup>5</sup> VECC Argument, page 13, second paragraph.

<sup>6</sup> *Electricity Act, 1998*, ss. 25.21(2).



revenue requirement and fees). The jurisdiction to make recommendations would appropriately come into play in the event of a legitimate issue about 2008 expenditures, revenue requirement or fees and a proposed recommendation to address the issue. In this case, however, no party challenges the 2008 expenditures, revenue requirement or fees. Given that the proposed conditions are not put forward for the purpose of addressing a challenge to the expenditures, revenue requirement or fees, the OPA submits that the Board has no jurisdiction to impose any of the proposed conditions.

The proposed conditions are put forward because parties seek to have the Board impose upon the OPA their opinions about how the OPA should go about fulfilling its mandate. The proponents of the conditions do not start with a legitimate concern about the 2008 expenditures, revenue requirement or fees and then move forward to a proposed condition that will address the concern. These parties, at least to some extent, attempt to work backwards, in that they start with opinions about how the OPA should go about its business and then attempt to turn these opinions into questions about the 2008 operating budget (even going so far as to imply that perhaps the 2008 operating budget should be increased<sup>7</sup>). However, attempts to elicit evidence to support this approach did not succeed<sup>8</sup> and, as discussed elsewhere in these submissions, the proposed conditions relate to matters that fall outside the scope of the Board's review of a Revenue Requirement Submission.

### **Proportionality**

One of VECC's submissions is that the OPA "should embrace, at least in principle" an allocation of an appropriate percentage of residential conservation spending to programs targeting low income customers.<sup>9</sup>

The OPA submits that proportional conservation spending is not a concept that can be applied to its activities. The Minister of Energy has issued numerous directives to the OPA and the OPA is required to manage its resources to meet all of the directives in full. It must have the flexibility to allocate and reallocate resources to ensure that all of the directives will be fulfilled. The concept of proportional spending is not contemplated in any of the directives. In particular, the directive issued by the Minister of Energy for the preparation of the Integrated Power

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<sup>7</sup> 1Tr.29, 45, 49-50, 52.

<sup>8</sup> Counsel for GEC said to the witnesses: "you haven't taken the bait" (1Tr.52).

<sup>9</sup> VECC Argument, page 13.

System Plan (IPSP)<sup>10</sup> does not state, or even imply, that conservation should be governed by a proportional spending requirement. Further, the legislation provides for the Board to review the IPSP on the basis of economic prudence and cost effectiveness,<sup>11</sup> but a requirement of proportionality could well lead to choices that are not in compliance with the economic prudence and cost effectiveness standard.

If applied to the OPA, a proportionality requirement would deprive the OPA of the flexibility that is necessary for the fulfillment of its mandate. This was addressed during the hearing in the following evidence given by Mr. Farmer:

I reject proportional budgeting and spending. I believe it limits the ability of any organization to deliver its mandate, and we have a mandate captured within directives and over the next number of IPSP cycles laid out in the IPSP. And to go to proportional spending can actually limit your ability to get to or exceed those targets in the long run.<sup>12</sup>

Later, Mr. Farmer elaborated further on this point, as follows:

I will go back to our mandate as driven by directives. And we need the flexibility to plan our programs and adjust accordingly, and programs that are not contributing to the achievement of the directive should not be held in by virtue of some proportional spending mandate.<sup>13</sup>

The OPA submits that focusing on proportionality takes away from the real benefit of its conservation programs, which is to bring about savings for all customers through demand reduction and energy savings. As stated by Mr. Farmer:

And so to me the key is to pick the programs that will generate the greatest benefit to the ratepayer as a whole, rather than allocating programs to ratepayers based on

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<sup>10</sup> Exhibit A-8-2, page 37.

<sup>11</sup> *Electricity Act, 1998*, ss. 25.30(4).

<sup>12</sup> 1Tr.85.

<sup>13</sup> 1Tr.86-87.

some idea of cost, which may limit your ability to generate savings.<sup>14</sup>

Furthermore, even if a concept of proportionality could be rationally applied to the conservation activities of the OPA, this would have to be addressed through the government directives that set the parameters of the programs, rather than through the Revenue Requirement Submission. As has been discussed previously in this case, the “fees” that are the subject of the OPA’s Submission for Review are based on an operating budget, while the program costs fall into the category of “charges” that are not part of the Submission for Review.<sup>15</sup> It would be inappropriate and potentially counter-productive to require proportional spending within the operating budget for the delivery of conservation programs when the parameters set by the government for the programs do not contemplate any proportionality of the program costs. As stated by Mr. Farmer:

Again, proportionality has even less relevance to fees because fees are linked to the work at hand. And if the programs two years from now are working well and the analysis done in 2009 says that there isn’t another program approach for, for example, low-income customers, then you would not be serving anybody by allocating fees to it just because you have been told to.<sup>16</sup>

### **Conservation Programs for Low Income Customers**

VECC submits that the OPA should be required to develop targets and timeframes for the delivery of conservation programs targeted towards low income customers as soon as practicable and report on progress in this regard in the next Revenue Requirement Submission.<sup>17</sup>

The OPA has demonstrated a strong commitment to delivery of conservation programs for the low income sector of the market. Building on the learning and experience from earlier pilot programs<sup>18</sup> (Affordable Housing – new social housing units; Social Housing Service Corp Pilot – retrofit of existing social housing units;

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<sup>14</sup> 1Tr.78

<sup>15</sup> *Electricity Act, 1998*, ss. 25.20(4).

<sup>16</sup> 1Tr.90.

<sup>17</sup> VECC Argument, page 13.

<sup>18</sup> Exhibit I-8-4, page 1; 1Tr. 74.

and Energy Efficiency for Houses Pilot – retrofit of low income single family units), the OPA is proceeding in 2008 with a number of programs that reach the low income sector. Specifically, these are the Single Family Low Income Program,<sup>19</sup> the Multi-Family Buildings Program, which has a dedicated Social Housing Stream,<sup>20</sup> and the Commercial New Buildings program, which can be leveraged for new social housing construction.

VECC observes that the “Directive applicable to low-income consumers” does not provide an annual target or a timeline and then asserts, in essence, that the Board should add targets and timelines to the requirements of the directive, because a review by the Board of the OPA’s progress would otherwise be an “empty exercise”.<sup>21</sup> With the greatest of respect to VECC, the OPA submits that re-writing the Minister’s directives to the OPA is precisely what the Board should *not* attempt to do in its consideration of a Revenue Requirement Submission.

The very essence of the Board’s review of an OPA Revenue Requirement Submission, it is submitted, is a consideration of whether the OPA has proposed appropriate expenditures, revenue requirement and fees to enable it to fulfill its mandate during the time period that is the subject of the Submission. The Board’s review of a Revenue Requirement Submission does not involve re-writing or adding to the OPA’s mandate for the time period in question, any more than it involves creating the OPA’s mandate. If the Minister, for his or her own reasons, sees fit to issue a directive to the OPA without a specific timeline, it would be quite wrong to presume that the Minister made a mistake that must be corrected by the addition of a timeline and annual targets to the requirements of the directive. Indeed, in the case of the directive of interest to VECC, the evidence is that there is a reason for the lack of a timeline; there is no timeline because it is not known how soon it is feasible to expect the overall target to be met.<sup>22</sup>

VECC’s concern, apparently, is that, without a timeframe, the overall target in a directive becomes meaningless.<sup>23</sup> Again, this is entirely a matter for the Minister. It is the Minister’s decision whether or not to include a timeframe in a directive at the outset and, should the Minister ever think that the lack of a timeframe in a particular directive is affecting timely achievement of the directive’s goals, the

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<sup>19</sup> Exhibit I-8-4.

<sup>20</sup> 1Tr.71-72.

<sup>21</sup> VECC Argument, page 9.

<sup>22</sup> 1Tr.69.

<sup>23</sup> 1Tr.69.



Minister no doubt has full power to address this situation (for example, by means of a further directive). While VECC says that the lack of a timeline makes the Board's review of "progress" an empty exercise, the Minister obviously did not intend that the Board, in the context of a Revenue Requirement Submission, would conduct any review of the OPA's progress under directives against a standard that the Minister did not see fit to establish.

### Avoided Costs

GEC submits that the Board should require, as a condition of approval, that the OPA use "the OEB avoided costs" pending the IPSP review and that these be supplemented with analysis of added costs in transmission constrained zones and with added value for avoidance of peak distribution losses.<sup>24</sup>

The OPA has utilized avoided costs as filed in the IPSP proceeding because this is the best information available to it at the present time and also the latest information.<sup>25</sup> In its argument, GEC criticizes the use of avoided costs from the IPSP, but overlooks the answer given by Mr. Farmer when GEC put to him the proposition that lower avoided costs could mean reduced conservation activity. Specifically, the exchange between counsel for GEC and Mr. Farmer was as follows:

MR POCH: All right. So lower avoided costs can result in fewer CDM measures installed both in prescriptive and custom programs, either in the program design phase or at the program delivery stage.

MR. FARMER: I believe the word to stress is "could". To this point, I am not aware of any situation where it has.<sup>26</sup>

The OPA has committed to pursuing as much conservation as possible within the context of the mandate that has been given to it.<sup>27</sup> In order to achieve as much conservation as is possible within the context of its mandate, and to explore the

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<sup>24</sup> GEC Argument, page 5.

<sup>25</sup> 1Tr.28.

<sup>26</sup> 1Tr.26. See also 1Tr.29, where Mr. Farmer said that shifting to a different set of avoided costs would not alter the number of programs that the OPA is bringing to market.

<sup>27</sup> 1Tr.13.



bounds of cost-effective conservation, the OPA has developed a comprehensive portfolio of programs. The portfolio of 26 programs that will be active in the market by the end of 2008 is one that serves all customers and serves all "conservation types";<sup>28</sup> there are really no unserved market segments and the programs are relatively complete.<sup>29</sup> The targets expressed in the Minister's directives are not considered to be caps<sup>30</sup> and if the OPA can exceed the targets, it will do so:<sup>31</sup> the programs set up by the OPA can produce results to the extent that the market is capable of delivering them.<sup>32</sup> While the OPA has been diligently "ramping up" these programs, there are practical limits to the speed at which conservation potential can be realized. This was discussed in the following evidence given by Mr. Farmer:

...whether it is in a local reliability area or in the province as a whole, we're still developing our understanding of what the most cost-effective conservation is, and in working under the directives we have received from the government, we have stretched the bounds of conservation delivery extensively, and we are taking it up to 26 programs, which is a very, very [full] suite.<sup>33</sup>

...[We] have been ramping up conservation activities considerably, so we are taking it from, I believe, 19 programs up to 26 programs in 2008.

And so I believe the record is that we are testing what is possible, but there is a limit to how fast we can ramp this up, strictly based on the capability not only of the market to absorb this level of spending and activity, but also on the ability to get resources to manage this level of activity.<sup>34</sup>

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<sup>28</sup> 1Tr.36.

<sup>29</sup> 1Tr.52

<sup>30</sup> 1Tr.31.

<sup>31</sup> 1Tr.32. At 1Tr.36-37, Mr. Farmer gave a detailed answer which explained that the OPA's 2008 "fees budget" is not limiting the achievement of conservation.

<sup>32</sup> 1Tr.41.

<sup>33</sup> 1Tr.22.

<sup>34</sup> 1Tr.33.

Thus, the OPA is actively testing the boundaries of how much cost-effective conservation can be achieved within the context of its mandate and within the practical limitations affecting the rate at which programs can be ramped up. In the course of its work, the OPA uses the latest and best set of avoided costs available for its purposes, but, in any event, the choice of avoided costs has not resulted in any fewer conservation programs (prescriptive or custom) either in the program design phase or the program delivery stage. In these circumstances, the OPA submits that there is no basis for a requirement that the OPA utilize a set of avoided costs that is something other than the latest and best information available to the OPA. Finally on this point, it must be noted that GEC has provided no explanation of how such a requirement would have any implications for the OPA's 2008 expenditures, revenue requirement or fees.

### **Local Area Supply Initiatives**

GEC submits that the Board should direct the OPA to prioritize the development and execution of plans to implement all economic conservation in transmission constrained areas.<sup>35</sup> This is yet another instance where GEC seeks to have the Board impose GEC's opinion about how the OPA should go about fulfilling its statutory mandate, even though no issue has been raised about the OPA's 2008 expenditures, revenue requirement or fees.

The evidence indicates that the OPA is running its full suite of conservation programs in the areas that are transmission constrained.<sup>36</sup> The OPA's expectation is that this comprehensive portfolio of provincial programs (referred to above) will deliver the desired objectives in the constrained areas.<sup>37</sup> With 26 programs running provincially that are eligible to be taken up in the local areas, all of the market is, in essence, covered.<sup>38</sup> Nevertheless, the OPA is currently assessing the success of its programs to determine whether there is a need for additional effort or an altered effort.<sup>39</sup> Among the options considered by the OPA are the following: 1) establishing in partnership with the delivery agent (an electricity LDC) a higher program target; 2) inviting LDCs to propose custom programs and giving preference in program consideration to local reliability issues; and 3) increasing the

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<sup>35</sup> GEC Argument, page 3.

<sup>36</sup> 1Tr.14.

<sup>37</sup> 1Tr.16.

<sup>38</sup> 1Tr.118.

<sup>39</sup> 1Tr.16.

marketing or incentive level offered through regular programs.<sup>40</sup> It is not certain that any of these options would bring conservation to a higher level.<sup>41</sup> The point, though, is that the OPA is running a comprehensive suite of programs that is expected to deliver the desired results, while at the same time assessing the extent to which any additional effort might be productive. Even if this area of enquiry was within the proper scope of the Board's review of a Revenue Requirement Submission, there would be no need for the Board to provide directions or attach conditions in order to give effect to GEC's view of how the OPA should go about its business.

### **Energy Savings**

GEC submits that the Board should require the OPA to aggressively pursue energy (MWh) savings in addition to peak (MW) savings.<sup>42</sup> In effect, GEC is asking the Board to alter the directions that have been given to the OPA by the Minister of Energy. The OPA submits that any such relief is far beyond the proper scope of this proceeding.

With only limited exceptions, the directives issued by the Minister of Energy to the OPA have established conservation targets by reference to MW rather than MWh.<sup>43</sup> These directives include the following:

Low Income and Social Housing October 6, 2005	Up to 100 MW
Appliance Change-out and Efficient Lighting October 20, 2005	Up to 100 MW
Toronto Reliability Supply and Conservation February 10, 2006	Up to 300 MW
Commercial Buildings and MUSH Sector March 10, 2006	Up to 150 MW

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<sup>40</sup> 1Tr.118-119.

<sup>41</sup> 1Tr.118-119.

<sup>42</sup> GEC Argument, page 6.

<sup>43</sup> Exhibits A-8-1 and A-8-2.

Residential Sector  
March 10, 2006

Up to 150 MW

Integrated Power System Plan  
June 13, 2006

6,300 MW by 2025  
(made up of:  
1,350 MW by 2007  
1,350 MW by 2010  
3,600 MW by 2025).

As Mr. Farmer explained during his testimony, there is a tension between the targets as they are expressed and the assumption of getting all of the cost-effective conservation that can be achieved.<sup>44</sup> In the short term, the OPA must be guided by the requirement to meet the MW targets set out in the IPSP directive. Given the magnitude of the short term MW targets, the OPA treats energy savings as secondary to the achievement of the MW targets.<sup>45</sup> Thus, the OPA designs conservation programs primarily to deliver capacity reductions in line with the needs of the IPSP. Secondly, the programs may also achieve energy savings or increase conservation awareness and often the programs serve to meet more than one of these goals.<sup>46</sup> For example, programs like "Every Kilowatt Counts" and "Cool Savings" contribute to winter energy savings and winter peak reduction, as well as summer peak reduction.<sup>47</sup>

After setting goals that take into account the requirements of the directives, the OPA looks at the energy savings possibilities.<sup>48</sup> While the OPA has provided estimates of energy savings from conservation programs,<sup>49</sup> it does not have energy savings targets.<sup>50</sup> Because energy savings are secondary to the capacity target for many programs, they are not the primary driver for the programs and they are therefore less predictable than capacity reductions.

GEC argues that a "focus on peak" will result in lost opportunities which, it contends, is not consistent with a commitment to pursue as much conservation as is economic.<sup>51</sup> However, the OPA's approach to the achievement of MW targets

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<sup>44</sup> 1Tr.43.

<sup>45</sup> Exhibit I-5-4, page 2.

<sup>46</sup> Exhibit I-5-4, page 2.

<sup>47</sup> 1Tr.48.

<sup>48</sup> 1Tr.47.

<sup>49</sup> Exhibit I-5-4, page 1.

<sup>50</sup> 1Tr.47.

<sup>51</sup> GEC Argument, pages 5-6.



arises squarely from the Minister's directives. Regardless of whether or not this meets with the approval of GEC, the directives must be accepted as they are for the purposes of this proceeding. Any alteration to the directives is a matter for the Minister rather than the Board. Further, statements by the OPA about pursuing as much conservation as is economic must be understood to mean as much conservation as is economic within the context of the mandate given to the OPA.

### **Conservation "Roadmaps"**

GEC submits that the Board should require the OPA to develop "roadmaps" for the attainment of conservation in all sectors.<sup>52</sup> GEC makes no effort to link this submission to any issue with respect to the OPA's 2008 operating budget, revenue requirement or fees. There is no suggestion in GEC's argument that the 2008 operating budget should be higher or lower, or changed in any other manner, by reason of work related to conservation roadmaps. Similarly, there is no such suggestion in the evidence. On the contrary, the evidence is that the OPA already has included work on long term conservation planning within the activities that it intends to pursue in 2008. This was made clear when Mr. Farmer responded to questions from GEC about conservation roadmaps.

When asked whether the OPA intends to develop a roadmap, Mr. Farmer responded "We do".<sup>53</sup> He then went on to describe the OPA's longer term planning approach. In the course of his detailed explanation of the OPA's approach, he made the following points:

We are looking at the residential and commercial markets first, and then the industrial market third, partly because the industrial market is the most difficult market to come to grips with in terms of long term planning.

...

We're going through a planning exercise. We have hired consultants through an RFP process, who will be assisting us. And the first step in the process, for us, is to vision what we think the goals should be in 2025, so establish what the goals for a residential market would be.

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<sup>52</sup> GEC Argument, page 7.

<sup>53</sup> 1Tr.54.

...  
It is our goal to complete the residential and commercial work by the end of the year, and to fully stakeholder that work along the way.<sup>54</sup>

In short, the OPA is proceeding in an orderly manner with long term planning for conservation in all sectors and will be engaged in that work during 2008. As far as the long term planning exercise is concerned, there is nothing in this proceeding that raises any issue about the OPA's operating budget, revenue requirement or fees.

### **Environmental Attribute Trading**

GEC submits that the Board should impose as a "condition of approval" that the OPA will not reinstitute spending on an environmental attribute trading program prior to the Board's review in the IPSP process unless specifically directed by the government to do so.

As indicated in the evidence, the OPA's work in the area of trading of environmental attributes (for which \$32,000 was budgeted in 2008) has been "temporarily suspended" at the request of the Ministry of Energy.<sup>55</sup> Obviously, any decision about when, how, or to what extent this temporary suspension should be lifted is a matter for the government. Given that the OPA has agreed to take guidance from the government in this regard, it respectfully submits that the imposition of a condition such as that suggested by GEC is inappropriate and, moreover, is a potential source of confusion.

Suppose, for example, that the government were to decide in 2008 that the OPA should re-open its dialogue with interested market participants on the subject of environmental attribute trading.<sup>56</sup> Such a decision would lead to a number of areas of uncertainty opposite the condition of approval proposed by GEC. For example, would the reopening of the dialogue with market participants constitute "spending on an environmental trading program" within the meaning of the proposed condition? Would the wording of the proposed condition to the effect that the OPA must be "specifically directed" mean that the government must specify the precise nature of the work to be undertaken by the OPA in 2008? Do the words of

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<sup>54</sup> 1 Tr. 54-55.

<sup>55</sup> Ex. I-5-10, page 1.

<sup>56</sup> The dialogue with interested market participants is referred to at Exhibit B-4-1, page 5.

the proposed condition also mean that the government must “specifically” require that the OPA proceed with the work “prior to the Board’s review in the IPSP process”?

The OPA submits, with respect, that there is no basis for the Board to pre-establish a condition that restricts, or causes confusion about, the manner in which the government may request that the OPA reinstitute work related to the trading of environmental attributes. It is for the government to decide whether any such request related to trading of environmental attributes will be made and, if so, how the request will be made.

### **2009 Budget**

Energy Probe states specifically in its argument that it does not oppose the OPA’s proposed 2008 revenue requirement, capital expenditures or usage fee.<sup>57</sup> Nevertheless, Energy Probe presents a table that purports to summarize, by strategic objective, the OPA’s budgeted costs for 2006, 2007 and 2008. The numbers in the table were not confirmed in evidence and there are some discrepancies in the numbers.<sup>58</sup> However, the OPA will not address further submissions to the table, because the thrust of Energy Probe’s argument relates to the OPA’s 2009 operating budget, as opposed to the 2008 budget that is under consideration in this case.

Energy Probe makes submissions about the 2009 budget<sup>59</sup> and then states its expectation that the OPA’s 2009 revenue requirement will show very modest, if any, increases.<sup>60</sup> The OPA submits that Energy Probe’s arguments and comments about the 2009 revenue requirement are premature - given that the 2009 Revenue Requirement Submission has not yet been filed - and have no bearing on this case. Any such arguments and comments that Energy Probe may wish to put forward when it actually sees the evidence for the 2009 Revenue Requirement Submission can and should be addressed in that case.

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<sup>57</sup> Energy Probe argument, page 5, para. 15.

<sup>58</sup> For example, the 2008 budget numbers for strategic objectives 2 and 3 have been reversed in the table and the 2007 budget column does not reflect the impact of the Board-approved Settlement Proposal in EB-2006-0233.

<sup>59</sup> Energy Probe argument, page 5, paras. 12-14.

<sup>60</sup> Energy Probe argument, page 5, para. 16.

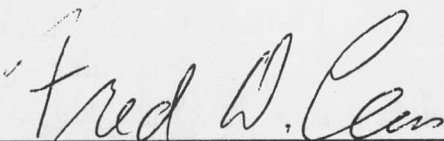
**Order Requested**

The OPA respectfully requests that the Board approve its 2008 expenditures, revenue requirement and fees, as well as the deferral and variance accounts set out in the Amended Submission for Review. In this regard, the OPA notes once again that no party to this proceeding has argued or suggested that such approval should not be given. For the reasons set out above, the OPA also submits that the Board's approval should not be subject to any of the conditions, requirements or directions proposed by VECC and GEC.

The usage fee of \$0.346/MWh proposed in the Amended Submission for Review is less than the interim fee that was implemented effective January 1, 2008. This results in a difference between the amount actually collected from January 1<sup>st</sup> to the effective date of implementation of the Board's final fee order and the amount that would have been collected if the final approved fee had been implemented on January 1<sup>st</sup>. The OPA proposes that this difference be recorded in the 2008 Forecast Variance Deferral Account for disposition in the 2009 Revenue Requirement Submission.

All of which is respectfully submitted,

April 24, 2008

A handwritten signature in cursive script, reading "Fred D. Cass", written over a horizontal line.

Fred D. Cass

Counsel for the Ontario Power Authority