



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

July 13, 2023

VIA E-MAIL

Nancy Marconi
Registrar
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

**Re: EB-2022-0028: EPCOR Electricity Distribution Ontario Inc. (“EEDO”)
2023 Cost of Service Filing – Draft Rate Order
Submission of the Vulnerable Energy Consumers Coalition (VECC)**

In accordance with the June 15, 2023 Decision and Order, set out below are VECC’s comments regarding EEDO’s Draft Rate Order.

Load Forecast

In its Decision and Order the OEB’s findings regarding the Load Forecast were as follows (page 30):

“The OEB is of the view that the most recent data available should be used for the load forecast, including addressing the errors identified by VECC. EEDO supported this approach in its reply submission. EEDO shall provide an updated load forecast when it files its draft rate order.”

VECC has reviewed the Load Forecast model filed with the DRO and finds that EEDO has addressed the errors noted in VECC’s Final Argument. However, VECC notes that the Load Forecast for the GS>50 class filed with the DRO uses the same economic forecast for 2023 GDP (0.35% growth over 2022) as was used Undertaking J2.8 filed shortly after the completion of the oral proceeding. This forecast is based on the average of the forecasts produced by four major Canadian banks over the period of December 2022 to February 2023.

Since then all four banks have released more recent economic forecasts (see Attachment 1). Three of these (TD Bank, Scotiabank and RBC) were released in June 2023 and would have been readily available to EEDO when preparing the DRO. The fourth one (BMO) was released in early July 2023. Averaging the 2023 real GDP growth rates from these four banks yields a forecast growth rate of 1.225% (as opposed to the 0.35% used in the DRO). Given the OEB’s findings that “the most recent data

available should be used for the load forecast”, it is VECC’s submission that the load forecast should be updated to reflect these most recent economic forecasts.

Cost Allocation

VECC has three comments regarding the Cost Allocation model prepared for the DRO. First, updating the 2023 Load Forecast for 2022 actual data resulted in changes to the 2023 customer/connection counts for all customer classes except USL. The customer/connection counts used in the Cost Allocation have been updated accordingly with one exception. The GS<50 customer count used in Tab I7.2 (Meter Reading) has not be updated from the 1,833 (per the Settlement Proposal) to the new forecast value of 1,830.

Second in Tab I6.1 (Revenue), while the GS>50 forecast kW was revised (downwards) to reflect the updated Load Forecast the kW receiving the line transformer allowance was not changed from that used in the Settlement Proposal (185,000 kW). VECC submits that any change in the GS>50 load forecast should also be reflected in the forecast kW receiving the line transformer allowance and that the most appropriate way to do so would be to revise the value based on the percentage change in the overall GS>50 kW forecast.

Third, the GS>50 billing kW values (Tab I6.1) and demand allocators (Tab I8) will need to be updated to reflect the revised load forecast based on the updated GDP forecast described above. Similarly, the GS>50 rates for 2023 will need to updated to reflect the revised load forecast.

Yours truly,



William Harper
Consultant for VECC/PIAC

ATTACHMENT 1 – RECENT ECONOMIC FORECASTS PREPARED BY CANADIAN BANKS

TD Bank

Source: <https://economics.td.com/provincial-economic-forecast#forecast>

Provincial Economic Forecasts

Provinces	Real GDP (% Chg.)			Nominal GDP (% Chg.)			Employment (% Chg.)			Unemployment Rate (average, %)			Housing Starts (Thousands)			Home Prices (% Chg.)		
	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F	2022	2023F	2024F
National	3.4	1.6	0.5	10.9	2.7	3.0	4.0	2.2	0.2	5.3	5.3	6.3	263.3	226.5	210.6	0.8	0.5	3.6
Newfoundland & Labrador	-1.9	1.5	1.2	7.8	-1.0	3.7	4.3	2.2	0.3	11.2	11.0	11.8	1.7	1.1	1.1	7.1	2.3	2.0
Prince Edward Island	2.7	2.1	1.0	10.4	4.6	3.9	5.3	2.0	0.6	7.5	7.7	8.4	1.0	1.0	1.1	13.9	-1.8	0.1
Nova Scotia	2.6	1.9	0.7	8.7	4.3	3.6	3.6	2.9	0.0	6.6	6.0	6.9	5.6	4.8	5.4	13.6	0.9	2.3
New Brunswick	1.6	1.2	0.6	5.5	2.5	3.0	2.7	2.4	0.1	7.2	7.1	7.8	4.7	3.1	2.1	16.8	1.2	3.3
Québec	2.5	1.0	0.5	8.8	3.6	3.6	3.1	2.3	-0.3	4.3	4.6	5.9	58.6	40.4	41.0	9.3	-0.7	1.7
Ontario	3.5	1.3	0.2	8.7	4.1	3.1	4.6	2.3	0.2	5.6	5.3	6.5	96.2	90.3	83.3	4.5	-3.5	2.9
Manitoba	3.9	1.9	1.0	10.0	3.4	3.9	3.2	2.0	0.6	4.5	4.7	5.3	8.1	6.2	5.3	6.9	-4.5	2.1
Saskatchewan	5.5	2.4	1.2	20.8	-0.2	3.8	3.5	1.7	0.5	4.7	4.7	5.2	4.2	3.3	3.7	0.1	-0.4	3.0
Alberta	4.9	2.7	1.0	21.6	0.0	3.7	5.2	2.9	0.7	5.8	6.0	6.4	36.4	29.3	29.3	4.8	2.9	4.3
British Columbia	3.5	1.2	0.5	8.6	2.2	3.5	3.1	1.3	0.3	4.6	5.0	5.9	46.7	47.1	38.4	5.3	-2.3	2.6

Source: CREA, CMHC, Statistics Canada, TD Economics. Forecasts by TD Economics as at June 2023.

RBC

Source: <https://thoughtleadership.rbc.com/wp-content/uploads/Provincial-forecast-Q2-1.pdf>

Provincial forecast tables

June 2023

Forecast details

% change unless otherwise indicated

	Real GDP				Nominal GDP				Employment				Unemployment rate, %				Housing starts, (000s)				Retail sales				CPI			
	21	22F	23F	24F	21	22F	23F	24F	21	22	23F	24F	21	22	23F	24F	21	22	23F	24F	21	22	23F	24F	21	22	23F	24F
N.& L.	0.6	-1.7	0.7	1.6	17.7	8.1	-1.3	1.1	3.4	4.4	2.1	0.3	13.1	11.3	10.9	11.7	1.0	1.4	1.0	0.8	11.0	7.5	2.6	2.2	3.7	6.4	3.1	2.0
P.E.I.	7.9	2.9	1.7	2.1	14.3	9.4	3.5	4.1	4.0	5.4	3.5	1.0	9.8	7.6	7.9	8.7	1.3	1.3	1.1	1.3	19.0	7.9	4.7	3.0	5.1	8.9	3.2	2.0
N.S.	6.2	2.6	1.5	1.2	10.9	8.5	3.6	3.3	5.6	3.6	2.5	0.8	8.6	6.5	6.7	8.2	6.0	5.7	5.7	7.5	16.3	6.4	2.9	2.0	4.1	7.5	3.8	2.0
N.B.	5.9	1.8	1.4	0.9	13.8	8.4	3.3	3.0	3.1	2.8	2.3	0.7	9.2	7.2	7.1	8.6	3.8	4.7	3.9	4.8	12.6	7.6	3.1	2.1	3.8	7.3	3.5	2.0
QUE.	6.0	2.6	0.6	0.6	11.8	9.5	2.5	2.8	4.3	3.0	1.9	0.4	6.1	4.3	4.8	6.2	67.8	57.1	42.5	46.5	14.4	8.5	3.6	2.1	3.8	6.7	3.7	1.9
ONT.	5.2	3.6	1.1	0.4	10.3	9.8	3.0	2.6	5.2	4.6	1.9	0.3	8.1	5.6	5.5	6.9	99.6	96.1	91.4	100.0	9.3	10.8	1.4	1.8	3.5	6.8	3.5	1.8
MAN.	1.8	3.9	1.9	0.9	8.4	9.9	3.6	3.1	3.7	3.2	1.4	0.5	6.5	4.6	5.3	6.3	8.0	8.1	7.2	7.8	13.3	8.5	4.6	2.3	3.2	7.9	3.7	1.9
SASK.	-0.9	5.7	2.0	1.2	13.1	20.5	-0.8	2.4	2.6	3.5	1.2	0.9	6.6	4.7	5.0	5.6	4.2	4.2	3.2	4.1	14.6	7.5	3.4	2.7	2.6	6.6	3.8	2.3
ALTA.	4.8	5.1	2.4	1.7	26.2	22.4	0.7	1.9	5.4	5.2	2.7	1.0	8.6	5.8	6.0	5.5	31.9	36.5	33.1	43.8	11.5	6.7	5.6	3.0	3.2	6.5	2.3	1.6
B.C.	6.1	3.6	0.6	0.5	14.2	8.3	2.0	2.4	6.2	3.2	0.8	0.3	6.6	4.6	5.3	5.8	47.6	46.7	47.7	50.8	12.6	2.7	0.4	2.3	2.8	6.9	3.5	1.6
CANADA	5.0	3.4	1.3	0.6	13.6	11.0	2.2	2.5	5.0	4.0	0.9	0.3	7.5	5.3	5.5	6.5	271	262	237	267	11.8	8.1	2.6	2.2	3.4	6.8	3.4	1.8

The Provinces											
	(annual % change except where noted)										
Real GDP	CA	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
2010-19	2.3	1.1	2.1	1.2	0.7	1.9	2.3	2.2	2.3	2.6	2.9
2020	-5.1	-4.6	-1.6	-3.5	-2.7	-5.0	-4.7	-4.4	-4.8	-8.0	-3.0
2021	5.0	0.6	7.9	6.2	5.9	6.0	5.2	1.8	-0.9	4.8	6.1
2022e	3.4	-1.7	2.9	2.6	1.8	2.8	3.7	3.9	5.7	4.8	3.6
2023f	1.3	0.8	2.0	1.8	1.7	0.9	1.3	1.4	0.8	1.8	1.0
2024f	0.6	0.5	1.3	1.2	1.1	0.5	0.7	0.5	0.2	0.3	0.6
Nominal GDP											
2010-19	4.0	3.7	4.2	3.0	2.8	3.8	4.1	3.9	3.5	3.7	4.5
2020	-4.5	-10.0	1.4	0.0	-1.6	-1.9	-2.9	-1.3	-7.6	-15.7	-0.7
2021	13.6	17.7	14.3	10.9	13.8	11.8	10.3	8.4	13.1	26.2	14.2
2022e	10.9	12.1	7.9	9.7	8.5	9.0	9.1	9.9	18.3	20.4	9.4
2023f	3.0	1.2	4.8	4.1	4.1	3.3	3.8	3.6	1.2	1.0	2.9
2024f	3.1	3.6	4.1	3.8	3.6	3.1	3.3	3.0	2.4	2.3	3.1
Employment											
2010-19	1.3	0.6	1.5	0.3	0.0	1.2	1.4	1.0	0.9	1.3	2.0
2020	-5.6	-6.2	-3.4	-4.6	-3.1	-5.4	-5.4	-4.4	-5.1	-7.1	-6.3
2021	5.0	3.4	4.0	5.6	3.1	4.3	5.2	3.7	2.6	5.4	6.2
2022	4.0	4.4	5.4	3.6	2.8	3.0	4.6	3.2	3.5	5.2	3.2
2023f	1.9	1.6	2.5	2.1	2.4	2.0	1.8	1.8	1.3	2.8	1.4
2024f	1.2	0.9	0.9	1.3	1.2	1.0	1.3	1.0	1.0	1.6	1.3
Unemployment Rate (%)											
2010-19	6.9	13.3	10.6	8.7	9.4	7.1	7.0	5.6	5.3	6.2	6.2
2020	9.7	14.3	10.5	9.9	10.3	8.9	9.8	8.1	8.4	11.3	9.1
2021	7.5	13.1	9.8	8.6	9.2	6.1	8.1	6.5	6.6	8.6	6.6
2022	5.3	11.3	7.6	6.5	7.2	4.3	5.6	4.6	4.7	5.8	4.6
2023f	5.3	10.9	7.2	6.5	7.3	4.3	5.6	4.8	4.7	5.7	4.9
2024f	6.1	11.6	8.4	7.4	8.1	5.2	6.3	5.5	5.4	6.2	5.6
Total CPI, annual average											
2010-19	1.6	2.0	1.6	1.7	1.8	1.5	1.9	1.8	1.8	1.7	1.6
2020	0.7	0.2	0.0	0.3	0.2	0.8	0.6	0.5	0.6	1.1	0.8
2021	3.4	3.7	5.1	4.1	3.8	3.8	3.5	3.2	2.6	3.2	2.8
2022	6.8	6.4	8.9	7.5	7.3	6.7	6.8	7.9	6.6	6.5	6.9
2023f	3.8	4.1	4.6	4.5	4.2	4.0	3.8	4.4	3.9	3.4	4.0
2024f	2.5	3.0	2.9	2.7	2.6	2.5	2.5	2.7	2.6	2.4	2.4
Housing Starts (units, 000s)											
2010-19	201	2.2	0.8	4.2	2.7	44	70	6.6	6.0	31	34
2020	218	0.8	1.2	4.9	3.5	54	81	7.3	3.1	24	38
2021	271	1.0	1.3	6.0	3.8	68	100	8.0	4.2	32	48
2022	262	1.4	1.3	5.7	4.7	57	96	8.1	4.2	37	47
2023f	227	1.0	1.1	5.0	3.6	53	83	6.9	3.6	29	40
2024f	240	1.0	1.2	5.3	3.8	58	89	7.7	3.6	30	41
Motor Vehicle Sales (units, 000s)											
2010-19	1,816	33	7	52	42	441	738	56	54	239	199
2020	1,567	27	7	40	35	378	653	47	42	184	179
2021	1,667	29	8	46	38	434	675	51	44	199	217
2022	1,529	24	7	39	34	369	635	45	41	182	181
2023f	1,655	26	7	41	37	394	685	47	42	190	185
2024f	1,748	28	8	45	38	410	722	50	45	202	200
Budget Balances, (CAD mn)											
2019*	-39,392	1,117	22	2	49	32	-8,672	5	-319	-12,152	-322
2020	-327,729	-1,492	-6	-342	409	-7,539	-16,404	-2,124	-1,127	-16,962	-5,468
2021	-90,200	-400	-27	351	488	-772	2,051	-704	-1,468	3,944	1,306
2022f	-43,000	784	-95	-259	863	-5,021	-6,549	-378	1,147	10,390	3,592
2023f	-40,100	-160	-52	-279	40	-3,998	-1,300	-363	1,017	2,371	-4,216

* NL budget balance in 2019 is net of one-time revenue boost via Atlantic Accord.

Sources: Scotiabank Economics, Statistics Canada, CMHC, Budget documents; Quebec budget balance figures are after Generations Fund and before Stabilization Reserve transfers.

Source: https://economics.bmo.com/media/filer_public/33/26/33263de7-4ce1-4461-a864-353baceff1f1/outlookprovincial.pdf

Provincial Economic Outlook for July 7, 2023

A Publication of BMO Capital Markets Economic Research • Douglas Porter, CFA, Chief Economist, BMO Financial Group

	Canada	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	P.E.I.	Nfld & Labrador
Real GDP Growth (y/y % chng)											
2021	5.0	6.1	4.8	-0.9	1.8	5.2	6.0	5.9	6.2	7.9	0.6
2022	3.4	3.6	5.1	5.7	3.9	3.6	2.6	1.8	2.6	2.9	-1.7
2023	1.5	1.2	2.5	1.9	1.5	1.2	1.0	1.7	1.9	2.0	2.0
2024	1.0	1.0	1.5	1.2	0.9	0.8	1.0	1.2	1.3	1.5	1.7
Employment Growth (y/y % chng)											
2021	5.3	6.2	5.5	2.6	3.7	5.2	4.4	3.2	5.6	4.1	3.6
2022	4.0	3.1	5.2	3.5	3.2	4.6	3.1	2.7	3.6	5.3	4.3
2023	2.3	1.3	3.2	1.3	2.4	2.4	2.3	2.8	2.3	4.2	1.6
2024	1.6	1.5	1.8	1.4	1.9	1.8	1.2	1.1	0.8	1.8	0.3
Unemployment Rate (percent)											
2021	7.5	6.5	8.5	6.6	6.4	8.1	6.1	9.1	8.6	9.9	13.1
2022	5.3	4.6	5.8	4.7	4.5	5.6	4.3	7.2	6.6	7.5	11.2
2023	5.4	5.3	5.8	4.7	4.7	5.7	4.3	6.5	6.1	7.5	10.0
2024	5.5	5.8	5.7	4.8	4.9	5.9	4.4	6.5	6.4	7.6	9.8
Housing Starts (thousands)											
2021	275	47.6	31.9	4.2	8.0	100.5	69.9	3.9	6.3	1.2	1.2
2022	266	46.7	36.4	4.2	8.1	96.2	58.6	4.7	8.5	1.0	1.7
2023	225	46.5	35.0	4.0	6.8	78.0	40.0	3.9	8.5	1.1	1.1
2024	220	40.0	42.0	3.8	6.0	72.0	42.0	4.5	7.8	1.2	0.8
Consumer Price Index (y/y % chng)											
2021	3.4	2.8	3.2	2.6	3.2	3.5	3.8	3.8	4.1	5.1	3.7
2022	6.8	6.9	6.5	6.6	7.9	6.8	6.7	7.3	7.5	8.9	6.4
2023	3.8	4.0	3.0	3.7	4.1	3.9	4.0	3.8	4.0	3.5	3.3
2024	2.5	2.5	2.7	2.6	2.4	2.5	2.4	2.4	2.5	2.3	2.5
Budget Balance (\$ mlns)											
FY22/23 e	-43,000	3,592	11,641	1,147	-378	-2,170	-1,670	863	-259	-66	784
% of GDP	-1.5	0.9	2.5	1.1	-0.4	-0.2	-0.3	1.9	-0.5	-0.7	1.9
FY23/24	-40,100	-4,216	2,371	1,017	-363	-1,313	-1,625	40	-279	-98	-160
% of GDP	-1.4	-1.1	0.5	1.0	-0.4	-0.1	-0.3	0.1	-0.5	-1.0	-0.4
Net Debt¹ (\$ mlns)											
FY23/24	1,220,800	71,146	46,505	14,128	31,057	406,441	214,444	11,797	19,544	2,800	16,226
% of GDP	43.5	17.8	10.2	13.2	34.2	37.8	37.7	24.9	33.6	28.8	39.9

Bolded values represent forecasts; ¹ federal = accumulated deficit