

Oakville Hydro Electricity  
Distribution Inc.  
861 Redwood Square  
Oakville Ontario  
L6J 5E3

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ONTARIO ENERGY BOARD

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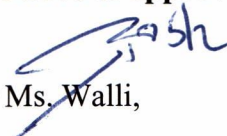
February 1, 2007

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

EB 2007-0033

OEB BOARD SECRETARY	
File No:	Sub File: 1
Panel	
Licensing	N. McKay
Other	
00/04	

**RE: RP-2004-0203/EB-2005-0208 approval for modifications of spending above 20% of approved CDM budget.**

  
Dear Ms. Walli,

On January 14, 2005 Oakville Hydro Distribution Inc. (Oakville Hydro) filed an application for a Final Order pre-approving its Conservation and Demand Management (CDM) Plan. The Board reviewed the application, and following a published notice of Written Hearing, that received no comments from intervenors, the plan received final approval (Order) on March 22, 2005.

As per the Order, Oakville Hydro is required to “apply to the Board for approval if cumulative fund transfers among programs exceed 20% of their approved budget” of \$2,898,000.

Based on a thorough evaluation of the programs approved in Oakville Hydro’s 2005-2007 CDM plan, Oakville Hydro wishes to redirect some of its CDM funds to make a more appropriate investment in CDM. Table 1 displays the original programs and approved funding on file with the OEB. In addition, the chart contains the requested re-allocated funding and the amount of money this revision represents. In total Oakville Hydro wishes to redistribute \$2,465,000 which represents 85% of their total approved CDM budget. A description and rationale for this reallocation is provided below for each of Oakville Hydro’s CDM programs.

**Table 1 Requested changes to CDM budget**

<b>Program/measure</b>	<b>Approved budget</b>	<b>Revised budget</b>	<b>Change</b>
Customer Education	\$15,000.00	\$36,810.00	\$21,810.00
Smart Meter, Intelligent Network	\$1,100,000.00	\$440,503.00	\$-659,497.00
Multi-Residential Interval Metering	\$500,000.00	\$1,086,816.54	\$586,816.54
Annual Commercial/ Industrial Energy Information seminars	\$25,000.00	\$25,000.00	\$0
Distributed Generation – Digester Gas Program	\$300,000.00	\$4,920.00	\$-295,080.00
Distributed Generation – Wind Turbine	\$250,000.00	\$6,100.00	\$-243,900.00
Peak Demand Reduction	\$300,000.00	\$800,000.00	\$500,000.00
Voltage Conversion	\$400,000.00	\$400,000.00	\$0.00
Lighting Retrofit	\$0.00	\$55,130.46	\$55,130.46
Solar Water Heater	\$0.00	\$34,720.00	\$34,720.00
<b>Total</b>	<b>\$2,890,000.00</b>	<b>\$2,890,000.00</b>	<b>\$0.00</b>

**Customer education**

The additional spending on the customer education program is due to an initiative with the Halton Learning Foundation requiring a three year commitment from Oakville Hydro instead of the original one year commitment of \$11,000 outlined in the Oakville Hydro CDM plan.

**Smart Meter, Intelligent Network**

The program was cancelled as the “Intelligent Network” portion of the program is specific to Quadlogic technology (the Quadlogic central data collector communicates with the smart meters over fiber optic cable or existing electrical wires), and Oakville Hydro is unaware whether approved meter technologies will work with this Quadlogic system. Oakville Hydro awaits clear direction from the government and regulators on smart metering technologies before proceeding with a smart meter program.

**Multi-Residential Interval Metering**

The Multi-Residential Interval Metering program has been very successful to date. Oakville Hydro has been approached by local building owners and operators to expand the program, not only to install interval meters in existing buildings, but also to provide incentives to install interval meters in newly constructed multi-residential buildings. Research conducted has found that conversions of multi-unit residential buildings from bulk to individual meters result in a typical savings of

over 30%. Therefore, with the uncertainty related to smart metering, this program was determined to be a safer and better investment compared to the Smart Meter Intelligent Network program.

### **Annual Commercial/Industrial Energy Information Seminars**

The budget for the project remains the same. Oakville Hydro will continue to develop and host Energy Information Seminars for our commercial and industrial customers within the approved budget.

### **Distributed Generation - Digester Gas Program**

In our 2005-2007 CDM plan, Oakville Hydro proposed to partner with a local municipal government to generate “behind the meter” power by utilizing existing digester gas. Oakville Hydro planned to purchase, install and operate a 250kW internal combustion engine to generate electricity for use in the partner’s facility. The program has been cancelled by Oakville Hydro due to numerous issues including: uncertainty regarding the exact flow and treatment of digester gas, complications in siting the combustion engine and connecting it to the existing thermal plant, and difficulties negotiating and drafting of the necessary business and legal arrangements with the Region of Halton.

### **Distributed Generation - Wind Turbine**

In our 2005-2007 CDM plan Oakville Hydro planned to install and operate an 80 kW wind turbine on a proposed Town of Oakville recreational park that would use the electricity generated for the park’s facilities. This project was also intended to evaluate future wind energy sites in Oakville by monitoring the energy production. After further investigation Oakville Hydro determined that the proposed site for the wind turbine did not have a suitable wind resource; the proposed wind turbine was no longer supported by the original equipment manufacturer and was a refurbished model that did not incorporate current technology; and that using a wind turbine to assess the wind regime in the area proved to be inaccurate after consultation with experts. At present, no commercial or near commercial wind turbines have been identified that could be implemented with the available site wind regime and project budget. Therefore Oakville Hydro has decided to cancel the project and use the resources for more appropriate projects.

### **Peak Demand Reduction**

In our 2005-2007 CDM plan Oakville Hydro proposed to install a natural gas fired, low emission generator for peak shaving within our office building. Oakville Hydro planned to install a generator in the 250kW range to operate during high demand periods, therefore, freeing up 250kW from the local distribution grid. Following further investigation of the project it was found that a generator with greater

capacity (e.g. 320-350 kW) would be required to service the office building. The capital cost to install a generator of the necessary capacity and with the functionality required (e.g. islanding, etc.) increased the cost of this program.

The increased budget for this program is also due to the development and implementation of a new pilot program to install standby power units in small commercial retail operations. In the pilot these standby power units will be remotely managed by Oakville Hydro and our partner TDL Group Corp and will be used to reduce demand from the system at peak times and to provide blackout protection for the customers.

### **Voltage Conversion**

The budget for this program remains the same. Oakville Hydro will continue to execute a number of voltage conversion projects, to increase distribution system efficiencies, within the approved budget.

### **Lighting Retrofit**

Oakville Hydro wishes to lead by example by improving the energy efficiency of its own building, through the implementation of a new lighting retrofit program. Oakville Hydro is in the process of receiving a quote for retrofitting the lighting in our offices and garage and anticipates significant energy savings from this retrofit. The budget allocated represents our current understanding of the likely cost of this retrofit.

### **Solar Water Heater**

This new program involves the installation and performance monitoring of an EnerWorks solar hot water heating appliance. It includes the installation of two roof mounted solar collectors and an EnerWorks' Energy Pack heat exchanger and controls. The system is to be installed at Oakville Hydro's head office and will work in conjunction with the existing electric hot water system. The system is also being installed with instrumentation used to track the energy savings achieved by the solar hot water heater appliance. This program will allow Oakville Hydro to confirm the potential energy savings of a solar hot water heating appliance in a commercial installation, save electricity consumption used in the production of domestic hot water, and investigate the various technical and operational issues associated with the installation of a solar hot water heating appliance in a commercial installation.

Oakville Hydro respectfully requests that the Ontario Energy Board dispose of the proceeding without hearing pursuant to subsection 21(4)(b) of the *Ontario Energy Board Act, 1998* (the "Act") which states that the Board may dispose of a proceeding without a hearing if the Board determines that "no person, other than the

applicant, appellant or license holder will be adversely affected in a material way by the outcome of the proceeding, and the applicant, appellant or license holder has consented to disposing of a proceeding without a hearing”.

It is our contention that “no person” will be adversely affected in any material way, as it will be the customers of Oakville Hydro who remain the ultimate beneficiaries of the expenditures. We believe in fact that the redistribution of funds represents an improved allocation of funding across the customer base over the original plan approved by the Board on March 22<sup>nd</sup> 2005. There is no overall change in our CDM budget, which will be fully spent by September 2007.

Please direct any questions or comments to Manuela Ris-Schofield at 905-825-4422.

Sincerely,

A handwritten signature in blue ink, appearing to read 'ABJ', followed by a long horizontal line extending to the right.

Alex Bystrin  
President and Chief Executive Officer  
Oakville Hydro Corporation