

November 21, 2008

BY COURIER (7 COPIES) AND EMAIL

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Dear Ms. Walli:

**Re: Pollution Probe – Submissions on Proposed Issues List
EB-2008-0272 – Hydro One – 2009-10 Transmission Rates**

Pursuant to Procedural Order No. 1, we write to provide Pollution Probe's submissions on the proposed issues list for this matter. In summary, Pollution Probe submits that one issue should be added regarding conservation and demand management, and Pollution Probe takes no position with respect to the other proposed issues.

Pollution Probe submits that the following issue should be specifically added to the proposed issues list:

- 3.4 Are the proposed Conservation and Demand Management programs, targets, and spending levels appropriate?

For clarity, Pollution Probe's focus for this issue in this proceeding is on the approximately 100 large industrial companies that are direct customers of Hydro One instead of an LDC (e.g. Vale Inco and U.S. Steel Canada). The focus is not on LDCs who are customers of Hydro One and have their own CDM programs. Pollution Probe submits that the Board's examination of CDM with respect to these direct large customers in this proceeding would be analogous to how the Board examines CDM in an LDC proceeding with respect to the LDC's customers.

Pollution Probe submits energy conservation and efficiency are a top priority for the Government of Ontario for a variety of reasons. Pollution Probe particularly notes the following recent remarks made by the Honourable George Smitherman, Deputy Premier and Minister of Energy and Infrastructure:

Using less energy doesn't just reduce the carbon. It doesn't just reduce the bill. It also makes our province more productive so we have an economic advantage as well.
Conservation is the cheapest energy you can buy, and I'm bound and determined to buy LOTS of it.

...

Already we are counting on conservation to absorb 75 per cent of all the demand growth going forward. The good news about conservation isn't limited to lower energy use however. Conservation initiatives are intense drivers of green-sector careers in research and development, energy efficient construction and retrofitting, and the home-grown jobs that will be created for manufacturers, assemblers and installers.

...

But just because we are doing well doesn't mean we can't do better ... for the times dictate greater resolve than ever before.

We must raise the bar on how we measure conservation savings to ensure they are quantifiable and verifiable. And we must more clearly recognize that our Local Distribution Companies enjoy a special, powerful relationship with 4.8 million electricity ratepayers. *A relationship that dictates that LDCs be more clearly in the driver's seat when it comes to leading conservation and energy efficiency initiatives.* [emphasis added]¹

Pollution Probe submits these remarks apply by analogy to this proceeding and the approximately 100 large industrial companies that are direct customers of Hydro One. As a utility, Hydro One should be taking the lead with respect to conservation and energy efficiency initiatives for these large direct customers, particularly since the Government of Ontario ultimately owns Hydro One.

Pollution Probe also notes that the inclusion of this issue would be in accordance with the Board's statutory objectives of protecting the interests of consumers and promoting economic efficiency and cost-effectiveness.² As the Board is aware, well-executed CDM programs have the benefit of reducing a customer's net bill as well as other benefits (such as potentially reducing the need for additional transmission).

In conclusion, Pollution Probe respectfully submits that the proposed issue would simply allow for a proper Board examination of the CDM programs with respect to Hydro One's direct large customers. Accordingly, Pollution Probe submits that the proposed issue regarding CDM be added to the issues list for this proceeding.

Yours truly,



Basil Alexander

BA/ba

cc: Applicant and Intervenors by email per Procedural Order No. 1, Appendix B

¹ Excerpts from Remarks by the Honourable George Smitherman, Deputy Premier and Minister of Energy and Infrastructure to the Canadian Club in Toronto, Ontario on October 31, 2008 (available online at <http://www.energy.gov.on.ca/index.cfm?fuseaction=about.speeches&speech=31102008>)

² See *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B, s. 1(1).