

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 a proceeding initiated by the Ontario Energy Board to make certain determinations respecting conservation and demand management ("CDM") by Local Distribution Companies ("LDC") activities as described in the Electric Distribution Rates ("EDR") Handbook and Total Resource Cost ("TRC") Guide pursuant to sections 19(4) and 78 of the *Ontario Energy Board Act, 1998*.

**REPLY SUBMISSION OF THE
ONTARIO POWER AUTHORITY**

1. As stated in its written submission dated December 20, 2005, the role of the Ontario Power Authority ("OPA") in conservation and load management is led by the Conservation Bureau, which is established by the *Electricity Act, 1998* (the "Act") as an office of the OPA. The mandate of the Conservation Bureau under the Act is to provide leadership in "planning and coordination" of measures for electricity conservation and load management in Ontario.

2. This leadership role in the planning and coordination of conservation and load management activities is not intended to be exclusionary. During its oral submissions, the OPA reviewed a number of elements of the regulations under the Act which make clear that the OPA's mandate in the field of conservation and load management is not to be fulfilled in a manner that excludes CDM efforts by others. The OPA supports and encourages CDM initiatives by others, including LDCs, and it will be working closely with LDCs throughout 2006 to coordinate CDM programs.

3. Given its leadership role in planning and coordination, the OPA is proceeding with a study of the role of LDCs in CDM. The work on this study will include consultation with LDCs and other stakeholders. As part of the broader goals of planning and coordination, the OPA's objective is to be able to make recommendations with regard to appropriate levels of spending on CDM by LDCs in 2007.

4. During the course of oral submissions on December 22, 2005, the OPA was asked for its views as to whether the Board, or the OPA, should be setting CDM spending targets to guide the LDCs.¹ The OPA cannot require LDCs to spend funds on CDM, but it can and will provide guidance and recommendations with regard to appropriate levels of CDM spending, to the OEB. These recommendations, together with all other relevant evidence, can be weighed by the Board in the exercise of its jurisdiction to approve or fix just and reasonable rates for LDCs. As already stated, the OPA's objective is to make recommendations regarding 2007 CDM spending by LDCs after the conclusion of the study that the OPA has undertaken.

5. The OPA was also asked about costs of conservation referred to in the Supply Mix Advice Report submitted to the Minister of Energy on December 9, 2005. The depiction in this Report of a "robust portfolio for meeting a range of scenarios" (robust portfolio) shows 1,800 to 4,300 MW of conservation achieved at a cost in the range of \$5 billion to \$11 billion.² The question to the OPA was about a year by year ramping up of these costs, or any finer breakdown of the number.³

6. There is no year by year breakdown of the cost of \$5 billion to \$11 billion for conservation that was assumed in the robust portfolio. Elsewhere in the

¹ Tr. p. 175, lines 16 to 24, p. 176, lines 6 to 10 and p. 177, lines 7 to 17.

² Table 1.2.10, p. 50.

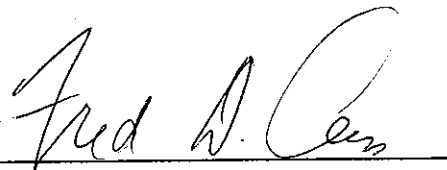
³ Tr. p. 180, lines 10 to 13.

Supply Mix Advice Report, however, is a further breakdown of the elements of the 1,800 to 4,300 MW of conservation shown as part of the robust portfolio.⁴

7. It is important to recognize that the 1,800 to 4,300 MW of conservation referred to in the Supply Mix Advice Report was a planning assumption. It is also important to recognize the difference between setting goals for conservation and making appropriate assumptions for prudent planning purposes. For example, while the OPA champions an ambitious approach to conservation in Ontario, it would be inadvisable to assume that ambitious goals will be fully met when planning the Province's future electricity supply portfolio. In order to ensure the reliability of the electricity system it is prudent to be conservative in forecasting the success of CDM initiatives in reducing load. The range of conservation results shown in the robust portfolio was not intended to be taken as the OPA's definitive statement on future conservation, but as a prudent assumption for planning purposes in the context of the Supply Mix Advice Report.

All of which is respectfully submitted.

January 16, 2006

A handwritten signature in black ink, appearing to read "Fred D. Cass", written over a horizontal line.

Fred D. Cass
Counsel for the Ontario Power Authority

⁴ See Table 1.2.7 on p. 40 of the Report.