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## **BY E-MAIL AND WEB POSTING**

February 8, 2008

**To: All Licensed Electricity Distributors  
All Participants in Consultation Process EB-2006-0266  
All Participants in Consultation Process EB-2007-0097  
All Other Interested Parties**

**Re: Draft Guidelines for Electricity Distributor Conservation and Demand Management  
Board File No.: EB-2008-0037**

The Board has today issued for comment its draft “Guidelines for Electricity Distributor Conservation and Demand Management” (the “Guidelines”). The Board’s ongoing role in relation to the conservation and demand management (“CDM”) activities of electricity distributors was confirmed in its March 2, 2007 “Report of the Board on the Regulatory Framework for Conservation and Demand Management by Ontario Electricity Distributors in 2007 and Beyond” (the “Framework Report”).

Over the past years, the Board has, through decisions, orders, the “Total Resource Cost Guide”, the Framework Report and the Filing Requirements for Transmission and Distribution Applications, articulated various policies and regulatory requirements in relation to electricity distributor CDM activities. The Board has developed the draft Guidelines as a comprehensive document that consolidates those policies and regulatory requirements.

In addition, new policies in relation to the following four matters are also contained in the draft Guidelines:

- funding for system improvement programs (section 2.1.1);
- availability of multi-year funding (section 2.2);
- inclusion of distribution and transmission losses in savings calculations (section 3.2); and
- enhanced evaluation planning and reporting (sections 7.1, 7.3 and 7.4).

## Invitation to Comment

Interested parties are invited to submit written comments on the draft Guidelines, in accordance with the filing instructions set out below.

As noted above, much of the material in the draft Guidelines is simply a reiteration of pre-existing policies and regulatory requirements. The Board does not intend to revisit those policies and regulatory requirements at this time. Interested parties that wish to do so may highlight areas that they believe may warrant further review in the future.

With respect to the four new policies that have been included in the draft Guidelines, in addition to such other comments as interested parties may wish to make, the Board would be assisted by views on the following questions:

- System improvement programs:

With respect to funding for system improvement programs, is sufficient direction provided to guide distributors in their asset management planning?

- Multi-year funding:

What are the implications of the Board approving a three-year plan for a distributor given potential uncertainties regarding the Ontario Power Authority's CDM activities for the same period?

Should CDM funding be included in the distribution revenue requirement and therefore be subject to the Incentive Regulation Mechanism ("IRM") rate adjustment? Alternatively, should CDM funding remain outside of the IRM rate adjustment as is currently the case?

- Distribution and transmission losses:

What are the implications of all distributors using the same distribution loss values, rather than the loss value specific to each distributor?

What are the implications for program delivery – specifically for the types of programs for which distributors may seek funding through distribution rates?

What are the implications of including distribution and transmission losses in the calculation of the shared savings mechanism ("SSM")?

- Enhanced evaluation planning and reporting:

With respect to the timing for implementing updated input assumptions for the Lost Revenue Adjustment Mechanism (“LRAM”) and SSM set out in section 7.3, what are the implications of the updated input assumptions being implemented on a retrospective basis for LRAM, but on a prospective basis for SSM?

With respect to the Evaluation Plan referred to in section 7.1, are the Board’s expectations sufficiently clear? Are there any additional matters that should be addressed in an Evaluation Plan to enhance its effectiveness?

With respect to the Evaluation Report referred to in section 7.4, are the Board’s expectations sufficiently clear? Are there any additional matters that should be addressed in an Evaluation Report to enhance its effectiveness?

### **Cost Awards**

Cost awards will be available to eligible persons in relation to their participation in this consultation under section 30 of the *Ontario Energy Board Act, 1998*. The Board has determined that the participants identified in the Board’s February 5, 2007 Decision on Cost Eligibility in the consultation process on the Regulatory Treatment of CDM Activities by Electricity Distributors (EB-2006-0266) (the “Cost Decision”) are also eligible for an award of costs in this process, and are not required to file a request for eligibility in this process, should they decide to participate in it.

If any person was not identified as eligible for an awards of costs in the Cost Decision, but wants to be eligible for an award of costs in this consultation, that person must file with the Board a written submission to that effect by **February 15, 2008** in accordance with Appendix A and the filing instructions set out below.

The costs awarded will be recovered from all licensed electricity distributors based on their respective distribution revenues. Licensed electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility, following which the Board will make a determination on the cost eligibility of the participants requesting an award of costs.

Appendix A contains important information regarding cost awards for this consultation, eligibility requests and objections. In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

## Instructions on Filing Material with the Board

Interested parties wishing to provide written comments on the draft Guidelines must file their comments with the Board by **March 4, 2008**.

All filings to the Board in relation to this matter must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2008-0037** and include your name, address, telephone number and, where available, an e-mail address and fax number.

Two paper copies of each filing must be provided, and should be sent to:

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
Suite 2700  
Toronto ON M4P 1E4

The Board requests that interested parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca). A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca), and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at [boardsec@oeb.gov.on.ca](mailto:boardsec@oeb.gov.on.ca). Those that do not have internet access should provide a CD or diskette containing their filing in PDF format.

This letter, and all written comments received by the Board in response to this letter, will be available for public viewing on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) and at the office of the Board during normal business hours.

Any questions relating to this consultation should be directed to Alison Cazalet at 416-440-7684 or by e-mail to: [alison.cazalet@oeb.gov.on.ca](mailto:alison.cazalet@oeb.gov.on.ca), or to Michael Bell at 416-440-7688 or by e-mail to [michael.bell@oeb.gov.on.ca](mailto:michael.bell@oeb.gov.on.ca). The Board's toll free number is 1-888-632-6273.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary

## Appendix A

### Cost Awards

#### Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person intending to request an award of costs must file with the Board a written submission to that effect by **February 15, 2008** identifying the nature of the person's interest in this consultation process and the grounds on which the person believes that it is eligible for an award of costs, addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*. An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known.

Licensed electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. All requests and any objections will be posted on the Board's website. If an electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board Secretary by **February 22, 2008**. The Board will then make a final determination on the cost eligibility of the requesting parties.

#### Activities Eligible for Cost Awards

Cost awards will be available in relation to the provision of written comments on the draft Guidelines, up to a maximum of 10 hours.

#### Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied.

The Board expects that eligible participants representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process.

For more information on the cost awards process, please see the Board's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) on the "Rules, Codes, Guidelines and Forms" webpage.