



The Voice Of Ontario's Electricity Distributors

March 4, 2008

4/3/08
Board Secretary
Ontario Energy Board
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ONTARIO ENERGY BOARD

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Via Board's web portal and by courier

Dear Board Secretary:

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

The EDA appreciates the opportunity to comment on the Board's proposed draft Guidelines for Electricity Distributor Conservation and Demand Management. The EDA welcomes the decision to consolidate the existing policies and regulatory requirements into a single document.

The EDA and its members note the Board's decision to invite submissions on the proposed four new policies and to not revisit the existing policies and regulatory requirements. Consequently, the EDA has restricted its response to the four new items.

Funding for system improvement programs

This approach will allow for conservation to be built into the system design, e.g. encouraging the use of low loss transformers. The EDA supports the view that energy conservation and efficiency improvements should be components of an LDC's analysis of proposed infrastructure investments. LDCs recognize that maximizing system efficiency, and any consequent energy conservation, in the most cost efficient manner is an integral part of a prudent asset management program.

Having reviewed the guidelines, the EDA believes that the direction provided by the proposed guidelines is sufficiently detailed to guide LDCs in asset management planning.

However, the EDA is concerned that the direction to consider energy conservation and efficiency in infrastructure investments could result in additional work and time necessary when an LDC has a hearing in front of the Board. Ensuring that hearings are not unnecessarily burdened may require additional preparatory work for both LDC staff and Board staff.

Availability of multi-year funding

LDCs recognize that multi-year funding is a key component in a CDM program. Therefore, the Board's decision to permit applications for funding of up to 3 years is a positive initiative that will lead to CDM programs that are even more successful.

It should be noted that recent negotiations between the EDA and the OPA have resulted in greater certainty in funding for CDM programs, with a commitment to 3 year funding.

As noted in the proposed guidelines, the proposed extension of funding (whether from the OPA or through the OEB) will allow LDCs to better plan their programs, retain essential staff and build customer awareness. These benefits in turn will better ensure programs that will achieve the goals of conservation and demand management.

The EDA believes that the Board should maintain the current policy of CDM funding remaining outside the IRM rate adjustment.

Inclusion of distribution and transmission losses in savings calculations

The EDA notes that for the majority of LDCs this policy would be a positive change as it would encourage efficiency improvements. However, there is concern that some LDCs will be unfairly penalized as they are unable to improve their efficiency due to the system design. EDA believes that some LDCs will require loss values specific to their system on an exception basis.

Enhanced evaluation planning and reporting

The EDA believes that this new policy will be a positive change. However, the EDA notes that the implementation of assumptions retroactively for LRAM and prospectively for SSM is consistent with the intent that LRAM is used to keep LDCs whole and SSM is used as an incentive.

The EDA appreciates the opportunity to comment.

Yours truly,



Richard Zebrowski
Vice President, Policy & Corporate Affairs

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