



## *Cornerstone Hydro Electric Concepts Association Inc.*

---

---

July 15, 2005

Mr. Paul Pudge  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
26<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

Dear Mr. Pudge:

### **Re: Comments on the TRC Guide**

The Cornerstone Hydro Electric Concepts Association (CHEC) would like to commend the OEB on the preparation of TRC Guide. The Guide provides an excellent resource to the Distributors and to the CDM process. The presence of the TRC Analysis Guide in addition to facilitating the evaluation of CDM programs presently included in CDM Plans will be instrumental in the continued inclusion of CDM initiatives in the Distributors' business planning.

Recognizing that the Guide along with the rate setting process will be instrumental in setting the direction of future CDM programming the following comments are made:

**Societal Benefit:** The TRC Guide presents the concept that the TRC test is to measure the benefit and costs of CDM efforts from a societal perspective. This is an important concept as it does not create winners and losers but works towards ensuring that there are benefits to suppliers, LDC's and consumers. Societal benefits should remain a central premise of the TRC and any CDM programming.

**Cost to Manufacture Replacement Product:** In dealing with the costs of CDM programs the "energy" associated with the manufacture and distribution of the new product is not specifically dealt with. In the Guide it may be appropriate to note that the energy associated with the manufacture and delivery of the new product is contained within the purchase price as the price recovers these costs.

**Life Cycle Analysis:** The TRC test requires an analysis over the life-cycle of the CDM measure. Further details with respect to the definition of the costs to be included in the evaluation would be helpful (should consulting costs be included, general overhead etc.) An illustrative example where there are on-going costs would be appropriate.

**Free Riders:** For custom projects it is noted that the free rider rate is set at 30%. For custom projects where the Distributor is working one on one with a potential CDM participant the 30% appears high. If the participant has not taken action prior to the Distributor's intervention/support including the total savings as a direct benefit of the intervention may be appropriate. A review of the 30% is recommended.

---

---



## *Cornerstone Hydro Electric Concepts Association Inc.*

---

---

**Attribution Rate:** Within CDM programs Distributors will undertake actions at the same time as other programs are operating or to support general initiatives (ex. Local initiatives such as in-store seminars or displays on weatherproofing or lighting at the same time as a province wide coupon campaign). How should the interaction of programs be considered when assigning benefits?

**Market Support Programs:** The Guide in Section 3.2 provides examples of metrics and additional information for market support programs but does not provide any indication of how to actually quantify benefits. For these programs the costs can be accounted for however, the benefits are harder to quantify. Further assistance on how to interpret and incorporate benefits for market support programs is required. At the present time the “market support programs” appear to be a cost with limited benefit back into the CDM portfolio.

**Demand Management Programs:** An expanded discussion of how to address energy shifting in reaction to OEB published Smart Meter TOU Rates would be helpful. Many programs will likely target opportunities to assist consumers to shift energy based on TOU rates with little concern for system demand and critical peak impacts. What assumptions are to be made with respect to the base case (before any action) and the resulting case (after the action).

**Understanding Incremental Costs:** In Table 1.2 the incremental costs for two scenarios are illustrated: cost to replace an old refrigerator and cost to retire and remove an old refrigerator. No recovery cost is illustrated for the “replace old refrigerator”. Should this cost be shown or is the old fridge assumed to remain in service? The example in Table 1.2 illustrates the challenges of identifying incremental costs.

**Reporting CDM Performance:** The TRC Guide provides the tools for Distributors to report and support their CDM initiatives and requests for continued funding in future years. Will the CDM performance reported by different participants be used for the benchmarking of programs to allow participants to learn from the experience of others?

We trust that this input will be of assistance and we look forward to the final Guide.

Yours truly,

Gordon A. Eamer, P.Eng.  
CHEC CDM Coordinator

cc. Darius Vaiciunas – CHEC Chairperson  
Bruce Craig – CHEC CDM Committee Member  
Jay Heaman – CHEC CDM Committee Member  
John Walsh – CHEC CDM Committee Member

---

---