

July 18, 2005

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th Floor
Toronto, ON M4P 1E4

Attention: Mr. John Zych – Board Secretary

Dear Mr. Zych:

Re: Comments on the TRC Guide

I wish to thank you for the opportunity to provide our comments on the Draft Guide to Total Resource Cost Analysis. Total Energy Advice & Management Ltd. (TEAM) has been active in the areas of CDM measurement, verification and reporting in the Ontario electricity market.

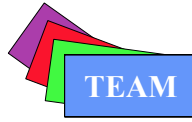
We support the proposed guidelines to assist LDCs in meeting their filing requirements for the 2005 CDM approval and for making application for incremental CDM funding in 2006 distribution rates. We believe the guidelines provide very good procedures and examples for LDCs to follow. It is important that a consistent approach be applied in establishing baseline and tracking and measuring the results. A consistent approach will facilitate future bench marking among various CDM programs so that resources can be allocated to the most effective programs.

In addition, we feel it is important to comment on the efficiency and cost effectiveness of the reporting methodology. According to the published information on the Board's website as of July 17, 2005, there are 84 LDCs offering CDM programs with a total approved budget of \$163 million. According to our analysis, there are 606 programs, but a lot of the programs appear to be similar. For example, there are 65 programs on distribution loss reduction and distribution efficiency improvements and another 48 programs on smart metering. Although the TRC Guide provides a good guideline for the LDCs to follow, if each of the LDCs have to develop their own baseline and measures, it is possible there will be 65 different versions of measuring distribution loss reduction and 48 versions for smart metering. It would then be difficult to establish appropriate benchmarking.

We are also of the view that the proposed guidelines should be the minimum expectations of the Board. We believe that in certain circumstances, there should be more rigorous testing undertaken to determine the overall value of CDM initiatives. In order to be

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assured that the programs and the associated dollars achieve the expected results, it may be that additional benchmarking is required. This could be accomplished by performing baseline analysis prior to the start of a given program and then calculating actual results which could then be compared to the baseline. We are not suggesting that these comments should slow down the process of implementing the CDM programs. However, the Board may want to consider this approach for new CDM program applications.

In conclusion, we would like to recommend that the Board encourage joint reporting among LDCs wherever practical. If LDCs can work together to establish baseline, tracking and measuring methodologies for similar programs such as distribution loss reduction and smart metering, the goals of consistency, efficiency and cost effectiveness can more readily be accomplished.

We would be happy to answer any questions regarding our comments.

Sincerely,

A handwritten signature in cursive script that reads "Lawrence Wu".

Lawrence Wu, P.Eng.
Partner
Total Energy Advice and
Management Ltd.

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