



**RP-2004-0203**  
**EB-2004-0471**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c.15 (Schedule B);

**AND IN THE MATTER OF** an application by Greater Sudbury  
Hydro Inc. for an Order Pre-approving its Conservation and  
Demand Management Plan.

**BEFORE:** Gordon Kaiser  
Vice Chair and Presiding Member

George Dominy  
Member

Cathy Spoel  
Member

## **ORDER**

Greater Sudbury Hydro Inc. (GSHI) has filed an application dated January 13, 2005 with the Ontario Energy Board for an Order pre-approving its Conservation and Demand Management (CDM) Plan. The Board assigned File No. RP-2004-0203 / EB-2004-0471 to this application.

A Notice of Application and Written Hearing was issued by the Board on February 17, 2005. GSHI served and published the Notice as directed by the Board. The intervention period expired on March 9, 2005. There were no intervenors.

On May 31, 2004, the Minister of Energy granted approval to all distributors in Ontario to apply to the Board for an increase in their 2005 rates by the third instalment of their

incremental market adjusted revenue requirement (MARR). This approval is conditional on a commitment to reinvest an equivalent amount in CDM initiatives.

On October 5, 2004, the Board issued a Procedural Order (the Procedural Order) which addressed the opening of deferral accounts; the recovery of development expenses; the process for applying for plan approval; and the filing requirements for plan approval. Pursuant to the Procedural Order all electricity distribution companies, including GSHI, received authorization to establish a deferral account.

At the introduction of the Market Based Rate of Return for electricity distributors in Ontario, GSHI elected to operate under a rate minimization model. Accordingly, GSHI elected a 0.0% return on equity. Had GSHI elected the maximum allowable return on equity of 9.88%, each of three instalments of incremental MARR would have been \$1,263,659.

It is the Government's intention to maximise participation in conservation and demand management. Accordingly, the Board is willing to allow GSHI to apply an amount equivalent of one instalment of incremental MARR, assuming the maximum allowable return on equity, towards conservation and demand management.

The elements of GSHI's CDM Plan include: a 'smart' meter installation pilot, load management and feeder voltage reduction, distribution system efficiency improvement and feeder optimization, contributions or investments in landfill gas generation projects, an electric thermal storage pilot for residential customers, a community awareness program and a youth education initiative.

The total budget for the CDM plan is \$2,200,000. GSHI has requested approval of \$1,263,659 for application against the programs in this plan. This amount is equivalent to the determined third instalment of incremental MARR had GSHI elected the maximum allowable return on equity.

The Board finds that the activities and programs proposed GSHI qualify as conservation and demand management activities and that the planned investments are eligible for tracking in the deferral account.

The Board approves the expenditure of \$1,263,659 for implementation of the CDM Plan.

The Board requires that GSHI file with the Board quarterly and annual reports on the progress of the initiatives included in the approved CDM Plan. The annual reports will be subject to public review.

The Board understands that the approved CDM Plan and the associated budget allocation to the individual programs may be subject to modifications. The Board requires that all modifications be identified in the quarterly and annual reports. In addition, GSHI shall apply to the Board for approval for modifications of spending above 20% of the approved budget.

**IT IS ORDERED THAT:**

1. Greater Sudbury Hydro Inc. is granted approval of the Conservation and Demand Management Plan as submitted for the Board's review in the application dated January 13, 2005. This investment satisfies the Minister of Energy's condition of a financial commitment to reinvest the equivalent of one year of incremental market adjusted revenue requirement in conservation and demand management. The approved total budget is \$1,263,659.
2. Greater Sudbury Hydro Inc. shall file with the Board quarterly and annual reports on the progress of the initiatives within its Conservation and Demand Management Plan.
3. The quarterly reports shall be filed no later than 30 days after the end of each calendar quarter.

4. The annual reports shall be filed no later than March 31 of the following year. The annual reports shall be subject to public review. The annual report shall include a cost benefit analysis on the program included in the Conservation and Demand Management Plan.
5. Greater Sudbury Hydro Inc. shall apply to the Board for approval if cumulative fund transfers among programs exceed 20% of the approved budget.
6. Greater Sudbury Hydro Inc. may credit the costs of preparing its Conservation and Demand Management application and participation in the hearing including intervenor and Board costs against the amount required to be spent on its Conservation and Demand Management Plan budget.

DATED at Toronto, March 28, 2005.

ONTARIO ENERGY BOARD

Peter H. O'Dell  
Assistant Board Secretary