



**RP-2004-0203**  
**EB-2005-0198**

**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 Hydro One  
Networks 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**

Hydro One Networks Inc. (Networks) and Hydro One Brampton Networks Inc. (Brampton) have filed an Application dated January 11, 2005 with the Ontario Energy Board for an Order pre-approving their Conservation and Demand Management (CDM) Plans. The Board assigned File No. RP-2004-2003 / EB-2005-0198 to this application.

A Notice of Application and Oral Hearing was issued by the Board on January 19, 2005. Networks served and published the Notices as directed by the Board. The Board held an oral hearing in Toronto on February 17 and 18, 2005. On February 18, 2005, the Board rendered an oral decision with reasons approving the application with certain conditions as set out in this order.

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 installment 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 Networks, received authorization to establish a deferral account.

The elements of the Networks' CDM Plan for residential customers are 'smart' metering, residential load control, real-time energy use monitoring, efficient lighting and audits and a low income customer program. The elements of Networks' CDM plan for business, institutional and farm customers are 'smart' metering, time of use rates, commercial and industrial load control, energy efficiency audits and lighting. The CDM Plan also includes a communications and education initiatives and a distribution loss reduction program.

The Board finds that the \$7,100,000 allocated to 'smart' meters in 2006 should be re-allocated and Networks shall re-file, by June 30, 2005, an application for alternative projects with respect to these funds. The Board recommends that Networks give greater consideration to social housing and the particular issues raised in the submission by Vulnerable Energy Consumer's Coalition (VECC).

The total budget for the CDM plan is approximately \$39,500,000 which is equivalent to Networks' remaining incremental MARR.

The Board finds that the activities and programs proposed by Networks satisfy the Minister's condition of a financial commitment to re-invest in conservation and demand management initiatives and are eligible for tracking in the deferral account.

The Board approves the expenditures as proposed by Networks for implementation of the CDM Plan, which is consistent with the remaining incremental MARR for Networks.

The Board requires that the Networks file 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, Networks shall apply to the Board for approval for modifications of spending above 20% of the approved budget.

**IT IS ORDERED THAT:**

1. Hydro One Networks Inc. is granted approval of the Conservation and Demand Management Plan, as submitted for the Board's review in the application dated January 11, 2005. This investment satisfies the Minister of Energy's condition of a financial commitment to reinvest the equivalent of one years incremental market adjusted revenue requirement in conservation and demand management. The approved total budget is \$39,500,000.
2. Hydro One Networks Inc. shall re-allocate the \$7,100,000 currently allocated to 'smart' meters in 2006 and re-file an application with respect to these funds by June 30, 2005
3. Hydro One Networks Inc. shall file with the Board avoided cost data for electricity generation, transmission and distribution by May 31, 2005.

4. Hydro One Networks Inc. shall file with the Board quarterly and annual reports on the progress of the initiatives within its Conservation and Demand Management Plan.
5. The quarterly reports shall be filed no later than 30 days after the end of each calendar quarter.
6. 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 all the information that would be in the quarterly reports and will include a cost benefit analysis on the program included in the Conservation and Demand Management Plan.
7. Hydro One Networks Inc. shall apply to the Board for approval if cumulative fund transfers among programs exceed 20% of the approved budget.
8. Hydro One Networks Inc may credit the costs of preparing its Conservation and Demand Management application and participation in the hearing including intervener and Board costs against the amount required to be spent on its Conservation and Demand Management Plan budget.

DATED at Toronto, March 17, 2005.

ONTARIO ENERGY BOARD

Peter H. O'Dell  
Assistant Board Secretary