



EB-2007-0105

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. seeking an order to make changes to its Conservation and Demand Management plan;

AND IN THE MATTER OF an application by Hydro One Networks Inc. under section 21(4)(b) of the *Ontario Energy Board Act, 1998*, seeking to dispose of the proceeding without a hearing.

BEFORE: Gordon Kaiser
Presiding Member and Vice Chair

Cathy Spoel
Member

DECISION AND ORDER

Hydro One Networks Inc. (“Hydro One”) filed an application, dated March 23, 2007 for an order to approve changes to its Conservation and Demand Management (“CDM”) plan. Hydro One has also requested, pursuant to subsection 21(4)(b) of the *Ontario Energy Board Act, 1998* (the “Act”) that the Ontario Energy Board (the “Board”) dispose of the proceeding without a hearing. The Board assigned file number EB-2007-0105 to this application.

On March 17, 2005, Hydro One was granted written approval of its CDM plan. The total approved budget for Hydro One’s CDM plan is \$39,500,000. As a condition of approval, Hydro One was ordered to apply to the Board for approval if cumulative fund transfers among programs exceeded 20% of the approved budget.

Hydro One is seeking an extension from September 30, 2007 to April 30, 2008 to complete spending of third tranche CDM programs.

Time-of-use pilot program

On February 19, 2007 Hydro One filed its 2007 rates application (EB-2007-0542). In addition to applying for the incentive rate adjustment, Hydro One requested an extension to its interim time-of-use ("TOU") rates pilot, a component of its third tranche CDM program and the establishment of a variance account to track forgone revenues resulting from the TOU program that were incremental to the level contemplated by the original CDM budget. Given the implication that funds tracked in a variance account are to be collected through rates at a later date, the Board decided that any request for a variance account should be treated as a request for incremental CDM funding, and that the TOU pilot would be required to pass a TRC test as per the Board's March 1, 2007 filing requirements on incremental third tranche funding.

In its rates application, Hydro One stated that preliminary analysis indicated that the TOU rate pilot would not pass the TRC test. Therefore, by way of decision on April 20, 2007 the Board denied Hydro One's request for an extension to the interim TOU rates pilot to beyond September 30, 2007 and its request for the associated variance account unless Hydro One files a TRC analysis by July 31, 2007 demonstrating that the TOU rate pilot passes the TRC test.

On April 27, 2007 Hydro One filed a supplemental letter in this proceeding to clarify that the extension requested in the subject application was meant to apply to all CDM programs that are currently underway including the TOU rates pilot. Hydro One also clarified that any funding required for the TOU rates pilot extension would be accommodated within the approved third tranche funding, and would not exceed the 20% threshold with respect to reallocation of funds within Hydro One's CDM plan.

Hydro One has also requested that the Board dispose of this matter without a hearing pursuant to section 21(4)(b) of the Act. Section 21(4)(b) of the Act states that the Board may dispose of a proceeding without a hearing if the Board determines that "*no person, other than the applicant, appellant or licence holder will be adversely affected in a material way by the outcome of the proceeding and the applicant, appellant or licence holder has consented to disposing of a proceeding without a hearing.*"

Hydro One issued public notice of its original CDM application (RP-2004-0203 / EB-2004-0198) as directed by the Board. There were intervenors in the application. Based on the evidence filed, and in consideration of the level of participant involvement in the original proceeding, the Board finds that no person will be adversely affected in a

material way by the outcome of this proceeding, and therefore finds that a hearing is not necessary.

Board Findings

The Board approves the deadline extension to complete CDM activities that are currently underway as proposed by Hydro One including the TOU rates pilot initiative. The TOU rate pilot extension will be funded through existing third tranche funds. No incremental funding is being awarded in this matter. The Board is of the view that this decision does not conflict with the Board's April 20, 2007 decision. The latter decision was based on a request by Hydro One for incremental funding. The subject application does not involve a request for incremental funding.

The Board notes that a Notice of Motion to review and vary the April 20, 2007 decision was filed on May 4, 2007 (EB-2007-0626). The motion requested that the Board cancel its denial of the TOU rates pilot extension and make an order extending the program to April 30, 2008 based on new evidence filed by Hydro One. The new evidence attests to the fact that the TOU rate pilot extension will be funded by existing third tranche funds. Should the Board grant Hydro One's request and reverse the decision in EB-2007-0542 on the TOU rate pilot extension, Hydro One will be allowed to continue charging the time-of-use rates to beyond September 30, 2007 and until April 30, 2008. The current decision does not impact Hydro One's rate order, and therefore should not be viewed as permission to continue charging time-of-use rates. This issue will be addressed in the EB-2007-0626 proceeding.

THE BOARD ORDERS THAT:

1. Hydro One is granted an extension to the completion date of all third tranche CDM activities to April 30, 2008.

DATED at Toronto, May 22, 2007

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary