



RP-2004-0203
EB-2005-0208

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 Oakville Hydro Distribution 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

Oakville Hydro Distribution Inc. (Oakville Hydro) has filed an application dated January 14, 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-2005-0208 to this application.

A Notice of Application and Written Hearing was issued by the Board on February 2, 2005. Oakville Hydro served and published the Notice as directed by the Board. The intervention period expired on February 14, 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 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 Oakville Hydro, received authorization to establish a deferral account.

The elements of Oakville Hydro's CDM Plan include: customer education, 'smart' metres, load control, residential sub-meeting, energy information seminars for commercial and industrial customers, a digester gas generation project, a wind turbine project, a peak shaving generator program, and distribution system voltage conversion.

The total budget for the CDM plan is \$2,898,000. This amount is consistent with the third installment of its incremental MARR.

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

In its application Oakville Hydro has proposed three generation related activities; these include the digester gas generation project, wind turbine project and peak shaving generator program. The Board notes the legislation appears to prevent distributors from directly owning generation facilities. Approval of these three program is conditional on Oakville Hydro satisfying all requirements under applicable legislation and Board codes and guidelines.

The Board approves the expenditure of \$2,898,000 for implementation of the CDM Plan, which is consistent with the amount of the third installment of Oakville Hydro's incremental MARR.

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

IT IS ORDERED THAT:

1. Oakville Hydro Distribution Inc. is granted approval of the Conservation and Demand Management Plan as submitted for the Board's review in the application dated January 14, 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 \$2,898,000.
2. Oakville Hydro Distribution Inc. shall comply with all applicable legislation, codes and guidelines, in all circumstances, and particularly as it relates to the digester gas generation project, the wind turbine project and the peak shaving generator program.
3. Oakville Hydro Distribution Inc. shall file with the Board quarterly and annual reports on the progress of the initiatives within its Conservation and Demand Management Plan.
4. The quarterly reports shall be filed no later than 30 days after the end of each calendar quarter.

5. 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.
6. Oakville Hydro Distribution Inc. shall apply to the Board for approval if cumulative fund transfers among programs exceed 20% of the approved budget.
7. Oakville Hydro Distribution 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 22, 2005.

ONTARIO ENERGY BOARD

Peter H. O'Dell
Assistant Board Secretary