



RP-2004-0203

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

**AND IN THE MATTER OF** Applications by distributors  
under the *Ontario Energy Board Act, 1998* for approval of  
Conservation and Demand Management Plans.

Changed since [13736-0:4]

## **AMENDED PROCEDURAL ORDER No 2**

On May 31, 2004, the Minister wrote to distributors pursuant to section 79.6 of the Ontario Energy Board Act, 1998 to allow each of them to apply to the Board to establish a deferral account to track expenditures on conservation and demand management initiatives. The commitment to expenditures for conservation and demand management is required in advance of the distributors' ability to recover the costs through the next instalment of the allowable return on equity beginning in March, 2005.

On October 5, 2004 the Board issued Procedural Order No.1 that addresses the following matters: (i) opening deferral accounts; (ii) development expenses; (iii) applications for plan approval; and (iv) filing requirements. The Board noted in this procedural order that it had granted distributors the authority to establish a deferral account by amending the Accounting Procedures Handbook and the Uniform System of Accounts, rather than by requiring all distributors to make an individual application. The Board has amended the Accounting Procedures Handbook and the Uniform System of Accounts.

In order to encourage distributors to undertake conservation and demand management activities, the Board allowed development expenses of up to \$25,000 to be charged against the third installment of market adjusted revenue requirement, for the research of technologies or programs that could be employed for conservation or demand management activities. This amount, if spent, will be counted as money to be applied against the third installment of market adjusted revenue requirement irrespective of whether any program is subsequently undertaken.

Procedural Order No. 1 also informed distributors that they have one of the following three options for prior approval of their Conservation and Demand Management Plans: (a) apply now for an interim order of the Board; (b) apply now for a final order of the Board (subject only to the ultimate review of the actual expenditures referred to above); (c) apply for a final order of the Board (subject only to the ultimate review of the actual expenditures referred to above) as part of their application for 2005 rates.

On October 19, 2004 the Board issued Procedural Order No.1 for RP-2004-0188 stating in part that:

“The purpose of the 2006 EDR process is to consider issues related to establishing 2006 revenue requirements and rates. Parties with an interest in the Board’s consideration of conservation and demand management expenditures related to 2005 Market Adjusted Revenue Requirement (“MARR”) should take note of the Board’s Procedural Order No.1 in RP-2004-0203. “

On October 20, 2004 the Board received a letter from counsel for Pollution Probe stating in part:

“ I am writing as legal counsel for Pollution Probe with respect to possible implementation of certain energy conservation measures (specifically, certain shareholder protection and incentive mechanisms) in 2005 (i.e. beginning March 1, 2005). I am seeking guidance as to how to bring this issue forward for consideration by the Board and in particular by means of a motion to have it placed on the issues list for RP-2004-0188 if necessary...

Pollution Probe believes that implementation of these conservation measures in 2005 (rather than waiting until 2006) is very much in line with and supportive of the Ontario government’s energy conservation priorities. It is also supportive of consumer protection because it would ensure for 2005 that the utilities’ conservation expenditures provide their ratepayers with the largest possible net bill reductions.”

The Board is issuing this Procedural Order to address the above noted issue. The Board has determined that the most expeditious approach to deal with this issue is to hold a Motions day. The Motions day will be for the purpose of hearing submissions on the following matters:

- a) Should the Board develop mechanisms to provide revenue protection and/or incentive for the purpose of 2005 rates?
- b) Does the Board have jurisdiction to adjust rates to address revenue protection or incentives or is approval of the Minister required?
- c) How would the amount of a revenue protection or incentive mechanism be determined?

d) How would the mechanisms for 2005 relate to the mechanisms for 2006, and following years?

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The Board will hear submissions on this motion on December 6, 2004. The Board may issue further Procedural Orders from time to time.

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**THE BOARD ORDERS THAT:**

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1. Pollution Probe shall file a Motion Record by Friday, November 12, 2004 in the usual form and serve copies on all licenced electricity distributors, on the parties listed in Schedule A, which may be updated at a later date. A complete list with addresses of all the licenced distributors may be found in the "Licences" section of the Board's web site at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) This Motion Record should outline the proposed mechanisms and address the issues in this order.

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2. Any interested party shall file their written response on the Motion Record by Wednesday, December 1, 2004.

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3. A Motions Day will be convened to hear oral submissions on the above matters at 9:30 a.m. on Monday, December 6, 2004 at 2300 Yonge Street, Toronto in the Board's hearing room on the 25th Floor. While any directly interested party may attend, the Board strongly urges parties with common interests to cooperate in making joint submissions. This will be a factor the Board will consider in determining the level of any cost awards made at the end of the proceeding.

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4. All filings to the Board noted in this Order must be in the form of **9 hard copies and must be received by the Board by 4:45 p.m.** on the stated dates. The Board requests that all parties make every effort to include a copy of their filings on disk, in WordPerfect format, along with the hard copies which are filed.

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**ISSUED** at Toronto, October 28, 2004

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**ONTARIO ENERGY BOARD**

*Original Signed By*  
John Zych  
Board Secretary

**SCHEDULE (A)**  
**OTHER INTERESTED PARTIES LIST**  
**RP-2004-0203**  
**October 28, 2004**

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