



EB-2013-0070

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
PowerStream Inc. seeking approval for a Conservation
and Demand Management Program – Direct Install
Refrigeration

BEFORE: Marika Hare
Presiding Member

Allison Duff
Member

DECISION AND ORDER
JUNE 21, 2013

PowerStream Inc. (“PowerStream”) filed an application with the Ontario Energy Board (the “Board”) on March 13, 2013, seeking Board approval for a Direct Install Refrigeration (“DIR”) program. The Board assigned file number EB-2013-0070 to this application.

PowerStream is an electricity distributor whose service area includes Alliston, Aurora, Barrie, Beeton, Bradford West Gwillimbury, Markham, Penetanguishene, Richmond Hill, Thornton, Tottenham and Vaughan. PowerStream has conservation and demand management (“CDM”) targets of 95.57 MW of demand reduction and 407.3 GWh of energy saving over the 2011-2014 period. PowerStream expects current CDM programs and Time of Use pricing to achieve 79% of its demand-saving target and 89% of its energy-saving target. The proposed DIR program will partially address the CDM target shortfall. A projected program cost of \$4.117 Million will generate 3.3 MW of

demand savings and 19.6 GWh of net energy savings. This represents an additional 3.5% and 4.8% towards PowerStream's demand and energy targets respectively. Plans for an improved design and delivery of current CDM programs will address the remaining shortfall.

Powerstream currently delivers all CDM programs available through the Ontario Power Authority's Province Wide Programs ("OPA's Provincial Programs"). Offering the DIR program in addition to the OPA's Provincial Programs requires Board approval. The DIR program targets small commercial customers, a market segment PowerStream claims is underserved by the OPA's Provincial Programs.

The Board conducted a written hearing. The Building Owners and Managers Association Toronto ("BOMA") and the Vulnerable Energy Consumers Coalition ("VECC") applied for and received intervenor status and cost eligibility status. The hearing process included interrogatories and submissions. Submissions were received from Board staff, BOMA and VECC. PowerStream filed reply submissions on June 3, 2013. The complete record for this proceeding is available on the Board's website.

The Board has reviewed all submissions and summarized the record to the extent necessary to provide context to its findings.

Compliance with the Board's CDM Code and CDM Guidelines

The Board's CDM Code was issued on September 16, 2010 in response to a Directive to the Board from the Minister of Energy dated March 31, 2010. The CDM Code sets out compliance obligations and requirements for licensed electricity distributors delivering CDM programs. The CDM Code establishes the conditions and rules for electricity distributors applying for a Board-approved CDM program.

The Board issued CDM Guidelines on April 26, 2012 to provide guidance to electricity distributors adhering to the CDM Code and in particular, to assist distributors applying for a Board-approved CDM program. The CDM Guidelines are intended to be read in conjunction with, and supplemental to, the CDM Code. The CDM Code is an enforceable provision within distributors' licences and the CDM Guidelines are policy, clarifying the Board's expectations with respect to the CDM programs.

CDM activities are to be implemented and administered efficiently with due regard for consumer interests. Duplication of OPA Provincial Programs by Board-approved CDM programs is strictly prohibited in the Minister's Directive.

DIR program participants will receive:

- a free electricity audit and assessment;
- a customized report and Energy Action Plan based on the electricity audit and assessment; and
- up to \$2,500 of eligible refrigeration measures and services provided and installed at no charge.

To address the issue of duplication, PowerStream prepared a comparison of its DIR program to existing OPA Provincial Programs and an analysis highlighting the differences. In particular, the DIR program was compared to the OPA's Small Business Lighting ("SBL") and Electricity Retrofit Incentive Initiative ("ERII") programs. PowerStream concluded its evidence met the requirements of the CDM Code and CDM Guidelines. In addition, PowerStream indicated it had worked closely with OPA staff since December 2012 to ensure bringing forward a non-duplicative program to the Board.

On March 4, 2013, the OPA provided PowerStream with a letter summarizing its support for the program. The OPA indicated the DIR program complemented the existing portfolio of province-wide program initiatives and recommended Board approval. However, the OPA was "of the opinion that the question of duplication with respect to the proposed program does not have a clear answer." The OPA indicated the program could be considered duplicative under section 2.3.3 (a) and (d) of the CDM Code with respect to customer-incentive levels and marketing approaches respectively.

Incentives for the products and services offered in the proposed PowerStream program could be accessed through the ERII initiative, mainly as customer measures. PowerStream's program provides a different incentive level and marketing approach compared to the ERII for the same products.

Board staff submitted PowerStream provided comprehensive evidence to fully address the issue of duplication. As PowerStream's application complied with the CDM Code and was consistent with the CDM Guidelines, Board staff submitted the Board should grant approval of the DIR program.

BOMA submitted PowerStream had demonstrated creativity, a keen understanding of CDM and conformance with the CDM Code and Guidelines. BOMA indicated PowerStream had strongly contributed to efforts for improving both the OPA's province-wide programs and the change management process, and recommended Board approval.

VECC submitted the OPA's assessment was non-definitive. In VECC's view, the OPA's letter appears to suggest duplication. VECC submitted the Board should not approve the DIR program until the OPA confirms the DIR program is non-duplicative. In addition, VECC was concerned with issues identified in the application related to the delivery of the OPA's Provincial Programs. The resulting need to develop additional CDM programs for Board approval may increase the overall cost of meeting CDM targets.

PowerStream, in its reply submission, indicated the proposed DIR Program passed the required cost-effectiveness tests by a wide margin, with the economic benefits of the program outweighing the costs to deliver the program by a ratio of 2.7 to 1.

Powerstream submitted the program would be a prudent use of rate-payer dollars while avoiding duplication of resources, namely those of the OPA.

Board Findings

The Board has reviewed the evidence and submissions in the context of the CDM Code and the CDM Guidelines and considers the DIR program to be sufficiently unique from the SBL and ER11 programs offered through the OPA's Provincial Programs. The Board acknowledges the common elements, yet finds the free individualized electricity audit and the direct-installation offer to be distinct and novel for small commercial customers.

Duplication is inherently wasteful. The Board has considered the potential duplication of program offerings and resources employed to research and plan the DIR program. Section 4 of the CDM Guidelines indicates Board-approved programs should "ensure the prudent use of rate-payer funds by avoiding duplication of resources, namely those of the OPA". It is evident PowerStream involved the OPA throughout its planning process to ensure the intent of its DIR program was known and its research and planning efforts would not be duplicated by the OPA in 2012 or in the near future. In particular, the OPA described PowerStream as "leading the way" which indicates to the Board that PowerStream is not duplicating the resources of the OPA.

The Board considered the OPA's view on duplication and the merits of the proposed program. The burden, however, lies with PowerStream, the applicant, to demonstrate to the Board its proposed program is not duplicative. PowerStream has done that. The Board approves the DIR program as filed.

Reporting of Results and Lessons Learned

In its letter, the OPA indicated it looked forward to leveraging the results and lessons learned of the DIR program to build a business case for a provincial rollout.

PowerStream indicated it "would be more than happy to share the program results, lessons learned and actual materials with the OPA and/or other Local Distribution Companies that are interested in building a business case for a broader rollout of this program". Board staff recommended the Board make this a requirement.

Board Findings

The CDM Code stipulates required reporting components distributors must comply with. Section 2.2 requires distributors to file an annual report with the Board with an overview of the activities undertaken in the calendar year in order to achieve targets. Section 6 requires distributors to evaluate Board-approved CDM Programs with an independent third party selected by the OPA's third-party vendor of record and following the OPA's Evaluation, Measurement and Verification Protocols. The Board finds the required reporting components of the CDM Code to be sufficient.

The Board appreciates PowerStream's offer to broadly share the DIR program results with other distributors. As the cost of the DIR program will be covered through the global adjustment mechanism, all ratepayers in Ontario will pay for a program offered only to small commercial businesses in PowerStream's distribution area. To this extent, the Board views the DIR program as being launched by PowerStream and tested in its distribution area, with results to be reviewed by the OPA for potential wider application. Therefore, the Board endorses PowerStream's commitment to share the results from the DIR program to enable the OPA, in consultation with the other distributors, to structure an enhanced program for provincial application.

Payment Schedule

In a letter to the Board dated June 5, 2013, the Independent Electricity System Operator ("IESO") outlined a process for administering payments for Board-approved CDM

programs. For fixed CDM program costs, PowerStream, in this case, would provide a schedule to the IESO of the fixed-costs payments approved by the Board as soon as possible, following issuance of the Board's Decision and Order. The applicable payment(s) to PowerStream would be processed for PowerStream's settlement statement for the last trading day of the month and included in its invoice, issued by the IESO ten (10) business days after the end of the applicable month.

For variable CDM program costs, PowerStream would provide to the IESO the monthly payment amount within four (4) business days following the end of each applicable month, in a manner to be determined by the IESO. The applicable payment(s) to PowerStream would be processed for PowerStream's settlement statement for the last trading day of the month and included in its invoice, issued by the IESO ten (10) business days after the end of the applicable month.

Board Findings

The Board agrees with the IESO's proposed process. As a result of this Decision, the IESO will provide payments at monthly intervals, not to exceed \$4.117 Million, from the first applicable payment date following the issuance of this Decision, continuing for a period of 18 months.

The total amount associated with PowerStream's fixed and variable CDM program costs will be recovered from applicable market participants and will be included in the monthly global adjustment charge.

THE BOARD ORDERS THAT:

1. PowerStream's application is approved by the Board as filed.
2. PowerStream must follow the process outlined in the Payment Schedule section of the Decision and Order to recover approved funds from the IESO.
3. Intervenors shall file with the Board and forward to PowerStream their respective cost claims within **7 days** from the date of this Decision and Order.
4. PowerStream shall file with the Board and forward to intervenors any objections to the claimed costs within **17days** from the date of this Decision and Order.

5. Intervenors shall file with the Board and forward to PowerStream any responses to any objections for cost claims within **24 days** of the date of this Decision and Order.
6. PowerStream shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote the file number, EB-2013-0070, be made through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guidelines found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available you may e-mail your document to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies. All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Attention: Board Secretary
Filings: <https://www.pes.ontarioenergyboard.ca/eservice/>

E-mail: boardsec@ontarioenergyboard.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, June 21, 2013

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary