

July 21, 2010

Kirsten Walli
 Board Secretary
 Ontario Energy Board
 P.O. Box 2319
 2300 Yonge Street, Suite 2700
 Toronto, Ontario
 M4P 1E4

**Invitation to Comment –Conservation and Demand Management Code for Electricity Distributors
 Board File No.: EB-2010-0215**

Dear Ms. Walli,

As requested by the OEB regarding the Conservation and Demand Management Code, and as outlined in the discussion paper released June 22, 2010, we would like to provide the following comments and questions on behalf of the following “NEPA GEA” member distributors. In addition to this letter, individual LDC’s may forward comments that are specific to their utility.

The following members are part of this submission.

NEPA GEA Member LDC’s	Contacts	Customer Base
Algoma Power Inc.	Doug Bradbury	11,586
Brant County Power Inc.	Bruce Noble	9,683
Canadian Niagara Power Inc.	Doug Bradbury	28,388
Greater Sudbury Hydro Inc.	Paula Tarini	43,772
Grimsby Power Incorporated	Sean Perry	9,600
Haldimand County Hydro Inc.	Jane Albert	20,551
Niagara-on-the-Lake Hydro Inc.	Victoria Gillett	7,650
Niagara Peninsula Energy Inc.	Sue Forcier	48,416
Norfolk Power Distribution Inc.	Brad Randall	18,300
Welland Hydro Electric System Corp.	Jason Biesma	21,493
Westario Power Inc.	Lisa Milne	20,208
	Total	239,647

The following outlines the comments and questions pertaining to the Conservation and Demand Management Code for Electricity Distributors.

1.7

For projects that have been initiated in 2010, but are not completed until 2011, it is our understanding LDCs will be able to claim the energy and demand savings towards their CDM targets as it is the year of the completion date that the savings are attributed to.

For example, a hospital decides that it is going to replace its chiller. They apply to ERIP in 2010; however, the project will not be completed until 2011. The LDC should be able to use the energy and demand savings from this project to reduce their CDM target since the savings were realized after January 1, 2011.

1. Can you provide clarity regarding where energy and demand savings will be attributed to for projects initiated in 2010 but not completed until 2011?

2.0 CDM Strategy and Annual Reports

Regarding the distributor's CDM strategy and annual report filing, the current directive does not take into consideration any mechanism to review or revise targets. It is conceivable that changes to economy, customer base and issues surrounding program delivery could impact an LDC's ability to meet target, regardless of the effort made. Changes in critical load and customer load can drastically affect a distributor's ability to meet their CDM targets, particularly smaller sized distributors.

Recommendation: that a formal mechanism be created which would allow LDC's to review their targets and adjust them accordingly when there is a significant change, as determined by the LDC in consultation with the OEB. The formal mechanism should account for target adjustment at any time, not just at the annual review.

2.1.1 (c)

Section 2.1.1 (c) states that a distributor must provide confirmation that CDM programs will be offered for all customer types in a distributor's service area, as far as is appropriate and reasonable having regard to the composition of the distributor's customer base.

1. Are all OPA-contracted province-wide programs mandatory for each distributor? ie. A northern LDC mandated to provide a PeakSaver program when they are a winter peaking LDC.

2. If an LDC chooses not to offer all OPA-contracted province-wide programs, can a third party come in and offer a provincial program in their territory?

2.1.1 (d)

Section 2.1.1 (d) requests distributors to detail how they will pursue administrative efficiencies with other distributors, natural gas distributors, social service agencies, any level of government, government agencies and the OPA. The NEPA GEA members would like to request further clarification on the efficiencies that should be included in the CDM strategy.

1. Are the requested efficiencies all financial efficiencies or could they be based on program delivery, cross promotion, etc.?

2.1.3

LDCs have not received the final drafts of the funding proposal and final approval of provincial programs. This information is crucial for the completion of a distributors CDM Strategy. Further delivery delays could impact a distributor's ability to complete their CDM strategy by November 1, 2010. If the release of the required documents to the LDC's is significantly delayed, the OEB should evaluate whether an extension to the filing date is required. The NEPA GEA members are working diligently to meet the November 1, 2010 filing deadline.

2.2.1

Section 2.2.1 states that a distributor shall file an Annual report with the Board by September 30th of each year.

1. If an LDC starts a program early in 2014 with the intent to complete a program before December 31, 2014, however due to unforeseen circumstances completion is not until early 2015, can the results be attributed to the 2011-2014 targets? Allowing LDC's to include these results on their Annual report, will help encourage continued focus on large initiatives during the final year of the program.

2.3.3

The OEB has set up measurement criteria for Tier 2 and Tier 3 programs to prevent duplication of provincial programs. With that said, it is conceivable that there could be some argument where different incentive levels could be considered prudent in hard to reach customer areas or in the event of a unique delivery opportunity.

With a closer understanding of their clients and demographics, an LDC could identify a unique customer group that has the potential for substantial energy or demand reductions, but requires unique program delivery to pursue participation. The delivery may range from higher customer incentive or an incentive plus energy efficient give away.

Recommendation: that the OEB provides an avenue of flexibility allowing the LDC to submit variances from the OPA programs to the OEB and request a ruling.

3.0 Board Approved CDM Programs

The NEPA GEA members have the following questions pertaining to Board Approved CDM Programs:

1. If an LDC creates an OEB approved program prior to 2011, are other distributors allowed to adopt the existing program or does the LDC have to go through another application process? i.e. Enwin Utilities received approval from the OPA for the Greensuites program in 2009. Does Enwin Utilities have to re-apply in 2011 for board approval?
2. If another distributor adopts another LDC-created program for 2011 (see example above) would they have to submit a distributor's application?
3. What is the process to make a Tier 3 (Single LDC) program a Tier 2 (collaborative) program in order to allow a group of distributors to work together to manage a successful program?
4. When a distributor files a program for Board approval, what is the expected timeline for answers as to whether the program is approved, denied or if modification is required?
5. Can the Board provide a Board-approved filing template document for Board approved programs?

Recommendation: that distributors applying for Tier 2 programs should be required to demonstrate due diligence that other distributors were informed of the available Tier 2 programs.

3.1.4

It is particularly important for Tier 2 & 3 programs that the assumptions outlined on the OPA's Measures and Assumptions List match the EM&V assumptions. Any change in assumptions could alter the achieved persistence and target (higher or lower). The NEPA GEA members request consistency of assumptions for all program levels.

3.2. 1 Re-Allocation of Funding Among Existing Board-Approved CDM Programs

For Tier 2 Funding under the OEB Funding Application, a distributor has the right to transfer funds among the distributor's Board-Approved CDM programs provided it does not exceed 30% of an approved budget for an individual CDM program.

1. With the funding mechanism not being clear, does a distributor have the right to defer a program to another year so long as it is carried out before the end of the four year timeframe, that being December 31, 2014. ie: A Tier 2 application puts forth a program that will occur in 2012; however, for various reasons, the program takes a little longer to get off the ground. Does a distributor reserve the right to change the program to 2013 without applying to the Board for approval?
2. What happens to the program funding that has been allocated if the program starts a year later?

4.2.2 Pilot CDM Programs

1. Is there a limit to the number of pilot programs that a distributor is able to operate?
2. Can pilot programs include groupings of distributors to allow greater sharing of information and cost sharing?

4.3 Education Programs

1. Will programs that educate users on their individual consumption patterns that compare current costs with those of the future time of use rates (ie. Newmarket Hydro and Powerstream) be eligible for educational CDM programs?

5.0 Accounting Treatment

1. When can variance accounts be cleared? Will it be with regular rate filings, annually (December 31 of each year) or at the end of the programs (December 31, 2014)?

6.0 Program EM&V

The review of a distributor's results for its Board-Approved CDM Programs must be done by an independent third party selected from the OPA's third party vendor of records list.

1. Will the LDC be responsible for covering 3rd party review expenses and should these be included in the program budgeting, or are they covered by the OPA since LDC's have to select a vendor from the OPA's third party vendor of records list?

6.1.2

1. Since distributors are required to file EM&V results with their annual report, are the distributors responsible for vendor delays out of the control of the distributor, as they are required to utilize vendors from the OPA list?

7.0 Performance Incentive

A distributor is eligible for a performance incentive when a minimum of 80% of its combined CDM Targets (kWh & kW) is reached. The NEPA GEA members would like to request that the performance incentive be calculated and provided based on the achievement of each individual target for the peak demand target (kW) and the reduced energy consumption target (kWh).

1. Can we increase the performance bonus paid to distributors?
2. What happens to the incentive funds that have been allocated but were not paid out to other distributors? Has any consideration been given to additional incentives for LDC's that reach their target if there are a large number of distributors who do not meet target?

The NEPA GEA member's goal is to have a balanced portfolio of programs for all customer types. Distributors may be inclined to focus on energy and demand savings of their largest customers in order to achieve target and meet their condition of license.

1. Should there be a separate incentive paid for achieving kW and kWh for low income consumers?

7.1.2

1. The funding for Tier 1 programs is provided by the OPA. Is the funding provided by the OPA considered to be a budgetary contribution by the LDC and therefore, the LDC can claim 100% attribution of the benefits?
2. Should all Tier I programs be considered to be LDC Centric?

General Questions

1. What happens if the LDC does not meet the target described in their OPA and Board approved programs?
2. What happens to funding that has already been spent?

Yours truly,

A handwritten signature in blue ink, appearing to read "JD" or "James Douglas", enclosed in a circular scribble.

James Douglas
President