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BY E-MAIL

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July 7, 2010

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

**Re: Electricity Conservation and Demand Management Targets
EB-2010-0216**

Dear Ms. Walli:

In response to the above-referenced matter, we are submitting this letter on behalf of Erie Thames Powerlines Corporation, West Perth Power Inc. and Clinton Power Corporation (collectively, the “LDCs”).

At a high level, we support the overall approach and allocation methodology employed by the Ontario Power Authority. However, we would like to raise the following issues and questions for consideration by the Board:

- The LDCs strongly support the principle that the best available information should be used to inform the CDM target allocation. To this end, we feel that an average of multiple recent years should be used to reach allocations that accurately and currently reflect the impacts of economic changes, weather and system developments. Therefore, our position is that the OEB should base the CDM target allocations on an average of the three most recent years (i.e. 2007-2009).



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- The materials distributed to date have not been clear regarding potential consequences associated with a failure to achieve CDM targets. The March 31, 2010 Minister's Directive references a tiered performance incentive mechanism commencing when an LDC meets 80% of its target. In light of the fact that an LDC will receive incentives for partially meeting its targets, it suggests that a license suspension or other penalty will not automatically apply if an LDC fails to meet its targets. However, it is not clear if there is a minimum level of target achievement that will trigger a penalty and what those penalties will be. For the purposes of providing full disclosure to the LDCs' shareholders and other stakeholders, more direction in this regard would be appreciated.
- We feel that the Board should consider including a process for allowing LDCs to request modifications to their targets at a later date in the event of material, unforeseen circumstances.
- The LDCs feel that it is important to assure that high load growth will be netted out of any measurement and verification processes employed for the purposes of demonstrating that an LDC has achieved its targets. For example, in the event that a customer is able to reduce its load by 100kW via approved CDM programs but also adds 100kW in new equipment, our expectation is that this new load growth would be netted out during the measurement and verification process.

Thank you for the opportunity to submit this response on behalf of the LDCs.

Sincerely,

Jeff Quint, MBA, BESC.
Managing Director
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