

**Hydro One Networks Inc.**

8<sup>th</sup> Floor, South Tower  
483 Bay Street  
Toronto, Ontario M5G 2P5  
www.HydroOne.com

Tel: (416) 345-5700  
Fax: (416) 345-5870  
Cell: (416) 258-9383  
Susan.E.Frank@HydroOne.com



**Susan Frank**

Vice President and Chief Regulatory Officer  
Regulatory Affairs

BY COURIER

July 7, 2010

Ms. Kirsten Walli  
Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
Toronto, ON.  
M4P 1E4

Dear Ms. Walli:

**EB-2010-0216 – OEB Consultation on Proposed CDM Targets – Hydro One Networks’ Comments**

Attached are three (3) paper copies of Hydro One Networks’ comments on the proposed CDM targets contained in the Ontario Energy Board’s (“Board”) memo to electricity distributors dated June 22, 2010.

I have also attached proof of successful submission of these comments through the Board's Regulatory Electronic Submission System.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach.

## **HYDRO ONE COMMENTS ON ELECTRICITY CONSERVATION AND DEMAND MANAGEMENT TARGETS**

Hydro One Networks Inc. (“Hydro One”) is pleased to provide comments on the distributor-specific Conservation and Demand Management (“CDM”) Targets that have been proposed by the Ontario Power Authority (“OPA”) and on the OPA’s methodology used for this allocation, issued for comment by the Ontario Energy Board (“Board”) on June 22, 2010.

This submission consists of two sections:

1. General comments
2. Specific comments on the Hydro One CDM energy and peak demand savings targets

### **1. GENERAL COMMENTS**

In general, Hydro One supports the proposed methodology used for the allocation of the CDM targets. Using this methodology, the OPA has determined that the Hydro One CDM energy and peak targets are 1,014 GWh and 210 MW respectively. In developing its CDM target setting and allocation methodology, the OPA has consulted with all the electricity local distribution companies (individually, “LDC”, collectively, “LDCs”). Hydro One appreciates the open process and it is pleased that many of the suggestions from the LDCs on the CDM target allocation methodology were adopted.

### **2. SPECIFIC COMMENTS ON THE HYDRO ONE CDM ENERGY AND PEAK DEMAND SAVINGS TARGETS**

#### **2.1 OPA-funded Aboriginal Conservation Program**

According to the OPA target allocation methodology, the aggregate LDC provincial CDM savings target (6,000 GWh and 1,330 MW) does not include the savings from the OPA-funded Aboriginal Conservation Program. The OPA has the accountability to deliver the OPA-funded Aboriginal Conservation Program to the First Nations and Metis population in the province. LDCs are not responsible for achieving the savings from this program.

Hydro One currently has over 20,000 First Nations and Metis customers in its service territory. Since the savings from the OPA-funded Aboriginal Conservation Program is not part of the aggregate LDC provincial CDM savings target, electricity consumption associated with this group of customers should also be excluded from the Hydro One specific CDM savings target allocation calculation. Hydro One had raised this issue to the OPA in April 2010 (letter to the OPA from Giuliana Rossini, dated April 12, 2010). The OPA’s response was – *“The OPA does not support the adjustment of Hydro One’s*

*target allocation factors to remove First Nation customers since 20,000 customers constitute approximately 1% of Hydro One's total customer base and the resulting impact of such an adjustment on Hydro One's target allocation factors is likely to be immaterial.*". Hydro One believes that this amount is material because:

- These 20,000 First Nations and Metis customers consume over 1.5% of the total electricity consumption of Hydro One Distribution.
- The current proposed Hydro One CDM energy savings target is 1,014 GWh. 1.5% of 1,014 GWh is over 15,000,000 kWh (equivalent to the average annual electricity consumption of over 1,500 homes in Ontario).

Hydro One is requesting that its CDM energy and peak demand savings targets to be reduced by 1.5% (15.2 GWh and 3.2 MW).

## **2.2 Seasonal Customers**

Hydro One currently has over 150,000 seasonal customers in its service territory and they consume over 3.5% of total electricity consumption of Hydro One Distribution. Hydro One is concerned that:

- CDM programs designed for year round customers will have minimum effect on seasonal customers.
- Seasonal customer specific CDM programs will be less cost effective than CDM programs that are designed for regular year round customers and they most likely will not pass the OPA's Cost Effectiveness Tests.

To address its concerns over the CDM savings target associated with seasonal customers, Hydro One proposes the following adjustment:

- Electricity consumption associated with seasonal customers to be excluded from the Hydro One specific CDM savings target allocation calculation.
- Therefore, Hydro One's CDM energy and peak demand savings targets will be reduced by 3.5% (35.5 GWh and 7.4 MW).

## **2.3 Conclusion**

The total adjustment is (adding up the adjustments from section 2.1 and 2.2):

- Hydro One's CDM energy and peak demand saving targets to be reduced by 5% (50.7 GWh and 10.5 MW).
- With the total adjustment, Hydro One's new CDM energy and peak targets would be 963 GWh and 200 MW respectively.