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VIA MAIL AND EMAIL

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
26<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON  
M4P 1E4

Dear Ms. Walli:

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

**Vulnerable Energy Consumers Coalition Comments**

As Counsel to the Vulnerable Energy Consumers Coalition (VECC), I am writing, per the Board's Letter of June 22<sup>nd</sup> to provide VECC's comments on the above matter. The comments are organized according to the specific issues identified by the Board.

*Use of One Year vs. Two Years' Data*

The Board has specifically requested parties' views on whether it is appropriate to base the CDM Targets (electricity and peak demand) on one year's data or on an average of multiple years. In VECC's view, two years' data should be used and the allocation factors should be calculated using both 2008 and 2009 data.

VECC acknowledges that the 2008 data does not fully capture the impact of the recent economic downturn on the demand for electricity. As a result, the use of just 2008 data is likely to disadvantage those distributors who have suffered load loss from the downturn and where the prospects for a rebound with the 2010 recovery are limited. On the other hand, use of just 2009 data is likely to understate the savings that should be allocated in circumstances where subsequent economic recovery will lead to increased

year over year sales. The averaging of the two years' data is a reasonable compromise. The use of two years' (as opposed to one year's) data also helps to offset the fact that the energy and demand values used have not been weather normalized.

Clearly, the inclusion of additional years would further address the weather normalization issue. However, it would also involve the inclusion of older data and not reflect the different overall growth trends that can be seen across distributors (e.g., there are areas of the province where customer growth is strong and others where it is stagnant). The use of two year's data offers a reasonable compromise.

### *Energy Savings Allocator*

In the case of energy savings, the allocation makes a distinction between residential and non-residential savings on a provincial basis and allocates each separately based on each distributor's share of total residential and non-residential use in province respectively. In principle this approach appears reasonable. However, there is minimal supporting information provided as to how the total residential and non-residential savings values were developed. If the development of these targets used specific years' consumption data then there may be inconsistencies that make the proposed allocation approach inappropriate.

VECC's inability to comment further can also be attributed to the fact that (unlike the EDA and individual LDCs) it was not invited by OPA to participate in either the consultation process held in late 2008/2009 to revise the provincial conservation projections or the one held in 2010 to develop the proposed distributor allocation factors.

### *Demand Savings Allocator*

VECC agrees that the demand allocator used to apportion the savings target to individual distributors should be aligned with the OPA's EM&V methodology for estimating the peak demand impacts from CDM resources. VECC notes that this allocator is based on the top ten system peak hours. As the specific hours involved are likely to vary from year to year, use of the two year average when determining each LDC's contribution to the "system peak" will serve to provide more robust results than simply using the most recent year available (i.e., 2009).

VECC also notes that while the targets are measured at point of end use, the allocator used for demand savings is the peak wholesale purchases by each distributor which will include distribution losses. In VECC's view this inconsistency is a minor point and one that can not be reconciled given the lack of data on individual distributor losses at time to system peak. What is important is that electricity distributors recognize that, despite the allocation factor used, their "target" is to be measured at the point of end use.

VECC wishes to thank the Board for the opportunity to comment at this time. However, as noted above, VECC believes its contribution would have been more effective if its input had been sought by the OPA earlier in the process. VECC requests that, in the future, where the OEB is seeking such input/advice from the OPA it request that the OPA undertake a broader consultation which includes all of the OEB's interested stakeholders.

Yours truly,

Michael Buonaguro  
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