



Cornerstone Hydro Electric Concepts Association Inc.

January 25, 2012

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

Re: EB-2012-0003 CDM Guideline

Dear Ms Walli:

Attached please find Cornerstone Hydro Electric Concepts Association's comments with respect to EB – 2012-0003 CDM Guidelines. CHEC on behalf of our LDCs are pleased to have the opportunity to provide input on the Draft Guidelines. The Guidelines will be of great assistance to LDCs moving forward.

A number of comments and suggestions are provided with respect to the Guideline. Some comments are for clarification, others suggest changes while others share information which may inform the Board process in finalizing the Guidelines.

A tabular format has been utilized to simplify the presentation and is contained in the attachment. The major divisions of the Guideline have been utilized to organize the input.

We look forward to the continued dialogue with the Board on the Guidelines and the implementation of CDM programs.

Yours truly,

Gord Eamer

Gordon A. Eamer, P.Eng.
Chief Operating Officer
43 King St. West
Suite 205
Brockville, ON
K6V 3P7
chec@ripnet.com
613-342-3984

CHEC Members

Centre Wellington Hydro	COLLUS Power
Innisfil Hydro Distribution Systems	Lakefront Utilities
Lakeland Power Distribution	Midland Power Utility
Orangeville Hydro	Parry Sound Power
Rideau St. Lawrence Distribution	Wasaga Distribution
Wellington North Power	West Coast Huron Energy

Attachment: CHEC Comments EB-2012-0003 CDM Guidelines

Cornerstone Hydro Electric Concepts Association Inc.
Comments EB-2012-0003 January 2012

Section	Issue	Suggested Action
<p>Time of Use Pricing</p> <p>Note 1</p>	<p>The document notes that a portion of each LDCs target includes savings from Time of Use Pricing. On a provincial basis the savings is estimated at 308 MW. This total of proposed savings has been apportioned to LDCs across the province. The distribution of the proposed savings to each LDC has not been identified in the Guideline. Including the proposed contribution to each LDC's target as part of the Guideline would ensure all are utilizing the same values. When the final evaluation has been completed by the OPA the revised values, using the same distribution, would be provided for inclusion in the final target achievement for each LDC. The OEB should include a listing of the TOU contribution for each LDC. This will ensure that all are working from the same numbers and can plan accordingly.</p>	<p>Include in the Guideline the proposed Time of Use contribution for each LDC's target.</p>
<p>Note 2</p>	<p>The Guideline notes that the OEB anticipates that the OPA will complete the EM&V on TOU on a provincial level. The completion of the EM&V on a provincial level is supported. The process for the calculations and the outcome should be shared with LDCs in a timely manner to ensure the process is understood and a process incorporated to allow any concerns to be addressed.</p>	<p>The Guideline should note that the Board expects the process and outcomes of the provincial evaluation of Time of Use contribution to targets to be transparent and shared with LDCs.</p>
<p>Note 3</p>	<p>Within the Guideline provision of an anticipated timing for the Time of Use evaluation may be appropriate. The expected saving from TOU could impact on the number and size of Board Approved Programs and the associated cost borne by the customer. Preliminary EM&V TOU savings by say end of 2013 may be appropriate.</p>	<p>Inclusion of a date or some direction on initial evaluation of the impact of Time of Use Pricing contribution to CDM targets in the Guideline should be considered.</p>
<p>Note 4</p>	<p>The Guideline should state that the OPA will be responsible for defending the outcomes of their evaluation when included in LDC reporting. This will assist to remove any need for LDCs to defend the portion of target contributed by TOU.</p>	<p>Include in the Guideline clarification that the OPA will be responsible for defending any contributions to CDM targets.</p>

Cornerstone Hydro Electric Concepts Association Inc.
Comments EB-2012-0003 January 2012

Section	Issue	Suggested Action
<p>Pre-2011 OPA Contracted Province Wide CDM Programs</p> <p>Note 5</p>	<p>Anticipate that this clause clarifies the fact that “incremental savings in 2011 to 2014” resulting from previous contracted programs will be counted toward LDC targets. This clause does not clearly state that the kW and kWh’s that were contracted between a customer and LDC prior to January 1st 2011 (in the 2010 Provincial Programs) but implemented in 2011 will be counted toward target. A clear statement by the Board acknowledging the inclusion of these incremental savings, implemented in the 2011 to 2014 period, as consistent with the Ministry Directive is required. A clear definition at this time will allow LDCs to include these savings in their target achievement and not over design programs and incur the associated costs. Further it will ensure the appropriate context for Board approval of programs.</p>	<p>Clearly outline in the Guideline that kW and kWh savings implemented in 2011 as a result of activity from previous Provincial Programs will be counted towards the 2011-2014 targets.</p>
<p>Duplication with OPA Programs</p> <p>Note 6</p>	<p>Program vs. Initiative terminology: The Guideline notes that duplication cannot occur with any OPA Program. It may be more appropriate to evaluate on an “initiative” basis. As per the Provincial Agreements – programs are the overarching area while initiatives form specific schedules within the programs. There are only four “Programs”; Residential, Commercial and Institutional, Industrial, and Low Income. Within these Programs are a number of initiatives with specific eligibility, program design and incentives. A comparison on the initiative level would be more appropriate.</p>	<p>Clarify that the evaluation of duplication will be on an initiative level rather than a program basis.</p>
<p>Note 7</p>	<p>The requirement to dialogue with the OPA prior to application to OEB to address any duplication issue is supported. To facilitate this discussion at an early stage a general guideline should be developed, by the OPA, for inclusion in the OEB Guideline, with respect to level of information required for the discussion. Further within the CDM Guideline the Board should indicate to the OPA the issues which the Board expects the OPA to consider with</p>	<p>Develop general guideline of information and detail required for preliminary discussion with the OPA with respect to duplication.</p> <p>Board indicate to the OPA the issues list which the Board expects to be addressed in documenting</p>

Cornerstone Hydro Electric Concepts Association Inc.
Comments EB-2012-0003 January 2012

Section	Issue	Suggested Action
	respect to duplication. This will inform the information the LDC provides to the OPA and further the correspondence which the OPA provides for inclusion in the application by the LDC to the OEB.	the duplication review.
Note 8	The Guideline requires “description of OPA Contracted Province Wide CDM Program that most nearly provides similar activities”. Most nearly implies that a comparison needs to be made in all cases. There may be OEB Program Applications for which there is no real comparison within the Provincial Programs. The Guideline should allow for a statement indicating that there is no Provincial Program providing similar activities and remove the need to complete an artificial comparison. . If the program is not similar to any Provincial Program then a simple statement noting this should suffice.	The requirement to compare to “most nearly” should be tempered with a condition, where exists. If the proposed program is not similar to any Provincial Program (Initiative as per previous comment) then a simple statement is recommended.
Note 9	Duplication with Other LDC Programs – Contact with the OPA could assist coordination among LDCs on similar initiatives. As noted in the Guideline the OEB expects LDCs to confer with the OPA prior to submission. A list of programs reviewed by the OPA, with sufficient information to provide a general feel for the program, would allow LDCs to determine if other LDCs have developed or are developing programs of a similar nature. Maintaining and publishing the list would help reduce development cost for similar programs.	Coordinate with the OPA the publishing of a list of programs reviewed and share with LDCs.
Note 10	The duplication issue perhaps unduly limits the ability of LDCs to design Board Approved CDM Programs. While avoiding direct duplication of the Provincial Program is supported there is a need to define degrees of duplication. An example is the ERII program. This program has a “custom” feature which allows a retrofit to be evaluated by comparing pre and post consumption and peak. This “custom” approach, based on general eligibility criteria, basically allows all retrofit measures to qualify in the initiative. By broadly qualifying all retrofit measures this initiative removes any	An overview review and discussion is required to determine whether there is unintended consequences with respect to the application of “duplication” and to determine an alternate approach to allow the design, implementation and eventual approval of full programs designed specifically to introduce products and measures.

***Cornerstone Hydro Electric Concepts Association Inc.
Comments EB-2012-0003 January 2012***

Section	Issue	Suggested Action
	ability for an LDC to develop a program to actively promote this measure to the customers. The only funding available to the LDC is the PAB which is designed to support and market the C&I Program not specific measures. There are insufficient funds within the PAB budgets to develop full marketing programs which may be required for market penetration of specific measures.	
Reporting Note 11	The direction that OPA reporting can be included in the LDC reporting without the need to restate is supported. As the reported savings are included based on the work of the OPA it is suggested that for clarity the Guideline note the LDC will not be responsible for defending the OPA reported savings and any responsibility to defend the outcomes will remain with the OPA.	Include in the Guideline clarification that the OPA will be responsible for defending the reported savings which they provide to the LDCs for inclusion in the LDC's targets.
Education Program Note 12	The Guideline indicates that educational funds can only be applied for "if the distributor can demonstrate that it has exhausted its portion of the OPA's Program Administration Budget (PAB) which is intended to fund similar educational and marketing activities". The PAB funding includes marketing funding but not educational funding. The LDCs are to fund administrative, marketing and reporting out of the PAB. There is not sufficient nor was the funding for educational programs included in PAB. Education funding would be focused on running an entire program while PAB is focused on marketing the Provincial Program and the associated initiatives. Comment: Reference to educational funding in PAB should be removed from the Guideline.	The reference to educational funding in PAB should be removed from the Guidelines.
Note 13	Reference to the "most similar OPA Contracted Provincial Program" for educational purposes. The Provincial Program does not include any "education programs" and as such the need to make comparison should not be required.	Remove the need to make comparisons to the Provincial Program as the initiatives are not "educational" in nature.

Cornerstone Hydro Electric Concepts Association Inc.
Comments EB-2012-0003 January 2012

Section	Issue	Suggested Action
Accounting Treatment Note 14	The Guideline notes that any overspending of Board Approved Programs will require Board approval. Some discretion may be appropriate to allow LDCs some range of flexibility if the proposed costs and actual vary. In past OEB CDM processes allowed some flexibility on costing. The ability to limit changes in costs based on a percentage change and maintaining a positive cost effectiveness test would be appropriate. As in all approvals it is recognized that prudent expenditure would be expected to allow for recovery.	The Guidelines should allow some variation in expenditure within given parameters such as percentage change and positive TRC.
Program Evaluation, Measurement & Verification Note 15	The Guideline indicates that the “full spectrum of possibilities respecting program deployment, or potential variations in program design” need not be included. This understanding is appreciated and supported.	
Note 16	The Guideline further notes “that more specific details of the evaluation plan may be developed after the program has been approved”. This is supported as it allows a preliminary plan to be developed with further details to be finalized as the program design progresses.	
Use of Assumptions Note 17	The OPA Measures and Assumptions will be revised from time to time. The Guideline should outline which version of the assumption list is to be utilized at various times. Say for instance the program design has been completed and an application made to the OEB and the OPA releases a new list – guidance with respect to the expectation on revision of the application or continued use of the previous assumption list should be provided in the Guideline. It is the expectation that once an application is made the assumption list current at the time of the application would remain in effect.	Expand the guidance on which version of the Measures and Assumptions list are to be utilized if the lists are revised during the design, approval and implementation stage of a program.
Note 18	The OPA controls the assumption lists and the LDCs are required to utilize these lists in their program design and evaluation. For the efficiency and cost effectiveness of the review process the Guideline should state clearly that	Include in the Guideline that the LDC will not be required to defend the Measures and Assumption list provided by the OPA.

Cornerstone Hydro Electric Concepts Association Inc.
Comments EB-2012-0003 January 2012

Section	Issue	Suggested Action
	the LDCs, during the approval process, will not be required to defend the assumption lists which have been prepared by the OPA. Any discussion of the assumptions lists should be completed outside of an LDC application.	
Program Development Costs Note 19	The guideline indicates that program development costs would be recovered through the GAM when the program is approved. It further indicates that the program development cost would not be recoverable if the program is not approved. CDM forms part of the license requirement for LDCs and as such CDM program development and evaluation is part of the business of an LDC. If funds are expended prudently on potential program development and application these funds should be recoverable, if not through GAM then through other rate processes. It is suggested that the statement be more specific and state that “the development costs not recovered through the GAM may be applied for as part of the LDCs rate submissions”.	The Guideline should indicate that development costs of CDM Program not recovered through GAM can be applied for as part of the LDCs rate submissions.
Note 20	If program development costs, for programs not approved, are not recovered from the GAM or are not eligible for recovery from rates, this may not represent a prudent risk. The LDC shareholder bears all the risk of program development. How does the LDC determine whether the development cost for a specific program is prudent or not?	The Guideline should indicate that development costs of CDM Program not recovered through GAM can be applied for as part of the LDCs rate submissions.
Other Source Funding Note 21	The inclusion of kW and kWh savings to LDC target for programs that include other sources of funding is supported and encouraged. Where there is another source of funding clarification is required with respect to the cost effectiveness test. Clarification on what is meant by “as required by the Directive the Board will take into consideration the net impact on the electricity ratepayer”. Does this mean that only the “net cost” need be utilized in the cost effectiveness test? Say for instance the TRC, which represents the societal costs, normally takes into consideration all expenses. In this instance where other funding is	Expansion of what is meant by “net impact on the electricity ratepayer” needs to be included to provide a better understanding of impact on program evaluation and approval.

Cornerstone Hydro Electric Concepts Association Inc.
Comments EB-2012-0003 January 2012

Section	Issue	Suggested Action
	available, would only the costs being applied for recovery from the Board be utilized in the TRC calculation?	
LRAM Mechanism for 2011 to 2014 Note 22	The Guideline notes that “the entries in the LRAMVA, distributors must calculate the full year impact of CDM programs on a monthly basis, based on volumetric impact of the load reductions arising from the CDM measures implemented in the month”. For some CDM initiatives a monthly tracking may be possible however on others this may be difficult. The ability to accommodate such tracking may be dependent on third parties such as the OPA or retailers. The coupon initiatives in the Residential Program would be an example where the OPA reports activity on a quarterly basis	It is recommended that the reporting and forecasting requirement be based on prudent tracking protocol for the various programs. Frequencies more in line with quarterly reporting may be appropriate.
Note 23	The expectation with respect to forecasting and/or tracking savings is unclear as it applies to the variance accounts. Some guidance, perhaps outside of these guidelines will be required with respect to the process to utilize.	
Note 24	If the requirement of the Guideline is to track actual on a monthly basis for the purpose of LRAM, infrastructure will need to be developed to meet this requirement over and above what exists at this time. To avoid such infrastructure and the associated cost, a family of assumptions to assist in determining the distribution of savings may be appropriate for inclusion in the process and Guideline.	Inclusion in the Guideline the ability to estimate or assign savings over a time period should be considered.
Note 25	The availability of CDM verified data for inclusion in COS and IRM filings may be impacted by the Annual Report filing date. While the later date supports completion of data verification by all parties, inclusion of this verified data into the LRAM mechanism will need to take this timing into account.	