



# Low-Income Energy Network

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January 26, 2012

Sent by courier and through the Board's web portal

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

Dear Ms. Walli,

**Re: LIEN submission regarding EB-2010-0216 – CDM Guidelines for Electricity Distributors**

LIEN appreciates the Board's efforts in preparing CDM Guidelines ("the Guidelines") to assist LDCs. These Guidelines are to be supplemental to, and are to be read in conjunction with, the CDM Code. However, as will be described below, LIEN finds that certain proposed provisions in the Guidelines reduce the flexibility of LDCs regarding Board-Approved programs and LIEN makes recommendations to address these concerns. In addition, we provide comments on other matters related to the Guidelines, including matters that may require clarification. Our comments are presented in the order in which the matter arises in the Guidelines.

## **Pre-2011 OPA-Contracted Province-Wide CDM Programs**

The sentence, "The Board also recognizes that some distributors entered into contracts for OPA-Contracted Province-Wide CDM Programs at the end of 2010..." may require clarification. It is not clear to which contracts the statement is referring. As written, it appears to suggest that it is the contract between the OPA and the LDC regarding the OPA program for which the LDC registered in late 2010. LIEN is of the view that it should relate to the contracts that LDCs entered into at the end of 2010 with their customers regarding programs such as the Electricity Retrofit Incentive Program (e.g. which provided incentives for commercial customers such as social and assisted housing). LIEN was not aware that any LDCs could enter into contracts with the OPA for the 2011-2014 OPA-Contracted Province Wide-Programs until 2011.

## **Duplication with OPA programs**

The Guidelines include additional restrictions not present in the CDM Code on what constitutes duplication of a proposed Board-Approved Program. A Board-Approved Program would now also be duplicative if it combines conventional elements of two or more existing OPA programs and/or extends an OPA program to a different market segment or segments.

It is not clear what is meant by conventional elements. If the Board includes this restriction in the finalized Guidelines, a definition may be helpful to LDCs and stakeholders.

In designing CDM programs there are two major considerations, the target market and the measures to be included – products and services. The purpose of any CDM program should be to overcome particular barriers to energy efficiency that the market does not address adequately. With the OPA programs in the market place, the LDC should demonstrate that even with effective implementation of the OPA programs, these market barriers remain at a significant enough level to require a more barrier-targeted approach that the proposed Board-Approved program would provide. The OPA –Contracted Province-Wide CDM Programs are designed to be generally accessible to eligible customers; they are designed for broad based uptake by customers across the province, and by being general may not be able to address adequately the market barriers that the proposed Board-Approved program will address. In addressing the market barriers, if it is effective to do so by combining two or more conventional elements of existing OPA programs which cannot be combined by the delivery of the OPA programs as permitted by the OPA, then this combination as a Board-Approved program should be permitted by the Board.

As LIEN understands it, the OPA contractual arrangements do not permit an LDC to offer measures only available in the consumer program to customers in other sectors such as >50kW customers, and vice versa. As a result, for example, the OPA does not permit an LDC to offer a “peakSaver” type or equivalent program to other than the consumer (residential, <50kW customer) market. Since this type of offering is not permitted, a program that offers this type of program to a customer group now excluded would not duplicate an OPA-Contracted Province-Wide CDM program. It would not create market confusion or would not duplicate OPA resources. However, including the restriction to extend an OPA program to a different market segment or segments would prohibit this offering. LIEN does not support such a restriction in the Guidelines.

### **Educational CDM programs**

The Guidelines will consider a proposed Board-Approved Educational Program if the distributor can demonstrate that it has exhausted its portion of the OPA’s Program Administration budget (PAB). LIEN finds this provision too restrictive and unlikely to create an opportunity for an LDC to carry out any special educational efforts such as those targeted to specific underrepresented market segments in CDM programs such as neighbourhoods in Mississauga designated as “priority neighbourhoods”, which tend to include low-income populations, or to specific target markets such as long-term care facilities.

LIEN expects LDCs to manage their PABs prudently. As a result, an LDC would be unlikely to budget to run out of PAB, but would design its CDM delivery strategies to accommodate the limited budget. As a result, an LDC would be very unlikely to come to the Board for additional PAB because it had exhausted its PAB. Educational programs need to be proactive and begin to start building a CDM market with the targeted customers. This takes time and effort and should be designed and implemented as early as possible in the 2011-2014 period. Therefore, the Board Guidelines should require that the LDC demonstrate that a different educational approach is needed for particular market segments than their existing PAB budgets will cover and that the LDC will not be

using its existing PAB budgets for the efforts covered by the proposed Board-Approved educational program.

### **Lost Revenue Adjustment Mechanism**

LIEN supports the LRAM proposed by the Board. It is similar to that of the natural gas distributors and requires distributors to include a CDM component in their load forecast in upcoming cost of service proceedings. This will ensure that LDCs with a cost of service proceeding in the next 3 years will incorporate an LRAM amount into rates as soon as possible, thereby providing a rate smoothing effect. In order to further mitigate rate impact, LIEN suggests an addition to the Guidelines, which encourages the LDC to file a separate LRAM application earlier than with the next cost of service application if the total LRAM amount at the time of the cost of service filing is expected to have a significant ratepayer impact.

Sincerely,

A handwritten signature in black ink, appearing to be 'A. M. M.', written in a cursive style.

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