

1 **EnviroCentre INTERROGATORY #1 List 1**

2
3 **Interrogatory**
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5 The Green Energy and Green Economy Act (GEGEA) requires the Ontario Energy Board
6 to assess licensed distributors to fund Conservation and Demand Management (CDM)
7 and renewable energy programs but, relying on “past Distribution hearings”, the
8 Applicant maintains that CDM costs are “not part of the costs before the Board in this
9 proceeding”¹. Does the Applicant believe the GEGEA is a break with the past or does the
10 Applicant believe it can continue business as usual when it comes to CDM and renewable
11 programs?
12

13
14 **Response**
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16 Hydro One’s understanding of the GEGEA is that it provides for the OEB being issued a
17 directive requiring the Board to assign CDM targets to licensed distributors and that costs
18 for CDM programs approved by the Board would be paid for by Global Adjustment via
19 the IESO. Hydro One’s understanding is that such a directive has not yet been received
20 by the Board.

¹ Letter of September 18, 2009 from Susan Frank, Hydro One Networks Inc., to the Board.

1 **EnviroCentre INTERROGATORY #2 List 1**

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3 **Interrogatory**

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5 Does the Applicant believe that CDM programs funded by the Ontario Power Authority
6 (OPA) or the Global Adjustment Mechanism (GAM) are not subject to Board scrutiny or
7 does it support the acknowledgement in its Green Energy Plan (GEP) that “the Board is
8 still mandated to approve funding for CDM programs”? (Page 32, GEP)

9
10 **Response**

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12 Please see response to Exhibit H, Tab 5, Schedule 1.

1 **EnviroCentre INTERROGATORY #3 List 1**

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3 **Interrogatory**

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5 Can the Applicant explain why its need to start the new work proposed in its GEP to meet
6 the demands of renewable generation² is greater than its need to start the new work
7 proposed in its GEP to meet the demands of CDM?

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9 ² op. cit.

10
11 **Response**

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13 The statement from the Letter of September 18, 2009 from Susan Frank to the OEB -
14 “Hydro One needs to start the work proposed in the GEP to meet the demands of
15 renewable generation and cannot wait until a Generic Proceeding process would be
16 completed” was not intended to imply that Hydro One’s need to start the new work
17 proposed in its GEP to meet the demands of renewable generation is greater than its need
18 to meet the demands of CDM.

19
20 The letter simply recognizes that Hydro One Distribution believes that the details
21 required for approval of the work required to enable renewable energy generation is
22 appropriately detailed in its Green Energy Plan and the company believes this work can
23 and should be approved as part of the Capital budget requested in its Application. As
24 recognized on page 32 of its Green Energy Plan, Hydro One Distribution understands that
25 there are a number of processes under way to operationalize the *Green Energy and Green*
26 *Economy Act* objectives with respect to CDM. Only when these processes have been
27 completed will Hydro One Distribution be in a position to assemble a portfolio of CDM
28 programs for the Board’s review and approval.

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1 *EnviroCentre INTERROGATORY #4 List 1*

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3 *Interrogatory*

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5 The Applicant appears to believe that it would be “prudent and responsible” to postpone
6 new investments in CDM until it receives specific targets. Is the Applicant prepared to
7 start investing now in building capacity to meet the targets that the GEGEA allows for,
8 that the Government of Ontario has called for, and that the Applicant plans for in 2012?
9 (Page 1, GEP)

10
11 *Response*

12
13 Hydro One believes it is prudent and responsible that those who benefit from CDM
14 programs should pay the cost of CDM programs. Since the primary benefit of CDM
15 programs is the avoided cost of generation, all customers benefit and all customers should
16 pay. Global Adjustment is the mechanism whereby all customers can pay for CDM
17 programs. The LDC fund administered by the OPA is paid for by Global Adjustment and
18 the GEGEA anticipates a process whereby distributors will be able to receive approval
19 from the Board for CDM programs to be funded by Global Adjustment via the IESO.
20 Hydro One expects to have access to the Global Adjustment through both of these
21 mechanisms.

1 *EnviroCentre INTERROGATORY #5 List 1*

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3 *Interrogatory*

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5 Can the Applicant provide empirical evidence showing the results of its experience with
6 the “full suite of core OPA CDM programs and some customer programs”, notably the
7 actual – not projected – kWh and demand savings achieved since 2004 by the Great
8 Refrigerator Roundup, ERIP, PeakSaver, and the Power Saving Blitz? (Page 31, GEP)

9
10 *Response*

11
12 The referenced program commenced in 2007, except for Power Saving Blitz which
13 commenced in 2008. Please see responses to Exhibit H, Tab 4, Schedule 2 through
14 Exhibit H, Tab 4, Schedule 4, for data regarding those programs.

1 *EnviroCentre INTERROGATORY #6 List 1*

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3 *Interrogatory*

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5 Can the Applicant explain how limiting its role to simply providing its “customers with
6 information and tools that allow them greater understanding and control over their
7 electricity consumption” will help it achieve the goals of the GEGEA? (Page 11, GEP)

8
9 *Response*

10
11 Hydro One cannot take action for customers. Hydro One can only offer assistance to
12 customers to aid them in controlling the amount and timing of their electricity
13 consumption. This assistance can take the form of information or tools – for clarity,
14 Hydro One views CDM programs as tools that customers can choose to use to assist them
15 in controlling the amount and timing of their electricity consumption.

1 *EnviroCentre INTERROGATORY #7 List 1*

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3 *Interrogatory*

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5 Does the Applicant have any evidence indicating that the installation of fixed CDM
6 measures, including Smart Grid compliant appliance and weatherization programs, can
7 achieve better results than programs based simply on behavioral change?
8

9 *Response*

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11 Once fixed CDM measures have been installed they remain in effect for the life of those
12 measures while behavioural change can be short or long lived. However, Hydro One
13 does not have any evidence indicating that fixed CDM measures are necessarily better
14 than programs based on behavioural change.

1 *EnviroCentre INTERROGATORY #8 List 1*

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3 *Interrogatory*

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5 Is the Applicant concerned about a potential tripling of rate-based CDM charges in 2012
6 and does it believe that capacity to deliver such programs can be tripled within one year?
7 (Page 1, GEP)

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9
10 *Response*

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12 Hydro One's Green Energy Plan indicates CDM spending of >\$60 million over 3 year
13 period from 2012-2014, which is the same as the >\$20 million per year shown for 2010
14 and 2011. These expenditures are expected to be funded from Global Adjustment and
15 not from distribution rates. Hydro One has no concerns with completing the forecast
16 CDM program levels.

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EnviroCentre INTERROGATORY #9 List 1

Interrogatory

The GEGEA requires the Board to assess licensed distributors to fund CDM and renewable energy programs aimed at specific income sectors of Ontario. How does the Applicant's GEP respond to this requirement *vis-à-vis* low-income consumers?

Response

Please see response provided at Exhibit H, Tab 5, Schedule 1. In addition, the Minister of Energy and Infrastructure has issued a letter to the OEB dated September 8, 2009 advising the OEB to suspend its consultations on the Low-Income Energy Assistance Program (LEAP), pending ministerial direction.

EnviroCentre INTERROGATORY #10 List 1

Interrogatory

The Applicant acknowledges that if its existing CDM programs are recovered through its rates, they are estimated to increase by 2% in 2010 and that the impact on bills is estimated to be 0.7%. Could the Applicant confirm this would mean that a customer paying \$100 a month could expect to pay about \$0.70 more a month for CDM programs?

Response

The cost of CDM programs are currently recovered from the OPA, and in turn from all electricity consumers in the Province via Global Adjustment. If the costs were to be recovered directly through its rates, Hydro One confirms that a 0.7% impact on total bill does mean that a customer paying \$100 a month could expect to pay about \$0.70 more a month.

1 *EnviroCentre INTERROGATORY #11 List 1*

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3 *Interrogatory*
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5 Could the Applicant provide evidence on the average monthly amount being paid by
6 electricity customers through rates to fund CDM programs in other parts of North
7 America or would it agree that most rate-based CDM programs require customers to pay
8 an average of \$3.00 to \$5.00 more a month through a specific charge on their bills?
9

10 *Response*
11

12 Hydro One is not in a position to provide evidence on the average monthly amount being
13 paid by electricity customers in other parts of North America nor to confirm that most
14 rate-based CDM programs require customers to pay an average of \$3 to \$5 a month
15 through a specific charge on their bills.

1 *EnviroCentre INTERROGATORY #12 List 1*

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3 *Interrogatory*

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5 The Applicant believes that its “necessary, used, and useful” Smart Grid investments are
6 appropriate costs to be included in its rate base. Does the Applicant attribute the same
7 qualities to its annual investments of \$20 million in CDM and, if so, how does it justify
8 not requiring its customers to pay through their rates for these benefits? (Page 27, GEP)

9
10
11 *Response*

12
13 Hydro One believes that the primary benefit of CDM is the avoided cost of generation
14 which will benefit all electricity consumers in Ontario and therefore it is appropriate that
15 all customers should pay. Hydro One has, and will continue, to follow all applicable
16 guidelines and regulations with respect to the recovery of the cost of its CDM programs.

1 **EnviroCentre INTERROGATORY #13 List 1**

2 **Interrogatory**

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4 Can the Applicant provide evidence on the potential of expanding its Owen Sound Smart
5 Zone pilot to more of its customers, and of expanding it to include capital investments in
6 Smart Grid compliant appliances in the social housing properties that it serves? (Page
7 29, GEP)

8
9 **Response**

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11 Please see Exhibit H, Tab 12, Schedule 44 for more information regarding the Smart
12 Zone Pilot and Exhibit H, Tab 12, Schedule 46 regarding the RFP process. The Smart
13 Grid plan includes a number of business scenarios. “Scenario E – Customer Enablement”
14 includes such things as technology/products including, but not limited to, two-way
15 communicating programmable thermostats, IHDs and remote appliance controllers (such
16 as smart appliance controllers, multi purpose gateways, etc.). The Owen Sound location
17 was chosen because it has a broad representation of Hydro One customers including,
18 farm, seasonal, rural and urban. Once scenario solutions have been tested in the Smart
19 Zone, and a business case has been approved for viable options, Hydro One will begin to
20 roll out to remaining parts of the province, including potentially any social housing
21 projects served.

EnviroCentre INTERROGATORY #14 List 1

Interrogatory

The Applicant is not planning any capital investments in CDM from 2010 to 2014. Does this mean that the Applicant sees no role for decentralized capital investments in the homes and businesses of its customers that would reduce the inefficiencies of distributing electricity from centralized sources or is the Applicant reluctant to have such investments allocated to its rates? (Page 1, GEP)

Response

Hydro One's expectation is that CDM programs will be funded from Global Adjustment and therefore such expenditures, whether of a capital nature or not, will not be included in its rates.

EnviroCentre INTERROGATORY #15 List 1

Interrogatory

Is the Applicant aware of any decentralized CDM capital investment programs of other utilities in North America and, if so, can the Applicant provide evidence on the nature and size of such programs?

Response

Hydro One does not have any evidence to provide with regards to any decentralized CDM capital investment programs of other utilities in North America.

EnviroCentre INTERROGATORY #16 List 1

Interrogatory

The Applicant distributes electricity to about 1.3 million customers across Ontario and is seeking approval of at least \$20 million for its CDM programs in 2010. Nova Scotia Power distributes electricity to about 483,000 customers across Nova Scotia and is seeking approval of \$23 million for its CDM programs in 2010. How does the Applicant explain this difference?

Response

Hydro One has estimated spending on CDM programs in 2010 to be at least \$20 million which will be funded by the LDC Fund administered by the OPA. Hydro One has not asked for approval of such funds as part of its distribution rate hearing.

Hydro One is not in a position to comment on Nova Scotia Power's CDM expenditure levels.

1 *EnviroCentre INTERROGATORY #17 List 1*

2
3 *Interrogatory*

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5 The Applicant's GEP assumes that the OPA will continue to coordinate and fund CDM
6 programs through the GAM but acknowledges that it may be required to fund CDM
7 programs through its rates. Would the Applicant prefer to design its own CDM programs
8 and does it believe that other organizations have more capacity and credibility to deliver
9 such programs to its customers?
10

11
12 *Response*

13
14 Should Hydro One be directed to design its own programs as part of the process to
15 operationalize the Green Energy and Green Economy Act objectives, then it will do so.
16 However, the OPA currently provides the only access distributors have to funding from
17 the Global Adjustment Mechanism to deliver CDM programs. Hydro One understands
18 that the GEGEA anticipates an additional avenue whereby distributors will have access to
19 the Global Adjustment Mechanism, one where costs incurred to deliver CDM programs
20 approved by the Board are recovered from the Global Adjustment mechanism through the
21 IESO.
22

23 Hydro One believes that distributors should be the primary delivery agent for CDM
24 programs and looks forward to designing, developing and delivering CDM programs for
25 its customers.