



November 25, 2013

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

Dear Ms. Walli:

**Re: London Hydro Inc.
Response to Vulnerable Energy Consumer Coalition (VECC) Interrogatories
2014 Electricity Distribution Rate Application (EB-2013-0150)**

Please find attached the London Hydro Inc. response to VECC interrogatories regarding the above application.

If you require any additional information or clarification, please do not hesitate to contact either myself, at (519) 661-5800 Ext. 5750 or Judith Nagy at (519) 661-5800 Ext. 5587.

Yours truly,

Original signed by

Mike Chase, CMA. MBA
Director of Finance and Regulatory Compliance
London Hydro Inc.

IN THE MATTER

of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), as amended;

AND IN THE MATTER OF an Application by
London Hydro Inc. for an order or orders
approving or fixing just and reasonable rates and other service
charges for the distribution of electricity, to be effective May 1, 2014.

Responses to Interrogatories

Vulnerable Energy Consumer Coalition (VECC)

Filed: November 25, 2013

Contents

Responses to VECC Interrogatories

London Hydro Inc.

2014 IRM Distribution Rate Application (EB-2013-0150)

Response to Vulnerable Energy Consumer Coalition (VECC) Interrogatories:

VECC - # 1

Reference: Application, page 13

Preamble: The evidence states that London Hydro is requesting a 2012 LRAM rate rider to recover lost distribution revenue associated with 2012, and pre-2011 completed in 2012, CDM programs that were funded by the OPA.

- a) Please define “pre-2011 completed in 2012” programs and summarize the year each program was implemented.

RESPONSE

- a) London Hydro would like to make mention that as a result of Intervenor Board staff Questions, London Hydro has amended its application to meet the requests by the Board Staff to present an LRAMVA disposition and reflect appropriate LRAMVA deferred account amounts. Therefore, London Hydro has adopted to the Board Staff’s request and is now filing for LRAMVA disposition, rather than an LRAM filing.

London Hydro has “pre-2011 programs completed in 2011”, and not in 2012 as referenced on Page 13 of the Application. London Hydro apologizes for the inconvenience this typing error may have caused.

In order to better present the differences in verified results of 2011 and 2012, Appendix A LRAMVA Account 1568, summarizes on two separate tables each year 2011 and 2012. For “pre-2011 programs completed in 2011”, with respect to year 2011, these result savings amounts are distinctly identified in the 2011 spreadsheet, London Hydro – LRAMVA Calculation for Year 2011.

The “pre-2011 programs completed in 2011” include the Electricity Retrofit Incentive Program and High Performance New Construction projects completed in 2011. The savings are considered to begin in the year in which the projects were completed.

The summary of the “pre-2011 programs completed in 2011” as provided by the OPA:

Table 1: London Hydro Inc. Initiative and Program Level Savings by Year (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Pre-2011 Programs completed in 2011													
Electricity Retrofit Incentive Program	Projects	130	0			1,359	0			9,726,531	0		
High Performance New Construction	Projects	5	3			169	95			865,905	273,104		
Toronto Comprehensive	Projects	0	0			0	0			0	0		
Multifamily Energy Efficiency Rebates	Projects	0	0			0	0			0	0		
LDC Custom Programs	Projects	0	0			0	0			0	0		
Pre-2011 Programs completed in 2011 Total						1,528	95			10,592,436	273,104		

The definition of the “pre-2011 programs completed in 2011” as provided by the OPA:

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Pre-2011 Programs completed in 2011			
Electricity Retrofit Incentive Program	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation	Savings are considered to begin in the year in which a project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). If energy savings are not available, an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports).
High Performance New Construction	Results are directly attributed to LDC based on customer data provided to the OPA from Enbridge; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation	Savings are considered to begin in the year in which a project was completed.	
Toronto Comprehensive	Program run exclusively in Toronto Hydro-Electric System Limited service territory; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation		

- b) Please confirm the revenues associated with pre-2011 completed programs completed in 2012 included in the 2012 LRAM rate rider.

RESPONSE

- b) Please review Response OEB 1 b).

“London Hydro understands that the 2012 CDM Guidelines reflect that Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”) accommodates the recovery of lost revenues resulting from CDM initiatives for the period 2011-2014. London Hydro in its 2013 Cost of Service application (EB-2012-0146) concluded claim to LRAM recoveries for 2011 and 2012 lost distribution revenues due to persistent 2010 CDM programs funded by the OPA. Thus the Cost of Service completed claims to LRAM as to 2006 to 2010 OPA programs with persistence to 2012. However, no revenues associated with “pre-2011 completed programs completed in 2012” are included in the 2012 LRAM rate rider.

There are lost distribution revenues associated with “pre-2011 programs completed in 2011” included in the 2012 LRAM rate rider within this application, as calculated in the LRAMVA. Please refer to Appendix A included in the Response to the Board Staff Interrogatories.

- c) Please confirm the revenue associated with 2012 programs completed in 2012 included in the 2012 LRAM rate rider.

RESPONSE

- c) Confirmed, revenues associated with OPA 2012 programs and reflected by the OPA as completed in 2012 are included in the 2012 LRAM rate rider.

- d) Please provide a summary of the contribution of Demand Response 3 programs to lost revenue in 2011.

RESPONSE

- d) Please refer to Table below, reflecting 2011 LRAMVA calculations related to Demand Response 3 programs:

Initiative	Net Savings - YEAR 2011 Programs		Months	Billing Determinants	Level of CDM Activities Approved and Included in Load Forecast*	LRAMVA Quantities		Variable Distribution Rates		LRAMVA YEAR 2011
	Incremental Peak Demand Savings (kW)	Incremental Energy Savings (kWh)				Actual Results (OPA Report)	LRAM Variance (kWh or kW)	2010 (effective May 1, 2010)	2011 (effective May 1, 2010)	Amount (\$)
Business Program										
Demand Response 3	485	19,012	May-Sep	5	kWh	19,012	19,012	0.0090	0.0089	\$ 169
Industrial Program										
Demand Response 3	2,137	125,454	May-Sep	5	kW	10,686	10,686	1.5881	1.5822	\$ 16,908
GRAND TOTAL	2,623	144,465				29,698	29,698			\$ 17,077

Assumes demand response resources have a persistence of 1 year

*No CDM activity is incorporated into load forecast prior Year 2013

Allocation of programs:

	<u>Retrofit</u>	<u>New Construction</u>
to General Services Less than 50 kW (business programs)	8.2%	8.2%
to General Services 50 kW to 4,999 kW (Industrial programs)	91.8%	91.8%
	100.0%	100.0%

VECC - # 2

Reference: Application, page 17, Table 5

- a) Please confirm the kW billing customers.

RESPONSE

- a) London Hydro has relied exclusively on the OPA Annual CDM Report 2012. With shortened time to prepare reply to VECC intervenor questions, only less than 5 days, to obtain this information from the OPA before the Procedural Order deadline would be problematic.

- b) Please confirm that, for kW billing customers, the LRAM should be calculated based on the CDM program impacts on billing demand.

RESPONSE

- b) Yes.

- c) Please confirm that London Hydro has calculated billing demand reductions based on the reported (annual) Peak Demand savings and explain why this is appropriate.

RESPONSE

- c) Please refer to Board Staff IR response 1 b). The LRAMVA calculations account for the annual peak demand savings by extending Demand Response programs by 5 months, for the period of May to September; while all other programs are extended by 12 months.

- d) Please confirm that the timing of the customer's monthly billing demand may not be coincident with the Utility's or the System's peak demand.

RESPONSE

- d) That is correct -- not all customers experience a peak load at the same hour of the day or necessarily on the same day of the week. As somewhat of a simple example, a meat processing plant that has a significant refrigeration load would likely experience a peak load in early afternoon when the sun is providing maximum thermal gain. Down the street, a restaurant would likely experience its peak load in late afternoon when preparations started for the dinner clientèle.

- e) Please provide details on how the value shown for Demand Response 3 in 2012 of 994 net kW was determined and if it reflects the contracted amount. Please provide any calculations and assumptions.

RESPONSE

- e) For the saveONenergy CONTRACTUAL DEMAND RESPONSE DR3 program, the responsibilities of LDC's (such as London Hydro) is limited to promoting the program. The Ontario Power Authority qualified "demand response aggregators" have responsibility to actually subscribe the customer, ensure that the revenue metering is adequate for whatever contractual arrangement that they have, to issue dispatch notices to the customers, and finally to remit payments to the customers. There are presently three (3) DR aggregators in the province. It is London Hydro's understanding that the kW credit that OPA assigns to LDC's is the amount of demand reduction that is likely to be achieved in the event of a DR activation which is likely less than the contracted amount. For a complete answer, the question should be referred to the Ontario Power Authority or the contractor that carries out project EM&V activities.
- f) Please provide details of London Hydro's Demand Response 3 program in terms of the activations in 2011 and 2012 compared to what was contracted and the savings that actually occurred in 2011 and 2012.

RESPONSE

- f) LDC's don't receive notifications of DR activations (although London Hydro understands that LDC's could start receiving this information via an e-mail notification starting in the summer of 2013). The aggregators can generally provide this information if requested, but London Hydro is not sure that is overly useful. For example if an aggregator had 25 MW of DR capacity under contract, but only needed to dispatch 15 MW for a given activation, not all of their respective customers would be dispatched. LDC's such as London Hydro have no knowledge of the amount of DR that is contracted, the term of the contract nor the participant's name. There is a provision whereby LDC's can formally request from the OPA a list of the customers within their respective franchise service territory that have a DR contract in place with an aggregator (but the contracted amount and term of the contract is not available).

- g) For the Demand Response Program 3 activations in 2011 and 2012, for each customer impacted, please indicate whether they occurred at the same time of as the customer's billing demand (kW) for the month was established.

RESPONSE

- g) London Hydro doesn't have a convenient method of answering this question. London Hydro does not have specific knowledge of who the participants in the DR3 program are, the specific times and dates that there was a demand response activation for each of these customers, and what the aggregator's M&V process showed was actually achieved with these particular customers on the specified activation dates.
- h) Please explain how peak demand (kW) savings have been extended by the number of months (such as either 5 months for Demand Response programs or 12 months for all other programs).

RESPONSE

- h) Please refer to LRAMVA calculations, reflected in Appendix A, where Demand Response programs are extended by 5 months, for the period of May to September; while all other programs are extended by 12 months.