

Savings for Ontario School Boards

*The Energy Board has continued to operate, mostly remotely, during the Covid-19 lockdown. While all hearings and in-person meetings have been suspended, likely until at least the end of May, the business of processing applications and making decisions has continued. The pace has slowed down a bit, and that will persist for a while. One major decision has been released: the remainder of the Alectra 2020 Rates decision. In addition to savings there, we now have better data on the Toronto Hydro 2020-24 savings. Those, coupled with some smaller savings, add up to about **\$1.9 million of savings for schools in this quarter.***

Q2 will be less busy, as some decisions are taking longer than normal, some applications are being filed later, and there is a generally reduced sense of urgency. Hydro Ottawa, however, has filed for 2021-2025 rates, with more utilities expected to file in the coming months. OPG was also expected to reveal their new 2021-2025 application this quarter, but new government regulations mean that will probably be delayed until the fall.

ONGOING MATTERS - NATURAL GAS

Enbridge Gas 2020 Rates. Final arguments have been filed by all parties in this case that focuses on substantial increases in capital spending by the gas distributor. Most of the incremental capital spending has already been approved in principle, so the issues remaining are about the nuts and bolts details. A decision is still expected by June or July.

Enbridge Conservation. The Enbridge (including former Union) conservation programs expire at the end of 2020, and a new framework for the next several years will be developed. In the meantime, since that will not be complete by the end of the year, SEC proposed, and the Energy Board agreed, that the current programs be extended for one more year. An application to do this has been filed, but many parties are seeking to get interim changes to those programs that increase or decrease spending, or otherwise change the rules. SEC is supportive of the extension, but is fighting to ensure that it is not used as an excuse to increase spending without a new framework.

Meanwhile, work has ground to a halt on the new framework, likely because most of it was expected to be in in-person consultative processes. Some parties are also now recognizing that one impact of the pandemic may be unexpected changes to how conservation programs are delivered and evaluated.

Town of Marathon, et al. The Energy Board released the first phase of its decision on this new proposed gas utility, designed to serve Marathon, Schreiber, Terrace Bay, Wawa and Manitouwadge, and owned by those municipalities. The regulatory decision allows the project to continue forward, but heeds most of the concerns expressed by customers, led by SEC, with respect to financial viability and gas supply reliability. A second phase, to deal with the key implementation requirements, is expected in the next twelve months.

Enbridge Hamilton Expansion. Enbridge is seeking approval spend \$200 million to build ten km. of large transmission pipe through wetlands managed by Hamilton Conservation Authority. This is to meet growth in gas use in the GTA, and

to increase transportation of shale gas from the United States.

Many environmental and customer groups have intervened, in part on the basis that no attempt has been made to defer or eliminate this spending through conservation efforts. SEC has long taken the position that new pipelines should only be built if all conservation options have been completely exhausted.

With a number of parties planning to file evidence, a decision will not be reached until the fall. It is expected that this case will form a precedent for other proposals to increase gas distribution pipeline capacity going forward.

ONGOING MATTERS - ELECTRICITY

Toronto Hydro 2020-2024 Rates. The decision on the Toronto Hydro five year rate application was reported in detail in the last quarterly report.

As previously noted, a lot of the impact was only going to come out in the detailed rate calculation process, which as expected was not straightforward. With that now complete, SEC can now report that the savings for schools, previously estimated to be \$2.5 million over five years, will actually be just over \$3.6 million. That allows us to report **an additional \$1.1 million of savings for schools served by Toronto Hydro.**

Hydro One Mergers. The decision on the applications of Hydro One to acquire the Orillia and Peterborough distributors continues to be delayed, and we have no visibility on when it will be released. Often delays of this type mean that the adjudicators are grappling with difficult issues, but in this case it may be as simple as the challenges associated with regulation during a pandemic.

Hydro One Transmission 2020-2022. Similarly, Hydro One's application for three years of transmission rate increases should also have been decided by now. There is no reason to think that this one is particularly difficult, so a decision soon is likely.

Alectra 2020 Rates. SEC has previously reported that savings for schools in the first and second phases of this proceeding rates were \$950,000.

In the third phase, Alectra, which has developed a bit of a reputation for taking aggressive regulatory positions, sought a special rule allowing them to keep more than \$400 million of merger savings, but also increase rates to implement a new and much larger capital plan. SEC, in a lengthy (and unusually blunt) argument, took the position that these requests should be rejected fully.

The Energy Board agreed on most important points with SEC. As a result, **schools served by Alectra will save a further \$800,000 over the next few years**, and customers generally will not be making long term commitments of \$250-\$380 million of extra capital spending that would increase rates for years to come.

Some customer groups expect that Alectra will file additional applications, this year or later, to try to recover extra money for this same capital spending in some different way. SEC will continue to keep on top of those proposals if they arise.

AMPCO Appeal. The Association of Major Power Consumers of Ontario, which represents the fifty or so largest users of electricity in the province, sought to get the Energy Board to overrule a generation pricing strategy being implemented by the Independent Electricity System Operator. The AMPCO appeal, which was designed to be better for large industrial companies, may have also benefited a few schools. It would also have hurt others. On balance, SEC opposed the AMPCO appeal, and the Energy Board largely agreed with our positions. Potential impact on school boards is not calculable given the uncertain nature of the alternative strategy had AMPCO won.

Other Cases. A number of smaller cases were settled or decided in the quarter, with total **savings of only \$30,000.**

OTHER MATTERS

Energy Board Restructuring. This long-awaited reorganization inched ahead with the appointment of Richard Dicerni as the new Chair of the Energy Board. This new role, now separate from the roles of CEO and Chief Adjudicator, will primarily be responsible for implementing the planned changes to the regulator's governance. Since it was a Blue Ribbon Panel headed by Dicerni that recommended the changes, he was an obvious choice. The new CEO, which may be the more important job from a stakeholder point of view, has not yet been appointed, nor the new adjudicators and Board of Directors. These now appear to be delayed indefinitely by the Covid-19 lockdown.

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In conclusion,

OESC is represented by Jay Shepherd who consults regularly with myself and Wayne McNally, who is an advisor to the OESC Board of Directors. It is critical to note that the work of the School Energy Coalition, per OESC, is a respected intervenor at the Ontario Energy Board.

Our work has allowed every school district in the Province of Ontario to avoid significant energy costs. This reality assists with the bottom line to your budget.



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