

## Savings for Ontario School Boards

*The formal decision in the OPG case, plus settlements and decisions in a number of electricity distribution cases, will result in savings for schools of more than \$1.6 million, bringing the 2021 total to about \$24.6 million.*

*Heading into 2022, the big case in process right now is the Hydro One joint five-year transmission and distribution rate case, with more than \$24 million at issue for schools. The other major applications include the Enbridge DSM plan, the St. Laurent pipeline replacement, and London Hydro distribution rates. Overshadowing all of these, though, may be the combined effect of policy initiatives on non-pipes (gas) and non-wires (electricity) alternatives to utility capital spending.*

### ONGOING MATTERS - NATURAL GAS

**Integrated Resource Planning.** As previously reported, the Energy Board has decided that Enbridge will be required to look for alternatives to pipeline investments that not only reduce costs, but also minimize the risk of stranded assets as Canada moves to a lower carbon future.

In December the Energy Board announced its appointments to the group that will oversee that process. SEC's senior counsel Jay Shepherd was one of those appointed.

**Enbridge St. Laurent.** One of Enbridge's larger replacement projects, the St. Laurent pipeline in Ottawa, is currently before the Energy Board for leave to construct. At \$122 million, the project is being proposed in the context of plans by many of the largest users of gas on the pipeline to scale back their natural gas use. In some cases, the users' plans are to get to zero within twenty years, creating a risk that this new forty-year asset will become stranded.

SEC is collaborating with the City of Ottawa and Pollution Probe to bring forward evidence describing some of those GHG reduction plans.

If accepted by the Energy Board, the new evidence could result in a delay, or a scaled down project, or both.

**Enbridge Conservation.** The revised Enbridge 2023-2027 (DSM) conservation plan - \$900 million in planned spending - continues to be reviewed in a thorough and wide-ranging process. In December, expert reports were filed by a number of parties, with SEC and others then posing written questions.

After answers are received, and Enbridge files reply evidence, there will be a technical conference at the end of February, and a three-day oral hearing in March. Final arguments are planned for May and June, with a decision by the Energy Board likely in Q3.

This proceeding continues to be dominated by the usual tension between environmental groups, who want significant increases in conservation spending, and the ratepayer groups, who generally resist proposals to increase rates. SEC will, as has been true so often over the years, be the bridge between those groups, as a ratepayer group with a strong

affinity for initiatives that achieve important environmental goals.

The issues have been complicated by new evaluation issues, described below. Measurement of savings – and therefore program cost-effectiveness – may end up being a major issue as this proceeding unfolds.

*DSM Evaluation Committee.* This committee oversees the measurement of the results of Enbridge conservation programs. SEC counsel Jay Shepherd has been the ratepayer representative on this committee, and its predecessors, for many years.

With SEC’s strong support, the committee ordered a study of a key calculation model used for many years by Enbridge to assess how much gas is saved by certain efficient equipment. That study, which compared the model’s calculations with billing data from before and after installation of the equipment, concluded that measured savings were only 62-70% of claimed savings. The potential overstatement of past savings for Enbridge’s programs could be in the hundreds of millions of dollars. A Phase 2 study to get more detailed information has been ordered.

## ONGOING MATTERS - ELECTRICITY

*Ontario Power Generation.* The first ever five-year rate case by OPG was mostly settled in the summer, with SEC counsel Mark Rubenstein acting as lead negotiator for a broad range of intervenor groups. Then a hearing was held in August, with SEC counsel Jay Shepherd and Fred Zheng leading the challenge to massive cost overruns on the new Darlington heavy water facility.

In a decision released in November, the Energy Board agreed with SEC and others that a portion of the cost overruns should be disallowed, although not at the level proposed by SEC. The details are still being debated in a technical

review, but the bottom line will be a reduction of about \$114 million in the allowed capital cost. The effect is a **saving for schools of about \$1.5 million** over a period of years.

*Hydro One 2023-27 Rates.* Hydro One’s first joint transmission and distribution application continues to wind its way through the process. It includes five-year distribution rate increases (for schools served by Hydro One) of 13.5%, and transmission rate increases (for all schools) of 20%.

The unusual complexity of the application has been reflected in an extended process. A technical conference (oral discovery of Hydro One witnesses) consumed five days in December. Intervenor evidence including expert reports will be filed and reviewed in January, with a settlement conference scheduled for a week in February. SEC counsel Mark Rubenstein is once more expected to be lead negotiator for the many intervenor groups. If there is a partial settlement, the oral hearing is expected in April, and a decision in the summer or early fall.

*Other Distributors.* Settlements have been achieved for two more electricity distributors in their 2022 rate cases, Canadian Niagara Power (Fort Erie, Port Colborne and Gananoque) and Grimsby. Decisions have also been rendered in Elexicon, Kitchener and Energy + applications. All of this has resulted in **savings for schools of about \$130,000.**

Meanwhile, London Hydro (250 schools) is in the middle of settlement negotiations for their 2022-2026 rates, with a result possible early in Q1.

## OTHER MATTERS

*Inflation Factor.* As previously reported, the inflation factor that is used to adjust rates for most utilities each year produced anomalous results due to the impact of Covid-19 on the

labour market. Despite the efforts of SEC and other ratepayer groups, the Energy Board agreed with the utilities that it should stick with its normal calculation formula. The regulator concluded that, while results for one year may be unusual, they are likely to be self-adjusting over time.

**Framework for Energy Innovation.** The regulator's initiative to grapple with non-wires alternatives to capital spending by electricity distributors is now at the "how do we incent the utilities?" stage. Since every utility incentive is a charge to customers, including schools, SEC is actively involved.

**Energy Board Modernization.** The Energy Board has announced the results of its review of intervenor processes in other jurisdictions. While there is no indication of attacks against the current intervenor system, on which SEC relies, SEC remains vigilant watching for that possibility. SEC counsel Mark Rubenstein is a member of the internal working group reviewing these modernization proposals.

Jay Shepherd  
Mark Rubenstein  
Fred Zheng  
Counsel for SEC

Questions? Contact:

Ted Doherty ([sec@oesc-cseo.org](mailto:sec@oesc-cseo.org))  
Jay Shepherd ([jay@shepherdrubenstein.com](mailto:jay@shepherdrubenstein.com))  
Mark Rubenstein  
([mark@shepherdrubenstein.com](mailto:mark@shepherdrubenstein.com))

*In conclusion,*

*OESC is represented by Jay Shepherd who consults regularly with myself. 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.*



*Ted Doherty  
Executive Director  
416-340-2540 (Toronto Office)  
519-955-2261 (Mobile)  
Email [tdoherty@oesc-cseo.org](mailto:tdoherty@oesc-cseo.org)*