

Savings for Ontario School Boards

The main focus in Q1 2022 has been on two major proceedings: the Hydro One joint rate case, and the five-year Enbridge conservation plan. Those are both ongoing, with decisions expected later this year. Only a small number of matters actually concluded in the quarter, including London Hydro and some smaller distributors. Savings for schools have totalled about \$340,000.

Looking forward to Q2 and Q3, both the major cases will be concluded, although the Hydro One decision will likely be in Q4. Also coming up later in the year will be the first five-year rate application by the merged Enbridge/Union Gas utility.

ONGOING MATTERS - NATURAL GAS

Enbridge Conservation. The proceeding to consider Enbridge's \$900 million five-year conservation plan has continued, with SEC – an environmentally proactive ratepayer group – continuing to act as the main liaison between environmental groups and ratepayer groups.

Evidence has been filed by Enbridge, two environmental groups, and two ratepayer groups. A multi-day Technical Conference (like a hearing, but without the adjudicators) was held in late January to clarify the evidence. SEC is focusing on the fact that, while a lot is being spent on gas conservation, gas volumes and capital spending continue to increase every year.

In the week-long oral hearing, parties grilled Enbridge witnesses and external experts on many aspects of the plan. A recurring theme has been whether programs should support electrification, i.e. customers going completely off natural gas. Final arguments are planned for May and June, with a decision by the Energy Board scheduled for August.

Enbridge St. Laurent. The proposed \$122 million St. Laurent replacement project is being considered by the Energy Board. The Energy Board denied a request by SEC and other parties to hold an oral hearing, despite compelling evidence (filed by SEC, City of Ottawa, and

Pollution Probe) of aggressive off-fossil plans by current major customers on the line. Sensing strong opposition from all parties to this new spending, Enbridge has shifted gears, and now claims that there are safety issues with the line. Their own forecasts, however, is inconsistent with this position. SEC's final argument proposes a delay to see whether the GHG reduction plans of the City, the university, the federal government, and others relying on this line make a significant difference. A decision is expected in Q2.

Integrated Resource Planning. The working group to supervise Enbridge's plans to displace pipeline investments with alternatives (such as geo-targeted conservation and demand response) has finally been established. SEC counsel Jay Shepherd is a member. Sadly, but perhaps predictably, Enbridge is not in a hurry to reduce their capital spending on new pipe investments. SEC is taking the lead in pushing for more of a sense of urgency.

ONGOING MATTERS - ELECTRICITY

London Hydro 2022 Rates. London Hydro, which serves almost 250 schools, filed for a proposed rate increase of 15.9% effective May 1, 2022. While a relatively low cost and efficient utility, the rate increase was still higher than expected. The rate increase for a typical school was a more manageable 8.1%, but still too high.

All parties worked to obtain a complete settlement in this proceeding, and as a result the rate increase for schools has been reduced to 3.57%. The impact should be **savings over the next five years of about \$300,000** for schools in the London area.

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%.

In February, on the eve of the settlement conference, Hydro One decided that they would be unable to participate until they filed an amended application, reflecting an updated forecast based on "inflation pressures" it was facing. On the last day of March, Hydro One filed an extensive update to its application. Hydro One did not propose any changes to its work plan to offset its inflationary pressures, just higher costs to complete the work. It is seeking approval for an additional ~\$182 million for transmission, and ~\$239 million for distribution. Recognizing that this additional spending would make already high rate increases even higher, Hydro One has proposed a kind of "build now, pay later" plan. These additional amounts would be recovered from customers, including schools, beginning in 2028 (on top of any rate increases that would be expected at that time).

Further discovery is expected on the new evidence, followed by reconvening the settlement conference and, soon after, a potential 5-week hearing. SEC counsel Mark Rubenstein is expected once again (as was the case with OPG) to take a leading role amongst ratepayer groups in the settlement conference and any hearing. A decision is expected by the end of the year.

Distributor Consolidation. There has been recent uptick in the pace of consolidation of electricity distributors in the province. In March, the Energy Board approved the amalgamation of Brantford

and Energy+ (Cambridge and Brant) as well as the Phase 2 amalgamation application of North Bay and Espanola. A further application has been filed by Kitchener-Wilmot and Waterloo North. SEC intends to continue to scrutinize each application, but has generally been supportive of these mergers of neighbouring utilities with similar cost structures, as they are likely to provide lower costs to customers over time.

Other Distributors Rate Applications. A settlement was achieved with Ottawa River Power in their 2022 rate case, resulting in some savings for schools in the area. The Energy Board has scheduled settlement conferences for 2022 rates for both Rideau St. Lawrence and E.L.K. Energy. Applications for 2023 rates are expected to be filed shortly for Milton, Kingston, and Westario (Walkerton). Some other smaller applications have also been resolved. Total savings for schools in the quarter for these small utilities has been about **\$40,000**.

OTHER MATTERS

Framework for Energy Innovation. This working group was set up to consider the upcoming evolution of the energy sector, and in particular the expansion of non-utility solutions in electricity and natural gas. SEC counsel Jay Shepherd continues to be a vocal member of this group, and was selected to draft a major section of the report, on utility incentives. The full report of the working group is scheduled for June.

Schools, who are often leaders in distributed energy resources (solar, EV, storage, energy management), have the potential to be heavily impacted by these Energy Board policies. SEC's primary role on the working group has been to counterbalance the voices of utilities with a voice from customers.

Reliability and Power Quality Review. The Energy Board has launched a review of reliability and power quality in the Ontario electricity sector. The initial areas of focus will be on enhanced reliability reporting and increasing utility accountability. SEC will be an active

participant in the review.

Intervenor Framework Review. The Energy Board has announced a review of its intervenor process. While it has assured stakeholders that this is not about a wholesale change to the current system, relied on by SEC and others, but it does expect to make some changes. SEC will steadfastly oppose any changes that result in any reduction of its influence and ability to properly represent the interests of school boards in Energy Board proceedings.

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Questions? Contact Ted Doherty (sec@oesc-cseo.org) or Mark Rubenstein (mark@shepherdrubenstein.com) or Jay Shepherd (jay@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.



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