

Dark day for Toronto Hydro; 'Disappointment' as Ontario Energy Board rejects \$45 million in proposed conservation programs

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The Ontario Energy Board has pulled the plug on \$45 million worth of energy conservation programs proposed by Toronto Hydro.

The decision means Toronto Hydro can't start the programs or charge the cost to its customers.

It also means Toronto Hydro won't be able to hit targets that are a condition of its licence, vice-president Blair Peberdy said in an interview.

"Our reaction is surprised and disappointed," he said.

"Right now, I'm not sure what the next steps are."

Programs shredded by the energy board include consumer education campaigns, a proposed incentive to get rid of flat-rate water heaters, and a special program aimed at curbing power use in multi-unit buildings.

The board said that some of the programs duplicate province-wide campaigns already funded through the Ontario Power Authority.

For other programs, it said there wasn't enough evidence that they would be effective.

In its decision, the board noted that the Ontario Power Authority (OPA) is already spending \$1.4 billion on conservation and demand-management programs.

Demand-management programs generally shift power use from peak periods to periods when demand is low. That saves money because it reduces the need to build expensive generators and power lines that only operate for brief periods.

Toronto Hydro has been ordered, under the rules introduced by the Green Energy Act, to cut its peak demand by 286 megawatts by 2015, Peberdy said. That's about 5 per cent on a very hot or cold day.

The board cast a skeptical eye on Toronto Hydro's request to mount its own campaigns, saying that programs being run by the power authority will allow it to achieve about 80 per cent of its conservation targets.

Peberdy said the figure is more like 70 per cent.

"This application was brought forward to pick up the remainder," Peberdy said. "Most of it's been disallowed, so we're in a situation of being unable to meet our targets, and not really knowing where to turn."

Peberdy said Toronto Hydro isn't sure what happens if they fail to meet their targets, "and that concerns us."

A board spokesman said a penalty, if any, would depend on circumstances and "would have to be determined in the future." Utilities can apply to the board for exemptions if they miss targets that are part of license requirements.

Robert Warren, a lawyer for the Consumers Council of Canada, said the decision shows the value of the energy board.

"The board has found that Toronto Hydro was proposing to waste \$45 million of its ratepayers' money on unnecessary conservation programs," he said. "The board has found that Toronto Hydro and the OPA are not doing their jobs in ensuring that ratepayers' money is being prudently spent."

Among other programs, Toronto Hydro had requested money to pay incentives to homeowners who pay a flat rate for their water heaters to give them up. The board disallowed it, saying that Toronto Hydro can terminate the flat rate program on its own, without offering incentives paid for by other customers.

The board also chopped a \$20 million program to curb power use in apartment and condo buildings, saying it hasn't been fully tested and its expense not fully justified.

And it sharply scaled back an \$11.5 million program to reward small- and medium-sized businesses who install a device that allows Toronto Hydro to power down air conditioning systems for brief periods when demand strains the system.

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