

**AMPCO Responses to Interrogatories from Hydro One Networks Inc.
2009-2010 Transmission Rate Application
EB-2008-0272**

Interrogatory #1

Issue: 7.1 Is the proposal to continue with the status quo charge determinants for Network and Connection service appropriate?

Ref: AMPCO Evidence: The Benefits of Improvements in Transmission Rate Design

- a) Please provide information on the jurisdictions where an approach based on the average of a customer's coincident peak demand on the days of the 5 highest peaks in the previous year has been used and the resultant changes in capital investment?

Response:

- a) AMPCO's recommendation is for a "made in Ontario" design that removes the barrier to CDM built into the 85% ratchet and implements an incentive to beneficially reduce peak demand growth in Ontario and the need for associated capacity increases of both supply and transmission resources. The closest example to this model would be in PJM, where the charge determinant is based on the 5 highest peak days in a four month period in the previous year. AMPCO's suggestion is different because it recognizes that Ontario still has peak days in non-summer months on occasion. At this time, we have not found retrospective studies of capital investment changes in other jurisdictions.

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Interrogatory #2

- a) How would the AMPCO proposal deal with a new Transmission customer?
- b) What historical billing information would be used to bill a new customer when no historical information is available?

Response:

- a) New Transmission customers must apply to the IESO through its Connection Assessment and Approval (CAA) Process. This process requires the customer to provide estimates not only of capacity requirement, but also load shape. The documentation can be found at http://www.ieso.ca/imoweb/conassess/caa_process.asp

AMPCO would recommend that, until sufficient actual demand data has been acquired to bill on actual demand, a suitable proxy would be the customer's forecast of summer weekday peak demand. Should the customer's charge determinant established during operations in the first year result in revenue lower than should have been predicted, it is logical that the transmitter would be allowed to bill for any calculated shortfall. However, the likelihood is that, if the customer has some demand response capability, it will begin attempts to reduce demand during the five peak days as soon as possible and therefore establish a charge determinant less than the estimate of demand during summer peak provided in the CAA process.

- b) Please refer to the response to a) above.