

August 14, 2018

VIA COURIER & RESS FILING

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor, Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Erie Thames Powerlines Corporation (“Erie Thames”);
2018 Cost of Service Application; Interrogatories
Board File No.: EB-2017-0038**

We are writing on behalf of Toyota Motor Manufacturing Canada Inc. (“**TMMC**”) and in accordance with Procedural Order No. 1 to file Interrogatories to Erie Thames.

Yours very truly,

Dentons Canada LLP

Original signed by Helen T. Newland

Helen T. Newland

HTN/ko

Encls.

cc: Melody Collis, TMMC
Bill Fantin, TMMC
Pete Leonard, TMMC
Jo Keaton, TMNA
Graig Pettit, Erie Thames
Scott Stoll, Aird & Berlis
Parties to EB-2017-0038

Interrogatories of

Toyota Motor Manufacturing Canada Inc.

to

Erie Thames Powerlines Corporation

EB-2017-0038

August 14, 2018

Toyota IR-1

Issue: Standby Rate Proposal

Reference: Exhibit 8, Tab 15, Schedule 1, Attachment 6 (of 7) Tariff of Rates and Charges - 8-F 2018 Proposed Tariff Sheet – General Service

Preamble: The draft tariff sheet for the General Service 1,000 to 4,999 kW Service Classification includes the following sentence at the end of the introductory paragraph:

“For those customers who install behind the meter generation they will be billed on a Gross Load basis for the distribution variable charge.”

Questions:

1. Please confirm that the phrase “distribution variable charge” is equivalent to, or refers to, the “Distribution Volumetric Rate” (equal to 2.8655 \$/kW) noted on the same draft tariff sheet.
2. Are there any other rates and charges included in the reference to the “distribution variable charge” noted above? If so, what are they?
3. Is there a size threshold or, alternatively, a size limit for the behind the meter generation to which the application of gross load billing applies? If so, what are these size thresholds and/or limits?
4. For the purpose of applying the stated policy, does “behind the meter generation” include emergency or back-up generation?

Toyota IR-2

Issue: Standby Rate Proposal

Reference: ETPL_2018_Cost_Allocation_Model_20180301

Preamble: We understand that the OEB standard cost allocation model allocates costs to different customer classes based on information on the number of customers and demand profile within each rate class.

Questions:

1. Has ETPL made any adjustments to the demand allocators used in the rate model to account for the proposed standby charge? If so, what are these adjustments and for which rate classes have they been made?
2. Has ETPL made any other adjustments to the rate model, not already accounted for in the response to Question a) above, to account for the proposed standby charge? If so, what are these adjustments and for which rate classes have they been made?

3. Please provide the rationale and basis for any adjustments identified in response to Questions 1) and 2) above.
4. In Exhibit 8, Tab 1, Schedule 5, Page 1 of 1, the Test Year Consumption for the General Service Class >1,000 to 4,999 kW is shown as 160,938 kW. Is any of this consumption associated with additional demand to be billed as a result of the proposed Standby Charge? If so, what is the amount of consumption associated with the Standby Charge?
5. In the event that the response to question 4 above is that none of the 160,938 kW volume referenced is associated with the proposed standby charge, does this mean that additional revenue will be earned as a result of the charge that is not currently included in the forecast?

Toyota IR-3

Issue: Standby Rate Proposal

Reference: Exhibit 7, Tab 1, Page 1 of 14, Lines 19-20

Preamble: ETPL indicates that it wants to include a standby rate “in order to ensure that it is kept whole” with respect to transmission network and connection fees charged to ETPL by Hydro one for all embedded generation.

Questions:

1. Given that transmission network and connection fees paid to Hydro One are recovered through Retail Transmission Rates, including both the Network Service Rate and Line and Transformation Connection Service Rate, please explain why the need to be kept whole with respect to network and connection fees paid to Hydro One is relevant to the approach used to calculate and apply distribution variable charges given that such charges are designed to recover ETPL's own costs.
2. If ETPL wishes to be kept whole with respect to network and connection fees paid to Hydro One, would it consider instead simply using a Gross Load basis to charge Retail Transmission Rates (including both the Network Service Rate and for the Transformation Connection Service Rate)? If ETPL would not consider billing such charges on a Gross Load basis, please outline the rationale for this decision.
3. Has ETPL taken into account recent decisions in which the Ontario Energy Board considered the use of gross load billing for RTS charges? See for example, Decision and Rate Order EB-2017-0064 at pp. 11-12. If not, why not?
4. ETPL has not specifically noted that it needs to charge a standby tariff in order to recover any costs incurred on its own system to provide standby power. ETPL only

references fees paid to Hydro One. Please clarify the role, if any, of costs incurred by ETPL in its own operations in the request to apply a standby charge.

5. Has ETPL done any analysis of the costs incurred to provide standby power, other than of those costs associated with fees charged by Hydro One? If so, can ETPL please provide this analysis?

Toyota IR-4

Issue: Standby Rate Proposal

Reference: Exhibit 8, Tab 1, Schedule 3 and Exhibit 8, Tab 15, Schedule 1, Attachment 6 (of 7) Tariff of Rates and Charges - 8-F 2018 Proposed Tariff Sheet – General Service

Preamble: The 2018 proposed variable rate for the General Service > 1,000 to 4,999 kW is shown on Schedule 3, Table 8-7, as \$2.7400 per KW, whereas the proposed tariff sheet in Attachment 6 shows a General Service (1,000 to 4,999 service classification) distribution volumetric rate of \$2.8655 per kW.

Questions:

1. Please provide an explanation for the difference in rates noted above.

Toyota IR-5

Issue: Standby Rate Proposal

Reference: Exhibit 7, Tab 1

Preamble: In Exhibit 7, (see Tab 1, Page 2 of 14, Lines 4-5), ETPL indicates that it is appropriate to set a standby charge that is equal to the variable charge proposed for the rate class in which the customer with self-generation will reside. It further notes (Lines 8-12) that:

“this treatment is appropriate as it allows for further promotion of generation in the scope of the Green Energy initiatives, without causing a rate disincentive to the customer, and ensuring that remaining customers do not pick up the cost incurred for Gross Load Billing through Deferral and Variance accounts.”

Questions:

1. Please confirm that a customer billed on the basis of gross load will see no reduction in distribution charges as a result of the installation of behind the meter generation. If you cannot confirm this, please explain your answer.
2. If, as a result of the use of gross load billing, a customer sees no reduction in its distribution tariff from the installation of behind the meter generation, this would appear to

provide no incentive from the perspective of its distribution charges to install such generation. Please therefore explain how the proposed billing treatment “allows for further promotion of generation in the scope of the Green Energy initiatives, without causing a rate disincentive to the customer”.

Toyota IR-6

Issue: Standby Rate Proposal

Reference: Exhibit 8, Tab 4, and Exhibit 8, Tab 15, Schedule 1, Attachment 6 (of 7) Tariff of Rates and Charges – 8-F 2018 Proposed Tariff Sheet – General Service

Preamble: In Exhibit 8, Tab 4, Page 4 of 4, the “RTSR Connection Rate” for the Customer Class “GS>1,000 to 4,999” is shown as \$1.9475. However, on the draft tariff sheet for the General Service 1,000 to 4,999 kW Service Classification, the “Retail Transmission Rate – Line and Transformation Connection Service Rate” is shown as \$1.9479.

Questions:

1. Should the two values noted above be the same? If yes, please indicate which value is correct. If “no”, please explain why the two values should and do differ.

Toyota IR-7

Issue: Standby Rate Proposal

Reference: Exhibit 7 – Section 7.2.3 Standby Rates

Preamble: It appears that the proposed design for a standby charge does not provide any incentive for the customer to minimize the duration and timing of outages of its load displacement generation, or to otherwise minimize its load on the distribution system, given that bills will be calculated on the basis of gross load and will therefore not take into account any contribution to meeting load by the customer’s behind the meter generation.

Questions:

1. Please confirm that there are no incentives provided under ETPL’s proposed tariff structure to minimize outages of load displacement generation. If you cannot provide confirmation that there are no incentives to minimize the frequency and duration of such outages under the proposed tariff structure, please explain how such incentives are included or arise under the tariff structure that has been outlined.
2. Given the lack of incentives noted in Question 1 above to minimize outage duration or frequency, please explain why ETPL’s proposed rate structure is appropriate or meets utility standards for good rate design.

Toyota IR-8

Issue: Standby Rate Proposal

Reference: Exhibit 7, Tab 1

Preamble: In Exhibit 7 (Tab 1, Page 2 of 14, Lines 4-8), ETPL notes:

“For this Application, ETPL proposes that it is appropriate to set a standby charge that is equal to the variable charge proposed for the GS>1,000 to 4,999 kW rate class...This treatment is consistent with a recent decision under similar circumstances in Horizon Utility’s 2015 Cost of Service filing (EB-2014-0002).”

We further note that ETPL proposes to apply its Standby Charge through the use of a gross load billing approach. In the tariff sheet for Standby Power approved in EB-2015-0061, in contrast, Horizon indicates that its Standby Power rate will be applied to the “amount of reserved load transfer capacity contracted or the amount of monthly peak load displaced by a generating facility”.

Therefore, although the structure of standby tariffs appears similar between Horizon and ETPL, in that standby rates are set to equal the base distribution tariff, the basis of application of these tariffs does not necessarily appear to be equivalent. For example, Horizon indicates that the rate may be applied to the amount of reserved load transfer capacity contracted.

Questions:

1. Please indicate ETPL’s rationale for the gross load billing approach and for not providing for its rate to be applied to “the amount of reserved load transfer capacity”.
2. In ETPL’s view, which approach (a charge applied to the amount of reserved load transfer capacity or a charge applied to the gross load) provides the greatest benefit to a customer in terms of flexibility, ability to manage its costs, and incentives to manage generation in an efficient manner? Please explain.
3. What other approaches, if any, did ETPL consider for structuring the standby tariff and what was the rationale for rejecting these other approaches?
4. Given that the basis of application of standby tariffs appears to differ between ETPL and Horizon, how can the proposed charge be said to be “consistent”?

Toyota IR-9

Issue: Standby Rate Proposal

Reference: Exhibit 7, Tab 1

Preamble: In Exhibit 7 (Tab 1, Page 2 of 14, Lines 4-8), ETPL notes:

“For this Application, ETPL proposes that it is appropriate to set a standby charge that is equal to the variable charge proposed for the GS>1,000 to 4,999 kW rate class...This treatment is consistent with a recent decision under similar circumstances in Horizon Utility’s 2015 Cost of Service filing (EB-2014-0002) and Entegrus’ 2016 Cost of Service Filing (EB-2015-0061).”

We further note that ETPL proposes to apply its Standby Charge through the use of a gross load billing approach. In the tariff sheet for Standby Power approved in EB-2015-0061, in contrast, Entegrus indicates that its Standby Power rate will be applied to the “amount by which the amount of load transfer capacity contracted by a facility exceeds the actual demand”. In other words, the Standby Tariff will be applied to any shortfall, if any, between contracted load transfer capacity and actual net demand observed in the month. More specifically, the tariff will not be applied to gross load.

Although the structure of standby tariffs appears similar between Entegrus and ETPL, in that standby rates are set to equal the base distribution tariff, the basis of application of these tariffs is therefore clearly different.

Questions:

1. Please indicate ETPL’s rationale for the gross load billing approach and for not providing for its rate to be applied to the difference between the contracted amount of load transfer capacity and observed net demand.
2. In ETPL’s view, which approach (a charge applied to the difference between contracted load transfer capacity and actual net demand, or a charge applied to the gross load) provides the greatest benefit to a customer in terms of flexibility, ability to manage its costs, and incentives to manage generation in an efficient manner? Please explain.
3. Although ETPL cites Horizon and Entegrus as providing precedents for ETPL’s proposed rate design, it does not appear that the approach to applying the standby rate is similar across the three utilities. Given this lack of consistency in application, please explain how the proposed rate design can be considered to be consistent.