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File 94691

September 12, 2018

**VIA RESS FILING and COURIER**

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

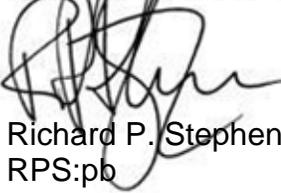
Dear Ms. Walli:

**Re: Power Workers Union and Hydro One Networks Inc. – Transmission  
Line between Thunder Bay and Wawa, Ontario  
EB-2017-0182/EB-2017-0194/EB-2017-0364**

Attached please find the Power Workers' Union Interrogatories to the IESO Addendum to the Updated Needs Assessment in connection with the above-noted proceedings. An electronic copy has been filed through the Board's RESS filing system, and two paper copies will follow by courier delivery.

Yours very truly,

**PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**



Richard P. Stephenson  
RPS:pb

Attach.

Doc 2626019 v1

**Hydro One Networks Inc.**  
**Application for leave to construct an electricity transmission line**  
**between Thunder Bay and Wawa, Ontario**  
**Combined Hearing**

**Power Workers' Union Interrogatories to the IESO**  
**Addendum to the Updated Needs Assessment**

PWU - 1

Ref 1: Addendum to 2017 Updated Assessment for the Need for the East-West Tie Expansion, Pages 2-3

- The 2018 demand response auction cleared 30 MW of demand response in the summer and winter in the Northwest for approximately \$80/kW-year. However, the product's availability limits its contribution to meeting the capacity need in the Northwest and the extent to which additional demand response can be acquired in the Northwest on a cost-effective basis is unknown.
- The cost of firm import capability from Manitoba is uncertain; it would not be known until the time of negotiation and the price could be increased by the short commitment period and reduced competition due to the small size of the Northwest market. Currently, the firm import capability from Manitoba is also limited to between 150 – 200 MW. To inform a decision with respect to acquiring firm imports, the cost of a firm capacity import from Manitoba would be compared to the cost of acquiring new local generating capacity. The lifetime levelized cost of new local generating capacity in Northern Ontario is approximately \$180/kW-year.<sup>1</sup>

...

<sup>1</sup>The \$180/kW-year reflects economies of scale associated with addressing a smaller capacity need in the interim as some of the need is managed through load rejection.

Table 1 Projected Cost of the Incremental Capacity Requirements (2020-2024)

Year	Requirement (MW)	Allowable Load Rejection (MW)	Incremental Requirement (MW)	Projected Cost (2017\$ millions)	Projected Cost Range (2017\$ millions)
2020	239	150	89	\$16	\$7 to 20
2021	251	150	101	\$18	\$8 to 23
2022	272	150	122	\$22	\$9 to 27
2023	360	150	210	\$38	\$16 to 47
2024	394	150	244	\$44	\$19 to 55

- Please provide any analysis or calculations used to determine the \$180/kW-year assumption for new local generating capacity.
- Please confirm that the cost of new local generation capacity (\$180/kW-year) is the assumed cost for all incremental capacity requirement used in this analysis.
- If a 2018 demand response auction cleared 30MW at a cost of \$80/kW-year, why is it implicitly assumed that no additional demand response can be cleared for less than \$180/kW-year?
- Likewise, why is it implicitly assumed that additional capacity from Manitoba cannot be acquired for less than \$180/kW-year?
- What is the current cost of capacity from Manitoba?
- Why does the IESO assume a consistent lifetime levelized cost of new local generation capacity of \$180/kW-year for the years 2020 to 2024?

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Figure 1 Expected Incremental Northwest Capacity Requirement under Reference Demand (2017 Update Report)

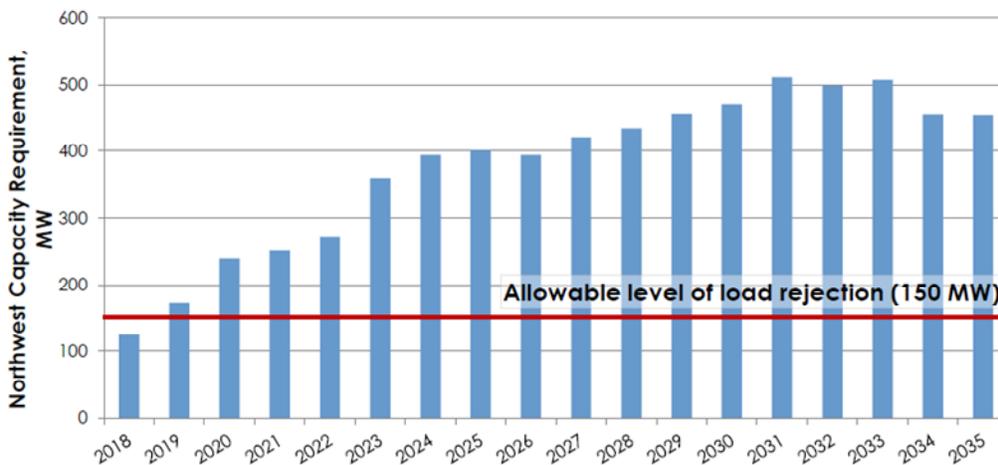
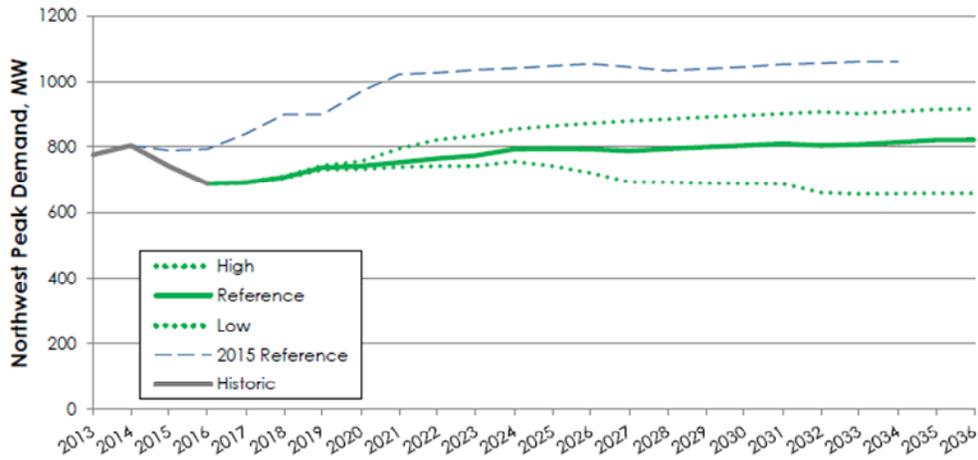


Figure 2. Northwest Net Peak Demand Outlooks



- a) Has the IESO revised its peak demand forecast for the Northwest region since the last assessment update? If so, please provide an update to Figure 1.
- b) Forecast peak demand has declined materially since the 2015 Reference. Please provide evidence this trend has reversed since 2016, as per the Reference line in Figure 2.