



PUBLIC INTEREST ADVOCACY CENTRE
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September 05, 2012

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: EB-2012-0031

Please find enclosed the interrogatories of VECC in the above noted proceeding.

Yours truly,

A handwritten signature in blue ink, appearing to be 'M. Buonaguro', is written above the typed name.

Michael Buonaguro
Counsel for VECC
Encl.

INTERROGATORIES OF VECC

GENERAL

2) Is the overall increase in 2013 and 2014 revenue requirement reasonable?

2.0-VECC-1

Reference: Exhibit A, Tab 3, Schedule 1, pages 8-9

Please provide a table which breaks down and identifies and quantifies the increase in revenue requirement by component for 2013 over 2012 and for 2014 over 2013.

2.0-VECC-2

Reference: Exhibit A, Tab 4, Schedule 1, page 11

- a) Does Hydro One expect that the East-West Tie partnership will result in a completed project that costs less than it would if Hydro One undertook this project on its own?
- b) Does Hydro One contemplate any other competitive transmission projects that it will be undertaking in the next five years?

2.0-VECC-3

Reference: Exhibit A-8-3, Appendix A, page 8, Schedule "A"

- a) Please provide a copy of Schedule "A" that was in effect prior to the cited document (i.e., the Schedule "A" in effect prior to January 17, 2012.)
- b) Does Hydro One expect the same Schedule "A" will be in effect for 2013 and 2014? If not, please explain.

2.0-VECC-4

Reference: Exhibit A-8-3, Appendix B, page 8, Schedule “A”

- a) Please provide a copy of the Schedule “A” that was in effect prior to the cited document (i.e., the Schedule “A” in effect prior to January 17, 2012.)
- b) Does Hydro One expect the same Schedule “A” will be in effect for 2013 and 2014? If not, please explain.

2.0-VECC-5

Reference: Exhibit A-10-2, Attachment 1, page 4, Management Discussion and Analysis, Quarterly Results of Operations Table

- a) Please confirm that the total revenue for the quarter ending March 31, 2012 was the highest since 2010.
- b) Please update this table to reflect second quarter 2012 results.

2.0-VECC-6

Reference: Exhibit A, Tab 12, Schedule 1, page 7, Definition of Bulk Electric System

- a) Are there any impacts of the proposed change to BES included in this application?

2.0-VECC-7

Reference: Exhibit A-13-1, Appendix A, page 3, Provincial Income Tax Rate

- a) Is it possible that the provincial tax rate of 11.25% will remain in effect for 2013 and beyond? If so, please provide the impact on the 2013 and 2014 revenue requirements.

2.0-VECC-8

Reference: Exhibit A, Tab 15, Schedule 1, pages 1-2, Transmission Cost Escalation

- a) Please provide any additional information that is readily available regarding Transmission Cost Escalation for Construction, Operations and

Maintenance in respect of (i) how accurate the forecasts have been compared with historical actuals, (ii) how widespread is the use of these forecasted escalators within the utility sector, (iii) the weighting and the data sources underlying the escalators and whether there has been any change in either of these in recent years, (iv) whether separate escalators are calculated for the US and Canada, and (v) the extent to which the escalators and actuals tracked the CPI historically.

- b) If possible please extend Table 1 to include all historical years for which data is available, showing the forecasted escalator and Hydro One's actual historical actual transmission cost escalators for each year.

2.0-VECC-9

Reference: Exhibit A, Tab 15, Schedule 1, page 3

- a) Does the fact that the exchange rate has no impact on forecasted costs reflect the fact that Hydro One buys no equipment, tools, or inventory priced in US dollars?

2.0-VECC-10

Reference: Exhibit A, Tab 16, Schedule 1, pages 3 and 4 and Exhibit A, Tab 10, Schedule 1, 2010 Annual Report page 9

- a) Please explain when and why the Lost Time Injury measure was replaced by the Medical Attention measure.
- b) Could Hydro One track both the Lost Time Injury measure and the Medical Attention measure?
- c) On page 9 of the 2010 Annual report it states that "*the Journey to Zero program was launched in 2009 In 2010, we had a frequency of 2.8 medical attentions and 0.05 lost-time injuries per 200,000 hours worked. This exceeded our target of 3.6 medical attentions and 0.23 lost-time injuries per 200,000 hours worked.*" Please provide your actuals and targets for both of these metrics and Hydro One's targets for both metrics for the years 2012, 2013, and 2014.
- d) When will the CEA average for 2011 Lost Time Injuries be known? If available now, please provide this number.

- e) Please explain why the CEA average is a good comparator for Hydro One performance with respect to these safety metrics.

2.0-VECC-11

Reference: Exhibit A, Tab 16, Schedule 1, page 5 and Figure 2

- a) When will the CEA average for 2011 Recordable Injury Frequency be known? If available now, please provide this number.
- b) Please explain why the CEA average is a good comparator for Hydro One performance with respect to the Recordable Injury Frequency metric.
- c) The 2011 Recordable Injury Frequency 2011 metric for Hydro One appears to be about three times the target of 1.2 recordable injuries per 200,000 hours worked. When does Hydro One expect to meet this target?

2.0-VECC-12

Reference: Exhibit A, Tab 16, Schedule 1, page 6 and Figure 3, Transmission Customer Satisfaction survey results

- a) The customer satisfaction survey results for major load customers have shown steadily declining satisfaction levels from 2007-2011. Can Hydro One confirm that the survey questions have not changed materially over this period?
- b) Please provide a copy of the most recent survey questions sent to major load customers and to generator customers.

2.0-VECC-13

Reference: Exhibit A, Tab 16, Schedule 1, pages 12-18, Figures 4-10

- a) Please update Figures 4-10 with the 2011 CEA composite data if available.

2.0-VECC-14

Reference: Exhibit A, Tab 17, Schedule 1, pages 7 and 8

- a) With respect to specific efficiency initiatives, Hydro One states that “Aggregate incremental savings achieved in the 2009 to 2011 period are ahead of internal projections.” (Page 8, lines 12-13). Please provide Hydro One’s internal projections for the 2009-2011 period and also for the 2012-2014 period.

LOAD FORECAST and REVENUE FORECAST

- 3) Is the load forecast and methodology appropriate and have the impacts of Conservation and Demand Management initiatives been suitably reflected?**

3.0-VECC-15

Reference: Exhibit A, Tab 15, Schedule 2, pages 2 (l. 15) and 13 (Section 4.1.2)

- a) Have any of the neighbouring utilities that Hydro One interacts with and/or is familiar with changed their period for weather normalization since 2008? If yes, please indicate which utilities and the nature of the change.

3.0-VECC-16

Reference: Exhibit A, Tab 15, Schedule 2, page 5 and Appendix E

- a) Please update the surveys of Ontario GDP Forecasts and Ontario Housing Starts using the most recent forecasts available from each source noted.

3.0-VECC-17

Reference: Exhibit A, Tab 15, Schedule 2, pages 9 - 10

- a) The text states that 346 MW of self-generation was assumed to be in place in 2011. What was the actual amount of self-generation in-place in

2011 and how does this compare with the amount in place in 2009 and 2010?

- b) Please confirm that the 346 MW of self-generation for 2011 is all “behind the meter” (i.e., the self-generation that reduces the amount purchased from the IESO)..
- c) The text states that the incremental self-generation assumed for 2012-2014 is based on renewable energy projects initiated by the OPA. Are these projects where the OPA is buying the renewable generation from the customers?
- d) If yes, why is it considered “behind the meter” generation that will reduce transmission billing determinants?

3.0-VECC-18

Reference: Exhibit A, Tab 15, Schedule 2, pages 8-9

- a) Please confirm whether the data reported for years 2006-2011 in Table 2 is the actual weather normalized impact of CDM in those years.
- b) What is the starting year from which the results shown in Table 2 are “cumulative”?

3.0-VECC-19

Reference: Exhibit A, Tab 15, Schedule 2, page 21

- a) At what point on the system are the Ontario Demand values and the Charge Determinant values set out in Table 3 (page 21) measured?

- b) Please provide a monthly break down for each of 2013 and 2014 for each of the four forecasts set out in the Table.

3.0-VECC-20

Reference: Exhibit A, Tab 15, Schedule 2, Attachment I, pages 13-14

- a) Please indicate into which of Hydro One's three CDM categories (per page 13) each of the six categories of CDM listed on page 14 fall.

3.0-VECC-21

Reference: Exhibit A, Tab 15, Schedule 2, page 20

EB-2012-0033, Technical Conference July 31, 2012, page 137,
lines 13-22

Preamble: The text states that Hydro One obtained province-wide CDM savings from the OPA. It is noted (see second reference above) that the OPA reports annualized CDM savings and therefore its reports will overstate the actual impact of CDM in the year that a program is implemented.

- a) Is Hydro One aware of the OPA's approach to reporting CDM savings for the programs in the year they are initiated?
- b) Has Hydro One adjusted the reported savings (both historical and forecast) to account for this reporting approach?
- c) If yes, how was it done?

- d) If no, what is the impact of correcting for this on the forecast CDM savings for 2013 and 2014?

3.0-VECC-22

Reference: Exhibit A, Tab 15, Schedule 2, Attachment I, pages 20-21 and 24-29

- a) What adjustment for losses would need to be made to the MW values reported in Appendix A (pages 24-25) in order to make them consistent with the Billing Determinant values reported at Exhibit A, Tab 15, Schedule 2, page 21, Table 3?
- b) Please confirm whether Table 8 (page 25 of Attachment I) sets out the actual demand response program MWs under contract and available at the time of system peak for the years 2006-2011 or the MWs by which the peak load in each year was actually reduced through the use of demand response programs.
- c) If the former, by how much was the system peak in each year (2006-2011) actually reduced through the use of load management/demand response programs?
- d) If the latter, what were the MWs of demand response under contract for each year 2006-2011?
- e) In what months of each year (2006-2011) were the MW under contract for load management/demand response activated?
- f) Do the forecasts for CDM impacts on Ontario demand (as shown in Table 3) assume that the MWs available from demand response programs have been activated and used to reduce:

- i) The System Peak, and/or
- ii) The Peak in each Month

If yes, what is the basis for this assumption and please re-do Table 3 (page 21) excluding the impact of demand response programs.

- g) With respect to Appendix B (Monthly CDM Impacts), please provide a schedule that sets out the Monthly Demand Savings for 2012-2014 by resource type.

3.0-VECC-23

Reference: Exhibit A, Tab 15, Schedule 2, Attachment I, pages 20-21

Preamble: At step 5 (page 21), Hydro One states that the impact of CDM on each of the three charge determinants was calculated by multiplying the monthly CDM savings for Ontario with the ratio of gross forecast for charge determinant and Ontario demand.

- a) Please provide an illustrative calculation using January 2013. In doing so, please clarify whether the “monthly CDM savings” referred to are monthly peak savings or monthly energy savings.

3.0-VECC-24

Reference: Exhibit A, Tab 15, Schedule 2, Appendix D

- a) Please explain what is meant by the table footnote – “Charge determinant values are proxy numbers calculated based on actual data”.
- b) Please reconcile the 2011 maximum Ontario Demand value reported here (22,728 MW – July Weather Normalized) with the actual 2011

Ontario Demand reported at Exhibit A, Tab 15, Schedule 2, Table 3 (20,547 MW). If the difference is losses, please explain the point of measurement used for each set of data and provide the loss factor that should be used to reconcile the two tables.

- c) Please confirm that the average of the (2011 weather normalized) monthly values for the various charge determinants (as reported in Appendix D) reconciles with the values report in Exhibit A, Tab 15, Schedule 2, Table 3.
- d) Please provide a table similar to that in Appendix D for the years 2012 – 2014. Please reconcile any differences between the maximum Ontario Demand for each year as reported in this response versus that in Exhibit A, Tab 15, Schedule 2, Table 3.
- e) Please provide a schedule that for the years 2010 – 2014 sets out the peak load by region by month (i.e, the maximum demand for the region in each month). Please also indicate where on the system the peak load values are deemed to be measured (e.g. regional bus, point of generation, etc.).
- f) Please provide a schedule that for the years 2010-2014 sets out the demand for each region at the time of the system peak. Please ensure that the basis for these values (in terms of the point on the system where the load is deemed to be measured) is the same as that used in response to part (e).

3.0-VECC-25

Reference: Exhibit A, Tab 15, Schedule 2, Appendices D and E

- a) Appendix E sets out 3 approaches to including CDM in a load forecast. Please describe how these three methods relate to the use of explicit and

implicit modeling approaches as surveyed by Hydro One and reported on in Appendix D.

- b) What has Hydro One concluded from its survey regarding the use, by other utilities, of the three difference approaches described in Appendix E.

4) Are Other Revenue (including export revenue) forecasts appropriate?

4.0-VECC-26

Reference: Exhibit E1, Tab 2, Schedule 1, pages 2 - 3

- a) Please provide a schedule that sets out the year-to-date 2012 External Revenues for each of the four categories in Table 1 and that also sets out the year to-date values for the same period in 2010 and 2011.
- b) How much did Hydro One receive in 2011 for the granting of easement rights to the Region of York and the City of Toronto?

4.0-VECC-27

Reference: Exhibit E1, Tab 2, Schedule 1, page 4

- a) Please provide a schedule that compares the forecast revenues from Station Maintenance as included Hydro One's EB-2010-002 and EB-2008-0272 applications with the actual revenues received for the years 2009-2011.

4.0-VECC-28

Reference: Exhibit E1, Tab 2, Schedule 1, page 6

- a) Please explain more fully the “lease of idle transmission lines” referenced on line 8.

4.0-VECC-29

Reference: Exhibit H1, Tab 5, Schedule 1, page 3

- a) Please provide a schedule that sets out the actual annual export volumes and revenues for the year 2007-2011. If the volumes and revenue don't reconcile with the approved \$1/MWh export tariff during this period, please explain why.
- b) Please provide a schedule that sets out the year-to-date export volumes for 2012 and contrast with the 2011 volumes over the same period.
- c) What are the assumed export volumes underlying the \$31.0 M and \$30.1 M in ETS revenues forecast for 2013 and 2014 respectively?

OPERATIONS MAINTENANCE & ADMINISTRATION COSTS

6) Are the proposed spending levels for Shared Services and Other O&M in 2013 and 2014 appropriate?

6.0-VECC-30

Reference: Exhibit C1, Tab 3, Schedule 1, page 2, Table 1

- a) Please explain why the 2013 forecast for Shared Services and Other OM&A has increased from \$68.0M in the pre-filed evidence to \$69.5M in the updated evidence.

6.0-VECC-31

Reference: Exhibit C1, Tab 3, Schedule 1, pages 5 and 6, Tables 2 and 3

Preamble: It appears that in order for Hydro One to keep its overall OM&A expenditures close to the Board approved amounts in 2011 and in 2012, Hydro One has reduced spending in aggregate on other categories of OM&A in order to accommodate very large increases in Shared Services and Other Costs above Board approved figures: in Shared Services and Other Costs, Hydro One overspent the Board approved amount by \$11.1M or 34.0% in 2011 and by \$44.6M or 164.0% in 2012.

- a) In any given year (or two years), does Hydro One view spending on Sustaining, Development, and Operations OM&A as spending that can be easily and materially adjusted to keep the overall OM&A spending within its approved envelope?
- b) Please provide a table that breaks down the overspending (i.e., above Board approved) on Shared Services and Other Costs by component for 2011 and 2012.
- c) Please provide a table that shows, for 2011 and 2012, a breakdown of the variances below Board approved amounts, in OM&A spending for Sustaining, Development, and Operations OM&A, indicating which projects, initiatives, routine spending amounts were cut to below the Board approved figures for these two years..
- d) Please extend Table 2 to include a comparison of Board approved versus actual OM&A expenditures for all historic years prior to 2011.

7) Are the 2013/14 Human Resources related costs (wages, salaries, benefits, incentive payments, labour productivity and pension costs) including employee levels appropriate? Has Hydro One demonstrated improvements in efficiency and value for dollar associated with its compensation costs?

7.0-VECC-32

Reference: Exhibit A, Tab 15, Schedule 1, page 5 and Exhibit A-13-1, Appendix A, page 3

Preamble: The pre-filed evidence indicates that as of March 31, 2011, there were 710 MCP staff for whom Senior Management at Hydro One has provided base pay annual escalators of 3.0% for 2012 and for each year 2013-2016.

- a) Please provide an update to the current number of MCP staff and the forecasted number of MCP staff for 2013 and for 2014.
- b) What would be the annual savings in 2012, 2013, and in 2014, if MCP employees had their base pay escalated by 2% for each year 2012-2014?

CAPITAL EXPENDITURES and RATE BASE

11) Are the amounts proposed for rate base in 2013 and 2014 appropriate?

11.0-VECC-33

Reference: Exhibit D1, Tab 3, page 4, Table 2

- a) Please extend the referenced table to include a comparison of actual transmission capital expenditures, by category, to the Board approved amounts for all previous historic years.

COST ALLOCATION

21) Is the cost allocation proposed by Hydro One appropriate?

21.0-VECC-34

Reference: Exhibit G1, Tab 2, Schedule 1, page 12

- a) What year's data is used to determine the Non-Coincident Peak Demand used (per lines 16-24) to determine the Generator portion of shared connection facilities?

21.0-VECC-35

Reference: Exhibit G1, Tab 5, Schedule 1, pages 2 - 3

- a) Please contrast the actual number of Hydro One owned metering installations in 2011 and 2012 with the number that were forecast for purposes of setting rates in EB-2010-0002.
- b) How much notice does Hydro One typically receive when a customer decides to make alternate arrangements and cease to use Hydro One as its Meter Service Provider?

21.0-VECC-36

Reference: Exhibit G1, Tab 6, Schedule 1, page 2, lines 8 – 9

- a) Please provide a copy of the "review" undertaken to confirm the estimated cost of LVSG and the continued appropriateness of the 19% factor.

21.0-VECC-37

Reference: Exhibit G2, Tab 1, Schedule 1

- a) Please provide a schedule that lists the new Transmission Lines that were not included in EB-2010-0002. In each case, please indicate the relevant

project reference number (from either the EB-2010-0002 Application or this Application) that describes the investment, note the functional category it has been assigned to and indicate why.

- b) Please provide a schedule that lists those Transmission Lines whose functional categorization has changed from that in EB-2010-0002 and provide an explanation as to the reason for the change.

21.0-VECC-38

Reference: Exhibit G2, Tab 1, Schedule 2

- a) Please provide a schedule that lists the new Transmission Stations that were not included in EB-2010-0002. In each case, please indicate the relevant project reference number (from either the EB-2010-0002 Application or this Application) that describes the investment, note the functional category it has been assigned to and indicate why.
- b) Please provide a schedule that lists those Transmission Stations whose functional categorization has changed from that in EB-2010-0002 and provide an explanation as to the reason for the change.

21.0-VECC-39

Reference: Exhibit G2, Tab 2, Schedule 1

- a) Please explain how there can be Transmission Lines that have been categorized as Dual Function Lines but for which there is no Connection portion attributed (e.g., B4V and C23Z).

21.0-VECC-40

Reference: Exhibit G2, Tab 3, Schedule 1

Exhibit G2, Tab 3, Schedule 2

- a) Are there any Generator Line Connections or Generator Station Connections listed in these two references that were not deemed as Generator Line/Station Connections (in whole or part) in EB-2010-0002? If so, what is the basis for their inclusion in the current schedule?

EXPORT TRANSMISSION SERVICE RATES

23) What is the appropriate level for Export Transmission Rates in Ontario?

23.0-VECC-41

Reference: Exhibit H1, Tab 5, Schedule 2, Appendix B, page 7

(Note – Appendix B page references are with respect to the page numbering as shown at the top of each page out of 102)

- a) The third bullet under Quantitative Results states that “the net impact on consumers’ bills is generally small”. Please clarify what is meant by “consumers’ bills” – is it the total bill or the energy portion of consumers’ bills?

23.0-VECC-42

Reference: Exhibit H1, Tab 5, Schedule 2, Appendix B, pages 5, 10 and 48-50

- a) What are the assessment criteria that Hydro One uses in establishing the cost allocation policies for transmission and designing the uniform transmission rates?
- b) In Hydro One's view, to what extent are the criteria used in the IESO report for assessing ETS rate options consistent with the criteria Hydro One uses for cost allocation and rate setting for uniform transmission rates.
- c) With respect to the first paragraph on page 1, is there a difference between "net economic benefits to groups in Ontario" and the evaluation done based on "efficiency"?

23.0-VECC-43

Reference: Exhibit H1, Tab 5, Schedule 2, Appendix B, pages 8 and 13-14

- a) Please provide a schedule that sets out the overall Ontario supply/demand situation for each of three years modelled and indicate the extent to which there is surplus capacity in each. As part of the schedule, please show the amount of "contracted supply" in each of the three years.

23.0-VECC-44

Reference: Exhibit H1, Tab 5, Schedule 2, Appendix B, pages 48 - 49

- a) The text describes a range of views regarding fairness. Is there any jurisdiction that bases its transmission rates on an equal sharing of cost recovery between all users of the transmission infrastructure, irrespective of how often that infrastructure is used? If so, please outline the jurisdiction and tariff used.

- b) Why should users whose transactions “go through” 93% - 95% of the time be viewed as “infrequent users” as the text on page 49 appears to suggest?

23.0-VECC-45

Reference: Exhibit H1, Tab 5, Schedule 2, Appendix B, pages 9, 10 and 48 - 49

- a) Please provide a copy of the document “Review of Rates in Neighbouring Markets” for the current proceeding’s record.
- b) For each of the five jurisdictions surveyed, is the derivation of the both the Network Service Rate (typically used for domestic network customers) and the PTP Rates used for exports based on the FERC approved OATT requirements as described at page 15 of the Review ? If not, what is the overall basis for the rate derivation?
- c) Please confirm that under the FERC approved OATT requirements, the rates for PTP service are generally derived by translating the annual Network Service rate into equivalent rates for shorter periods of time? If not, please indicate where a different approach is used.
- d) Please comment on the extent to which the export tariffs in each of the surveyed jurisdiction are based on i) a sharing of the costs of transmission infrastructure with other users based on frequency of usage, vs. ii) a marginal cost of usage approach as discussed on page 49.

23.0-VECC-46

Reference: Exhibit H1, Tab 5, Schedule 2, Appendix B, pages 9 and 48-49

Preamble: The main report state that 7% of on-peak and 5% of off-peak export transactions fail and more than half are due to operator actions.

- a) Please provide a schedule that sets out the total number of successful and failed export transactions for each of the most recent 24 months where data is available.
- b) When export transactions fail, are the “potential” exporters provided any compensation? If so, please outline under what circumstances compensation is provided and how it is determined. Also, please revise the schedule provided in response to part (a) to indicate the number of failed transactions in each month where compensation was provided and the total amount of compensation provided in each month.

23.0-VECC-47

Reference: Exhibit H1, Tab 5, Schedule 2, Appendix B, pages 9 and 49-50

- a) In order to help put the changes in Consumer and Ontario surplus in to context, please provide the total Consumer and Total Ontario surplus under the Status Quo scenario for each of the three years modelled.

23.0-VECC-48

Reference: Exhibit H1, Tab 5, Schedule 2, Appendix B, pages 10 and 22-23

Preamble: The calibration assessment appears to indicate that one of the areas where the model is most inaccurate is in terms of modelling export volumes.

- a) The Report (page 14) looks at generation type, wholesale prices and pattern of exports when concluding that “the calibration was reasonably

close to actuals”. However, given that the focus of the study is export tariffs, their impact to export volumes and the ensuing impact on market prices, etc.; why shouldn’t the ability of model to predict export volumes be the prime consideration when assessing the accuracy of the model?

- b) Given the variation in actual vs. modeled export volumes, what degree of certainty (or alternatively range of uncertainty) should be associated with the level of export volumes modelled for 2013, 2015 and 2017?

23.0-VECC-49

Reference: Exhibit H1, Tab 5, Schedule 2, Appendix B, page 14

- a) The analysis undertaken by CRA assumed that the Ontario load is inelastic (i.e., does not change in response to a change in price). If one was to take into account that price does affect demand, please comment (directionally) on the impact this would have on the results set out in Table 12 and Table 13. In doing so, please assume that price has a greater impact on the demand levels for Class A load (i.e., typically industrial customers).

23.0-VECC-50

Reference: Exhibit H1, Tab 2, Schedule 2, Appendix B, pages 17 and 101

- a) Assuming Ontario is not part of the WCI for 2015 and 2017, please indicate those jurisdictions to which it exports and that are assumed to be participating in the WCI and therefore would apply a charge for carbon intensity to imports from Ontario in each of those years.

- b) Assuming Ontario is part of the WCI for 2015 and 2017, please indicate those jurisdictions from which it imports and that are assumed not to be participating in the WCI and therefore Ontario would apply a charge for carbon intensity in each of those years.
- c) To whom would the revenues that Ontario would make (as a participant in the WCI) through carbon intensity charges on imports from jurisdictions that are not part of WCI accrue?
- d) How are revenues that Ontario would make (as a participant in the WCI) through carbon intensity charges on imports from jurisdictions that are not part of WCI treated in the analysis?
- e) Please provide a schedule similar to Table 3 (page 29) that sets out the change in imports for each of the alternatives considered and also details (assuming Ontario is part of WCI) the change in the volumes that would be subject to a charge for carbon intensity and the associated revenues.

23.0-VECC-51

Reference: Exhibit H1, Tab 5, Schedule 2, Appendix B, page 32

- a) The analysis assumes that the uplift rate stays constant (\$3.33/MWh) and that a change in export volumes leads to a corresponding change in uplift revenues to the benefit of Ontario consumers. Is this how it works in reality?
- b) If there are no additional costs associated with an export volume increase, why wouldn't the uplift charge go down – such that previously existing exports also benefit? Alternatively, if there are additional costs such that the uplift rates stays the same why wouldn't some (all) of the increased revenue go towards covering these cost with no resulting benefit to consumers? Please discuss.

23.0-VECC-52

Reference: Exhibit H1, Tab 5, Schedule 2, Appendix B, page 33

- a) Is the Intertie congestion revenue discussed here different than the payments that are made to either importers to Ontario or exporters out of Ontario due to transactions that are limited by congestion internal to Ontario?
- b) Will the changes in exports/import volumes in the four scenarios considered impact the level of payments to importers/exporters due to internal congestion (e.g., CMSC payments)? If yes, how does the analysis account for the changes in such payments and where (if at all) are they included in the results reported – in terms of both a cost and a benefit?
- c) Please comment on who pays the costs of such payments and who receives the benefit in terms of both producers vs. consumers in Ontario and whether the recipients are inside or outside Ontario.
- d) If not captured in the analysis, please comment on how the recognition of such payments would affect the results as reported in Tables 12 and 13 (pages 49 & 50).
- e) Please provide a schedule sets out the internal congestion payments/revenues (e.g. CMSC) related to imports and exports over the past three years. In doing so please report separately those related to imports versus exports and also indicate (in each case) the extent to which those paying/benefitting were in Ontario.

23.0-VECC-53

Reference: Exhibit H1, Tab 5, Schedule 2, Appendix B, page 33 & 34

Exhibit H1, Tab 5, Schedule 2, page 2 (IESO Response to Stakeholder

Questions, June 22, 2012, page 6 – posted on IESO web-site)

- a) The analysis assumes that all of the Intertie Congestion Revenue related to exports accrues to Ontario. Please provide a schedule that for each of the past three years sets out the total Intertie Congestion Revenue related to exports and the portion of it that actually accrued to Ontario (producers and/or consumers) as opposed to parties outside of Ontario.
- b) Is there intertie congestion revenue/cost associated with imports? If so, how does it arise, who pays and who receives payments and how is it treated in the analysis?
- c) If applicable, please indicate what has been the intertie congestion revenue/cost over each of the past three years related to imports and what portion of it was revenue to/costs paid by Ontario producers and/or consumers.
- d) If applicable, please estimate the change in intertie congestion revenues/costs related to imports for each alternative for each of the three years analysed.

23.0-VECC-54

Reference: Exhibit H1, Tab 2, Schedule 2, Appendix B, pages 26-27 and 29

- a) Is the analysis able to identify that portion of exports that is sourced from imports (i.e., “wheel through transactions”)? If yes, please provide a schedule that for the Status Quo Scenario identifies the total exports in

each of the three years modelled and the amount of export sales sourced from imports.

- b) Please provide a schedule that breaks down the “changes” in exports per Table 3 showing how much of each change is sourced from a change in Ontario production as opposed to imports.