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October 11, 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 for APPRO and HQEM 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.

**HYDRO ONE NETWORKS INC.
2013-2014 ELECTRICITY TRANSMISSION
REVENUE REQUIREMENT AND RATES (EB-2012-0031)**

VECC INTERROGATORIES RE:

ASSOCIATION OF POWER PRODUCERS OF ONTARIO (APPrO) EVIDENCE

- 1. Reference:** APPrO Evidence (by Cliff Hamal), pages 3-4
 - a) Please indicate who (i.e. Ontario consumers, Ontario producers, or traders) currently holds transmission rights and receives payments. Please also indicate the extent to which these parties can be considered as being in Ontario.
 - b) The Evidence states that “over the long run it is expected that the ICR will be passed on to consumers”. Is this expected to occur within the timeframe of the CRA Study (i.e. 2017) and, if so, how will this occur?
- 2. Reference:** APPrO Evidence (by Cliff Hamal), page 4
 - a) The Evidence suggests that monies accruing to OPG will affect Ontario’s fiscal balance to the benefit of Ontario taxpayers/consumers”. Why are taxpayers assumed to be equivalent to consumers? Don’t Ontario producers also pay taxes?
- 3. Reference:** APPrO Evidence (by Cliff Hamal), page 8
 - a) Please explain more fully why the model adjustments with respect to inter-tie capacity result in an understatement of benefits likely to be obtained from a tariff reduction.
- 4. Reference:** APPrO Evidence (by Marc-André Laurin), page 1
 - a) Does BEMLP participate in the IESO transmission rights (TR) market and does it currently hold TR? If yes, what payments has BMLP received from the IESO over the last 12 months (per the Evidence of Cliff Hamal, pages 3-4)?
- 5. Reference:** APPrO Evidence (by Marc-André Laurin), page 2
 - a) Please prepare a similar table for the most recent 12 months using actual market prices.

6. Reference: APPrO Evidence (by Marc-André Laurin), page 4

- a) Please explain more fully why an increase in the ETS tariff would reduce the incentive to export especially in periods of surplus baseload generation.

7. Reference: APPrO Evidence (by Marc-André Laurin), page 1

- a) As a Senior Trader (Ontario-Quebec), is Mr. Laurin familiar with the Hydro Québec's transmission tariffs for exports?
- b) If yes, what is the tariff (\$/MWh) for exports from Québec to Ontario and how does this compare with the transmission tariff (equivalent \$/MWh) Hydro Québec Transmission charges Hydro Québec Distribution?

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2013-2014 ELECTRICITY TRANSMISSION
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VECC INTERROGATORIES RE:

HQ ENERGY MARKETING INC (HQEM) EVIDENCE

- 8. Reference:** HQEM Evidence (by Elenchus Research), page 5 (lines 13-150)
- a) What are the other principles that are used as “determinants of just and reasonable rates:?”
- 9. Reference:** HQEM Evidence (by Elenchus Research), page 6 (lines 5 – 10) and
page 12 (lines 13-16)
- c) Please outline the circumstances under which export transactions are curtailed.
- d) Does the IESO take any control actions that affect load (either dispatchable or non-dispatchable) before exports are curtailed? If yes, please outline what they are.
- 10. Reference:** HQEM Evidence (by Elenchus Research), page 12 (Footnote #7) and
page 14
- b) Has Elenchus performed any “cost allocation studies” for utilities that explicitly recognized exports as a separate class for purposes of allocating transmission costs? If yes, for each such case, please indicate:
- The results of the study and the comparative costs (/MW and /MWh) allocated to export vs. domestic customers
 - The resulting rates that were implemented and whether or not they conformed to the results of the cost allocation study.
- c) Is Elenchus aware of any Canadian utility that uses a cost allocation study, with exports as a separate class, to inform the derivation of its transmission tariffs? If yes, please provide details and indicate if and how the results of the study are used to set transmission tariffs for domestic and export customers.
- d) Is HQEM aware of any Canadian utility that uses a cost allocation study, with exports as a separate class, to inform the derivation of its

transmission tariffs? If yes, please provide details and indicate if and how the results of the study are used to set transmission tariffs for domestic and export customers.