

March 5, 2013

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Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700  
2300 Yonge Street  
Toronto, ON M4P 1E4

Your reference  
EB-2012-0031

Our reference  
01015413-0030



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Dear Ms. Walli:

**Hydro One Transmission Rates 2013-2014 (EB-2012-0031)**

On behalf of the Association of Power Producers of Ontario ("APPrO"), please find enclosed APPrO's Undertaking J.3.1 from the oral hearing held on February 26, 2013.

Yours very truly,

***Original signed by***

Richard J. King  
Partner

RJK/mnm

Enclosure

DOCSTOR: 2647094\1

**UNDERTAKING**

**Undertaking**

**TO CALCULATE THE TOTAL COMMODITY COST TO AN EXPORT CUSTOMER OF 1,000 MEGAWATTS AT A TRANSMISSION RATE OF \$2 AND AT A TRANSMISSION RATE OF \$5.80, USING A REASONABLE WEIGHTED AVERAGE VALUE FOR HOEP**

**Response**

For an export customer that exports 1,000 MWh in a month, that export customer's monthly bill with a \$2/MWh ETS would be \$31,630. If the ETS is increased to \$5.80/MWh, the export customer's monthly bill increases to \$35,430. This is a monthly bill increase of 12.0%.<sup>i</sup>

This is to be compared to HONI's Undertaking J2.2, which showed that moving the tariff the other way (i.e., reducing the ETS from \$2/MWh to zero) would increase the average small residential monthly bill by \$0.19, or 0.13%.

Thus, the "worst-case" impacts to the two customer classes of the ETS changes being discussed is an increase of 0.13% to residential customers (when ETS decreased) and an increase of 12.0% (when ETS increased) to export customers, which is more than 9100% greater in percentage terms.

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<sup>i</sup> We assumed: (a) an HOEP of \$26.30/MWh, based on the most recent MSP Annual Report; (b) an uplift fee of \$3.33/MWh, as per the CRA Study; and (c) no congestion costs. We also assumed that trading volume would not decrease in response to a higher ETS.