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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: Energy+ Inc. ("Energy+")
2019 Cost of Service Application; Interrogatory Questions
Board File No.: EB-2018-0028

We are writing on behalf of Toyota Motor Manufacturing Canada Inc. ("**TMMC**") and in accordance with Procedural Order No. 1 to file the Interrogatories of TMMC to Energy+.

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
John Vellone
Parties to EB-2018-0028

Interrogatories of

Toyota Motor Manufacturing Canada Inc. (“TMMC”)

to

Energy+ Inc. (“Energy+”)

EB-2018-0028

August 20, 2018

TMMC IR-1

Issue: **Standby Charge Proposal; Recovery of "Lost" Revenue**

Reference: Energy+ response to TMMC April 10, 2018 Question 10, Sub-Questions III

Preamble:

In its response to Question 10, Sub-Question III, Energy+ notes that implementation of a standby charge is based on a number of considerations, including "Fairness to all Customers". In respect of the fairness concept, Energy+ further notes that:

> "Load displacement, in the absence of a capacity charge, will result in lower distribution revenue to Energy+ and will impact future rate impacts for all customer rate classes (cost will be socialized across other rate classes)."

Energy+ does not propose to recover revenue that is "lost" in other circumstances, for example, where a customer's load fluctuates up and down over time, or where a customer installs energy efficient equipment that serves to reduce load.

Questions:

1. Confirm that Energy+ is not proposing to impose the equivalent of a standby charge on its load customers who install behind-the-fence efficiency and conservation-related facilities that reduce (as opposed to displace) their load or on its load customers whose loads fluctuate, up and down, over time.

2. Explain the rationale for requiring customers who reduce their loads by installing load displacement generation facilities to compensate Energy+ for the associated "lost" distribution revenue, but not requiring customers who reduce their loads by installing energy efficient equipment to similarly compensate Energy+.

3. Explain the rationale for requiring customers who reduce their loads by installing load displacement generation facilities to compensate Energy+ for associated "lost" distribution revenue, but not requiring customers whose loads fluctuate over time as a result of other factors, to similarly compensate Energy+ (perhaps outside of some agreed upon "deadband").

4. Provide examples of other OEB-approved electricity distribution rates that are founded on the concept of recovering "lost" revenue as opposed to recovering the costs of providing the service in question.

5. Provide examples of other OEB-approved electricity distribution rates that are based on a contract capacity amount negotiated with reference to a customer's historical maximum peak load.

6. Does imposing a standby charge on customers with load displacement facilities but not on other customers whose loads are reduced or fluctuate over time for other reasons, result in an uneven playing field *vis-à-vis* competing customers within Energy+'s service area? Outside of Energy+'s service area?

TMMC IR-2

Issue: **Standby Charge Proposal; Contact Capacity**

Reference: Energy+ response to TMMC April 10, 2018 Question 7, Sub-Question I

Preamble:

In response to Question 7, Sub-Question I, Energy+ notes that "[T]he contract capacity amount will be negotiated between TMMC and Energy+, based on an agreed upon historical maximum peak load".

We note that Energy+ does not propose to rely on contract capacity amounts for designing the distribution rates of other customers who do not have load displacement generation but who may experience load variation as a result of internal process fluctuations that are not related specifically to load displacement generation but which otherwise have similar impacts on the Energy+. We further note that establishing a contract capacity value for TMMC may put it at a competitive disadvantage with other automobile manufacturers that do not have a contract capacity value imposed upon them.

Questions:

1. Explain why it is appropriate for Energy+ to determine a contract capacity amount only for customers with load displacement generation, whereas it does not similarly establish comparable contract capacity amounts for other customers.

2. To what extent have contract capacities been established for other manufacturers in Ontario? Is there any precedent in Ontario for establishing contract capacities for customers who do not have load displacement generation? If so, please provide examples.

TMMC IR-3

Issue: **Standby Charge Proposal; Adjustments to Contract Capacity**

References: Energy+ response to TMMC April 10, 2018 Question 7, Sub-Questions II and III; TMMC Question 10, Sub-Question IV.

Preamble:

In response to Question 7, Sub-Question II, Energy+ notes the following:

> "Energy+ is willing to consider reasonable proposals from TMMC on how the capacity level should be set as a starting point. The acceptance on such a proposal could include a condition that if the monthly peak load exceeds that level a new capacity level will be established at the new level going forward until the capacity level is reviewed and adjusted based on the peak load of the next actual year."

In response to Question 10, Sub-Question IV, Energy+ notes the following:

> "Energy+ proposes that a contracted capacity reserve value be established for each customer. On a monthly basis, the peak load taken by the customer will be determined by the load reading meter…If the load taken is less than the contracted capacity reserve value, the difference between that value and the load taken will be charged a standby rate, which will be equivalent to the distribution rate for the applicable rate class. If the load taken is equal to or greater than the capacity reserve value, the rate will not be applied."

It appears that the application of the contract capacity value is asymmetrical in the following sense: If the customer draws power in excess of the contract amount, the capacity level will be adjusted upward. If the customer draws less power than the contract capacity amount, the contract capacity amount will remain unchanged and the Standby Tariff applied will be based on this fixed contract capacity amount.

Questions:

1. Confirm that TMMC's understanding of Energy+'s proposed application of the contract capacity amount is correct.

2. Explain the rationale for the "asymmetric" approach described above.

TMMC IR-4

Issue: **Standby Charge Proposal; Adjustments to Demand Allocators**

Reference: EnergyPlus_2019 Cost_Allocation_Model_20180430

Questions:

1. Confirm that Energy+ has made the following adjustments to the demand allocators for the Large User Class in its rate model in order to account for the introduction of a Standby Tariff:

   - increased the 12 NCP value and the 12 CP values by 50,379 kW; and

   - increased the 4 NCP value and the 4 CP values by 5,720 kW.

2. Confirm that the adjustments to the demand allocators reflect the additional demand quantities that Energy+ will bill TMMC (i.e., additional billing demand) pursuant to the imposition of a Standby Tariff.

3. What quantum of incremental costs (in dollars) will be allocated to the Large User Class as a result of the adjustments noted in Question 1?

4. Provide all documents that underpin and support the adjustments referred to in Question 1.

5. Provide authoritative support for the decision to make the adjustments referred to in Question 1, including past OEB orders, staff discussion papers, OEB guidelines and/or published articles and books.

TMMC IR-5

Issue: **Standby Charge Proposal; Adjustments to Contract Capacity**

Reference: Energy+ response to TMMC April 10, 2018 Question 7, Sub-Questions II and III

Preamble:

In its response to Question 7, Sub-Question II, Energy+ notes the following:

> "Energy+ is willing to consider reasonable proposals from TMMC on how the capacity level should be set as a starting point. The acceptance on such a proposal could include a condition that if the monthly peak load exceeds that level a new capacity level will be established at the new level going forward until the capacity level is reviewed and adjusted based on the peak load of the next actual year."

However, in its response to Question 7, Sub-Question III, Energy+ notes the following:

> "Energy+ has not proposed any penalty provisions or ratchet mechanism. Energy+ did propose that on an annual basis it would review the monthly peak loads and after a discussion with the customer possibly adjust the contracted capacity reserve value."

There appears to be an inconsistency between the two responses noted above. The first suggests that increases in capacity value will be automatic and will occur immediately after a new peak has been observed and the second suggests that peak loads will be reviewed only on annual basis (resulting in some time delay for adjustments) and also that adjustments will not be automatic.

Questions:

1. Clarify the proposed adjustment process in light of the apparent inconsistencies noted above.

2. Under what circumstances would the contract capacity amount ever be reduced?

TMMC IR-6

Issue: **Standby Charge Proposal; Incentives to Minimize System Load**

Reference: Energy+ response to TMMC April 10, 2018 Question 7

Preamble:

It appears that the proposed design for a standby tariff does not provide any incentive for a customer to minimize the duration and timing of outages of its load displacement generation, or to otherwise minimize its load on the distribution system, so long as the customer's net load remains less than its contracted capacity reserve value. This is because the total Energy+ tariffs paid (distribution + standby) will reflect only the capacity value in effect, and will not be affected by fluctuations in net load that are within the envelope set by the contracted capacity reserve value.

Questions:

1. Confirm that under Energy+'s proposed tariff structure there are no incentives to minimize outages of load displacement generation or to otherwise minimize the customers' load on the Energy+ system so long as this load is below the contract capacity value. If you disagree 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 otherwise arise under the proposed tariff structure.

2. Given the lack of incentives noted in Question 1 above to minimize outage duration or frequency, please explain why Energy+'s proposed rate structure is appropriate or meets utility standards for good rate design.

TMMC IR-7

Issue: **Standby Charge Proposal; Class Allocated Costs**

References: Energy+ responses to TMMC April 10, 2018 Question 8, Sub-Question II and to TMMC Question 9, Sub-Questions VI, VII and VIII

Preamble:

In its response to Question 8, Sub-Question II, Energy+ notes:

> "Energy+ considers that costs to provide a standby service are fixed and do not vary with amount of standby service taken or not taken. As a result, Energy+ believes its proposal to use a capacity charge for standby service is the fairest approach to recover the fixed cost associated with standby service." [emphasis added]

In its response to Question 9, Sub-Questions VI, VII and VIII, however, Energy+ includes tables that specify, *inter alia,* "Class Allocated Costs" that vary depending on the standby rate methodology considered by Energy+.

Questions:

1. Why are the Class Allocated Costs specified in the tables in each of the responses to TMMC Question 9, Sub-Questions VI, VII and VIII different? More specifically, why do Class Allocated Costs vary given that Energy+ maintains, in its response to Question 8, Sub-Question II (outlined above), that the costs to provide standby service are fixed?

2. Provide supporting calculations or the rationale for the Class Allocated Cost of $1,099,775 shown in Column 1 of the table provided in response to Sub-Question VI for the rate design "2019 Rates No Capacity".

3. Provide supporting calculations or the rationale for the Class Allocated Cost of $1,172,064 shown in Column 2 of the table provided in response to Sub-Question VI for the rate design "2019 Rates with 28,778 kW Capacity".

4. Provide supporting calculations or the rationale for the Class Allocated Cost of $1,494,402 shown in Column 3 of the table provided in response to Sub-Question VI for the rate design "2019 Rates with 38,000 kW Capacity".

5. Provide supporting calculations or the rationale for the Class Allocated Cost of $1,074,921 shown in Column 1 of the table provided in response to Sub-Question VII for the rate design "2019 Rates No Capacity".

6. Provide supporting calculations or the rationale for the Class Allocated Cost of $1,108,297 shown in Column 2 of the table provided in response to Sub-Question VII for the rate design "2019 Rates with 26,221 kW Capacity".

7. Provide supporting calculations or the rationale for the Class Allocated Cost of $1,145,487 shown in Column 3 of the table provided in response to Sub-Question VII for the rate design "2019 Rates with 28,778 kW Capacity".

8. Provide supporting calculations or the rationale for the Class Allocated Cost of $1,518,830 shown in Column 4 of the table provided in response to Sub-Question VII for the rate design "2019 Rates with 38,000 kW Capacity".

9. Provide supporting calculations or the rationale for the Class Allocated Cost of $1,401,170 shown in Column 2 of the table provided in response to Sub-Question VIII for the rate design "2019 Rates with 9,200 kW Name Plate Capacity.

10. Provide supporting calculations or the rationale for the Class Allocated Cost of $1,321,613 shown in Column 3 of the table provided in response to Sub-Question VII for the rate design "2019 Rates with Gross Load Billing".

TMMC IR-8

Issue: **Standby Charge Proposal; Class Allocated Costs**

Reference: Energy+ response to TMMC April 10, 2018 Question 9, Sub-Questions VI and VII

Preamble:

In the calculations identifying the rate impacts of alternative rate setting approaches that are provided by Energy+ in its responses to Question 9, Sub-Questions VI, and VII, it appears that differences in class allocated cost are based on differences in the billing demand that is applied to TMMC, under each of the rate structures. As a consequence, class allocated cost is an outcome of the rate setting approach rather than the outcome of an independent calculation of the actual underlying costs associated with providing standby service.

Questions:

1. Confirm TMMC's understanding that differences in class allocated costs, as set out in Energy+'s responses, are a function of billing demand as opposed to the actual costs associated with providing standby service.

2. Has Energy+ assessed the actual costs of providing standby service. If "no", explain the reasons why not to TMMC, on either a short-term or long-term basis? If "yes", please provide this analysis.

TMMC IR-9

Issue: **Standby Charge Proposal; Revenue to Costs Ratios**

Reference: Energy+ response to TMMC April 10, 2018 Question 9, Sub-Questions VI, VII and VIII

Preamble:

The proposed Revenue to Cost Ratio vary for each of the approaches to implementation of the standby Tariff. For example, in the response to Question 9, Sub-Question VIII, the ratio varies from 98.17% to 85.00%.

Question:

1. What is the basis of the specific revenue to cost ratios shown in the tables provided in response to Sub-Questions VI, VII, and VIII?

TMMC IR-10

Issue: **Standby Charge Proposal; Distribution Revenue Impact vs. Class Allocated Cost**

References: Energy+ responses to TMMC April 10, 2018 Question 8, Sub-Question IV and to Question 9, Sub-Question VIII

Preamble:

In its response to Question 8, Sub-Question IV, Energy+ indicates that it has not considered a tariff structure with different rates for net load versus gross load because of the administrative costs associated with designing such a rate. In particular, Energy+ notes that the "Capacity" versus "No Capacity" options results in an annual distribution revenue impact of only $40,000.

Questions:

1. Confirm that the figure of $40,000 represents the approximate difference between $894,237 and $932,038, which are the numbers shown in the bottom rows of the first and second columns of the table provided in response to Question 9, Sub-Question VIII.

2. We note that the Class Allocated Cost shown in the first row of the table referenced in Question 1 above is $1,145,487 for the first column (i.e. "2019 Rates with 28,778 kW Capacity") and $1,401,170 for the second column (i.e. "2019 Rates with 9,200 kW Name Plate Capacity"). The difference between these two figures for class allocated cost is $255,638. Explain why the difference in Class Allocated Cost is much larger than the cited revenue impact of $40,000 referenced in Energy+'s response to Question 8, Sub-Question IV.

TMMC IR-11

Issue: **Standby Charge Proposal; Dedicated Assets**

Reference: Energy+ response to TMMC April 10, 2018 Question 10, Sub-Question I

Preamble:

In its response to Question 10, Sub-Question I, Energy+ notes the following:

> "The assets used exclusive to TMMC would mainly be the 795MCM aluminum wire and associated clamps/bracket/insulators/bolts along with two TMMC specific loadbreak switches and a few solid blade switches.
>
> "Energy+ has recorded the costs of these assets in the Overhead Conductors and Devices assets category on a pooled asset basis and therefore the asset value, net book value, and annual depreciation expense for these exclusive assets is not specifically available."

While recognizing that specific asset values may not be available as a result of group asset accounting, it should be possible to provide estimates of asset values based on average data for the relevant asset groups.

It should also be noted that demand at TMMC has grown significantly since connection assets were initially installed in 1996.

Questions:

1. Provide estimates, based on average data from the associated asset groups, of the asset value, net book value and annual depreciation expense for assets used exclusively to provide service to TMMC. If Energy+ cannot provide such estimates, please explain the reasons why not.

2. What assets, if any, have been installed since 1996 to accommodate load growth at TMMC?

3. How does demand at TMMC in 2016 compare to demand at TMMC in 1996?

TMMC IR-12

Issue: **Standby Charge Proposal; Dedicated Assets**

Reference: Energy+ response to TMMC April 10, 2018 Question 10, Sub-Questions 1 and III

Preamble:

In its response to Question 10, Sub-Question III, Energy+ lays out the following as a "consideration" in requesting a standby charge:

> "Contracted capacity is 'reserved' for customer with load displacement [generation] whereby the customer wishes to ensure that the Energy+ infrastructure is in place at all times to provide the contracted peak load at any time."

In response to Question 10, Sub-Question I, Energy+ notes the following:

> "Energy+ is not proposing the Standby/Capacity Charge to protect its revenue stream from stranded assets…
>
> "There are relatively few assets used exclusively for TMMC since almost all the poles are multi-circuit (two of three 27.6kV circuits with one circuit used to supply TMMC and the other circuit(2) used to supply other customer). The only poles exclusive to TMMC are located at the Preston TS."

Questions:

1. If, as noted in the response to Sub-Question I, there are relatively few TMMC-dedicated assets, why is it necessary to "reserve" contracted capacity for TMMC?

2. What specific capacity is being reserved on behalf of TMMC?

3. On which specific assets is this capacity being reserved?

4. What is the net book value and the annual depreciation expense of the specific assets on which capacity is being reserved on behalf of TMMC? If the specific asset value and annual depreciation expense cannot be identified because of the use of group accounting methods, please provide an estimate of these values based on group asset characteristics and values.

5. Has Energy+ been able to defer any new asset additions or upgrades as a result of the installation of load displacement generation at TMMC? If so, what are the additions or upgrades that have been deferred or avoided, and what are the cost savings associated with these deferrals or avoidances?

6. Does the reduction in load as a result of TMMC load displacement generation assist in increasing the longevity of equipment at Energy+?

7. If the answer to question 6 is "yes", has Energy+ done an analysis of the financial benefit associated with reduced loading as a result of TMMC generation? Are these benefits taken into account in the Energy+ Standby Rate proposal?

TMMC IR-13

Issue: **Standby Charge Proposal; Customer Peaks vs. System Peaks**

Reference: Energy+ Application, Exhibit 2, Appendix 2-1 Distribution System Plan

Preamble:

In designing distribution systems and planning for maximum loads, it is general utility practice to take into account load diversity and the fact that not all customers will need to be served at their maximum potential load or their historical peak load at the time of a utility's own system peak. Instead, coincidence factors and probabilistic analyses are used to take into account the fact that individual customers will not all reach their maximum load at the exact same time.

As found on page 230 of 1497 in Exhibit 2, the Distribution System Plan indicates that the Energy+ local load forecast projection takes into account, among other things, "10 MW required on standby for an industrial customer". We assume that the reference to 10 MW required on standby for an industrial customer is a reference to TMMC's 9.2 MW of load displacement generation.

Questions:

1. Confirm that the reference to 10 MW of load displacement generation is a reference to TMMC's existing on-site generation unit with 9.2 MW nameplate capacity.

2. Does the Energy+ local load forecast projection assume that the 10 MW required on standby for TMMC adds to its system load forecast on a one-to-one basis or, in other words, with no allowance for diversity or the fact that TMMC requests for standby service are not likely to occur at the time of Energy+'s system peak load?

3. For the load forecast projection used in Energy+'s Distribution System Plan, what is the base amount of load (before allowance for the 10 MW required on standby) used in the load forecast to represent TMMC's contribution to Energy+'s 2018 to 2023 Peak Demand Forecast Scenarios, as shown in Figure 4-3 of the Distribution System Plan? Please provide assumed base load data for each of the relevant years 2018 through 2023.

4. Does Energy+ design its distribution system to meet, simultaneously, the maximum non-coincident demand that has been observed to date at each of its customers individually? If the answer differs for different parts of the Energy+ system, please differentiate among these different parts, as required.

5. In the event that the answer to Question 4 above is that Energy+ designs its distribution system to meet, simultaneously, the maximum non-coincident demand that has been observed to date at each of its individual customers, please explain how this design approach is efficient and produces an optimally sized distribution system.

6. In the event that the answer to Question 4 above is that Energy+ does not design its distribution system to meet, simultaneously, the maximum non-coincident demand that has been observed to

date at each of its individual customers, please explain how it is reasonable for Energy+ to assume that its system will need to be sized to meet TMMC's historical maximum net load plus the nameplate capacity of its load displacement generation, at the same time that load from its remaining customers also reaches its peak.

7. Has Energy+ done any analysis of the frequency and timing of outages by TMMC load displacement generation and the coincidence of these outages with Energy+'s own system peaks?

8. If the answer to Question 7 is "yes", provide the results of this analysis.

9. If the answer to Question 7 is "no", explain why has Energy+ not done an analysis of the timing of outages by TMMC load displacement generation and the coincidence of these outages with Energy's own system peaks.

TMMC IR-14

Issue: **Standby Charge Proposal; Peak Loads**

Reference: Energy+ Application, Exhibit 2, Appendix 2-1 Distribution System Plan

Preamble:

Understanding the coincidence between TMMC's requirements for back-up support for its load displacement generation and the system peak for the Energy+ system is important for understanding the true costs of providing standby power. This is particularly true for those common assets that are shared amongst various Energy+ customers and that can and do serve multiple customers.

Questions:

1. Provide actual hourly load data for Energy+'s Cambridge system for each of the years 2016, 2017, and 2018 (YTD) in EXCEL format.

2. Provide a schedule listing the hourly peak load on Energy+'s Cambridge system, and the date and time (i.e. hour) during which this peak load occurred, for each month of the years 2016, 2017, and 2018 (YTD).

3. Provide the same information as requested in Question 2 for Energy+'s primary distribution system.

4. Provide the same information as requested in Question 2 for Energy+'s secondary distribution system.

5. Provide the energy deliveries by Hydro One to Energy+'s Cambridge system for each of the following hours: (Note: these are the peak hours for TMMC net load.)

Date	Hour Ending
07-Jan-16	13:00
03-Feb-16	11:00
02-Mar-16	2:00
22-Apr-16	12:00
16-May-16	10:00
20-Jun-16	12:00
07-Jul-16	23:00
05-Aug-16	10:00
08-Sep-16	14:00
06-Oct-16	14:00
02-Nov-16	12:00
15-Dec-16	15:00
26-Jan-17	21:00
22-Feb-17	21:00
27-Mar-17	18:00
21-Apr-17	10:00
25-May-17	14:00
12-Jun-17	12:00
12-Jul-17	18:00
22-Aug-17	10:00
26-Sep-17	14:00
23-Oct-17	7:00
08-Nov-17	8:00
05-Dec-17	8:00
04-Jan-18	12:00
27-Feb-18	13:00
01-Mar-18	11:00
25-Apr-18	10:00
31-May-18	12:00

Date	Hour Ending
27-Jun-18	18:00

TMMC IR-15

Issue: **Standby Charge Proposal; System Benefits of Load Displacement**

Reference: Energy+ Application, Exhibit 2, Appendix 2-1 Distribution System Plan

Preamble:

Load displacement generation can provide benefits to the system by reducing the need to add new capacity to meet load growth.

Questions:

1. When and where does Energy+ expect to add additional capacity to its Cambridge distribution system to meet load growth in the next 10 years?

2. What are the estimated costs of the asset upgrades or additions identified in response to Question 1 above? In addition to providing the capital cost per project, please identify the effective cost per kW per year of the additional capacity to be provided.

3. How would increases or decreases in electricity distribution capacity required at the TMMC plant influence the timing of new asset upgrades or additions that may be required on the Energy+ system in the next 10 years?

4. Provide an electric one-line diagram that shows the interconnection between the Energy+ distribution system, TMMC, and each customer in the Large User class, and that identifies the specific distribution facilities owned by Energy+ that serve TMMC and other customers in the Large User class. For these facilities, please also indicate whether these facilities also serve other (non-Large User) loads and, if so, state the peak demand(s) of these other loads.

5. Provide estimates, based on average data from the associated asset groups, of the asset value, the net book value, and annual the depreciation expense of the specific distribution facilities that serve the Large User class, as identified in the response to Question 4 above.

TMMC IR 16

Issue: **Standby Charge Proposal; Applicability**

Questions:

1. Is there a size threshold or alternatively, a size limit for the behind the meter generation to which the application of a standby charge will apply? If so, what are these size thresholds and/or limits?

2. For the purpose of applying the stated policy for the application of a standby charge, does "behind the meter generation" include emergency or back-up generation?

TMMC IR-17

Issue: **Lost Revenue Adjustment Mechanism**

References: Energy+ Application, Section 4.11.1, Lost Revenue Adjustment Mechanism and Tab 9 of LRAMVA workform, Energy+ (CND rate zone)

Preamble:

To the extent that Energy+ uses the total amount of demand billed to TMMC (i.e. including the amounts billed through both the base distribution tariff and the Standby Tariff) in its calculations for the recovery of regulatory variances, TMMC's share of regulatory variances will be increased, relative to a scenario in which the allocation of such charges is based on the base distribution tariff only. As a result, acceptance of Energy+'s Standby Tariff proposal will increase TMMC's liability for a variety of charges, and not just for the costs of distribution.

Questions:

1. Confirm that inclusion of kW amounts billed under the Standby Tariff will increase TMMC's future share of the disposition of regulatory variances.

2. What is the cost impact on TMMC of an increased share of regulatory variances as noted above? Please provide figures for 2019 for each regulatory variance account.

TMMC IR-18

Issue: **Lost Revenue Adjustment Mechanism**

Reference: Energy+ Application, Section 4.11.1, Lost Revenue Adjustment Mechanism

Preamble:

TMMC worked closely with Energy+ over a number of years planning the installation of TMMC's load displacement generation. Such generation was an important component of Energy+'s plan for meeting its CDM targets.

In addition to seeing variances as a result of CDM initiatives, Energy+ experiences variances in system load that are related to normal fluctuations in the demand of individual customers as well as to the total number of load customers.

Questions:

1. In light of the long planning cycle associated with the TMMC generation project and Energy+'s close involvement with this project, why did the load forecast prepared for the 2014 rebasing

process not include estimates of the impact of TMMC load displacement generation on consumption for the Large User class?

2. For each of the years 2015 through 2017, what were the variances (both positive and negative) in volume and revenue, relative to forecast, for the Large User class that are not accounted for by CDM programs and hence not part of the Energy+ proposal for the recovery of lost revenues through the LRAMVA mechanism?

TMMC IR-19

Issue: **Lost Revenue Adjustment Mechanism**

References: Energy+ Application, Section 4.11.1, Lost Revenue Adjustment Mechanism and Energy+ response to TMMC Question 6, Sub-Question 4

Preamble:

The LRAM process recovers lost revenue from CDM programs that are associated with a given rate class only from the customers within that rate class. There are only two customers in Energy+'s Large Use Class and TMMC is forecast to account for approximately 90% of the forecast billing demand for this class. In consequence, TMMC will end up "repaying" most of the distribution cost savings associated with its load displacement generation, over the period 2016 through 2017, through the LRAM mechanism.

Questions:

1. Confirm our understanding of the LRAM process as outlined above.

2. If TMMC's understanding is correct, please comment on the customer's financial incentive to implement CDM measures, in circumstances where the customer accounts for most of the billing demand in its class.

3. Did Energy+ inform TMMC that distribution cost savings associated with the displacement generation facility would, in effect, be clawed back under the LRAM mechanism?

4. Will lost revenues in respect of TMMC load displacement generation be charged back to the Large User Class and, thus, TMMC, for the years 2018 and 2019? If so, please provide estimates of these amounts.

TMMC IR-20

Issue: **Gross Load Billing – Retail Transmission Rates**

Reference: Energy+ Application, Exhibit 8, Section 8.2.1, Retail Transmission Service Rates

Preamble:

Energy+ has proposed to bill for Retail Transmission Service (RTS) on a Gross Load basis.

Question:

1. Please provide benchmark data on which other local distribution companies charge for RTS on a gross load basis.