MICHAEL R. BUONAGURO

Barrister and Solicitor

24 HUMBER TRAIL
TORONTO, ONTARIO, M6S 4C1
P: (416) 767-1666
F: (416) 767-1666
EMAIL: mrb@mrb-law.com

September 12, 2018

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

DELIVERED BY EMAIL

Dear Ms. Walli,

RE: EB-2017-0182/EB-2017-0194/EB-2017-0364 East West Tie Combined Proceeding

Please find enclosed the interrogatory of the Consumers Council of Canada for the IESO in the above noted combined proceeding.

Yours very truly,

Michael R. Buonaguro
Encl.

EB-2017-0182/EB-2017-0194/EB-2017-0364

Upper Canada Transmission Inc. (on behalf of NextBridge Infrastructure) Application for leave to construct an electricity transmission line between Thunder Bay and Wawa, Ontario

- and-

Hydro One Networks Inc. Application to upgrade existing transmission station facilities in the Districts of Thunder Bay and Algoma, Ontario

-and-

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

WRITTEN INTERROGATORIES OF THE CONSUMERS COUNCIL OF CANADA (THE COUNCIL) TO THE IESO

CCC-1

REF: EB-2017-0364, Exhibit K1.8, Long Term Electricity Outlook for the Northwest and Context for the East-West Tie Expansion, June 30, 2011, page 37.

Once in service, an expanded E-W Tie is expected to reduce congestion in the Northwest system by approximately 40%. Market congestion payments (CMSC) in the Northwest have averaged $40M per year over the last 9 years since market opening. Under the current market structure, an expanded E-W Tie could create savings of roughly $15M per year through congestion payment reduction. As this payment is borne by Ontario ratepayers, any reduction in CMSC payments would be a benefit to them. This benefit is not included in the cost-effectiveness analysis presented in Section 5.1.

REF: Addendum to the 2017 Updated Assessment for the Need for the East-West Tie Expansion, Reliability Impacts and the Projected System Costs of a Delay to the Project In-Service Date, June 29, 2018, (the "Addendum") pages 4-5.

> *The existing East-West Tie is one of the northern Ontario transmission interfaces currently subject to congestion, contributing to an increase in the average cost of energy. As a result of congestion on the East-West Tie and the downstream interfaces, low-cost energy from hydro facilities is sometimes bottled in the Northwest, leading to higher priced – and often higher-emitting – resources being dispatched in southern Ontario to meet Ontario's energy needs. The IESO used an energy dispatch model to estimate future congestion costs due to a delay to the in-service date of the E-W Tie Expansion; the model assumed median water levels. The estimated difference in energy production costs from delaying the in-service date of the E-W Tie Expansion is approximately $0.5 million (2017$) per year.*

The Council notes that in 2011 the Ontario Power Authority (the "OPA") forecast potential savings of roughly $15M per year through congestion payment reduction. In the Addendum the only reference to congestion related impacts is to an approximately $.5 million impact per year related to an estimated difference in energy production costs.

a) Please confirm that the IESO is no longer forecasting an impact related to a reduction in CMSC payments or other similar impacts related to the reduction in congestion in the North West System related to the East-West Tie (once in service) other than the $.5 million referred to in the Addendum. If confirmed, please describe the change in circumstances that has resulted in the elimination of the benefit related to congestion reduction that was quantified in the amount of $15M per year by the OPA in 2011; if not confirmed, please explain and quantify the impact.