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January 16, 2019

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board

Dear Ms. Walli:

**Re: ENERGY + INC. 2019 RATES EB-2018-0028
VECC Technical Conference pre-filed Questions for TMMC**

In accordance with Procedural Order No. 7 in the above noted proceeding please find enclosed the pre-filed questions of VECC for Toyota Motor Manufacturing Canada Inc. ("TMMC"). We may ask further clarifications of TMMC at the time of the Technical Conference.

Yours truly,

Mark Garner

Consultant for VECC

Ms. Sarah Hughes, CFO Energy+ shughes@energyplus.ca
Ms. Helen Newland, Dentons, helen.newland@dentons.com

REQUESTOR NAME	VECC
TO:	TMMC
DATE:	January 16, 2019
CASE NO:	EB-2018-0028
APPLICATION NAME	Energy + 2019 Rates

Issue: 3.2 Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios appropriate?

VECC- TMMC-1

Reference: Evidence of Jeffry Pollock, page 26, JP-3 and JP-5 (revised)

- a) Please explain why the cost attributed to the feeders used exclusively to serve TMMC per JP-3 of \$92,000 (per page 26) does not equal the \$89,903 directly allocated to the Large Use class per JP-5 (revised).

VECC- TMMC -2

Reference: Evidence of Jeffry Pollock, JP-3
TMMC Response to VECC 8.3

- a) Please confirm that, in Mr. Pollock's evidence, the O&M costs attributed to the feeders used exclusively by TMMC are based on an allocation of total distribution O&M costs (excluding those "directly allocated" to embedded distributors) as opposed to a forecast of the O&M costs related to the feeders exclusively used by TMMC.
- b) Please confirm that the Board's Cost Allocation Model allocates the O&M costs in each account separately based on the allocation of the assets associated with that account. Also, please confirm that this approach would yield a different result than the approach used in the TMMC Evidence.

VECC- TMMC -3

Reference: Mr. Pollock's Evidence, pages 22-23 and JP-4
TMMC Response to VECC 10.3
TMMC Response to Staff 1 b)

- a) At pages 22-23 Mr. Pollock's Evidence demonstrates that there is diversity between the loads of the two large use customers. However, in calculating the

4NCP value for the Large Use class (excluding TMMC load) please confirm that JP-3 made no allowance for the loss of diversity that will occur if the 4NCP value is based strictly on the load of the non-TMMC customer.

- b) Please also confirm that in the cost allocation provided in response to Staff 1 b) no allowance has been made for the loss of diversity in the 4NCP allocation factor that will occur when the non-TMMC customer and TMMC are treated as two separate rate classes.

VECC- TMMC-4

Reference: Mr. Pollock's Evidence, page 28
TMMC Response to VECC 11.2

- a) Does Mr. Pollock agree that with respect to the distribution system, poles and underground conduit can be viewed as serving similar roles/functions in that both "support" (respectively) the system's overhead and underground conductors?
- b) Are the poles used by the two dedicated feeders serving TMMC part of the integrated distribution system referred to in the response to VECC 11.2?

VECC- TMMC-5

Reference: TMMC Response to Staff 3 c)

- a) The response to Staff 3 c) indicates that Mr. Pollock considered different rate classifications for the two Large User customers as an alternative to his proposed approach. Please explain why this alternative was rejected in favour of one Large User class in conjunction with the Large User rate design as proposed in Mr. Pollock's evidence.

Issue 3.3 Are the applicant's proposals for rate design appropriate, including the proposal for distribution rate harmonization?

VECC TMMC-6

Reference: TMMC Response to Staff 3 (a) (ii)
TMMC Response to VECC 7.1

- a) As noted in the response to VECC 7.1, Mr. Pollock's proposed Large User rate design calls for different rates for two customers served at the same voltage (i.e., 27.6 kV) but served using different facility configurations. Staff 3 (a) (ii) asked for precedents in other jurisdictions and three were provided. However, all three

seem to be examples of instances where utilities have different rates for customers who are in the same rate class but served at different voltages. Please provide example of precedents in other jurisdictions for different rates for customers who are in the same rate class and served at the same voltage but served using different asset configurations.

Issue: 3.7 Is the proposal for implementing a standby charge for the Large Use, GS 1,000 to 4,999 kW and GS 50 to 999 kW customer classes with load displacement appropriate?

VECC -TMMC-7

Reference: Mr. Pollock's Evidence, pages 28-29 and JP-7
TMMC's Response to VECC 22.1 & 22.2
Energy+'s Response to TMMC 14, part 2

Preamble: *Mr. Pollock's Evidence states that the daily demand to which the Daily Volumetric (Standby) rate would apply would be the difference between the monthly peak demand established during an outage and the previously established monthly peak demand. The responses to VECC 22.1 & 21.2 clarify that the previously established monthly peak means the peak demand established in the current billing month when no Standby was provided.*

- a) Is Standby considered to have been provided only when one or more of the CHP units is out-of-service (i.e., not producing any power) or is Standby considered to have been provided when one or more of the CHP units is operating at less than full capacity during an on-peak day?
- b) Does Column #4 in JP-7 set out: i) the number of on-peak days that one or more of the CHP units was not operating or ii) the number of on-peak days that one or more of the CHP units was operating at less than full capacity.
- c) If an outage (as defined per the response to part (a)) occurs in the non on-peak hours, would the peak demand during the associated hours be included in the determination of the "previously established monthly peak"?
- d) Recognizing that the peak demand established during each on-peak day there is an "outage" (and Standby is taken) may vary, how is the Daily Volumetric Rate applied? For example, assume there are three on-peak days when an outage

has occurred where the differences between the daily peaks and the peak demand when Standby was not taken are 3,000 kW, 3,500 kW and 4,500 kW. Is the Daily Volumetric Rate applied to each of these values such that the total charge would be based on 11,000 kW times the applicable rate or is the Daily Volumetric Rate applied to the maximum demand times the number of days of outage such that the total charge would be based on 13,500 kW times the applicable rate?

- e) Please provide an updated version of JP-7 that includes all of the months (or as many as are currently available) for 2018. In the updated JP-7, please add a column that indicates whether any of the on-peak days when there was an outage corresponded with the day that Energy+' monthly peak demand occurred (per the response to TMMC-14, part 2).
- f) Please provide a revised version of JP-7 (excluding column #5), that does not distinguish between on-peak and off-peak but rather sets out for each month data is available:
 - i. The monthly maximum demand for the days when there was no LDG outage (per Mr. Pollock's definition of an "outage" – see response to part (a)).
 - ii. The monthly maximum demand for days when there was an LDG outage.
 - iii. The resulting Standby Service Demand.
 - iv. The number of Days there was an LDG outage.

Please also add a column that indicates whether any of the days when there was an outage corresponded with the day that Energy+' monthly peak demand occurred (per the response to TMMC-14, part 2).

VECC-TMMC-8

References: Mr. Pollock's Evidence, pages 51 and 52
TMMC's Response to VECC 22.3

- a) At page 51 the Evidence states: "as discussed below, the Contract Demand could be adjusted if the customer actually uses more Standby distribution service" (emphasis added). However, at page 52 the Evidence states: "If the daily demand exceeds the Contract Demand, the Contract Demand would be increased" (emphasis added). Also the response to VECC 22.2 indicates that the Contract Demand would be increased to the higher amount in subsequent months.

If the amount of Standby distribution service take exceeds the Contract Demand, please clarify whether the Contract Demand will automatically be increased to the higher amount (as suggested on page 52 and in VECC 22.2) or are there circumstances where the Contract Demand would not be increased (as suggested on page 51)? If the latter, under what circumstance would the contract demand not be increased to the higher value?

- b) At page 51 the Evidence states: “The customer would establish a Contract Demand under a written agreement between the customer and Energy+. ... The customer should have the ability to periodically adjust the amount of Standby Contract Demand (up or down) as circumstances warrant (i.e., addition/reduction in the amount of LDG capacity; operational changes”.
 - i. Please clarify the roles of the customer and Energy+ in establishing the Contract Demand. In particular is it the customer that determines the amount, is it Energy+ or is the Contract demand a mutually agreed amount?
 - ii. Are there any pre-set limits as to what the Contract Demand value can be? For example, would the customer be permitted to establish/request an initial Contract Demand which was less than what historical LDG performance suggests would have been required if Standby Service had been in place? If yes, why and under what circumstances?
- c) VECC 22.3 asked TMMC to indicate what incentive existed for an LDG customer to set/request a realistic Contract Demand as opposed to one that was too low. The response simply notes that if the Contract Demand is exceeded it will be adjusted upwards in subsequent months. However, this does not address the fact the customer still has an incentive to set the Contract Demand unrealistically low and then benefit from the lower Maximum Volumetric charges until such time as the Contract Demand is exceeded. Please explain why the proposed Standby Rate does not include any incentive/penalties to prevent such occurrences.

VECC-TMMC-9

Reference: Evidence of Ms. Melody Collis, pages 7-8 and Schedule MC-4
TMMC Response to VECC 23
Evidence of Mr. Pollock, JP-7
Energy+ Response to TMMC-14, part 2

- a) The response to VECC 23 states: “For its analysis, TMMC treated each hour in which at least one CHP unit was not operating at full or nearly full capacity as an individual “outage””. What MW value was used for each CHP unit as the basis for “operating at full or nearly full capacity”?

- b) Is this definition of an outage the same as that used by Mr. Pollock to determine when Standby is used for purpose of applying his proposed Standby rate? If not the same, how does it differ?
- c) If the definition of an “outage” is different, please provide a revised version of JP-7 using Ms. Collis’ definition of when an “outage” occurs. (Note – If Ms. Collis’ definition of an outage does not focus just on on-peak days then the revised JP-7 should include all days when there was an “outage”). As part of the response, please add a column to the revised schedule that indicates the extent (MW) of the outage (i.e., the difference between the LDG output if both units were operating at “full or nearly full capacity” and the actual LDG output) at the time of Energy + peak as provided in response to TMMC-14, part 2.
- d) If the definition of an “outage” is different and Ms. Collis’ definition does not focus just on on-peak days, please provide a revised version of JP-7 using Ms. Collis’ definition of an outage but identifying just the on-peak days when there was an outage, based on Mr. Pollock’s definition of “on-peak” per TMMC Response to VECC 18.1. As part of the response, please add a column to the schedule that indicates the extent (MW) of the outage (i.e., the difference between the LDG output if both units were operating at “full or nearly full capacity” and the actual LDG output) at the time of Energy + peak as provided in response to TMMC-14, part 2.

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