EB-2018-0028
REDACTED VERSION

ONTARIO ENERGY BOARD

IN THE MATTER the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15 (Schedule B);

AND IN THE MATTER OF an application to the Ontario Energy Board by Energy+ Inc. pursuant to Section 78 of the *Ontario Energy Board Act, 1998* for approval of its proposed distribution rates and other charges effective January 1, 2019.

CONTAINS CONFIDENTIAL INFORMATION

Toyota Motor Manufacturing Canada Inc. ("TMMC") Responses

to

Technical Conference Interrogatories from Energy+ Inc. ("Energy+")

January 22, 2019

EnergyPlus-TC1

Reference: 1-EnergyPlus-1

Preamble: Part (b) of 1-EnergyPlus-1 requested that TMMC file the final CEM Engineering report to TMMC titled "Technical Report - Detailed Engineering Study of Self-Generation" dated November 16, 2012 described as "Final Report to the OPA" (the "CEM Engineering Report"). TMMC refused noting that:

"TMMC declines to respond to these questions on the basis that planning and pay-back assumptions included in a TMMC engineering report from 2012 are not relevant to the issues in this proceeding, including the issues raised by Ms. Collis in her evidence."

Questions:

(a) The CEM Engineering Report was the "Final Report to the OPA" used to qualify the self-generation system for certain ratepayer CDM funding. It is our understanding that parties have questions about the self-generation project as it relates to LRAMVA recovery sought by the Applicant. The CEM Engineering Report will help to clarify and answer some questions related to the self-generation.

Energy+ does not intend to utilize the report to pursue any question related to pay-back assumptions or self-generation project planning.

With this revised understanding, is TMMC willing to produce the report?

Energy+ has been alert to protecting the sensitive confidential information of TMMC throughout this process, and would support a claim for confidentiality over this report if TMMC sought such treatment.

(b) In addition to the CEM Engineering Report, Energy+ is requesting that TMMC file the M&V Reports (1st Annual Report December 31, 2015 to December 30, 2016) and 2nd Annual Report December 31, 2016 to December 30, 2017) for the Combined Heat and Power System, as filed with the IESO.

Responses:

(a) Ms. Collis's Written Evidence (September 27, 2018) describes TMMC's 9.2 megawatt Combined Heat and Power plant ("**CHP Facility**") located at TMMC's Cambridge Plant. The CHP Facility was the subject of an application to Ontario Power Authority (as it then was) for funding pursuant to the saveONenergy Process and Systems Upgrade Program ("**saveOn Energy Program**").

As requested, the First and Second Annual M&V Reports, dated February 15, 2017 and February 22, 2018, respectively, are included as Attachments A and B (together, the "**M&V Reports**"). The M&V Reports, which were prepared for the Independent Electricity System Operator ("**IESO**") by CLEAResult, compare the forecast and actual electricity savings resulting from the operation of the CHP Facility for the periods December 31, 2016 - December 20, 2016 and December 31, 2016 - December 30, 2017, respectively.

Energy+ has also asked TMMC to file a copy of a 2012 report prepared by CEM Engineering for TMMC, entitled *Technical Report, Detailed Engineering Study of Self-Generation* (the "**CEM Report**"). The CEM Report is a technical document that describes TMMC's electrical infrastructure and the proposed CHP Facility and analyses projections of generation output, TMMC's electrical

loads and CHP Facility-related electricity savings. The analysis also includes an economic and financial component that looks at costs and projected payback periods in respect of the CHP Facility.

The CEM Report contains proprietal and commercially sensitive data about TMMC's facilities, operations and costs that, if disclosed, would prejudice TMMC. Although the procedures and protocols in the Board's *Practice Direction on Confidential Filings* are designed to protect confidential information filed in public proceedings, the fact remains that such information is required to be disclosed to the Board, its staff and to parties who provided a signed Undertaking and Declaration. In the result, the distribution of confidential information is fairly wide.

It is TMMC's view that the harm to TMMC from the disclosure of the CEM Report far outweighs whatever benefits might flow from its disclosure. The CEM Report would not add any information to the record of this proceeding that would be relevant to the LRAM issues in this proceeding. This is especially true in light of the fact that TMMC is filing copies of the M&V Reports that attest to the actual electricity savings that have resulted from the operation of the CHP Facility since it came into service. Moreover, Ms. Collis will be available at the Technical Conference and at the hearing in March to respond to any questions about the CHP Facility.

In light of the above, TMMC respectfully declines to file a copy of the CEM Report.

(b) See response to subpart (a).

EnergyPlus-TC2

Reference: 7-EnergyPlus-9

Schedule JP-5 Revised Confidential Unredacted, Tab I8 Demand Data

2019 EnergyPlus_Cost_Allocation_Model 7 Staff 76 b_20180914, Tab I8 Demand Data

Response to 7–Staff-85

Questions:

(c) Can you please explain why the demand units in Tab I8 are different for the GS> 50- 999 kW and GS> 1,000 - 4,999 kW classes between the 2019 Energy Plus cost allocation model and Schedule JP-5 Revised model?

(b) If the units should be the same, please re-run and file the model after having made the correction.

Responses:

(a) The changes in the demand units were made in error and will be corrected when TMMC files its updated evidence.

(b) See response to subpart (a).

EnergyPlus-TC3

Reference: 7-EnergyPlus-10 a)

"Every effort was made to follow the instructions in the model. The instructions for making a direct assignment and then reflecting the impact of the direct assignment were not as intuitive"

Preamble: We are trying to understand the statement "The instructions for making a direct assignment and then reflecting the impact of the direct assignment were not as intuitive".

The direct assignment method was designed with two basic steps:

Step 1: In tab 3, the direct allocation amount is defined in column G by the user by account. The model subtracts this amount from the total cost for the account and the revised amount in the account is allocated by the model.

Step 2: The amount defined in tab 3, column G moves to tab 9 and the user defines which class the defined amount is assigned to. The model takes this amount and treats it as a direct allocation amount and assigned the appropriate costs to it.

In Schedule JP-5 Revised, tab 9, the direct assignment amounts associated with the feeders are assigned to accounts.

Questions:

(a) Based on this we are trying to understand why the direct allocation method designed in the model was not used?

(b) Please re-run and file the model using the Board's direct allocation method.

Responses:

(a) We were unable to use the direct allocation method designed in the model with the information that had been provided at that juncture.

(b) Since completing the original evidence, we have received the necessary means to be able to use the method and will do so when TMMC files its updated evidence.

EnergyPlus-TC4

Reference: Schedule JP-5 Revised Confidential Unredacted, Tab Schedule JP-5 Revised, Cell J75, J25 and J40

Questions:

(a) Cell J75 shows a revenue to cost ratio of 145.01%, which reflects a Total Revenue at Status Quo Rates of $1,115,464 in cell J25 and cost of $769,249 in cell J40. In the evidence it appears that the proposed Large User rates are designed based on a revenue requirement of $769,249, which equals the cost. This would assume that the revenue to cost ratio is moved to 100%.

Please confirm this is your intent.

(b) The OEB's acceptable revenue to cost ratio range for the Large User class is 85% to 115%.

(i) Are you aware that it is the typical practice of the OEB to move the revenue to cost ratio that is outside the acceptable range to the high or low boundary of the range which in this case would mean moving the 145.01% to 115%?

(ii) Why should the Board deviate from this approach for TMMC?

Responses:

(a) Yes, the original intent was to establish a 100% revenue-to-cost ratio. However, after further consideration and recognizing the OEB's policy, TMMC's recommended rate design will be modified to move the TMMC class to a revenue-to-cost ratio of 115%. This change will be reflected when TMMC files its updated evidence.

(b)

(i) Yes.

(ii) TMMC is not requesting the Board deviate from its typical practice and as stated response to subpart (a), TMMC's updated evidence will comport with the OEB's policy.

EnergyPlus-TC5

Reference: Written Evidence of Jeffry Pollock, Filed: 2018-09-27, EB-2018-0028, TMMC Evidence, Page 11 of 76.

Questions:

(a)

(i) On line 8 there is a definition for the Bulk Distribution Volumetric Rate that recovers the allocated cost of the bulk or shared distribution assets. Is the demand allocator for these cost the 12CP?

(ii) If not, what is the allocator?

(b)

(i) Do the bulk distribution assets include Accounts 1805 Land, 1808 Buildings and Fixtures and 1815 Transformer Station Equipment - Normally Primary above 50 kV?

(ii) If not, what costs by Account number are included in the bulk distribution assets?

(c) On line 10 there is a definition of the Primary Substation Volumetric Rate. Please confirm the costs included in this rate are the directly allocated feeder costs for TMMC plus the poles, towers and fixtures for both Large Use customers?

(d) One line 14 there is a definition of the Primary Distribution Volumetric Rate. Please confirm the cost included in this rate are feeder and other costs associated with the other Large Use customer but do not include poles, towers and fixtures costs associated with the other Large Use customer.

Responses:

(a)

(i) Yes

(ii) Not applicable.

(b)

(i) Yes.
(ii) Not applicable.

(c) Confirmed.

(d) Not confirmed. The Primary Distribution Volumetric rate would recover all of the remaining primary distribution costs other than the cost of the feeders that exclusively serve TMMC and an allocated share of the primary poles. Thus, the portion of poles allocated to the Large Use class that are not recovered in the Primary Substation Volumetric charge would be recoverable in the Primary Distribution Volumetric rate.

EnergyPlus-TC6

Question:

Since a portion of the information supporting the TMMC rate design proposal is classified as confidential, how does TMMC propose the annual rate update be conducted using confidential information?

Response:

The underlying data used to derive the rates is confidential because it uses specific load data for TMMC, which is proprietary. If the rates were not redacted, anyone could have derived the TMMC billing determinants used to calculate them. Obviously, Energy+ has access to TMMC's billing information. This should not pose a problem for applying the rate design that the Board approves in this proceeding.

EnergyPlus-TC7

Reference: Written Evidence of Jeffry Pollock, 2nd Revised: 2018-11-1, EB-2018-0028, Schedule JP-6 2nd Revised, Page 1 of 4. ("CONTAINS CONFIDENTIAL MATERIAL")

Application of Cost Allocation for Electricity Distributors Report of the Board, EB-2007-0667, November 28, 2007, Section 4.4.2 Upper Bound for the Monthly Service Charge, Page 12, last paragraph.

Questions:

(a) Line 3 proposes the Large Use Service Charge to be 50% of the current Large Use Service Charge. It is understood that the rationale for the decrease is based on cost causality as outlined in the TMMC evidence.

(b) Is TMMC aware that it is currently the OEB's policy to not reduce the service charge below the current level? (See reference above)

(c) Line 7 proposes the Bulk Distribution Volumetric Rate.

(i) Please confirm the proposed rate applies to the load of both Large Use customers.

(ii) Please confirm this rate does not apply to the Standby Contract Demand.

(iii) Please confirm this rate is used as a basis to determine the Daily Volumetric Rate for Standby Service outlined in 2nd Revised: 2018-11-1, EB-2018-0028, Schedule JP-8 2nd Revised, Page 1 of 1

(iv) Is the kW volume used to develop the Daily Volumetric Rate also included in the kW volume used to determine the Bulk Distribution Volumetric Rate? If not, why is it not?

(d) Lines 8 to 10 propose the Primary Substation Volumetric Rate.

(i) Please confirm the proposed rate has two components; a Feeder Costs component and a Poles, Towers & Fixtures component?

(ii) Please confirm the Feeder Costs component would be applied to the TMMC demand volume plus the Standby Contract demand amount?

(iii) Please confirm the Poles, Towers & Fixtures component would be applied to the Large Use class demand (i.e. both Large Use customers) volume plus the Standby Contract demand amount?

(e) Lines 11 proposes the Primary Distribution Volumetric Rate.

(i) Please confirm the proposed rate only applies to the other Large Use customer in the Large Use class.

(ii) Please confirm the cost included in the rate are the distribution cost associated with providing distribution service to the other Large Use, which includes Feeder Costs but does not include costs associated with Poles, Towers and Fixtures.

(f) Please provide an example using illustrative demand volume billing determinants and applicable rates to show how the Energy+ billing system would charge the Service Charge, the Bulk Distribution Volumetric Rate, the Primary Substation Volumetric Rate and the Primary Distribution Volumetric Rate to both Large Use customers.

Responses:

(a) Yes.

(b) Yes.

(c)

(i) Confirmed.

(ii) Confirmed.

(iii) Confirmed.

(iv) No. The kW volume excluded Standby demand because the Daily Volumetric Rate was designed to recover the same amount of Bulk Distribution costs from the use of Standby Distribution service for an entire billing month as would be recovered from similarly sized customers that take only Supplementary Distribution service. If Standby demand had been included in deriving the Daily Volumetric Rate, a Standby customer would pay less in Bulk Distribution costs than a similarly sized Supplementary customer for service taken during an entire billing month.

(d)

(i) Confirmed.

(ii) Confirmed.

(iii) Confirmed.

(e)

(i) Confirmed.

(ii) Not confirmed. Please see TMMC's response to EnergyPlus-TC5(d).

(f) The following is an illustrative example:

Description	Large Use 1		Large Use 2	
	Amount	Units	Amount	Units
Monthly Billing Demand	5,000	kW	22,500	kW
Service Charge	$8,976.07	per Month	$8,976.07	per Month
Volumetric Rate:				
Primary Substation (1)			$1.05	per kW
Primary Distribution (2)	$4.95	per kW		
Volumetric Charges	$24,750.00		$23,625.00	
Cost	$33,726.07		$32,601.07	
(1) Sum of Bulk Distribution ($0.450) and Primary Substation Rate ($0.600). (2) Sum of Bulk Distribution ($0.450) and Primary Distribution Rate ($4.500).				

EnergyPlus-TC8

Reference: Written Evidence of Jeffry Pollock, 2nd Revised: 2018-10-24, EB-2018-0028, Schedule JP-6 Revised, Page 2 of 4.

Question:

Please provide a live Excel worksheet that supports the information provided in the reference.

Response:

The updated Written Evidence of Jeffry Pollock, along with underpinning updated live Excel worksheets, will be filed in accordance with Procedural Order 7 on February 15, 2019.

EnergyPlus-TC9

Reference: Written Evidence of Jeffry Pollock, 2nd Revised: 2018-11-1, EB-2018-0028, Schedule JP-6 2nd Revised, Page 3 of 4.

Question:

Please provide a live Excel worksheet that supports the information provided in the reference.

Response:

The updated Written Evidence of Jeffry Pollock, along with underpinning updated live Excel worksheets, will be filed in accordance with Procedural Order 7 on February 15, 2019.

EnergyPlus-TC10

Question:

Will TMMC be filing a revision to their cost allocation and rate design evidence? If yes, please consider filing the evidence prior to the technical conference.

Response:

Yes. However, Mr. Pollock requires the information requested in Technical Conference TMMC IRs-1, 2 & 3 to Energy+ in order to update his evidence. TMMC will file the updated evidence as soon as possible after the receipt of Energy+'s responses.

ATTACHMENT A

EnergyPlus-TC1 (b) M&V Report – 1st Annual Report: December 31, 2015 to December 30, 2016 – Toyota Motor Manufacturing Canada Incorporated Combined Heat and Power System.

REPORT IS CONFIDENTIAL AND REDACTED IN ENTIRETY

ATTACHMENT B

EnergyPlus-TC1 (b) M&V Report – 2nd Annual Report: December 31, 2016 to December 30, 2017 – Toyota Motor Manufacturing Canada Incorporated Combined Heat and Power System.

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