ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Hydro One Networks Inc. for an order or orders made pursuant to section 78 of the Act approving rates for the transmission of electricity.

EB-2019-0082

Technical Conference Questions

To

Hydro One Networks Inc. (Hydro One)

From

The Association of Power Producers of Ontario (APPrO)

August 12, 2019

Exhibit I2: Rate Design for Uniform Transmission Rates

I2-APPrO-TC1

Reference: I2-APPrO-1
I10-VECC-55

Preamble: In response to I2-APPrO-1, Hydro One filed a copy of the 2015 Elenchus cost allocation model in live excel formation with information that was updated to calculate the ETS Rate of $1.25/MWh.

Hydro One also provided the following table summarizing the calculation of the $1.25/MWh in response to I2-APPrO-1:

			UTR Network Revenue Requirement				
ETS Allocated Revenue Requirement ($M)	Volume (GWh)	Rate ($/MWh)	Hydro One Total ($M)	Ontario Total ($M)	Escalation Factor	Ontario ETS Revenue Requirement ($M)	Ontario ETS Rate ($/MWh)
A	B	C=A/B	D	E	F=E/D	G=A X F	H=G/B
$22.1	18,800.0	$1.17	$977.6	$1,041.9	106.6%	$23.5	$1.25

Note: All revenue requirement amounts are based on Hydro One's proposed 2020 revenue requirement, as shown in Exhibit I2, Tab 4, Schedule 1, Table 1.

In response to I10-VECC-55, Hydro One explained that:

Response:

a) The export volumes for 2020 to 2022 were calculated based on a three year rolling average of the prior year's amounts. The table below provides the export volumes for 2020 to 2022 period as used in the initial Application:

2015 Actual	2016 Actual	2017 Actual	2018 (2015 - 2017 Avg)	2019 (2016 - 2018 Avg)	2020 (2017- 2019 Avg)	2021 (2018- 2020 Avg)	2022 (2019- 2021 Avg)
23,138,052	22,157,981	19,346,599	21,547,544	21,017,374	20,637,172	21,067,364	20,907,304

b) The same calculation as in part (a) was used for the Updated Application; however the data for 2018 was updated to reflect actual volumes. The table below provides the export volumes for 2020 to 2022 period as used in the Updated Application:

2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 (2016 - 2018 Avg)	2020 (2017- 2019 Avg)	2021 (2018- 2020 Avg)	2022 (2019- 2021 Avg)
23,138,052	22,157,981	19,346,599	18,771,464	20,092,015	19,403,359	19,422,279	19,639,218

Technical Conference Questions:

(a) In respect of I10-VECC-55, please explain the benefits of using a three-year rolling average to forecast export volumes.

(b) Please confirm that Hydro One is forecasting 2020 export volumes in the Updated Application of 19,403,359 MWh, however Hydro One's calculation of the ETS Rate of $1.25/MWh assumes the allocated 2020 export revenue requirement of $22,080,665 is collected from an export volume of 18,800 GWh.

(c) Please update the calculation of the ETS Rate assuming Hydro One's proposed 2020 export revenue requirement is collected from Hydro One's forecasted 2020 export volumes of 19,403,359 MWh. In connection with this update, please provide:

a. the resulting ETS Rate,
b. an update to the summary table that was provided in I2-APPrO-1 showing the values used for this scenario, and
c. a revised version of the live excel version of the Elenchus cost allocation model updated to reflect this scenario.

(d) Please update Hydro One's forecast of export volumes using a four-year rolling average methodology (rather than a three-year rolling average), and provide updated forecasts of export volumes for 2019, 2020, 2021, and 2022.

(e) Please update the calculation of the ETS Rate assuming Hydro One's proposed 2020 export revenue requirement is collected from the forecast of 2020 export volumes calculated in response to part (d) above. In connection with this update, please provide:

a. the resulting ETS Rate,
b. an update to the summary table that was provided in I2-APPrO-1 showing the values used for this scenario, and
c. a revised version of the live excel version of the Elenchus cost allocation model updated to reflect this scenario.

I2-APPrO-TC2

Reference: I2-APPrO-1
Section 4.3.1 of the Elenchus Cost Allocation Methodology Report for the Export Transmission Service Rate (filed in EB-2014-0140, Exhibit H1-5-1 at Attachment 1) (the "Elenchus Report")

Preamble: In response to I2-APPrO-1, Hydro One filed a copy of the 2015 Elenchus cost allocation model in live excel formation with information that was updated to calculate the ETS Rate of $1.25/MWh.

In response to part (c) of I2-APPrO-1, Hydro One confirmed that:

> c) The 2015 Elenchus cost allocation model was updated using the latest available data, which consists of:
> - Fixed Assets dedicated to Exports (interconnections) as of 2017 year-end;
> - 12 CP Allocator based on the total of the 2018 monthly IESO domestic and export peak data;
> - Hydro One's actual 2018 export volume (MWh); and
> - IESO's average domestic volume (MWh) from 2016-2018 (inclusive).

Technical Conference Questions:

(a) Please confirm that in Section 4.3.1 of the Elenchus Report, Elenchus explored using both the 1 CP and 12 CP Allocator for cost allocation to exporters.

(b) Please provide updates to Tables 1 and 2 shown in Section 4.3.1 of the Elenchus Report to demonstrate the difference in coincident peak values for 1 CP and 12 CP, as split between export, domestic, and total, for the three-year period 2016-2018, as well as the three-year average over that period.

(c) Please update the calculation of the ETS Rate by allocating Hydro One's proposed 2020 revenue requirement using the 1 CP Allocator, rather than the 12 CP Allocator. In connection with this update, please provide:

a. the resulting ETS Rate,
b. an update to the summary table that was provided in I2-APPrO-1 showing the values used for this scenario, and

c. a revised version of the live excel version of the Elenchus cost allocation model updated to reflect this scenario.

(d) Please update the calculation of the ETS Rate by combining the changes requested in I2-APPrO-TC1(c) and I2-APPrO-TC2(c) together in a single update. In connection with this update, please provide:

a. the resulting ETS Rate,
b. an update to the summary table that was provided in I2-APPrO-1 showing the values used for this scenario, and
c. a revised version of the live excel version of the Elenchus cost allocation model updated to reflect this scenario.

(e) Please update the calculation of the ETS Rate by combining the changes requested in I2-APPrO-TC1(e) and I2-APPrO-TC2(c) together in a single update. In connection with this update, please provide:

a. the resulting ETS Rate,
b. an update to the summary table that was provided in I2-APPrO-1 showing the values used for this scenario, and
c. a revised version of the live excel version of the Elenchus cost allocation model updated to reflect this scenario.

(f) Finally, please confirm that Hydro One is not using the 12 CP Allocator to allocate costs elsewhere in this Application to any other customers (i.e. other than in connection with the calculation of the ETS Rate). If not confirmed, please specify exactly where the 12 CP Allocator is being use and for what purpose.

(g) For completeness of the evidentiary record, please file a copy of the Elenchus Report on the evidentiary record in this proceeding.