

Elson Advocacy

August 22, 2019

BY COURIER (2 COPIES) AND RESS

Ms. Kirsten Walli

Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700, P.O. Box 2319
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

Re: EB-2019-0082 – Hydro One Rates – 2020-2022

I am writing on behalf of Environmental Defence regarding its request that transmission losses be included in the issues list for this proceeding.

In the previous Hydro One rates case, the Board directed Hydro One to work jointly with the IESO to explore cost effective opportunities to reduce transmission losses and report on these initiatives. The direction from EB-2016-0160 reads as follows:

The OEB finds that, given the magnitude of line losses, Hydro One should work jointly with the IESO to explore cost effective opportunities for line loss reduction. Hydro One should also explore, as part of its investment decision process, opportunities for economically reducing line losses. The OEB requires Hydro One to report on these initiatives as part of its next rate application.¹

Environmental Defence wishes to explore Hydro One's response to this direction because Hydro One has not identified even a single additional opportunity to reduce transmission losses as a result of the Board's direction.² Nor has it identified even a single improvement to its decision-making processes in this regard.³

This is an important topic. Transmission losses cost Ontario energy consumers hundreds of millions dollars every year.⁴ Ensuring that losses are reduced to an optimal level (i.e. to the level that is most cost-effective) is incredibly important for consumers, and fits squarely within the

¹ Decision in EB-2016-0160, p. 32.

² EB-2019-0082, Response to ED Interrogatory #3 (Ex. I-06-3).

³ EB-2019-0082, Response to ED Interrogatory #2 (Ex. I-06-2).

⁴ Ballpark estimates from EB-2016-0160 range from \$280 million to \$390 million in 2015 alone; see EB-2016-0160, Exhibit 5.4, tab 1, p. 1; EB-2016-0160, Transcript vol. 12, p. 99, ln 22 to p. 100, ln. 15; see also the Board's Decision in EB-2016-0160, p. 31 (finding that "the cost of transmission line losses is very large").

statutory objective of this Board to “protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.”⁵

The Board added a transmission losses issue to the issues list in the 2018 IESO fees proceeding.⁶ The issue read as follows: “What is the status of the IESO’s transmission losses study?”⁷ Adding a specific transmission losses issue in this Hydro One proceeding would be consistent with the Board’s decision in the IESO proceeding.

Alternatively, transmission losses could potentially be dealt with under issue 1 in the proposed issues list, which reads as follows: “Has Hydro One responded appropriately to all relevant Ontario Energy Board (“OEB”) directions from previous proceedings?”

Therefore, Environmental Defence requests:

- Confirmation that the proposed issues list allows Environmental Defence to explore the appropriateness of Hydro One’s response to the Board’s directions regarding transmission losses; OR
- An additional issue asking: “What is the status of Hydro One's joint work with the IESO to explore cost effective line loss reduction opportunities and to report on those initiatives?”

Please do not hesitate to contact me if anything further is required.

Yours truly,



Kent Elson

cc: Parties in the proceeding noted above

⁵ *Ontario Energy Board Act, 1998*, s. 1(1)1.

⁶ EB-2018-0143, *Decision on Issues List and Procedural Order #2*, July 30, 2018, p. 5.

⁷ *Ibid.*