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BY EMAIL

September 5, 2019

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: EB-2019-0082 Hydro One Networks Inc. 2020-2022 Transmission Custom Incentive Rate-Setting Application
OEB Staff Submission on Issues List**

Procedural Order No.4, issued on August 22, 2019, established that if any of Ontario Energy Board (OEB) staff, intervenors and Hydro One Networks wished to make written submissions on the inclusion of disputed issue 8 on the approved issues list, such submissions were to be filed with the OEB and served on all parties by September 5, 2019.

Attached is OEB staff's submission on this matter.

Martin Davies
Project Advisor, Rates
Major Applications

Attachment

cc: Parties to EB-2019-0082 proceeding

2020 - 2022 ELECTRICITY TRANSMISSION RATES

Hydro One Networks Inc.

EB-2019-0082

ONTARIO ENERGY BOARD

STAFF SUBMISSION ON ISSUES LIST

September 5, 2019

INTRODUCTION

Hydro One Networks Inc. (Hydro One) filed a custom incentive rate-setting application with the Ontario Energy Board (OEB) on March 21, 2019 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Hydro One charges for electricity transmission, to be effective January 1, 2020 and for each following year through to December 31, 2022.

Procedural Order No. 1, issued on May 30, 2019, set out a schedule of procedural steps including a direction that OEB staff either file a proposed issues list for the OEB's consideration, or advise in writing that parties and OEB staff were unable to reach an agreement.

On August 20, 2019, OEB staff filed a letter with the OEB stating that parties had been unable to reach a full agreement on a proposed issues list as there was one disputed issue. The letter also included a proposed issues list, which highlighted issue 8 as the disputed issue:

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?

This issue was proposed by Environmental Defence and opposed by Hydro One.

On August 22, 2019, the OEB received a letter on this matter from Environmental Defence, which provided an explanation of its position. Environmental Defence noted that the OEB had added a transmission losses issue to the issues list in the 2018 IESO proceeding¹ and stated that adding a specific transmission losses issue in this Hydro One proceeding would be consistent with the OEB's decision in the IESO proceeding.

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

¹ EB-2018-0143, *Decision on Issues List and Procedural Order No. 2*, July 30, 2018, p.5.

Environmental Defence stated that it was requesting either confirmation that the proposed issues list allows it to explore the appropriateness of Hydro One's responses to the OEB's directions regarding transmission losses, or the inclusion of disputed issue 8 as discussed above.

On August 22, 2019, Hydro One responded to Environmental Defence's letter expressing agreement with Environmental Defence's suggestion that transmission losses may be dealt with under Issue 1 and providing confirmation that the proposed issues list will allow for the exploration of the appropriateness of Hydro One's response to the OEB's direction regarding transmission losses. Hydro One further stated that an additional stand-alone 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?" is therefore not required.

On August 22, 2019, the OEB issued Procedural Order No. 4, which established a process for written submissions and reply submissions on the disputed issue. The OEB stated that after reviewing the submissions, it would issue a final issues list and that only matters that are on the final issues list would be considered in this proceeding.

On August 23, 2019, Environmental Defence sent a further letter to the OEB noting that Procedural Order No. 4 had provided it with an opportunity to provide any further submissions on the issues list by August 29, 2019. Environmental Defence stated that it had no such submissions.

Discussion and Submission

OEB staff notes that Environmental Defence sought confirmation either that the proposed issues list allows it to explore the appropriateness of Hydro One's responses to the OEB's directions regarding transmission losses, or the inclusion of disputed issue 8. Hydro One has now provided confirmation that in its view the proposed issues list, without disputed issue 8, will still allow Environmental Defence to undertake exploration of this matter.

OEB staff agrees that the exploration of the appropriateness of Hydro One's responses to the OEB's directions regarding transmission losses can be dealt with under Issue 1 and therefore a separate issue relating to this matter is not required. OEB staff submits that the OEB should confirm that on the approved

issues list the appropriateness of Hydro One's responses to the OEB's directions regarding transmission losses will be subsumed under Issue 1.

- All of which is respectfully submitted-