

EB-2020-0013

Elexicon Energy Inc. Veridian Rate Zone

**Application for electricity distribution rates and other |
charges effective January 1, 2021**

**VECC Interrogatories
October 23, 2020**

VECC-1

Ref: EB-2019-0279 Decision and Order dated January 30, 2020, Page 7

The Decision and Order states, "In a letter to the OEB dated December 19, 2019, Veridian made a request for the 2020 RGCRP compensation amount of \$217,996 (\$18,166 per month) from the IESO for two of the three renewable investments that were approved in the 2014 CoS decision and order.

Please provide a copy of Veridian's letter to the OEB dated December 19, 2019.

Response:

[The December 19, 2019 letter has been provided \(Elexicon_VRZ_LTR_RGRPA_20191219_VECC-2_20201106\).](#)

VECC-2

Ref: EB-2019-0279 Decision and Order dated January 30, 2020, Page 7

The OEB expects Veridian to provide evidence supporting the actual amounts for these two projects in its 2021 rate proceeding (due to be filed in fall 2020) so that the OEB may be in a position to finalize these amounts. Veridian should also be providing evidence supporting the remaining enabling project should it be scheduled to go into service in 2021.

- a) Please provide an explanation of the cost and schedule variance in the Micro-grid Project (Renewable Enabling Improvement), forecast compared to actuals.

Response:

[Please find attached a spreadsheet summarizing the cost centre allocation for Micro Grid Project as well as the Index Energy Project \(Elexicon_VRZ_Summary of Costs for Micro Grid and Index Energy_VECC-2_20201106\). Both finished under approved budget.](#)

- b) Please provide an explanation of the cost and schedule variance in the Index Energy (Renewable Expansion Project), forecast compared to actuals.

Response:

[See above.](#)

VECC-3

Ref: Appendix I, Page 2; Addendum to Appendix I, Page 1

Elexicon indicates the new communications platform was to be purchased and installed over a four-year period from 2015 to 2018 with a total capital investment forecasted at \$911,000. Annual operating and maintenance costs were forecast at \$135,000. This project is now scheduled for implementation from 2022-2025 and in service by 2025. The capital cost will remain the same at \$115K per year over the four year timeframe.

- a) Please discuss when the new communications platform will be purchased and if there are any costs in 2021.

Response:

The Communications Platform will be installed in stages (each one being in-service) beginning in 2022. There are no planned costs for 2021.

- b) Please provide a description of the scope of the project and forecast capital and operating costs compared to the original project scope and forecast costs in 2014.

Response:

Since the initial study was performed in 2015, there have been advancements in communication technology as well as changes to the distribution system and customer requirements.

The increasing use of distributed energy resources and energy storage technologies mean that there will be multiple energy sources feeding the distribution grid at multiple locations. Grid visibility is key to manage proper load balance. Electric vehicles are another key player for the grid management. Proper communication is required to effectively manage supply and demand, a core benefit of the Smart Grid. Having effective communications technologies will be critical to achieve the optimal result.

As communications systems are an integral part of grid evolution, it is important to identify and act upon additional opportunities to support this continued growth.

For these reasons, it is essential that Elexicon re-evaluate the initial study.

Elexicon is forecasting the same capital costs allocated to the original project for the RGCRP. We do expect the scope to be larger as we are a larger entity now, with more customers and a larger service territory, but will not be asking for more funds for this project.

An assessment of operating costs will be done when the initial study is re-evaluated for this project.

VECC-4

Further to the Application and supporting files submitted on August 20, 2020, Elexicon Energy Inc. filed supplemental evidence on October 14, 2020.

Please summarize the impact of Elexicon's supplemental evidence with respect to Elexicon's original request on August 20, 2020 for Final Approval of the amounts to be recovered from the IESO which were approved on an interim basis in EB-2019-0279.

Response:

The impact of the supplemental evidence filed on October 14, 2020 is to show the required rate protection on an annual basis for future years. The application filed in August 2020 only showed the true up calculation until the end of 2020.

Further documentation is attached supporting the approval for EB-2019-0279.