

Elson Advocacy

July 21, 2021

BY RESS

Ms. Christine Long

Board Secretary

Ontario Energy Board

2300 Yonge Street, Suite 2700, P.O. Box 2319

Toronto, Ontario M4P 1E4

Dear Ms. Long:

Re: EB-2020-0230 – IESO 2020 & 2021 Fees Case

I am writing on behalf of Environmental Defence to provide comments on the draft issues list.

In this proceeding, Environmental Defence wishes to explore whether the IESO has appropriately responded to the Board's decision in the 2017 rates case directing "the IESO to work with Hydro One and to report on initiatives for economically reducing transmission line losses"¹ as well as the IESO's commitment in the 2018 settlement agreement to "engage with stakeholders regarding the IESO's transmission losses work/report (similar to the 2017 engagement the IESO undertook on the development of its regulatory scorecard) including a discussion of ... methodologies to assess the cost effectiveness of transmission loss reduction measures."² Environmental Defence is interested in exploring the status of this important work and the fact that is not complete and has no target date for completion.³

In light of the above, Environmental Defence requests that the Board:

- Confirm that the draft issues list allows Environmental Defence to explore the appropriateness of the IESO's response to the Board's directions regarding transmission losses; OR
- Add a new issue 5.2 asking: "What is the status of the IESO's transmission losses study?"

In its 2018 issues list decision, the OEB added a new issue with the wording suggested above. The OEB stated as follows: "The OEB has added a new issue, issue 5.4, on the status of the transmission losses study. This issue will allow ED and others to appropriately examine the

¹ Decision in EB-2017-0150, October 31, 2018, pp. 2-3.

² EB-2018-0143, Decision and Order, October 25, 2018, Appendix, pp. 14-15.

³ EB-2020-0230, Exhibit G, Tab 1, Schedule 1, Page 4.

IESO's response to the OEB's direction in its 2017 fee application with respect to transmission losses."⁴

This is an important topic. Transmission losses cost Ontario energy consumers hundreds of millions dollars every year.⁵ 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 statutory objective of this Board to "protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service."⁶

Environmental Defence would like to avoid the possibility that the IESO declines to answer interrogatories regarding transmission losses on the basis that its work in this area is ongoing. We do not believe that would be appropriate or in the best interest of consumers. Seeing as transmission losses cost hundreds of millions of dollars each year, it would be better to ensure that this work is on track rather than "wait and see." Furthermore, the joint work by Hydro One and the IESO should have already wrapped up based on previous OEB directions.⁷

Although it is important that the IESO explain how it is responding to the Board's directions regarding transmission losses, this can be achieved efficiently and may not absorb much (if any) of the Board's time or resources. It may only be necessary for the IESO to answer interrogatories on this topic. If those responses show that the IESO's work is on track and/or that the issue is settled, Environmental Defence may not seek to make further submissions on the topic in an oral or written hearing.

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

Yours truly,



Kent Elson

⁴ EB-2018-0143, OEB Decision on Issues List and Procedural Order No. 2, July 30, 2018, p. 5.

⁵ 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").

⁶ *Ontario Energy Board Act, 1998*, s. 1(1)1.

⁷ Decision in EB-2016-0160, p. 32 ("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.").