



BY EMAIL and RESS

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Ontario Energy Board
2300 Yonge Street
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March 28, 2022
Our File: EB20210243

Attn: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: EB-2021-0243 – UTR Generic Proceeding – ETS Rate – SEC Interrogatories

We are counsel to the School Energy Coalition ("SEC"). Attached, please find interrogatories on behalf of SEC.

Yours very truly,
Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Ted Doherty, SEC (by email)
Hydro One, IESO, and Intervenors (by email)

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B, as amended;

AND IN THE MATTER OF a Generic Hearing on Uniform Transmission Rates Related Issues and the Export Transmission Service Rate.

**INTERROGATORIES
ON BEHALF OF THE
SCHOOL ENERGY COALITION**

1-SEC-1

[ETS Rate Submission, Attachment 1, Appendix 3] Please provide a copy of any modelling or other quantitative analysis that the IESO undertaken regarding the impact of changes in the ETS rate, regardless of how preliminary it may be.

1-SEC-2

[ETS Rate Submission, Attachment 1, Appendix 2, Tables 4-5] With respect to the Charles River Associates *Jurisdictional Review of Export Transmission Service (ETS) Rates Study Report*:

- a. SEC seeks to better understand the export transmission service rates across jurisdictions where rate structures are very different. Please provide a number of illustrative but representative examples of exporters (and export transactions), and provide the total impact of export transmission service rates by jurisdiction.
- b. Do any of the surveyed jurisdictions have any similar mechanism to the IESO's Intertie Congestion Pricing? If so, please provide details.

1-SEC-3

[ETS Rate Submission, Attachment 1, Appendix 3] With respect to the information contained in Table 1:

- a. [p.9] Please provide a detailed explanation of the 'Avoided System Cost' calculation in Table 1, including all inputs, calculations, and assumptions made.
- b. [p.9] For each category of 'Value' included in Table 1, please explain to whom and how those costs/benefits are allocated/distributed to.
- c. [p.9] Footnote 13 notes that the Avoided System Costs calculation in Table 1 is "[b]ased on avoided nuclear and renewable resource curtailment."
 - i. Please confirm that these avoided curtailments would have primarily occurred during times of surplus baseload generation.

- ii. Please provide a table that shows for each year between 2010 and 2021, and forecast for 2022 to 2031, the total annual amount of surplus baseload generation.
- iii. Please provide the IESO views on how the expected avoided system costs will change on a forecast basis as a result of forecast capacity and energy supply and demand, including reductions in forecast surplus base load generation, as set out in the most recent Annual Planning Outlook.
- d. [p.9] Please provide a revised version of Table 1 that shows the value from exports for each year between 2017 to 2021, that accrue to domestic load customers. Please detail all inputs, calculations, and assumption made.

1-SEC-4

[ETS Rate Submission, Attachment 1, Appendix 3] The IESO states that “[t]he IESO expects that any increase in revenue resulting from a higher ETS would be offset by an equivalent reduction in revenue from Intertie Congestion Pricing, which in turn will decrease the amount that is disbursed from the TRCA to Ontario consumers.”:

- a. Is the inverse true (i.e. any decrease in revenue resulting from a lower ETS would be offset by an equivalent increase in revenue from the ICP, which in turn will increase the amount that is disbursed from the TRCA to Ontario consumers)?
- b. If this is correct, and any change in the ETS will be offset by the total reduction in the ICP revenue, please explain why the IESO believes exporters oppose an increase in the ETS?
- c. Has IESO undertaken *any* quantitative analysis to demonstrate the offsetting relationship? If so, please provide details and a copy of the results.
- d. Please confirm that the increase in revenue from a higher ETS rate, during times when there is no intertie congestion, would have no impact on ICP pricing.
- e. Please provide a table that shows for each year between 2013 and 2021, the volume of exports for each hour of the day. Please also provide a similar table showing only those subject to ICP.
- f. Please confirm that Intertie Congestion Pricing revenues in the TRCA are allocated to entities besides domestic load customers.

1-SEC-5

[ETS Rate Submission, Attachment 1, Appendix, p.13] The IESO notes the impact on trading from an increase in an ETS in periods of tight prices. Based on actual trading information between 2018 and 2020, please provide IESO analysis on how often this would have occurred, and the total impact, if the ETS was set at each of the proposed options contained in the Elenchus Report.

1-SEC-6

[ETS Rate Submission, Attachment 1, Appendix 3] Please update the *Market Implications of the Export Transmission Service Rate* Report to include 2021 information.

1-SEC-7

[ETS Rate Submission, Attachment 1, Appendix 3] The IESO notes that “[t]he 2012 CRA analysis demonstrates that in one case increasing the ETS rate from \$0 to \$5.80/MWh would cause a 50% reduction in export volumes (expressed as a percentage of status quo volumes).”:

- a. [EB-2012-0031, H1-5-2, Appendix B] SEC understands that CRA used historic data and was required to make a number of assumptions and forecasts to model the change in export volumes as a result of changes in ETS rates. Please provide the IESO’s views on how the historic data, and the assumptions and forecasts used would be different if the CRA undertook a similar exercise today.
- b. [EB-2012-0031, H1-5-2, Appendix B]. Please confirm that one of the conclusions of the 2012 CRA Study was that “[w]here Ontario has excess supply capacity and costs that are competitive with neighbouring markets as in 2013, impacts of changes in the ETS tariff tend to be large”, and “[w] Where Ontario faces tight supply, impacts of changes in the ETS tariff are smaller”.
- c. Please provide the IESO’s view on change in supply conditions over the next 10 years as compared to those considered in the 2012 CRA Study.

1-SEC-8

[ETS Rate Submission, Attachment 1, Appendix 3] Please provide the IESO detailed views on how Market Renewal, for example the moving to a single schedule market and introduction of locational marginal pricing, will impact Intertie Congestion Pricing, export volumes and prices, transmission rights, and other aspects discussed in the *Market Implications of the Export Transmission Service Rate Report*.

1-SEC-9

Are any of the IESO, Hydro One, and the authors of the CRA and Elenchus reports, aware of any other jurisdictions where a rate approval entity (i.e. utility commission, ISO/RTO, etc.) considered the issue of whether an export or similar rate should be set on a cost-based or other methodology? If so, please provide details.

2-SEC-10

[ETS Rate Submission, Attachment 1] With respect to the Elenchus *Export Transmission Service Rate Cost Allocation Methodology Report*:

- a. Please provide a copy of the underlying cost allocation model spreadsheet.
- b. Please update the Report to include, i) 2021 transmission system coincident peak allocators, and ii) updated Hydro One cost information as a result of its evidence update to be filed by March 31, 2022 in EB-2021-0110.

2-SEC-11

[H-9-1, p.6] Please expand Table 1 to include the total forecast ETS revenue in each year, and if the OEB approves each of the proposed methodologies included in the Elenchus Report. Please also include the revised amounts requested in 2-SEC-10.

2-SEC-12

[p.9-10] Since each of the proposed Elenchus options for setting an ETS rate are based on Hydro One's 2023 forecast costs, please provide both the views of both Hydro One and Elenchus on potential mechanistic adjustments that the OEB may wish to consider adopting to adjust the ETS rate between Hydro One rebasing/Custom IR applications, to reflect the fact that Hydro One is seeking to recover from domestic ratepayers increased amounts each year, through its proposed Custom IR framework in EB-2021-0110.

2-SEC-13

[\[Letter from Minister of Energy to the IESO, dated January 26, 2022\]](#) At the request of the Minister of Energy, IESO is negotiating a contract with ITC with respect to its proposed Lake Erie Connector Project. SEC understands one of the benefits of the project is the ability of Ontario to increase exports. If a contract were to be entered into, please provide general details regarding what are the options regarding how the costs would be recovered from ratepayers, how a share of those costs would be allocated to exporters, and the forecast annual export capacity and volumes created by the project.

Respectfully, submitted on behalf of the School Energy Coalition this March 28, 2022.

Mark Rubenstein
Counsel for the School Energy Coalition