



March 28, 2022

Ms. Nancy Marconi
Registrar
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Re: EB-2021-0243
Generic Hearing on Uniform Transmission Rates-Related Issues and the Export Transmission Service
AMPCO Interrogatories

Dear Ms. Marconi:

Attached please find AMPCO's interrogatories in the above proceeding. AMPCO reviewed the interrogatories of OEB Staff and consulted with other intervenors in the preparation of its interrogatories.

Best Regards,

A handwritten signature in blue ink, appearing to read "Colin Anderson".

Colin Anderson
President

EB-2021-0243
Generic Hearing on Uniform Transmission Rates-Related Issues
and the Export Transmission Service Rate

AMPCO Interrogatories March 28, 2022

AMPCO-1

Ref: Submissions on the ETS Rate, Attachment 3, p. 12

Preamble: The IESO states it expects that any increase in revenue resulting from a higher ETS would be offset by an equivalent reduction in revenue from the ICP, which in turn will decrease the amount that is disbursed from the TRCA to Ontario consumers. The ICP and ETS have an offsetting relationship such that an increase in the ETS will lead to a proportionate decrease in the ICP. This offsetting relationship means that, assuming the quantity of exports remains constant, the overall value that Ontario ratepayers derive from exports would remain unchanged even if the ETS rate is increased.

The 2021 Elenchus Report presents three ETS rate options based on different cost allocation methodologies (\$6.54/MWh, \$3.66/MWh, and \$5.42/MWh respectively), which represents a significant increase over the approved 2020 ETS rate of \$1.85/MWh.

- a) Please explain the rationale behind the IESO's expectations that there is a linear 1:1 relationship between ETS and ICP such that an increase in the ETS will lead to a proportionate decrease in the ICP.
- b) Please provide further details/analysis/modelling to explain the forecast relationship between the ICP and ETS.
- c) Please provide the percentage of ICP revenue that is provided to TR holders separated into imports and exports.

AMPCO-2

Ref: Submissions on the ETS Rate, Attachment 3, p. 8, Table 1
Submissions on the ETS Rate, Attachment 3, p. 3

The 2021 Elenchus Report presents three ETS rate options based on different cost location methodologies (\$6.54/MWh, \$3.66/MWh, and \$5.42/MWh respectively).

- a) Please provide a forecast of the annual ICP and TRCA disbursements for the next five years including a detailed analysis of any changes based on the ETS

rate increasing to a fixed charge of \$3.66/MWh.

- b) Please provide a forecast of the annual ICP and TRCA disbursements for the next five years including a detailed analysis of any changes based on the ETS rate increasing to a fixed charge of \$5.42/MWh.
- c) Please provide a forecast of the annual avoided system costs for the resulting export volume decreases including a detailed analysis of any changes based on the ETS rate increasing to a fixed charge of \$3.66/MWh.
- d) Please provide a forecast of the annual avoided system costs for the resulting export volume decreases including a detailed analysis of any changes based on the ETS rate increasing to a fixed charge of \$5.42/MWh.
- e) Please provide a forecast of the annual avoided system costs for the resulting export volume decreases including a detailed analysis of any changes based on the ETS rate increasing to a fixed charge of \$6.54/MWh.

AMPCO-3

Ref: Submissions on the ETS Rate, Attachment 3, p. 2

Preamble: The IESO states any adjustments of the ETS rate needs to consider market design changes. Market design changes since 2015 provide greater certainty on how Transmission Rights Clearing Account (TRCA) funds are disbursed. ICP revenues are now distributed on a semi-annual basis. The IESO also improved the design of the Transmission Rights market to increase the amount of revenues available to be disbursed and change the proportion of the distribution to return almost all available funds to domestic consumers.

Please provide the amount of transmission rights clearing account (TRCA) disbursements returned on an annual basis to domestic customers that are attributed separately to exports and to imports.

AMPCO-4

Ref: Staff 37 (b)

Preamble: OEB Staff asks if the ETS is reduced to \$0/MWh, what assurances are there that the ICP would be at a minimum of \$1.85/MWh for every hour at every intertie in Ontario?

Please provide the response separating out the impact on the ICP for imports and exports.

AMPCO-5

Ref: Submissions on the ETS Rate, Attachment 3, p. 10, Table 2

Preamble: The IESO states that TRs are a financial contract that entitle their holder to a share of the ICP revenue. The IESO pays the TR holders from the ICP revenues. Revenues from the TR auction plus any residual ICP revenues after payments to TR holders are disbursed, subject to a TRCA balance threshold, to domestic consumers and exporters to offset transmission costs. In 2020, approximately \$118 million was paid out in disbursements in 2020. The footnote to Table 2 indicates congestion rents are received from both export and import.

Please provide the share and amount of the ICP provided to TR holders separated between imports and exports.

AMPCO-6

Ref: Submissions on the ETS Rate, Attachment 3, Table 2
Submissions on the ETS Rate, Attachment 3, pp. 10-11

The IESO states that it pays the TR holders from the ICP revenues. Revenues from the TR auction plus any residual ICP revenues after payments to TR holders are disbursed, subject to a TRCA balance threshold, to domestic consumers and exporters to offset transmission costs. TRCA disbursements have steadily declined from \$188 million in 2018 to approximately \$118 million in 2020. The IESO has stated the TRCA methodology effective 2021 will increase TRCA funds to be distributed to domestic load.

Please provide the 2021 actual and 5-year forecast of disbursement to domestic loads attributed separately to imports and exports.

AMPCO-7

Ref: Submissions on the ETS Rate, Attachment 2, p. 14

Please summarize the key conclusions derived from Charles River Associates' jurisdictional comparison.