

ONTARIO ENERGY BOARD

Generic Hearing on Uniform Transmission Rates – Phase 2

Technical Conference Questions from
Glencore Canada Corporation (GCC)

GCC's questions all relate to the "double peak billing" issue and the options put forward to address that issue.

OPTION 1

1. **Reference:** HONI Background Report, Issue 3, page 7, lines 26-29.

The report states:

In the view of the OEB in the Original UTR Decision, the current practice was seen to follow the user-pays principle as transmission-connected customers with more than one DP were seen as receiving the benefit of increased reliability and should as a result expect to pay for this type of reliability.

Please provide the citation to the Original UTR Decision where this view of the OEB is set out.

2. Please confirm that double peak billing event demands are currently included in forecasts used to set UTRs. [Page 10, lines 1-2]
3. The Report indicates that the same double peak billing issues arise for unplanned as for planned outages [see page 4, lines 24 *et seq.*]. Should any solution adopted in this process be applied to both types of outages?

OPTION 2

4. **Reference:** HONI Background Report, Issue 3, pages 8-9.

HONI's Option 2 for addressing double peak billing is to bill by customer instead of by DP.

- (a) Please confirm that, currently, transmission connected customers pay Network, Line Connection and Transformation Connection charges based on their peak monthly demand at each Delivery Point.
- (b) Is a transmission connected customer's peak monthly demand currently determined as;
 - (i) the sum of the peak demand during the month at each Delivery Point; or
 - (ii) the highest sum during the month of the demands at all of the customer's Delivery Points?
- (c) Which of these two approaches best reflects the customer's demand during the month on the transmission system?
- (d) Does the suggested Option 2 methodology essentially reflect the aggregation approach set out at part 2.(b)(ii) above?
- (e) At page 8, lines 15-21, HONI states:

Customers with multiple DPs may gain unfair advantage because of a diversity of demand across their DPs. This is because different DPs may experience peak demand at different times. In this case the aggregated demand for the customer could be less than the sum of the peak demand at each DP resulting in lower charges for the customer. This revenue deficit from the lower aggregated demand will need to be made up by higher rates, shifting costs to the customers with single DP.

- (i) Please confirm that this statement defines "fairness" relative to the current allocation of network charges, rather than relative to the optimal reflection of responsibility for/benefit from network costs.
- (f) HONI's report includes the following statement (page 8, lines 22-28):

While all transmission-connected load customers pay the Network Charge, customers who own their Line and/or Transformation Connection assets do not pay these charges. Currently, there are some transmission-connected customers with multiple DPs who own Line/Transformation assets at some of the DPs. Aggregating the demand at customer level will require additional consideration to make sure customers are not charged for the demand supplied by assets they own.

Please discuss how this issue could be addressed. (For example, elimination of the demand associated with any Delivery Point for which the customer owns the line and/or transformation facilities when allocating those cost pools.)

- (g) Can the IESO provide any information regarding the scope/cost of work to adopt a solution like HONI's Option 2?
- (h) Can HONI elaborate on its view of the nature of, and process for, the updates to the UTR schedule referred to at page 9, line 3?

- (i) Please explain what is meant by a “Sub-Transmission customer”.
 - (i) Please confirm that HONI’s concern regarding Sub-Transmission (ST) customer fairness [page 9, lines 4-21] is that HONI distribution would benefit from the “customer level” allocation inherent in Option 2, and unless ST customers are similarly treated they will overpay relative to HONI Distribution’s transmission payment obligations, and the excess would be refunded through variance treatment to all customers of that distributor (i.e. a subsidy from double peak billed customers to other customers of HONI distribution).
 - (ii) Please confirm that adopting the same “customer level” allocation for ST customers as for transmission connected customers would avoid this unfairness.
- (j) Please explain how network, line connection and transformation connection costs are allocated to large volume distribution connected customers (including the impact of the demands of distribution connected large customers on their host distributors transmission cost allocations).
- (k) Is the host distributor’s peak monthly demand currently determined as;
 - (i) the sum of the peak demand during the month at each Delivery Point; or
 - (ii) the highest sum of the demands at all of the host distributor’s Delivery Points?
- (l) Under Option 2, how would the Network, Line Connection and Transformation Connection charges be determined for a customer with one Delivery Point at a transmission system connection point and a second Delivery Point at a distribution system connection point?

OPTION 3

5. **Reference:** HONI Background Report, Issue 3, pages 10-11.

- (a) Given the absence of a historical data set which excludes demands associated with double peak billing events, how would “Option 3” for addressing the double peak billing issue be implemented (i.e. how would charge determinants which exclude the impact of double peak billing events be determined)?
- (b) Can the IESO address the scope and cost of adopting its systems and processes in the manner suggested by HONI under its option 3 of not charging customers for double peak events?
- (c) HONI suggests that adjusting the charge determinants to remove the impact of double peak billing events would result in a reduction in the charge determinants and a corresponding increase in the UTR rates.

Would this result not obtain for any mechanism adopted to address the double peak billing issue? (For example, if the customer refund/transmitter variance account solution – Option 4 - were adopted, would such refunds not ultimately be included in future forecasts of demand used to determine UTR rates, in order to preclude under-recovery of transmission pooled costs?)

- (d) Can HONI elaborate on the nature of, and process for, the updates to the UTR schedule referred to at page 11, line 4?

OPTION 4

6. **Reference:** HONI Background Report, Issue 3, pages 12-13.

- (a) HONI cites as a disadvantage of its suggested Option 4 (tracking double peak billing impact in a transmitter deferral account) unfairness to Hydro One Distribution sub-transmission customers.

- (i) Please elaborate on the “unfairness”.

- (ii) Could deferral account treatment as proposed be extended to the sub-transmission level for affected customers to address this “unfairness”?

- (b) In connection with Option 4 HONI suggests it would be necessary for UTRs to be rounded to 4 decimal places.

What are the considerations/concerns in doing so?

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