

ONTARIO ENERGY BOARD

Generic Hearing on Uniform Transmission Rates – Phase 2

GLENCORE CANADA CORPORATION (GCC) EVIDENCE ISSUE 4 – CHARGES CAUSED BY PLANNED TRANSMISSION OUTAGES

Introduction

1. In its October 27, 2023 Notice of Hearing, the Ontario Energy Board (OEB) describes Issue #4 as follows:

In a month when a planned transmission outage occurs, a transmission customer that transfers its load to another of its delivery points is charged more than it would be if the outage did not occur. This is because transmission charges are based on the monthly peak at each delivery point.

2. Glencore Canada Corporation (GCC) is an Ontario transmission connected customer which directly and regularly experiences this circumstance, and as a result is charged more than it would be if the transmission outages that affect its supply of electricity did not occur.
3. This evidence provides a more detailed description of the issue as it impacts GCC.

Background

4. GCC owns and operates an integrated nickel mining and processing operation (the Sudbury INO) near Sudbury Ontario. The Sudbury operation includes two underground nickel mines (Fraser and Nickel Rim South), the Strathcona Mill which receives and processes mined ore from the two GCC mines as well as third parties, and the Sudbury Smelter which processes nickel from the mill to produce nickel matte.
5. The Sudbury INO is directly connected to Hydro One's transmission system through a GCC owned transmission station (Strathcona CTS).

6. It is GCC's experience that, generally, directly transmission connected customers with demand as significant as that for the Sudbury INO are provided with two transmission connections for redundancy and reliability purposes, subject to paying the associated connection costs. This is the case for GCC's facilities in Timmins, Ontario. However, Hydro One's transmission infrastructure in the vicinity of the Sudbury INO is insufficient to allow for a second transmission system connection. Accordingly, there is a back-up supply connection for the Sudbury INO through Hydro One Distribution's Larchwood TS back to GCC's Strathcona CTS.
7. When work is required on Hydro One's transmission system in the area of GCC's Strathcona CTS, GCC's Sudbury INO electricity load is transferred on a short-term basis to the Larchwood TS. Under this short term load transfer (STLT) arrangement, the supply to GCC which is normally received at GCC's Strathcona CTS at 115 kv and then stepped down to a lower voltage for use by Sudbury INO, is instead re-routed through Hydro One's Larchwood TS where it is stepped down to 44 kv, and then received at GCC's Strathcona CTS at 44 kv where it is further stepped down to a lower voltage for use by Sudbury INO.
8. As a result of such STLTs GCC is billed as a Hydro One Distribution customer for the period during which GCC takes its electricity supply through the Larchwood TS.
9. It should be noted that the local distribution system was not built to accommodate the GCC load transfer. Rather that load transfer is made available to GCC due to, and only to the extent of, excess local distribution capacity at the time of the transfer.

STLT Driven Incremental Charges

10. As a transmission connected customer, GCC is invoiced by, and settles directly with, the IESO. When these STLTs occur, GCC is, in addition, billed by Hydro One for STLT driven distribution costs.
11. The result of these STLTs has been a duplication of transmission and Global Adjustment (GA) charges to GCC in the months in which the STLTs occur. GCC is charged these monthly demand-based charges once through its regular transmission account billed by the IESO, and a second time through Hydro One distribution charges for service during the STLT.

12. In particular, for each period during which an STLT occurs:
- (a) GCC get's it's regular IESO statement for Network Connection (650) charges and Line Connection (651) charges for the period, as it normally would, based on its demand at the Strathcona CTS.
 - (b) GCC also pays it regular Global Adjustment (GA) charges for the period through its regular settlements with the IESO, also on the basis of its demand at the Strathcona CTS.
 - (c) In addition, GCC receives a separate statement from Hydro One for recovery of the charges which GCC understands Hydro One (Distribution) pays to the IESO related to the incremental Larchwood TS demand resulting from the STLT. This additional Hydro One statement includes distribution system charges for the STLT period, and also includes an allocation to GCC of Hydro One Distribution's demand-based Network Connection (650) and Line Connection (651) (i.e. UTR) charges, as well as an allocation of Hydro One Distribution's GA charges for the period.
 - (d) Further, and in addition to the IESO charges to Hydro One (distribution) driven by the STLT as summarized in paragraph (c), above, as a result of the STLT GCC pays;
 - (i) a "Common ST line" charge and a 652 (transformation) charge for use of the Hydro One Distribution 44 kV distribution line. These charges are for GCC's use of the distribution system and are not duplicative (though, as noted above, the STLT uses only excess distribution capacity, so there is no resulting incremental cost to the distribution system); and
 - (ii) an electricity charge (HOEP plus regulatory charge) for the volume consumed through the Strathcona TS. This charge is for electricity consumed during the STLT period and is not duplicative.
13. Attachment A to this evidence reproduces a table of anticipated STLT driven charges provided by Hydro One to GCC in anticipation of a 2-day scheduled STLT in August of 2022.
14. Attachment B to this evidence is a copy of the Hydro One Invoice to GCC for the actual charges for the August, 2022 STLT.

Resulting Double Charges

15. In the result, GCC is charged twice on account of monthly demand-based transmission and GA charges – once for its transmission connected service and a second time through allocation from Hydro One for charges related to the temporary distribution connected service for the period during which the STLT occurred.

16. In particular:

(a) *Retail transmission rate charge.*

During the time that GCC is served through the Larchwood TS, GCC's load results in a higher peak demand to Hydro One Distribution at Hydro One's Larchwood TS. In the result, Hydro One Distribution pays higher peak demand driven transmission charges 650 (network charge) and 651 (line charge) to the IESO, and passes the incremental charges through to GCC.

At the same time, GCC's monthly peak demand driven transmission charges 650 and 651 from the IESO for GCC's peak demand at Strathcona TS on the Hydro One Transmission system are unchanged.

In the result, GCC effectively pays two sets of peak demand charges. However, the GCC demand on the provincial transmission system is the same as it would be without the STLT.

(b) *Global Adjustment volumetric charge.*

For the period of the STLT, GCC is charged a volumetrically allocated Class B customer portion of the Global Adjustment (GA) charged to Hydro One Distribution for the period during which the STLT occurred.

At the same time, GCC pays its regular (Class A) GA charge through its IESO settlements for the same period during which the STLT occurred.

In the result, for the period during which the STLT occurs, GCC pays twice for GA; once directly as a Class A customer, and a second time through allocation of Hydro One Distribution's GA allocation. GCC thus pays more than its share of GA.

Conclusion

17. The circumstances described above are analogous to those contemplated by Issue 4 herein:

In a month when a planned transmission outage occurs, a transmission customer that transfers its load to another of its delivery points is charged more than it would be if the outage did not occur. This is because transmission charges are based on the monthly peak at each delivery point.

18. These duplicative charges have, in the past, added in the range of \$100,000 per STLT occurrence on average annually to GCC's electricity bills, and multiples of that in years with multiple STLTs, as is anticipated by GCC in 2024 and 2025.

Bill Line Item	Bill quantity		Price	Amount (\$)
Electricity				
Electricity @ Spot Price	500,000	kWh	\$0.01	\$6,000
Global Adjustment Volumetric	500,000	kWh	\$0.08	\$40,000
Distribution Delivery				
Common ST Lines	10,000	kW	\$1.62	\$16,208
Retail Tx Rate - Trans. Connection	10,340	kW	\$2.33	\$24,058
Retail Tx Rate - Line Connection	10,340	kW	\$0.68	\$7,019
Retail Tx Rate - Network	10,340	kW	\$4.35	\$44,951
Regulatory Charges				
RRRP	500,000	kWh	\$0.0005	\$250
Wholesale Market Service Charge	500,000	kWh	\$0.0034	\$1,700



INVOICE

Mailing Address:

Hydro One Networks Inc.
483 BAY ST (ACCOUNTS RECEIVABLE UNIT - TCA8)
TORONTO, ON, M5G 2P5

Invoice No.: 3000371371
Customer Ref. No.: STLT 2022 Aug 3-5
Invoice Date: JAN 24, 2023
Due Date: FEB 23, 2023
Customer No.: 20036397
Payment Terms: Net 30

GLENCORE CANADA CORP ATTN: MARK PASSI, ENERGY MANAGER
2 LONGYEAR ROAD
FALCONBRIDGE, ON, P0M 1S0
CANADA

Interest on Late Payments: 19.56 % per year

GST/HST No.: 870865821RT0001

For Billing Enquiries, please call: 1-877-554-7344
Business Hours: 8:00am - 4:00pm Eastern Standard Time

Line Item No.	Description	Qty.	Unit Price	TOTAL
1	Cost of Power HST 13.00%	1.000	17,850.82	17,850.82 2,320.61
2	Transmission Network HST 13.00%	1.000	30,934.36	30,934.36 4,021.47
3	Transmission Connection HST 13.00%	1.000	21,386.43	21,386.43 2,780.24

Please note: Invoice is subject to Late Payment Interest Charges, if total payment is not received by due date.

Please return this portion with payment or write the complete invoice number on your cheque.		
Please send your payment to: HYDRO ONE NETWORKS INC. ACCOUNTS RECEIVABLE UNIT - TCA8 483 BAY ST., TORONTO, ON, M5G 2P5	Customer No.: 20036397 Customer Name: GLENCORE CANADA CORP ATTN: MARK PASSI, ENERGY MANAGER 2 LONGYEAR ROAD FALCONBRIDGE, ON, P0M 1S0 CANADA	Invoice No: 3000371371 Amount Due: \$ 94,350.99 Due Date: FEB 23, 2023 Amount Remitted: Date: _____

Please remit payment directly to address noted above. For payment through Visa/Mastercard, call 1-877-554-7344.
This invoice cannot be paid against your energy account via your financial institution or Internet banking.



Line Item No.	Description	Qty.	Unit Price	TOTAL
4	Wholesale Market Services Charge HST 13.00%	1.000	952.33	952.33 123.80
5	Global Adjustment HST 13.00%	1.000	1,218.50	1,218.50 158.41
6	Common ST Line Charge HST 13.00%	1.000	11,154.00	11,154.00 1,450.02
			Subtotal	83,496.44
			HST	10,854.55
			TOTAL	\$ 94,350.99

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