July 29th Information Session: Question #1 - Vulnerable Energy Consumers Coalition (VECC)

Question

When the Elenchus ETS model allocates OM&A, is it on network shared assets (not total assets)?

Response

The Elenchus ETS model allocates OM&A on total assets.

Changing the allocation of shared OM&A costs from total assets to network assets and following the same approach for shared OM&A of Network Dual function lines, Generation line connection and Generation transformation connection results in an ETS rate of $2.09/MWh for 2015 and $2.08/MWh for 2016, which compares to the base case ETS rate of $1.63 in 2015 and $1.62 in 2016.

The Elenchus model is a simple cost based model to determine the ETS rate. The change from allocating shared OM&A based on total assets is a refinement to the Elenchus model. There are other refinements to the model that could be done that result in a slightly lower ETS rate, for example, moving assets used primarily for imports from the dedicated to interconnect assets and into the shared network assets, (please see response to TCJ2.04).

July 29th Information Session: Question #2 - Vulnerable Energy Consumers Coalition (VECC)

Reference: Elenchus ETS study, Exhibit H1-05-01, Attachment p.14 and p.16

Question

Is it a coincidence that the "1-CP line" in table 4 (92.74% and 7.26%) is the same as the "network shared asset line" (92.74% and 7.26%) in table 6? Or is it an error?

Response

Yes, it is coincidence that the two values are the same in the two tables. Using more than 2 decimals result in different numbers.

July 29th Information Session: Question #3 - Vulnerable Energy Consumers Coalition (VECC)

Question

What is captured in "other amortization" in the model?

Response

The "other amortization" costs referred to in the ETS model are captured in the Transmission Amortization Expense Table (Exhibit C1, Tab 7, Schedule 1, Table 2 and section 3.1). The "other amortization" is allocated to the dedicated interconnection, dedicated domestic and shared network asset pools as shown under Tab I3 TB Data of the model based on the gross book value of the assets.

July 29th Information Session: Question #4 - Association of Power Producers of Ontario APPrO)

Reference: APPro IR #2

Question

Circuits D4Z and P33C in IR APPro #2 – please confirm whether these 2 circuits are used exclusively for import?

Please confirm, per APPrO IR#2, that circuits D4Z and P33C are used exclusively for import, **and if so, please explain why it is appropriate to allocate these costs to exports (i.e. included in the "dedicated assets")?**

Response

Circuits D4Z, P33C and X2Y are used primarily for imports. The impact of allocating these circuits to the shared network pool instead of to the dedicated to interconnect network pool is a reduction of $0.03/MWh and $0.04/MWh in the base case ETS rate in 2015 and 2016 respectively.

Elenchus model is a simple cost based model to determine the ETS rate. Removing these assets from dedicated to interconnect network pool and into shared network pool has minimal impact on the ETS results and Elenchus considers this change to be a possible refinement on the simple cost based model being proposed.

July 29th Information Session: Question #5 - Association of Power Producers of Ontario (APPrO)

Reference: VECC #11, part B

Question

Please confirm that the primary purpose of the Phase Shifter is to eliminate the Lake Erie circulation and to relieve congestion in Ontario. And also using this to import and export power is a secondary benefit.

Response

While the Ontario-Michigan Phase Shifters relieve conjestion in Ontario, they also provide the benefit of import capability and controlling the Laker Erie circulation effect. The import capability would not be achieved without controlling the Lake Erie circulation effect. Therefore the current treatment of Phase Shifters in the shared asset pool, is appropriate.

July 29th Information Session: Question #6 - Vulnerable Energy Consumers Coalition (VECC)

Reference: VECC #11, part B

Question

What costs are included in the revenue requirement (and where) for the Niagara reinforcement project?

Response

The construction of the Niagara Reinforcement Project is currently on hold due to the Caledonia dispute. The total Construction Work in Progress for this project is approximately $100 million. In EB-2006-0501 the Board decided to allow Hydro One to expense – rather than capitalize – the AFUDC, or carrying costs, associated with the project based on the actual expenditures made to date. This translates into $5 million in revenue requirement in this rate application as shown in Exhibit E1, Tab 1, Schedule 1, Table 1. The uplift in debt costs was added across all asset categories. Approximately $30,000 is assigned to the dedicated interconnection asset pool. The remainder is assigned to the shared asset and dedicated domestic pools.

July 29th Information Session: Question #7 - Energy Probe Research Foundation (EP)

Question

Please ask the IESO if there is an update to the rates in neighboring jurisdictions and the reciprocity information.

Response

The IESO has confirmed the most recent information they have in regards to rates in neighbouring jurisdictions and reciprocity is what was presented in Hydro One's last transmission rates proceeding, EB-2012-0031, Exhibit H1, Tab 5, Schedule 2, Appendix B.