DEMANDE DE RENSEIGNEMENTS NUMÉRO 1
DU TRANSPORTEUR AU REGROUPEMENT NATIONAL DES CONSEILS RÉGIONAUX DE L'ENVIRONNEMENT DU QUÉBEC (RNCREQ) ET À L'UNION DES MUNICIPALITÉS DU QUÉBEC (UMQ)

DEMANDE DE RENSEIGNEMENTS NUMÉRO 1 DU TRANSPORTEUR AU REGROUPEMENT NATIONAL DES CONSEILS RÉGIONAUX DE L'ENVIRONNEMENT DU QUÉBEC (RNCREQ) RELATIVE À LA DEMANDE R-3549-2004 – PHASE 2

1. Référence : i) Testimony of Philip Raphals, pages 36-37.

Préambule :

i) « *The solution proposed by FERC is to increase the bandwidth to 10%, and to prescribe that the charges outside of this bandwidth be cost-based (using the traditional 110%-90% approach).* »

ii) « *For these reasons, we recommend that Régie establish a Intermittent Generator Imbalance Service, similar to that proposed by FERC in the NOPR mentioned above.* »

Demandes :

1.1 Veuillez indiquer s'il existe actuellement des transporteurs qui appliquent le service d'écart de réception à la production éolienne de ± 10 %, tel que vous le proposez en préambule.

1.2 Dans l'affirmative à la question 1.1, de quels transporteurs s'agit-il ?

1.3 Dans l'affirmative à la question 1.1, veuillez décrire précisément d'où provient l'électricité livrée par le transporteur a son client lorsque surviennent des écarts de réception d'une telle ampleur ?

1.4 Dans l'affirmative à la question 1.1, qui assume le coût de ces écarts ?

1.5 Compte tenu du fait que le Transporteur ne possède, ni n'achète aucune source d'électricité lui permettant de combler les écarts de réception à l'intérieur de la marge d'écart de ±10 % que vous proposez, de quelle(s) source(s) proviendraient les déficits d'électricité à l'intérieur de la marge d'écart de ±10 % ?

1.6 Qui devrait alors en assumer le coût ?

Demandes de renseignements du Dr. Ren Orans

2. Référence : i) Testimony of Philip Raphals, pages 16-17.

Préambule :

i) « *In order for a discount mechanism to effectively increase point to point revenues by increasing transactions originating in regions without hourly markets, the discount formula must take into account a realistic cost basis for each client against which the profitability of additional transactions should be measured. For thermal generators, this would normally be the marginal generation cost. For HQP, it would be a figure that represents its cost basis for buy-sell transactions.*[26]

We propose therefore that these cost bases be fixed by the Régie on a case-by-case basis, on application by the transmission customer.

Thus, the proposed formula (1) could still be applied. However, in the case of transactions originating in regions without hourly markets, the value PA would be based not on the hourly market price in a remote market, but on a client-specific cost basis fixed by the Régie. Application for setting a cost basis would of course be entirely voluntary, but without it the transmission customer would not be eligible for point to point discounts.

For thermal generators, the cost basis would probably be based on their marginal generating cost. For HQP, the cost basis should probably be based on its average purchase price for its off-peak purchases from neighbouring grids, averaged over an appropriate time period. In both cases, it would be up to the transmission client to persuade TransÉnergie and the Régie that its proposed cost basis provides a realistic picture of its incentives for additional transactions.

[26] *While it is tempting to characterize this category as "hydro generators with significant storage," HQP is uniquely positioned to carry out buy-sell transactions without having to pay two point to point tariffs, because of its heritage contract with HQD.*»

Demandes :

2.1 Are you aware of other jurisdictions that relies on FERC's open Access Transmission Tariff (OATT) that offers transmission discounts based on the marginal operating costs of the generator requesting service? If yes, please provide a reference to these jurisdictions.

2.2 Is your discounting proposal consistent with FERC's discounting policy that the same discount be offered to all customers seeking to

use the same unconstrained path that go to the same point(s) of delivery (FERC Order 888A)?

2.3 How would the Régie determine the "client specific cost basis" of each generator under your proposal and how often would it be updated?

2.4 How would the marginal costs of generation be determined for generators with the capability to store fuel?

2.5 Would marketers or load service entities be eligible for discounts under your proposal?

3. Référence : i) Testimony of Philip Raphals, page 17.

Préambule :

i) « *With respect to HQ Production, there is a real likelihood of significant revenue losses for transactions that would have taken place without the discount, both for net export sales and for buysell transactions. While it is possible that the discount will lead to some additional buy-sell transactions, no evidence has been presented to suggest that transmission tariffs are in fact a limiting factor in these sales.*

In the light of these findings, we present the following recommendations :

Quantum. For transactions eligible for the discount, the quantum should be increased to allow greater than zero profitability for the resulting transaction. Affected transmission customers should be consulted with respect to a formula for sharing residual profitability that will provide real incentives for additional transactions.

Eligibility. For transactions originating in regions with hourly markets, the rebate should be calculated based on the parameters proposed by TransÉnergie. However, transactions originating in regions without hourly markets should not be eligible for discounts under this formula, unless a customer-specific cost basis that adequately reflects the customer's marginal cost for additional point to point transactions has been approved by the Régie. »

Demandes :

3.1 Under your proposal, what level of profitability would be required to provide “real incentives?”

3.2 Would the calculation of profitability require knowledge of the generators marginal costs of generation?

3.3 Under what circumstances would HQP be eligible for discounts under your proposal?

3.4 Please describe how your proposal supports or does not support efficient dispatch of generation resources?

3.5 Do you consider it to be discriminatory to charge low cost generators higher transmission costs than higher cost generators?