

**RESPONSE TO QUESTIONS 6.5 AND 6.6 OF  
THE REQUEST FOR INFORMATION No. 1  
PRESENTED BEFORE THE RÉGIE BY  
REGROUPEMENT NATIONAL DES CONSEILS  
RÉGIONAUX DE L'ENVIRONNEMENT DU QUÉBEC AND  
UNION DES CONSOMMATEURS**



**RESPONSE TO QUESTIONS 6.5 AND 6.6 OF THE REQUEST FOR INFORMATION NO. 1  
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1. I am asked to answer the following questions:

**R6.5.** Does the Transmission Provider's planning process comply with the principles and other requirements of Order 890, described in paragraphs 444 ff.? If it does, please specify how the Transmission Provider's process meets the FERC's requirements. If it does not, please indicate exactly why the Transmission Provider considers that it should not modify its planning process so as to meet the said requirements, in regard to the following components:

6.5.1 Coordination (§445 to 454)

6.5.2 Openness (§455 to 460)

6.5.3 Transparency (§461 to 479)

6.5.4 Information Exchange (§480 to 488)

6.5.5 Comparability (§489 to 495)

6.5.6 Dispute Resolution (§496 to 503)

6.5.7 Regional Participation (§504 to 528)

6.5.8 Economic Planning Studies (§529 to 551)

6.5.9 Cost Allocation for New Projects (§552 to 561)

6.5.10 Independent Third-Party Coordinator (§562 to 568)

6.5.11 State Commission Participation (§569 to 575)

6.5.12 Flexibility in Implementation (§576 to 582)

6.5.13 Recovery of Planning Costs (§583 to 586)

6.5.14 Open Season for Joint Ownership (§587 to 594)

6.5.15 Specific Study Processes Beyond Reliability and  
Congestion Reduction (§595 to 599)

6.5.16 Level of Detail in OATT (§600 to 602)

**R6.6.** Please specify, for each of the components mentioned in paragraph 602 of Order 890, why the Transmission Provider does not consider that such component should be included in its Rates and Conditions.

## I. INTRODUCTION

2. In my rebuttal testimony of July 3<sup>rd</sup>, 2009 focussing on the U.S. FERC Order 890, which requires that jurisdictional U.S. transmission providers provide a description of their coordinated, open and transparent transmission planning process as an Attachment K to their Open Access Transmission Tariff ("OATT"), I arrived at a number of conclusions, including the following:<sup>1</sup>
  - (a) Order 890 was part of a multi-pronged effort to resolve U.S. transmission problems in light of the 2003 blackout, a galvanizing event in the history of the U.S. power industry;
  - (b) FERC believed there to be a need for Attachment K for two reasons. The first and primary reason was that acute U.S. transmission problems could, in part, be solved by improved planning. The problems included: (1) insufficient transmission investment, (2) significant transmission congestion, (3) reliability problems and (4) the lack of coordination. The second reason was, in FERC's view, that inadequate planning might facilitate discrimination by transmission providers. In other words, U.S. grid conditions and deficiencies were the causes of ordering Attachment K filings in the U.S.;
  - (c) There are major differences between the situation of U.S. utilities and TransEnergie, and also between TransEnergie and other Canadian transmission providers, including differences regarding transmission congestion, transmission investment, the number of key regulators, transmission providers and independent power producers (IPPs), in addition to the characteristics of TransEnergie's Interconnection as a separate Interconnection performing Interconnection planning;
  - (d) For the reasons discussed more fully in my July 3<sup>rd</sup> Testimony, it is not necessary to add an Attachment K to TransEnergie OATT to achieve a well-functioning planning system, to improve the existing process or to meet the requirements for reciprocity; and
  - (e) Components of TransEnergie's current transmission planning processes reviewed in my July 3<sup>rd</sup> Testimony, when compared to U.S. utilities, provide for transmission planning equal to or superior in terms of meeting the goals of coordinated, open and transparent planning.
3. In light of these conclusions, I do not believe that TransEnergie has to adopt Attachment K or modify its existing planning process, as suggested by questions 6.5 and 6.6, to offer open and comparable access to its transmission system.
4. Given the breadth of questions 6.5 and 6.6 however, it might be helpful to particularize my response on certain points and draw the Regie's attention to certain additional elements of relevance to these questions.
5. To this end, I will organize my response around the following statements:

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<sup>1</sup> Exhibit HQT-12, p. 10-13, 23, 28 and 52.

- (a) Why is it not necessary for TransEnergie to adopt Attachment K in order to offer open and comparable access to its transmission system.
- (b) Even assuming, for purposes of discussion, that the reasons for which FERC believed there was a need for Attachment K apply to the TransEnergie system, which is not the case, why do the various elements of TransEnergie's actual planning processes, when combined, given TransEnergie's unique situation and the regulatory environment in which it operates, allow TransEnergie to offer coordinated, open and transparent planning that is comparable to Attachment K.

**II. WHY IS IT NOT NECESSARY FOR TRANSENERGIE TO ADOPT ATTACHMENT K IN ORDER TO OFFER OPEN AND COMPARABLE ACCESS TO ITS TRANSMISSION SYSTEM.**

- 6. TransEnergie is not regulated by FERC and is not obligated to file Attachment K under U.S. FERC Order 890 principles and other requirements.<sup>2</sup> Thus, the premise of question 6.5 "*does TransEnergie comply with the requirements and principles*", namely that TransEnergie is obligated to comply with and file Attachment K, is incorrect.
- 7. The failures discussed below do not exist for TransEnergie and the Regie does not have to fix U.S. problems. TransEnergie is successfully providing open and comparable access service. It is an important principle that the Regie ensures that reciprocity is not misused even inadvertently to achieve goals of FERC that exceed the requirements for open and comparable access and that are inapplicable to TransEnergie's situation.
- 8. As stated above, there were two types of U.S. failures that resulted in Attachment K and the additional requirements for entities regulated by FERC. First, FERC was concerned about acute U.S. transmission system deficiencies, namely: (1) the lack of transmission investment by transmission providers, (2) the existence of significant and recurring congestion on the transmission system, (3) the existence of reliability problems, and (4) the lack of coordination among components of the interconnected transmission system.
- 9. Second, FERC was concerned that U.S. transmission planning lacked transparency and would use transmission planning to discriminate against unaffiliated companies. One consequence of the discrimination would be the lack of transmission and the other problems identified above. Another consequence would be higher prices for power.
- 10. My views in support of this first statement and the answer to questions 6.5 and 6.6 are directly associated with the issues of transmission congestion, transmission investments, transparency and coordination mechanisms.

**A. THE ABSENCE OF CONGESTION WITHIN TRANSENERGIE'S TRANSMISSION SYSTEM**

- 11. A key aspect of potential discrimination discussed in Order 890 is the existence of "significant and recurring congestion".<sup>3</sup> Thus, it is necessary to understand whether there is "significant and recurring congestion" within the TransEnergie Interconnection when assessing the potential for discrimination and the type of coordinated, open and transparent transmission planning needed.

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<sup>2</sup> Exhibit HQT-12, p. 6.

<sup>3</sup> Order 890, par. 534 and 535.

**1. TransEnergie’s design criteria based on the absence of congestion**

**(a) The HQT Point configuration**

12. I understand that TransEnergie’s network is strongly radial and is based along high voltage lines connecting large remote hydro production centers to a major load center located in the southern part of Quebec, mainly in the Montréal region. It is also electrically isolated from the neighbouring systems as it is not synchronised with them. Providing for the local load therefore relies on the ability to reliably transfer power from remote generation without being able to rely on instantaneous support from neighbouring systems. As a consequence, I am told that TransEnergie’s network has been developed to avoid congestion on the main system in order to be able to provide reliable service to the Quebec local load at all times using generation sources situated on its system.<sup>4</sup>
13. The absence of congestion is demonstrated in Table 1 entitled “Transmission System Use Rate in 2008”. Regardless of the month or the service, the system never reaches a 100% of capability. Peak demand is assumed to be at very high levels and transmission capacity is determined through simulations under N-0 conditions, i.e., with all transmission facilities in service.<sup>5</sup>

**Table 1  
Transmission System Use Rate in 2008**

	<b>Native load</b>	<b>Overall (native load and point to point)</b>
<b>January</b>	90.3%	96.7%
<b>February</b>	84.7%	95.4%
<b>March</b>	76.9%	87.4%
<b>April</b>	70.3%	81.8%
<b>May</b>	59.6%	67.7%
<b>June</b>	52.3%	64.4%
<b>July</b>	54.7%	65.4%
<b>August</b>	54.0%	65.7%
<b>September</b>	55.6%	67.1%
<b>October</b>	65.9%	72.5%
<b>November</b>	73.8%	84.7%
<b>December</b>	85.3%	90.6%

14. As explained by TransEnergie, its planning criteria call for no congestion under normal events (e.g., all facilities are in operation, also referred to as N-0 conditions):

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<sup>4</sup> Exhibit HQT-27 titled “HQT Point”, prepared by TransEnergie, December 2008.

<sup>5</sup> Transmission System Planning, Exhibit HQT-20, p. 13.

Normal events are those which the system must handle regularly with no loss of load. The criteria addressing such events set out the level of robustness the system must have in order to meet transmission needs securely while providing the expected quality of service. Complying with these criteria involves adding facilities to the existing system structure, thus modifying the system architecture.

Off-normal events are more extreme and less probable than normal events. They cannot be covered at all times unless considerable investments are made to increase considerably system robustness. To deal with such events, the Transmission Provider uses special protection systems, such as generation rejection and load shedding, to limit system degradation.<sup>6</sup>

**(b) NPCC Process**

15. TransEnergie is a participant in the Northeast Power Coordinating Council (NPCC) reliability assessment process. Therefore, TransEnergie provides planning information to the NPCC which is available to NPCC members,<sup>7</sup> including detailed information on its design criterion. I understand that TransEnergie is subject to audits by NPCC which confirm the absence of congestion on the TransEnergie system under normal conditions.

**2. The TLR Log confirms the absence of congestion**

16. The Transmission Loading Relief (TLR) Log describes instances in which TransEnergie had to undertake actions to prevent system overloads.
17. Our analysis of the loading relief on TransEnergie system limits with or without curtailment of service for the period of June 1<sup>st</sup>, 2009 to May 31<sup>st</sup>, 2010<sup>8</sup> confirms that internal congestion (i.e. not involving Interconnection interties) was limited to a few situations in which contingencies had occurred, i.e. one or more system elements were not available due to maintenance or equipment failure, and the instances of required relief were rare. In no case did congestion within TransEnergie result in curtailment of firm point to point service and hence, the required relief was minor system adjustments.
18. Planning criterion to have no internal congestion under N-0 conditions, i.e. with all transmission facilities in service, is unique to TransEnergie. None of the three major Interconnections in North America (the Eastern Interconnect, the Western Electric Coordinating Council (WECC), and the Electric Reliability Council of Texas (ERCOT)) has such a demanding planning criterion.

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<sup>6</sup> Transmission System Planning, Exhibit HQT-20, p. 8.

<sup>7</sup> Procedures for System Modeling: Data Requirements & Facility Ratings, NPCC, March 2007, Exhibit HQT-26.

<sup>8</sup> Exhibit HQT-15.

### **3. Implications of the absence of significant and recurring congestion**

19. The absence of “significant and recurring congestion” eliminates one of the key predicates to Order 890 and the need for its provisions designed to ameliorate this problem.<sup>9</sup>
20. It also eliminates the need for economic planning studies and cost allocation procedures as raised by Order 890.
21. Furthermore, the absence of congestion confirms the adequacy of TransEnergie investment in its transmission grid.

### **B. AN ADEQUATE LEVEL OF AUTHORIZED INVESTMENTS**

#### **1. The investment projects on TransEnergie’s network and comparison with the situation in the U.S.**

##### **(a) TransEnergie’s investments since 2002**

22. I understand that TransEnergie is subject to the authority of the Régie when performing electric power transmission activities. Under Section 73 of the Act Respecting the Régie de l’énergie, TransEnergie must obtain the authorization of the Régie to acquire, build or dispose of power transmission assets or to expand or modify the use of the transmission system.<sup>10</sup>
23. I am informed that since 2002, capital projects in transmission representing investments of \$7.70 Billion on TransEnergie’s network have been approved by the Régie.<sup>11</sup> This corresponds to an investment average of \$24/KW of peak load.
24. The approved investments for the period of 2006 to 2010 correspond to an investment level of \$31/kW, which is higher than the previous projection of \$26/kW, as analyzed in my July 3<sup>rd</sup> Testimony.<sup>12</sup> These new figures even increase the gap between the historical level of investments in the U.S. compared with the situation of TransEnergie. Both the \$26/kW and the \$31/kW of TransEnergie 2006 to 2010 transmission investment exceed the \$11/kW in US transmission investment in the last year of data available to FERC when it initiated the FERC Order 890 process and the \$18/kW of US transmission investment for 2006 to 2010 analyzed in my July 3<sup>rd</sup> Testimony.<sup>13</sup>

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<sup>9</sup> See paragraphs 534 and 535 of Order 890.

<sup>10</sup> Process for Approval of Capital Projects by the Régie de l’énergie, Exhibit HQT-18. The web link to the *Act Respecting the Régie de l’énergie*:

[http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=2&file=/R\\_6\\_01/R6\\_01\\_A.html](http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=2&file=/R_6_01/R6_01_A.html);

The web link to the *Regulation respecting the conditions and cases where authorization is required from the Régie de l’énergie*:

[http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=3&file=/R\\_6\\_01/R6\\_01R2\\_A.HTM](http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=3&file=/R_6_01/R6_01R2_A.HTM).

<sup>11</sup> Capital Projects in Transmission, Exhibit HQT-16.

<sup>12</sup> July 3<sup>rd</sup> Testimony, p. 50.

<sup>13</sup> July 3<sup>rd</sup> Testimony, p. 30-32

**(b) Hydro-Québec Strategic Plan 2009-2013**

25. I understand that TransEnergie presents its strategic plan for approval to a parliamentary commission composed of elected representatives. This open review by elected officials is a public process during which interested persons may participate.<sup>14</sup>
26. The 2009-2013 Strategic Plan of Hydro-Québec confirms that investments totalling \$7.822 Billion are projected by TransEnergie for the same period, including \$4.1 Billion for transmission capacity increase to meet customer's needs.<sup>15</sup>
27. This projection for 2009 to 2013 corresponds to an additional increase in the investment capital projects in transmission on the TransEnergie's network. The 2009 to 2013 projection of \$42/KW is even higher than the earlier periods. The most recent projected US transmission investment over the 2009 to 2013 period is \$22/KW or slightly more than one-half TransEnergie's investment level.<sup>16</sup>
28. In sum, the adequacy of transmission investment by TransEnergie eliminates another key predicate to Order 890 and the need for its provisions designed to ameliorate the lack of investment. The adequacy of investment also establishes that TransEnergie meets the comparability requirements of Order 890 in that all transmission service requests are being fulfilled.

**C. MEASURES IN PLACE ENSURING TRANSPARENCY**

**1. Information provided by TransEnergie on network planning**

**(a) Authorization Process under Section 73 of the Act**

29. As mentioned above, investment made by TransEnergie on its transmission system is subject to the Regie's authorization. I understand that in cases where a customer's transmission service request necessitates additions to the system, the process of seeking the Regie's authorization is preceded by a System Impact Study and a Facilities Study as required in TransEnergie OATT.<sup>17</sup>
30. To obtain the Regie's authorization, TransEnergie must meet specific conditions and provide information as required in the Regulation respecting the conditions and cases where authorization is required from the Regie de l'énergie.<sup>18</sup> These conditions and information are different depending on whether the projects are worth \$25 million or more, in which case they are studied individually, or they are worth less than \$25 million, in which case they are grouped together and studied by investment category:<sup>19</sup>

**(i) Projects worth \$25 million or more:**

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<sup>14</sup> See the *Hydro-Quebec Act*, Section 11.13.

<sup>15</sup> HQ's Strategic Plan 2009-2013, Exhibit HQT-17, p. 37 and 41.

<sup>16</sup> EEI 2009 Financial Review Plus 2010 Developments, Annual Report of the US Shareholder Owned Electric Utility Industry. p. 58; NERC Energy Supply and Demand

<sup>17</sup> Process for Approval of Capital Projects by the Régie de l'énergie, Exhibit HQT-18.

<sup>18</sup> Regulation respecting the conditions and cases where authorization is required from the Regie de l'énergie; Exhibit HQT-18.

<sup>19</sup> Exhibit HQT-18.

These projects are filed individually and studied individually by the Regie. All requests for authorization of such projects by HQT must be accompanied by the following information:

- (1) the project objectives;
- (2) the project description;
- (3) the justification of the project with regard to the objectives;
- (4) the project costs;
- (5) the project feasibility study;
- (6) the list of authorizations required under other laws;
- (7) the impact on the rates including a sensitivity analysis;
- (8) the impact on the reliability of the electric power transmission system and on the quality of the electric power transmission service;
- (9) any other solutions contemplated, which must include the information referred to in the preceding paragraphs;
- (10) according to the nature of the project, the list of the principal technical standards applicable to the project;
- (11) the contractual commitments of the consumers of the service and their financial contributions, where applicable.

**(ii) Projects worth less than \$25 million:**

In accordance with the Regulation, investments related to projects worth less than \$25 million are presented by investment category (without project-by-project breakdown). The categories used by HQT are as follows:

- (1) Asset sustainment;
- (2) System quality improvements;
- (3) Compliance with standards and requirements;
- (4) Growth of the needs of HQT's clientele.

All such requests for authorization must include the following information:

- (1) the descriptive summary of the investments and their objectives;
- (2) the costs based on the investment category;

- (3) the justification of the investments with regard to the objectives;
  - (4) the impact on rates;
  - (5) the impact on the reliability of the electric power transmission system and the quality of the electric power transmission service.<sup>20</sup>
31. This process is separate from, and supplemental to tariff cases. It is a review that is open to interested persons and that allows intervenors from both inside and outside Quebec with interests in TransEnergie transmission investment. This process provided by law allows for examination of witnesses. The process is subject to public notice. Transmission investments and plans are subject to challenge by intervenors.
32. I understand that requests for approval of the TransEnergie's capital projects are posted on the Web site of the Regie under Section 4 of the Rules respecting the procedure of the Regie.
33. I also understand that:<sup>21</sup>
- (a) Any interested party may apply to the Regie for status as an intervenor in hearings on the TransEnergie's requests for approval of capital projects. Any other interested party may also file written observations on any issue pending before the Regie;
  - (b) Intervention of interested parties in these hearings is regularly allowed, in cases where the relevance of the interested party's contribution to the study of the file is shown, given the party's area of competency.
  - (c) Authorized intervenors participate in the hearings. They receive copies of the evidence filed by TransEnergie in support of its request. They may access documents and information identified as confidential by the Regie according to the provisions it sets forth, including the execution of a confidentiality agreement, and they may submit written requests to TransEnergie to obtain additional details on the evidence.
  - (d) Authorized intervenors also obtain the information relevant to the evaluation of the capital project, including the power flow diagrams, information about the project's impact on rates and on the quality of transmission service, information about alternative solutions that were considered but rejected by the TransEnergie, etc.
34. As stated above, the Regie has the power to issue orders to protect confidential information from disclosure to intervenors and third parties under conditions it sees fit.<sup>22</sup> This process strikes the right balance between the desire for openness and transparency and the need to protect confidential information. It provides the equivalent

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<sup>20</sup> Section 5 of the Regulation.

<sup>21</sup> Exhibit HQT-18, p. 6 and 7.

<sup>22</sup> Section 33 of the Rules respecting the procedure of the Régie de l'énergie.

of protection of confidential information and CEII (Critical Energy Infrastructure Information) consistent with FERC Order 890.

35. I am told that any party intervening in this process can ask the Regie for the recovery of its costs provided a budget is submitted and that the Regie itself can recover its costs from TransEnergie.<sup>23</sup>

**(b) Rate cases and aspect of network planning**

36. In addition to Section 73 review, TransEnergie's OATT is subject to frequent open rate cases in a public and open process. Evidence of this appears from the list of Rate Cases Application since 2001.<sup>24</sup>
37. Since 2000, there is a Transmission System Planning Description as part of TransEnergie's filing.<sup>25</sup>
38. Such planning description provides information on system design and planning approach, transmission system growth, capital projects and commissionings projected over a ten-year horizon.<sup>26</sup>
39. This process is also an open process subject to public notice.<sup>27</sup> Parties may intervene in this process in a manner similar to the authorization process under Section 73 and challenge recovery of transmission investments and operation and maintenance costs providing an additional avenue for input to the process. Intervenors can request additional information and documents explaining TransEnergie's plans via request for information and questions to witnesses.
40. As in the authorization process, I am told that parties can ask the Regie for the recovery of their costs<sup>28</sup> provided a budget is submitted.
41. In conclusion, this is a second process that provides stakeholders the opportunity to participate in the transmission planning process in an open and transparent manner under the Regie's overall control.

**(c) Filing Guidelines before the Regie**

42. It appears that the Regie has produced a document titled *Guide de dépôt pour Hydro-Québec dans ses activités de transport d'électricité*.<sup>29</sup> These filing guidelines apply to all requests for authorization of capital projects and rate cases.
43. It appears that for a project worth \$25 million or more, TransEnergie must describe alternatives considered to meet the objectives pursued and their advantages and drawbacks. It must also compare technical and economic studies and analyses that led

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<sup>23</sup> Sections 36 of the Act and 35 of the Rules respecting the procedure of the Régie de l'énergie.

<sup>24</sup> System Planning and Rate Cases, Exhibit HQT-19.

<sup>25</sup> Exhibit HQT-19.

<sup>26</sup> Transmission System Planning, Exhibit HQT-20.

<sup>27</sup> Act respecting the Régie de l'énergie, Section 25.

<sup>28</sup> Sections 36 of the Act and 35 of the Rules respecting the procedure of the Régie de l'énergie.

<sup>29</sup> Process for Approval of Capital Projects by the Régie de l'énergie, Exhibit HQT-18.

to the choice of the project submitted for approval, along with single-line diagrams, relevant power flow diagrams and results of such project.

44. In short, considering the above, I find that the existing process has numerous opportunities for stakeholders to participate in an open and transparent planning process. Indeed, the process provides a level of redundancy that underlines a commitment to ensure that parties have the opportunity to have input and participate meaningfully in transmission planning. This redundancy includes the two processes (investment authorization and tariff cases) plus others discussed below, and the multiplicity of funded parties. This process meets or exceeds the Order 890 requirements with respect to the requirements for openness and transparency.
45. The Regie has consciously exercised its powers and assumed its responsibility for determining the proper implementation and goals with respect to either reliability or transmission planning.

**(d) NPCC planning process**

46. TransEnergie is a member of the NPCC. NPCC is one of the Regional Entities that has a delegation from the Electrical Reliability Organization (ERO) to perform some tasks associated with compliance monitoring and enforcement of reliability. The North American Electric Reliability Corporation (NERC) was designated as the ERO. NPCC includes the regions of Ontario, Quebec, New Brunswick, New York and New England. These entities are more specifically concerned about reliability issues.
47. As such, TransEnergie must satisfy its obligations as a member and consequently provide transmission planning information, including load flow information, planning criteria, basic methodology and processes. It must also identify planned upgrades and their status, monitored contingencies and the software used by TransEnergie. Such information is required to replicate the results of planning studies.
48. I understand that TransEnergie is complying with its obligations and is providing the right stakeholders with the right information.
49. NPCC provides an environment requiring members to participate in various task forces, working groups and other forums and to exchange information concerning transmission systems and the associated planning.
50. It is worth adding that NPCC reviews the transmission system, operations, planning and associated functions. This further underlines the transparency, openness and coordinated aspect of the NPCC process in which TransEnergie is participating.
51. In sum, the NPCC is another example of an already existing process providing for open and transparent transmission planning of the TransEnergie system. Stakeholders seeking to meaningfully participate in open and transparent planning also have this NPCC process available to them that helps facilitate coordination with other regions.

**(e) Consultation process on environmental impact**

52. I understand that Hydro-Québec's major projects are submitted to a mandatory environmental impact assessment and review process, which may trigger the intervention of the *Bureau d'audiences publiques sur l'environnement*, an independent body responsible for consulting stakeholders with respect to such projects. The

regulation provides that the environmental impact assessment that must be prepared by Hydro-Quebec must contain a description of the various options to the project put forth, including the project's location, the means and methods for carrying out and developing the project and the reasons justifying the option chosen.<sup>30</sup>

53. More specifically, I refer to the document "Environmental Impact Assessment Process"<sup>31</sup> describing the various steps of the consultation process, including the fact that the environmental impact assessment statement is made public, that the proponent of the project is given instructions to initiate the public information and consultation phase with respect to the project, that the file of any project subject to the environmental impact assessment and review process is made available to the public at reference centers in Quebec and Montréal and at a reference center in the region where the project is likely to be undertaken, and that public hearings ordered by the Minister are announced by means of a press release and notice on the Bureau's web-site as well as through a notice published in a daily and a weekly newspaper circulated in the region where the project is likely to be carried out, and in a daily newspaper in Quebec and in Montréal.
54. I am also told that Hydro-Québec regularly holds prior consultations with intervenors likely to be affected by one of its projects.
55. This provides another opportunity for input into the planning process and coordination.

**(f) Exploratory Studies relating to the connection of generating stations**

56. Under Section 12A.5 of TransEnergie's OATT, exploratory studies relating to the connection of generation stations is provided. Under this process, a "rough idea" of the feasibility of connecting planned generating station is provided. The purpose of the study is to provide an approximate parameter estimate of a single connection scenario.
57. The exploratory analysis is open to stakeholders and the costs are smaller (\$5,000) than for the performance of a regular System Impact Study.<sup>32</sup>
58. This process gives the opportunity to stakeholders to investigate for a nominal fee alternative transmission scenarios and to obtain transmission system planning information. This is an example of the extent to which the TransEnergie planning process is open and transparent.

**(g) Complaint Process**

59. It appears from TransEnergie OATT that it is also subject to an open complaint process for any matters not resolved satisfactorily regarding the application of a tariff or an electricity transmission condition. The complaint is first addressed to TransEnergie's Marketing Director, who has 60 days following receipt of the written complaint to send TransEnergie's position and the reasons justifying it.
60. If the complainant is not satisfied with the result, he may file a complaint before the Regie.<sup>33</sup> A fast track procedure is also available for urgent questions regarding a

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<sup>30</sup> Environmental Impact Assessment Process, Exhibit HQT-22.

<sup>31</sup> Exhibit HQT-22.

<sup>32</sup> Section 12A.5 of the TransEnergie OATT.

<sup>33</sup> Procedure for examining complaints from Hydro-Quebec TransEnergie's clients, Exhibit HQT-23.

rejected request for transmission service under certain circumstances subject to a five-working day delay for TransEnergie to provide its answer to the complaint.

61. This complaint process provides a review of TransEnergie's decision, including transmission planning decisions, and ensures an open and transparent process. In addition, it demonstrates that the process provides for timely oversight, comparability and dispute resolution.

**(h) TransEnergie's neighboring systems discussion on planning and operation**

62. TransEnergie is also involved in discussions on planning and operation with its neighboring systems as is more fully detailed in Sections II.A.1.(b), II.C.1.(d) and II.D.3. This is additional evidence that TransEnergie is providing the right stakeholders with the appropriate planning and related information.

**(i) TransEnergie's Code of Conduct**

63. TransEnergie's Code of Conduct is intended to prevent any form of preferential treatment toward its affiliates by controlling behaviour and the exchange of employees and information.<sup>34</sup>
64. Section 4.18 of this Code confirms that transmission services provided by TransEnergie shall be in accordance with its OATT, that applications for transmission service submitted to TransEnergie by its affiliates shall be treated the same way as applications by non-affiliated customers and that TransEnergie shall apply its OATT to its affiliates the same way as to non-affiliated transmission customers.<sup>35</sup>
65. These restrictions on TransEnergie's conduct aim to ensure open and comparable provision of transmission services, including transmission planning.

**(j) System Impact Study Process**

66. TransEnergie OATT establishes procedures for system impact studies (SIS) and provision of comparable transmission service, including for point to point service.<sup>36</sup>
67. The SIS process allows for detailed studies of the TransEnergie grid and coordination between stakeholders requesting the studies and TransEnergie planners.
68. The content and scope of a SIS is described in Section 19 and Attachment D of TransEnergie OATT.
69. Copies of SIS are available to interested stakeholders upon request, at no charge.
70. I am told that no request for service has been rejected by TransEnergie and no complaint related to SIS or provision of service has been upheld against TransEnergie by the Regie.

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<sup>34</sup> Transmission Provider Code of Conduct, Exhibit HQT-25, Section 3.1.

<sup>35</sup> Exhibit HQT-25.

<sup>36</sup> Section 19 of the TransEnergie OATT.

**D. EXISTING COORDINATION MECHANISMS**

71. The purpose of coordination in Order 890 is that within each regional grid transmission providers, state regulators, transmission customers and other stakeholders can participate in planning and that there be no discrimination in the provision of service.
72. In implementing coordination measures, flexibility should be given to each transmission provider to craft coordination requirements adapted to their situation and that of their stakeholders.<sup>37</sup>

**1. Coordination among Transmission Providers**

73. In terms of coordination with Transmission Providers within the Interconnection, TransEnergie already meets Order 890's requirement. Indeed, TransEnergie has met this requirement as well if not better than any other of the 8 or 10 regional grids in the U.S.<sup>38</sup>
74. TransEnergie coordination requirements necessarily reflect its unique situation relative to the rest of North America. Namely, TransEnergie is the only major transmission provider in Quebec and hence, cannot have major problems coordinating with other transmission providers within its Interconnection.
75. I understand that TransEnergie owns nearly the totality of the transmission in Quebec. TransEnergie's system has only one sub-region; indeed it is modeled as a single point (the "HQT Point") due to the absence of internal congestion.
76. TransEnergie is more than its own region: it is its own asynchronous Interconnection.<sup>39</sup> There are no other major Interconnections in North America with only one major transmission provider with anything close to owning almost all of the transmission. TransEnergie is not part of the same Interconnection as its contiguous geographic neighbors such as Ontario, New Brunswick, New York and New England.
77. Under Order 890, the primary coordination issue to be addressed is coordination within the Interconnection. In fact, in the discussion of regional coordination, there is no discussion of Interconnection to Interconnection coordination, but coordination among sub-regional grid components.<sup>40</sup>

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<sup>37</sup> FERC Order 890, para. 451, 452, 576 to 582.

<sup>38</sup> Exhibit HQT-12, p. 26

<sup>39</sup> HQT-12, p. 10. As I stated in my testimony, Interconnection refers to a synchronous transmission system. Movement between Interconnections requires conversions of power from AC to DC and then back to AC.

<sup>40</sup> This type of coordination represents the largest single section in the Commission's determination of Order 890. While this discussion is under the section on regional participation, it obviously bears on the requirements for coordination among transmission providers. Also, the example of the Western Electricity Coordinating Council (WECC) treatment by FERC as a single Interconnection is instructive, specifically considering that there is no discussion of coordination between WECC and other Interconnections but rather among the established sub-regions of WECC. TransEnergie's Grid is like the WECC; it too is its own Interconnection.

## **2. TransEnergie Coordination with State Regulators**

78. In terms of coordinating with state regulators there is only one main regulatory authority involved in the TransEnergie system, namely the Regie. In contrast, the Eastern Interconnection has 43 state and provincial regulators in addition to FERC and NERC.
79. Thus, the need for coordination is less than for U.S. systems considering the fact that TransEnergie is its own Interconnection and is not subject to the same coordination challenges that exist in the U.S.

## **3. Other Coordination Mechanisms**

80. TransEnergie is participating in discussions with various neighboring systems on planning and operation. As such, TransEnergie is party to two types of agreements with its neighboring systems: Asset Owner Agreements and Interconnection Agreements.<sup>41</sup>
81. First, the Asset Owner Agreements ensure, among other things, the reliability, operability and nominal transfer capability of the Interconnection facilities through coordinated operation, inspection, maintenance, planning, metering, and upgrades of the Interconnection facilities. The parties hold discussions as transmission asset owners.<sup>42</sup>
82. Second, the Interconnection Agreements provide the establishment of an interconnection committee which will meet twice a year. Such agreements provide for the reliability and operability of the Interconnection facilities and for Emergency Service and Inadvertent Interchange accounting and procedures between Interconnected Systems.<sup>43</sup>
83. Evidence exists that Interconnection to Interconnection coordination is fruitful. Namely, there are extensive existing AC-DC-AC interties to four other regions in the Eastern Interconnect and proposals to expand the tie lines into ISO-NE which FERC recently approved.
84. There are also numerous avenues for coordination with transmission customers, including investment project authorization process under Section 73 of the Act, rate cases, NPCC planning process, consultation process on environmental impact, exploratory studies, complaint process and SIS process. These avenues are discussed in more details under Section II.C.1 above.

## **III. WHY DO THE VARIOUS ELEMENTS OF TRANSENERGIE'S ACTUAL PLANNING PROCESSES, WHEN COMBINED, GIVEN TRANSENERGIE'S UNIQUE SITUATION AND THE REGULATORY ENVIRONMENT IN WHICH IT OPERATES, ALLOW TRANSENERGIE TO OFFER COORDINATED, OPEN AND TRANSPARENT PLANNING THAT IS COMPARABLE TO ATTACHMENT K.**

85. In my view, TransEnergie does not need to file an Attachment K.
86. I say this because the problems that exist in the U.S., in response to which FERC believed that there was a need for Attachment K, do not exist for TransEnergie.

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<sup>41</sup> Hydro-Quebec TransEnergie, Meetings with Neighbouring Systems, Exhibit HQT-24.

<sup>42</sup> Exhibit HQT-24.

<sup>43</sup> Exhibit HQT-24.

87. I also say this because, in my view, TransEnergie already offers coordinated, open and transparent planning that is comparable to Attachment K.
88. In support of this position, it is important to highlight a key aspect of Order 890 referred to several times, including in subquestion 6.5.12, namely flexibility to devise a system appropriate to the requirements of stakeholders and specific system conditions (see paragraphs 576 to 582 of Order 890).
89. In answer to subquestions 6.5.1 to 6.5.9, and for the reasons already discussed, it is my opinion that the existing planning processes described above satisfy Order 890 goals and requirements concerning:
- (a) Coordination (see paragraphs 29-41, 46-62, 66-70, and 71-84, above);
  - (b) Openness (see paragraphs 15, 25, and 29-70, above);
  - (c) Transparency (see paragraphs 29-70, above);
  - (d) Information Exchange (see paragraphs 29-70, above);
  - (e) Comparability (see paragraphs 11-29, 22-41, 56-61, and 63-70, above);
  - (f) Dispute Resolution (see paragraphs 22, 25-45, 52-55, 59-61, and 63-70, above);
  - (g) Regional Participation (see paragraphs 46-51, 62, and 71-84, above);
  - (h) Economic Planning Studies (see paragraphs 11-28, above);
  - (i) Cost Allocation for New Projects (see paragraphs 11-28, above).
90. In answer to subquestion 6.5.15, I am of the view that FERC requirements regarding Specific Study Processes Beyond Reliability and Congestion Reduction are complied with (see paragraphs 29-41, 52, 56-58, , 66-70, above).
91. In answer to subquestion 6.5.11, I am of the view that FERC requirements for State Commission participation are not applicable in the absence of the existence of multiple States or regulatory entities in the Interconnection. This is an example of the importance of flexibility in tailoring transmission planning requirements to the specific circumstances of the system.
92. Finally, with respect to elements referred to in RNCREQ's Request for particulars that have not been retained by FERC as requirements of Attachment K (subquestions 6.5.10, 6.5.13 and 6.5.14), it is my opinion that:
- (a) The performance of TransEnergie is sufficient so as not to require an Independent Third Party Coordinator, which is not a requirement of Attachment K;<sup>44</sup>

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<sup>44</sup> Order 890, par. 567.

- (b) FERC comments regarding Recovery of Planning Costs, which is not a requirement of Attachment K,<sup>45</sup> are complied with (see paragraphs 35 and 40, above);
  - (c) Open Seasons for Joint Ownership, which are not requirements of Attachment K,<sup>46</sup> are not needed given the level of investments and upgrades (see paragraphs 22-28, above);
93. In light of the foregoing, I believe that even if there are specific differences in TransEnergie's planning compared to Attachment K, it still overall can meet reciprocity requirements due to the overall superiority of some elements and local conditions in terms of providing open and comparable access.
94. In particular, it is my view that TransEnergie would not need to have a section by section or line by line compliance to meet reciprocity requirements for open and comparable access in part due to the importance of flexibility in Order 890, the overall superiority of the TransEnergie situation and suitability of the TransEnergie process for producing and supporting an open and comparable access transmission system.

#### IV. **CONCLUSION**

95. TransEnergie is offering open, transparent and coordinated transmission planning and it needs not modify its existing planning process in order to offer open and comparable access to its transmission system.
96. The reasons for which FERC believed there was a need for Attachment K do not exist for TransEnergie, and the Regie simply does not have to intervene in order to fix U.S. problems.

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<sup>45</sup> Although recovery of planning costs is not a formal requirement of Attachment K, it is commented upon by in Order 890, at par. 586.

<sup>46</sup> Order 890, par. 594.