

**RÉPONSES À LA
DEMANDE DE RENSEIGNEMENTS DE
NEWFOUNDLAND AND LABRADOR HYDRO
SUR L'EXPERTISE DE JUDAH ROSE**

1 Information Requests Prepared by

2 Dr. Robert A. Sinclair, Potomac Economics

3 Qualifications: Dr. Sinclair is an energy economist specializing in wholesale
4 electricity market monitoring and transmission system monitoring.

5 The purpose of these requests is to discover the basis of various statements made by
6 HQT witness **Mr. Judah Rose**.

7 All references herein are to Mr. Rose’s Testimony dated July 3, 2009.

8 1. At p. 6 and p. 18 Mr. Rose states “It is my understanding that transmission planning
9 with Attachment K is not part of the reciprocity requirements for non-jurisdictional
10 utilities not owning transmission assets in the U.S.

11 **Information Request**: Please provide the basis for this statement, including all
12 documents, including FERC cases that Mr. Rose relied on to come to his
13 understanding.

14 **R1**

15 I am not a lawyer and therefore am not qualified to give a legal opinion on
16 the subject of reciprocity. However, as already stated in paragraph 7 of
17 my Response to questions 6.5 and 6.6 of RNCREQ and UC (“July 13,
18 2010 Response”), it is my opinion that TransÉnergie is not a jurisdictional
19 U.S. utility, and is not required to solve planning and policy problems that
20 exist in the U.S. but not in Quebec (I also refer you to paragraphs 7, 85,
21 86, 88, 93 and 94 of my July 13, 2010 Response). I base this opinion, and
22 the quoted extract of my report, both on my experience and my general
23 understanding of FERC’s jurisdiction and orders, including FERC Orders
24 888 and 890 and associated documents (such as NOPR, 890-A, FERC
25 regulations, Federal Power Act, Attachment K filings, Commissioner
26 Statements, NERC and Reliability standards).

27 2. At p. 8, Mr. Rose states:

28 ...FERC was concerned that U.S. transmission providers would use
29 transmission planning to discriminate against unaffiliated companies.

30 **Information request**:

31 (a) How would a transmission provider use transmission planning to discriminate
32 against unaffiliated companies?

33 **R2a**

34 In theory, a transmission provider (“TP”) could discriminate by favoring
35 affiliated generation sources in structuring the grid and grid access so that
36 it unfairly burdens competitors with costs for transmission access or
37 denies them access with comparable terms and conditions available to
38 the TP or affiliates.

1 (b) Does Mr. Rose agree with FERC that this is a concern in the wholesale power
2 industry in North America?

3 **R2b**

4 I agree that the potential for discrimination is a concern in the United
5 States and that it may be a concern in the rest of North America; my
6 report focuses on the situation in Quebec.

7 (c) Has Mr. Rose evaluated whether HQT would use or has used its transmission
8 planning to discriminate against unaffiliated companies? If so, please provide
9 any such analysis.

10 **R2c**

11 I have not conducted a review of the historical facts and evaluated
12 whether TransÉnergie has used its transmission planning to discriminate
13 against unaffiliated companies in the past. The analysis I performed,
14 which is contained in my July 3rd, 2009 Testimony and my July 13, 2010
15 Response, has not revealed any circumstances in which TransÉnergie
16 would have used its transmission planning to discriminate against
17 unaffiliated companies. To the contrary, I refer to paragraphs 70, 89(e), (f)
18 and (h) of my July 13, 2010 Response.

19 3. At p. 12, Mr. Rose states: “Studies of congestion I have reviewed have not
20 identified TransÉnergie as having major internal congestion compared to the U.S.”

21 **Information Request:** Please indicate what studies Mr. Rose has reviewed.

22 **R3**

23 I refer to my July 3, 2009 Testimony at pages 36 to 38 for a list of studies
24 of congestion that I have reviewed. Furthermore, for my July 3rd, 2009
25 Testimony, I had been informed by TransÉnergie about the absence of
26 transmission internal congestion to the TransÉnergie system. The
27 information is reflected in the updated TLR data included in Exhibit
28 HQT-15 and my analysis of these data is included in paragraphs 11 to 21
29 of my July 13, 2010 Response.

30 4. At p. 12, Mr. Rose states,

31 ...I am familiar with Attachment K and I note that selected aspects of the
32 Attachment K requirements already appear to have been met at least in part by
33 virtue of the openness to participation by and coordination with neighboring
34 transmission providers, and transmission customers.

35 **Information Request:**

36 (a) With respect the statement “openness to participation by and coordination
37 with neighboring transmission providers”;

- 1 i. Indicate what transmission providers Mr. Rose is contemplating in
2 this statement;
3 **R4a-i**
4 Ontario, New Brunswick, New York, and New England.
- 5 ii. What evidence of “openness” supports Mr. Rose’s statement?
6 **R4a-ii**
7 I refer to my July 13, 2010 Response, at paragraphs 8, 15, 25, 29 to 70,
8 and 89(b).
- 9 iii. Provide all documents and any other material reviewed by Mr. Rose
10 that supports the response.
11 **R4a-iii**
12 I refer to Exhibits HQT-18, HQT-19, HQT-20, HQT-22, HQT-23, HQT-25
13 and HQT-26, sections 19 and 12A.5 of TransÉnergie’s OATT, sections 33
14 and 35 of the *Rules respecting the procedure of the Régie de l’énergie*,
15 and section 36 of the *Act respecting the Régie de l’énergie*.
- 16 (b) With respect to “openness to participation by and coordination with ...
17 transmission customers”;
18 i. Indicate what transmission customers are contemplated
19 **R4b-i**
20 TransÉnergie’s customers for transmission services.
- 21 ii. What evidence of “openness” supports Mr. Rose’s statement?
22 **R4b-ii**
23 I refer to my response to question 4(a), above.
- 24 iii. Provide all documents and other material reviewed by Mr. Rose
25 that supports the response.
26 **R4b-iii**
27 I refer to my response to question 4(a), above.
- 28 5. At p.19, EXHIBIT JLR-4, there is a note: “Labrador part of system AC
29 Interconnected”
30 **Information Request:** Please what is meant by the note?
31 **R5**
32 I am informed that there is no DC interconnection between Quebec and
33 Labrador but radial lines.

1 6. At p. 45, Mr. Rose states: “there is more scope for transmission providers to
2 constrain capacity and/or discriminate.”

3 **Information Request:**

4 (a) Please explain how a transmission provider can discriminate.

5 **R6a**

6 I refer to the analysis preceding this conclusion, contained at pages 44
7 and 45 of my July 3rd, 2009 Testimony. Theoretically, and without regards
8 to preventive measures, TP can offer service that is not comparable to
9 what it provides itself or affiliated companies, or deny service to others. It
10 also can have a grid with significant and recurring congestion due to
11 under-investment and cause the costs of service to be burdensome for
12 other customers.

13 (b) Is Mr. Rose aware of any party that is transmission dependent on HQT? If
14 so, does this increase the scope for HQT to constrain capacity and
15 discriminate?

16 **R6b**

17 TransÉnergie has customers that rely on its transmission service. The
18 quoted extract of my report refers to transmission dependent customers in
19 the U.S. context.

20 7. At p. 46, Mr. Rose States: To the extent IPPs or other users are unfairly allocated
21 upgrade costs, this could constitute discrimination and/or as noted decrease the
22 amount of construction;

23 **Information Request:**

24 (a) How can a transmission provider unfairly allocate upgrade costs?

25 **R7a**

26 The unfair allocation of upgrade costs may be caused by various factors.
27 The offer of a service by the TP that is not comparable to what it provides
28 affiliated companies or the presence of significant and recurring
29 congestion and under-investment on the transmission system such that
30 the costs of meeting new service requests are burdensome for other
31 customers may contribute to unfair allocation of upgrade costs.

32 (b) What mitigation is there under the HQT OATT against unfair upgrade cost
33 allocations?

34 **R7b**

35 I refer to my July 13, 2010 Response, at paragraphs 89(e), (f), (h), (i)
36 and 92(b).

1 8. At p. 46, Mr. Rose states:

2 If the system is systematically anticipating the economic need for transmission
3 separate from individual transmission service requests, it is less likely to place
4 all of the cost burden on the unaffiliated entity requesting service, and thus,
5 less likely to discourage transmission investment.

6 **Information Request:**

7 (a) What is meant by “economic need for transmission?”

8 **R8a**

9 Anticipation of economic need for transmission means that the known
10 future transmission needs are planned in advance as well as the
11 necessary upgrades to meet such needs, decreasing the risk of significant
12 and recurring congestion within the grid.

13 (b) How does a system “systematically” anticipate the economic need for
14 transmission;”

15 **R8b**

16 A system may systematically anticipate the economic need for
17 transmission by conducting regular studies, including AC and DC load
18 flow and other studies, reviewing TLR logs, investment levels and nodal
19 price, if applicable and by planning in advance the necessary upgrades to
20 avoid significant and recurring congestion during the provision of
21 contracted service.

22 (c) Does HQT systematically anticipate the economic need for transmission?
23 Please provide the basis for this response, including all documents
24 reviewed by the witness.

25 **R8c**

26 TransÉnergie does anticipate the economic needs for transmission. I refer
27 to my July 13, 2010 Response, at paragraphs 11 to 28, as well as
28 paragraphs 89(a), (b), (c), (g), (h), and paragraph 92(b) and the
29 references quoted in these paragraphs.

30 (d) If the response to (c) is affirmative, please provide an example of an HQT
31 project of which Mr. Rose is aware which is the result of HQT anticipating
32 “economic transmission.”

33 **R8d**

34 I refer to my July 13, 2010 Response, at paragraphs 22 to 28. (See also
35 paragraphs 11 to 21 on the absence of congestion, as a consequence of
36 the anticipated economic need for transmission and the high level of
37 investment.)

1 9. At p. 52, Mr. Rose states: “TransÉnergie can have a planning process tailored to its
2 unique conditions ...”

3 **Information Request:** Please explain how the current planning process used by HQT
4 is tailored to its unique conditions. In responding, please identify the specific
5 elements of the planning process that are unique to HQT and how that corresponds to
6 HQT’s unique conditions.

7 **R9**

8 I refer to my July 13, 2010 Response.