

**RÉGIE DE L'ÉNERGIE**

**DOSSIER : R-3669-2008, PHASE 2**

---

**RÉPONSES D'ÉNERGIE BROOKFIELD MARKETING INC. (« EBMI »)  
À LA DEMANDE DE RENSEIGNEMENTS N° 1  
DU TRANSPORTEUR**

---

**RÉPONSES DE EBMI À LA DEMANDE DE RENSEIGNEMENTS N° 1 DU TRANSPORTEUR RELATIVE À  
LA DEMANDE DE MODIFICATION DES TARIFS ET CONDITIONS DES SERVICES DE TRANSPORT  
D'HYDRO-QUÉBEC À COMPTER DU 1<sup>ER</sup> JANVIER 2009 - PHASE 2**

---

**Veillez prendre note que nous avons fait traduire les questions pour permettre à nos experts d'y répondre. Nous ajoutons la version traduite à la suite des questions.**

**PARTIE 1**

**Revised Evidence of William K. Marshall  
28 septembre 2010**

---

**1. Référence :** Revised evidence of William K. Marshall

**Demandes :**

1.1 Est-ce que vos services ont déjà été retenus relativement à l'Ordonnance 890 de la FERC? / *Have your services already been retained with regard to FERC Order 890 ?*

**R 1.1 :** None of my previous engagements have been solely focused on FERC Order 890. Rather they have been more general in nature yet the majority include aspects of transmission tariffs, market access, transmission planning, usage of transmission systems and related regulatory issues so indirectly they may include FERC Order 890 issues. See specific list of clients and mandates in the response to Question 1.2 below. I also am including my updated resume.

1.2 Si oui, fournir la liste de ces mandats et leur objet. / *If yes, provide the list of these mandates and their purpose.*

**R 1.2 :** Parties with which engagements have been undertaken by WKM Energy Consultants Inc (WKM) are listed below along with specific work mandates:

- **New Brunswick System Operator** (July 1, 2008) – Provide services of Mr. William Marshall to the NBSO for the completion of the hearing process before the NB EUB regarding the 2008 application for changes to the Open Access Transmission Tariff and assist with the transition period associated with appointment of a new President and CEO
- **NB Department of Energy (2008, 2009 & 2010)** – The primary focus of the consulting work through WKM was, and continues to be, to provide energy engineering analysis and advice to DOE related to the following topics:

1. Strategic advice with respect to the New Brunswick electricity sector (including generation, transmission, distribution, tariffs and renewable energy). Advice could involve policy, technical, regulatory, market development, project evaluation and energy hub business development issues.
2. Input and advice with respect to the Pt Lepreau II nuclear project.
3. Input and advice with respect to the Community Energy Program, Renewable Portfolio Program, wind, biomass, cogeneration and other renewable energy deployment strategies.
4. Support for the New Brunswick energy policy renewal process through input, advice, consultation and development of policy discussion materials, papers and presentations.
5. Helping to shape an electricity “vision” for the international northeast region (and New Brunswick's positioning and "value proposition" within the broader regional “vision”). This involved the development of a discussion paper and a presentation as well as input and advice.
6. Helping to establish, leverage and strengthen strategic regional electricity and energy hub relationships, primarily related to electricity transmission and system operations opportunities.
7. Acting as a training, education and mentoring resource to DOE with respect to transmission, electricity and energy hub issues.
8. Other topics by mutual agreement.

In addition to the above mandate I was engaged jointly with William Thompson to review available options regarding the structure of the New Brunswick electricity market and the structure and governance of the NB Power group of companies and to make recommendations to ensure the Province both maintains its momentum toward an electricity market which provides ratepayers with safe, reliable access to the most reasonable cost electricity with minimal risk to ratepayers and taxpayers, and also provides for the future growth and development of New Brunswick as the Energy Hub for the region. This entailed a review of available reports and reviews conducted in New Brunswick and elsewhere concerning the challenges facing the electricity market. It was supplemented by personal interviews with individuals involved in various aspects of the electricity market and companies/organizations that are heavily impacted by the result of changes in the operation of the electricity market. The report on this work “Options for the Electricity Market in New Brunswick and the Impact on New Brunswick Power Group of Companies” (also generally referred to as the Marshall-Thompson Report) is provided in response to Question 1.2.

During the winter of 2010 my engagement with NB DOE focused almost solely on the regulatory and commercial evaluation and implementation of the proposed sale of NB Power to Hydro Quebec. Regulatory issues included market rule changes, tariff impacts and legislative requirements. Commercial issues included supply arrangements, transmission expansion requirements and delivery risks.

- **Integritys Energy Services** (Dec 19, 2008) – Provide power system energy consulting that includes but was not limited to:
  1. Providing advice regarding the Transmission Tariff of its affiliate company WPS Canada Generation Inc.
  2. Identifying and assisting in the acquisition of benefits for Integritys when operating as part of the NB-HQ Radial interconnection.
  3. Identifying and assisting with the issue of Residual Monthly Cost compensation for Transmission usage.
  4. Providing local market intelligence with regard to generation opportunities for investment in renewables.
  5. Assist in recommending an on-going strategy for involvement in Transmission investment in New Brunswick via WPS Canada Generation Inc.
  
- **MZConsulting Inc for work with Saskatchewan Power Corporation** (March 2009) – Assist SaskPower in preparation of a report to government addressing issues related to the possible introduction of nuclear power in Saskatchewan. MZConsulting was to provide input on industry experience and examples in other jurisdictions, particularly New Brunswick. The purpose of this work was to provide MZConsulting and SaskPower with information about the nuclear industry in the areas of interest; not to provide recommendations going forward. Two distinct areas that were prepared by WKM Energy Consultants for MZConsulting included:
  1. Experience with Introducing Nuclear Power to New Brunswick
  2. Interconnectivity and Transmission Issues
  
- **PEI Energy Corporation** (Oct. 28, 2009) - Provide consultant services on electrical utility matters on an as needed basis including but not be limited to:
  1. Provide educational seminar regarding tariff and market issues faced by PEI in procurement of new supply contracts
  2. Assist in the procurement and evaluation of new supplies including the costs, risks and issues associated with delivery under multiple transmission tariffs
  3. Advise the Corporation and government on possible restructuring of the PEI utility business
  
- **Atlantic Canada Opportunities Agency** (2009 & 2010) – Support the Atlantic Energy Gateway Initiative (a \$4 million initiative designed to encourage the development of additional clean and renewable energy supplies in Atlantic Canada and promote these energy sources in new markets). Such support to include provision of expert advice as required on electricity supply and demand issues, environmental policy impacts, renewable energy opportunities, impacts and

consequences of US policy decisions and initiatives, and the nature and impact of federal and provincial government energy and environmental policies on the electricity marketplace, and other duties as necessary.

- **Power Advisory LLC for contract with Ontario Energy Board (Oct 2009)** – Assist the OEB in the development and implementation of Transmission and Distribution planning guidelines and processes including the following:
  1. Facilitate a consultation meeting with electricity transmitters and relevant agencies regarding filing guidelines for transmission plans.
  2. Assist Board staff in developing filing guidelines for transmission system plans.
  3. Facilitate a maximum of 2 consultation meetings with distributors regarding the initial filing guidelines.
  4. Assist Board staff in review of a maximum of 3 distribution system plans filed in the summer/fall 2009.
  5. Assist Board staff in developing the next set of filing guidelines for distribution system plans.
  
- **Natural Resources Canada (Oct 2, 2010)** - The Atlantic Energy Gateway Initiative requires sharing of knowledge and information through a series of workshops and the commissioning of new studies where knowledge gaps exist. To this end, NRCan requires the expert assistance of a consultant to plan and deliver such workshops, as well as design and oversee the commissioned studies. An extensive background and experience in transmission planning and tariffs, and system operator structures, procedures and business lines is essential. Specific tasks will include:
  1. Provide expert advice to NRCan as required on electricity supply and demand issues, environmental policy impacts, renewable energy opportunities, impacts and consequences of US policy decisions and initiatives, and the nature and impact of federal and provincial government energy and environmental policies on the electricity marketplace;
  2. Engage with stakeholders, in particular, with representatives of the region's utilities, private sector and other vendors, as required;
  3. Provide expert advice and analysis related to the policies and initiatives of the provinces, utilities, and public regulatory bodies;
  4. Provide briefings, presentations and analysis on technical matters of system planning, transmission, and regulatory affairs; and
  5. Assist in the development of reports and communications products

1.3 Si des rapports ou témoignages écrits ont été fournis ou déposés, en fournir une copie. / *If written reports or depositions were provided or filed, provide a copy thereof.*

**R 1.3 :** Under the engagements referenced all written reports, analyses, graphs and presentations were provided in confidence except for evidence filed by the NBSO in its 2008 Transmission Tariff hearing which is available at the following we site:  
[www.nbso.ca/Public/en/op/regulatory/proceedings.aspx?Year=2008](http://www.nbso.ca/Public/en/op/regulatory/proceedings.aspx?Year=2008)

In April of 2010 the Government released the Marshall Thompson Report to the public and it is included as Appendix 1.

2.1 Est-ce que vos services ont déjà été retenus relativement au processus de planification des installations de transport prévu à l'Appendice K du *pro forma* OATT de la FERC? / *Have your services already been retained with regard to the transmission installations planning process set out in Attachment K of the FERC pro forma OATT?*

**R 2.1 :** No, none of my previous engagements have been solely focused on Attachment K of the FERC *pro forma* OATT. Rather they have been more general in nature yet the majority include aspects of transmission planning, usage of transmission systems and related regulatory issues as indicated above.

2.2 Si oui, fournir la liste de ces mandats et leur objet. / *If yes, provide the list of these mandates and their purpose.*

**R 2.2 :** Please see the response to Question 2.1 and 1.2 above.

2.3 Si des rapports ou témoignages écrits ont été fournis ou déposés, en fournir une copie. / *If written reports or depositions were provided or filed, provide a copy thereof.*

**R 2.3 :** Please see response to Question 2.1 and 1.3 above. Note also the Marshall Thompson Report attached as Appendix1.

3.1 Est-ce que vos services ont déjà été retenus, plus particulièrement relativement à la compensation des écarts de réception et de livraison ? / *Have your services already been retained with regard, in particular, to compensation between scheduled and actual delivery?*

**R 3.1 :** No, none of my previous engagements have been solely focused on compensation between scheduled and actual delivery. Rather they have been more general in nature yet many include usage of transmission systems and the impacts of market access and transmission tariffs including imbalance charges on the delivered value of energy.

3.2 Si oui, fournir la liste de ces mandats et leur objet. / *If yes, provide the list of these mandates and their purpose.*

**R 3.2 :** Please see response to Question 3.1 and 1.2 above specifically the mandates for NB DOE regarding the proposed sale of NB Power to Hydro Quebec and for PEI Energy Corporation regarding procurement of new supplies. Both involved delivery risks associated with schedule imbalances.

3.3 Si des rapports ou témoignages écrits ont été fournis ou déposés, en fournir une copie. / *If written reports or depositions were provided or filed, provide a copy thereof.*

**R 3.3 :** No public reports relating to delivery compensation. This type of work is almost always confidential..

**Référence :** Revised evidence of William K. Marshall, page 10 :

*« Each of these processes (or an equivalent) already existed throughout North America since Order 888 and prior to Order 890. »*

4.1 Fournir la liste précise des processus ou leurs équivalents existant en Amérique du Nord, auxquels vous faites référence. / *Provide the precise list of the processes or their equivalents existing in North America to which you refer.*

**R 4.1 :** The processes referred to are those noted by Mr. Rose and stated earlier in the paragraph referenced by HQT. They include:

- The regulatory processes (Filings to, hearings by, decisions of, and orders of a regulator) related to transmission tariffs, revenue requirements and investment approvals. In Quebec HQT is subject to these processes before the Regie. In the US Transmission Providers are subject to these processes before FERC and in Canada they are subject to these processes before the applicable provincial regulator, for example OEB in Ontario, EUB in New Brunswick and URB in Nova Scotia. An example of the filing processes applied by FERC is available at [www.ferc.gov/help/filing-guide/file-OATT.asp](http://www.ferc.gov/help/filing-guide/file-OATT.asp)
- The processes regarding information filings, standards development, compliance, functional certification and audits of NERC in its role as the ERO which are set out in hundreds of separate documents available at [www.nerc.com](http://www.nerc.com). Specific examples of the thousands of processes set out by NERC are found in the Standards Processes Manual available at [www.nerc.com/files/Standard\\_Processes\\_Manual\\_Approved2010.pdf](http://www.nerc.com/files/Standard_Processes_Manual_Approved2010.pdf)

- The processes regarding information filings, criteria compliance, functional performance and audits of NPCC which are set out in various NPCC documents referenced in the 499 page NPCC Reference Manual available at [www.npcc.org/viewDoc.aspx?name=Revision+17.pdf&cat=pubRefMan](http://www.npcc.org/viewDoc.aspx?name=Revision+17.pdf&cat=pubRefMan)
- The processes set out by provincial, state and federal governments for public consultation and stakeholder review of the environmental impacts of a defined project. Most jurisdictions document such required processes. An example is “*A Guide to Environmental Impact Assessment in New Brunswick*” which is available at [www.gnb.ca/0009/0377/0002/07-12-05-e.pdf](http://www.gnb.ca/0009/0377/0002/07-12-05-e.pdf)
- The processes specified in the OATT of a Transmission Provider regarding implementation of open access for Point-to-point and Network Service customers.

The point of my statement was not to argue with these processes as they do contribute to openness and transparency and ensure reliability. My point is that they already existed prior to Order 890 and it is HQT's burden to show that said processes meet or are superior to the Attachment K principles desired by FERC in Order 890.

4.2 Fournir les références et copie des documents à l'appui. / *Provide the references and a copy of the supporting documents.*

**R 4.2 :** Examples and access web sites are included in the response to Question 4.1.

## PARTIE 2

### Rapport de Craig R. Roach 28 septembre 2010

---

**Référence :** Rapport de Craig R. Roach

**Demandes :**

5.1 Est-ce que vos services ont déjà été retenus relativement à l'Ordonnance 890 de la FERC? *Have your services already been retained with regard to FERC Order 890?*

**R 5.1 :** Yes.

5.2 Si oui, fournir la liste de ces mandats et leur objet./ *If yes, provide the list of these mandates and their purpose.*

**R 5.2 :** I was retained by TransCanada Energy Ltd. to provide Direct and Rebuttal Testimony in a case relating to Order 890 policy issues. I was also retained by Énergie Brookfield Marketing Inc. to provide an Expert Report in a separate case relating to Order 890 policy issues. I focus on these Testimonies because they reveal that very recently I have been accepted as an expert on the issues of the 890 Orders and ATCs at both the Régie and at the British Columbia Utilities Commission.

However, my background with the transmission issues embedded in the 890 Orders goes back to some of my earliest testimony and continues to my most recent. For example, FERC used merger cases in the late 1980s and 1990s to order open access transmission systems that are the foundation of both Order 888 and the 890 Orders. I testified in several merger cases before FERC. More recently, merchant transmission lines have become an important part of the open access principles espoused by FERC. We served as the Independent Evaluator for the merchant lines named Zephyr and Chinook. In that work we helped to write an OATT consistent with the 890 Orders including the calculation of ATC; we also wrote a full IE Report as part of the FERC Docket.

5.3 Si des rapports ou témoignages écrits ont été fournis ou déposés, en fournir une copie. / *If written reports or depositions were provided or filed, provide a copy thereof.*

**R 5.3 :** Please see Attachments 1 through 4:

- Attachment 1: *Direct Testimony of Craig R. Roach, Ph.D. on behalf of TransCanada Energy Ltd., Re: British Columbia Transmission Corporation ("BCTC") Project No. 3698539 An Application to Amend the BCTC Open Access*

*Transmission Tariff ("OATT") and A Complaint by TransCanada Energy Ltd. ("TCE") Regarding a Service Agreement between TCE and BCTC for Long Term Firm Point-to-Point Transmission Service, March 13, 2009.*

- Attachment 2: *Rebuttal Testimony of Craig R. Roach, Ph.D. on behalf of TransCanada Energy Ltd., Re: British Columbia Transmission Corporation ("BCTC") Project No. 3698539 An Application to Amend the BCTC Open Access Transmission Tariff ("OATT") and A Complaint by TransCanada Energy Ltd. ("TCE") Regarding a Service Agreement between TCE and BCTC for Long Term Firm Point-to-Point Transmission Service, April 22, 2009.*
- Attachment 3: *Expert Report of Craig R. Roach, Ph.D., on Behalf of Énergie Brookfield Marketing Inc., P-130-001 and P-130-003, July 30, 2010.*
- Attachment 4: *Open Season Report for Zephyr Power Transmission, LLC, Docket No ER09-433-000.*

6.1 Est-ce que vos services ont déjà été retenus relativement au processus de planification des installations de transport prévu à l'Appendice K du *pro forma* OATT de la FERC? / *Have your services already been retained with regard to the transmission installations planning process set out in Attachment K of the FERC pro forma OATT ?*

**R 6.1 :** I have not testified in formal cases relating to FERC's Order 890 transmission planning requirements. However, I was retained by the Southwest Power Pool Board of Directors to opine on various aspects of SPP's transmission planning process.

6.2 Si oui, fournir la liste de ces mandats et leur objet. / *If yes, provide the list of these mandates and their purpose.*

**R 6.2 :** Please see response to Question 6.1 above.

6.3 Si des rapports ou témoignages écrits ont été fournis ou déposés, en fournir une copie. / *If written reports or depositions were provided or filed, provide a copy thereof.*

**R 6.3 :** Please see Attachment 5:

Attachment 5: Presentation by Craig R. Roach, Ph.D. to the SPP Board of Directors/Members Committee, *Independent Review of SPP's Cost/Benefit Study for the Priority Transmission Projects*, April 27, 2010

7.1 Est-ce que vos services ont déjà été retenus relativement au calcul de l'ATC et à la coordination des ATC? / *Have your services already been retained with regard to ATC calculation and ATC coordination ?*

**R 7.1 :** Please see response to Question 5.1 above.

7.2 Si oui, fournir la liste de ces mandats et leur objet. / *If yes, provide the list of these mandates and their purpose.*

**R 7.2 :** Please see response to Question 5.2 above.

7.3 Si des rapports ou témoignages écrits ont été fournis ou déposés, en fournir une copie. / *If written reports or depositions were provided or filed, provide a copy thereof.*

**R 7.3 :** Please see response to Question 5.3 above.