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Le 13 juillet 2010
No de dossier : 10887/118243.18

PAR COURRIEL ET PAR MESSAGER

Me Véronique Dubois, Secrétaire
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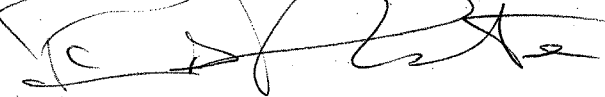
**Objet : Demande de modification des tarifs et conditions des services de transport
d'Hydro-Québec au 1er janvier 2009 Dossier R-3669-2008 –Phase 2**

Chère consœur,

Veillez trouver ci-joint un original et huit exemplaires de trois (3) Demandes de renseignements du Dr. Robert A. Sinclair, expert de Newfoundland and Labrador Hydro, adressées à HQT et ses experts dans le cadre du dossier mentionné en titre.

Espérant le tout conforme, veuillez agréer, chère consœur, l'expression de nos sentiments les plus distingués.

FASKEN MARTINEAU DuMOULIN s.r.l.



Pour : André Turmel
AT/nb

P.J.

c.c : Mes Carolina Rinfret, Jean Morel, Marie-Christine Hivon et Éric Dunberry,
procureurs d'Hydro-Québec et à tous les intervenants

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1. FERC Order 890-A, at ¶ 195 states.

In order to satisfy the transparency principle, transmission providers must disclose to all customers and other stakeholders the basic criteria, assumptions, and data that underlie their transmission system plans. The Commission concluded that this information should enable customers, other stakeholders, or an independent third party to replicate the results of planning studies and thereby reduce the incidence of after-the-fact disputes regarding whether planning has been conducted in an unduly discriminatory fashion.

Information Request:

Does HQT intend to satisfy this principle within its planning process? If so, please provide a list of the transmission, generation, and load data that HQT intends to provide to all customers so that planning studies can be replicated by third parties.

2. According to the *pro forma* Open Access Transmission Tariff issued in FERC Order 890 (hereinafter “the Order 890 pro forma OATT”), the following definition is required:

890 *pro forma* OATT Section 1.29 Non-Firm Sales.

The HQT proposed OATT does not define the term Non-Firm Sales. However, the term “Non-Firm Sales” is used in section 30.4 of the proposed HQT OATT:

30.4 Operation of Network Resources: The Network Customer shall not operate its designated Network Resources located in the Network Customer's or Transmission

Provider's Control Area such that the output of those facilities exceeds its designated network Load, plus *Non-Firm Sales* delivered pursuant to Part II of the Tariff, plus losses, plus power sales under a reserved sharing program, plus sales that permit curtailment without penalty to serve its designated Network Load (emphasis added).

Information Request:

- (a) Please define what is meant by Non-Firm Sales;
- (b) Why did HQT not include Non-Firm Sales in Section I of the proposed OATT?

3. Section 38.5 of HQT’s proposed OATT reads as follows:

38.5 Operation of Distributor Resources: The Distributor shall not operate its designated resources located in the Transmission Provider's Control Area such that the output of those facilities exceeds its designated Native Load plus losses, plus power sales under a reserved sharing program, plus sales that permit curtailment without penalty to serve its designated Native Load, unless the Distributor has to this effect entered into a Service Agreement with the Transmission Provider for Point-to-Point Transmission Service under Part II herein.

Information Request.

- (a) Does section 38.5 allow native-load resources to use firm reservations under Part II of the proposed HQT tariff?
 - (b) If the response to (a) is affirmative, why are Network Resources under Section 30.4 of HQT's proposed OATT restricted to Non-Firm Sales under Part II?
4. With respect to the Order 890 pro forma OATT, Generator Imbalance Service is defined as:

Schedule 9

Generator Imbalance Service: Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Transmission Provider's Control Area and a delivery schedule from that generator to (1) another Control Area or (2) a load within the Transmission Provider's Control Area over a single hour.

In contrast, the HQT proposed OATT introduces a variance:

Schedule 4

Energy Generator Imbalance Service – Receipt Generator Imbalance Service is provided when the output of a generating unit synchronized to the Transmission Provider's system does not match the output that unit is scheduled to supply to (1) another Control Area or (2) a load in the Transmission Provider's Control Area in a given hour.

Information Request:

- (a) Does the proposed Schedule 5 apply to generators located outside of the HQT Control Area?
 - (b) If the response to (a) is affirmative, please explain why HQT does not confine itself to applying the Generator Imbalance Service to Control Area generators as indicated in the Order 890 pro forma OATT, Schedule 9.
 - (c) If the response to (a) is negative, please explain why HQT does not adopt language applying the Generator Imbalance Service to Control Area generators as indicated in the Order 890 pro forma OATT, Schedule 9.
5. According to the pro forma Tariff issued in FERC Order 890, the following definition is required:

890 Pro Forma OATT Section 1.3 Annual Transmission Costs.

This definition does not appear in HQT's OATT.

Information request. Please explain why HQT did not include these definitions in its proposed 890 OATT.

6. In Order 890-A the FERC required Transmission providers to allow customer to request transmission studies to evaluate upgrades and other investments:

Order 890A ¶228. In order to satisfy the economic planning studies principle, transmission providers must take into account both reliability and economic considerations in their Attachment K planning processes. The Commission stated that the purpose of this principle is to ensure that customers may request studies that evaluate potential upgrades and other investments that could reduce congestion or integrate new resources and loads on an aggregated or regional basis, and not to assign cost responsibility for any investments or otherwise determine whether they should be implemented. The Commission determined that customers should be permitted to choose the studies that are of the greatest value to them, directing transmission providers to develop a means to allow the transmission provider and stakeholders to cluster or batch requests for economic planning studies so that the transmission provider may perform the studies in the most efficient manner. Customers must be given the right to request a defined number of high priority studies annually, the costs of which would be recovered as a part of the overall pro forma OATT cost of service.

Information Request:

- (a) How does HQT plan to implement this Order 890 provision within its transmission planning processes?
- (b) In responding, indicate how any such implementation of this 890 provision is described in the proposed HQT OATT;
- (c) In responding, indicate how any such implementation of this 890 provision is described in documents filed by HQT in this proceeding;

7. According to the proposed HQT OATT, Section 30.8 states, in part:

[A] Network Customer's use of the Transmission Provider's total interface capacity with other Transmission Systems may not exceed the Network Customer's Load Ratio Share.

Information Request: Please explain why there is not a similar restriction contained in Part IV applying to Native-Load Service customers?

8. According to FERC Order 890-A, ¶839:

In order to ensure that transmission providers have sufficient information to determine the effect on ATC associated with the designation of an off-system network resource, the Commission in Order No. 890 modified section 29.2(v) of the pro forma OATT to specify exactly what information must be provided to designate an off-system network resource. As revised by Order No. 890, section 29.2(v) of the pro forma OATT requires the following information to be provided with the request and posted on OASIS when

designating an off-system resource: (1) identification of the resource as an offsystem resource; (2) amount of power to which the customer has rights; (3) identification of the control area from which the power will originate; (4) delivery point

Information Request: Please explain how the proposed HQT OATT reflects the above-quoted Order 890 requirement for Native-Load resources.

9. In Section 38.1, HQT added the term “designated” to modify Distributor Resources.

Information Request:

- (a) Why did HQT add the term “designated”?
- (b) Will HQT require the termination of all or part of these designated distributor resources in accordance with the terms of Section 38.3 (of the proposed HQT OATT) when making off-system third-party sales?
- (c) If the response to (b) is affirmative, please indicate what procedures will be used for terminating the designation when a third-party sale is made from such resources.
- (d) If HQT were to purchase energy from a designated distributor resource, would the Distributor have to terminate the native-load designation? What procedures would be used to accomplish this?

10. The Order 890 pro forma OATT requires that a network customer demonstrate it owns or has a executed contract to its designated resources:

Order 890 pro forma OATT 30.7 Limitation on Designation of Network Resources.

The Network Customer must demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of transmission service under Part III of the Tariff.

HQT has adopted the FERC language with respect to Part III (Network Integration Transmission Service):

Proposed HQT OATT Section 30.7 Limitation on Designation of Network Resources.

The Network Customer shall demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a Network Resource. Alternatively, the Network Customer may establish that execution of a contract is contingent upon the availability of Transmission Service under Part III herein.

There is no such limitation regarding Native-Load resources in the proposed HQT OATT:

Proposed HQT OATT Section 38.8 **Limitation on Designation of Resources.**

The Distributor shall obtain all necessary resources to supply electricity to its Native Load and so inform the Transmission Provider. For any new supply obtained through a call for tenders or otherwise, the Distributor shall ensure that Transmission Service is available pursuant to the provisions of Part IV herein.

And There is no such limitation regarding Native-Load resources in the proposed HQT OATT:

Proposed HQT OATT Section 38.2 **Designation of New Distributor Resources.**

The Distributor may designate a new resource, giving the Transmission Provider written notice as much in advance as practicable and the Transmission Provider posts this new designation on its OASIS site. For a resource using a path posted on the Transmission Provider's OASIS site, the designation of a new Distributor resource must be made through that site by the Distributor. The new designation must include a statement that the new Distributor Resources do not include any resources, or any portion thereof, that are committed for sale to non-designated third party load or otherwise cannot be called upon to meet the Distributor's Native Load on a noninterruptible basis, except for purposes of fulfilling obligations under a reserve sharing program. The new designation will be deemed deficient if it does not include this statement and the Transmission Provider will follow the procedures for a deficient application as described in Section 29.2 of the Tariff.

Information Request: Please explain why there is no requirement for the Distributor to demonstrate that it owns or has committed to purchase generation pursuant to an executed contract in order to designate a generating resource as a distributor resource under

- (a) Proposed HQT OATT Section 38.8;
- (b) Proposed HQT OATT Section 38.2;

11. Under the Order 890 pro forma OATT, the transmission system is defined as:

Order 890 pro forma OATT section **1.53 Transmission System**

The facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

Under the proposed HQT OATT, the transmission system is defined as:

Proposed HQT OATT section **1.49 Transmission System:**

A network of installations for the transmission of electric power, including step-up transformers located at production sites, transmission lines at voltages of 44 kV or

higher, transmission and transformation substations and any other connecting installation between production sites and the distribution system.

Information Request:

- (a) Please explain why HQT did not adopt the definition proposed by FERC in Order 890?
- (b) With respect to the “installations” referred to in the definition, does HQT have to own such installations?
- (c) With respect to the “installations” referred to in the definition, do the installations have to be located in the HQT control area?
- (d) With respect to the “installations” referred to in the definition, does HQT have to operate such installations?

12. In the Order 890 pro forma OATT, FERC requires Network Customers to designate resources in the same manner as the transmission provider designates on behalf of its own Native Load resources: OATT

Order 890 OATT Section 28.2 Transmission Provider Responsibilities.

The Transmission Provider will plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice and its planning obligations in Attachment K in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's Transmission System. The Transmission Provider, on behalf of its Native Load Customers, shall be required to designate resources and loads in the same manner as any Network Customer under Part III of this Tariff.

The comparable section in the HQT OATT for Native-Load Service does not require the Transmission Provider “to designate resources and loads in the same manner as any Network Customer”:

Proposed HQT OATT Section 28.2 Transmission Provider Responsibilities.

The Transmission Provider shall plan, construct, operate and maintain its Transmission System in accordance with Good Utility Practice in order to provide the Network Customer with Network Integration Transmission Service over the Transmission Provider's system. The Transmission Provider shall include the Network Customer's Network Load in its Transmission System planning and shall, consistent with Good Utility Practice, endeavour to construct and commission sufficient transmission transfer capability to deliver the Network Customer's Network Resources to serve its Network Load in a manner comparable to that in which the Transmission Provider delivers resources to Native-Load Customers.

Information Request. Please explain why the requirement “to designate resources and loads in the same manner as any Network Customer” is not stated in Section 28.2 of the proposed HQT OATT.

13. For this request, please refer to proposed HQT OATT **Section 38.2 (Designation of New Distributor Resources)**,

Information Request:

- (a) Can HQD own a distributor resource? If not, please explain. If so, why does the referenced section not require the Distributor to state that it owns the new distributor resource (as required by section 30.2 the Order 890 pro forma OATT for new network resources)?
- (b) Can HQD execute a contract that commits it to purchase generation? If not, please explain. If so, why does the referenced section not require the Distributor to state that it is party to an executed contract to purchase generation (as required by section 30.2 the Order 890 pro forma OATT for new network resources network)?
- (c) Can HQP own generation resources? If HQP can own generation resources and HQD cannot own generation resources, how is HQD different from HQP that makes it not possible or not desirable for HQD to own generation resources?
- (d) If HQD will not be an owner of distributor resources, what process will HQD use to contact, negotiate and agree with the owner of any such resource to have that resource designated as a distributor resource?
- (e) How will HQT make sure designated distributor resources owned by others are not used to make firm third-party sales without terminating the designation?
- (f) Will HQD communicate with HQP in the process of designating distributor resources or terminating such designation? If so, under what conditions?
- (g) If HQP seeks to make a firm sale to a third party (for example to the Day-Ahead Market of the NYISO) from a designated distributor resource,
 - i. Will the designation of that distributor resource be terminated in accordance with section 38.3 of the proposed HQT OATT?
 - ii. How will HQT be notified?
 - iii. If HQD is the notifying party, how will HQP communicate to HQD that such termination is required?
 - iv. In such a case should HQD make a sale to HQP to transfer the undesignated electricity? If so, should HQP acquire the transmission required to move the electricity from the undesignated plant to the HQT point before using a wheel out service?

14. Section 13.2 of the proposed HQT tariff describes how network and native-load service will have priority over short-term firm service when the system is oversubscribed. The section states, in part:

If the Transmission System becomes oversubscribed, supplying network load and native load from resources designated by the Network Customer or by the Distributor shall pre-empt reservations for Short-Term Firm Point-to-Point Transmission Service and requests for longer-term service may pre-empt competing reservations

Information Request.

- (h) Does Order 890 allow Transmission Providers to give priority to network or native-load customers over firm point-to-point customers when the system is oversubscribed?
- (i) If so, please explain, with specific references to Order 890.
- (j) Please describe the priority that network and native load service will have over any or all point to point service reservations.

15. Section 13.2 states, in part: All Long-Term Firm Point-to-Point Transmission Service shall have access priority higher than that of Short-Term Firm Point-to-Point Transmission Service and equal to that of resources designated by the Distributor to supply Native Load and by a Network Customer to supply its loads, regardless of the length for which such resources are designated by the Distributor or the Network Customer.

Information Request. The quoted passage contains the phrase “regardless of the length for which such resources are designated by the Distributor or the Network Customer.” Please explain the rationale for including this phrase in the section in light of the fact that the phrase is not included in the Order 890 pro forma OATT.

16. In section 15.4 of the proposed HQT OATT, HQT requires a written request to consider studying redispatch scenarios.

Information Request. Does Order 890 require Transmission Customers to provide written request for studying redispatch scenarios? If so, please indicate the basis in Order 890. If not, please indicate the basis for including this provision in the proposed HQT OATT.

17. In section 15.4 of the proposed HQT OATT, HQT requires consent of the owners of the resources required for the redispatch.

Information Request.

- (a) Would this mean Transmission Customers would require the consent for resources owned by HQ or operated or designated by one of its divisions?
- (b) If the response to (a) is affirmative, under what conditions would it be acceptable for HQ or one of its divisions to withhold such consent?

- (c) What provisions will be in place to ensure that this consent is not withheld for the purpose of preventing transmission access for a potential competitor?
- (d) Does Order 890 require Transmission Customers to get the consent of the owners of resources before such resources can be redispached? Please provide the specific citations to Order 890.
- (e) Why is it necessary that the “entire service requested ... be provided through redispach without Network Upgrades”? Please provide the basis in Order 890 for such a requirement.

18. **Information Request.** In section 44.2 of the proposed HQT OATT, the tariff rates are to come into force at some date in 2009.

- a. Is HQT proposing to institute retroactive rates?
- b. Why are certain sections retroactive and others not?

19. With respect to Attachment C-1, HQT proposes a “least-common denominator approach”: Attachment C-1 states, in part:

For interconnections where firm transfer capability is coordinated between the Transmission Provider’s system and a neighbouring system, such capability corresponds to the lower of the following capacity values: (1) firm capacity to receive (or deliver) power before the ETCs of the neighbouring system are taken into account, and (2) firm capacity to receive (or deliver) power before the ETCs of the Transmission Provider are taken into account.

Information Request. Have the existing levels of ATC on the HQT interconnections resulted in operating or commercial problems as a result of conditions in neighbouring systems? In responding, the problems that may have arisen due to HQT ATC levels can be confined to those occurring in the last five years.

20. **Information Request.** With regard to document HQT-16, HQT-18, HQT-19, HQT-20, HQT-24, and HQT-27 filed on July 1, 2010 by HQT, please identify any provisions in these documents that allow transmission customers to participate in transmission planning.

21. Attachment C-1 states, in part:

For interconnections where firm transfer capability is coordinated between the Transmission Provider’s system and a neighboring system, such capability corresponds to the lower of the following capacity values: (1) firm capacity to receive (or deliver) power before the ETCs of the neighboring system are taken into account, and (2) firm capacity to receive (or deliver) power before the ETCs of the Transmission Provider are taken into account.

Information Request: Assume a neighboring system is connected to the HQT system at a single interface and is not connected to any other system. This neighboring system contains 1000MW of Generation has a local load of 600MW and exports 400MW to the HQT system. All quantities are constant for 8760 hours per year.

- (a) With respect to the HQT system does this 400MW correspond to the term “firm capacity to receive power” used in above-referenced passage? If not, what is “firm capacity to receive power” in this example?
- (b) Could “firm capacity to receive power” be more than 400MW? If so, please explain how.
- (c) All other things being equal, if the exports to HQT are reduced to 100MW can “firm capacity to receive power” still be the same level as in (a)? in (b)?
- (d) All other things being equal, if exports to HQT are reduced to 100 MW, could the “firm capacity to receive power” be 400 MW? Please explain.
- (e) All other things being equal, if exports to HQT are reduced to 100 MW, is the “firm capacity to receive power” at least 100 MW? Please explain.
- (f) With respect to the neighbouring system does this 400MW correspond to the term “firm capacity to deliver power” used in above-referenced passage? If not, what is “firm capacity to deliver power” in this example?
- (g) With respect to the neighbouring system could “firm capacity to deliver power be more than 400MW? If so, please explain how.
- (h) With respect to the neighbouring system does this 600MW correspond to the term “firm capacity to receive power” used in above-referenced passage? If not, what is “firm capacity to receive power” in this example?
- (i) With respect to the neighbouring system could “firm capacity to receive power” from HQT be more than 600MW? If so, please explain how.
- (j) All other things being equal, if generation capacity on the neighbouring system were increased to 1,100MW what would be that system’s “firm capacity to deliver power” into the HQT system? Would it be at least 400MW? Could it be greater than 400MW?

22. On July 1, 2010, HQT filed exhibit HQT-27 (HQT Point).

Information Request. With respect to HQT-27, is HQT saying that the Québec network is opened to wheel-in transactions only if the transmission customer identifies a specific retail load?

23. In Attachment A-1, HQT envisions a secondary market for transmission rights.

Information Request. How will HQT prevent hoarding of transmission and protect participants from predatory pricing in the secondary market if a participant abuses a dominant position in the control of transmission rights?

24. With respect to Attachment C-1,

Information Request. Consider a situation where a participant that holds a firm transmission reservation but only schedules it intraday.

- (a) Does HQT recognize this schedule as a firm transaction even if on the intraday only non firm service can be provided?
- (b) Once the day ahead markets are closed is all the unscheduled firm transmission released? If so, are participants wishing to purchase the released capacity treated equally in the first come first served manner?

Information Requests Prepared by

Dr. Robert A. Sinclair, Potomac Economics

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

The purpose of these requests is to discover the basis of various statements made by HQT witness **Mr. Philip Hanser**.

All references herein are to Mr. Hanser's Report dated June, 2010.

1. At ¶ 5, Mr. Hanser states his conclusion that "HQT's methodology described in Attachment C-1 ... for ATC Coordination is consistent with FERC Order 890."

Information Request:

- (a) Are the conclusions in Mr. Hanser's testimony limited to the methodology for ATC Coordination in Attachment C-1 (which is attached to Mr. Hanser's Report as Attachment 2)?
- (b) To which parts of Attachment C-1 does Mr. Hanser's conclusion in the quoted passage refer? In responding, please provide page number of Attachment C-1 and specific passages.

2. At ¶ 5, Mr. Hanser states:

I have reviewed TransEnergie's Methodology for the calculation of ATC for interfaces with neighboring systems and I conclude that TransEnergie has put into place a procedure to ensure that its ATC calculations are consistent with neighboring systems' ratings.

Information Request:

- (a) Please define what is meant by "ratings".
- (b) Does the term "ratings" mean ATC?
- (c) Does the term ratings mean TTC?
- (d) With respect to Mr. Hanser's reference to "procedure", does the "procedure" ensure consistent ATC "calculations" between HQT and neighboring systems? In responding, please identify the portions of Mr. Hanser's testimony that describe how the "calculations" are consistent.

3. At ¶ 16, Mr. Hanser states:

I find that HQT's procedures and formulae are developed to specifically deal with the issue of coordinating and exchanging data and assumptions with neighboring systems to achieve consistent ATC values....

Information request.

- (a) Please identify the HQT procedures to which Mr. Hanser refer that specifically deals with HQT exchanging data with neighboring systems.
- (b) For the specific procedures identified in (a), please indicate what kind of data is exchanged with neighboring systems;
- (c) Does the Attachment 2 to Mr. Hanser's Testimony (Attachment C-1 of the HQT OATT) describe the procedures to which Mr. Hanser refers? If so, please identify such procedures with precise reference to page and passages.

4. At ¶ 25, Mr. Hanser states:

HQT's ATC methodology and information exchange or coordination procedures with neighboring systems are not the same as some of the utilities' Attachment Cs that I have reviewed.

Information request:

- (a) Are HQT's ATC methodology and information exchange or coordination procedures with neighboring systems the same as *any* of the utilities' Attachment Cs that Mr. Hanser reviewed?
- (b) If the answer to (a) is affirmative, please identify which utility has the same procedures as HQT.

5. At ¶ 25, Mr. Hanser states:

HQT's ATC methodology and information exchange or coordination procedures with neighboring systems are not the same as some of the utilities' Attachment Cs that I have reviewed. They differ in one particular manner.

Information Request:

In stating: "They differ in one particular manner." Is Mr. Hanser testifying that the referenced HQT procedures differ in "one particular manner" from the Attachment Cs of other utilities that Mr. Hanser reviewed? If so, please indicate the particular manner in which they differ.

6. At ¶ 27, Mr. Hanser states:

Thus, the most appropriate way for HQT to reflect FERC Order 890's requirement to have consistent ATCs with neighboring systems across interfaces is to either adopt the neighboring system's ATC or to request the neighboring system to adopt HQT's ATC.

Information Request:

- (a) Will HQT invite all neighboring systems to "coordinate" ATC as envisioned by Mr. Hanser?
- (b) Will HQT invite such coordination over the LAB-HQT interface? Please explain why or why not.

7. At ¶ 28, Mr. Hanser states:

The HQT approach has two notable features. First, since the ATC calculation does not rely on complex load flow calculations, the ATC calculation is very transparent.

Information Request:

- (a) With respect to the referenced "HQT approach" is it Mr. Hanser's testimony that the HQT approach will not use load flow calculations? Please explain the response.
- (b) With respect to the referenced "HQT approach" is Mr. Hanser's referring to the "least common denominator" approach referenced at ¶18 of his report? If not, please explain.
- (c) For the least common denominator approach referred to at ¶18 of Mr. Hanser's report, Mr. Hanser refers to "the lower of two ATCs." Does Mr. Hanser believe the "HQT approach" will require an initial ATC value by HQT that will be compared to an ATC value from the neighboring system?
 - a. If so, will HQT use load-flow calculations to establish this initial ATC?
 - i. If HQT will not use load-flow calculations to establish this initial ATC, how will this initial ATC be established?
 - b. If HQT will not establish an initial ATC value, how will the least common denominator be established?

8. With Respect to Attachment 2 to Mr. Hanser's Testimony (Attachment C-1 of the HQT OATT), please refer to the last paragraph on Sheet No. 198:

For interconnections where firm transfer capability is coordinated between the Transmission Provider's system and a neighboring system, such capability corresponds to the lower of the following capacity values: (1) firm capacity to receive (or deliver) power before the ETCs of the neighboring system are taken into account, and (2) firm capacity to receive (or deliver) power before the ETCs of the Transmission Provider are taken into account.

Information Request:

- (a) Please define what is meant by the term "firm capacity";

- (b) Please explain who determines “firm capacity”, (e.g., is it the transmission provider, the neighboring system, or both?).
- (c) Please explain how the value “firm capacity” is calculated;
- (d) If “firm capacity” refers to transmission capacity calculated by HQT, please explain how it is calculated with reference to the notions of TTC, ETC, CBM, etc.
- (e) Please explain what is meant by the “ETCs of the Transmission Provider.”

9. With Respect to Attachment 2 to Mr. Hanser’s Testimony (Attachment C-1 of the HQT OATT), please refer to 3.d.ii) on Sheet No. 207:

For interconnections where firm transfer capability is coordinated between the transmission provider’s system and a neighboring system, the calculation of TRM for these interconnections corresponds to the difference between the total transfer capability (TTC) of the Transmission Provider and the firm transfer capability before the ETCs on the neighboring system are taken into account.

Information Request:

- (a) Please define what is meant by the term “firm transfer capability”;
- (b) Please explain who determines “firm transfer capability”, (e.g., is it the transmission provider, the neighboring system, or both?).
- (c) Please explain how the value “firm transfer capability” is calculated;
- (d) If “firm capacity” refers to transmission capacity calculated by HQT, please explain how it is calculated with reference to the notions of TTC, ETC, CBM, etc.

Information Requests Prepared by

Dr. Robert A. Sinclair, Potomac Economics

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

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

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

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

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

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

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

Information request:

- (a) How would a transmission provider use transmission planning to discriminate against unaffiliated companies?
- (b) Does Mr. Rose agree with FERC that this is a concern in the wholesale power industry in North America?
- (c) Has Mr. Rose evaluated whether HQT would use or has used its transmission planning to discriminate against unaffiliated companies? If so, please provide any such analysis.

3. At p. 12, Mr. Rose states: "Studies of congestion I have reviewed have not identified TransEnergie as having major internal congestion compared to the U.S."

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

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

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

Information Request:

- (a) With respect the statement "openness to participation by and coordination with neighboring transmission providers";

- i. Indicate what transmission providers Mr. Rose is contemplating in this statement;
 - ii. What evidence of “openness” supports Mr. Rose’s statement?
 - iii. Provide all documents and any other material reviewed by Mr. Rose that supports the response.
- (b) With respect to “openness to participation by and coordination with ... transmission customers”;
 - i. Indicate what transmission customers are contemplated
 - ii. What evidence of “openness” supports Mr. Rose’s statement?
 - iii. Provide all documents and other material reviewed by Mr. Rose that supports the response.

5. At p.19, EXHIBIT JLR-4, there is a note: “Labrador part of system AC Interconnected”

Information Request: Please what is meant by the note?

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

Information Request:

- (a) Please explain how a transmission provider can discriminate.
- (b) Is Mr. Rose aware of any party that is transmission dependent on HQT? If so, does this increase the scope for HQT to constrain capacity and discriminate?

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

Information Request:

- (a) How can a transmission provider unfairly allocate upgrade costs?
- (b) What mitigation is there under the HQT OATT against unfair upgrade cost allocations?

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

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

Information Request:

- (a) What is meant by “economic need for transmission?”
- (b) How does a system “systematically” anticipate the economic need for transmission;”

- (c) Does HQT systematically anticipate the economic need for transmission? Please provide the basis for this response, including all documents reviewed by the witness.
- (d) If the response to (c) is affirmative, please provide an example of an HQT project of which Mr. Rose is aware which is the result of HQT anticipating “economic transmission.”

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

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