

INFORMATION REQUEST No. 1 FROM ROÉÉ TO ELENCHUS

Énergir — Application re the rule-making proceeding on cost allocation and the rate structure of Énergir

RÉGIE DE L'ÉNERGIE — MATTER R-3867-2013, Phase 2B Component 1A

ÉNERGIR'S CONCEPTUAL FRAMEWORK RELATING TO THE FUNCTIONALIZATION AND COST ALLOCATION OF SUPPLY, TRANSPORT, LOAD-BALANCING AND OPERATIONAL FLEXIBILITY SERVICES

1. References

- I) B-0574, pages 12-13 and 14
- II) B-0579, p 100 to 109 or English version B-582, p. 100 to 108
- III) A-0219, pages 34 - 36

Preamble

- Ref. i): Reference i) presents the cycle of functionalization of costs under the conceptual framework presented by the distributor.
- Ref. ii) : Reference ii) presents in more detail the 4 steps of the conceptual framework relative to the functionalization and the cost allocation of the distributor's supply, transport, load-balancing and operational flexibility services.
- Ref. iii): Reference iii) is an excerpt of the report by Mr. Todd of Elenchus that seems to have largely inspired the conceptual framework presented by the distributor.

Questions:

- 1.1 Please indicate if, in theory, the proposal of the distributor seems adequate and in line with the Elenchus proposal.
- 1.2 In the ROEE's understanding, the distributor adds a step to your proposal as presented in reference iii). Énergir's proposal provides for functionalizing and classifying the costs for load balancing related to rate flexibility rather than determining them « by subtracting the cost of the seasonal load balancing supply plan from the actual total supply cost ». Please indicate whether you consider the Énergir method to be consistent with standard industry practice.
 - 1.2.1 Please indicate if you see advantages or disadvantages of adding a step of functionalization and classification of costs for the balancing related to rate flexibility.
 - 1.2.2 Please indicate if to your knowledge other jurisdictions use this method.
 - 1.2.3 If so, please provide this information.

Responses:

- 1.1 Based on the translated version of Énergir's updated filing (Document R-3867-2013-B-0557 and related material), Elenchus considers the current proposals of Énergir to be consistent with the Elenchus proposals as set out in the Elenchus report and discussed in the Workshops held 17 February 2020 and 2 March 2020. It is possible that further discovery in this proceeding will identify inconsistencies.
- 1.2 Elenchus knows of no other jurisdictions that uses a method akin to the method currently proposed by Énergir. This observation is not surprising since, as stated in Elenchus' evidence, Énergir's overall approach embedded in its initial evidence is an innovative methodology that improves on standard industry practices. The subsequent Elenchus recommendations and the revised proposals of Énergir maintain and build on this innovative enhancement of standard practice. In Elenchus view, the proposed approach is more consistent with the principles that underpin standard industry practice, taking into account the impact of the evolution of the North American natural gas market in recent decade on Énergir's gas supply planning than the traditional methodology.
 - 1.2.1 [Note: Elenchus has interpreted the question as intending to refer to operational flexibility rather than rate flexibility.] I see no advantages or disadvantages of adding the step of functionalization and

classification of costs for the load balancing related to operational flexibility. Conceptually, it maintains greater consistency with the standard steps of costs allocation that include functionalization and classification. However, given the method used to allocate the functionalized and classified costs to customer classes, it is not yet clear to Elenchus that the methodological refinement has any impact on the quantum of costs allocated to the classes. To fully appreciate the quantitative impact, if any, Énergir would have to run versions of its model comparing the alternate methodologies.

- 1.2.2 Elenchus is not aware of any other jurisdiction that uses the approach being proposed by Énergir. As noted above, Énergir is proposing an innovative approach that, in Elenchus' view, improves on standard industry practices, at least in the context of Énergir's current approach to gas supply planning.
- 1.2.3 Elenchus has no information to provide.