

**Demande de renseignements
du Distributeur et du Transporteur d'électricité
à OC**

Questions de Concentric Energy Advisors

1. Préambule :

C-OC-0012

Mémoire de OC, p. 8

“One possibility proposed by PEG could be the use of separate earning sharing mechanisms (ESM), if accepted by the Régie, to distinguish costs and revenues of both classes of customers.”

- a. **Please provide examples of where ESMs have been established on a class specific basis.**
- b. **What advantages does Mr. Belanger perceive associated with class specific ESMs?**
- c. **What disadvantages does Mr. Belanger perceive associated with class specific ESMs?**

2. Préambule :

C-OC-0012

Mémoire de OC, p. 10

“More importantly, OC submits that the continuous efficiency improvements embedded in section 48.1 are best achieved under a MRP with an ARM than under a cost of service MRP. A recent decision by the Ontario Energy Board (OEB) is interesting in that regard. Hydro One Networks Inc. (Hydro One) filed its 2015-2019 Distribution rate application suggesting the use of a multiyear cost of service under the custom incentive rate-setting option. The OEB rejected Hydro One’s Distribution proposal for the five following reasons: [...]”

- a. **Please confirm that a multi-year forecast approach is a form of an ARM.**
- b. **Please confirm that the referenced decision from the OEB pertains only to Hydro One’s distribution system, and Hydro One files separately for transmission rates.**
- c. **Please confirm that the net outcome of the referenced decision was a multi-year cost of service approach to setting Hydro One’s distribution rates for 2015, 2016, and 2017.**
- d. **Please confirm that Hydro One’s transmission system continues to be regulated under cost of service regulation.**
- e. **Please confirm that the OEB did approve a multi-year forecast approach for Enbridge for rates in effect for 2015-2018 in EB-2012-0459, July 17, 2014.**

- f. Please confirm that the OEB did approve a custom IR plan for Toronto Hydro with a multi-year forecast of capital and indexed approach to O&M in EB-2014-0116, December 29, 2015.

3. **Préambule :**
C-OC-0012
Mémoire de OC, p. 12

“Concentric does not support benchmarking. It recommends “the Régie rely upon its judgment, with input from the parties, on setting the appropriate productivity factor for HQD. ”

- a. Please confirm that Concentric recommended that the Régie rely on its judgment, but left it to the parties to determine if benchmarking or other statistical studies should inform the Régie’s judgment.

4. **Préambule :**
C-OC-0012
Mémoire de OC, p. 14

“Following the introduction of a revenue cap ARM for HQT, OC recommends having Y and Z factors for HQT. The staircase pattern of HQT capex indicates that providing an optional treatment for some capital projects is appropriate. OC notes that the ICM implemented by the OEB provides clear guidelines to the Y-factoring of CapEx. Under the ICM, incremental capital can be included if it meets the eligibility criteria as reproduced below: [...]”

- a. Please confirm that the cited filing requirements by the OEB from June 2011 pertain to the prior generation of incentive regulation for electric distributors, which has been replaced by the Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach (RRFE), adopted October 18, 2012.
- b. Is OC aware of any prior concerns expressed by utilities regarding the allowance of capital projects under the OEB’s Incremental Capital Module?
- c. In which of the OEB’s options under its latest incentive regulation framework for electric distributors is the Incremental Capital Module allowed, and how many utilities have applied under this option?

5. Préambule :

C-OC-0012

Mémoire de OC, p. 17

“OC recommends the adoption of PEG’s performance metric system. OC suggests two proposals for PIMs for HQD need special consideration. They are not included in the Concentric Report.

The first is the peak load savings indicator. The motivation for its incentivization is straightforward as it aims to provide “incentive to reduce peak loads”. Peak load savings might be difficult to estimate and need meticulous computations, but overall OC thinks it would provide the needed incentives for HQD to address current peak load problem. Incentivization of CDMs was applied to Gaz Métro’s MRP. The other indicator suggested by PEG that needs special consideration is the power supply cost PIM. Although it is difficult to see how it would work in practice as of now, OC thinks the proposition should be explored as of phase 3.” (References omitted)

- a. Does OC believe that performance metrics, to be effective, should reasonably be within management’s control?**
- b. Is OC aware of any North American electric distribution utility that has an incentivized power supply cost provision?**