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Régie de l'Énergie
800 Place Victoria
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À l'attention de Me Véronique Dubois

Objet : Dossier R-3897-2014, Établissement d'un mécanisme de réglementation incitative assurant la réalisation de gains d'efficacité par le distributeur et le transporteur d'électricité
Questions supplémentaires de Union des consommateurs (UC)

Chère consœur,

Suite à l'audience tenue le 27 mai 2015 et tel que permis par la Régie vous trouverez ci-dessous les questions que ma cliente vous demande de soumettre à M. Todd et Madame Chaplin.

Page 2, lignes 24 à 27:

« ...recognize the reality that a simple formula cannot accommodate all cost pressures faced by an electric utility. The additional features include: cost items that are passed through outside the formula (Y factors), costs associated with extraordinary and unanticipated events that are outside the control of the utility (Z factors), earning sharing mechanisms, a mechanism for exiting the PBR regime if returns problems arise (off-ramp), and service quality reporting mechanisms.

Q. Could you give example of the « cost items that are passed through outside the formula, (Y factors)» for a distributor and for a transmission provider;

Page 55, lignes 14 et 19:

«From the high-level objectives of the RIIO model, six specific output categories have been developed»

« · customer satisfaction
· social obligations »

Q. Please give some example of what those two output categories could include?

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Page 9, lignes 4 à 7:

« The tailoring of PBR to apply specifically to distributors and transmitters by these regulators is relevant to the issues being addressed by the Régie which is examining regulatory models that could be used for both the Transmission and Distribution divisions of Hydro Quebec.»

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Page15, lignes 4 à 8

« Rather it will be necessary to recognize the unique economic and infrastructure characteristics of each utility and each jurisdiction in order to determine how to implement the guiding principles to performance based, or incentive, regulation that will be effective in achieving the specific objectives that the regulator is pursuing. »

Q. Do you know of jurisdictions where a distributor and a transmission provider would be under the same PBR ?

Q. If you do could you please give the references?

Page 56, lignes 22 à 25 et page 57, ligne 21:

In the section on the RIIO, you mentioned the
«CCG- Consumer Challenge Group»
and report

«to ensure all customer issues are dealt with by a representative group of stakeholders»

Q. Does the involvement of this group go beyond simple representation in cases like interveners do in Quebec, if so tell us a bit more about the role/mandate of this Group and/or were can we find more information?

Q. You mentioned during the hearing that a project relative to the creation of such a Group was considered in Ontario, could you provided more information as to what is being envisioned?

Page 39, lignes 1 à 5:

«Consumer groups were interested in incorporating a penalty scheme into the regime. However, there was concern that a penalty scheme would involve significant burden for utilities and the regulator. The AUC accordingly adopted a penalty mechanism that could be utilized only in the event of clearly unacceptable service quality performance.»

Q. Are penalty scheme ever designed or used for other purposes than to keep service quality performance in check?

Q. To your knowledge have penalties ever been asked for and imposed?

Q. Has «clearly unacceptable service quality performance.» been defined? If so please give a reference?

Q. Were consumer groups were satisfied with the approach mentioned in the citation?

Page 45, lignes 21 à 24:

«However, in April 2007, the NYPSC directed all public utilities to “develop and implement mechanisms that true-up forecast and actual delivery service revenues and, as a result,

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significantly reduce or eliminate any disincentive caused by the recovery of utility fixed delivery costs via volumetric rates or marginal consumption blocks»

Q. Could you please elaborate a bit more on those «mechanism with true-up» and what they should actually achieve, if possible give examples.

Page 54, lignes 18 à 21

« In RIIO there is focus on total costs rather than on specific capital and operating expenditure requirements, as was done in the previous regime. Depreciation will be based on the expected economic life of the assets, rather than the physical life which is the traditional approach to establishing depreciation rates.»

Q. Would it then be necessary to modify the depreciation?

Q. What would be the advantages and inconveniences to depreciate based on the economic life of the assets rather than the physical life?

Le tout respectueusement soumis, veuillez agréer chère consoeur, mes salutations distinguées.



Me Hélène Sicard

c.c. Me Éric Fraser(HQD)
Me Yves Fréchette (HQT)
Marc-Olivier Moisan-Plante (UC)