REPONSE DE AQCIE/CIFQ A DEMANDE DE RENSEIGNEMENTS N° 2 DE LA RÉGIE DE L'ÉNERGIE (LA RÉGIE) À AQCIE-CIFQ

RELATIVE À LA DEMANDE DE MODIFICATION DES TARIFS ET CONDITIONS DE SERVICES DE TRANSPORT POUR L'ANNÉE 2019

QUESTION POUR PEG

1. Références : (i) Pièce C-AQCIE-CIFQ-0018, p. 37 à 40;
(ii) Pièce C-AQCIE-CIFQ-0018, p. 38 à 40;
(iii) Pièce B-0012, p. 35.

Préambule :

(i) « *With respect to the inflation measure, we note that the weight for the labor price index in HQD's revenue cap index is the share of CNE labor in the total revenue requirement and does not include any costs of labor used to achieve gross plant additions* ».

(ii) « *Transmission operating scale is multidimensional, so HQT's use of a single scale metric may be one reason that its formule paramétrique doesn't fit its cost data better. We developed an econometric model of transmission capital cost to identify additional scale variables and develop cost elasticities and elasticity weights.*

[…]

Our research identified four statistically significant measures of transmission operating scale: the number of retail customers (which is highly correlated with expected peak demand), generation capacity, ratcheted peak demand, and transmission line miles. The elasticity estimates and corresponding elasticity weights are reported in the following matrix.

[…]

Based on our research, with its limited budget, we recommend the following changes in HQT's proposed formule paramétrique for capital.

[…]

The formula should use the elasticity-weighted scale index that results from our econometric cost research, or at least incorporate transmission line miles with a substantial weight ». [nous soulignons]

(iii) « *Paramètre CK*

Le paramètre de croissance CK est calculé sur la base de la capacité installée réelle du réseau de transport observée dans les rapports annuels du Transporteur, contrairement au nombre de

clients utilisé par les entités de FortisBC. Le choix de prendre la capacité installée du réseau comme mesure de la croissance des dépenses en capital du Transporteur est justifié considérant que cette mesure n'est pas influencée par les conditions économiques au Québec.

En effet, une fois que le réseau de transport est construit, le Transporteur doit en assumer les coûts peu importe son niveau d'utilisation qui, lui est tributaire de l'environnement économique dans lequel les clients évoluent ».

Demandes :

1.1 Veuillez indiquer si PEG a une proposition relative à l'indice à utiliser pour tenir compte de la croissance de la masse salariale applicable à la formule paramétrique relative aux dépenses en capital.

1.2 Veuillez justifier votre proposition d'intégrer le nombre de clients et la demande à la pointe, considérant la justification fournie par le Transporteur à la référence (iii) pour ne pas utiliser, dans le facteur de croissance C_K, des facteurs liés à la croissance économique.

Réponse de PEG :

1.1 The average weekly earnings for all Québec industries from Statistics Canada Table 14-10-0203-01 or its fixed weighted average hourly earnings analogue from Statistics Canada Table 14-10-0213-01 are acceptable for this purpose if the Régie wants to use such an index. However, PEG noted on p. 38 of its November report that macroeconomic inflation measures such as the $IPC^{Québec}$ and the gross domestic product implicit price index for final domestic demand are sensitive to labor price trends. Including a labor price index in a capital price index carries the risk of double counting the labor price trend.

1.2 Peak demand is driven in part by volatile external business conditions (e.g., weather) which don't have much effect on transmission cost in the short run. However, PEG recommends an output quantity index that is a weighted average of *several* scale-related cost drivers and not just a peak demand variable. The weight on peak demand indicated by PEG's research is 0.415. The other variables that we discuss (e.g., customers and line miles) are not volatile. This reduces the sensitivity of the scale index to short term fluctuations in volatile external demand drivers.

Exposure to the volatility of peak demand is further reduced by using a *ratcheted* peak demand variable that has a value equal to the highest peak demand yet achieved. PSE used ratcheted peak demand as a scale variable in its transmission productivity work for Hydro One.
The resultant elasticity-weighted scale index is fairly insensitive to short term fluctuations in demand drivers.