DEMANDE DE RENSEIGNEMENTS N^{O} 1 CONFIDENTIELLE DE LA RÉGIE DE L'ÉNERGIE (LA RÉGIE) RELATIVE À LA DEMANDE DE MODIFICATION DES TARIFS ET CONDITIONS DES SERVICES DE TRANSPORT POUR L'ANNÉE 2020

1. Références : (i) Pièce C-BRTM-0019, p. 15;
(ii) Pièce C-BRTM-0019, p. 16 et 17;
(iii) Pièce C-BRTM-0019, p. 19 et 24;
(iv) Pièce B-0055.

Préambule :

(i) « ***5.1 Brookfield System Assets***

40. BRTM, as the marketing subsidiary of Brookfield, has control over 254 MW of hydro generation assets in three plants on the Lièvre River as detailed below:

- *The Masson plant, located near the mouth of the river where it connects to the Ottawa River, has four units totalling 104 MW. It is a run-of-river plant with limited storage capability such that it can deviate schedules by 10 to 20 MW for only an hour or two without spilling water;*
- *The Dufferin plant, located approximately 16 km up river from Masson, has two units totalling 40 MW. It has no storage capability and operates as a 100 % run-of-river station with no schedule deviation capability.*
- *The High Falls plant, located approximately 73 km up river from Masson, has four units totalling 110 MW. It has some storage capability so it can alter schedules by 25 to 50 MW for 2 to 4 hours;*
- *A large storage reservoir is located approximately 64 km up river from High Falls and it can be controlled to release water as required to produce a day ahead schedule. Such a schedule includes consideration that water released from the reservoir takes four hours to reach High Falls and an additional four hours to reach Dufferin and Masson.*

41. BRTM has control of the transmission assets below that enable it to operate in different configurations:

- *The three generation stations are connected together by transmission owned by Brookfield;*
- *There are two interconnections to the HQT system, one at High Falls and one at Masson;*
- *There are two transmission lines with 250 MW total transfer capacity at Masson that connects directly to Ontario;*
- *BRTM holds two 250 MW long-term firm Point-to-Point transmission reservations – one under the HQT OATT to the US border at Phase 2 and the second under the Phase 2 OATT to the Sandy Pond node in the ISO-NE market.* »

(ii) « *46. This was the case in May 2016 when Phase 2 was out of service for the entire month. BRTM connected 200 MW directly to Ontario and redirected 53 MW via the HQT OATT to Ontario.*

47. Transferring to one of these alternate configurations takes time during which there will likely be imbalances. The switch of generation to Ontario requires thirty (30) minutes.

48. Once the transfer is made to one of these configurations, hourly operations are able to follow the day ahead schedule and operate within Band 1. Imbalances into Band 2 and Band 3 usually occur when there are disrupting events outside of BRTM's control that require large changes within the day. Small changes can often be accommodated through redispatch of High Falls and/or Masson.

49. For the three months that HQP has singled out as problematic, BRTM has reviewed its operation and categorized the disrupting events that caused the imbalances. The results are provided in Figure 2. Only the "interne" category are events within the control of BRTM. The other three categories are outside its control:

Figure 2

Causes des écarts

Source	Mai 2016	Mai 2017	Oct 2017	Raisons:
Externe	326	135	188	Coupures de contrat, Manoeuvres de tranfert sur D5A, Déclenchement, Urgence
Interne	4	80	29	Manoeuvres, Accord, Déclenchement, Grapinage, Perte dans les grilles.
Boralex	0	1	3	Réduction ou augmentation de débit précipité par Boralex.
Apport	0	0	24	Apport dû à la pluie.
Total	330	216	244	

50. In each of the three months, the vast majority of the disruptive events were external contract cuts or transmission related issues. Only 14.3 % of the 790 hours of imbalance were related to internal actions. » [nous soulignons]

(iii) En page 19, concernant les écarts de mai 2016, il est mentionné :

« […] *The 53 MW schedule was cut by the IESO in Ontario and reduced to 17 MW. The 35.39 MW of recorded long imbalance was approved as acceptable by HQT's Centre for Controlling the Movement of Energy ("CCME"). Rather than spill water at the BRTM run-of-river hydro generation which is located in the south west near load centres and operate HQP generation in the far north CCME chose to accept BRTM generation as long imbalance and store water in the HQP head ponds. Not only did this save system losses, it maintained a higher degree of reliability than would have been if BRTM had reduced generation. It was not a deliberate act of BRTM to*

over-schedule but a reaction to the IESO curtailment and it was definitely not arbitrage. This same situation occurred for May 30 HE 02:00. »

En pages 24 et 25, concernant l'événement de mai 2017 :

« *75. BRTM has also reviewed these May 2017 imbalance deviations and determined that the deviations in Bands 2 and 3 have mainly occurred because of factors outside the control of BRTM. The external reasons are as follows:*

- *Contract cuts because of Phase 2 capacity reductions in NE;*
- *Problems with Line 1123 over loads;*
- *Fire department request to reduce output to aid a missing person search.*

76. All of these factors have been communicated to CCME and, unless there is a reliability problem that requires BRTM to redispatch, CCME has accepted the deviations as inadvertent. As such, these deviations should not be subject to penalties under Schedule 4 settlement according to the HQT OATT as follows:

> *"Notwithstanding the foregoing, deviations from scheduled transactions arising from directives issued by the Transmission Provider shall not be charged according to the above bands; the resulting amounts shall instead be settled at the end of the month by a payment of 100% of the incremental or decremental price. Such directives may be related to correcting a drop in frequency, responding to a reserve sharing event or shifting generation to relieve congestion."*

77. Settlement for May 2017 attributed all the deviations to BRTM and no adjustment was made for any of the CCME accepted deviations even those when BRTM reduced output under CCME direction to reduce flow on Line 1123. The penalties of 10% and 25% should not have been applied to these deviations. » [note de bas de page omise]

(iv) Les données déposées sous pli confidentiel montrent le niveau de programme et le niveau de la mesure pour chaque heure au cours des mois de mai 2016, mai 2017 et octobre 2017. Parmi ces données, la Régie constate que le niveau le plus bas de mesure (niveau de livraison) s'est fait à 25 MW et le niveau le plus bas de programmation s'est fait à 0 MW.

Demandes :

1.1 Veuillez reproduire le tableau de la référence (ii) en indiquant les écarts en MWh plutôt que le nombre d'heures d'écarts.

1.2 Veuillez préciser si BRTM a connaissance en temps réel de la présence d'écart de réception.

1.3 Outre les cas relatés en référence (iii), veuillez préciser si d'autres discussions ont eu lieu entre BRTM et le Transporteur et HQCMÉ concernant les écarts de réception, notamment ceux d'octobre 2017. Le cas échéant, veuillez préciser le but de la discussion, l'événement auquel elle est liée et si cette discussion a eu lieu avant ou après une séquence d'écarts.

1.4 Veuillez expliquer que selon la référence (iv), la programmation se soit faite à des niveaux allant de 7 à 9 MW au cours du mois de mai 2016, considérant que l'IESO aurait accepté 17 MW et que le niveau de livraison était significativement supérieur à 17 MW (référence iii) pour ces heures (référence iv).

1.5 Considérant que selon la référence (iv), les livraisons se sont faites à un niveau minimal de 25 MW, veuillez préciser si les équipements de BRTM (référence (i)) lui permettent de réduire ses livraisons à :

1.5.1. 7 MW, soit un niveau de programmation constaté en mai 2016, mai 2017 (référence (iv));

1.5.2. 0 MW, soit un niveau de programmation constaté le 19 octobre 2017 (référence (iv)).

1.5.3. Dans l'affirmative, veuillez expliquer que le niveau de livraison le plus bas constaté au cours des mois de mai 2016, mai 2017 et octobre 2017 soit de 25 MW.

1.5.4. Dans la négative, veuillez expliquer que BRTM programme à un tel niveau.

2. Références : (i) Pièce C-BRTM-0019, p. 17;
(ii) Pièce C-BRTM-0019, p. 23;
(iii) Pièce C-BRTM-0019, p. 24.

Préambule :

(i) « *51. WKM disagrees with the HQP proposal for several reasons:*

1. The suggestion that BRTM (who was the only transmission customer ("TC") using Schedule 4 Generator Imbalance Service) is intentionally over-scheduling is not correct and the claim that arbitrage opportunities exists for BRTM as the TC is flawed;

2. The HQP proposal reverses incremental and decremental costs which is counter to the Régie decisions and FERC policy;

3. It increases the difference between incremental and decremental cost in each deviation band which is punitive and may incent higher schedules;

4. It increases the already existing structural penalty for good schedules in Band 1 rather than apply penalties only in Bands 2 and 3;

5. It adds floor and ceiling prices that are discriminatory and counter to previous Régie decisions. » [nous soulignons]

(ii) « *69. The Existing Method settlement prices in Bands 1, 2 and 3 could explain why historic deviations have generally been long. The Incremental price (owed for short deviations) is very high and the Decremental price (paid for long deviations) is very low. These are essentially penalties for any schedule deviation. But the penalty is worse for short deviations so prudent scheduling will*

tend to be slightly on the long side. It is not the rare arbitrage opportunity (as claimed by HQP) that has created more long imbalances. Rather, it is the differential pricing structure of the imbalance settlement method with high prices for short imbalances that may influence transmission customers to schedule prudently toward an over-schedule. » [nous soulignons]

(iii) *« 72. The only way to avoid imbalance penalties under the existing HQT OATT is to have perfectly balanced schedules, which is physically impossible. This situation is counter-productive because it punishes good scheduling and it creates an incentive to over-schedule to avoid the penalty. It may also be discriminatory dependent on the magnitude of the price differential.*

73. With the HQP proposal this inherent discrimination is increased significantly as the differential penalty price between long and short deviations in Band 1 is increased from $18.6/MWh to $72.5/MWh. There is no encouragement to maintain a balanced schedule with small deviations. Rather, this could create a higher incentive to schedule high because of the high cost of short imbalances. » [nous soulignons]

Demandes :

La Régie comprend de l'extrait souligné à la référence (i) et du deuxième extrait souligné à la référence (iii) que l'expert de BRTM est en désaccord avec la tarification proposée par le Producteur au présent dossier, notamment en ce qu'elle pourrait inciter le client à faire des programmations plus élevées.

La Régie comprend de la référence (ii) que les prix élevés de la formule actuelle pour des livraisons inférieures aux programmes inciteraient le client à privilégier la position où il se retrouve en livraison supérieure au programme.

La Régie comprend par ailleurs qu'un programme plus élevé risque davantage d'entraîner une livraison inférieure au programme, soit la situation que semble vouloir éviter BRTM à la référence (ii).

2.1 Veuillez confirmer ou corriger la compréhension de la Régie exprimée ci-dessus.

2.2 Veuillez concilier la référence (i) et le deuxième extrait surligné à la référence (iii) avec la référence (ii) en expliquant notamment comment la proposition du Producteur au présent dossier peut inciter le client à faire des programmes plus élevés.

2.3 Veuillez préciser si BRTM a des suggestions pour corriger les incitatifs de la tarification actuelle à dépasser sa programmation pour éviter d'être en situation où la livraison est inférieure à la programmation (référence (ii)).

3. Référence : Pièce C-BRTM-0019, p. 19.

Préambule:

« *56. In Figure 4 for May 12, HE 09:00 the incremental price for a short imbalance under the current schedule 4 is shown as $12.15:*

Figure 4

Tableau R13.4B
Exemple avec l'application du prix Incrémentiel ($CA/MWh)

Mai 2016	Prix incrémentiel (livraison < programme)			Si client achetait dans marché
	Méthode en vigueur selon Annexe 4 des Tarifs			
	Client achète au + haut des 3 prix (RT - frais & transport)			
	Prix RT marché	Frais & transport	Prix incrémentiel	RT + frais
12 Mai – HE09:00 (Pointe)				
NY Zone M RT	20,68 $	8,52 $	**12,15 $ (retenu)**	20,68 + 5,79 = 26,46 $
NE PH II RT	24,11 $	16,00 $	8,10 $	24,11 + 14,14 = 38,25 $
ON HOEP RT ($ CA)	20,28 $	8,29 $	11,99 $	20,28 + 5,00 = 25,28 $
31 Mai – HE09:00 (Pointe)				
NY Zone M RT	18,22 $	8,53 $	9,70 $	18,22 + 5,90 = 24,12 $
NE PH II RT	32,89 $	16,15 $	**16,74 $ (retenu)**	32,89 + 14,41 = 47,30 $
ON HOEP RT ($ CA)	19,90 $	8,29 $	11,61 $	19,90 + 5,00 = 24,90 $

À noter : les variations des frais applicables sont dues à la variation du taux de change horaire.

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57. HQP says that this is an arbitrage opportunity because the short imbalance is an alternative to buying from the markets at a higher price. The reality is that if Phase 2 was operating at the time BRTM would have been selling to NE and receiving $24.11. But Phase 2 was out of service so BRTM connected 200 MW directly to ON and 53 MW through HQT to ON as a redirect at no cost to BRTM. It was on schedule for the 53 MW with a very small short deviation of 0.187 MW and receiving the $20.28/MWh HOEP price. Why would BRTM intentionally be short to receive only $12.15/MWh? The same situation applies for May 31 HE 09:00 with the contract schedule at 52 MW and a short imbalance of only 0.062 MW. Neither of these examples was an arbitrage opportunity for BRTM. » [nous soulignons]

Demandes :

Au tableau de la référence, le Producteur illustre le cas d'une livraison inférieure au programme. Dans ce cas, le client doit acheter l'énergie manquante par le Service. Le Producteur compare cet achat avec l'achat que devrait faire le client s'il achetait cette énergie sur les marchés.

La Régie constate toutefois qu'à la référence, BRTM réfère plutôt au prix qu'il aurait reçu à cette heure.

3.1 Veuillez expliquer que BRTM réfère au prix qu'il aurait reçu sur les marchés, considérant que dans le cas d'une livraison inférieure au programme, le client doit acheter l'énergie manquante.

3.2 Veuillez préciser si l'achat de l'énergie manquante sur les marchés est une option permettant à BRTM d'éviter une livraison inférieure au programme.

3.2.1. Veuillez élaborer sur les autres options dont dispose BRTM pour éviter un écart négatif.