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September 24, 2021

Via Email & RESS

Christine Long
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms. Long:

Re: EB-2021-0136: Hydro One Networks Inc. – Richview to Trafalgar section 92 leave to reconductor Application

Please find enclosed the interrogatories of the Association of Power Producers of Ontario (APPrO) in this proceeding.

Yours truly,

McCarthy Tétrault LLP

Per:



Reena Goyal
Counsel

RG/jk

Enclosure

cc: Mr. David Butters, President & CEO, APPrO

ONTARIO ENERGY BOARD

THE MATTER OF the Ontario Energy Board Act 1998, S.O. 1998;

AND IN THE MATTER OF an Application by Hydro One Networks Inc. pursuant to s. 92 of the *Act* for an Order or Orders granting leave to reconductor existing transmission line circuits along the route between Richview Transformer Station and Trafalgar Transformer Station located in the municipalities of Toronto and Mississauga.

AND IN THE MATTER OF an Application by Hydro One Networks Inc. pursuant to s. 97 of the *Act* for an Order granting approval of the forms of the agreement offered or to be offered to affected landowners.

**INTERROGATORIES OF
THE ASSOCIATION OF POWER PRODUCERS OF
ONTARIO (APPrO)**

1.1-APPrO-1

Reference: Exhibit B-3-1, Attachment 3

Preamble:

In the IESO revenue requirement (EB-2020-0230) the IESO expects to complete the Market Renewal Program (MRP) by 2023. Among other market design changes, the IESO is proposing to change the current two-schedule system to a single schedule system for real-time operation. The result will be the adoption of Locational Marginal Pricing (LMP) in Ontario. The *MRP Energy Stream Business Case* dated October 22, 2019 outlines that the incentives from LMP for siting and operating generation efficiently in constrained zones are a primary benefit of MRP.

Transmission congestion on the Flow East Towards Toronto (FETT) interface would reasonably be expected to increase LMP prices east of FETT.

Questions:

- a) Please provide any estimates of congestion cost for do-nothing scenario (i.e., the proposed project is not developed) on an annual basis. Please provided a detailed explanation of the assumptions and methodology in preparing congestion costs. Please provide all data sets, financial models, and sources of information used in the analysis.
- b) Please provide the IESO's estimate for annual and monthly average LMP for major nodes and/or zones east of FETT if the project does not proceed. If the IESO has not estimated LMPs east of

FETT, please provide an estimate of congestion costs on the FETT interface or provide reasoning why an estimate was not prepared.

- c) Please provide the IESO's estimate for annual and monthly average LMP for major nodes and/or zones east of FETT for all proposed alternatives including the preferred option. If the IESO has not estimated LMPs east of FETT, please provide an estimate of congestion costs on the FETT interface or provide reasoning why an estimate was not prepared.
- d) Please provide all analyses that compares the economics of the preferred option versus do nothing that include congestion costs on the FETT interface. For example, the preferred project cost is estimated by Hydro One to be \$60.9 million dollars (Exhibit B-1-1). Please show the amount of congestion cost savings expected for the project costs. Please provide all data sheets, financial models, and sources of information used in the analysis.
- e) Please describe how LMP would be incorporated into the procurement mechanisms. If LMP was not incorporated, please provide an explanation why LMP was ignored with reference to qualitative and quantitative benefits set out in the IESO's *MRP Energy Stream Benefits Case*.

2.1-APPRO-2

Reference: Exhibit B-3-1, Attachment 3

Preamble:

Section 3.2 of the IESO's June 12, 2021 report entitled *Trafalgar TS x Richview TS 230 kV line upgrade: Need and Selection of the Preferred Plan* (the "**Report**") states "[w]hen acquiring new supply to meet the provincial need for capacity, it may be possible to run the capacity auction and resource procurements with a requirement to locate approximately 2,000 MW east of the FETT interface by 2026. The IESO is aware of some interest in developing new supply east of the interface and imports from Quebec and New York [*sic.*] could provide some of that supply; however, the amount we're aware of isn't enough to meet the approximately 2,000 MW need and/or it is unclear whether or not it can be developed/acquired in 2026. Hence, there is significant uncertainty and risk in being able to obtain a sufficient amount of new supply resources east of FETT by 2026."

Questions:

- a) Please provide a detailed description of the IESO's outreach strategy to supply resource developers and existing operators as part of its system need assessment and alternative solution options. If the IESO did not engage directly with resource developers, please provide a detailed explanation of why and how the IESO reached its conclusion of insufficient interest?
- b) Please provide a list of entities and market participants engaged by the IESO in determining interest in developing new supply resources east of the interface. If the IESO cannot provide

that information, please provide a count of IESO's meetings/correspondence with resource operators and resource developers.

- c) Please provide a summary of interest in developing new supply east of the FETT interface by:
 - i. Resource type (e.g., gas-fired generation, solar generation, wind generation, energy storage, imports, hydroelectric generation, nuclear generation, demand response)
 - ii. Expansions of existing facilities including uprates and new capacity expansions
 - iii. Magnitude of resource development capabilities (i.e., capacity and annual energy production)
- d) Please provide details of all revenue mechanisms considered by the IESO in its assessment of alternative solutions. Please clearly describe and identify the procurement and revenue mechanisms and models used by the IESO to assess the cost and uncertainty associated with alternative solutions. For example, responses should identify any assumptions and details relating to revenues assumed by the IESO to be available through market mechanisms (e.g., capacity, energy, ancillary services) as well as through out-of-market mechanisms (e.g., out-of-market payments, programs, contracts).
- e) Did the IESO include assumptions relating to the cost and availability of capital (debt and equity) when exploring and modeling procurement mechanisms and revenue models that could be used to compensate proponents capable of providing alternative solutions? If so, please identify the source and basis of inputs and assumptions used to determine availability and cost of capital. If not, please identify reasons why this analysis was not undertaken when considering the viability of alternative solutions.
- f) Did the IESO explore continued operation of Pickering NGS beyond the current end-of-life of 2024/2025?
- g) Please provide a detailed development timeline the IESO used in its assumption that new capacity could not be developed by 2026.
- h) Please provide all IESO records (including draft reports, notes, emails, internal and external meeting materials, etc.) of its consideration and/or evaluation of existing and possible new capacity supply resources east of the FETT interface.
- i) Please provide all IESO records (including draft reports, notes, emails, internal and external meeting materials, etc.) of its consideration and/or evaluation of possible imports from Quebec and New York to satisfy the identified ~2,000 MW need.
- j) Please provide all IESO records (including draft reports, notes, emails, internal and external meeting materials, etc.) relied upon to reach its conclusion that "the amount we're aware of isn't enough to meet the approximately 2,000 MW need and/or it is unclear whether or not it can be developed/acquired in 2026".

2.1-APPPrO-3

Reference: Exhibit B-3-1, Attachment 3, page 7 of 13

Preamble: As previously stated, section 3.2 of the Report states that “[t]he IESO is aware of some interest in developing new supply east of the interface and imports from Quebec and New York could provide some of that supply; however, the amount we’re aware of isn’t enough to meet the approximately 2,000 MW need and/or it is unclear whether or not it can be developed/acquired by 2026.”

Section 3.3 of Report states in part that “[t]here are uncertainties on the capacity level that can be obtained east of FETT through the target capacity auction process and other resource acquisition mechanisms under development.”

Questions:

- (a) Please specify the “other resource acquisition mechanisms under development”.
- (b) Please provide all IESO records (including draft reports, notes, emails, internal and external meeting materials, etc.) relied upon to reach its conclusion that “[t]here are uncertainties on the capacity level that can be obtained east of FETT through the targeted capacity auction process”.
- (c) To the extent they are not provided in response to the above interrogatories, please provide all IESO records (including draft reports, notes, emails, internal and external meeting materials, etc.) relied upon to reach its conclusion that “[t]here are uncertainties on the capacity level that can be obtained east of FETT through ... other resource acquisition mechanisms under development”.
- (d) Please identify and delineate which alternative solutions were not pursued due to insufficient capacity and which were not pursued due to lack of clarity as to whether the supply could be developed/acquired by 2026.
- (e) Please identify and explain the extent to which procurement models and revenue mechanisms identified in response to 2.1-APPPrO-2 above impacted or influenced determinations of availability and certainty?
- (f) Please provide a summary of capacity offered east of FETT in the December 2020 capacity auction, including the following information:
 - i. Quantity of capacity (MW)
 - ii. Fuel type (e.g., gas-fired generation, energy storage, imports, etc.)
 - iii. Capacity price offered¹
 - iv. Location of capacity offered

¹ APPPrO understands this information may need to be partially redacted or aggregated to maintain commercially sensitive information.