

September 29, 2022

Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street  
P.O. Box 2319  
Toronto, Ontario  
M4P 1E4

Dear Ms Marconi:

**EB-2022-0024–Elexicon Energy Inc. – 2023 Electricity Distribution Rates- ICM**

Please find, attached, interrogatories for Elexicon Energy Inc. from the Consumers Council of Canada pursuant to the above-referenced proceeding.

Please feel free to contact me if you have questions.

Yours truly,

**Julie E. Girvan**

Julie E. Girvan

CC: All parties

**INTERROGATORIES FOR ELEXICON ENERGY INC.**

**FROM THE CONSUMERS COUNCIL OF CANADA**

**RE: EB-2022-0024**

**2023 RATES – INCREMENTAL CAPITAL MODULE**

**CCC-1**

**Appendix B**

- a) Please provide all materials provided to Elexicon’s Board of Directors regarding the two Incremental Capital Module (ICM) projects.
- b) Please provide a complete list of all studies and reports produced in relation to these two ICM projects. Please file those reports and studies that have not been produced as a part of the pre-filed evidence.
- c) Please provide a detailed explanation of the genesis of these two projects. What entity/entities initiated the projects and when? (e.g. Whitby Hydro Electric Corporation, Veridian Corporation, Elexicon, external parties etc.)
- d) Please provide a complete list of all external consultants and lawyers/law firms that have been, or are still involved with the development of these projects. Please provide their respective roles and their potential financial interest in the projects.

**CCC-2**

**Appendix B**

Please provide all correspondence between the Ontario Government and Elexicon regarding the ICM projects.

**CCC-3**

**Appendix B, p. 7**

Please provide a list of the developers included in the Brooklin Landowners Group Inc. Please explain how Elexicon determined which developers would be participants in the Sustainable Brooklin Project. Will other developers within Elexicon’s franchise area have access to the same conditions? If not, why not? Please quantify the financial benefit each of those chosen developers is receiving from the project and who is providing that benefit (ratepayers, shareholders, NRCan?)

**CCC-4**

**Appendix B, pp. 7/8**

The evidence states that Elexicon will provide capacity to a group of residential developers represented by the Brooklin Landowners Group Inc. (BLGI)

- a) What exactly is Elexicon providing the BLGI in terms of capacity?
- b) Please provide copies of all of the contracts between the Elexicon and the BLGI;

- c) Please provide a list of all of the participating developers and the number of homes each developer will construct in Brooklin.

### **CCC-5**

#### **Appendix B, p. 8**

In the event a developer fails to deliver on the construction of DER and EV-Ready homes or buildings, that developer or property owner will be required to pay an appropriate capital contribution to Elexicon in support of the Brooklin Line. The amount of the capital contribution would be approximately \$2,260 per home or building before Elexicon supplies power. How was this amount determined? What constitutes a “DER and EV-Ready home or building” under the contractual arrangements between Elexicon and the developers?

### **CCC-6**

#### **Appendix B, p. 9**

“The WSG and Sustainable Brooklin Projects are anticipated to provide an annual benefit to WRZ customers of \$0.6733 MM which is comprised of energy savings and customer reliability improvements”

- a) What are the implications and the impacts on the business cases if the benefits are not realized as promised?
- b) Please explain which WRZ customers will benefit from these projects.

### **CCC-7**

#### **Appendix B, p. 10**

“The commitment by the Developers to invest approximately \$30.4 million over a 20-year period in DER and EV-enabling infrastructure in newly constructed homes in North Brooklin will lower barriers to entry for customers wishing to install DER and EV infrastructure in their newly purchased homes. ICM funding for the Sustainable Brooklin Project will guarantee this investment of private sector capital.”

- a) Please explain how the \$30.4 million was calculated;
- b) Please explain why developers would not invest in DER and EV-enabling in the absence of the ICM funding.

### **CCC-8**

#### **Appendix B, p. 12**

“The proposed ICM Projects will serve to modernize Elexicon’s distribution system to better accommodate DERs and other technology and deliver important learnings to benefit other utilities in Ontario, particularly other suburban and high growth utilities.”

- a) To what extent will Elexicon’s customers be compensated for funding projects that will deliver “important learnings to benefit other utilities in Ontario”?
- b) Did Elexicon consider partnering with other utilities to undertake these types of projects? If so, please explain. If not, why not?

**CCC-9****Appendix B, p. 13**

Elexicon refers to the Minister of Energy's November mandate letter to the OEB that articulated the prioritization of innovation and non-wires alternative. Elexicon's evidence is that its ICM Projects identify Elexicon's efforts to be responsive to several priorities highlighted in the mandate letter. Did Elexicon seek funding from either the Government of Ontario or the Independent Electricity System Operator to support these ICM projects? If not, why not?

**CCC-10****Appendix B, p. 16**

Please file the most current Elexicon DSP. When does Elexicon intend to file its next DSP? Did Elexicon consider applying to rebase its rates for 2023 or 2024 allowing the OEB to consider these projects in the context of other system needs and priorities? If not, why not?

**CCC- 11****Appendix B, p. 20**

"Elexicon is proposing to significantly modernize its distribution system in the WRZ by 2025 so as to facilitate the integration of high-levels of DERs with sufficient lead time to enable consideration of these resources to defer or avoid a future material upstream capacity investment that could be needed as early as 2030." Please provide a current forecast of DER integration in the WRZ for the period 2023-2028.

**CCC-12****Appendix B, p. 24**

The estimated cost of the WSG less NRCan funding is \$43.172 million. The estimated total capital cost of the Sustainable Brooklin Project is \$26.6 million. Please provide the total annual capital spending - actual and budget (as set out in the current DSP) for the WRZ for the years 2015-2025. What is the current status of the NRCan funding? Please specify all conditions for that funding.

**CCC-13****Appendix B, p. 25**

The evidence states that the Developers commit (secured by binding agreement or conditions in related regulated approvals) to constructing all new residential homes as DER and EV-Ready homes including rough-ins and conduit within walls, electrical panels, garages and elsewhere needed to accommodate roof-mounted solar photovoltaic installations, battery storage and EV charging. The Developers estimate construction of 10,000 to 11,200 homes to this standard.

- a) It states that the Developers commit to the construction – secured by binding agreement or conditions in related regulated approvals. What is Elexicon's preferred proposal to secure the developers' commitments?
- b) Please confirm that the cost of the Sustainable Brooklin Project (\$26.6 million) will be to prepare between 10,000 and 11,200 homes for DERs, but there is no guarantee the homeowners will incorporate DERs into the new homes.

c) Which Elexicon customers are funding the \$26.6 million?

**CCC-14**

**Appendix B, p. 26**

Elexicon is considering a DER Enabling Program that would facilitate on-bill financing. Please provide all studies and reports related to this potential initiative. Please provide any legal opinions provided to Elexicon regarding the implementation of on-bill financing.

**CCC-15**

**Appendix B, p. 29**

In the context of its Customer Engagement to what extent did Elexicon ask its customers if they were prepared to fund the specific projects associated with its ICM Application? Did Elexicon ask its customers to what extent they were prepared to accept bill increases to prepare the grid for new types of uses such as EVs and renewable generation? Were customers asked whether they would support rate increases to fund a select group of customers that would be provided DER and EV-Ready homes at no extra expense? If not, why not?

**CCC-16**

**Appendix B, p. 29**

The evidence refers to a 3% decrease in energy bills related to conservation-based voltage reductions that would persist past 2029. Please provide all calculations to support the 3% decrease. Please include all assumptions.

**CCC-17**

**Appendix B, p. 37**

Please explain why Elexicon's ROE was 6.87% in 2021 (relative to a deemed rate of 9.43%)

**CCC-18**

**Appendix B, p. 47**

"Absent the DSC exemption, the Developers would otherwise be required to pay a capital contribution for construction of the Brooklin Line and the Developers would no longer be willing to commit to invest in building DER and EV ready homes across all of North Brooklin."

- a) Please provide evidence to support this claim;
- b) Why would the Developers not be willing to pay a portion of the capital contribution?
- c) Did Elexicon pursue a sharing arrangement – whereby the Developers paid a portion of the capital contribution? If not, why not? Why is "all or nothing" necessarily appropriate?

