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**VIA E-MAIL**

Independent Electricity System Operator

Station A, Box 4474  
Toronto, ON  
M5W 4E5

Attention: Nicholas Ingman, Manager, Regulatory Affairs

**Re: Stakeholder Engagement Plan SE-78  
Export Transmission Service Tariff Study – Stakeholder Engagement Plan  
Vulnerable Energy Consumers Coalition Comments**

As Counsel for the Vulnerable Energy Consumers Coalition (VECC) I am writing to provide comments on regarding the IESO's proposed Export Transmission Tariff Study plan and associated Stakeholder Engagement Plan. As one of the signatories to the EB-2006-0501 Settlement Agreement, VECC has a direct interest in the IESO's plans regarding this issue.

*Roles and Responsibilities*

As the Plan notes, the ultimate responsibility for approving the Export Tariff lies with the OEB and the ultimate responsibility for making the associated application for approval lies with Hydro One Networks.

It is VECC's understanding that the IESO's involvement in this issue arises primarily due to the need to determine whether reciprocal arrangements can be made with neighbouring jurisdictions regarding transmission pricing for power exchanges between jurisdictions. As a result, VECC considers this to be a key and central aspect of the IESO's study.

## *Objectives*

In VECC's view it is important the objectives used by the IESO in assessing Export Pricing options are aligned with:

- a) The objectives of the OEB – as set out in the Ontario Energy Board Act, and
- b) The transmission pricing objectives that Hydro One Networks has articulated in previous Transmission Rate Applications.

On page 2 the SE Plan states that the appropriate Export Tariff design and rates would embody the following features:

- Simple to implement
- Fairness and equity
- Promote market efficiency
- Consistency with rates in neighbouring jurisdictions

However, the assessment described on page 6 appears to focus almost entirely on the issue of market efficiency with no consideration regarding the fairness/equity of the resulting rates. This is significant shortcoming as the Board's objectives include consumer protection and Hydro One Network's pricing principles require that pricing methodologies be fair and equitable and should not favour any group or type of customers<sup>1</sup>. Furthermore, fairness and equity become particularly important considerations, if as the SE Plan suggests, establishing reciprocal export pricing arrangements with neighbouring jurisdictions does not appear to be a reasonable outcome.

Also, in terms of objectives, the degree of need for consistency with rates in neighbouring jurisdictions will depend on whether reciprocity in transmission pricing arrangements is possible. What is likely more important is consistency in rate setting methodologies – recognizing that costs and therefore rates will vary by jurisdiction.

Finally, the Plan suggests (page 6) that Ontario could end-up with a mix of ETS rates at its different interfaces. There is a need to distinguish between reciprocity in terms of common transmission charges/methodologies versus reciprocity in terms of elimination of overlapping transmission charges. These are two very different interpretations and it is VECC's view that the IESO should be pursuing the later with neighbouring jurisdictions while maintaining a common export tariff where applicable.

## *VECC's Continuing Participation*

VECC is a coalition of groups that represents the interests of those energy consumers who, because of their household income, or other distinguishing characteristic such as

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<sup>1</sup> EB-2005-0501, Exhibit G1/Tab 1/Schedule 1/page 6

age, literacy, etc, have a set of concerns that may differ in kind, and, in magnitude, from those of more affluent residential consumers as well as commercial and industrial consumers. The Vulnerable Energy Consumers Coalition (VECC) is currently comprised of the Ontario Coalition of Senior Citizens (OCSCO), and the Federation of Metro Tenants Association.

VECC is not in a position to commit its counsel or consultants/advisors to participating on the IESO's proposed working group on a pro-bono basis. I would, however, appreciate being kept up to date on the progress of the study and expect that my client will be more actively involved when the matter comes before the Ontario Energy Board.

Thank you.

Yours truly,

Michael Buonaguro  
Counsel for VECC