

Message

From: Yan Bechamp [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=59B4C84CDF4D40FFB657D0B2A2141BAE-YAN BECHAMP]
Sent: 2018-02-20 10:40:03 AM
To: Jeannette Briggs [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=148095610f7242f48a5a9da24b1a8a87-Jeannette B]
Subject: RE: Cost of Power 2nd Quarter 2016 versus 2nd Quarter 2017
Attachments: Parker Gallant Email.docx

Here is my take on the response to Parker.

Yan Béchamp, P.Eng | Supervisor | Customer Billing – Corporate Services
Independent Electricity System Operator (IESO) | T: 905-855-6255 | C: 416-550-0885
Station A, Box 4474, Toronto, ON, M5W 4E5
Web: www.ieso.ca | Twitter: [IESO Tweets](#) | LinkedIn: [IESO](#)
Conservation: www.saveONenergy.ca | Twitter: [saveONenergyOnt](#) | LinkedIn: [saveONenergy](#)

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From: Jeannette Briggs
Sent: February 16, 2018 12:42 PM
To: Yan Bechamp
Subject: Re: Cost of Power 2nd Quarter 2016 versus 2nd Quarter 2017

Okay sounds good

Regards

Jeannette Briggs
416 997-6364

From: yan.bechamp@ieso.ca
Sent: February 16, 2018 11:03 AM
To: jeannette.briggs@ieso.ca
Subject: Re: Cost of Power 2nd Quarter 2016 versus 2nd Quarter 2017

There is a little more to this story. I can fill you in this afternoon. All this could have been avoided in my opinion.

Yan Béchamp, P.Eng
Supervisor – Customer Billing
Independent Electricity System Operator
T: [905-855-6255](tel:905-855-6255) | C: [416-550-0885](tel:416-550-0885)

On Feb 16, 2018, at 11:01, Jeannette Briggs <jeannette.briggs@ieso.ca> wrote:

Yes but we do not rise to this - always respectful

Regards

Jeannette Briggs
416 997-6364

From: yan.bechamp@ieso.ca
Sent: February 16, 2018 9:27 AM
To: jeannette.briggs@ieso.ca
Cc: idalin.mckenzie@ieso.ca
Subject: RE: FW: Cost of Power 2nd Quarter 2016 versus 2nd Quarter 2017

Having someone look into this now.

A little passive aggressive with the red and exclamation marks, no?

Yan Béchamp, P.Eng | Supervisor | Customer Billing – Corporate Services
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From: Jeannette Briggs
Sent: February 16, 2018 9:14 AM
To: Yan Bechamp
Cc: Idalin McKenzie
Subject: FW: FW: Cost of Power 2nd Quarter 2016 versus 2nd Quarter 2017

Can you get someone to run a query that shows H1 Class A MWh versus Class B MWh as well as their embedded. I suspect the \$120M correction is pushing out this reengineering of F/S rates of CoP.

Regards,

Jeannette Briggs Director, Settlements - Corporate Services
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From: Terry Young
Sent: February 15, 2018 9:25 PM
To: Jeannette Briggs
Subject: FW: FW: Cost of Power 2nd Quarter 2016 versus 2nd Quarter 2017

We should talk about this ...

From: Parker Gallant [<mailto:parker.gallant@gmail.com>]
Sent: February 15, 2018 9:07 PM
To: Nicole Hynum
Cc: IESO Customer Relations; Terry Young; Scott Luft
Subject: Re: FW: Cost of Power 2nd Quarter 2016 versus 2nd Quarter 2017

Nicole, Thanks for your response but I don't feel my question(s) were really addressed hence my response below. Please note my reactions/queries in red!

Parker – Thanks for your inquiry. Market participants financial statements cannot be reconciled using market data posted on the IESO's website. There are many variables that come into play, such as embedded generation, global adjustment (Class A versus Class B customer), etc. I am totally aware of the “many variables” you note. I would note that you didn't clarify if the FHP “modifier” is added to your billing to distributors or settled in another manner—so could you please at the least advise me on that issue/question. Reconciliation can only be done using market participants settlement statements and data files, which are confidential. **I have not asked for any confidential information!** I have been advised by Hydro One that IESO is responsible for the billing to them for the Cost of Power (CoP) as you will see in my earlier dialogue with them. I have used their CoP amount for the calculation along with their reported billed distribution in GWh which is presumably part of your calculations on the billing side for the CoP. I recognize that “embedded” distribution costs would/should be included in the CoP as those are contracts signed by the OPA (now a part of IESO). That being the case the billed CoP should be higher than my calculation generated as those contracts are considerably higher than the bulk of the power generated (nuclear and hydro in 2017 represented 97.1% (128.3 Twh) of grid connected Ontario consumption at prices in the 6.5 cents/kWh for nuclear and 4.4 cents/kWh range for hydro). NB: On this subject see remarks in the next paragraph related to IESO's reported “Class B” rates.

On another note I have wondered why doesn't IESO report on the cost of embedded Generation as you are the settlement agent for it and claim you are “transparent”?

Also, please note that the IESO's monthly market summaries are for information purposes only. I and many others have always assumed the “monthly market summaries” were factual so are you suggesting they are not? That raises the question: what about the IESO reported “Global Adjustment Components and Costs” <http://www.ieso.ca/sector-participants/settlements/global-adjustment-components-and-costs> page? Using that page I can calculate the GA for Class A's was \$52.95/MWh and \$102.11/MWh for Class B ratepayers for the three months in question. Adding the GA costs for A & B ratepayers together for the three months comes to \$3,037.4 million and adding the reported consumption together gives me 34.374 TWh. Dividing the dollars by the consumption gives me a combined GA of \$88.36/MWh. If I then add the three month “weighted average” of the HOEP (taken from the Monthly Summaries) I get \$14.46 /MWh and combining the GA of \$88.36/MWh with the HOEP of \$14.46 gives me an average cost of generation for the three months of \$102.82/MWh. That number is relatively close to that of my query of Hydro One's \$97.58/MWh BUT still \$5.24/MWh over the Hydro One number despite my belief which is: **NB: I strongly believe Hydro One's share of Class A ratepayers is much less than their percentage of Class B ratepayers. If you can tell me their share (consumption by A Class) is in fact higher than the approximately 25% of Class B's they claim I will accept the lower number (assuming the “modifier” is not included) their financial report numbers suggest!** We would be pleased to have a conversation with you about IESO's market data to address any specific questions. Please refer to the IESO report site:

<http://reports.ieso.ca/public> for up-to-date information. If historical data is required, we can forward this to you.

I hope you can enlighten me on the questions posed?

Parker

On Wed, Feb 14, 2018 at 1:02 PM, Nicole Hynum <Nicole.Hynum@ieso.ca> wrote:
Parker – Thanks for your inquiry. Market participants financial statements cannot be reconciled using market data posted on the IESO's website. There are many variables that come into play, such as embedded generation, global adjustment (Class A versus Class B customer), etc. Reconciliation can only be done using market participants settlement statements and data files, which are confidential.

Also, please note that the IESO's monthly market summaries are for information purposes only. We would be pleased to have a conversation with you about IESO's market data to address any specific questions. Please refer to the IESO report site: <http://reports.ieso.ca/public> for up-to-date information. If historical data is required, we can forward this to you.

Regards, Nicole

Nicole L Hynum | Supervisor, Customer Relations
Independent Electricity System Operator (IESO) | T: (416) 969-6240 | C: (416) 627-0357
120 Adelaide Street West, Suite 1600 Toronto, ON M5H 1T1
Web: www.ieso.ca | Twitter: [IESO Tweets](#) | LinkedIn: [IESO](#)
Conservation: www.saveONenergy.ca | Twitter: [saveONenergyOnt](#) | LinkedIn: [saveONenergy](#)

From: Parker Gallant [<mailto:parker.gallant@gmail.com>]
Sent: February 13, 2018 10:30 AM
To: Terry Young
Cc: Scott Luft
Subject: Fwd: Cost of Power 2nd Quarter 2016 versus 2nd Quarter 2017

Terry, I was taking a look at the Hydro One 4th Quarter results released this morning and noted Cost of Power for the Quarter was \$662 million and distributed power was 6.784 GWh meaning the cost of power for the quarter was an average of \$97.58/MWh. If I add the modifier of \$32.90/MWh it brings the cost to \$132.48/MWh which seems well over (about \$10/MWh) the Quarterly average reported in the IESO monthly summaries. Any chance you can give me an explanation?

Parker

PS: You never got back to me on the earlier one either about the 2nd Quarter related to Hydro One.

----- Forwarded message -----

From: **Terry Young** <terry.young@ieso.ca>
Date: Sat, Aug 26, 2017 at 10:26 AM
Subject: Re: Cost of Power 2nd Quarter 2016 versus 2nd Quarter 2017
To: Parker Gallant <parker.gallant@gmail.com>

Parker: I will try to get to it this weekend or Monday at the latest. Sorry for the delay. Terry

Sent from my iPhone

On Aug 26, 2017, at 10:05 AM, Parker Gallant <parker.gallant@gmail.com> wrote:

Terry, Wondering if and when you will respond?

Parker

On Wed, Aug 16, 2017 at 11:46 AM, Parker Gallant

<parker.gallant@gmail.com> wrote:

Terry, I was reviewing Hydro One's 2nd Quarter results and found something I found as odd. My e-mail below to Omar at Hydro One explains it but as you can see they kicked the ball over to IESO. Is there a simple explanation to this oddity?

Parker

----- Forwarded message -----

From: <Tiziana.BaccegataRosa@hydroone.com>

Date: Wed, Aug 16, 2017 at 10:19 AM

Subject: FW: Cost of Power 2nd Quarter 2016 versus 2nd Quarter 2017

To: parker.gallant@gmail.com

From: ARMITAGE Jay

Sent: Monday, August 14, 2017 5:14 PM

To: 'parker.gallant@gmail.com'

Subject: RE: Cost of Power 2nd Quarter 2016 versus 2nd Quarter 2017

Hi Parker,

I received your email from Omar today. I'm sorry for the delay. In future, we'd encourage you to call us on [416-345-6868](tel:416-345-6868), especially when your questions are urgent.

As for your question below, we collect for the cost of electricity through the bill and pass it back to the generators and the system operator with no markup. For more information about the fluctuation of the cost of electricity, I'd have to refer you to the IESO.

Please let us know if you have any other questions.

Many thanks,

Jay

Jay Armitage

Director, Communications | Hydro One Networks Inc.

☎ 416-917-0489 | ✉ Jay.Armitage@HydroOne.com | 🌐 www.HydroOne.com

<image001.jpg>

From: Parker Gallant [<mailto:parker.gallant@gmail.com>]
Sent: Saturday, August 12, 2017 6:55 PM
To: INVESTOR RELATIONS
Subject: Cost of Power 2nd Quarter 2016 versus 2nd Quarter 2017

Attention: Omar Javed,

Omar, I am using your financial statements to work on an article that has been specifically requested from a regional magazine editor.

In going through the financial information contained in the MDA I note that the respective costs of power for the 2nd Quarter 2017 was \$649 million and the power distributed was 5,842 GWh. That suggest the average price per MWh of the power purchased was \$111.09/MWh or 11.1 cents/kWh which seems in line with other data available via IESO.

What has me totally baffled though is the 2nd Quarter 2016 information on the same subject. The CoP for the 2nd Quarter of 2016 is shown as \$803 million and the power distributed was 6,118 GWh. The math on that indicates a price of \$131.25 MWh or 13.1 cents/kWh which seems very high.

Can you please tell me why the 2016 CoP seems so out of wack?

I would appreciate your response ASAP as I have a timeline set before the magazine goes to print.

Thank you

Parker Gallant,
[613-399-5699](tel:613-399-5699)

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