

**CW-YEC-01**

**Issue:** Stranded Thermal Assets

**Reference:** YEC Application PDF page 18 of 136, Section 4.1.

**Preamble:** On PDF page 18, YEC states:

The public need for the EPA under reasonable electric load forecasts is examined in the context of the Project's expected capabilities to supply YIS electric load to displace thermal generation. This approach allows YEC to secure through the EPA the Project's energy and dependable capacity benefits while the Project is owned and developed by THELP.

As the proposed agreement will displace thermal assets, CW would like information to understand the treatment of existing thermal assets.

**Request:**

- (a) Please fully explain what will happen to existing thermal assets, whose energy will be displaced by the EPA. Will YEC maintain all thermal assets, or will they be removed from rate base? Will there be any reduction to maintenance costs related to thermal assets?
- (b) Please fully explain whether the EPA will create any stranded assets.

**CW-YEC-02**

**Issue:** Pricing

**Reference:** YEC Application, PDF page 28 of 136.

**Preamble:** On PDF page 28, YEC indicates that the Capacity price is \$200 per kW per year and the energy price is \$0.19 / kWh.

**Request:**

(a) Please fully explain how the proposed pricing for energy and capacity was developed.

**CW-YEC-03**

**Issue:** Deliveries above LTA

**Reference:** YEC Application PDF page 14 of 136.

**Preamble:** At Item 3 of PDF page 3, YEC states:

3. Delivery of all Winter Energy available: while YEC will only pay for winter energy that displaces LTA forecast thermal generation, YEC will take delivery each winter season (Sep-May) of all available energy that the Project is able to generate.

CW requires information to better understand pricing proposed in the agreement.

**Request:**

- (a) Please fully explain how the volumes above the LTA will be priced. In the response please fully explain why the price for surplus energy should not be priced at the YEC cost of hydro energy.

**CW-YEC-04**

**Issue:** Cost to customers

**Reference:** YEC Application, PDF page 18 of 136.

**Preamble:** On PDF page 18, YEC states:

The Minister's Terms of Reference state that the general purpose of this review of the EPA "is to obtain the YUB's report and recommendations on the potential benefits, costs, risks and customer impacts that influence whether the Agreement should proceed as proposed by YEC"

CW requires information to assess the impact of the proposed agreement on end use customers. YEC discusses the cost of energy and the cost of capacity.

**Request:**

(a) Please provide a detailed analysis that demonstrates the total cost to a customer after the arrangement is complete. In the response please include:

- The cost of energy delivered under the EPA for LTA volumes.
- The cost of energy delivered in excess of LTA Volumes.
- The cost of capacity under the EPA.
- The asset costs related (Return, Income Tax, and Depreciation) to maintaining YEC Thermal to meet LTA volumes. (if any) (including any costs of leased assets)
- The operating costs related to maintaining YEC Thermal assets to meet LTA volumes.(if any) (including any costs of leased assets)
- The asset costs related (Return, Income Tax, and Depreciation) to maintaining YEC Thermal assets as backup. (including any costs of leased assets)
- The operating costs related to maintaining YEC Thermal assets as backup. (including any costs of leased assets)

(b) Please provide a detailed analysis that demonstrates the current cost of thermal generation to a customer prior to the implementation of the EPA:

- The asset costs related (Return, Income Tax, and Depreciation) to own and operate YEC Thermal assets. (including any costs of leased assets)
- The operating costs related to owning and operating YEC Thermal assets as backup. (including any costs of leased assets)

**CW-YEC-05**

**Issue:** Reliability

**Reference:** YEC Application, PDF page 33 of 136.

**Preamble:** On PDF page 33, YEC states:

The Project is expected to be highly reliable (i.e., only 2% unplanned downtime is applicable), given long-term evidence on water availability, the available Surprise Lake Storage, and the mature hydro generation technology being used. However, risks still remain, e.g., winter conditions along with climate change may lead to ice condition instability or other issues in any given year that reduce actual dependable capacity delivered during a PWP from what was confirmed in the December Dependable Plant Capacity Test used to set Dependable Capacity Payments for the PWP.

CW requires information to understand the impact and remedy for unplanned outages.

**Request:**

- (a) Please confirm that 2% unplanned outages equates to 175 hours per year. If not confirmed, please fully explain.
- (b) Please provide a detailed discussion of the remedies available to YEC for unplanned outages, including specific references to the EPA purchase agreement that include the remedies.
- (c) Please fully explain the impact of an unplanned outage, including how YEC would supply the power shortfall.

**CW-YEC-06**

**Issue:** Impact On Rate Base

**Reference:** YEC Application, PDF page 29 of 136.

**Preamble:** On PDF page 29, YEC states:

There is some uncertainty with respect to what, if any impact the EPA may have on YECs balance sheet (i.e., rate base). Based on preliminary assessments of the Agreement, YEC has concluded that this transaction does not contain a capital lease and therefore there is no balance sheet or rate base impact. This conclusion, however, is not final. The ultimate impact can only be known when the Project is complete and YECs auditors (the Auditor General of Canada) have reviewed the transaction.

CW would like to better understand what the rate base impacts could be if YEC's preliminary conclusion proves to be incorrect.

**Request:**

- (a) Please fully explain the range of potential impacts on YEC's balance sheet if YEC's preliminary conclusion of no impact proves incorrect.
- (b) What is the greatest rate base impact possible?

**CW-YEC-07**

**Issue:** ATTACHMENT A: EPA Article 2 Conditions Precedent

**Reference:** YEC Application, PDF page 67 of 136.

**Preamble:** Section 2.1 (d) sets out the Conditions Precedent. The Condition Dates for the first two of these have passed. CW would like a status update.

**Request:**

- (a) Has the Condition Precedent in Section 2.1 (d) (i) been met? If yes, please provide a copy of the referenced Interconnection Agreement. If no, please explain the status and any impact flowing from the failure to meet this Condition Precedent by the Condition Date
- (b) Has the Condition Precedent in Section 2.1 (d) (ii) been met? If no, please explain the status and any impact flowing from the failure to meet this Condition Precedent by the Condition Date.