

HYDRO ONE INTERROGATORY #7

INTERROGATORY

“The Benefits of Competition in the Electrical Distribution Sector”, Prepared by John D. Todd, President, Elenchus Research Associates, Filed September 26, 2003, On behalf of Wirebury Connections Inc.

At page 2, lines 11 to 15, Elenchus makes the following statement:

“There seems to be little doubt that the premise underlying the Energy Competition Act, 1998 and the subsequent electricity market restructuring is that competition is preferable to monopoly. From a policy perspective it would therefore be consistent with the overall thrust of energy policy in Ontario to rely on competition, where it is feasible, to enhance efficiency in the distribution sector.”

Please indicate which sections of the Energy Competition Act, Electricity Act and the OEB Act and passages of the Board’s Distribution Systems Code, the Board’s Distribution Rate Handbook, the licenses of distributors and other documents prepared “subsequent” to the legislation provide the basis for stating that there is “little doubt” that “competition is preferable to monopoly” for the provision of wires assets and infrastructure (as distinct from commodity transactions for electricity).

RESPONSE

John Todd assisted Wirebury with the preparation of its responses to interrogatories filed in September in this proceeding. In part, the quoted statement from the Report reflects the response to Hydro One #5 found at Exhibit J12, Tab 8, Schedule 5, pages 1 through 3. Mr. Todd’s view also reflects his participation over the past decade in numerous Ontario Energy Board processes, conferences, presentation by the Minister of Energy and other political and industry leaders where the message has been consistently been that the intention of the Ontario Government was to transition from a monopoly structure for the Ontario electricity market to a competitive market structure.

In addition, it may be noted that Ontario Regulations 341/02, 435/02 and 436/02 all specifically define "embedded distribution" as does the Retail Settlement Code. The Electricity Distribution Rate Handbook also specifically provides for wheeling rates in situations of embedded distribution. Each of these documents has come into force subsequent to the Energy Competition Act, 1998.

