

1 **Vulnerable Energy Consumers' Coalition (VECC) INTERROGATORY #9**

2
3 **Interrogatory**

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5 Reference: August 7th, 2003 Prefiled Evidence of Hydro One, page 17 (lines 18-19)

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7 Preamble: “Cause the utility to plan only for certain and immediate customer
8 requirements, rather than to plan for the entire service territory”

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10 Question:

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12 a) Please explain how/why such a shift in the planning paradigm of electricity
13 distributors would impact on the interests of consumers with respect to prices
14 and reliability and quality of service.

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17 **Response**

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19 Networks expects that if the shift were made to broad-based competition for distribution
20 customers, incumbent LDCs would be forced to adjust their approach to planning. To
21 reduce risk, planning would tend to focus on meeting customer requirements in the short-
22 term through incremental investments. No longer would an LDC optimize investments
23 over a longer planning period and across as wide an area as possible. A further impact to
24 the planning process that would be driven by competition, and in particular, overlapping
25 service territories, would be a loss in co-ordination. Uncoordinated planning would be
26 driven by competing LDCs trying to plan and serve the same service area, partly due to
27 the desire not to share competitive information in the planning process.

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29 Overall, these changes to the planning process would result in higher costs for all
30 customers as uneconomic decisions would be made, including duplication of assets and
31 inadequate supply. This would also be expected to have a negative impact on service
32 quality as the planning process would not result in the best choices over the widest area
33 possible to provide for the most robust supply alternatives. The time frames for servicing
34 customers may be longer as the required upstream facilities many not be in place.

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36 Networks’ planning process is described in Networks’ Pre-filed Evidence (reference
37 Section 3.1 pp. 7 lines 24-29, pp. 8 lines 1-30, pp. 9 lines 1-5).

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39 Please see Networks’ Pre-filed Evidence Section 5.3 "Impacts of Overlap on Planning"
40 lines 14-21.

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