

## VECC INTERROGATORY #8

### INTERROGATORY

Reference: Evidence of Wirebury Connections Inc., paragraph 60

Preamble: “In a situation of contiguous expansion if the new connection bypasses the incumbent’s system, some degree of duplication and stranding may occur.

- a) Does Wirebury acknowledge that, in the case of contiguous expansion, some degree of bypass of existing facilities (such as LV Distribution Stations, Sub-Transmission Lines and Transformation Stations) upstream of the incumbent LDC could also occur, depending upon the planned connection arrangements of the applicant LDC to Ontario transmission network?

### RESPONSE

To the extent that the upstream assets are specifically required to serve the customers in question and these assets cannot be used to serve other customers or to meet future load requirements, some degree of stranding could occur if the contiguous expansion proceeds. It is important to distinguish this situation from that of Wirebury’s business model where there is no risk of bypass from an embedded distribution connection since the host’s assets would be used as planned.

Despite the possibility of stranding, contiguous expansions may still be economically viable and in the public interest where the degree of stranding is minimal and/or the applicant distributor or the connecting customer is willing to pay the host utility for any stranded assets (please refer to the expert report attached to LDC Coalition interrogatory at Ex. J12, T15, S7). A contiguous expansion by the applicant could benefit the incumbent distributor if the shift in load allows the incumbent to defer system expansion costs or to delay or avoid refurbishment. Contiguous expansions that are tied back into the incumbent’s system can provide reinforcement benefits. As discussed in paragraph 60 of Wirebury’s prefiled evidence, the incumbent distributor should be held responsible for any surplus assets that were not prudently incurred.

Because of the potential for competing factors when assessing the public interest of a specific contiguous expansion, proposals that cannot be resolved by the impacted distributors should be reviewed by the Board on a case-by-case basis. Individual reviews should not be required for new connections through embedded distribution or undisputed contiguous expansion, once the Board has approved principles for service area amendments.

