



CoSWOM

Coalition of Southwestern Ontario Municipalities

Ontario Energy Board (“OEB”)
c/o: Ms. Kirsten Walli
Board Secretary
2300 Yonge Street, P.O. Box 2319
Toronto, Ontario
M4P 1E4

November 6th, 2017

Subject: EB-2016-0003 – Proposed Amendments to the Transmission System Code and the Distribution System Code to Facilitate Regional Planning

Dear Ms. Walli,

A group of Southwestern Ontario Municipalities have learned of the OEB’s request for comment period relating to EB-2016-0003 and were concerned enough to form the Coalition of Southwestern Ontario Municipalities (“CoSWOM”) for the purpose of this response. CoSWOM consists of the following eight (8) Municipalities:

- Corporation of the Town of Amherstburg;
- Corporation of the Municipality of Chatham-Kent;
- Corporation of the Town of Essex;
- Corporation of the Town of Kingsville;
- Corporation of the Town of Lakeshore;
- Corporation of the Town of LaSalle;
- Corporation of the Municipality of Leamington;
- Corporation of the Town of Tecumseh;

Firstly, CoSWOM supports and lauds the OEB for approving the construction of the much needed Essex County Transmission Reinforcement (“SECTR”) project. The SECTR project will assist in resolving a long-standing supply concern on the south shores of Essex County and Chatham-Kent and will help facilitate the substantial growth of the agriculture industry along with other inherent growth in the region.

CoSWOM has prepared this correspondence as a result of proposed changes to the Distribution System Code (“DSC”) and Transmission System Code (“TSC”) that would, in the short term, create potential regional inequality. The Beneficiary Pays principle proposes to see the beneficiaries of transmission investments pay their respective share for investments made by





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the transmitter. While this concept, in principal may seem reasonable, CoSWOM is concerned about the impacts that these proposed changes could have on our regional ability to generate economic development opportunities. The Windsor/Essex and Chatham/Kent regions were hard hit by the 2008 recession and are currently in the process of gradually recovering. CoSWOM fears that requiring up-front capital contributions from large users will create unforeseen complications for business attraction and retention where these same contributions are not currently required anywhere else in the province; not to mention nearby American jurisdictions. *How does the OEB propose to not disadvantage Municipalities desperately trying to create jobs and retain existing industry?*

CoSWOM is of the view that natural monopolies like electricity distributors and transmitters are meant to socialize costs across a large customer base to benefit customers through economies of scale; as they were initially created to do. CoSWOM is currently unclear as to how the Beneficiary Pays principle will result in better economies of scale and more importantly, lower electricity rates for all Ontarians. *What are the primary economic drivers that the OEB believes benefit Ontarians, as they relate to the Beneficiary Pays principle? How will the Beneficiary Pays principle benefit the Ontario electricity ratepayer and residents within the geographic service boundaries of CoSWOM?*

Finally regardless of the Beneficiary Pays principle, it is critically important that any cost allocation for major electricity projects be clear, transparent and fair. The Adjudicative Process proposed in the changes to the DSC and TSC are vague and unclear. There are currently no specifics related to what governs the Adjudicative Process, the type of projects that warrant it or how it will be administered. *What is the process for triggering the Adjudicative Process and what input will stakeholders have? How will large customers and local distributors ensure that costs allocated to them are clear, transparent and fair?*

We trust this information is helpful and we look forward to ongoing constructive dialogue as we proceed throughout this comment period. CoSWOM looks forward to the commissioning of the SECTR project so that our communities can continue to expand and grow. We also eagerly await clarity surrounding SECTR's costs and how these costs will impact the region as a whole.





As always, if you have any additional questions, concerns or require any clarifications whatsoever, please do not hesitate to contact us anytime.

Yours truly,

[Original Signed By]

Aldo DiCarlo
Mayor
Town of Amhestburg

[Original Signed By]

Randy Hope
Mayor
Municipality of Chatham-Kent

[Original Signed By]

Ron McDermott
Mayor
Town of Essex

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