

**ASSURANCE OF VOLUNTARY COMPLIANCE**

Pursuant to s. 112.7 of the  
*Ontario Energy Board Act, 1998*

**OAKVILLE HYDRO ELECTRICITY DISTRIBUTION INC.**

**Licence No. ED-2003-0135**

**Filed: April 30, 2019**

## I. BACKGROUND

Ontario Energy Board (OEB) staff conducted an inspection of Oakville Hydro Electricity Distribution Inc., under the authority of Part VII of *Ontario Energy Board Act, 1998* (OEB Act).

The inspection determined that Oakville Hydro Electricity Distribution Inc. contravened its licence (ED-2003-0135) by virtue of having failed to comply with certain enforceable provisions relating to settlements for embedded generation costs and that, furthermore, this contravention resulted in an over-collection by Oakville Hydro Electricity Distribution Inc. from its customers during the period from 2010 to 2015.

## II. STATEMENT OF FACTS

OEB staff commenced the inspection on February 27, 2018 and completed the inspection on August 13, 2018.

Through the inspection, OEB staff discovered that, during the period from 2010 to 2017, Oakville Hydro Electricity Distribution Inc. failed to comply with the following enforceable provision relating to settlements for embedded generation costs:

- i. Section 25.33(2) of the *Electricity Act, 1998*
- ii. Section 3.2 of the OEB's *Retail Settlement Code*, as well as Appendix A

Section 3.2 of the Retail Settlement Code provides, in part:

“Notwithstanding any other provision of this Code, where an embedded retail generator has a contract with the Ontario Power Authority under which the Ontario Power Authority is purchasing output from the

embedded generation facility, a distributor shall settle all applicable payments or charges associated with the contract, and shall do so in accordance with the pricing provisions of the contract and with such rules as may be determined by the Board.”

On January 1, 2015, the Ontario Power Authority merged with the Independent Electricity System Operator (IESO).

The rules for these settlements can be found in Question 16 of the Accounting Procedures Handbook FAQ dated July 2012, the IESO’s Guidance on Online Data Submission, and the IESO’s Market Manual 5.5 at Section 1.6.11.2.

The inspection further determined that, as a result of the contravention, Oakville Hydro Electricity Distribution Inc. over-collected \$322,453 from its customers during the period 2010 to 2015.

Upon being notified by OEB staff of the contravention, Oakville Hydro Electricity Distribution Inc. undertook further review of its processes and records, admitted to the contravention and the over-collection from its customers, and clarified its understanding of the rules relating to settlements for embedded generation costs.

### **III. ASSURANCE OF VOLUNTARY COMPLIANCE**

Oakville Hydro Electricity Distribution Inc. understands that while commodity and global adjustment costs are ‘flow-through’ costs for an electricity distributor, given that these costs have a direct impact on rates charged to customers, distributors have a responsibility to ensure these costs are properly settled in accordance with their statutory and regulatory obligations.

Oakville Hydro Electricity Distribution Inc. hereby assures the OEB that it has taken all appropriate measures to ensure that it settles amounts related to

embedded generation in compliance with all of its statutory and regulatory obligations.

Oakville Hydro Electricity Distribution Inc. hereby assures the OEB that, within two weeks of receiving notice of the acceptance of this assurance by the OEB, Oakville Hydro Electricity Distribution Inc. will record the amount of \$322,453 in Account 1588 and provide OEB staff with documentation evidencing the applicable accounting entries.

Oakville Hydro Electricity Distribution Inc. hereby assures the OEB that it will request that Account 1588 be disposed in a future rates proceeding and that such request include the \$322,453 to be refunded to customers. Oakville Hydro Electricity Distribution Inc. will make such request for disposition to the OEB in a rates application to be filed by no later than for 2021 rates.

#### **IV. ADMINISTRATIVE MONETARY PENALTY**

Oakville Hydro Electricity Distribution Inc. agrees to pay an administrative monetary penalty to the OEB in the amount of \$8,000. Payment will be made by cheque or electronically with notice sent to the Board Secretary, within two weeks of Oakville Hydro Electricity Distribution Inc. having received notice of the acceptance of this assurance by the OEB.

#### **V. FAILURE TO COMPLY**

This Assurance of Voluntary Compliance has the same force and effect as an order of the Board pursuant to section 112.7(2) of the OEB Act and any failure to comply with its terms shall be deemed to be a breach of an order of the OEB.

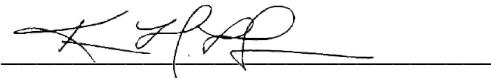
## VII. EXECUTION OF ASSURANCE

I have the authority to bind Oakville Hydro Electricity Distribution Inc. to the terms set out in this Assurance of Voluntary Compliance.

Name: Karen Marner

Title: Chief Financial Officer

Company: Oakville Hydro Electricity Distribution Inc.

Signature: 

Dated this 30<sup>th</sup> day of April 2019.