



EB-2008-0420

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application pursuant to
section 74 of the *Ontario Energy Board Act, 1998* by Hydro
One Brampton Networks Inc. and Halton Hills Hydro Inc.
seeking an order to amend their current Electricity
Distribution Licences (ED-2003-0038 and ED-2002-0552
respectively);

AND IN THE MATTER OF an application pursuant to
section 86(1)(b) of the *Ontario Energy Board Act, 1998* by
Hydro One Brampton Networks Inc. seeking an order
granting leave to sell distribution assets necessary in serving
the public to Halton Hills Hydro Inc.

By delegation, before: Jennifer Lea

DECISION AND ORDER

THE APPLICATION

Hydro One Brampton Networks Inc. and Halton Hills Hydro Inc. filed a joint application with the Ontario Energy Board on December 31, 2008 under sections 74 and 86(1)(b) of the *Ontario Energy Board Act, 1998*.

The application addresses the long term load transfer (“LTLT”) arrangements between Hydro One Brampton and Halton Hills Hydro. A load transfer is a situation in which a customer is located in the licensed service area of one distributor (the “geographic distributor”) but is physically served electricity by another distributor (the “physical distributor”).

Section 6.5.4 of the Board's Distribution System Code ("DSC") requires geographic distributors to eliminate long term load transfer arrangements by either negotiating the transfer of the customers to the physical distributor or by the geographic distributor extending its system to connect the customers. The deadline for electricity distributors to eliminate LTLTs was January 31, 2009.

The application seeks an order of the Board to:

- (a) amend the service area in Schedule 1 of Hydro One Brampton and Halton Hills Hydro's current electricity distribution licence to reflect the transfer of one LTLT customer from Hydro One Brampton to Halton Hills Hydro;
- (b) approve the sale from Hydro One Brampton to Halton Hills Hydro of distribution assets necessary in serving the customer proposed to be transferred from Hydro One Brampton to Halton Hills Hydro;
- (c) amend schedule 3 of Hydro One Brampton's electricity distribution licence to reflect an exemption until June 2009 from section 6.5.4 of the DSC in relation to 15 customers; and
- (d) amend schedule 3 of Halton Hills Hydro's electricity distribution licence to reflect an exemption until December 31, 2010 from section 6.5.4 of the DSC in relation to 60 customers.

Service Area Amendment and Sale of Distribution Assets

The proposed service area amendment would transfer one customer to Halton Hills Hydro's licensed service area. The customer is currently located within Hydro One Brampton's licensed service area and is a customer of Hydro One Brampton but is physically served electricity by Halton Hills Hydro under a LTLT agreement between the two distributors. If the proposed amendment is approved, this customer will be billed and otherwise served by Halton Hills Hydro as a Halton Hills Hydro's customer. The customer is located at 7751 Winston Churchill Blvd in the City of Brampton.

The assets proposed to be sold to Halton Hills Hydro by Hydro One Brampton consist of one wood pole and one 25 Kva pole mounted transformer. Hydro One Brampton states that due to the age of the assets, a nominal value of \$2 plus GST has been assigned to

the assets. These assets serve, and will continue to serve, the customer presently served by the assets.

Exemption from Section 6.5.4 of the Distribution System Code

As stated above, the deadline for electricity distributors to eliminate LTLTs was January 31, 2009.

Hydro One Brampton seeks an exemption until June 2009 to maintain its LTLT arrangements with Halton Hills Hydro in relation to 15 customers who are located within Hydro One Brampton's licensed service area but are physically served electricity by Halton Hills Hydro under a LTLT agreement between the two distributors. The addresses of the lands where the 15 customers are located are listed under item 1 in Appendix A to this Decision and Order. According to the application, Hydro One Brampton intends to connect the 15 customers to its distribution system by the end of the exemption period sought.

Halton Hills Hydro seeks an exemption until December 31, 2010 to maintain its LTLT arrangements with Hydro One Brampton in relation to 60 customers who are located within Halton Hills Hydro's licensed service area but are physically served electricity by Hydro One Brampton. The addresses of the lands where the 60 customers are located are listed under item 2 in Appendix A to this Decision and Order. According to the application, Halton Hills Hydro intends to connect the 60 customers to its distribution system by the end of the exemption period sought.

THE PROCEEDING

The Board assigned file number EB-2008-0420 to the application and issued a Notice of Application and Written Hearing on January 16, 2009. The Notice was served upon the customers located on the lands that are the subject of the application. No one responded to the Notice.

FINDINGS

Service Area Amendments and Sale of Assets

The service area amendment and the sale of assets are prompted by the Board's policy that requires the elimination of long term load transfers.

The applicants stated that the proposed service area amendment is the most cost-efficient approach for eliminating the subject LTLT arrangement. The applicants further stated that since Halton Hills Hydro is already serving the customer, it would not be cost effective for Hydro One Brampton to incur significant capital costs to build the required facilities to connect the customer. In addition, the applicants indicated that the proposed service area amendment will have no impact on service quality. The current distribution rates for the customer being transferred from Hydro One Brampton to Halton Hills Hydro will not increase as a result of the service area amendment.

With respect to the sale of the distribution assets from Hydro One Brampton to Halton Hills, the application states that the assets have been serving the customer for several years and that it would be uneconomical for Hydro One Brampton to remove the assets and for Halton Hills Hydro to install new assets to serve the same customer.

Based on the evidence, I find that it is in the public interest to amend Schedule 1 of both Hydro One Brampton and Halton Hills Hydro's electricity distribution licences to reflect the transfer of the subject customer from Hydro One Brampton to Halton Hills Hydro as requested by the applicants. I also find that it is in the public interest to grant Hydro One Brampton leave to sell the assets described in the application to Halton Hills Hydro.

Exemption from Section 6.5.4 of the Distribution System Code

With respect to Hydro One Brampton's request for an exemption from section 6.5.4 of the DSC until June 2009 for 15 existing LTLT customers and Halton Hills Hydro's request for an exemption until December 31, 2010 for 60 existing LTLT customers, the applicants stated that they intend to expand their distribution systems to serve their respective customers directly by the end of the exemption period. Specifically, Hydro One Brampton stated that for the purpose of connecting the 15 customers to its distribution system, it has begun construction of a distribution line which is expected to be completed by June 2009. Halton Hills Hydro stated that the Region of Peel will be

conducting a road widening in the area where the 60 LTLT customers are located which is expected to be completed by 2010. Halton Hills Hydro further stated that it intends to build a joint pole line with Hydro One Brampton at the time of the road widening to connect the 60 customers to its distribution system and supply them directly.

These facts suggest that it will be more economically efficient to grant a temporary exemption for each distributor. I therefore find that it is in the public interest to amend Schedule 3 of both Hydro One Brampton and Halton Hills Hydro's electricity distribution licences to grant an exemption from the requirements of section 6.5.4 of the DSC as requested by the applicants.

IT IS THEREFORE ORDERED THAT:

1. Hydro One Brampton Networks Inc.'s electricity distribution licence (ED-2003-0038), specifically Schedule 1 of the licence, is amended to exclude the property having the following municipal address: 7751 Winston Churchill Blvd., Brampton, Ontario.
2. Halton Hills Hydro Inc.'s electricity distribution licence (ED-2002-0552), specifically Schedule 1 of the licence, is amended to include the property having the following municipal address: 7751 Winston Churchill Blvd., Brampton, Ontario.
3. Hydro One Brampton Networks Inc.'s electricity distribution licence (ED-2003-0038), specifically Schedule 3 of the licence, is amended to reflect an exemption from the requirements of section 6.5.4 of the Distribution System Code until June 30, 2009 in relation to the 15 load transfer customers located on the lands listed under item 1 in Appendix A to this Decision and Order.
4. Halton Hills Hydro Inc.'s electricity distribution licence (ED-2002-0552), specifically Schedule 3 of the licence, is amended to reflect an exemption from the requirements of section 6.5.4 of the Distribution System Code until December 31, 2010 in relation to the 60 load transfer customers located on the lands listed under item 2 in Appendix A to this Decision and Order.

5. Hydro One Brampton Networks Inc. is granted leave to sell the assets described in the application to Halton Hills Hydro Inc.

DATED at Toronto, March 12, 2009

ONTARIO ENERGY BOARD

Original signed by

Jennifer Lea
Counsel, Special Projects

**APPENDIX “A” to
Decision and Order
Dated March 12, 2009
Board File No. EB-2008-0420**

1. Addresses of Hydro One Brampton’s load transfer customers for which Hydro One Brampton is granted an exemption from section 6.5.4 of the Distribution System Code until June 30, 2009:

15 customers located within the City of Brampton with the following municipal addresses:

- (a) one customer located at 2868 Bovaird Drive;
- (b) three customers located on Old Pine Crest with municipal address numbers 10221, 10231 & 10245; and
- (c) 11 customers located on Winston Churchill Blvd with municipal address numbers 10253, 10315, 10333, 10431, 10451, 10475, 10605, 10625, 10827, 11507 and 11511.

2. Addresses of Halton Hills Hydro’s load transfer customers for which Halton Hills Hydro is granted an exemption from section 6.5.4 of the Distribution System Code until December 31, 2010:

60 customers located within the Town of Halton Hills with the following municipal addresses:

- (a) 59 customers located on Winston Churchill Blvd. with the following municipal address numbers 8046, 8120, 8148, 8182, 8194, 8214, 8232, 8340, 8484, 8490, 8504, 8602, 8656, 8688, 8722, 8748 (2 services), 8836, 9118, 9190, 9218, 9250, 9260, 9278, 9294, 9296, 9362, 9368, 9420, 9438, 9446 (2 services), 9550, 9564, 9580, 9584, 9590, 9610 (2 services), 9616, 9618, 9626, 9636, 9652, 9690, 9714, 9734, 9738, 9754, 9792, 9118, 8564 (2 services), 9674 (2 services), 8800, 8768, 9402, 8246; and
- (b) one customer located at 10212 Old Pine Crest.



Electricity Distribution Licence

ED-2003-0038

Hydro One Brampton Networks Inc.

Valid Until

March 31, 2023

Original signed by

Jennifer Lea
Counsel, Special Projects
Ontario Energy Board
Date of Issuance: June 27, 2003
Date of Amendment: December 15, 2004
Date of Amendment: March 12, 2009

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1 Definitions

In this Licence:

“Accounting Procedures Handbook” means the handbook, approved by the Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

“Act” means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

“Affiliate Relationships Code for Electricity Distributors and Transmitters” means the code, approved by the Board which, among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

“distribution services” means services related to the distribution of electricity and the services the Board has required distributors to carry out, including the sales of electricity to consumers under section 29 of the Act, for which a charge or rate has been established in the Rate Order;

“Distribution System Code” means the code approved by the Board which, among other things, establishes the obligations of the distributor with respect to the services and terms of service to be offered to customers and retailers and provides minimum, technical operating standards of distribution systems;

“Electricity Act” means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

“Licensee” means Hydro One Brampton Networks Inc.

“Market Rules” means the rules made under section 32 of the Electricity Act;

“Performance Standards” means the performance targets for the distribution and connection activities of the Licensee as established by the Board in accordance with section 83 of the Act;

“Rate Order” means an Order or Orders of the Board establishing rates the Licensee is permitted to charge;

“regulation” means a regulation made under the Act or the Electricity Act;

“Retail Settlement Code” means the code approved by the Board which, among other things, establishes a distributor's obligations and responsibilities associated with financial settlement among retailers and consumers and provides for tracking and facilitating consumer transfers among competitive retailers;

“service area” with respect to a distributor, means the area in which the distributor is authorized by its licence to distribute electricity;

“Standard Supply Service Code” means the code approved by the Board which, among other things, establishes the minimum conditions that a distributor must meet in carrying out its obligations to sell electricity under section 29 of the Electricity Act;

“wholesaler” means a person that purchases electricity or ancillary services in the IESO administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IESO-administered markets or directly to another person other than a consumer.

2 Interpretation

- 2.1 In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this Licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence:
- a) to own and operate a distribution system in the service area described in Schedule 1 of this Licence;
 - b) to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act in the manner specified in Schedule 2 of this Licence; and
 - c) to act as a wholesaler for the purposes of fulfilling its obligations under the Retail Settlement Code or under section 29 of the Electricity Act.

4 Obligation to Comply with Legislation, Regulations and Market Rules

- 4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.
- 4.2 The Licensee shall comply with all applicable Market Rules.

5 Obligation to Comply with Codes

- 5.1 The Licensee shall at all times comply with the following Codes (collectively the “Codes”) approved by the Board, except where the Licensee has been specifically exempted from such compliance by the Board. Any exemptions granted to the licensee are set out in Schedule 3 of this Licence. The following Codes apply to this Licence:
- a) the Affiliate Relationships Code for Electricity Distributors and Transmitters;

- b) the Distribution System Code;
- c) the Retail Settlement Code; and
- d) the Standard Supply Service Code.

5.2 The Licensee shall:

- a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

6 Obligation to Provide Non-discriminatory Access

- 6.1 The Licensee shall, upon the request of a consumer, generator or retailer, provide such consumer, generator or retailer with access to the Licensee's distribution system and shall convey electricity on behalf of such consumer, generator or retailer in accordance with the terms of this Licence.

7 Obligation to Connect

- 7.1 The Licensee shall connect a building to its distribution system if:

- a) the building lies along any of the lines of the distributor's distribution system; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

- 7.2 The Licensee shall make an offer to connect a building to its distribution system if:

- a) the building is within the Licensee's service area as described in Schedule 1; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

- 7.3 The terms of such connection or offer to connect shall be fair and reasonable and made in accordance with the Distribution System Code, and the Licensee's Rate Order as approved by the Board.

- 7.4 The Licensee shall not refuse to connect or refuse to make an offer to connect unless it is permitted to do so by the Act or a regulation or any Codes to which the Licensee is obligated to comply with as a condition of this Licence.

8 Obligation to Sell Electricity

- 8.1 The Licensee shall fulfill its obligation under section 29 of the Electricity Act to sell electricity in accordance with the requirements established in the Standard Supply Service Code, the Retail Settlement Code and the Licensee's Rate Order as approved by the Board.

9 Obligation to Maintain System Integrity

- 9.1 The Licensee shall maintain its distribution system in accordance with the standards established in the Distribution System Code and Market Rules, and have regard to any other recognized industry operating or planning standards adopted by the Board.

10 Market Power Mitigation Rebates

- 10.1 The Licensee shall comply with the pass through of Ontario Power Generation rebate conditions set out in Appendix A of this Licence.

11 Distribution Rates

- 11.1 The Licensee shall not charge for connection to the distribution system, the distribution of electricity or the retailing of electricity to meet its obligation under section 29 of the Electricity Act except in accordance with a Rate Order of the Board.

12 Separation of Business Activities

- 12.1 The Licensee shall keep financial records associated with distributing electricity separate from its financial records associated with transmitting electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.

13 Expansion of Distribution System

- 13.1 The Licensee shall not construct, expand or reinforce an electricity distribution system or make an interconnection except in accordance with the Act and Regulations, the Distribution System Code and applicable provisions of the Market Rules.
- 13.2 In order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Board may order the Licensee to expand or reinforce its distribution system in accordance with Market Rules and the Distribution System Code, or in such a manner as the Board may determine.

14 Provision of Information to the Board

- 14.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.
- 14.2 Without limiting the generality of paragraph 14.1, the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.

15 Restrictions on Provision of Information

- 15.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.

- 15.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:
- a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;
 - b) for billing, settlement or market operations purposes;
 - c) for law enforcement purposes; or
 - d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.
- 15.3 The Licensee may disclose information regarding consumers, retailers, wholesalers or generators where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.
- 15.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.
- 15.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information provided will not be used for any other purpose except the purpose for which it was disclosed.

16 Customer Complaint and Dispute Resolution

- 16.1 The Licensee shall:
- a) have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner;
 - b) publish information which will make its customers aware of and help them to use its dispute resolution process;
 - c) make a copy of the dispute resolution process available for inspection by members of the public at each of the Licensee's premises during normal business hours;
 - d) give or send free of charge a copy of the process to any person who reasonably requests it; and
 - e) subscribe to and refer unresolved complaints to an independent third party complaints resolution service provider selected by the Board. This condition will become effective on a date to be determined by the Board. The Board will provide reasonable notice to the Licensee of the date this condition becomes effective.

17 Term of Licence

- 17.1 This Licence shall take effect on June 27, 2003 and expire on March 31, 2023. The term of this Licence may be extended by the Board.

18 Fees and Assessments

18.1 The Licensee shall pay all fees charged and amounts assessed by the Board.

19 Communication

19.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.

19.2 All official communication relating to this Licence shall be in writing.

19.3 All written communication is to be regarded as having been given by the sender and received by the addressee:

- a) when delivered in person to the addressee by hand, by registered mail or by courier;
- b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
- c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

20 Copies of the Licence

20.1 The Licensee shall:

- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA

This Schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with paragraph 8.1 of this Licence.

1. The City of Brampton as at December 31, 1990 excluding the property having the following municipal address:
 - 7751 Winston Churchill Blvd.
2. Lots 1-78 inclusive and Parts 1-8 inclusive on the City of Brampton Draft Plan No. 21T-99002C.

SCHEDULE 2 PROVISION OF STANDARD SUPPLY SERVICE

This Schedule specifies the manner in which the Licensee is authorized to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act.

The Licensee is authorized to retail electricity directly to consumers within its service area in accordance with paragraph 8.1 of this Licence, any applicable exemptions to this Licence, and at the rates set out in the Rate Orders.

SCHEDULE 3 LIST OF CODE EXEMPTIONS

This Schedule specifies any specific Code requirements from which the Licensee has been exempted.

1. The Licensee is exempt from the requirements of section 2.5.3 of the Standard Supply Service Code with respect to the price for small volume/residential consumers, subject to the Licensee offering an equal billing plan as described in its application for exemption from Fixed Reference Price, and meeting all other undertakings and material representations contained in the application and the materials filed in connection with it.
2. The Licensee is exempt from the requirements of section 6.5.4 of the Distribution System Code until June 30, 2009 in relation to 15 load transfer customers located within the City of Brampton with the following municipal addresses:
 - (a) 2868 Bovaird Drive;
 - (b) 10221, 10231 & 10245 Old Pine Crest; and
 - (c) 10253, 10315, 10333, 10431, 10451, 10475, 10605, 10625, 10827, 11507 and 11511 Winston Churchill Blvd.

APPENDIX A

MARKET POWER MITIGATION REBATES

1. Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor's host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity

consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

“ONTARIO POWER GENERATION INC. rebate”

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.

ONTARIO POWER GENERATION INC. REBATES

For the payments that relate to the period from May 1, 2006 to April 30, 2009, the rules set out below shall apply.

1. Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor's host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:

- i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

"ONTARIO POWER GENERATION INC. rebate"

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.