



EB-2008-0398

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
Burlington Hydro Inc. and Milton Hydro Distribution Inc.
seeking an order to amend their current electricity
distribution licences (ED-2003-0004) and (ED-2003-0014)
respectively;

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

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

By delegation, before: Jennifer Lea

DECISION AND ORDER

THE APPLICATION

Burlington Hydro Inc. ("Burlington Hydro") and Milton Hydro Distribution Inc. ("Milton Hydro") filed a joint application on December 10, 2008 under sections 74 and 86(1)(b) of the *Ontario Energy Board Act, 1998*.

The application addresses the long term load transfer ("LTLT") arrangement between Burlington Hydro and Milton 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 application seeks an order of the Board to:

- (a) amend the distribution service areas of Burlington Hydro and Milton Hydro to reflect the transfer of 40 customers from Burlington Hydro to Milton Hydro and 3 customers from Milton Hydro to Burlington Hydro;
- (b) approve the sale from Burlington Hydro to Milton Hydro of distribution assets necessary in serving the 40 customers proposed to be transferred from Burlington Hydro to Milton Hydro; and
- (c) approve the sale from Milton Hydro to Burlington Hydro of distribution assets necessary in serving the 3 customers proposed to be transferred from Milton Hydro to Burlington Hydro.

Service Area Amendment

Burlington Hydro LTLT Customers Proposed to be Transferred to Milton Hydro:

The proposed service area amendment would transfer 40 customers to Milton Hydro’s licensed service area. The customers are currently located within Burlington Hydro’s licensed service area and are customers of Burlington Hydro but are physically served electricity by Milton Hydro under a LTLT arrangement between the two distributors. If the proposed amendment is approved, the customers will be billed and otherwise served by Milton Hydro as Milton Hydro customers.

The customers are located within the City of Burlington as follows:

- (a) three customers on No. 1 Side Road, with civic address numbers 5222, 5244, and 5300;
- (b) six customers on Bell School Line, with civic address numbers 6080, 6100, 6144, 6220, 6550 and 6500;
- (c) thirty customers on Derry Road, with civic address numbers 5274, 5192,

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5184, 5150 (three customers), 5118, 4316, 4280, 4262, 4240, 4220, 4200, 4140, 4130, 4110, 4082, 4050, 4030, 4020, 4006, 3900, 3800, 3700, 3200, 3154, 2192, 2180, 2130, 1200; and
(d) one customer at 6740 McNivern Road.

Milton Hydro LTLT Customers Proposed to be Transferred to Burlington Hydro:

The proposed service area amendment would transfer three customers to Burlington Hydro's licensed service area. The customers are currently located within Milton Hydro's licensed service area and are customers of Milton Hydro but are physically served electricity by Burlington Hydro under a LTLT arrangement between the two distributors. If the proposed amendment is approved, the customers will be billed and otherwise served by Burlington Hydro as Burlington Hydro customers.

The customers are located within the Town of Milton on Bell School Line with the following civic address numbers: 5073 (two customers) and 5741.

Sale of Distribution Assets

Burlington Hydro is seeking approval to sell certain assets that are part of its distribution system to Milton Hydro. The sale price of the assets is \$21,966.33 including GST, which represents the net book value of the assets. Similarly, Milton is seeking approval to sell certain assets that are part of its distribution system to Burlington for \$780.19, including GST, being the net book value of the assets. The assets serve, and will continue to be used to serve the same customers who are to be transferred by the proposed service area amendments.

THE PROCEEDING

The Board assigned file number EB-2008-0398 to the application and issued its Notice of Application and Written Hearing on February 19, 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

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 state that the proposed service area amendment is the most cost-efficient approach for eliminating the subject LTLT arrangements. In addition, the evidence indicates that the majority of customers will not experience significant rate or service impacts as a result of the service area amendment. However, one customer being transferred from Burlington Hydro to Milton Hydro will face a significant rate impact, where the increase on the total bill is 24.5%. The applicants have stated that they will incorporate rate mitigation if directed by the Board.

The Board considers that rate mitigation is appropriate in this case and directs Milton Hydro to mitigate the impact of the rate increase by following the methodology prescribed by the Board in its decision on similar applications from Hydro One/Whitby Hydro Electric Corporation and Hydro One/Peterborough Distribution (EB-2007-0917 and EB-2007-0947). According to this methodology, Milton Hydro will establish a credit to the transferred customer. The credit will be equivalent to one-half of one year's increase on the delivery portion of the bill based on the individual customer's previous 12 months' consumption and based on the rates in effect at the time of this Decision and Order. The credit will be applied to the customer's account in equal instalments over the course of one year's bills beginning with the first bill after implementation of the Board's Decision and Order.

With respect to the sale of the distribution assets, the applicants state that the assets will continue to be used to serve the same customers presently served by the assets. The applicants further state it would be economically more efficient for the physical distributor to purchase the geographic distributor's distribution assets than it would be for the geographic distributor to remove those assets and for the physical distributor to install new assets.

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

application.

IT IS THEREFORE ORDERED THAT:

1. Burlington Hydro's electricity distribution licence (ED-2003-0004), specifically Schedule 1 of the licence, is amended to exclude the lands described in section 1 and include the lands described in section 2 of Appendix A to this Decision and Order.
2. Milton Hydro's electricity distribution licence (ED-2003-0014), specifically Schedule 1 of the licence, is amended to include the lands described in section 1 and exclude the lands described in section 2 of Appendix A to this Decision and Order.
3. The applicants are granted leave to sell the assets described in the application.
4. Milton Hydro shall mitigate the impact of the rate increase for the one customer being transferred to Milton Hydro from Burlington Hydro as a result of this Decision and Order. As set out in the findings portion of this Decision and Order, Milton Hydro shall establish a credit for the transferred customer. The credit shall be equivalent to one-half of one year's increase on the delivery portion of the bill based on the individual customer's previous 12 months' consumption and based on the rates in effect at the time of this Decision and Order. The credit shall be applied to the customer's account in equal instalments over the course of one year's bills beginning with the first bill after implementation of the Board's Decision and Order.

DATED at Toronto, April 16, 2009

ONTARIO ENERGY BOARD

Original signed by

Jennifer Lea
Counsel, Special Projects

Appendix A
The lands that are the subject of the service area amendments

**Section 1: Lands to be transferred to Milton Hydro's licensed service area from
Burlington Hydro's licensed service area**

No.	Municipal Address
1	5222 No. 1 Side Road, Burlington, ON
2	5244 No. 1 Side Road, Burlington, ON
3	5300 No. 1 Side Road, Burlington, ON
4	6080 Bell School Line, Burlington, ON
5	6100 Bell School Line, Burlington, ON
6	6144 Bell School Line, Burlington, ON
7	6220 Bell School Line, Burlington, ON
8	6550 Bell School Line, Burlington, ON
9	6500 Bell School Line, Burlington, ON
10	5274 Derry Road, Burlington, ON
11	5192 Derry Road, Burlington, ON
12	5184 Derry Road, Burlington, ON
13	5150 Derry Road, Burlington, ON
14	5150 Derry Road, Burlington, ON
15	5150 Derry Road, Burlington, ON
16	5118 Derry Road, Burlington, ON
17	4316 Derry Road, Burlington, ON
18	4280 Derry Road, Burlington, ON
19	4262 Derry Road, Burlington, ON
20	4240 Derry Road, Burlington, ON
21	4220 Derry Road, Burlington, ON
22	4200 Derry Road, Burlington, ON
23	4140 Derry Road, Burlington, ON
24	4130 Derry Road, Burlington, ON
25	4110 Derry Road, Burlington, ON
26	4082 Derry Road, Burlington, ON
27	4050 Derry Road, Burlington, ON
28	4030 Derry Road, Burlington, ON
29	4020 Derry Road, Burlington, ON
30	4006 Derry Road, Burlington, ON
31	3900 Derry Road, Burlington, ON
32	3800 Derry Road, Burlington, ON
33	3700 Derry Road, Burlington, ON
34	3200 Derry Road, Burlington, ON
35	3154 Derry Road, Burlington, ON

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36	2192 Derry Road, Burlington, ON
37	2180 Derry Road, Burlington, ON
38	2130 Derry Road, Burlington, ON
39	1200 Derry Road, Burlington, ON
40	6740 McNivern Road, Burlington ON

**Section 2: Lands to be transferred to Burlington Hydro's licensed service area
from Milton Hydro's licensed service area**

No.	Municipal Address
1	5073 Bell School Line, Milton, ON
2	5073 Bell School Line, Milton, ON
3	5741 Bell School Line, Milton, ON



Electricity Distribution Licence

ED-2003-0014

Milton Hydro Distribution 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: April 16, 2009

Ontario Energy Board
P.O. Box 2319
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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 Milton Hydro Distribution 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 Town of Milton as of December 31, 1990, excluding the following municipal addresses:

- 5073 Bell School Line
- 5073 Bell School Line
- 5741 Bell School Line

2. Customers in the City of Burlington at the following municipal addresses:

- 5222 No. 1 Side Road
- 5244 No. 1 Side Road
- 5300 No. 1 Side Road
- 6080 Bell School Line
- 6100 Bell School Line
- 6144 Bell School Line
- 6220 Bell School Line
- 6550 Bell School Line
- 6500 Bell School Line
- 5274 Derry Road
- 5192 Derry Road
- 5184 Derry Road
- 5150 Derry Road
- 5150 Derry Road
- 5150 Derry Road
- 5118 Derry Road
- 4316 Derry Road
- 4280 Derry Road
- 4262 Derry Road
- 4240 Derry Road
- 4220 Derry Road
- 4200 Derry Road
- 4140 Derry Road
- 4130 Derry Road
- 4110 Derry Road
- 4082 Derry Road
- 4050 Derry Road
- 4030 Derry Road
- 4020 Derry Road
- 4006 Derry Road
- 3900 Derry Road
- 3800 Derry Road
- 3700 Derry Road
- 3200 Derry Road
- 3154 Derry Road

- 2192 Derry Road
- 2180 Derry Road
- 2130 Derry Road
- 1200 Derry Road
- 6740 McNivern Road

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.

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.

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.