



**EB-2009-0019**

**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 Ottawa  
River Power Corporation to amend its Electricity Distribution  
Licence ED-2003-0033.

**By delegation, before:** Jennifer Lea

## **DECISION AND ORDER**

### **THE APPLICATION**

Ottawa River Power Corporation (“ORPC”) filed an application on January 16, 2009, with the Ontario Energy Board under section 74 of the *Ontario Energy Board Act, 1998* for an order of the Board to amend ORPC’s licensed service area in Schedule 1 of its electricity distribution licence ED-2003-0033. The service area amendment is sought by ORPC in order to serve a proposed residential subdivision known as the Sadler Estates Development, which is expected to be developed in several phases over a period of approximately ten years. The lands on which the subdivision is proposed to be developed are currently vacant and are within Hydro One Networks Inc.’s (“Hydro One”) licensed service area. The customer to be connected is the developer, 2000396 Ontario Inc.

The lands are located in the Geographic Township of Ramsay, now in the Town of Mississippi Mills and described as part of Lot 16, Concession 10.

### **THE PROCEEDING**

The Board assigned file number EB-2008-0019 to the application. By letter dated January 26, 2009, the Board requested additional information from ORPC. On

February 22, 2009, ORPC filed additional information with the Board. The Board issued its Notice of Written Hearing and Procedural Order No. 1 on March 12, 2009. As ordered by the Board, ORPC served the Notice of Written Hearing and Procedural Order No. 1 on Hydro One, 2000396 Ontario Inc. and the Corporation of the Town of Mississippi Mills, all of which were deemed intervenors in the proceeding. Procedural Order No. 1 made provisions for interrogatories on ORPC's evidence, the filing of evidence from intervenors and interrogatories on that evidence, and written submissions.

## **FINDINGS**

ORPC's application is granted in part. Specifically, I find that it is in the public interest to amend ORPC's licensed service area in Schedule 1 of its electricity distribution licence ED-2003-0033 to include Phase 1 of the Sadler Estates Development located on part of Lot 16, Concession 10 in the Geographic Township of Ramsay, now in the Town of Mississippi Mills. However, the application is denied to the extent that the request for a service area amendment to include the other phases of the development is not granted.

In reaching a decision with respect to this application, I was guided by the principles articulated in the Board's Decision with Reasons in RP-2003-0044 combined service area amendments proceeding (the "RP-2003-0044 Decision").

The reasons for this decision are set out below.

### **Service by ORPC**

There are two main reasons for transferring part of Hydro One's service area to ORPC: the relative density of the systems in proximity to the proposed development, and customer preference.

In the RP-2003-0044 Decision, the Board stated that economic efficiency should be a primary principle in assessing the merits of a service area amendment application. The Board further stated that in addressing economic efficiency, among other things, the applicants should demonstrate that the proposed amendment does not reduce economies of contiguity, density and scale, and preferably enhances these economies. The Board said:

The Board finds that amendments that involve contiguous distribution companies, but that are opposed by the incumbent distributor, may be in the public interest where the amendment results in the most effective use of existing distribution infrastructure, and a lower incremental cost of connection for the customer or group of customers. (paragraph 197).

Phase 1 of the development consists of 81 single, semi-detached and townhouse units and is scheduled to proceed through to construction in 2009. The evidence demonstrates that both ORPC and Hydro One have distribution facilities that are adjacent to the proposed amendment area and that both distributors can serve Phase 1 of the development without requiring any system reinforcement. No assets will be stranded as a result of the proposed amendment. In addition, no negative impact on rates, safety, reliability or service quality of ORPC or Hydro One has been identified as a result of the proposed amendment.

The evidence indicates that ORPC's distribution system adjacent to the proposed amendment area is denser than Hydro One's distribution system. Hydro One describes its system as "medium density", serving recent commercial development adjacent to the proposed development area. The characteristics of customers served by ORPC in the neighbouring area are similar to the characteristics of the future residential customers in the proposed development. The service area amendment will enhance the utilization of ORPC's existing dense urban distribution system and maintain the density of that system into the new area.

With respect to consideration of customer preferences in the assessment of service area amendment applications, in the RP-2003-0044 Decision, the Board stated:

Customer choice may become a determining factor where competing offers to the customer(s) are comparable in terms of economic efficiency, system planning and safety and reliability, demonstrably neutral in terms of price impacts on customers of the incumbent and applicant distributor, and where stranding issues are addressed. (paragraph 233).

In this case the developer provided a letter, filed with the application, which indicates a clear preference for service from ORPC. No specific reasons for this preference were given in the letter, and it appears that the developer did not initially seek an offer to connect from the incumbent distributor, Hydro One. Several factors in this application could influence customer preference although these factors are not necessarily dispositive for the Board.

The RP-2003-0044 Decision indicates that a lower cost of connection, and a connection that is consistent with existing networks are to be considered in determining the relative economic efficiency of competing proposals. ORPC and Hydro One have developed cost estimates for connecting Phase 1, and ORPC's cost estimate is considerably lower than Hydro One's preliminary estimate.

ORPC also pointed out that it maintains a local customer service office in the community. There was no evidence in the application to demonstrate that Hydro One's quality of customer service was inferior to that of ORPC.

Furthermore, it appears that if served by ORPC, future customers in the development may benefit from lower distribution rates. However, with regard to rates, in the RP-2003-0044 Decision, the Board stated:

The Board does not believe that significant weight should be put on differences in current distribution rates even though current rates may be a significant factor in determining customer preference. In fact current rates, insofar as they are not a predictor of future rates, may misinform customer preference. (paragraph 86).

In this case, I find that ORPC has met the burden of demonstrating that economic efficiency will be served by permitting ORPC to serve Phase 1 of the development, given the comparable density of its system to that required in the development and a lower cost to connect the customer. I have also taken account of customer preference, although that preference by itself might not have been sufficient reason for granting the amendment, particularly as that preference was apparently reached in the absence of a full exchange of information with the incumbent distributor.

**Denial of part of the application**

The entire amendment area sought in the application is expected to be developed as a residential subdivision in several phases over approximately ten years. The complete development will include a total of approximately 440 to 496 units. Phase 1 of the development consists of 81 single, semi-detached and townhouse units scheduled to proceed through to construction in 2009. The balance of the development is expected to be completed over a period of several years, depending on the market and the availability of water and sewer services. ORPC's application includes all phases of the proposed subdivision development.

I find that ORPC has not provided sufficient evidence to support its request to serve all phases of the development at this time. ORPC's evidence does not provide detailed connection proposals or specific timelines beyond phase 1 of the development. Timing for development of future phases cannot be ascertained at present as such development is dependent on market conditions in the region and the provision of other municipal services. Furthermore, evidence is lacking of a comparison of initial connection cost for the remaining phases of the development. Hydro One's evidence indicates that the developer has only provided information for a cost estimate for phase 1.

ORPC argues that as a local distributor in Almonte, its service area should be aligned with the Almonte Ward boundary. In the RP-2003-0044 Decision, the Board clearly stated that the alignment of a distributor's service area with any particular municipality has no bearing on whether a distributor should be granted service rights.

Both Hydro One and Board staff submitted that the request to amend ORPC's licence to include the entire area proposed to be developed was contrary to the RP-2003-0044 Decision in that it involved a large swathe of geography. I accept the statement in ORPC's reply submission that the area is better characterised as a defined development area with a known customer, than a broad swathe of geography. However, I do not accept as determinative the statement by ORPC that it is important to design an electrical system as a complete system for the entire area. It appears from the evidence that there is sufficient uncertainty about whether the subsequent phases of the development will occur, and when they will occur, to make any inefficiency in system design arising from this decision unimportant. ORPC may choose to make an

application for the additional phases of the proposed development if better evidence becomes available as to the construction schedule and connection costs for both distributors for the remainder of the development area.

**IT IS THEREFORE ORDERED THAT:**

ORPC's electricity distribution licence (ED-2003-0033), specifically Schedule 1 of the licence, is amended to include the lands described as:

Phase 1 of the Sadler Estates Development located on part of Lot 16, Concession 10, in the Geographic Township of Ramsay, now in the Town of Mississippi Mills.

**DATED** at Toronto, June 26, 2009

ONTARIO ENERGY BOARD

*Original signed by*

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Jennifer Lea  
Counsel, Special Projects



# Electricity Distribution Licence

## ED-2003-0033

# Ottawa River Power Corporation

Valid Until

December 11, 2023

*Original signed by*

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**Jennifer Lea**  
**Counsel, Special Projects**  
**Ontario Energy Board**  
**Date of Issuance: December 12, 2003**  
**Date of Amendment: May 27, 2008**  
**Date of Amendment: June 26, 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 Ottawa River Power Corporation;

“**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 December 12, 2003 and expire on December 11, 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 former Village of Beachburg as of December 31, 2000.
2. The former Village of Killaloe as of June 30, 2000.
3. The City of Pembroke as at January 1, 1984.
4. The former Town of Almonte as of December 31, 1997.
5. West Half Lot 14, Concession 10 Geographic Township of Ramsay, Now Town of Mississippi Mills.
6. Phase 1 of the Sadler Estates Development located on part of Lot 16, Concession 10, in the Geographic Township of Ramsay, now in the Town of Mississippi Mills.

**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.