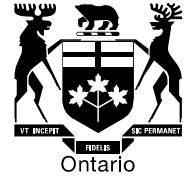


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NOTICE OF REVISED PROPOSAL TO AMEND A CODE

REVISED PROPOSED AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE

BOARD FILE NO. EB-2009-0088

**To: All Licensed Electricity Distributors
All Licensed Generators
All Participants in Consultation Process EB-2009-0088
All Other Interested Parties**

Re: Process for Connecting Generation Facilities

The Ontario Energy Board (the "Board") is giving notice under section 70.2 of the *Ontario Energy Board Act, 1998* of revised proposed amendments to the Distribution System Code (the "DSC").

I. Background

On May 14, 2009, the Board issued a Notice of Proposal (the "May Notice") to amend the connection process in the DSC that distributors must use when connecting generation to their distribution systems (the "Proposed Amendments").

There were two overarching objectives to these Proposed Amendments. The first was to ensure that viable generation projects, and in particular, renewable generation projects, are connected at the distribution level in a timely manner. The second was to ensure that generation projects that are not likely to proceed do not impede the allocation of capacity to more viable projects.

The May Notice set out background information relating to the generation connection process in general and discussed the need to make these code changes.

The Board received written comments on the Proposed Amendments from 14 interested parties, including representatives of electricity distributors, representatives of electricity generators, the Independent Electricity System Operator (“IESO”) and the Ontario Power Authority (“OPA”). These comments are available for viewing on the Board’s website at www.oeb.gov.on.ca.

Parties were generally supportive of the Proposed Amendments.

Generators indicated that their ability to connect in a timely manner was often dependent on distributors being able to meet their requirements and, therefore, suggested that penalties should be prescribed if distributors do not meet their prescribed timelines. One generator also noted that the Proposed Amendments do not address the issue of inadequate distribution and transmission infrastructure. The Board is aware of these issues but is of the view they would be better addressed through other initiatives. The Board’s initiative on distribution infrastructure planning, for example was recently initiated on June 16, 2009 in Consultation EB-2009-0087.

Generators were also concerned about the requirement for them to execute a Connection Cost Agreement (“CCA”) with the distributor within 6 months of receiving a capacity allocation, especially if there were project delays beyond their control. To address this concern, the Board is proposing revisions to section 6.2.4.1(a) which will help to prevent delays by distributors and/or transmitters from impacting on this 6-month time period. The Board also commits to monitoring this issue and considering additional changes, as necessary, in the future.

In addition to making a number of suggestions that will improve the workability of the Proposed Amendments and improve the efficiency of the connection process, distributors also suggested a need to clarify the treatment of load displacement generation. In that regard the Board is now proposing revisions to section 6.2.1.

II. Summary of Revised Proposed Amendments

A. Connection Impact Assessment (CIA) and Capacity Allocation Part of the Connection Process

- Several parties suggested changes with respect to how soon prior to the proposed in-service date of a particular project; an applicant can apply for connection. In response to these suggestions, the Board is now proposing to allow water power projects to apply for connection up to 5 years from the proposed in-service date rather than the previously proposed 3 years. The Board is of the view, however, that the previously proposed 3 years is appropriate for all other types of projects. The Board is also now proposing that the maximum allowable time before the in-service date be determined from the date of application to connect rather than from the completion date of the CIA as previously proposed.

- In relation to its proposed Feed-In-Tariff (“FIT”) program, the OPA suggested that the “technical capacity limits” for the connection of generation for a distributor’s distribution system should include a determination of the capacity of feeders and substations that have been approved but are not yet in-service as well as for existing infrastructure. The Board agrees and has proposed revisions to its proposal in that regard.
- Parties suggested that greater clarity should be provided with respect to the meaning of “technical capacity limits”, how they are determined and how they are to be applied. In this regard, generally the Board’s intent is that the “technical capacity limit” should be determined as the typical maximum cumulative amount of generation that can be connected to each of the distributor’s feeders and substations, whether existing or approved for construction. This should be determined on the basis of the distributor’s general technical design criteria such as standard conductor size and normal maximum current carrying capacity. The Board is of the view that distributors are best able to develop and apply these “technical capacity limits” and that it would therefore be inappropriate and potentially problematic for the Board to be prescriptive with respect to the meaning of this term.

B. Requirements of the Connection Cost Agreement (CCA)

- As noted earlier in this Notice, the Board is proposing revisions to its Proposed Amendments in order to address concerns raised about the 6-month time period in which applicants must execute a CCA.
- In response to comments from several parties regarding the treatment of unspent connection cost deposits, the Board has proposed revisions that clarify that any unspent connection cost deposits will be returned to the applicant.
- Some generation parties commented that they felt the requirement to pay a connection cost deposit equal to 100% of the allocated connection cost was too onerous. Although the Board is not of the view that the amount of this deposit should be reduced, the Board notes that subsequent to the Board issuing the Proposed Amendments, the Board has now also issued proposed amendments to the DSC with respect to cost allocation which, if adopted, would reduce the expected amount of allocated cost thus also reducing the size of the connection cost deposit required.
- The Board has also proposed revisions eliminating the requirement for a capacity allocation deposit or an additional capacity allocation deposit for applicants with executed OPA contracts that include a requirement for similar types of deposits. This will address concerns raised about the need for distributor co-ordination with OPA contracting requirements.

- Some parties suggested that the time proposed for the payment of the additional capacity allocation deposit arises too early. In response to this concern, the Board is now proposing that the additional capacity allocation deposit be required 15 months after execution of the CCA rather than 15 months following completion of the CIA. The revision would also apply to the treatment of legacy projects that have a capacity allocation but are not yet in-service.

C. Treatment of Legacy Projects

- Some parties suggested that specific timelines should be specified for distributors to provide notice to legacy projects. The Board agrees and is now proposing a 60-day timeframe.
- The Board notes that in the OPA's July 10, 2009 version of the FIT program rules, the OPA has indicated that it will not issue FIT Contracts for projects that have an existing CIA and associated capacity allocation. Accordingly, the Board is of the view that it is no longer necessary to include provisions under which legacy projects would be given the opportunity to obtain FIT contracts. The Board is, therefore, proposing to revise the previously proposed section 6.2.18 C by deleting clauses b. and B.

Based on the comments received on the May Notice, the Board has determined that certain additional proposed amendments are warranted. Attachment A to this Notice contains a comparison version that shows all of proposed revisions from the current Notice relative those in the May Notice. For convenience, Attachment B sets out all of the proposed amendments to the DSC, including the proposed amendments from the May Notice which are not being further revised as a result of this Notice. Also for convenience, Attachment C to this Notice contains a comparison version that shows all of the proposed revisions relative to the current version of the DSC.

III. Anticipated Costs and Benefits of the Proposed Amendments

The Board anticipates that these Revised Proposed Amendments will result in a more effective and efficient generation connection process.

The Board recognizes that implementation of the Revised Proposed Amendments will result in some incremental costs being borne by distributors but is of the view that these additional costs will be more than offset by the improved efficiency and effectiveness of the enhanced generation connection process.

IV. Coming into Force

The Board proposes that the Revised Proposed Amendments described above and outlined more fully in Attachment B to this Notice come into force on the date that the final amendments are published on the Board's website.

V. Invitation to Comment

All interested parties are invited to comment in writing on the Board's Revised Proposed Amendments to the DSC set out in Attachment A by **August 28, 2009**.

Three (3) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, Ontario M4P 1E4

The Board requests that interested parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at www.errr.oeb.gov.on.ca. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at www.oeb.gov.on.ca, and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@oeb.gov.on.ca.

Those that do not have internet access should provide a CD or diskette containing their filing in PDF format.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2009-0088** and include your name, address, telephone number and, where available, your e-mail address and fax number.

This Notice, including the Revised Proposed Amendments set out in Attachment A, and all written comments received by the Board in response to this Notice, will be available for public inspection on the Board's website at www.oeb.gov.on.ca and at the office of the Board during normal business hours.

If you have any questions regarding the proposed amendments described in this Notice, please contact Gordon Ryckman at 416-440-8109 or by e-mail at Gordon.Ryckman@oeb.gov.on.ca. The Board's toll free number is 1-888-632-6273.

DATED at Toronto, August 10, 2009.

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

- Attach: Attachment A: Comparison Version Showing the Proposed Amendments to the Distribution System Code from the Current Notice relative to the Proposed Amendments to the Distribution System Code from the May Notice (for comment)
- Attachment B: Revised Proposed Amendments to the Distribution System Code Including Revisions from May Notice and Current Notice (for information purposes only)
- Attachment C: Comparison Version Showing the All Proposed Amendments to the Distribution System Code (May Notice and Current Notice) relative to the Current Distribution System Code (for information purposes only)

Attachment A

Comparison Version Showing the Current Proposed Amendments to the Distribution System Code Relative to the May Proposed Amendments to the Distribution System Code

Note: The text of the proposed amendments is set out in italics and underlined below, for ease of identification only.

1. Section 6.2.1 of the Distribution Code is amended as follows:

Section 6.2 does not apply to the connection or operation of an emergency backup generation facility or an embedded generation facility that is used exclusively for load displacement purposes at all times.

2. Section 6.2.4.1 of the Distribution System Code is amended as follows:

6.2.4.1 Subject to section 6.2.4.2, a distributor shall establish and maintain a capacity allocation process under which the distributor will process applications for the connection of embedded generation facilities. The capacity allocation process shall meet the following requirements:

- a. each application for connection, including an application under section 6.2.25a, will be allocated capacity only upon completion of the distributor's connection impact assessment, any required host distributor's connection impact assessment, and any required review of TS supply capability for the embedded generation facility;
- b. a connection impact assessment will not be completed for a proposed connection that can not be completed within the feeder and/or substation technical capacity limits of the distributor's distribution system, any host distributor's distribution system or the supply TS and transmission system, including any Board approved plans to increase the capacity of one or more of the distributor's distribution system, any host distributor's distribution system or the supply TS and transmission system;
- c. a connection impact assessment will not be completed unless the embedded generation facility which is the subject of the application meets the following requirements at the time the application is made:
 - demonstrated site control over the land on which the embedded generation facility is proposed to be located and any required adjacent or buffer lands in the form of property ownership (deed),

- long term lease (lease agreement) or an executed option to purchase or lease the land.
- an proposed in-service date for the ~~proposed~~ embedded generation facility which is no later than 5 years for water power projects or 3 years for all other types of projects following the completion of the ~~connection impact assessment~~ from the initial date of application for connection or in accordance with the timelines in an executed OPA contract.
- d. the distributor shall notify the applicant when its capacity allocation is granted;
- e. an applicant shall have its capacity allocation removed if:
- i. a connection cost agreement has not been signed in relation to the connection of the embedded generation facility within 6 months of the date on which the applicant received a capacity allocation for the proposed embedded generation facility;
 - ii. a new connection impact assessment is prepared for a proposed embedded generation facility under section 6.2.15 and the new assessment differs in a material respect from the original connection impact assessment prepared for that facility;
 - iii. any required deposits payable to the distributor pursuant to section 6.2.18A, ~~or 6.2.18B,~~ or 6.2.18C have not been received by the date specified by the distributor;
 - iv. the distributor is informed by the OPA that the applicant defaults has defaulted on an executed OPA contract; or
 - v. the applicant defaults on an executed connection cost agreement and fails to correct the default within 30 calendar days.
- f. If any applicant has its capacity allocation removed in accordance with paragraph (e), the amount of any ~~connection cost deposit,~~ capacity allocation deposit and or additional capacity allocation deposit paid pursuant to the connection cost agreement requirements in section 6.2.18 shall be forfeited by the applicant and retained by the distributor in a deferral account for disposition by the Board. The amount of any unspent connection cost deposit shall be returned to the applicant in accordance with the requirements of section 6.2.18 G.

- g. the distributor shall provide the applicant with two months' advance notice of the expiry of the 6-month period referred to in paragraph e prior to removing the capacity allocated to the applicant.
3. Section 6.2.4.2 of the Distribution System Code is amended as follows:
 - 6.2.4.2 Section 6.2.4.1 does not apply to an application to connect a micro-embedded generation facility, ~~or a capacity allocation exempt small embedded generation facility,~~ or an embedded generation facility that is not an embedded retail generation facility. Applications to connect to which the capacity allocation process does not apply, including by virtue of section 6.2.1, shall be processed by a distributor in accordance with this Code as and when received.
 4. Section 6.2 of the Distribution System Code is amended by adding the following immediately after 6.2.14:
 - 6.2.14 A ~~Where a distributor completes a connection impact assessment and allocates capacity to a proposed embedded generation facility on its feeder and/or substation, †~~The distributor shall, within 10 days of the initiating a connection impact assessment ~~study, being issued~~ advise in writing any transmitter or distributor whose transmission or distribution system is directly connected to the specific feeder or substation to which the proposed embedded generation facility is proposing to connect. The distributor shall include in the written communication, at a minimum, of the proposed in-service date, the rated capacity and type of technology ~~that is being allocated to the feeder and/or substation~~ of the proposed embedded generation facility. If the distributor requires a transmitter or host distributor to complete a TS review study or connection impact assessment, the distributor shall file an application with the transmitter or host distributor for such. A distributor will also inform the transmitter or distributor in writing on an ongoing basis of any change in status of the project including removing the capacity allocation for the project or placing the project in service.
 5. Section 6.2.15 of the Distribution System Code is amended as follows:
 - 6.2.15 Any material revisions to the design, planned equipment or plans for the proposed embedded generation facility and connection shall be filed with the distributor and the distributor shall prepare a new impact assessment within the relevant time period set out in section 6.2.12 or 6.2.13. If the new impact assessment differs in a material respect from the original connection impact assessment for the project, the project shall have its capacity allocation removed in accordance with the requirements of section 6.2.4.1 (e) ii.

6. Section 6.2.18 of the Distribution System Code is amended as follows:

6.2.18 A distributor shall enter into a connection cost agreement with an applicant in relation to a small embedded generation facility, a mid-sized embedded generation facility or a large embedded generation facility. The connection cost agreement shall include the following:

- a. a requirement that the applicant pay a connection cost deposit equal to 100% of the total estimated allocated cost of connection at the time the connection cost agreement is executed;
- b. if the applicant does not have an executed OPA contract which includes a requirement for security deposits or similar payments, a requirement that the applicant pay a capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility at the time the connection cost agreement is executed;
- c. if the applicant does not have an executed OPA contract which includes a requirement for additional security deposits or similar payments, a requirement that if fifteen (15) calendar months following the ~~completion of the connection impact assessment~~ execution of the connection cost agreement the embedded generation facility is not connected to the distributor's distribution system, the applicant must pay an additional capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility on the first day of the sixteenth (16th) calendar month following the ~~completion of the connection impact assessment~~ execution of the connection cost agreement;
- d. if the applicant has an executed OPA contract which includes a requirement for security deposits or similar payments, the distributor shall not require the applicant to pay a capacity allocation deposit or an additional capacity allocation deposit and the total amount of any security deposits or similar payments that are required pursuant to the OPA contract is less than the amount of \$20,000 per MW of capacity of the embedded generation facility, a requirement that, at the time the connection cost agreement is executed, the applicant pay the difference between \$20,000 per MW of capacity of the embedded generation facility and the total amount of all deposits due payable to the OPA pursuant to the OPA contract at the time the OPA contract was executed;
- e. ~~if the applicant has an executed OPA contract and if fifteen (15) calendar months following the completion of the connection impact assessment the embedded generation facility is not connected to the distributor's distribution system and if the total amount of any additional interim or delayed security deposits or payments that are required pursuant to the~~

~~OPA contract is less than the amount of \$20,000 per MW of capacity of the embedded generation facility, a requirement that, on the first day of the sixteenth (16th) calendar month following the completion of the connection impact assessment, the applicant pay the difference between \$20,000 per MW of capacity of the embedded generation facility and the amount of any deposit required pursuant to the OPA contract;~~

- ~~f.e.~~ a requirement that the applicant include a proposed mutually agreed upon in-service date that is no later than 5 years for water power projects or 3 years for all other types of projects following the date that the connection impact assessment is completed from the initial date of application for connection or a proposed in-service date in which is in accordance with the timelines in an executed OPA contract;
- ~~g.f.~~ a requirement that the applicant complete its engineering design and provide detailed electrical drawings to the distributor at least 6 months prior to the specified in-service date or as reasonably required by the distributor;
- ~~h.g.~~ any requirements relating to the applicant's acceptance of the distributor's offer to connect and the connection costs; and
- ~~i.h.~~ the timing of the connection.

The distributor's offer to connect shall be attached as an appendix to and form part of the cost connection agreement. Once the applicant has entered into a connection cost agreement with the distributor and has provided the distributor with detailed engineering drawings with respect to the proposal, the distributor shall conduct a design review to ensure that the detailed engineering plans are acceptable.

7. Section 6.2 of the Distribution System Code is amended by adding the following immediately after 6.2.18:

6.2.18A For any proponent that executed a connection cost agreement prior to the date of coming into force of this section, but is not yet connected to the distributor's distribution system, the distributor shall notify the proponent of that embedded generation facility, within 60 days of this section coming into force, that a connection cost deposit equal to 100% of the total allocated cost of connection and a capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility must be paid within 60 days of the distributor's notice as a condition of the applicant maintaining its current capacity allocation.

6.2.18B For any proponent that executed a connection cost agreement prior to the date of coming into force of this section, but is not yet connected to the

distributor's distribution system and for which fifteen (15) calendar months or more have elapsed since the date on which the proponent ~~received a completed connection impact assessment~~ executed a connection cost agreement, the distributor shall notify the proponent of that embedded generation facility, within 60 days of this section coming into force, that an additional capacity allocation deposit equal to \$20,000 per MW of capacity for the embedded generation facility must be paid within 60 days of the distributor's notice as a condition of the applicant maintaining its current capacity allocation. For clarity, this additional capacity allocation deposit is in addition to any deposit that may be required under section 6.2.18A.

6.2.18C For any proponent that was allocated capacity but that had not yet executed a connection cost agreement on or before the date of coming into force of this section for one or both ~~more~~ of the following reasons:

- a. the connection impact assessment was completed within the last 12 months,
- b. ~~the proponent does not have an executed OPA contract and OPA contracts have not been available,~~
- cb. an IESO System Impact Assessment ("SIA") is required and has not yet been completed,

the distributor shall notify the applicant within 60 days of the later of i) the project having been allocated capacity for a period of 12 months or ii) the SIA study being completed and its impact on the generation facility being identified, that as a condition of the applicant maintaining its current capacity allocation the applicant must execute a connection cost agreement with the distributor within 60 days of the distributor's notice, ~~the latest of:~~

- ~~A. the project having been allocated capacity for a period of 12 months,~~
- ~~B. the first date upon which OPA contracts are once again being made available, or~~
- ~~C. the SIA study being completed and its impact on the generation facility being identified,~~

6.2.18D Any connection cost deposit, capacity allocation deposit or additional capacity allocation deposit required to be obtained by the distributor pursuant to this Code shall be in the form of cash, letter of credit from a bank as defined in the Bank Act, or surety bond. The distributor shall allow the applicant to select the

- form of any required connection cost deposit, capacity allocation deposit and/or additional capacity allocation deposit.
- 6.2.18E The connection cost deposit shall be used by the distributor to pay for costs allocated to the applicant and related to the connection of the embedded generation facility to the distribution system in accordance with the terms of the relevant connection cost agreement.
- 6.2.18F If, following the connection of an embedded generation facility to the distributor's distribution system the distributor determines that the amount of the connection cost deposit provided by the applicant exceeded the costs allocated to the applicant and related to connecting the generation facility to the distributor's distribution system, the distributor shall at the time of connection refund to the applicant the amount by which the connection cost deposit exceeded the costs related to connecting the embedded generation facility.
- 6.2.18G The distributor shall, no later than ~~40~~ 30 calendar days after the applicant has its capacity allocation removed in accordance with subsection 6.2.4.1(e), refund to the applicant the amount of any remaining connection cost deposit provided by the applicant to the distributor pursuant to a connection cost agreement, provided that if the distributor has incurred costs associated with the connection of the applicant's embedded generation facility to the distributor's distribution system in accordance with the relevant connection cost agreement, the distributor shall subtract the amount of any such incurred costs from the total connection cost deposit amount provided by the applicant prior to remitting any refund to the applicant.
- 6.2.18H The distributor shall refund to the applicant the amount of any capacity allocation deposit or additional capacity allocation deposit provided by the applicant to the distributor no later than ~~40~~ 30 calendar days after the applicant connects to the distributor's distribution system.
- 6.2.18I Where any connection cost deposit, capacity allocation deposit or additional capacity allocation deposit is provided by an applicant to a distributor in the form of cash and where the distributor refunds all or any portion of such connection cost deposit, capacity allocation deposit or additional capacity allocation deposit to the applicant in accordance with this Code, the return of such deposit or deposits shall be in accordance with the following conditions:
- a. interest shall accrue monthly on the deposit amounts commencing on the receipt of the deposit required by the distributor; and

- b. the interest rate shall be at the Prime Business Rate set by the Bank of Canada less 2 percent.

Attachment B

Revised Proposed Amendments to the Distribution System Code Including Revisions from May Notice and Current Notice (for information purposes only)

Note: The text of the revised proposed amendments is set out in italics below, for ease of identification only.

1. Section 1.2 of the Distribution System Code is amended by deleting the definition of “queue exempt small embedded generation facility” and replacing it with the following definition immediately after the definition of “bandwidth”:

“capacity allocation exempt small embedded generation facility” means an embedded generation facility which is not a micro-embedded generation facility and which has a name-plate rated capacity of 250 kW or less in the case of a facility connected to a less than 15 kV line and 500 kW or less in the case of a facility connected to a 15 kV or greater line;

2. Section 6.2.1 of the Distribution System Code is amended by adding the words “at all times” to the end of that section immediately before the period.
3. Section 6.2.3 of the Distribution System Code is amended by adding the words “distributor’s feeder and substation technical capacity limits as well as” immediately before the words “metering requirements” in sub part c.
4. Sections 6.2.4.1 of the Distribution System Code is deleted and replaced with the following:

6.2.4.1 Subject to section 6.2.4.2, a distributor shall establish and maintain a capacity allocation process under which the distributor will process applications for the connection of embedded generation facilities. The capacity allocation process shall meet the following requirements:

- a. each application for connection, including an application under section 6.2.25a, will be allocated capacity only upon completion of the distributor’s connection impact assessment, any required host distributor’s connection impact assessment, and any required review of TS supply capability for the embedded generation facility;*
- b. a connection impact assessment will not be completed for a proposed connection that can not be completed within the feeder and/or substation technical capacity limits of the distributor’s distribution system, any host distributor’s distribution system or the supply TS and transmission*

system, including any Board approved plans to increase the capacity of one or more of the distributor's distribution system, any host distributor's distribution system or the supply TS and transmission system;

- c. a connection impact assessment will not be completed unless the embedded generation facility which is the subject of the application meets the following requirements at the time the application is made:
 - demonstrated site control over the land on which the embedded generation facility is proposed to be located and any required adjacent or buffer lands in the form of property ownership (deed), long term lease (lease agreement) or an executed option to purchase or lease the land.*
 - a proposed in-service date for the embedded generation facility which is no later than 5 years for water power projects or 3 years for all other types of projects from the initial date of application for connection or in accordance with the timelines in an executed OPA contract.**

- d. the distributor shall notify the applicant when its capacity allocation is granted;*

- e. an applicant shall have its capacity allocation removed if:
 - i. a connection cost agreement has not been signed in relation to the connection of the embedded generation facility within 6 months of the date on which the applicant received a capacity allocation for the proposed embedded generation facility;*
 - ii. a new connection impact assessment is prepared for a proposed embedded generation facility under section 6.2.15 and the new assessment differs in a material respect from the original connection impact assessment prepared for that facility;*
 - iii. any required deposits payable to the distributor pursuant to section 6.2.18A, 6.2.18B, or 6.2.18C have not been received by the date specified by the distributor;*
 - iv. the distributor is informed by the OPA that the applicant has defaulted on an executed OPA contract; or*
 - v. the applicant defaults on an executed connection cost agreement and fails to correct the default within 30 calendar days.**

- f. If any applicant has its capacity allocation removed in accordance with paragraph (e), the amount of any capacity allocation deposit and or*

transmitter's TS technical capacity limits; and iv) without exceeding the IESO's requirement for a SIA.

10. Section 6.2.11 of the Distribution System Code is deleted and replaced with the following:

6.2.11 A distributor shall require a person who applies for the connection of a generation facility to the distributor's distribution system to, upon making the application, pay their impact assessment costs and provide the following information:

- a. evidence that the requirements set out in section 6.2.4.1(c) have been met;*
- b. the proposed point of common coupling with the distribution system;*
- c. the information set out in section 6.2.9 if this has not already been provided to the distributor;*
- d. a single line diagram of the proposed connection;*
- e. a preliminary design of the proposed interface protection; and*
- f. all necessary technical information required by the distributor to complete the connection impact assessment.*

11. Section 6.2.12 of the Distribution System Code is amended by deleting the word "The" at the beginning of the section and replacing it with the following words: "*Subject to sections 6.2.4.1(b), 6.2.4.1(c) and 6.2.4.2, the*".

12. Section 6.2.13 of the Distribution System Code is amended by deleting the word "The" at the beginning of the section and replacing it with the following words: "*Subject to sections 6.2.4.1(b) and 6.2.4.1(c), the*" and by adding the word "*embedded*" immediately after the word "proposed".

13. Section 6.2.14 of the Distribution System Code is amended by adding the word "*embedded*" after the word "proposed".

14. Section 6.2 of the Distribution System Code is amended by adding the following immediately after section 6.2.14:

6.2.14A The distributor shall, within 10 days of initiating a connection impact assessment study, advise in writing any transmitter or distributor whose transmission or distribution system is directly connected to the specific feeder or substation to which the proposed embedded generation facility is proposing to connect. The distributor shall include in the written communication, at a minimum, the proposed in-service date, the rated capacity and type of technology of the proposed embedded generation facility. If the distributor requires a transmitter or host distributor to complete a TS review study or connection impact assessment, the

distributor shall file an application with the transmitter or host distributor for such. A distributor will also inform the transmitter or distributor in writing on an ongoing basis of any change in status of the project including removing the capacity allocation for the project or placing the project in service.

15. Section 6.2.15 of the Distribution System Code is amended by adding the word “*embedded*” immediately after the word “*proposed*” in the first sentence, by deleting the section references “6.2.13 or 6.2.14” at the end of the first sentence replacing them with “6.2.12 and 6.2.13” and by adding the following sentence immediately following the first sentence:

If the new impact assessment differs in a material respect from the original connection impact assessment for the project, the project shall have its capacity allocation removed in accordance with the requirements of section 6.2.4.1 (e) ii.

16. Section 6.2.18 of the Distribution System Code is deleted and replaced with the following:

6.2.18 A distributor shall enter into a connection cost agreement with an applicant in relation to a small embedded generation facility, a mid-sized embedded generation facility or a large embedded generation facility. The connection cost agreement shall include the following:

- a. a requirement that the applicant pay a connection cost deposit equal to 100% of the total estimated allocated cost of connection at the time the connection cost agreement is executed;*
- b. if the applicant does not have an executed OPA contract which includes a requirement for security deposits or similar payments, a requirement that the applicant pay a capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility at the time the connection cost agreement is executed;*
- c. if the applicant does not have an executed OPA contract which includes a requirement for additional security deposits or similar payments, a requirement that if fifteen (15) calendar months following the execution of the connection cost agreement the embedded generation facility is not connected to the distributor’s distribution system, the applicant must pay an additional capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility on the first day of the sixteenth (16th) calendar month following the execution of the connection cost agreement;*
- d. if the applicant has an executed OPA contract which includes a requirement for security deposits or similar payments, the distributor*

shall not require the applicant to pay a capacity allocation deposit or an additional capacity allocation deposit;

- e. a requirement that the mutually agreed upon in-service date ~~that~~ is no later than 5 years for water power projects or 3 years for all other types of projects from the initial date of application for connection or in accordance with the timelines in an executed OPA contract;*
- f. a requirement that the applicant complete its engineering design and provide detailed electrical drawings to the distributor at least 6 months prior to the specified in-service date or as reasonably required by the distributor;*
- g. any requirements relating to the applicant's acceptance of the distributor's offer to connect and the connection costs; and*
- h. the timing of the connection.*

The distributor's offer to connect shall be attached as an appendix to and form part of the cost connection agreement. Once the applicant has entered into a connection cost agreement with the distributor and has provided the distributor with detailed engineering drawings with respect to the proposal, the distributor shall conduct a design review to ensure that the detailed engineering plans are acceptable.

17. Section 6.2 of the Distribution System Code is amended by adding the following immediately after 6.2.18:

6.2.18A For any proponent that executed a connection cost agreement prior to the date of coming into force of this section, but is not yet connected to the distributor's distribution system, the distributor shall notify the proponent of that embedded generation facility, within 60 days of this section coming into force, that a connection cost deposit equal to 100% of the total allocated cost of connection and a capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility must be paid within 60 days of the distributor's notice as a condition of the applicant maintaining its current capacity allocation.

6.2.18B For any proponent that executed a connection cost agreement prior to the date of coming into force of this section, but is not yet connected to the distributor's distribution system and for which fifteen (15) calendar months or more have elapsed since the date on which the proponent executed a connection cost agreement, the distributor shall notify the proponent of that embedded generation facility, within 60 days of this section coming into force, that an additional capacity allocation deposit equal to \$20,000 per

MW of capacity for the embedded generation facility must be paid within 60 days of the distributor's notice as a condition of the applicant maintaining its current capacity allocation. For clarity, this additional capacity allocation deposit is in addition to any deposit that may be required under section 6.2.18A.

6.2.18C For any proponent that was allocated capacity but that had not yet executed a connection cost agreement on or before the date of coming into force of this section for one or both of the following reasons:

- a. the connection impact assessment was completed within the last 12 months,*
- b. an IESO System Impact Assessment ("SIA") is required and has not yet been completed,*

the distributor shall notify the applicant within 60 days of the later of i) the project having been allocated capacity for a period of 12 months or ii) the SIA study being completed and its impact on the generation facility being identified, that as a condition of the applicant maintaining its current capacity allocation the applicant must execute a connection cost agreement with the distributor within 60 days of the distributor's notice.

6.2.18D Any connection cost deposit, capacity allocation deposit or additional capacity allocation deposit required to be obtained by the distributor pursuant to this Code shall be in the form of cash, letter of credit from a bank as defined in the Bank Act, or surety bond. The distributor shall allow the applicant to select the form of any required connection cost deposit, capacity allocation deposit and/or additional capacity allocation deposit.

6.2.18E The connection cost deposit shall be used by the distributor to pay for costs allocated to the applicant and related to the connection of the embedded generation facility to the distribution system in accordance with the terms of the relevant connection cost agreement.

6.2.18F If, following the connection of an embedded generation facility to the distributor's distribution system the distributor determines that the amount of the connection cost deposit provided by the applicant exceeded the costs allocated to the applicant and related to connecting the generation facility to the distributor's distribution system, the distributor shall at the time of connection refund to the applicant the amount by which the connection cost deposit exceeded the costs related to connecting the embedded generation facility.

- 6.2.18G *The distributor shall, no later than 30 calendar days after the applicant has its capacity allocation removed in accordance with subsection 6.2.4.1(e), refund to the applicant the amount of any remaining connection cost deposit provided by the applicant to the distributor pursuant to a connection cost agreement, provided that if the distributor has incurred costs associated with the connection of the applicant's embedded generation facility to the distributor's distribution system in accordance with the relevant connection cost agreement, the distributor shall subtract the amount of any such incurred costs from the total connection cost deposit amount provided by the applicant prior to remitting any refund to the applicant.*
- 6.2.18H *The distributor shall refund to the applicant the amount of any capacity allocation deposit or additional capacity allocation deposit provided by the applicant to the distributor no later than 30 calendar days after the applicant connects to the distributor's distribution system.*
- 6.2.18I *Where any connection cost deposit, capacity allocation deposit or additional capacity allocation deposit is provided by an applicant to a distributor in the form of cash and where the distributor refunds all or any portion of such connection cost deposit, capacity allocation deposit or additional capacity allocation deposit to the applicant in accordance with this Code, the return of such deposit or deposits shall be in accordance with the following conditions:*
- a. *interest shall accrue monthly on the deposit amounts commencing on the receipt of the deposit required by the distributor; and*
 - b. *the interest rate shall be at the Prime Business Rate set by the Bank of Canada less 2 percent.*

Attachment C

Comparison Version Showing All Proposed Amendments (May Notice and Current Notice) relative to the Current Distribution System Code (for information purposes only)

Note: The text of the proposed amendments is set out in italics and underlined below, for ease of identification only.

1. Section 1.2 of the Distribution System Code is amended as follows:

In this Code:

~~“queue~~ *capacity allocation* exempt small embedded generation facility” means an embedded generation facility which is not a micro-embedded generation facility and which has a name-plate rated capacity of 250 kW or less in the case of a facility connected to a less than 15 kV line and 500 kW or less in the case of a facility connected to a 15 kV or greater line;

2. Section 6.2.1 of the Distribution Code is amended as follows:

Section 6.2 does not apply to the connection or operation of an emergency backup generation facility or an embedded generation facility that is used exclusively for load displacement purposes *at all times*.

3. Section 6.2.3 of the Distribution System Code is amended as follows:

6.2.3 A distributor shall promptly make available a generation connection information package (the “package”) to any person who requests this package. The package shall contain the following information:

- a. the process for having a generation facility connected to the distributor’s distribution system, including any form necessary for applying to the distributor;
- b. information regarding any approvals from the ESA, the IESO, OEB, or a transmitter that are required before the distributor will connect a generation facility to its distribution system;
- c. the technical requirements for being connected to the distributor’s distribution system including the *distributor’s feeder and substation technical capacity limits as well as* metering requirements;
- d. the standard contractual terms and conditions for being connected to the distributor’s distribution system; and

- e. the name, telephone number and e-mail address of the distributor's representative for inquiries relating to the connection of embedded generation facilities.

4. Section 6.2.4.1 of the Distribution System Code is amended as follows:

6.2.4.1 Subject to section 6.2.4.2, a distributor shall establish and maintain a capacity allocation ~~queuing~~ process under which the distributor will process applications for the connection of embedded generation facilities. The capacity allocation ~~queuing~~ process shall meet the following requirements:

- a. each application for connection, including an application under section 6.2.25a, will be allocated capacity ~~placed in the queue on a first-come, first-served basis~~ only upon completion of the distributor's connection impact assessment, any required host distributor's connection impact assessment, and any required review of TS supply capability for the embedded generation facility;
- b. a connection impact assessment will not be completed for a proposed connection that can not be completed within the feeder and/or substation technical capacity limits of the distributor's distribution system, any host distributor's distribution system or the supply TS and transmission system, including any Board approved plans to increase the capacity of one or more of the distributor's distribution system, any host distributor's distribution system or the supply TS and transmission system;
- c. a connection impact assessment will not be completed unless the embedded generation facility which is the subject of the application meets the following requirements at the time the application is made:
 - demonstrated site control over the land on which the embedded generation facility is proposed to be located and any required adjacent or buffer lands in the form of property ownership (deed), long term lease (lease agreement) or an executed option to purchase or lease the land.
 - A proposed in-service date for the embedded generation facility which is no later than 5 years for water power projects or 3 years for all other types of projects from the initial date of application for connection or in accordance with the timelines in an executed OPA contract.
- db. the distributor shall notify the applicant when ~~of~~ its capacity allocation is granted ~~queue position~~;

- ee. an application shall have its capacity allocation be removed from the queue if:
- i. a connection cost agreement has not been signed in relation to the connection of the embedded generation facility within ~~12~~ 6 months of the date on which the application ~~was placed in the queue~~ received a capacity allocation for the proposed embedded generation facility;
 - ii. ~~an application shall be removed from the queue if~~ a new connection impact assessment is prepared for an proposed embedded generation facility under section 6.2.15 and the new assessment differs in a material respect from the original connection impact assessment prepared for that facility;
 - iii. any required deposits payable to the distributor pursuant to section 6.2.18A, 6.2.18B, or 6.2.18C have not been received by the date specified by the distributor;
 - iv. the distributor is informed by the OPA that the applicant has defaulted on an executed OPA contract; or
 - v. the applicant defaults on an executed connection cost agreement and fails to correct the default within 30 calendar days.
- f. If any applicant has its capacity allocation removed in accordance with paragraph (e), the amount of any capacity allocation deposit and or additional capacity allocation deposit paid pursuant to the connection cost agreement requirements in section 6.2.18 shall be forfeited by the applicant and retained by the distributor in a deferral account for disposition by the Board. The amount of any unspent connection cost deposit shall be returned to the applicant in accordance with the requirements of section 6.2.18 G.
- ge. the distributor shall provide the applicant with two months' advance notice of the expiry of the ~~12-month~~ 6-month period referred to in paragraph e e prior to removing the capacity allocated to the application from the queue.

5. Section 6.2.4.2 of the Distribution System Code is amended as follows:

6.2.4.2 Section 6.2.4.1 does not apply to an application to connect a micro-embedded generation facility, ~~or a queue~~ capacity allocation exempt small embedded generation facility, or an embedded generation facility that is not an embedded retail generation facility. Applications to connect to which the ~~queuing~~ capacity

allocation process does not apply, including by virtue of section 6.2.1, shall be processed by a distributor in accordance with this Code as and when received.

6. Section 6.2.4.3 of the Distribution System Code is amended as follows:

6.2.4.3 Any application to connect a ~~queue~~ capacity allocation exempt small embedded generation facility that was received by a distributor prior to the date of coming into force of this section shall be processed by the distributor in accordance with the provisions of this Code applicable to such generation facilities as though the application to connect had been received by the distributor on the date of coming into force of this section.

7. Section 6.2.8A of the Distribution System Code is amended as follows:

6.2.8A Notwithstanding any other provision of this Code, a distributor shall, for the purposes of determining the connection feasibility of a ~~queue~~ capacity allocation exempt small embedded generation facility and of determining the impact of such facility on the distributor's distribution system and on any customers of the distributor, treat any capacity associated with a generation facility that ~~has is in~~ a capacity allocation ~~queue~~ referred to in section 6.2.4.1 as available capacity.

8. Section 6.2.8B of the Distribution System Code is amended as follows:

6.2.8B Where a distributor believes that, by virtue of the operation of section 6.2.8A, the connection of a ~~queue~~ capacity allocation exempt small embedded generation facility cannot reasonably be managed by the distributor without adversely affecting the ~~queue position~~ capacity allocation of a generation facility, the distributor shall promptly so notify the Board in writing. In such a case, and notwithstanding any other provision of this Code, the distributor shall not take any further steps to connect the ~~queue~~ capacity allocation exempt small embedded generation facility without further direction from the Board.

9. Section 6.2.9.1 of the Distribution System Code is amended as follows:

6.2.9.1 Upon request, a distributor shall provide the following to a person that has requested a meeting under section 6.2.9:

- a. a description of the portion of the distributor's distribution system relevant to the person's embedded generation facility, including the corresponding portions of an up-to-date system schematic map showing, at a minimum, the following:
 - major distribution and sub-transmission lines;

- transformer and distribution stations;
 - the voltage levels used for distribution;
 - sufficient geographic references to enable the person to correlate all of the above features with a municipal road map; and
 - such other information as the Board may from time to time determine; ~~and~~
- b. subject to section 6.2.9.4, information on voltage level, fault level and minimum/maximum feeder loadings for up to three locations in the distributor's service area.; and
- c. for each of the proposed locations included in the request, information about the amount of additional generation, above and beyond what is already connected and what capacity has already been allocated, that can be accommodated i) within the distributor's feeder and/or substation technical capacity limits; ii) within any host distributor's feeder and/or substation technical capacity limits; iii) within the transmitter's TS technical capacity limits; and iv) without exceeding the IESO's requirement for a SIA.

10. Section 6.2.11 of the Distribution System Code is amended as follows:

- 6.2.11 A distributor shall require a person who applies for the connection of a generation facility to the distributor's distribution system to, upon making the application, pay their impact assessment costs and provide the following information:
- a. evidence that the requirements set out in section 6.2.4.1 (c) have been met,
 - b. the proposed point of common coupling with the distribution system;
 - ca. the information set out in section 6.2.9 if this has not already been provided to the distributor;
 - d~~b~~. a single line diagram of the proposed connection; ~~and~~
 - ee. a preliminary design of the proposed interface protection; and
 - f. all necessary technical information required by the distributor to complete the connection impact assessment.

11. Section 6.2.12 of the Distribution System Code is amended as follows:

- 6.2.12 Subject to sections 6.2.4.1(b), 6.2.4.1(c) and 6.2.4.2, ~~T~~he distributor shall provide an applicant proposing to connect a small embedded generation facility with its assessment of the impact of the proposed generation facility, a detailed cost estimate of the proposed connection and an offer to connect within:
- a. 60 days of the receipt of the application where no distribution system reinforcement or expansion is required; and
 - b. 90 days of the receipt of the application where a distribution system reinforcement or expansion is required.

An offer to connect made to an applicant proposing to connect a capacity allocation exempt small embedded generation facility may be revoked by the distributor if not accepted by the applicant within 60 days.

12. Section 6.2.13 of the Distribution System Code is amended as follows:

- 6.2.13 Subject to sections 6.2.4.1(b) and 6.2.4.1(c), ~~T~~he distributor shall provide its assessment of the impact of the proposed embedded generation facility within:
- a. 60 days of the receipt of the application in the case of a proposal to connect a mid-sized embedded generation facility; and
 - b. 90 days of the receipt of the application in the case of a proposal to connect a large embedded generation facility.

13. Section 6.2.14 of the Distribution System Code is amended as follows:

- 6.2.14 The distributor's impact assessment shall set out the impact of the proposed embedded generation facility on the distributor's distribution system and any customers of the distributor including:
- a. any voltage impacts, impacts on current loading settings and impacts on fault currents;
 - b. the connection feasibility;
 - c. the need for any line or equipment upgrades;
 - d. the need for transmission system protection modifications; and
 - e. any metering requirements.

14. Section 6.2 of the Distribution System Code is amended by adding the following immediately after 6.2.14:

- 6.2.14 A The distributor shall, within 10 days of initiating a connection impact assessment study, advise in writing any transmitter or distributor whose

transmission or distribution system is directly connected to the specific feeder or substation to which the proposed embedded generation facility is proposing to connect. The distributor shall include in the written communication, at a minimum, the proposed in-service date, the rated capacity and type of technology of the proposed embedded generation facility. If the distributor requires a transmitter or host distributor to complete a TS review study or connection impact assessment, the distributor shall file an application with the transmitter or host distributor for such. A distributor will also inform the transmitter or distributor in writing on an ongoing basis of any change in status of the project including removing the capacity allocation for the project or placing the project in service.

15. Section 6.2.15 of the Distribution System Code is amended as follows:

- 6.2.15 Any material revisions to the design, planned equipment or plans for the proposed embedded generation facility and connection shall be filed with the distributor and the distributor shall prepare a new impact assessment within the relevant time period set out in section 6.2.1~~2~~³ or 6.2.1~~3~~⁴. If the new impact assessment differs in a material respect from the original connection impact assessment for the project, the project shall have its capacity allocation removed in accordance with the requirements of section 6.2.4.1 (e) ii.

16. Section 6.2.18 of the Distribution System Code is amended as follows:

- 6.2.18 A distributor shall enter into a connection cost agreement with an applicant in relation to a small embedded generation facility, a mid-sized embedded generation facility or a large embedded generation facility. The connection cost agreement shall include the following:
- a. a requirement that the applicant pay a connection cost deposit equal to 100% of the total estimated allocated cost of connection at the time the connection cost agreement is executed;
 - b. if the applicant does not have an executed OPA contract which includes a requirement for security deposits or similar payments, a requirement that the applicant pay a capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility at the time the connection cost agreement is executed;
 - c. if the applicant does not have an executed OPA contract which includes a requirement for additional security deposits or similar payments, a requirement that if fifteen (15) calendar months following the execution of the connection cost agreement the embedded generation facility is not

- connected to the distributor's distribution system, the applicant must pay an additional capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility on the first day of the sixteenth (16th) calendar month following the execution of the connection cost agreement;
- d. if the applicant has an executed OPA contract which includes a requirement for security deposits or similar payments, the distributor shall not require the applicant to pay a capacity allocation deposit or an additional capacity allocation deposit;
 - e. a requirement that the mutually agreed upon in-service date is no later than 5 years for water power projects or 3 years for all other types of projects from the initial date of application for connection or in accordance with the timelines in an executed OPA contract;
 - f. a requirement that ~~The connection cost agreement shall include provisions regarding the applicant complete its engineering design and provide detailed electrical drawings to the distributor at least 6 months prior to the specified in-service date or as reasonably required by the distributor;~~
 - g. ~~any requirements relating to the applicant's acceptance of the distributor's offer to connect, and the connection costs and any security deposit to be paid by the application prior to the commencement of any work by the distributor;~~ and
 - h. the timing of the connection.

The distributor's offer to connect shall be attached as an appendix to and form part of the cost connection agreement. Once the applicant has entered into a connection cost agreement with the distributor and has provided the distributor with detailed engineering drawings with respect to the proposal, the distributor shall conduct a design review to ensure that the detailed engineering plans are acceptable.

17. Section 6.2 of the Distribution System Code is amended by adding the following immediately after 6.2.18:

6.2.18A For any proponent that executed a connection cost agreement prior to the date of coming into force of this section, but is not yet connected to the distributor's distribution system, the distributor shall notify the proponent of that embedded generation facility, within 60 days of this section coming into force, that a connection cost deposit equal to 100% of the total allocated cost of connection and a capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility must be paid within 60 days of the distributor's notice as a condition of the applicant maintaining its current capacity allocation.

6.2.18B For any proponent that executed a connection cost agreement prior to the date of coming into force of this section, but is not yet connected to the distributor's distribution system and for which fifteen (15) calendar months or more have elapsed since the date on which the proponent executed a connection cost agreement, the distributor shall notify the proponent of that embedded generation facility, within 60 days of this section coming into force, that an additional capacity allocation deposit equal to \$20,000 per MW of capacity for the embedded generation facility must be paid within 60 days of the distributor's notice as a condition of the applicant maintaining its current capacity allocation. For clarity, this additional capacity allocation deposit is in addition to any deposit that may be required under section 6.2.18A.

6.2.18C For any proponent that was allocated capacity but that had not yet executed a connection cost agreement on or before the date of coming into force of this section for one or both of the following reasons:

- a. the connection impact assessment was completed within the last 12 months,
- b. an IESO System Impact Assessment ("SIA") is required and has not yet been completed,

the distributor shall notify the applicant within 60 days of the later of i) the project having been allocated capacity for a period of 12 months or ii) the SIA study being completed and its impact on the generation facility being identified, that as a condition of the applicant maintaining its current capacity allocation the applicant must execute a connection cost agreement with the distributor within 60 days of the distributor's notice.

6.2.18D Any connection cost deposit, capacity allocation deposit or additional capacity allocation deposit required to be obtained by the distributor pursuant to this Code shall be in the form of cash, letter of credit from a bank as defined in the Bank Act, or surety bond. The distributor shall allow the applicant to select the form of any required connection cost deposit, capacity allocation deposit and/or additional capacity allocation deposit.

6.2.18E The connection cost deposit shall be used by the distributor to pay for costs allocated to the applicant and related to the connection of the embedded generation facility to the distribution system in accordance with the terms of the relevant connection cost agreement.

6.2.18F If, following the connection of an embedded generation facility to the distributor's distribution system the distributor determines that the amount of the

connection cost deposit provided by the applicant exceeded the costs allocated to the applicant and related to connecting the generation facility to the distributor's distribution system, the distributor shall at the time of connection refund to the applicant the amount by which the connection cost deposit exceeded the costs related to connecting the embedded generation facility.

6.2.18G The distributor shall, no later than 30 calendar days after the applicant has its capacity allocation removed in accordance with subsection 6.2.4.1(e), refund to the applicant the amount of any remaining connection cost deposit provided by the applicant to the distributor pursuant to a connection cost agreement, provided that if the distributor has incurred costs associated with the connection of the applicant's embedded generation facility to the distributor's distribution system in accordance with the relevant connection cost agreement, the distributor shall subtract the amount of any such incurred costs from the total connection cost deposit amount provided by the applicant prior to remitting any refund to the applicant.

6.2.18H The distributor shall refund to the applicant the amount of any capacity allocation deposit or additional capacity allocation deposit provided by the applicant to the distributor no later than 30 calendar days after the applicant connects to the distributor's distribution system.

6.2.18I Where any connection cost deposit, capacity allocation deposit or additional capacity allocation deposit is provided by an applicant to a distributor in the form of cash and where the distributor refunds all or any portion of such connection cost deposit, capacity allocation deposit or additional capacity allocation deposit to the applicant in accordance with this Code, the return of such deposit or deposits shall be in accordance with the following conditions:

- a. interest shall accrue monthly on the deposit amounts commencing on the receipt of the deposit required by the distributor; and
- b. the interest rate shall be at the Prime Business Rate set by the Bank of Canada less 2 percent.