



November 26, 2009

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4
Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Distribution Rate for Embedded Generators <10 kW, EB-2009-0326

ENWIN's responses to the interrogatories of Board Staff follow.

Question #1

With respect to the statement "...administering indirect-series connected generators will continue to drive higher back-end costs to perform 'deduct metering' for associated load accounts" in the "Cost Elements to be Recovered" section of the 1st reference:

a. Is Enwin Utilities of the view that:

- The resulting incremental back-end costs imposed on associated load customers as a result of indirect-series connected generator customers should be recovered from generator customers, or
- These costs should be recovered from associated load customers.

b. Please provide if available, details and an estimate of these incremental costs.

Response

ENWIN's proposal asked the Board to revisit the principle of cost allocation between load and generation customers. ENWIN's approach to cost allocation, as recently as its cost of service rate application (EB-2008-0227), is to propose allocations that follow the Board's directions as closely as possible.

ENWIN will be participating in the Board's previously announced sessions during which ENWIN understands that the Board will be clarifying many of the new rules related to distributors' requirements in respect of renewable generation. Subject to that and other direction from the Board, ENWIN expects it will be especially difficult to segregate back-end customer issues related to in-series connections given the relationship between the load and generation accounts. For example, calculating bills for the load account will depend on the generator account meter reads.

Because the cost allocation principles have yet to be confirmed and because, in particular, in-series accounts are so intertwined, ENWIN does not have estimates of these incremental costs.

Question #2

With respect to the statement "Currently, generators do not appear to pay for the costs they create within distribution systems..." in the "Cost Elements to be Recovered" section of the 1st reference:

- a. Please provide specific descriptions of the types of costs generators create within distribution systems, and
- b. Please provide if available, an estimate of these costs.

Response

Customers (load or generation) uniquely cause costs behind their points of connection and related to administration of their individual accounts. Beyond those singularities there is the network of people and technology that are distribution companies and systems. Cost responsibility for those networks could just as easily be assigned to load or generation customers. The prevailing principle appears to be one of assigning the costs to load customers. That principle may find its origins or conceptual foundation in networks that distributed electricity from source transmission points to the load. However, those networks are changing and the predominant cause (though not exclusive cause) seems to be changes in generation, not load.

ENWIN's position is that a contemporary re-evaluation of the underlying understanding and cost allocation principles attributed to the networks is a reasonable and prudent course of action for the Board and one that is central to this proceeding. It may well be that all network costs ought to continue to be borne by load customers. However, it may be that incremental network costs ought to be borne by generation customers. Alternatively, it may be some other allocation or even a determination that allocating incremental costs may not be the best approach for dynamic networks with linear assets and complexities that may be greater than the sum of the individual drivers. "Who causes what costs" depends entirely on the way one perceives the current and evolving functions of networks and the benefits obtained by the connected singularities.

At this time, *ENWIN* does not have sufficient information to provide the cost estimate requested.

Yours very truly,

***ENWIN* Utilities Ltd.**

Per:  Andrew J. Sasso
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