



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 the London Property Management Association follow.

Question #1

The evidence indicates that connection costs, which could vary according to connection type (direct, indirect-parallel, indirect-series) and due to the individual location and set-up circumstances and choices of generators, will be recorded directly from the individual generator.

- a) What type of capital costs would be incurred by distributors in order to service MicroFit generator customers? How would these costs differ by connection type?
- b) Would the economic evaluation model be applied to MicroFit generator customers to calculate an aid-to-construct based on the individual capital costs associated with the connection to the customer and an estimate of ongoing OM&A costs relative to the revenues received from the customer from whatever rate is ultimately put in place?

Response

It is a significant consideration in these proceedings that there is very little experience with distributed renewable micro-generation. ENWIN itself does not have experience with metering, billing or settling these facilities. ENWIN anticipates different cost causality based on the fact that its distribution system is already utilized differently by its load customers. For example, certain load customers own transformers and therefore do not cause or pay for LDC transformation.

ENWIN has not developed an expectation in respect of the capital cost categories that will be impacted in connecting and servicing microFIT generators. ENWIN plans on recovering the capital contributions from generators according to the pertinent rules and procedures. ENWIN plans on accurately tracking all capital costs and eventually seeking recovery for those costs, less the capital contributions, according to the pertinent rules and procedures.

ENWIN is open to Board direction that the economic evaluation model be used for certain purposes in respect of microFIT generators.

Question #2

Please provide a listing of a capital accounts that would be included in the "other costs" that will be recovered through rate base (page 3).

Response

At page 3, the proposal stated: "While microFIT generators will pay the connection costs, due to project size it is likely that all other costs will be recovered through rate base."

"Other costs" in this context was a reference to expansion costs and renewable enabling improvements. The assumptions in the proposal that *ENWIN* was making explicit through the statement above was that the small size of these projects would mean:

- expansion costs below the \$90/kW threshold and
- no recovery through global adjustment for renewable enabling improvements.

In respect of particular capital accounts, please see the response to Question #1.

Question #3

With respect to the O&M costs, the evidence states that the costs caused by MicroFit generators will generally fluctuate according to actual generation. Please provide a list of the types of O&M costs that will be caused by these generators and for each type of cost please explain how that costs varies with generation.

Response


ENWIN readily acknowledges that it does not have experience in managing a distribution system designed to accommodate both its load customer population and an extensive number of micro-generators. Accordingly, *ENWIN* did not take a position in its proposal in respect of the particular incremental costs arising out of the arrival of extensive grid-connected distributed renewable micro-generation.

The purpose of *ENWIN*'s submission in respect of administrative costs was to note that in theory, administrative costs, such as billing, will not generally fluctuate according to nameplate capacity or actual generation. Administrative costs are generally, if not entirely, fixed costs. Accordingly, those costs should be recovered using a fixed rate rather than a capacity rate or a volumetric rate.

Similarly, *ENWIN*'s submission in respect of O&M costs was to note that operation and maintenance costs tend to be more driven more by capacity and usage. The proposal noted, however, that the relatively narrow capacity band (<10 kW) may sufficiently mitigate the need to introduce a capacity or actual generation charge and allow for these costs to be recovered through the fixed charge too. *ENWIN* is not in a position to lead evidence on how costs vary according to capacity or actual generation. *ENWIN*'s hope is that its proposal will encourage consideration of the issue and contributions from those with expert evidence on this topic for that purpose.

Yours very truly,

***ENWIN* Utilities Ltd.**

Per:  Andrew J. Sasso
Director, Regulatory Affairs

P.O. Box 1625, Stn "A"
787 Ouellette Avenue
Windsor, ON N9A 5T7

Tel: 519-255-2735
Fax: 519-973-7812
Email: regulatory@enwin.com