



February 2, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON, M4P 1E4

RE: CLD Submission on Draft Filing Requirements: Distribution System Plans under the Green Energy Act, Board File No.: EB-2009-0397

Dear Ms. Walli:

On December 18, 2009 the Ontario Energy Board (the "Board") posted for comment draft Filing Requirements: Distribution System Plans under the Green Energy Act ("Filing Requirements"). The CLD understands that these Filing Requirements are based on the policy direction in the Guidelines: Deemed Conditions of Licence: Distribution System Planning, G-2009-0087 issued on June 16, 2009 ("Guidelines").

The Coalition of Large Distributors ("CLD") comprises Enersource Hydro Mississauga, Horizon Utilities Corporation, Hydro Ottawa, PowerStream, Toronto Hydro-Electric System Limited, and Veridian Connections and appreciates this opportunity to provide input into this important step in furthering the goals of the *Green Energy Act* ("GEA").

The CLD is generally supportive of the Filing Requirements but does have the following comments/requests for clarification:

1. Development of Smart Grid

On Page 2 it is indicated that "At time of writing, the government has not enacted regulations or directives regarding the development of the smart grid. These Filing Requirements focus on plans in relation to renewable generation connection." The CLD would submit that the smart grid is not a separate entity but a necessary enabler to facilitate renewable generation connection. In general, generation connection necessitates the use of smart devices and the two components of the Plan become intertwined.

Frankly, work being done and planned for the near term in order to maintain, expand and reinforce distribution systems could be classified as smart grid elements. It is difficult to differentiate between maintaining distribution systems to the most current technologies available and implementing a smart grid system. This lack of definition of a smart grid complicates the ability of a distributor to separate elements of the Plan to facilitate renewable generation from smart grid development.

2. Province-wide Recovery of Certain Connection-related Costs (pages 3, 11 and 12)

Until the *Staff Discussion Paper on the Proposed Framework for Determining the Direct Benefits Accruing to Customers of a Distributor under Ontario Regulation 330/09* is

finalized, it will be difficult for distributors to be specific in their Plans about the amount to be recovered through the provincial recovery mechanism, as required on pages 11 and 12.

3. Filing of GEA Plans (page 6)

According to the Filing Requirements a distributor must file a Basic GEA Plan and is only required to file a Detailed GEA Plan when the planned investments related to the connection of renewable generation or the development of a smart grid exceeds either of the materiality thresholds. This could mean that if one of the materiality thresholds is never met, a distributor might never file a Detailed GEA Plan and the only review of expenditures would come when the distributor applies to clear the Deferral Accounts. The CLD requests clarification from the Board if this is the intention of the Filing Requirements?

The CLD assumes that the materiality requirements are for the total capital and operating expenses and suggests it would be beneficial to clarify the wording, which we believe is intended to read:

- “1. the **total capital and operating** costs of all a distributor’s GEA-related projects in any one year exceed \$100,000, and in addition:
 - Exceed 3% of the distributor’s distribution rate base; or
 - Exceeds \$10,000,000.
2. the **total capital and operating** costs of all a distributor’s planned GEA-related projects over five years exceed \$100,000, and in addition:
 - Exceed 6% of the distributor’s distribution rate base; or
 - Exceeds \$20,000,000.”

4. Timing of Filing and Requirement for OPA letter (page 7)

A distributor is required to file its GEA Plan as part of a cost of service rate application, starting with rates for 2011. The CLD is concerned that there are no time requirements for the OPA to provide the required information with respect to the level of interest in Feed in Tariff (“FIT”) contracts, as well as transmission constraints, in the distributor’s service area, nor to review and provide a letter of comment. This may result in the distributor being delayed in the filing of its Plan and therefore its rate application, which could cause delays in the approval of rates. The CLD requests that there be guidelines on what type of comments the OPA should be providing as part of this review, the time requirements for the OPA’s provision of detailed information and its comments and how the distributor is expected to respond to the OPA’s comments, if at all.

The CLD understands the benefit of the OPA reviewing a distributor’s GEA Plan with respect to renewable generation connections as the OPA is the provincial electricity planning entity and in particular is the administrator of the generation contracts. However, it is not clear how the OPA has the expertise to comment on a distributor’s smart grid as it may not be totally generation-related and it will be unique to each distributor.

On a related note, the CLD would like the Filing Requirements to be revised to clarify that a GEA Plan can also be submitted by a distributor outside of a cost of service

application and that it can be filed on its own or as part of an incentive regulation mechanism application.

5. Current assessment of the distributor's system (page 8, 10 & 11)

As part of the identification of any current expenditure related to GEA activities or projects, the CLD suggests that expenditures funded through the deferral accounts also be included. The CLD therefore suggests the following wording:

“• The identification of any expenditures (capital or OM&A expense) related to GEA activities or projects that are already included in the distributor's approved capital plans or funded through current rates (including any approved adders or **deferral accounts**); and ...”

Also, on Page 10 where it states: “The GEA Plan should include the following information about the current state of the distribution system:

- A description of the distribution system's current capacity to accommodate generation from renewable energy generation facilities, including the available capacity to connect generation;”

The CLD suggests clarification would be helpful that the intended description of the distribution system's current capacity to accommodate generation is to be general in nature and not a detailed description of the distribution system station by station, or feeder by feeder. Otherwise, detailed descriptions of the distribution system may prove to be onerous undertakings for larger distributors such as Toronto Hydro or Hydro One.

6. Detailed GEA Plan (page 9)

A Detailed GEA Plan should cover a five year horizon; however if a distributor is unable to provide a level of detail sufficient for prudence review, then the general level and type of investments can be provided for the later years and approval only obtained for the initial year(s). The CLD is supportive of this approach, as it is unlikely that a distributor can provide detailed planning information for the outer years, as the environment is changing rapidly.

7. GEA Plan Approval (page 16)

The CLD suggests the Filing Requirements be revised to clarify that once the Board has approved spending in a distributor's GEA Plan, the assets can then be put into rate base once the work is complete and has been capitalized.

8. Reporting for Detailed GEA Plans (page 16)

Distributors will be required to explain 'any material deviations from the Plan as approved'. Further guidance on what is considered a material deviation would be beneficial to all.



9. Capital and OM&A Deferral Accounts for GEA Related Expenditures (page 17 and Appendix A)

The Filing Requirements require 'regular reporting of the balances in the deferral accounts and of the associated rate impacts'. This implies that for capital expenditures, it is the associated revenue requirement that should be recorded in the deferral account not the actual capital expenditure. The CLD interprets the requirements to report the rate impact is that it is for the total of all the GEA deferral/variance accounts and not for each individual account.

The CLD understands that there will be further refinements to these Filing Requirements as regulations and directions related to the development and implementation of a smart grid are developed and looks forward to being able to provide further comments as these refinements become available.

Please contact the undersigned if you have any further questions on this submission.

Yours truly,

Original signed by

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