

March 10, 2010

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

Via RESS and by courier

Dear Board Secretary:

Re: Follow-up Comments on Board Staff Discussion Paper on Rate Protection and Determination of Direct Benefits under Ontario Regulation 330/09 - Board File No. EB-2009-0349

The Electricity Distributors Association (EDA) is the voice of Ontario's local distribution companies (LDCs). The EDA represents the interests of over 80 publicly and privately owned LDCs in Ontario.

The EDA would like to thank the Ontario Energy Board for hosting the stakeholder consultation on February 25 which allowed for a useful exchange of views on the approaches to use in determining the direct benefits under Ontario Regulation 330/09.

As noted by distributors at the consultation, there are concerns with including in the direct benefit determination a calculation of the reductions on network transmission and wholesale market service charges (WMSC) caused by eligible renewable generation. Distributors believe reduction in charges for transmission network and WMSC are not a direct benefit from the connection investments made by distributors, but rather an indirect outcome caused by renewable generation that happens to be providing output during the single hour in the month when the local distributor's load is at peak. This distribution system load reduction is difficult to forecast and may not be significant. Wind power does not usually provide output on the hottest days which typically have the highest peak demands in the summer. Distributors believe that distribution revenue requirements should not be allocated using a very variable value. For some distributors where there is little potential for wind projects, the system load displacement would primarily be caused by numerous solar panels spread across the service territory. It would be a significant administrative burden to determine the output of each solar panel at the single hour in the month. As a result, distributors believe that it is not appropriate to consider reduction in wholesale charges in the determination of the direct local benefits caused by the distributor investments in connections.

With respect to the portions of expansion and renewable enabling improvement investment costs that directly benefit local customers, distributors agree that the analysis of this benefit should consider customer load growth, asset condition and potentially also density and service quality improvements. As noted in the consultation, it is difficult to quantify the benefits from incremental increases in service quality, but if the investments assisted in preventing a reduction in service quality, then these investments would be providing a direct local benefit. In order to monetize the benefit, the amount of costs recovered locally would be based on what investments the distributor would have made otherwise in order to bring reliability up to local standards.

The EDA reiterates from its previous submission that the effort to estimate the benefits may outweigh the direct benefits identified. A more simple approach should be available at the outset, based on recognition of the materiality when the generation is relatively small. There should be no requirement to include microFIT projects in the direct benefit assessment. Once more experience is gained, a more complex approach to calculate the direct benefits could be provided. The EDA also believes a distributor experiencing a very large number of renewable generation projects should be permitted to use an approach which on average for all its projects would provide the same level of rate protection and direct benefit allocation as a project by project approach.

The EDA believes distributors will benefit from the OEB working with a few distributors to provide a few real world examples of how to determine in monetary terms the direct benefits from the renewable generation connection investments.

The EDA looks forward to the next steps in this initiative to determine the direct benefits from the connection of eligible renewable generation under O. Reg 330/09.

Yours truly,

“Original Signed”

Maurice Tucci
Policy Director, Distribution & Regulation