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VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: Notice of Revised Proposed Amendments to the Distribution System
Code Board File Number: EB-2009-0077
Comments of the Vulnerable Energy Consumers Coalition (VECC)**

As Counsel to the Vulnerable Energy Consumers Coalition (VECC), I am writing (per the Board's Notice of March 11, 2010) to provide VECC's comments on the proposed amendments to the Distribution System Code to deal with the specific issue of rebates under the Board's new cost responsibility rules. VECC agrees with the general principles underlying the Board's proposed amendments as described on pages 3 and 4. The following comments focus more on the specific application of the principles as set out in the proposed amendments.

Section 3.2.27B – Treatment of an Unforecasted Renewable Generation Facility

This section applies when an unforecasted renewable generator would benefit from an earlier "expansion" made on or after October 31, 2009 to connect an earlier renewable generator and to which the Board's renewable energy expansion cost cap also applied. The previous section (3.2.27A) applies in those circumstances where the unforecasted renewable generator would benefit from an earlier expansion made to connect a load customer or made before October 31, 2009 to connect an earlier renewable generator.

In the case of Section 3.2.27A direct reference is made to Section 3.2.27 which means that consideration is given to how much of the earlier expansion will

actually be used/shared by both parties. However, VECC notes that there is no similar reference in Section 3.2.27B. In VECC's view this is appropriate since, under Section 3.2.5C, the allocation of any initial capital contribution required from renewable generators is based simply on name plate capacity, with no consideration given to whether portions of the earlier expansion would have been shared or not.

Section 3.2.27D – Treatment of an Unforecasted Load Customer or Non-Renewable Generation Customer

This section applies when an unforecasted load customer or non-renewable generator would benefit from an earlier "expansion" made on or after October 31, 2009 to connect an earlier renewable generator and to which the Board's renewable energy expansion cost cap also applied. The section makes specific reference to calculating the rebate in accordance with Section 3.2.27 – which means that both relative load levels and degree of sharing of facilities are to be taken into account.

In this case, the reference to relative load levels needs to be clarified. For both the earlier renewable generator and any unforecasted non-renewable generator the "load requirements" of the facility are likely to be small relative to the load output/name plate capacity of the generator and it is the later that defines the usage of the expansion facilities. It is VECC's view that, in the case of generators, it is the load output (i.e., the name plate capacity) that should be used as opposed to load requirements in apportioning cost responsibility. The DSC amendment should be revised in order to make this distinction.

VECC's second observation is that Section 3.2.27 also makes reference to the "line length shared by both parties". This means that unlike Section 3.2.27B, if the unforecasted customer is a load customer or a non-renewable generator then the proration of cost responsibility is not done simply on MWs (as is the case in 3.2.27B). VECC has reviewed the current version of the DSC and there does not appear to be a clear statement as to how cost responsibility would have been apportioned if the earlier expansion had been undertaken for both the initial renewable generator and the unforecasted load/non-renewable generator customer. In VECC's view, the approach to such cost sharing needs to be clarified and should be similarly applied in the situation where the unforecasted customer is a load customer or a non-renewable generator. This would align the treatment with that for new renewable generators.

Thank you for the opportunity to comment.

Yours truly,

Michael Buonaguro
Counsel for VECC