

Direct Dial: (416) 862-4829  
File: 5356

By Electronic Mail, Courier and RESS Filing

November 1, 2010

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

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Ontario Sustainable Energy Association Written Submissions  
EB-2010-0228 Hydro One Networks Inc. Joint Use Rates for Generator Use  
of Distribution Poles and Fees for Connection Impact Assessments**

---

Please find enclosed the Ontario Sustainable Energy Association (OSEA) submission in connection with the above noted matter.

We appreciate the opportunity to participate in this process.

Yours truly,



Cherie L. Brant

Encl.

Document #: 373172

# Ontario Sustainable Energy Association's Comments on Hydro One Networks' Request for Fees Related to Distribution Generation Projects

---

## 1. Introduction

Ontario Sustainable Energy Association (OSEA) is pleased to have this opportunity to comment on ***Hydro One Networks Request for Fees Related to Distribution Generation Projects*** before the Ontario Energy Board (OEB).

The *Green Energy Act* (Ontario), amended the objectives of the Ontario Energy Board (OEB) in the *Ontario Energy Board Act*, 1998 to include, among other things, the promotion of the use and generation of electricity from renewable energy sources. In this hearing, the OEB has the challenging task of acting as both regulator and promoter of generation.

We ask that the OEB reinforce the incentives created in the FIT program for Aboriginal Participation Projects and Community Participation Projects by applying the proposed pole use charges in a different manner to these special projects.

Should you decide to approve the proposed pole use charges that Hydro One is seeking approval of, we ask that the OEB create a fee schedule that provides a credit against Hydro One's proposed pole use charges to proponents of the Aboriginal and Community Price Adder program in proportion to the interest held by the Aboriginal Community and/or Community Investment Member. In this manner, we feel the OEB can show its continued support for the Green Energy Act.

## 2. Summary

Should the OEB decide to approve Hydro One's request for a proposed pole use charges and CIA fees payable by proponents, we recommend the following:

1. The proposed pole use charges and CIA fees should not apply to projects where the Aboriginal Participation Level or Community Participation Level, either separately or in combination, under the Ontario Power Authority's Feed in Tariff program, is over 51%; and
2. Where the Aboriginal Participation Level and/or Community Participation Level, either separately or in combination is less than 51%, then the project should obtain a credit against the proposed pole use charges and CIA fees based on the following proportion of Aboriginal Participation Level and/or Community Participation Level in relation to the project:

**Aboriginal and/or Community Participation Level x 2 = % Credit off pole use charges.**

### 3. Questions

**Q1.** *Hydro One requests a decision from the Ontario Energy Board (“the OEB”) as to whether pole use charges require Board approval. Should the Board decide that its approval is required, Hydro One submits that the evidence and information in this Application justify charging the rates as required and requests the Board’s approval, with an effective date of January 1, 2010.*

**OSEA Response:** The proposed pole use charges should require OEB approval to address the regulatory oversight required in situations where essential facilities are controlled by a monopoly distribution system<sup>1</sup>.

The proposed pole use charges, however, should not apply to projects that include an Aboriginal Participation Level and/or Community Participation Level so as not to conflict with the objectives of the Green Energy Act and because in our view, the use of the asset has already been “paid for”.

For such types of projects, we propose the following:

1. The proposed pole use charges should not apply to projects where the Aboriginal Participation Level or Community Participation Level, either separately or in combination, under the Ontario Power Authority’s Feed in Tariff program, is over 51%; and
2. Where the Aboriginal Participation Level and/or Community Participation Level, either separately or in combination is less than 51%, then the project should obtain a credit against the proposed pole use charges based on the following proportion of Aboriginal Participation Level and/or Community Participation Level in relation to the project as follows:

**Aboriginal and/or Community Participation Level x 2 = % Credit off of Fees.**

**Q2.** *Hydro One requests approval for a revised Connection Impact Assessment (“CIA”) fee schedule, effective immediately.*

**OSEA Response:** The CIA fees should not apply to projects that include a majority Aboriginal Participation Level and/or Community Participation Level and where projects have less than a majority of Aboriginal Participation Level and/or Community Participation Level, we suggest the same formula should apply as recommended in Question 1 for the same reasons as cited in Question 1 above.

### 4. Discussion

OSEA’s requests that that the OEB apply its objective to promote renewable energy projects and recognize the government’s preference for Aboriginal and Community power projects in evaluating the application of the proposed pole use and CIA fees.

We also ask that the OEB apply its longstanding principle to not require ratepayers to pay twice for the same asset. Government Funding and additional incentives to support the development of

---

<sup>1</sup> EB-2003-0249 In the Matter of an Application under Section 74 of the Ontario Energy Board Act, 1998 by the Canadian Cable Television Association, issued March 7, 2005.

Aboriginal and community power projects should not be clawed back as fees for use of electric distribution companies.

Aboriginal and community power projects are owned by proponents who are local in nature. These proponents are also, by definition, longstanding ratepayers of local distribution utilities. As ratepayers of local distribution utilities, through contributions to the local utilities, they have already been paying for the local distribution system, and as such, Aboriginal and community projects should not be charged again for use of these assets.

### ***Background on Aboriginal and Community Power Projects***

Both the GEA and the OPA's FIT and MicroFIT programs recognize the government's preference for Aboriginal and community power projects. The OPA's FIT program uses the following definitions for these types of special projects:

A community power project includes Community Investment Member(s) meaning:

- one or more individuals resident in Ontario;
- a Registered Charity with its head office in Ontario;
- a Not-for-Profit Organization with its head office in Ontario; or
- a "co-operative corporation", as defined in the *Co-operative Corporations Act* (Ontario), all of whose members are resident in Ontario

An Aboriginal Community project means:

- a First nation that is a "Band" as defined in the Indian Act (Canada)
- the Métis Nation of Ontario or any of its active Chartered Community Councils
- a Person, other than a natural person, that is determined by the Government of Ontario for the purposes of the FIT program to represent the collective interests of a community that is composed of Métis or other aboriginal individuals
- a corporation that is wholly-owned by one or more Aboriginal Communities as described above.

### **Background on OSEA's Involvement in Sustainable Energy Systems**

OSEA championed the introduction of Advanced Renewable Feed in Tariff's with other members of the Green Energy Act Alliance, the group that set the platform for the creation of the *Green Energy and Green Economy Act* (GEA) in Ontario. Our organization is focused on promoting sustainable energy systems including community power not only on renewable energy generation.

It is also our view that the Advanced Renewable Tariff model is the cornerstone to a sustainable system for our community as a whole as well as for individual communities. Our views and interests are rooted in the core elements of the GEA, which also includes creation of a smart grid, promotion of conservation and removal of barriers for Aboriginal and community groups to participate in the industry.

It is our view that in order for the Feed in Tariff (FIT) program to be successful and for community power to gain traction, the policies and procedures for connection to the distribution system requires adherence to key principles of the FIT program including:

- Priority grid access to FIT projects;
- Mandatory connection of a renewable energy generation facilities; and
- Preferential treatment of Aboriginal and Community power projects.

Document #: 373167