

October 10, 2012

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**VIA RESS FILING AND COURIER**

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

Dear Ms. Walli

**Re: Application by Hydro One Networks Inc. for an Extension to the Exemption to Sections 6.2.6 and 6.2.7 of the Distribution System Code (EB-2012-0343)**

Attached please find the Power Workers' Union's submission with regard to Hydro One Networks Inc.'s application to the Ontario Energy Board for an extension to the exemption to sections 6.2.6 and 6.2.7 of the Distribution System Code.

Yours very truly,

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP



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**IN THE MATTER OF** the Ontario Energy Board Act,  
1998, S.O. 1998;

**AND IN THE MATTER OF** an Application by Hydro  
One Networks Inc. for an Extension to the Exemption  
to Sections 6.2.6 and 6.2.7 of the Distribution System  
Code

## **Comments of the Power Workers' Union**

### **1 INTRODUCTION**

On April 19, 2011 Hydro One Networks Inc. ("Hydro One") filed an application with the Ontario Energy Board ("the Board") under EB-2011-0118, requesting a six month exemption from sections 6.2.6 and 6.2.7 of the Distribution System Code ("DSC" or "Code") relating to the required timelines for the assessment and connection of micro-embedded generation facilities to Hydro One's distribution system. Section 6.2.6 requires a distributor to make an offer to connect, or provide reasons for refusing connection of, micro-embedded generation facilities within:

- 15 days if the applicant is located at an existing customer connection; or
- 60 days if the applicant is not located at an existing customer connection.

Section 6.2.7 requires the distributor to connect the applicant's micro-embedded generation facility to its distribution system within 5 days of an applicant informing the distributor that it has met certain requirements.

On October 11, 2011 the Board issued its Decision and Order granting Hydro One two six-month exemptions from sections 6.2.6 and 6.2.7 of the DSC, ending April 11, 2012 (i.e. 6 months from the date of the order). Specifically, the Board:

- a. Exempted Hydro One from the timelines set out at section 6.2.6 of the DSC for projects that are an indirect connection requiring a site assessment (Group B). For this type of connection, Hydro One would be required to issue an offer to connect or issue reasons for refusal within 30 days, for at least 90% of applications. For all other projects, the application of section 6.2.6 of the DSC would remain unchanged.
- b. Exempted Hydro One from the provisions of 6.2.7 of the DSC. For micro-embedded generator applications, Hydro One would be required to comply with the provisions of sections 7.2.1 and 7.2.3 of the DSC (the conditions governing the connection of load customers i.e. 90% connected within 5 days).
- c. Ordered Hydro One to file a compliance plan with the Board by November 15, 2011 which will demonstrate how the company will come into full compliance with the provisions of 6.2.6 and 6.2.7 of the DSC by April 11, 2012 and also to file monthly compliance reports with the first one due by January 1, 2012.

On August 3, 2012 Hydro One applied to the Board for an extension to the six month exemption (“the Exemption Extension”) from the obligations under sections 6.2.6 and 6.2.7 of the DSC which the Board granted in its Decision and Order of October 11, 2011. Hydro One requests that the Board establish the term (“duration”) of the extension to begin on April 11, 2012, and to end six months after the date on which the Board issues its final Notice of Code Amendments or otherwise concludes its current consultation (“Consultation”) on micro-embedded generation issues (EB-2012-0246).

In the application Hydro One states that it requires the extension, among other things, to deal with an expected large volume of applications resulting from the

re-launch of the Ontario Power Authority's ("OPA") microFIT Program and while Hydro One awaits the outcome of the Board's Consultation.

## **2 POWER WORKERS' UNION POSITION**

The Power Workers' Union ("PWU") supports Hydro One's application.

In the PWU's view, it is apparent that the Board granted a six month exemption requested by Hydro One in EB-2011-0118 because the Board recognized the challenge Hydro One was facing in meeting the requirements of the Code. At the time the Board stated:

**There is little doubt that Hydro One has had significant difficulty meeting the requirements of section 6.2.6 as a result of the volume of applications received. These volumes have contributed to a backlog of applications, which has put Hydro One into non-compliance with sections 6.2.6 and 6.2.7 of the Code...**

**Hydro One has provided evidence that it has added staff and resources and changed its processes in response to the volumes. Hydro One maintained, however, that even with the added resources, it remains difficult to achieve compliance because of the sequence of events necessary before an offer to connect or reasons for refusal can be given.**

The PWU submits that consistent with its decision in EB-2011-0118 the major factor the Board should take into consideration in the current application is whether it is practically possible for Hydro One to fully comply with the requirements of sections 6.2.6 and 6.2.7 of the Code in light of the evidence Hydro One has filed. In the PWU's view, it is not. The Board should approve Hydro One's request for an extension to the six month exemption from the obligations under sections 6.2.6 and 6.2.7 of the DSC for the following reasons:

- a. Hydro One's monthly compliance status reports filed according to the Board's Decision in EB-2011-0118 indicate that Hydro One has not achieved a 100% compliance with the relevant sections of the Code. On page 3 of its application, Hydro One has presented a summary of eight monthly compliance status reports covering the period October/November 2011 – June 2012. Not included in the summary, are two additional compliance status reports that Hydro One filed for the

- i. For *processing applications* for Group A (indirect connections which do not require a site visit) Hydro One has achieved compliance with the Code almost during all of the months;
- ii. For *processing applications* for Group C (direct connections) Hydro One has achieved 100% compliance with the code in five of the 10 months and has achieved 100% compliance during all of the last four months;
- iii. For *processing applications* for Group B (Indirect connections requiring a site visit) Hydro One has not been able to achieve compliance with the Code requirements but was able to meet or exceed the terms of the Exemption Extension;
- iv. For *physical connections* for all projects Hydro One has not been able to comply with the Code but has been able to meet or exceed the terms of the Exemption Extension.

It is clear that despite Hydro One's success in improving the levels of its compliance, 100% compliance with the Code has not been achieved. Given the fact that the level of compliance is largely a function of the volume of applications received by Hydro One, the PWU submits that there are two obvious reasons why 100% compliance with sections 6.2.6 and 6.2.7 of the Code remain practically unachievable, at least for some time to come.

First, as Hydro One notes, its marked improvement in compliance has been possible partly because of a significant drop in the volume of applications received by Hydro One since the Board's Decision in EB-2011-0118. Hydro One's compliance status reports reveal the significance of this drop in the volume of applications. For example, the number of

applications that Hydro One received on or after the date of the Board's Decision in EB-2011-0118 and up to and including November 30, 2011 was 2,954.<sup>1</sup> In contrast, Hydro One received 533 and 715 applications respectively during the months of July<sup>2</sup> and August<sup>3</sup> of 2012.

Second, Hydro One is expecting an influx of applications resulting from the re-launch of the microFIT Program announced by the OPA as of July 2012. Hydro One's evidence indicates that it expects the OPA to release approximately 5,000 or more microFIT applications. Regardless of the timing and volume of applications that will be knocking at Hydro One's door, Hydro One expects that the release of these applications will exceed its ability to be compliant with the Code for both processing the applications and connecting generation particularly in the current year.

The significance of the above-noted evidence on volume of applications is that Hydro One will not be able to comply with the relevant requirements of the Code.

- b. Hydro One is limited in its ability to control and predict the timing and volume of applications that are processed by the OPA and to adjust its overall scheduling of work accordingly without adversely impacting its other work programs such as sustaining work. For example, Hydro One notes that the dates for applications for 2012 were announced after the work schedule for the year had been set and work programs were well underway. This means Hydro One will have to make a significant change to its schedule and shift resources away from work programs that have already been planned and scheduled for the specific purpose of meeting the requirements of sections 6.2.6 and 6.2.7 of the Code. The PWU

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<sup>1</sup> Hydro One Compliance Status Report for the months of Oct-November 2011, dated January 3, 2012: [http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/317094/view/HONI\\_LTR\\_ComplianceReport\\_20120103.PDF](http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/317094/view/HONI_LTR_ComplianceReport_20120103.PDF)

<sup>2</sup> Hydro One Compliance Status Report for the month of July 2012, dated August 10, 2012: [http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/358182/view/HONI\\_LTR\\_ComplianceReport\\_20120810.PDF](http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/358182/view/HONI_LTR_ComplianceReport_20120810.PDF)

<sup>3</sup> Hydro One Compliance report for the month of August, 2012, dated September 12, 2012: [http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/362755/view/HONI\\_ComplianceReport\\_20120912.PDF](http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/362755/view/HONI_ComplianceReport_20120912.PDF)

submits that such reallocation of efforts as a result of the Board's denial of the requested extension of exemption is neither prudent nor cost efficient and will compromise Hydro One's ongoing distribution system service reliability. Moreover, to deny the requested extension of exemption will likely lead to non-compliance with other regulatory and licence conditions, which in turn can damage Hydro One's image in the eyes of the public and the financial sector.

- c. As noted above, compliance with the stringent timelines in sections 6.2.6 and 6.2.7 of the Code 100% of the time has been an ongoing concern in that they are not achievable unless Hydro One gives priority to the connection of micro-embedded generation at the expense of other planned and unplanned work programs that require highest priority with regard to system reliability and safety. The PWU submits that this issue needs to be addressed in the Board's Consultation. Specifically, the PWU expects the Consultation to result in Code amendments that set out more realistic timelines and compliance targets. In this respect, it would be unreasonable to deny Hydro One's application before the Consultation is concluded, and Hydro One has sufficient time to make adjustments consistent with any amendments made to the timeline requirements of the Code.

For the above reasons the PWU submits that the Board should grant Hydro One's request for the exemptions to remain in place for six months after the Board issues Code amendments or otherwise concludes its Consultation.

**All of which is respectfully submitted.**