



EB-2012-0181

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application pursuant to
section 74 of the *Ontario Energy Board Act, 1998* by
Orangeville Hydro Limited to amend its Electricity
Distribution Licence ED-2002-0500.

By delegation, before: Viive Sawler

DECISION AND ORDER

October 17, 2012

THE APPLICATION

Orangeville Hydro Limited (“OHL”) filed an application with the Ontario Energy Board on March 30, 2012, under section 74 of the *Ontario Energy Board Act, 1998*, to amend its service area as described in Schedule 1 of its electricity distribution licence (ED-2002-0500). To complete its application OHL filed supplementary information on May 10, 2012. The service area amendment is sought by OHL in order to expand its distribution service area to include lands designated for development in the former Village of Grand Valley, described as Part of Lot 30, Concession 2, Geographic Township of East Luther. These development lands are owned by Thomasfield Homes Ltd. (the “developer”). OHL wishes to provide electricity supply and distribution services to a residential development known as Mayberry Hills Subdivision that the developer is proposing to build on the development lands.

The development lands are currently within Hydro One Networks Inc.’s (“HONI”) licensed service area. By letter filed with the Board on June 5, 2012, HONI advised that it would be contesting the application, and intervened in the application.

The Board issued a Notice of Written Hearing and Procedural Order No.1 on May 16, 2012. Procedural Order No. 1 made provisions for interrogatories on OHL's evidence, the filing of evidence from intervenors and interrogatories on that evidence, and written submissions.

In accordance with the timelines set out in the Board's Procedural Order No. 1, Board staff and HONI filed their respective interrogatories on June 11, 2012, and OHL filed its interrogatory responses on June 25, 2012.

On June 27, 2012, following receipt of OHL's interrogatory responses, HONI filed a Notice of Motion asking the Board to require OHL to provide further and better responses to two of HONI's interrogatories.

The Board issued a Decision on Motion and Procedural Order No. 3 on August 22, 2012 in which the Board dismissed HONI's motion, finding that the information sought by HONI was not relevant to the comparison of costs associated with connecting and servicing the development. During the hearing of the motion OHL introduced new evidence stating that the developer had revised its request for connection. Instead of the 154 lots expected to be developed, the number of lots was revised to 114. Pursuant to Procedural Order No.3, OHL filed updated evidence on August 24, 2012.

FINDINGS

The application is approved. I find that it is in the public interest to amend OHL's licensed service area in Schedule 1 of its electricity distribution licence (ED-2002-0500) to include the Mayberry Hills Subdivision located on Part of Lot 30, Concession 2, Geographic Township of East Luther. I note that no amendment is needed to Hydro One's licence, given the manner in which Schedule 1 of that licence is worded.

In reaching a decision, I was guided by the principles articulated in the Board's Decision with Reasons in RP-2003-0044 (Combined Service Area Amendment proceeding).

The reasons for my decision are set out below.

REASONS

The typical tests applied in a contested service area amendment application are related

to system planning, safety and reliability, and economic efficiency. In reviewing the evidence I find that the impacts on each factor flowing from each of the distributors' proposals were either comparable or in the favour of OHL. There are two main reasons for transferring part of HONI's service area to OHL: the relative density of the systems in proximity to the proposed development; and lower incremental connection costs. In making a decision I have also taken into account the customer's preference, although that preference was given less weight than the other two factors.

In the RP-2003-0044 Decision, the Board stated that economic efficiency should be a primary principle in assessing the merits of a service area amendment application. The Board further stated that in addressing economic efficiency, among other things, the applicants should demonstrate that the proposed amendment does not reduce economies of contiguity, density and scale, and preferably enhances these economies. The Board said:

“The Board finds that [service area] amendments that involve contiguous distribution companies, but that are opposed by the incumbent distributor, may be in the public interest where the amendment results in the most effective use of existing distribution infrastructure, and a lower incremental cost of connection for the customer or group of customers”.
(paragraph 197).

System Planning and Density of Distribution Systems

Mayberry Hills Subdivision consists of 114 single family homes and townhouse units. The evidence demonstrates that both OHL and HONI have well-developed distribution facilities that are adjacent to the proposed amendment area. OHL has an existing 7.2kV distribution line adequate to supply the development as well as future growth in the area and HONI also has an existing overhead 7.2kV line that crosses the development lands. HONI can connect the development from a feed off an existing pole while OHL will need to install a switching cubicle and extend its existing underground distribution system by 100 meters. Both distributors' lines run from Grand Valley distribution station, which can provide sufficient capacity to supply a new load and accommodate future growth. I find that both distributors have the infrastructure to serve the proposed development.

The evidence indicates that OHL's distribution system adjacent to the proposed amendment area serves a denser customer base than HONI's distribution system.

HONI describes its distribution system as currently lightly loaded and indicates that the future customers will be classified as “medium density”. The density of customers served by OHL in the neighbouring area is similar to the density of the future residential customers in the proposed development. The service area amendment will maintain a consistent density from the OHL’s existing system into the new area, which should enhance the utilization of the system as a whole.

Safety and Service Reliability

In its application, OHL has argued it can provide more reliable service. OHL considers the proposed distribution facilities to be located in an urban setting, and according to the Board’s service reliability requirements must respond to emergencies within 60 minutes. OHL argued that HONI would consider the distribution facilities to be in a rural setting and therefore would be required to respond to emergency calls within 120 minutes. In its August 28th submission HONI indicated that in urban areas, such as the development, HONI’s reliability and response time will be the same as OHL’s and supported this statement by the fact that 90% of HONI interruptions in this area had an average response time of 63 minutes.

HONI has argued that there is an advantage to having HONI service the development since all distribution assets that are required to supply the subdivision, with the exception of the underground assets within the subdivision itself, are owned and operated by HONI. I disagree that HONI’s status as a host distributor should be interpreted as necessarily providing an advantage over the embedded distributor in terms of reliability and quality of service. In accordance with section 6.3.3 of the Distribution System Code (the “DSC”), the reliability of supply from a host distributor’s distribution system to an embedded distributor’s distribution system shall be as good as or better than what is provided to the host distributor’s other distribution customers.

HONI also argued that it can provide more reliable connection due to the inclusion of the internal loop feed in its design for the development. In its September 28th reply submission, OHL stated that its final design includes an internal loop feed and therefore makes its connection proposal comparable to HONI’s.

Overall, there was insufficient evidence filed in this proceeding to demonstrate that safety, reliability and quality of customer service of one distributor would be inferior to that of the other.

Economic Efficiency

In the RP-2003-0044 Decision, the Board stated "...Economic efficiency is a primary consideration in assessing a service area amendment application... Where new assets must be developed to effect the connection, a comparison of the costs associated with such development will inform the assessment of economic efficiency. "

OHL and HONI have both developed cost estimates for connecting the development. It is expected that both distributors would file their respective economic evaluations prepared in accordance with Appendix B of the DSC and provide sufficient details for the Board to evaluate competing proposals. While OHL submitted its economic evaluation with substantive details and assumptions supporting its capital and maintenance costs and incremental revenue projections, HONI has provided only a high level summary of its costs. In its September 28th reply submission OHL summarized the connection costs filed by both distributors and the price the developer would pay in the table below:

	OHL (700kW)	HONI (700kW)
Customer Contribution	\$341,741	\$87,855
Contestable Work	Included in Offer to Connect	\$187,681
Secondary Splices (114 Lots)	\$8,680	\$28,500
Civil Works	Included in Offer to Connect	\$122,464
Internal Loop	\$12,500	Included in Offer to Connect
Total Cost to Customer	\$362,921	\$426,500

Although HONI argued that its connection proposal is lower than OHL's if the costs to relocate HONI's existing line are added to OHL's costs, it has been already determined in the Decision on HONI's motion that line relocation cost should not be included in the OHL's connection costs.

Reaching a conclusion with respect to relative economic efficiency was challenging. The applicant for a service area amendment bears the burden of demonstrating that the amendment is in the public interest, and must provide consistent, detailed evidence to meet that standard. At the same time, the incumbent distributor, if it opposes the application, must provide a reasonable amount of persuasive evidence of its own plans and costs, at a level of detail to enable a comparison between the two service

proposals. In this case, the economic evaluation provided by HONI was insufficiently detailed to be persuasive.

I find that OHL was able to demonstrate that its estimated cost to connect the proposed development is lower than HONI's cost estimate. The economic evaluations developed by OHL and HONI show that OHL's cost estimate for connecting the development is approximately 17% lower than HONI's.

Customer Preference and Rate Levels

With respect to the consideration of customer preference in the assessment of service area amendment applications, in the RP-2003-0044 Decision, the Board stated:

“Customer choice may become a determining factor where competing offers to the customer(s) are comparable in terms of economic efficiency, system planning and safety and reliability, demonstrably neutral in terms of price impacts on customers of the incumbent and applicant distributor, and where stranding issues are addressed.” (paragraph 233).

In this case the developer provided a letter, filed with the application, which indicates a clear preference for service from OHL. As for the reasons for its preference, Thomasfield Homes Ltd. stated that future customers will benefit from having one bill for electricity, water and sewer, which are managed by OHL, and that customer confusion will be avoided if OHL services the development.

OHL in its evidence also emphasised that prospective customers will be subject to lower distribution rates if serviced by OHL. The RP-2003-0044 Decision noted that with regard to rates:

“The Board does not believe that significant weight should be put on differences in current distribution rates even though current rates may be a significant factor in determining customer preference. In fact current rates, insofar as they are not a predictor of future rates, may misinform customer preference.” (paragraph 86).

While I have considered customer preference, it was not a significant factor in granting this service area amendment.

IT IS THEREFORE ORDERED THAT:

Orangeville Hydro Limited's electricity distribution licence (ED-2002-0500), specifically Schedule 1 of the licence, is amended to include the lands described as:

Part of Lot 30, Concession 2, Geographic Township of East Luther.

DATED at Toronto, October 17, 2012

ONTARIO ENERGY BOARD

Original signed by

Viive Sawler
Manager, Conservation and Reporting



Electricity Distribution Licence

ED-2002-0500

Orangeville Hydro Limited

Valid Until

March 31, 2023

Original signed by

Viive Sawler

Manager, Conservation and Reporting

Ontario Energy Board

Date of Issuance: March 18, 2003

Date of Amendment: December 15, 2008 (Effective Date: January 1, 2009)

Date of Amendment: November 12, 2010

Date of Amendment: June 22, 2011

Date of Amendment: October 17, 2012

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1 Definitions

In this Licence:

“Accounting Procedures Handbook” means the handbook, approved by the Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

“Act” means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

“Affiliate Relationships Code for Electricity Distributors and Transmitters” means the code, approved by the Board which, among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

“Conservation and Demand Management” and **“CDM”** means distribution activities and programs to reduce electricity consumption and peak provincial electricity demand;

“Conservation and Demand Management Code for Electricity Distributors” means the code approved by the Board which, among other things, establishes the rules and obligations surrounding Board approved programs to help distributors meet their CDM Targets;

“distribution services” means services related to the distribution of electricity and the services the Board has required distributors to carry out, including the sales of electricity to consumers under section 29 of the Act, for which a charge or rate has been established in the Rate Order;

“Distribution System Code” means the code approved by the Board which, among other things, establishes the obligations of the distributor with respect to the services and terms of service to be offered to customers and retailers and provides minimum, technical operating standards of distribution systems;

“Electricity Act” means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

“Licensee” means Orangeville Hydro Limited

“Market Rules” means the rules made under section 32 of the Electricity Act;

“Net Annual Peak Demand Energy Savings Target” means the reduction in a distributor’s peak electricity demand persisting at the end of the four-year period (i.e. December 31, 2014) that coincides with the provincial peak electricity demand that is associated with the implementation of CDM Programs;

“Net Cumulative Energy Savings Target” means the total amount of reduction in electricity consumption associated with the implementation of CDM Programs between 2011-2014;

“OPA” means the Ontario Power Authority;

“Performance Standards” means the performance targets for the distribution and connection activities of the Licensee as established by the Board in accordance with section 83 of the Act;

“Provincial Brand” means any mark or logo that the Province has used or is using, created or to be created by or on behalf of the Province, and which will be identified to the Board by the Ministry as a provincial mark or logo for its conservation programs;

“Rate Order” means an Order or Orders of the Board establishing rates the Licensee is permitted to charge;

“regulation” means a regulation made under the Act or the Electricity Act;

“Retail Settlement Code” means the code approved by the Board which, among other things, establishes a distributor’s obligations and responsibilities associated with financial settlement among retailers and consumers and provides for tracking and facilitating consumer transfers among competitive retailers;

“service area” with respect to a distributor, means the area in which the distributor is authorized by its licence to distribute electricity;

“Standard Supply Service Code” means the code approved by the Board which, among other things, establishes the minimum conditions that a distributor must meet in carrying out its obligations to sell electricity under section 29 of the Electricity Act;

“wholesaler” means a person that purchases electricity or ancillary services in the IESO administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IESO-administered markets or directly to another person other than a consumer.

2 Interpretation

- 2.1 In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this Licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence:
- a) to own and operate a distribution system in the service area described in Schedule 1 of this Licence;

- b) to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act in the manner specified in Schedule 2 of this Licence; and
- c) to act as a wholesaler for the purposes of fulfilling its obligations under the Retail Settlement Code or under section 29 of the Electricity Act.

4 Obligation to Comply with Legislation, Regulations and Market Rules

- 4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.
- 4.2 The Licensee shall comply with all applicable Market Rules.

5 Obligation to Comply with Codes

- 5.1 The Licensee shall at all times comply with the following Codes (collectively the “Codes”) approved by the Board, except where the Licensee has been specifically exempted from such compliance by the Board. Any exemptions granted to the licensee are set out in Schedule 3 of this Licence. The following Codes apply to this Licence:
 - a) the Affiliate Relationships Code for Electricity Distributors and Transmitters;
 - b) the Distribution System Code;
 - c) the Retail Settlement Code; and
 - d) the Standard Supply Service Code.
- 5.2 The Licensee shall:
 - a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and
 - b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

6 Obligation to Provide Non-discriminatory Access

- 6.1 The Licensee shall, upon the request of a consumer, generator or retailer, provide such consumer, generator or retailer with access to the Licensee’s distribution system and shall convey electricity on behalf of such consumer, generator or retailer in accordance with the terms of this Licence.

7 Obligation to Connect

- 7.1 The Licensee shall connect a building to its distribution system if:
 - a) the building lies along any of the lines of the distributor’s distribution system; and

- b) the owner, occupant or other person in charge of the building requests the connection in writing.

7.2 The Licensee shall make an offer to connect a building to its distribution system if:

- a) the building is within the Licensee's service area as described in Schedule 1; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

7.3 The terms of such connection or offer to connect shall be fair and reasonable and made in accordance with the Distribution System Code, and the Licensee's Rate Order as approved by the Board.

7.4 The Licensee shall not refuse to connect or refuse to make an offer to connect unless it is permitted to do so by the Act or a regulation or any Codes to which the Licensee is obligated to comply with as a condition of this Licence.

8 Obligation to Sell Electricity

8.1 The Licensee shall fulfill its obligation under section 29 of the Electricity Act to sell electricity in accordance with the requirements established in the Standard Supply Service Code, the Retail Settlement Code and the Licensee's Rate Order as approved by the Board.

9 Obligation to Maintain System Integrity

9.1 The Licensee shall maintain its distribution system in accordance with the standards established in the Distribution System Code and Market Rules, and have regard to any other recognized industry operating or planning standards adopted by the Board.

10 Market Power Mitigation Rebates

10.1 The Licensee shall comply with the pass through of Ontario Power Generation rebate conditions set out in Appendix A of this Licence.

11 Distribution Rates

11.1 The Licensee shall not charge for connection to the distribution system, the distribution of electricity or the retailing of electricity to meet its obligation under section 29 of the Electricity Act except in accordance with a Rate Order of the Board.

12 Separation of Business Activities

12.1 The Licensee shall keep financial records associated with distributing electricity separate from its financial records associated with transmitting electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.

13 Expansion of Distribution System

- 13.1 The Licensee shall not construct, expand or reinforce an electricity distribution system or make an interconnection except in accordance with the Act and Regulations, the Distribution System Code and applicable provisions of the Market Rules.
- 13.2 In order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Board may order the Licensee to expand or reinforce its distribution system in accordance with Market Rules and the Distribution System Code, or in such a manner as the Board may determine.

14 Provision of Information to the Board

- 14.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.
- 14.2 Without limiting the generality of paragraph 14.1, the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.

15 Restrictions on Provision of Information

- 15.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.
- 15.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:
- a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;
 - b) for billing, settlement or market operations purposes;
 - c) for law enforcement purposes; or
 - d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.
- 15.3 The Licensee may disclose information regarding consumers, retailers, wholesalers or generators where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.
- 15.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.
- 15.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information provided will not be used for any other purpose except the purpose for which it was disclosed.

16 Customer Complaint and Dispute Resolution

16.1 The Licensee shall:

- a) have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner;
- b) publish information which will make its customers aware of and help them to use its dispute resolution process;
- c) make a copy of the dispute resolution process available for inspection by members of the public at each of the Licensee's premises during normal business hours;
- d) give or send free of charge a copy of the process to any person who reasonably requests it; and
- e) subscribe to and refer unresolved complaints to an independent third party complaints resolution service provider selected by the Board. This condition will become effective on a date to be determined by the Board. The Board will provide reasonable notice to the Licensee of the date this condition becomes effective.

17 Term of Licence

17.1 This Licence shall take effect on March 18, 2003 and expire on March 31, 2023. The term of this Licence may be extended by the Board.

18 Fees and Assessments

18.1 The Licensee shall pay all fees charged and amounts assessed by the Board.

19 Communication

- 19.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.
- 19.2 All official communication relating to this Licence shall be in writing.
- 19.3 All written communication is to be regarded as having been given by the sender and received by the addressee:
- a) when delivered in person to the addressee by hand, by registered mail or by courier;
 - b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
 - c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

20 Copies of the Licence

20.1 The Licensee shall:

- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

21 Conservation and Demand Management

21.1 The Licensee shall achieve reductions in electricity consumption and reductions in peak provincial electricity demand through the delivery of CDM programs. The Licensee shall meet its 2014 Net Annual Peak Demand Savings Target of 2.780 MW, and its 2011-2014 Net Cumulative Energy Savings Target of 11.820 GWh (collectively the "CDM Targets"), over a four-year period beginning January 1, 2011.

21.2 The Licensee shall meet its CDM Targets through:

- a) the delivery of Board approved CDM Programs delivered in the Licensee's service area ("Board-Approved CDM Programs");
- b) the delivery of CDM Programs that are made available by the OPA to distributors in the Licensee's service area under contract with the OPA ("OPA-Contracted Province-Wide CDM Programs"); or
- c) a combination of a) and b).

21.3 The Licensee shall make its best efforts to deliver a mix of CDM Programs to all consumer types in the Licensee's service area.

21.4 The Licensee shall comply with the rules mandated by the Board's Conservation and Demand Management Code for Electricity Distributors.

21.5 The Licensee shall utilize the common Provincial brand, once available, with all Board-Approved CDM Programs, OPA-Contracted Province-Wide Programs, and in conjunction with or co-branded with the Licensee's own brand or marks.

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA

This Schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with paragraph 8.1 of this Licence.

1. The Town of Orangeville as of September 30, 2000.
2. The former Village of Grand Valley as of December 31, 1994, now within the Township of East Luther Grand Valley.
3. Part of Lot 30, Concession 2, Geographic Township of East Luther.

SCHEDULE 2 PROVISION OF STANDARD SUPPLY SERVICE

This Schedule specifies the manner in which the Licensee is authorized to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act.

1. The Licensee is authorized to retail electricity directly to consumers within its service area in accordance with paragraph 8.1 of this Licence, any applicable exemptions to this Licence, and at the rates set out in the Rate Orders.

SCHEDULE 3 LIST OF CODE EXEMPTIONS

This Schedule specifies any specific Code requirements from which the Licensee has been exempted.

1. The Licensee is exempt from the requirements of section 2.5.3 of the Standard Supply Service Code with respect to the price for small volume/residential consumers, subject to the Licensee offering an equal billing plan as described in its application for exemption from Fixed Reference Price, and meeting all other undertakings and material representations contained in the application and the materials filed in connection with it.
2. The Licensee is exempt from the requirement to implement time-of-use pricing as of the mandatory date for RPP customers with eligible time-of-use meters as required under the Standard Supply Service Code for Electricity Distributors. The mandatory time-of-use pricing date exemption expires on September 30, 2011.

APPENDIX A

MARKET POWER MITIGATION REBATES

1. Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor's host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity

consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

“ONTARIO POWER GENERATION INC. rebate”

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.

ONTARIO POWER GENERATION INC. REBATES

For the payments that relate to the period from May 1, 2006 to April 30, 2009, the rules set out below shall apply.

1. Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor's host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:

- i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

"ONTARIO POWER GENERATION INC. rebate"

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.