

Chris G. Paliare

lan J. Roland Ken Rosenberg Linda R. Rothstein **Richard P. Stephenson** Nick Coleman Margaret L. Waddell Donald K. Eady Gordon D. Capern Lily I. Harmer Andrew Lokan John Monger Odette Soriano Andrew C. Lewis Megan E. Shortreed Massimo Starnino Karen Jones Robert A. Centa Nini Jones Jeffrey Larry Kristian Borg-Olivier **Emily Lawrence** Denise Sayer Danny Kastner Tina H. Lie Jean-Claude Killey Jodi Martin Michael Fenrick Nasha Nijhawan Jessica Latimer Debra Newell Lindsay Scott Alysha Shore Gregory Ko

HONORARY COUNSEL

lan G. Scott, Q.C., O.C. (1934 - 2006) January 25, 2013

Richard P. StephensonT416.646.4325Asst 416.646.7417F416.646.4301Erichard.stephenson@paliareroland.comwww.paliareroland.com

File XXXX

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: Board Staff Discussion Paper: Issues Related to the Connection of Micro-Embedded Generation Facilities (EB-2012-0246)

The Power Workers' Union ("PWU") represents a large portion of the employees working in Ontario's electricity industry. Attached please find a list of PWU employers.

The PWU is committed to participating in regulatory consultations and proceedings to contribute to the development of regulatory direction and policy that ensures ongoing service quality, reliability and safety at a reasonable price for Ontario customers. To this end, please find the PWU's comments with regard to the Board Staff Discussion Paper on Issues related to the Connection of Micro-Embedded Generation Facilities (EB-2012-0246).

We hope you will find the PWU's comments useful.

Yours very truly,

#### PALIARE/ROLAND ROSENBERG ROTHSTEIN LLP

Richard P. Stephenson

Encl.

CC:

John Sprackett Judy Kwik

#### List of PWU Employers

Algoma Power AMEC Nuclear Safety Solutions Atomic Energy of Canada Limited (Chalk River Laboratories) BPC District Energy Investments Limited Partnership **Brant County Power Incorporated Brighton Beach Power Limited** Brookfield Power – Mississagi Power Trust Bruce Power Inc. Atlantic Power - Calstock Power Plant Atlantic Power - Kapuskasing Power Plant Atlantic Power - Nipigon Power Plant Atlantic Power - Tunis Power Plant **Coor Nuclear Services** Corporation of the City of Dryden – Dryden Municipal Telephone Corporation of the County of Brant, The Coulter Water Meter Service Inc. **CRU Solutions Inc.** Ecaliber (Canada) Entegrus Powerlines Inc. **Erie Thames Services and Powerlines** ES Fox Great Lakes Power Limited Grimsby Power Incorporated Halton Hills Hydro Inc. Hydro One Inc. Independent Electricity System Operator Inergi LP Innisfil Hydro Distribution Systems Limited Kenora Hydro Electric Corporation Ltd. Kincardine Cable TV Ltd. Kinectrics Inc. Kitchener-Wilmot Hydro Inc. Lake Superior Power Inc. (A Brookfield Company) London Hydro Corporation Milton Hydro Distribution Inc. New Horizon System Solutions Newmarket Hydro Ltd. Norfolk Power Distribution Inc. Nuclear Waste Management Organization Ontario Power Generation Inc. Orangeville Hydro Limited Portlands Energy Centre PowerStream **PUC Services** Sioux Lookout Hydro Inc. Sodexho Canada Ltd. TransAlta Generation Partnership O.H.S.C. Vertex Customer Management (Canada) Limited Whitby Hydro Energy Services Corporation

#### EB-2012-0246

#### Board Staff Discussion Paper: Issues Related to the Connection of Micro-Embedded Generation Facilities

#### Comments of the Power Workers' Union ("PWU")

#### I. INTRODUCTION

On May 15, 2012, the Ontario Energy Board ("OEB or "he "Board") issued a letter (the "May Letter") announcing a consultation process to review issues related to the connection of micro-embedded generation facilities. The May Letter identified six items as matters to be included in the review and invited input from stakeholders in relation to any additional issues that stakeholders felt may need to be addressed as part of the consultation process.

On December 20, 2012, the Board posted for comment a Board Staff Discussion Paper on Issues Related to the Connection of Micro-Embedded Generation Facilities (the "Discussion Paper"). The Board indicated that the purpose of the discussion paper is to provide a more detailed discussion of the six matters identified for review in the May Letter as well as the additional issues that were raised by stakeholders in response to the May Letter.

The Power Workers' Union ("PWU") appreciates the opportunity provided by the Board for stakeholder comment on issues related to the connection of microembedded generation facilities. The PWU's views stem from its energy policy statement:

Reliable, secure, safe, environmentally sustainable and reasonably priced electricity supply and service, supported by a financially viable energy industry and skilled labour force is essential for the continued prosperity and social welfare of the people of Ontario. In minimizing environmental impacts, due consideration must be given to economic impacts and the efficiency and sustainability of all energy sources and existing assets. A stable business environment and predictable and fair regulatory framework will promote investment in technical innovation that results in efficiency gains.

#### II. POWER WORKERS' UNION'S COMMENTS ("PWU")

#### 1. Offer to Connect Process

Board staff notes that it has been reported that certain distributors have been receiving high volumes of applications for offers to connect micro-embedded generation facilities. In some cases, it appears that some project proponents have been seeking an offer to connect for a number of projects even though they only intend to develop a small number of the projects submitted. As a result, distributors are expending resources (with the costs recovered from ratepayers) on reviewing projects that are unlikely to materialize.

According to Board Staff, speculative requests for an offer to connect a microembedded generation facility can be discouraged by allowing distributors to charge for the offer to connect. However, charging a micro-embedded generation facility for an offer to connect is not currently permitted under section 6.2.6 of the Distribution System Code (DSC), which states that "the distributor shall not charge for the preparation of the offer to connect."

Board staff identified three potential options for the offer to connect process for micro-embedded generation facilities:

- a. keep the status quo (i.e., leave the DSC as it is and do not allow distributors to charge for preparing an offer to connect);
- amend the DSC to allow distributors to charge for an offer to connect; or

c. amend the DSC to allow distributors to charge for offer to connect on a fully-refundable basis (i.e., if the micro-embedded generation facility is connected then the amount is applied towards the connection costs).

#### **Board Staff Questions**

#### 1.1. Of the options listed above, which one, if any, represents the best way for distributors to manage the offer to connect process? Are there other options? Please explain your answer?

The PWU agrees that charging for an offer to connect a micro-embedded generation facility has benefits such as helping to determine whether the applicant is committed to connecting a micro-embedded generation facility; reducing incentives for applicants to lock up more capacity than they plan for or are able to use; and, helping to determine whether the applicant is a viable applicant. Moreover, the PWU believes that such charges would help applicants that are genuinely committed to their projects but unable to connect because excess capacity is locked up by an applicant that is not genuinely committed. The PWU also points out that such charges are indications of the generator's commitment and therefore would help the distributor in coordinating and planning connections and manage the offer to connect process efficiently.

Therefore, with respect to the options proposed by Board Staff, the PWU sees merit in Options 'b' and 'c'. As to which of these two options better addresses the issue depends on the magnitude of the charge and its implementation. If the charge is nominal, its ability to discourage speculative requests for an offer to connect a micro-embedded generation will be limited. If on the other hand the charge is very substantial and there is no provision for a full refund once the applicant's facility is connected, applicants will be discouraged from requesting connections. Another issue related to the provision of a refund is in situations where the applicant's facility fails to connect due to factors beyond the control of the applicant. The PWU believes that the Board can benefit from stakeholders' input, particularly from distributors that have experience with MicroFIT connections, in order to determine the appropriate charge level. With this in mind, the PWU's preferred option is to amend the DSC along the lines of option 'C' with the provision that the charge is also refunded when the applicant's proposed facility fails to connect due to factors outside its control. The PWU believes that this option will achieve the desired outcomes identified by Board Staff:

- improve the connection to application ratio;
- allow distributors to focus resources on only those applications where the customer is serious about the generation project which, in turn, would facilitate processing and issuing offers to connect in a more expeditious manner; and
- avoid imposing inappropriate or excessive costs on applicants for micro-embedded generation facilities.

## 1.2. Are there any other issues (e.g., distributor resources allocated to processing applications) associated with the offer to connect process that needs to be addressed? If yes, please describe them.

Please see the PWU's response to Question 2.1 below.

#### 2. Appropriateness of Timelines in the DSC (sections 6.2.6 and 6.2.7) for Micro-Embedded Generation Facilities

Section 6.2.6 requires a distributor to make an offer to connect, or provide reasons for refusing to connect 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.

In 2011 and 2012, Hydro One requested exemptions from Sections 6.2.6 and 6.2.7 in EB-2011-0118 and EB-2012-0343 respectively stating that the volume of requests to connect micro-embedded generation facilities was well beyond its expectations and that it expected the volume of connection requests to continue to increase. The Board granted the requested exemptions although in EB-2011-0118 the exemption granted was a limited one. Hydro One's compliance reports indicate that the timelines and 100% targets in sections 6.2.6 and 6.2.7 of the Code have not been practically achievable, even during low-volume periods.

Board Staff states that while the focus of this issue to date has been Hydro One because of its request for an exemption, the issue may also apply to other distributors. Board staff has identified three potential options for dealing with this issue.

- amend the DSC to allow for distributors to meet the timelines required in the DSC 90% of the time. This would be akin to the requirements in section 7.2 of the DSC regarding the connection of new services;
- amend the DSC to allow distributors to have a longer period of time to make an offer to connect in certain circumstances.
- amend the DSC to allow for both of the first two options (i.e., meeting DSC timelines 90% of the time and more time to make an offer to connect).

#### **Board Staff Questions**

2.1. What non-regulatory factors (e.g., the amount of resources distributors have allocated to processing applications) are

### preventing distributors from developing and executing a process to meet the DSC requirements?

In the PWU's view, the magnitude of the challenge with respect to MicroFIT connections differs from distributor to distributor. In general, however, there are two interrelated factors that are preventing distributors from developing and executing a process to meet the DSC requirements: (i) distributors' limited ability to control the volume and timing of applications and (ii) distributors' obligations (regulatory and license requirements) that require them to undertake other priority work programs (e.g. to maintain service reliability).

In its application for exemption in EB-2011-0118, for example, Hydro One submitted that it 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. Hydro One noted that the dates for OPA MicroFIT applications for 2012 were announced after the work schedule for the year had been set and work programs were well underway. This meant that Hydro One had to make significant changes to its schedule and shift resources away from work programs that had already been planned and scheduled for the specific purpose of meeting the requirements of sections 6.2.6 and 6.2.7 of the DSC. The PWU submits that such reallocation of efforts is neither prudent nor cost efficient and would compromise the distributor's ongoing distribution system service reliability. Moreover, such reallocation could lead to non-compliance with other regulatory and license conditions, which in addition to putting ongoing reliability at risk can damage the distributor's image in the view of the public and the financial sector.

## 2.2. Are the current timelines in the DSC (sections 6.2.6 and 6.2.7) appropriate for the connection of micro-embedded generation facilities?

In the PWU's view the current timelines in the DSC are not appropriate for the connection of micro-embedded generation facilities. While recognizing that the

current timelines in the DSC are more problematic to some distributors than others, it is important that the DSC is amended in a manner that addresses the concerns of all distributors. It has been noted that compliance with the stringent timelines in sections 6.2.6 and 6.2.7 of the DSC 100% of the time has been an ongoing concern in that the timelines are not achievable unless distributors give priority to the connection of micro-embedded generation, and in some cases even when they do so, it is at the expense of other planned and unplanned work programs that require higher priority. The PWU expects that this consultation will result in Code amendments that set out more realistic timelines and compliance targets.

### 2.3. Of the three options listed above, which is preferred by stakeholders? Please explain the reasons for the preferred option.

In the PWU's view Option 3, i.e., a combination of meeting the DSC timelines 90% of the time (Option 1) and more time to make an offer to connect (Option 2) is the preferred option. Doing so will address the need for a more realistic timeline as well as provide for a degree of flexibility.

#### 2.4. What changes, if any, could be made to the timelines to better enable distributors to process the volume of applications being received for the connection of micro-embedded generation facilities?

With respect to the timelines provided under Section 6.2.6 of the DSC (offer to connect), the PWU recommends two options presented in order of preference:

- 2.4.1. Amend Section 6.2.6 to require a distributor to make an offer to connect, or provide reasons for refusing connection of microembedded generation facilities within:
  - 30 days (up from the current 15 days) for at least 90% of the time if the applicant is located at an existing customer connection; or

- 90 days (up from the current 60 days) for at least 90% of the time if the applicant is not located at an existing customer connection
- 2.4.2. Amend Section 6.2.6 of the DSC such that for projects that are an indirect connection requiring a site assessment, the distributor is required to issue an offer to connect or issue reasons for refusal within
  - 30 days, for at least 90% of the time;
  - for all other projects, keep the current requirement under Section 6.2.6 with respect to the length of time required to issue an offer to connect or issue reasons for refusal with the provision that the distributor is required to meet its obligation for at least 90% of the time.

With respect to Section 6.2.7 (connection of facility), amend the DSC such that distributors are required to connect within 10 days (up from the current 5 days) and comply with this requirement for at least 90% of the time, which is the provision for the connection of load customers as provided in sections 7.2.1 and 7.2.3 of the DSC.

#### 2.5. Is there a reason the timelines should be different for microembedded generation facilities and other customers? If so, explain why.

The timelines for micro-embedded generation facilities and other customers can be different for the obvious reason that micro-embedded generators are unique both in terms of size and type of generation resource. However, this does not mean that micro-embedded generation applications / facilities are always easy to process/connect, nor that they only need a short time to be connected. The location of the connection, the type of generation, the volume of micro-embedded generation applications submitted to the distributor in a given period and the distributor's experience with such generation can all affect the timelines needed to process the connections.

#### 3. Standard Form Connection Agreement in the DSC (Appendix E)

Section 6.2.7 of the DSC states that connection agreements for micro-embedded generation facilities shall be in the form set out in Appendix E of the DSC. In the past, some distributors have argued that the connection agreement in Appendix E of the DSC should be revisited, especially in relation to insurance and liability.

#### **Board Staff Questions**

3.1. What modifications, if any, need to be made to the standard form micro-embedded generation facility connection agreement in Appendix E of the DSC? Please describe the modifications and provide the rationale and supporting documentation for why these modifications are necessary.

No comment

3.2. Given that the connection agreement in Appendix E of the DSC for small and mid-sized embedded generation facilities include requirements for insurance, should insurance provisions be included in the micro-embedded generation facility connection agreement? Please explain.

No comment

## 4. Experience with the Monthly Service Charge (established in EB-2009-0326)

In its Decision and Order, issued February 23, 2010, the Board established a "microFIT Generator" service classification and determined that there would be a single, province-wide fixed monthly charge for all distributors in relation to microembedded generators that are part of the OPA's microFIT program. The Board also determined nine cost elements that should be used to form the basis for establishing the monthly service charge. In its response to the May Letter, Cambridge and North Dumfries Hydro Inc. ("CNDH") proposed that the Board reconsider its direction to distributors to not charge microFIT generators for their consumption. CNDH commented that the consumption is not trivial and that the Board should consider adopting the OPA's microFIT settlement provisions whereby payments to generators are "net of station load."

The methodology to set a monthly service charge for microFIT generators has been developed recently. Therefore, Board staff is of the view that a comprehensive review of the underlying methodology used to set the provincewide fixed monthly charge is not warranted. Board Staff also points out that, distributors have the ability to request a distributor-specific microFIT charge as part of their cost of service applications in the event that they feel the provincewide charge is not sufficient to cover their costs. However, Board staff sees value in giving stakeholders the opportunity to provide their views on the underlying methodology used to set the province-wide fixed monthly charge at this time.

With respect to the new issue raised by CNDH regarding a charge for consumption by microFIT generators, Board staff is of the view that this new issue falls within the scope of this consultation and would benefit from additional input and information from stakeholders. Subject to further stakeholder input, Board staff's preliminary view is that all customers of a distributor – load or generator – should be required to pay for their own consumption (i.e. user pay).

#### Board Staff Questions: Monthly Service Charge

4.1. Given that distributors have the ability to request a distributorspecific microFIT charge as part of their cost of service applications, does the underlying methodology currently used to set the province-wide fixed monthly charge need to be changed? If so, please explain the rationale for any proposed changes. The PWU notes that the Board's most recently updated province-wide fixed monthly charge of \$5.40 per month for the microFIT Generator Service Class which was announced on September 20, 2012 was based on the cost data of electricity distributors in their most recent Board-approved cost of service applications.<sup>1</sup> Similarly, the PWU notes that the Board's previously announced province-wide fixed monthly charge of \$5.25 per month effective September 21, 2009 had also been based on cost element values the Board received from representative distributors. The PWU also recognizes the Board's announced practice of updating the province-wide fixed monthly charge each year using the data collected on the microFIT worksheet from all distributors filing a cost of service application, along with the most recent information on record for distributors that are not filing a cost of service application in that year.<sup>2</sup> In this respect and given that distributors are entitled to request a distributor-specific microFIT charge as part of their cost of service applications, the PWU does not see the review of the underlying methodology used to set the province-wide charge as a pressing matter.

#### 4.2. Is a new specific rate class for non-microFIT micro-embedded generation facilities warranted? Should non-microFIT microembedded generation facilities be added to the rate class for microFIT micro-embedded generation facilities?

The PWU's concern is only on the need to recover charges for consumption from micro-embedded generation facilities and has no opinion on the manner by which such charges are recovered.

**Board Staff Questions:** Charging for Consumption

<sup>&</sup>lt;sup>1</sup> <u>http://www.ontarioenergyboard.ca/OEB/\_Documents/EB-2010-</u>

<sup>0219/</sup>microFIT\_Monthly\_Charge\_update\_20120920.pdf

<sup>&</sup>lt;sup>2</sup> <u>Report of the Board: Review of Electricity Distribution Cost Allocation Policy (EB-2010-0219)</u>,

4.3. How much electricity are micro-embedded generation facilities that are part of the OPA's microFIT program consuming and what are the related costs?

No Comment

4.4. Is there a reason micro-embedded generation facilities that are part of the OPA's microFIT program should not be charged for their own consumption and, instead, the related costs should be recovered from a distributor's load customers? If so, please explain why.

The PWU's view is that in principle all customers of a distributor should be charged for their own consumption (i.e. user pay principle) both from the point of view of efficiency and fairness.

#### 4.5. Do similar consumption-related issues exist for non-microFIT microembedded generation facilities?

No Comment

4.6. How should the charges for the consumption of electricity be recovered from micro-embedded generation facilities (i.e., the same as a regular customer, through the province wide-fixed monthly service charge for microFIT micro-embedded generation facilities, through some other manner)?

See response to Question 4.2

#### 5. Variability of Connection Charges

Under section 6.2.7 of the DSC, a micro-embedded generation facility cannot be connected until the generator pays the distributor for connection costs, including costs for any necessary new or modified metering. However, there appears to be significant variations among distributors in terms of the amounts being charged for the connection of micro-embedded generation facilities.

In EB-2010- 0206, the Board recognized that, to a degree, disparities in connection charges can result from factors such as the type of connection the generator chooses (i.e., connected directly to the distributor's distribution system

or indirectly in parallel) or the costs associated with different metering technologies.

Sections 3.15 and 3.1.6 of the DSC state that:

**3.1.5** For non-residential customers, a distributor may define a basic connection by rate class and recover the cost of connection either as part of its revenue requirement, or through a basic connection charge to the customer.

**3.1.6** All customer classes shall be subject to a variable connection charge to be calculated as the costs associated with the installation of connection assets above and beyond the basic connection. A distributor may recover this amount from a customer through a connection charge or equivalent payment.

In this context, the issue for this consultation is whether there is merit in considering the need for, and benefits of, a standardized approach to charging for connection costs in relation to micro-embedded generation facilities.

#### **Board Staff Questions**

5.1.Is the impact of the variability of connection charges across distributors sufficiently material, from the perspective of the microembedded generation customers and the distributor, such that the Board should consider establishing a more prescriptive approach to the methodology for determining connection charges and manner of recovery of connection costs for micro-embedded generation facilities?

The PWU recognizes that distributors and micro-embedded generators are best qualified to comment on the materiality of the impact of variability of connection charges discussed in the Discussion Paper. However, given the variations in requirements of connection requests, to try to prescribe standardized charges for each type is onerous and not worth the effort. In the PWU's view the current provisions under Sections 3.1.5 and 3.1.6 of the DSC cited earlier are sufficient to serve as a guideline on connection charges.

5.2. Should the Board prescribe a methodology for delineating basic versus variable connection costs for micro-embedded generation facilities? If so, what work is associated with the connection of a

micro-embedded generation facility? What should a basic connection include?

See response to Question 5.1

5.3. If the Board were to take a more prescriptive approach to connection costs for micro-embedded generation facilities, should the Board:

a) set a standard amount for a basic connection for a distributor to use;

b) use an approach similar to that which is set out in section 3.1.4 of the DSC (i.e., identify a minimum basic connection for a microembedded generation facility); or

c) adopt a formulaic approach similar to the approach used in the establishment of Specific Service Charges (i.e., the methodology is the same for all distributors but the costs and the resulting charge are different for each distributor)?

While the PWU does not support a more prescriptive approach, option c above appears to be the option that gives the distributor the most flexibility.

## 5.4. What other approaches, if any, should the Board consider in relation to the charging and recovery of costs related to the connection of micro-embedded generation facilities?

No comment

## 6. Cost Responsibility in Relation to Upstream Infrastructure Upgrades to a Transmitter or Host Distributor

The May Letter identified cost responsibility in relation to upstream infrastructure upgrades to the system of a transmitter or host distributor as one of the matters for this consultation. The DSC is currently silent on the issue of cost responsibility for upstream upgrades for not only micro-embedded generation facilities but for all embedded generation (and loads).

According to Board Staff, the cost responsibility for upstream upgrades related to the connection of micro-embedded generation facilities could be considered unique because it is highly unlikely that a single micro-embedded generation facility would trigger the need for upstream upgrades. Instead, it is the aggregation of many micro-embedded generation facilities connecting to a distribution system that causes an upstream issue. These circumstances make the assignment of cost responsibility for upstream upgrades less clear than in cases of larger embedded generation facilities.

Overall, Board staff is of the view that codifying cost responsibility for upstream upgrades caused by micro-embedded generation facilities in the DSC may be warranted. Board staff believes it is worthwhile seeking perspectives on this issue and potential alternative approaches to upstream cost responsibility as it specifically relates to micro-embedded generation facilities. However, Board staff recognizes that the issue of cost responsibility for upstream upgrades is broader than the scope of this consultation. Further, issues related to cost responsibility are currently being reviewed by the Board as part of the Renewed Regulatory Framework for Electricity ("RRFE").

#### **Board Staff Questions**

6.1. Should cost responsibility in relation to upstream infrastructure upgrades to a transmitter or host distributor be codified?

Yes, the cost responsibility in relation to upstream infrastructure upgrades to a transmitter or host distributor ought to be codified to ensure consistency and fairness in cost responsibility.

6.2. Under the current microFIT rules, have there been any cases of a specific micro-embedded generation facility (or aggregation of micro-embedded generation facilities) triggering the need for an upstream upgrade? If so, how were they resolved?

#### No comment

## 6.3. Should micro-embedded generation facilities be treated differently than larger generation facilities connected to the distribution system with respect to upstream upgrades?

In the PWU's view, while in principle micro-embedded generation facilities should be treated in the same manner as larger generation facilities connected to the distribution system with respect to upstream upgrades, the implementation of the principle dictates that micro-embedded generation facilities be treated differently. For example, the almost impossible task of attributing upstream upgrades to individual micro-embedded generation facilities makes it difficult to determine the appropriate upfront capital contribution for each facility. In this regard, microembedded generation facilities appear unique and therefore require a different cost responsibility or allocation approach in so far as upstream upgrades are concerned.

# 6.4. How should the upstream cost impact of micro-embedded generation facilities be addressed (i.e., "trigger" pays, "beneficiary" pays, a fixed cost to every micro-embedded generation facility, rates, or socialize costs)?

In the PWU's view, most of the approaches listed above, namely "trigger" pays, "beneficiary" pays, and a fixed cost to every micro-embedded generation facility pose problems both in terms of their implementation and administrative efficiency and can have undesired consequences such as the shifting of costs from one micro-embedded generator to the other. Socialization of costs, while not perfect, is the most viable option to allocate costs of upstream upgrades and is consistent with the microFIT program's socialized costs

#### 6.5. How should the review of upstream cost responsibility for microembedded generation facilities be best addressed (i.e., wait until the RRFE process is concluded, a separate initiative for all embedded generation, or done as part of this consultation)?

In the PWU's view, the practical challenges of allocating upstream cost responsibility relating to micro-embedded generation are real and will remain so regardless of the principle adopted (e.g. 'trigger' pays or 'beneficiary' pays, and

no matter which specific consultation forum is chosen. On the other hand, the PWU recognizes that the connection cost responsibility issues that are expected to be addressed under the RRFE are more general and fundamental and may provide the general framework and principles by which the allocation of upstream cost responsibility relating to micro-embedded generation is guided. In that sense, there might be benefits to waiting for the conclusion of the RRFE. Regardless of the forum, however, the PWU's view is the most viable allocation is socialization of such costs.

#### All of which is respectfully submitted