

**EB-2012-0246:
Policy Review of Micro-
Embedded Generation
Connection Issues**

*Ontario Power Authority
Comments*

January 25, 2013



ONTARIO
POWER AUTHORITY



Background

On May 15, 2012 the Board issued a letter (“May Letter”) announcing a consultation process to review issues related to the connection of micro-embedded generation facilities to the distribution system. Prior to the OPA’s microFIT program, there was little generation connected to the distribution system. With the introduction of the microFIT program, a significant amount of renewable micro-embedded generation has been connected to the distribution system and connections have been required at a faster pace than initially expected. The May Letter identified six items as matters to be included in the review; the OPA and other stakeholders provided comments on the May Letter. On December 20, 2012, the Board released a staff discussion paper providing a more detailed discussion of the six matters identified earlier, as well as additional issues that were raised by stakeholders in response to the May Letter.

OPA Comments

Similar to the comments provided by the OPA in response to the May Letter, the OPA is hereby providing its comments on 1) Offer to Connect Process; and 2) Appropriateness of Timelines in the DSC (sections 6.2.6 and 6.2.7) for micro-embedded generation facilities in response to the December 20, 2012 staff discussion paper.

1) Offer to Connect Process

As the staff discussion paper indicates, certain distributors have been receiving high volumes of applications and some project proponents have been seeking an Offer to Connect (“OTC”) for a number of projects, even though project proponents only intend to develop a small number of the projects submitted. This results in distributors expending resources on projects that are unlikely to materialize.

Accordingly, in part to discourage such speculative requests, the microFIT 2.0 rules now require applicants to demonstrate site access and to include contact information of the home/land owner for the location of the proposed project in applications for individuals and farmers. Inclusion of this information helps demonstrate a commitment of the applicant to connecting the micro-embedded generation facility. This rule change should also help prevent speculators from submitting applications that they do not intend to proceed with.

If stakeholders or the Board generally believe that additional mechanisms to reduce the number of speculative requests are appropriate, the OPA believes that Board Staff option c) would work well toward this goal by allowing distributors to charge for an OTC on a fully-refundable basis. The OPA believes it would also be beneficial for LDCs to publish up-to-date data on available capacity in their service territories (at the feeder level), particularly if proponents are to be charged for an OTC. This would help serious applicants better target their applications for OTCs and would help avoid the potential issue of charging applicants for denied OTCs.

2) Appropriateness of Timelines in the DSC (sections 6.2.6 and 6.2.7) for micro-embedded generation facilities

The OPA recognizes that certain LDCs have had difficulty adhering to the Board’s Distribution System Code (“DSC”) timelines in terms of responding to an OTC request from micro-embedded generators,

1/2

Ontario Power Authority

120 Adelaide Street West, Ste. 1600, Toronto, Ontario M5H 1T1 Tel 416 967-7474 Fax 416 967-1947 1-800-797-9604 Toll Free
info@powerauthority.on.ca www.powerauthority.on.ca

specifically with respect to sections 6.2.6 and 6.2.7. Section 6.2.6 of the DSC notes that, at an existing customer connection, “the distributor shall, within 15 days of receiving the application, make an offer to connect or provide reasons for refusing to connect the proposed generation facility”. Whereas if the proposed generation facility is located at a site other than at an existing customer connection, “the distributor shall, within 60 days of receiving the application, make an offer to connect or provide reasons for refusing to connect the proposed generation facility”. In either case, the distributor must give the applicant at least 30 days to accept the OTC and the distributor is not permitted to revoke the OTC until the 30-day period has expired. In other words there is a maximum time of 90 days for the OTC process. 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 the applicant has met a set of conditions, including informing the distributor that the applicant has received all necessary approvals.

As noted in the OPA’s comments dated May 29, 2012 to the Board’s May Letter, the microFIT 2.0 rules were amended on July 12, 2012 to stipulate that applicants need to have received and accepted an OTC within 90 days of requesting the OTC from their LDC. This existing 90-day period is aligned with the maximum 90-day period discussed above. If the LDC has not reported to the OPA that the OTC has been accepted within this 90-day period, the application is terminated.

To ensure that LDCs have the full 90 days to process and execute an OTC with an applicant (in accordance with DSC timelines), the OPA has included a separate 30-day time period in which an applicant must make a request for an OTC from their LDC. This 30-day period begins following the OPA’s review of the application and precedes the 90-day period discussed above. If an applicant does not request an OTC from their LDC within 30 days of the OPA reviewing their application, the application is terminated. This process facilitates LDCs receiving requests for Offers to Connect in a timely fashion.

The OPA acknowledges the importance of ensuring that timelines are achievable for LDCs. However, any consideration for extending OTC response times for LDCs should be carefully weighed against the common generator desire to develop and connect microFIT projects as expeditiously as possible. A further consideration is the fact that a microFIT 2.0 application is not “approved” and therefore does not receive its price until after the responsible LDC approves the OTC request. Therefore, any additional time granted for OTC responses from LDCs adds additional risk to generators that their projects will receive a different price than that which was in place at the time the generator commenced the microFIT application process. (As currently stated on the microFIT 2.0 website, microFIT prices will be reviewed annually, with new pricing taking effect on January 1 of each year.)

The OPA appreciates the opportunity to provide comments that will form part of this policy review to help the Board improve the connection process for micro-embedded generation, and looks forward to participating in any further initiatives on this subject.