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BY COURIER

April 19, 2013

Ms. Kirsten Walli, Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Walli:

EB-2012-0246 – Notice to Amend a Code – Related to the Connection of Micro-Embedded Generation Facilities – Hydro One Networks Inc.’s Comments on Notice to Amend Code

Please find attached the Hydro One Networks Inc. (“Hydro One”) comments on the Notice to Amend a Code related to the application for and the connection of micro-embedded generation facilities.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank
(attach)

Hydro One Networks Inc.'s Submission

Hydro One agrees with the proposed changes to the Distribution System Code (the "Code"), except where noted below on three items being proposed by the Board.

100% Compliance Threshold for Application Processing

In all but two of fifteen responses to the Board Paper, there was overwhelming support for a less than 100% threshold, to enable the distributor to manage applications in unforeseen circumstances. Even CanSIA, who had originally opposed such terms during Hydro One's exemption proceeding (EB-2011-0118), recognized that 100% compliance can be an unreasonable measure. CanSIA's most recent submission on the Board Staff Discussion Paper states,

"Admittedly, 100% compliance with the DSC timelines may be unreasonable given unforeseen circumstances in some rare cases."

If the unconditional 100% threshold is maintained, Hydro One will still be forced to place micro-embedded connections (specifically site assessment visits) at a higher priority than other work. Our staff who carry out site assessments are the same as those who perform other connection and restoration work. Therefore, if a distributor is in a situation where a trade-off is required between other work and a site assessment, to comply, the distributor would be required to choose the site assessment. Hydro One questions whether it is indeed the Board's intention to have distributors place site assessment visit in higher priority than other connection or restoration work. If so, the Notice accompanying the Code amendments should address the Board's intent.

There is no doubt that there will be instances where a distributor is unable to complete a response within the prescribed timelines. Thus, the Board ought to provide a quick mechanism for a distributor to obtain a *nunc pro tunc* order to deal with such instances of non-compliance. This mechanism should not be punitive, but rather establish whether the actions taken to provide a response to the applicant were reasonable.

Calendar Days for Application Processing

The Board is proposing to clarify the Code with respect to application response times, by stating the response time in calendar days. Hydro One recommends that application processing be determined based on business days to ensure a consistent approach to all connections in the Code, and for a fairer cost allocation among load and generation customers.

Firstly, other sections of the Code that relate to connections for both load customers and generators are stated in business days (including the proposed changes to 6.2.7). By keeping micro-embedded generation applications in business days it will reduce the potential for confusion for both distributors and customers. Furthermore, for distributors it will simplify the overall process from application to connection and for reporting.

Cost Allocation Impact of Proposed Amendments

With respect to cost allocation, both the 100% compliance threshold and response time in calendar days clearly benefit the micro-embedded generator, but the cost is allocated to load customers. Therefore, if a distributor were to experience a high volume of applications, that distributor will be obligated to use weekend hours and/or overtime (i.e. increased labour costs) to meet the Code requirements. Since there is no mechanism to pass these costs to micro-embedded generator proponents, the increased cost to comply with the shorter and stringent timelines must be borne by load customers.

The Board has attempted to correctly allocate the cost of micro-embedded generation to the proponent, which would not be achieved by setting a high compliance threshold and application response timelines in calendar days. An offer to connect to micro-embedded generation must be made at no cost, and the application processing costs are not recovered from the applicant or even from other generators at any time.

Physical Connections and the “All Service Conditions Met” prerequisite

In reviewing the amendments to the Code, Hydro One notes that, although the explanation in the Notice to Amend a Code provides for mirroring the treatment for physical connections for load and micro-embedded generator connections, this intent is not be fully reflected in proposed amendments in Appendix A. The proposed Code text added ‘business days’ and ‘mutually deferred’ date, but omits the prerequisite of “*all service conditions met.*” Hydro One had previously brought to the attention of the Board the importance of including “*all service conditions met*” as a necessary requirement for micro-embedded generation connections.

Without the condition of all service conditions met, , Hydro One believes that one of the original issues raised in its exemption application (EB-2011-0118), where some service conditions are not met and Hydro One is obligated to connect the customer within the timeframe or be non-compliant, would persist. Terms for including “all service conditions met” were granted to Hydro One in its original exemption application and decision. The decision stated,

“The evidence shows that there may be significant customer-driven delays encountered after the offer to connect is issued. In addition, there are additional requirements which are not specifically identified in 6.2.7 but which are necessary before the physical connection can be made. Some of these are within the control of Hydro One and some are within the control of the customer. The provisions of 7.2.1 recognize that all service conditions must be met before the connection can be made. The Board is satisfied that this is an appropriate approach for micro-embedded generation projects during the exemption period. “

Therefore, Hydro One suggests the following modifications to the Board’s proposal for section 6.2.7 of the Code.

6.2.7 The distributor shall connect the applicant's micro-embedded generation facility to its distribution system within 5 business days, or at such later date as agreed to by the applicant and the distributor, of the applicant informing the distributor that it has **satisfied all applicable service conditions**, received all necessary approvals, providing the distributor with a copy of the authorization to connect from the ESA, entering into a Connection Agreement in the form set out in Appendix E and paying the distributor for the connection costs, including costs for any necessary new or modified metering.