

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY EMAIL AND WEB POSTING

June 13, 2013

**NOTICE OF AMENDMENT TO A CODE
AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE
BOARD FILE NO.: EB-2012-0246**

**To: All Participants in EB-2012-0246
All Licensed Electricity Distributors
All Licensed Electricity Generators
All Licensed Electricity Transmitters
All Other Interested Parties**

The Ontario Energy Board (the "Board") has today issued amendments to the Distribution System Code (the "DSC") pursuant to section 70.2 of the *Ontario Energy Board Act, 1998* (the "Act").

A. Background

On March 28, 2013, the Board issued a Notice of Proposal to Amend a Code in which it proposed a number of amendments to the DSC (the "March Proposed Amendments"). The March Proposed Amendments set out revisions to the DSC to address various matters related to the connection of micro-embedded generation facilities to the distribution system.

The Board received written comments on the March Proposed Amendments from seven stakeholders: the Canadian Solar Industries Association ("CanSIA"); Erie-Thames Powerlines; the Electricity Distributors Association (the "EDA"); the Group of Large Distributors; Hydro One Networks Inc. ("Hydro One"); London Hydro Inc. ("London Hydro"); and the Power Workers' Union (the "PWU"). The written comments are available for viewing on the Board's website at www.ontarioenergyboard.ca.

The Board has considered the comments received and has determined that one minor revision should be made to the March Proposed Amendments.

B. Summary of Comments Received

The comments received from stakeholders generally supported the March Proposed Amendments. However, a number of stakeholders suggested additional revisions to the March Proposed Amendments.

The EDA, the Group of Large Distributors, Hydro One, and the PWU all supported the amendments to section 6.2.6 of the DSC that extended the processing timelines for offer to connect applications for micro-embedded generation facilities located at an existing customer connection that require a site assessment. However, these parties suggested that section 6.2.6 of the DSC be amended to include a 90% compliance requirement, arguing that a 100% compliance requirement would result in distributors putting micro-embedded generation connections (specifically site assessment visits) at a higher priority than other work.

The Board is not persuaded by the arguments to add a 90% compliance requirement to section 6.2.6 of the DSC. The Board reiterates its comments from the Notice of Proposal to Amend a Code issued on March 28, 2013, namely that it believes that given the proposed amendment to extend the timeline in section 6.2.6 of the DSC and to allow the collection of a deposit, as well as the OPA's new microFIT rules and pricing, the number of both speculative and total application volumes will be reduced to more manageable levels. The Board also notes that section 6.1.1 of the DSC, which sets out timelines for processing connection requests by load customers, does not have a 90% compliance requirement.

The EDA, the Group of Large Distributors, and Hydro One also suggested amending section 6.2.6 of the DSC to measure the processing timelines in "business days" rather than "days" (i.e., calendar days), arguing that this would allow for a consistent approach for all connections (i.e., load and generators).

The Board does not agree with this suggestion. The Board notes that the timelines in section 6.1.1 of the DSC, which sets out timelines for processing connection requests by load customers, are in calendar days and that the majority of other sections in the

DSC dealing with the connection timelines for generation facilities are in days (i.e., calendar days).

CanSIA was supportive of the proposed amendments to section 3.1.5 of the DSC and the addition of section 3.1.5A to the DSC to require distributors to define a basic connection for micro-embedded generation facilities and to recover the cost of connection for micro-embedded generation facilities through a basic connection charge. However, CanSIA supported further amending section 3.1.5A to specify a uniform definition of a basic connection for all distributors and similarly recommended that the Board set a uniform amount for the basic connection charge.

The Board is not proposing any changes to proposed section 3.1.5A to specify a uniform definition of a basic connection or to set a uniform amount for the basic connection charge. The Board is of the view that flexibility is required on this matter because there are a number of areas (i.e., labour costs, urban versus rural connection, size of project, metering technology) where different distributors (and micro-embedded generation facilities) will have different basic connection requirements and costs.

London Hydro commented that the insurance and liability provisions in Appendix E of the DSC, which sets out the standard form connection agreement for micro-embedded generation facilities, should be amended because distributors are at risk from third party liability claims resulting from micro-embedded generation facilities' equipment malfunctions. London Hydro stated that "Distributors have realized that on occasion micro-embedded facilities have utilized sub-standard equipment. This sub-standard equipment at a facility is directly connected to the distribution system and could potentially result in severe impacts to the distribution system, in which third parties could suffer damages."

In the Notice of Proposal to Amend a Code issued on March 28, 2013, the Board stated that it would not propose any amendments to Appendix E of the DSC related to mandatory insurance requirements for micro-embedded generation facilities because the Board did not believe that compelling information supporting such amendments had been made by stakeholders. Further, the Board noted that some distributors stated that they had no issues or concerns with the current connection agreement. Given the lack of consensus on this issue amongst distributors and given the lack of information around the claimed risks, the Board does not find the arguments presented by London Hydro persuasive. As noted by the Board in the Notice of Proposal to Amend a Code

issued on March 28, 2013, the DSC already includes provisions that allow distributors to disconnect or refuse to continue to connect a customer (which includes an embedded generation facility) for safety and reliability issues. Therefore, if a distributor observes that a micro-embedded generation facility is using sub-standard equipment that raises safety and reliability issues to its system, there are tools available to the distributor to mitigate the risk of system damage.

C. Adoption of March Proposed Amendments with Minor Revisions

Based on the comments received, the Board has determined that one minor change will be made to the March Proposed Amendments.

The EDA, the Group of Large Distributors, and Hydro One supported the proposed amendments to section 6.2.7 of the DSC to align that section with sections 7.2.1 and 7.2.3 of the DSC (i.e., harmonizing the connection timelines for micro-embedded generation facilities with those for the connection of a new low voltage service). However, these stakeholders suggested that section 6.2.7 of the DSC be amended to include “all service conditions met” as a requirement for micro-embedded generation connections to fully align section 6.2.7 of the DSC with sections 7.2.1 and 7.2.3 of the DSC and to be consistent with the Board’s decision granting Hydro One’s original exemption application (EB-2011-0118).

The Board agrees with the comments received from the stakeholders that section 6.2.7 of the DSC should include an “all service conditions met” requirement to fully align with sections 7.2.1 and 7.2.3 of the DSC. The Board is therefore further amending section 6.2.7 of the DSC to reflect this change.

The final amendment to section 6.2.7 of the DSC will be as follows (with the new wording in bold for comparison purposes only):

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 and** 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.

D. Anticipated Costs and Benefits

The anticipated costs and benefits of the March Proposed Amendments were set out in the March 28, 2013 Notice of Proposal to Amend a Code and interested parties should refer to that Notice for further information in that regard.

E. Coming into Force

The Final Amendments to the DSC as set out in Attachment A to this Notice come into force on today's date, being the date on which they are published on the Board's website after having been made by the Board.

This Notice, including the Final Amendments to the DSC set out in Attachment A, will be available for public viewing on the Board's web site at www.ontarioenergyboard.ca and at the office of the Board during normal business hours.

Any questions relating to the Final Amendments to the DSC set out in Attachment A should be directed to the Market Operations Hotline at market.operations@ontarioenergyboard.ca or 416-440-7604. The Board's toll free number is 1-888-632-6273.

DATED at Toronto, June 13, 2013

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Attachments: Attachment A—Amendments to the DSC

Attachment A
to
Notice of Amendment to a Code
Amendments to the Distribution System Code

June 13, 2013

EB-2012-0246

Amendments to the DSC

In the appropriate alphabetical place in section 1.2 of the DSC:

“business day” means any day that is not a Saturday, a Sunday, or a legal holiday in the Province of Ontario;

“day” means a calendar day unless specifically stated otherwise;

In section 3.1 of the DSC:

3.1.5 For non-residential customers other than micro-embedded generation facility 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.

3.1.5A For micro-embedded generation facility customers, a distributor shall define a basic connection and recover the cost of the basic connection through a charge to the customer. The basic connection for each micro-embedded generation facility customer shall include, at a minimum, the supply and installation of any new or modified metering.

In section 6.2 of the DSC:

6.2.6 Where the proposed micro-embedded generation facility is:

- (a) located at an existing customer connection and a site assessment is not required, 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;
- (b) located at an existing customer connection and a site assessment is required, the distributor shall, within 30 days of receiving the application, make an offer to connect or provide reasons for refusing to connect the proposed generation facility; or
 - (c) located 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 all cases, the distributor shall give the applicant at least 30 days to accept the offer to connect and the distributor shall not revoke the offer to connect until this time period has expired.

6.2.6A If the connection of the micro-embedded generation facility will not require a site assessment, then the distributor cannot charge for the preparation of the offer to connect.

6.2.6B If the connection of the micro-embedded generation facility will require a site assessment, then the distributor may collect a connection deposit for the preparation of the offer to connect. The connection deposit shall not be more than \$500 per offer to connect.

6.2.6C The connection deposit shall be provided in the form of cash, cheque, letter of credit from a bank as defined in the *Bank Act*, or surety bond. The distributor shall allow the applicant to select the form of the connection deposit.

6.2.6D If the distributor refuses to provide an offer to connect the micro-embedded generation facility due to technical limits or constraints, the connection deposit shall be refunded to the applicant. The distributor shall return the connection deposit to the applicant no later than 30 days after refusing to provide the offer to connect.

6.2.6E If the applicant does not accept the distributor's offer to connect the micro-embedded generation facility, or if the applicant withdraws its application, then the distributor shall retain the connection deposit.

6.2.6F If the distributor determines that the actual costs of connecting the micro-

embedded generation facility to the distributor's distribution system are less than the connection deposit, the distributor shall, at the time of connection, refund the excess amount to the applicant.

6.2.6G Where the applicant provided the connection deposit to the distributor in the form of cash or cheque, and where the distributor has to refund any or all of the connection deposit to the applicant in accordance with this Code, the return of the connection deposit shall be in accordance with the following conditions:

- (a) interest shall accrue monthly on the connection deposit amount commencing on the receipt of the connection deposit by the distributor; and
- (b) the interest rate shall be at the Prime Business Rate set by the Bank of Canada less 2 percent.

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 and 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.

6.2.7A The requirement in section 6.2.7 must be met 90 percent of the time on a yearly basis.