



**EB-2014-0222**

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

**AND IN THE MATTER OF** a determination by the Ontario Energy Board on the Green Energy Plan Electricity Rate Protection Benefit and Charge for 2014 as required under Section 79.1 of the *Ontario Energy Board Act, 1998* and Ontario Regulation 330/09;

**AND IN THE MATTER OF** a determination by the Ontario Energy Board under Section 6 (4) of the *Ontario Energy Board Act, 1998* to dispose of this proceeding without a hearing.

By delegation, before: Lynne Anderson

**DECISION WITH REASONS AND ORDER**

**July 18, 2014**

## INTRODUCTION

Under section 79.1 of the *Ontario Energy Board Act, 1998* (the “Act”), the Ontario Energy Board (the “Board”), in approving just and reasonable rates for a distributor that incurs costs to make an eligible investment for the purpose of connecting or enabling the connection of a qualifying generation facility to its distribution system, shall provide rate protection for prescribed consumers or classes of consumers in the distributor's service area by reducing the rates that would otherwise apply in accordance with the prescribed rules.

Ontario Regulation 330/09 (the “Regulation”) states that the rate protection amount is to be collected by the Independent Electricity System Operator (“IESO”) from all electricity market participants. The Regulation requires the Board to determine the monthly amount to be collected by the IESO such that the total amount to be collected is equal to the total amount of rate protection provided.

The Board determines the total amount to be collected by aggregating the rate protection amounts determined for each qualifying distributor as established in their respective distribution rate decisions. On January 9, 2014, through Board Decision and Order EB-2014-0005, seven distributors were provided with rate protection. Since the issuance of the EB-2014-0005 Decision and Order, four additional distributors have been approved for rate protection: Veridian Connections Inc., Kitchener-Wilmot Hydro Inc., Haldimand County Hydro Inc. and Niagara-on-the-Lake Hydro Inc.

## BOARD FINDINGS: 2014 COMPENSATION AMOUNT AS OF JULY 1, 2014

The Board has determined the amount to be collected by the IESO between July 1, 2014 and December 31, 2014 is \$10,143,049. This amount is based on the distribution rate decisions noted below in which the Board determined the following 2014 compensation amounts:

For Hydro One Networks Inc. Distribution (“Hydro One”): \$19,700,000 for 2014 (EB-2009-0096 issued December 21, 2010);

- The monthly amount of \$1,641,667 is derived by dividing the total by 12 months.

For Horizon Utilities Corporation (“Horizon”): \$8,480 for 2014 (EB-2011-0172 dated December 21, 2011);

- The monthly amount of \$707 is derived by dividing the total by 12 months.

For Guelph Hydro Electric Systems Inc. (“Guelph”): \$46,269 for 2014 (EB-2011-0123 dated March 21, 2012);

- The monthly amount of \$3,856 is derived by dividing the total by 12 months.

For Enersource Hydro Mississauga Inc. (“Enersource”): \$68,640 for 2014 (EB-2012-0033 dated December 13, 2012);

- The Enersource monthly amount of \$6,084 is derived from the Board’s previous EB-2014-0005 Decision, where Enersource’s 2014 recovery was, for the first six months of the year, understated by \$2,184. Therefore, the July 1 to December 31, 2014 monthly amount has been adjusted to reflect this under-recovery, to \$6,084:  $(\$68,640 \div 12 \text{ months}) + (\$2,184 \div 6 \text{ months})$ .

For PowerStream Inc. (“PowerStream”): \$213,839 for 2014 (EB-2013-0166 dated March 19, 2014);

- The PowerStream monthly amount of \$22,083 is derived from the Board’s Rate Order of March 9, 2014 which increased the 2014 amount to \$213,839. Under the Board’s previous recovery order (EB-2014-0005), PowerStream collected a total of \$81,342 from January to June. Therefore, the Board will adjust the monthly amount for PowerStream from July 1 to December 31, 2014 to \$22,083:  $(\$213,839 \div 12 \text{ months}) + (\$213,839 \div 2 - \$81,342) \div 6 \text{ months}$ .

For Thunder Bay Hydro Electricity Distribution Inc. (“Thunder Bay”): \$21,710 for 2014 (EB-2012-0167 Rate Order dated May 9, 2013).

- The Thunder Bay monthly amount of \$1,537 is derived from the Board’s order which approved recovery of \$11,892 effective May 1 for the 2013 rate year, increasing to \$21,710 for the 2014 rate year from May 1, 2014 to April 30, 2015. Accounting for previous recoveries of \$9,216 between January 1, 2014 and June

30, 2014, the monthly amount will recover \$9,221 until December 31, 2014:  $(\$11,892 \div 12 \times 4 \text{ months}) + (\$21,710 \div 12 \times 8 \text{ months})$  less \$9,216 already recovered.

For Peterborough Distribution Inc. (“Peterborough”): \$6,737 for 2013 and \$13,375 for 2014 (EB-2012-0160 Rate Order dated August 22, 2013).

- The Peterborough monthly amount of \$1,486 is derived from proceeding EB-2012-0160 where the Board approved the GEA Plan-related capital expenditures incurred by Peterborough and established a related 2013 revenue requirement of \$6,737 effective May 1, 2013, and \$13,375 effective May 1, 2014. The decision was issued on August 22, 2013 and therefore no funds were recovered from the IESO in 2013. On January 1, 2014, the Board ordered a recovery of \$1,123 per month, for a total of \$6,737 through June 30, 2014. Peterborough is still entitled to its 2014 approved amount of \$8,917 for the May to December period [ $(\$13,375 \div 12 \text{ months}) \times 8 \text{ months}$ ]. Over the 6 month period from July 1 to December 31, 2014 this is \$1,486 per month.

For Veridian Connections Inc. (“Veridian”): \$17,352 for 2014 (EB-2013-0174 Rate Order dated April 10, 2014);

- The Veridian monthly amount of \$1,928 is derived from the Board’s EB-2013-0174 Rate Order of April 10, 2014 where Veridian was approved for 2014 funding of \$17,352 effective May 1. Over the 8 month period from May 1 to December 31, this is \$11,568. Recovered over the 6 month period from July 1 to December 31, 2014, this is \$1,928 per month.

For Kitchener-Wilmot Hydro Inc. (“Kitchener-Wilmot”): \$25,656 for 2014 (EB-2013-0147 Rate Order dated May 1, 2014);

- The Kitchener-Wilmot monthly amount of \$4,276 is derived from the Board’s EB-2013-0147 Rate Order dated May 1, 2014 where Kitchener-Wilmot was approved for 2014 funding of \$25,656 effective January 1, 2014. As no recovery was undertaken for the January to June period, the July to December monthly amount will be \$25,656 divided by 6 or \$4,276 per month.

For Haldimand County Hydro Inc. (“Haldimand County”): \$44,346 for 2014 (EB-2013-0134 Decision and Rate Order dated April 16, 2014).

- The Haldimand County monthly amount of \$4,928 is derived from the Board’s EB-2013-0134 Decision and Rate Order of April 16, 2014 where Haldimand County was approved for 2014 funding of \$44,346 effective May 1. Over the 8 month period from May 1 to December 31, this comes to \$29,568. Over the 6 month period from July 1 to December 31, this is \$4,928 per month.

For Niagara-on-the-Lake Hydro Inc. (“Niagara-on-the-Lake”): \$17,610 for 2014 (EB-2013-0155 Rate Order dated May 8, 2014).

- The Niagara-on-the-Lake monthly amount of \$1,957 is derived from the Board’s EB-2013-0155 Rate Order of May 8, 2014 where Niagara-on-the-Lake was approved for 2014 funding of \$17,610 effective May 1. Over the 8 month period from May 1 to December 31, this comes to \$11,740. Over the 6 month period from July 1 to December 31, this is \$1,957 per month.

In summary, based on the decisions noted above, the following monthly amounts are to be forwarded to the qualifying distribution utilities:

• Hydro One Networks Inc.	\$1,641,667
• Enersource Hydro Mississauga Inc.	\$ 6,084
• Horizon Utilities Corporation	\$ 707
• Guelph Hydro Electric Systems Inc.	\$ 3,856
• PowerStream Inc.	\$ 22,083
• Thunder Bay Hydro Distribution Inc.	\$ 1,537
• Peterborough Distribution Inc.	\$ 1,486
• Veridian Connections Inc.	\$ 1,928
• Kitchener-Wilmot Hydro Inc.	\$ 4,276
• Haldimand County Hydro Inc.	\$ 4,928
• Niagara-on-the-Lake Hydro Inc.	\$ 1,957

The monthly amount to be collected by the IESO from all market participants in 2014 effective July 1, 2014 is \$1,690,508. The monthly charge for each market participant will vary with the actual consumption of the market participant in that month.

In making this determination, the Board acknowledges that the above noted distributors will be passing on their share of this charge to their electricity distribution customers through the Wholesale Market Service Rate (“WMSR”) currently approved by the Board at \$0.0044 per kWh. It is the Board’s view that at its current level, this charge will have a minimal impact on balances in the Wholesale Market Service - Retail Services Variance Account (Account 1580) and the Board will not adjust the WMSR at this time. Therefore, the WMSR shall remain at its current level of \$0.0044 per kWh, until such time as the Board amends the WMSR.

### **DETERMINATION TO DISPOSE OF THIS PROCEEDING WITHOUT A HEARING**

The Board has made its determination of the 2014 compensation amount to be collected by the IESO in accordance with the Regulation and the requirements of the Act. The Regulation prescribes the methodology which the Board uses to determine the amount to be collected for any given year.

The total amount to be collected by the IESO for 2014 is derived from previous decisions of the Board in which compensation amounts were determined for qualifying distributors: EB-2009-0096, EB-2011-0172, EB-2011-0123, EB-2012-0033, EB-2013-0166, EB-2012-0167, EB-2012-0160, EB-2013-0174, EB-2013-0147, EB-2013-0134 and EB-2013-0155. The findings in this Decision involve only the implementation of findings in previous decisions. The Board has therefore determined that no person will be adversely affected in a material way by the outcome of this proceeding. In accordance with section 6 (4) of the Act, this matter has been determined without a hearing.

### **IMPLEMENTATION**

The monthly amount to be collected by the IESO shall be \$1,690,508 per month effective July 1, 2014 and until such time as the Board revises this amount.

Attached to this Decision and Order are communications to the IESO (Appendix A) and to distributors (Appendix B) regarding the 2014 monthly charge as of July 1, 2014.

**THEREFORE THE BOARD ORDERS THAT:**

1. Effective July 1, 2014, the IESO shall collect \$1,690,508 per month until such time as the Board revises this amount.

**DATED** at Toronto, July 18, 2014

**ONTARIO ENERGY BOARD**

*Original Signed By*

Lynne Anderson  
Vice-President, Applications

**APPENDIX A**

**To Decision With Reasons and Order**

**Communication to the IESO on Collection of Compensation Amounts under  
Ontario Regulation 330/09 as of July 1, 2014**

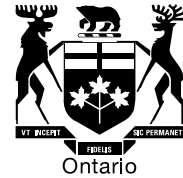
**Board File No. EB-2014-0222**

**Dated: July 18, 2014**



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**BY EMAIL**

July 18, 2014

Adrian Pye  
Independent Electricity System Operator  
Station A, Box 4474  
Toronto ON M5W 4E5

Dear Mr. Pye:

**Re: Collection of Compensation Amounts under Ontario Regulation 330/09 for 2014, as of July 1, 2014**

Ontario Regulation 330/09 under the *Ontario Energy Board Act, 1998*, regarding cost recovery for eligible investments for the purpose of connecting or enabling the connection of a qualifying generation facility to a distribution system, requires the Ontario Energy Board (the "Board") to calculate the monthly amount to be collected by the Independent Electricity System Operator (the "IESO") to provide compensation to qualifying distributors for rate protection provided to consumers.

The Board has issued previous orders, setting the compensation amount for 2010, 2011, 2012, 2013 and 2014, authorizing the IESO to implement the charge for each of those years. On July 18, 2014 the Board issued its Decision and Order (EB-2014-0222) establishing the compensation amounts as of July 1, 2014.

**Amount to be charged by the IESO as of July 1, 2014**

In its EB-2014-0222 Decision and Order, the Board has determined that effective July 1, 2014 and until such time as the Board revises it, the amount to be collected by the IESO from all market participants shall be \$1,690,508 per month.

The Board expects the IESO to implement this charge as soon as possible with monthly amounts adjusted, if necessary, to ensure the entire amount is collected and remitted to the qualifying distributors in a timely manner.

The following monthly amounts are to be forwarded to the following qualifying distribution utilities:

• Hydro One Networks Inc.	\$1,641,667
• Enersource Hydro Mississauga Inc.	\$ 6,084
• Horizon Utilities Corporation	\$ 707
• Guelph Hydro Electric Systems Inc.	\$ 3,856
• PowerStream Inc.	\$ 22,083
• Thunder Bay Hydro Distribution Inc.	\$ 1,537
• Peterborough Distribution Inc.	\$ 1,486
• Veridian Connections Inc.	\$ 1,928
• Kitchener-Wilmot Hydro Inc.	\$ 4,276
• Haldimand County Hydro Inc.	\$ 4,928
• Niagara-on-the-Lake Hydro Inc.	\$ 1,957

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary

cc: Hydro One Networks Inc.  
Enersource Hydro Mississauga Inc.  
Horizon Utilities Corporation  
Guelph Hydro Electric Systems Inc.  
PowerStream Inc.  
Thunder Bay Hydro Distribution Inc.  
Peterborough Distribution Inc.  
Veridian Connections Inc.  
Kitchener-Wilmot Hydro Inc.  
Haldimand County Hydro Inc.  
Niagara-on-the-Lake Hydro Inc.

Attachment

**APPENDIX B**

**To Decision With Reasons and Order**

**Communication to Distributors on Collection of Compensation Amounts under  
Ontario Regulation 330/09 as of July 1, 2014**

**Board File No. EB-2014-0222**

**Dated: July 18, 2014**

**Ontario Energy Board**  
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**BY EMAIL**

July 18, 2014

To: All Licensed Electricity Distributors

**Re: Collection of Compensation Amounts under Ontario Regulation 330/09 for 2014, as of July 1, 2014**

Ontario Regulation 330/09 under the *Ontario Energy Board Act, 1998*, regarding cost recovery for eligible investments for the purpose of connecting or enabling the connection of a qualifying generation facility to a distribution system, requires the Ontario Energy Board to calculate the monthly amount to be collected by the Independent Electricity System Operator (the "IESO") to provide compensation to qualifying distributors for rate protection provided to consumers. On July 18, 2014 the Board issued its EB-2014-0222 Decision and Order directing the IESO to adjust the charge for July 1, 2014. The EB-2014-0222 Decision and Order is attached.

#### **Amount to be Charged by the IESO as of July 1, 2014**

The EB-2014-0222 Decision and Order established the 2014 compensation amount (as of July 1, 2014) for the following qualifying distributors, based on the rate decisions for those distributors:

- Hydro One Networks Inc.: for the amount of \$19,700,000 (EB-2009-0096);
- Enersource Hydro Mississauga Inc.: \$68,640 (EB-2012-0033);
- Horizon Utilities Corporation Inc.: \$8,480 (EB-2011-0172);
- Guelph Hydro Electric Systems Inc.: \$46,269 (EB-2011-0123);
- PowerStream Inc. : \$213,839 (EB-2013-0166);
- Thunder Bay Hydro Distribution Inc.: \$21,710 (EB-2012-0167);
- Peterborough Distribution Inc.: \$13,375 (EB-2012-0160);
- Veridian Connections Inc.: \$17,352 (EB-2013-0174);
- Kitchener-Wilmot Hydro Inc.: \$25,656 (EB-2013-0147);

- Haldimand County Hydro Inc.: \$44,346 (EB-2013-0134); and
- Niagara-on-the-Lake Hydro Inc.: \$17,610 (EB-2013-0155).

The total amount to be collected by the IESO for the July 1 to December 31, 2014 period is \$1,690,508 per month or \$10,143,049. Commencing July 1, 2014, \$1,690,508 per month will be collected from all Ontario ratepayers and distributed to the qualifying distributors.

The monthly amount billed to each distributor in the province will vary depending on the kWh withdrawn from the IESO-controlled grid for each month.

### **Amount to be Charged by Distributors in 2014**

In determining the amount to be collected from the IESO, the Board acknowledged that distributors will be passing on this charge to their electricity distribution customers through the Wholesale Market Service Rate ("WMSR") currently approved by the Board at \$0.0044 per kWh. It was the Board's view that at its current level, the Renewable Generation Compensation Rate Protection would have a minimal impact on balances in the Wholesale Market Service - Retail Services Variance Account (Account 1580) and therefore did not adjust the WMSR. The WMSR will remain at its current level of \$0.0044 per kWh until such time as the Board amends the WMSR.

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary

Attachment