

October 28, 2015

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., Suite 2700
Toronto, ON, M4P 1E4

via RESS and email

Dear Ms. Walli:

**RE: EB-2015-0006 Revised Proposed Amendments to the Distribution System Code:
Elimination of Load Transfer Arrangements between Electricity Distributors**

On February 20, 2015 the Ontario Energy Board (the “Board” or “OEB”) issued a Notice of Proposal to Amend a Code (“the February Proposed Amendments”) in which it proposed to amend the Distribution System Code (“DSC”). The purpose of the proposed revision to the DSC was to establish the criteria under which all Long Term Load Transfer (“LTLT”) arrangements between electricity distributors would be eliminated. On March 6, 2015 the Group of Distributors (“the Group”)¹ submitted written comments to the Board and on July 16, 2015 participated in a Board established working group to provide further input on the February Proposed Amendments.

On October 14, 2015 the Board issued revised proposed amendments to the DSC pertaining to the elimination of the remaining LTLT arrangements between electricity distributors (the “Revised Proposed Amendments”), and invited written comments from all interested parties.

This is the submission of the Coalition of Large Distributors (“CLD”)² regarding the Revised Proposed Amendments. The submission has been filed via the Board’s web portal and three (3) requisite paper copies have been couriered to the Board.

Revised Proposed Amendments to the DSC

The CLD appreciates the opportunity to provide feedback to the Board on its Revised Proposed Amendments, and is pleased that several of the recommendations put forth in the Group’s March 6 submission were supported by the Board and other parties. Having reviewed the Revised Proposed Amendments the CLD observes that there remains the potential for some implementation issues to arise that deserve further clarity or direction from the Board. In particular, the CLD notes that some distributors may have unresolved customer and asset reconciliation activities that will need to be resolved with Hydro One Network Inc. (“HONI”) prior

¹ The Group is comprised of the following electricity Local Distribution Companies: Horizon Utilities Corporation, Hydro Ottawa Limited, PowerStream Inc., and Veridian Connections Inc.

² The CLD is comprised of the following electricity Local Distribution Companies: Enersource Hydro Mississauga Inc., Horizon Utilities Corporation, Hydro Ottawa Limited, PowerStream Inc., Toronto Hydro-Electric System Limited, and Veridian Connections Inc.

to entering into any service area amendment. More specifically, distributors that undertook asset audits may need to recover from or reconcile with HONI costs associated with serving additional LTLT customers. The CLD submits that such resolution is better taking place before parties attempt to enter into a Service Area Amendment (“SAA”) discussion in order that the antecedent conditions are understood and agreed.

Timeline Extension

The CLD supports the Board’s intention to eliminate all remaining LTLTs and in this regard the CLD supports the Board’s proposal to have all load transfer customers be transferred within the 18 month window. Although the CLD expects the 18 month window to provide sufficient time to eliminate its remaining LTLTs, the ability to meet this deadline will be dependent on HONI’s ability to manage the multitude of utility consultations and resulting applications necessary to resolve the approximately 3,100 LTLT customers it shares with 47 different distributors across the province³.

The CLD recommends that the successful elimination of all remaining LTLTs will require sufficient planning and coordination. To this end, the CLD recommends that an LTLT elimination plan be created by HONI in consultation with distributors or through the Board’s LTLT working group and that such plan be ratified before the 18 months window begins. Having such a plan established before SAAs are to be filed will enable all distributors greater certainty and transparency, reduce the number of disputed SAAs that could arise, and allow the Board to achieve its objective of eliminating LTLTs within a reasonable timeframe.

Rate Mitigation

The CLD supports the Board’s proposal to have the physical distributor fund the rate mitigation. The CLD submits that if the geographic distributor were to fund the rate mitigation, this would lead to a scenario where the customers of the geographic distributor are subsidizing the rates of the physical distributor. Such a situation would be unacceptable, and is best avoided by having the physical distributor fund its own rate mitigation.

In the Revised Proposed Amendments, the Board states the following in regards to rate mitigation: “There would also be only one calculation for distributors to make at the outset for each load transfer customer under the Board’s proposed approach – credit based on the delivery charge differential in the approved SAA application”. The CLD’s interpretation of this statement is that the monthly credit being proposed by the Board for rate mitigation would be a volumetric charge based on the difference in the delivery charge between the two distributors at the time the SAA application is filed with the Board. This implies that the calculation to determine the amount of the volumetric credit would be a one-time event and would not be updated to reflect the changing rates of the distributors over time. In addition, the CLD seeks clarification as to whether rate mitigation should continue in the event that the delivery rates of the physical distributor eventually become less than that of the geographic distributor.

³ Hydro One’s March 6, 2015 submission on the February Proposed Amendments
<http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/468944/view/>



Temporary Load Transfers

At the Board working group held in July the use and benefits of temporary load transfers were discussed. Parties noted that temporary load transfers are frequently used to accommodate construction projects and that the DSC code amendments should make an exception for temporary load transfers. The CLD recommends that the Board provide an exception to allow for temporary load transfers of up to 12 months.

Yours truly,

[Original signed on behalf of the CLD by]

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