



**Ontario Energy Board
Commission de l'énergie de l'Ontario**

DECISION AND ORDER

EB-2016-0012

**2016 GREEN ENERGY PLAN ELECTRICITY
RATE PROTECTION BENEFIT AND CHARGE**

BY DELEGATION BEFORE: Lynne Anderson

January 28, 2016

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1 INTRODUCTION AND SUMMARY

When new generating facilities are connected to any power system, upgrades to the wires and other parts of the system are sometimes required to maintain the safety of the infrastructure and reliability of the electricity service to customers.

Ontario distributors are required to plan their systems based on their expectations of new electricity generation projects connecting to their systems. Based on their plans, distributors apply to the Ontario Energy Board (OEB) for funding to recover the cost of assets to enable and to connect renewable generation to their distribution systems. The OEB is required to take steps to ensure that all Ontario customers, not just the ratepayers of the individual distributor, contribute to the costs of these investments to connect renewable generators.

The OEB determines the eligibility of the connection investment made by each distributor in their distribution rate decisions and issues an order to the Independent Electricity System Operator (IESO) to collect and disburse specific amounts based on the approved entitlements. These decisions are made pursuant to Ontario Regulation 330/09 (the Regulation).

The OEB has been issuing these decisions since May 1, 2010. The latest such decision was issued on May 21, 2015 under file number EB-2015-0177, providing ten distributors with funding.

This Decision provides an updated order to the IESO regarding the amounts to be collected and remitted to eligible distributors. In addition to extending the applicable funding amounts ordered in the prior decision, this Decision amends the amounts for Hydro One Brampton and Kitchener Wilmot Hydro.

2 THE PROCESS

The OEB has made its determination of the 2016 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 OEB uses to determine the amount to be collected for any given year.

The total amount to be collected by the IESO for 2016 is derived from previous decisions of the OEB in which compensation amounts were determined for qualifying distributors: EB-2011-0172, EB-2014-0068, EB-2014-0108, EB-2011-0123, EB-2012-0167, EB-2012-0160, EB-2013-0174, EB-2013-0147, EB-2013-0134, EB-2013-0130 and EB-2014-0083. The findings in this Decision involve only the implementation of findings in previous decisions. The OEB 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.

3 2016 COMPENSATION AMOUNT AS OF JANUARY 1, 2016

The OEB has determined the amount to be collected by the IESO as of January 1, 2016 is \$58,843 per month. This amount is based on the distribution rate decisions made in EB-2015-0177 that persist for the current year, as well as new compensation amounts as follows:

For **Kitchener-Wilmot Hydro Inc.:** increased to \$6,091 for 2016 (EB-2013-0147 Rate Order dated May 1, 2014);

- The monthly amount of \$508 is derived by dividing the annual total by 12 months.

For **Hydro One Brampton:** a new approval for 2016, with an amount of \$93,124, which is a total of the 2015 approved amount of \$32,582 (but not collected in 2015) and the 2016 approved amount of \$60,542 (EB-2014-0083, Settlement Agreement approved in the Decision and Order dated December 18, 2014). However, Hydro One Brampton, as per the EB-2014-0083 Decision and Order, is also required to refund an amount of \$260,412 to the IESO, as noted in the draft rate order, updated January 12, 2015, section 4 item 16. The net annual amount for 2016 is therefore a refund of \$167,288 (\$260,412 – \$93,124).

- The net monthly amount is therefore a refund of \$13,941 per month derived by dividing the annual total by 12 months.

All other funding remains in place as per the OEB's decision in EB-2015-0177. These amounts are summarized in the subsequent section.

The net monthly amount to be collected by the IESO is \$58,843 effective January 1, 2016 comprised of \$44,902 from all market participants and a net amount of \$13,941 from Hydro One Brampton. 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 OEB acknowledges that the above noted distributors will pass on their share of this charge to their electricity distribution customers through the Wholesale Market Service Rate (WMSR), currently approved by the OEB at \$0.0036 per kWh. It is the OEB's view that at its current level, this charge will have a negligible impact on balances in the Wholesale Market Service - Retail Services Variance Account (Account 1580) and the OEB will not adjust the WMSR at this time.

4 IMPLEMENTATION

The monthly amount to be collected by the IESO shall be \$44,902 per month effective January 1, 2016 from all market participants, with the exception of Hydro One Brampton, from whom the IESO shall collect \$13,941 monthly until such time as the OEB revises this amount.

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

• Horizon Utilities Corporation	\$	707
• Enersource Hydro Mississauga Inc.	\$	6,914
• PowerStream Inc.	\$	21,774
• Guelph Hydro Electric Systems Inc.	\$	5,792
• Thunder Bay Hydro Distribution Inc.	\$	1,809
• Peterborough Distribution Inc.	\$	1,098
• Veridian Connections Inc.	\$	3,088
• Kitchener-Wilmot Hydro Inc.	\$	508
• Haldimand County Hydro Inc.	\$	16,971
• Fort Frances Power Corporation	\$	181

For Hydro One Brampton, the IESO shall collect \$13,941 per month

• Hydro One Brampton	\$	<u>-13,941</u>
Total	\$	44,902

Attached to this Decision and Order are communications to the IESO (Appendix A) and to distributors (Appendix B) regarding the 2016 monthly charge as of January 1, 2016.

5 ORDER

THE BOARD ORDERS THAT:

1. Effective January 1, 2016, the IESO shall collect \$58,843 per month until such time as the OEB revises this amount.
2. Effective January 1, 2016, the IESO shall distribute the amounts for each qualifying distributor on a monthly basis as set out under section 4 of this Decision and Order.

DATED at Toronto January 28, 2016

ONTARIO ENERGY BOARD

Original Signed By

Lynne Anderson
Vice President, Applications

APPENDIX A

2016 ELECTRICITY RATE PROTECTION BENEFIT AND CHARGE

**Communication to the IESO on Collection of Compensation Amounts under
Ontario Regulation 330/09 as of January 1, 2016**

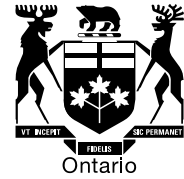
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BY EMAIL

January 28, 2016

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 2016, as of January 1, 2016

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 (OEB) to calculate the monthly amount to be collected by the Independent Electricity System Operator (IESO) to provide compensation to qualifying distributors for rate protection provided to consumers.

The OEB has issued previous orders, setting the compensation amount for 2010, 2011, 2012, 2013, 2014 and 2015, authorizing the IESO to implement the charge for each of those years. On January 28, 2016 the OEB issued its Decision and Order (EB-2016-0012) establishing the 2016 compensation amounts as of January 1, 2016.

Amount to be charged by the IESO as of January 1, 2016

In its EB-2015-0012 Decision and Order, the OEB determined that effective January 1, 2016 and until such time as the OEB orders otherwise, the amount to be collected by the IESO shall be \$58,843 per month, \$44,902 from all market participants and \$13,941 from Hydro One Brampton.

The OEB 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:

• Horizon Utilities Corporation	\$	707
• Enersource Hydro Mississauga Inc.	\$	6,914
• PowerStream Inc.	\$	21,774
• Guelph Hydro Electric Systems Inc.	\$	5,792
• Thunder Bay Hydro Distribution Inc.	\$	1,809
• Peterborough Distribution Inc.	\$	1,098
• Veridian Connections Inc.	\$	3,088
• Kitchener-Wilmot Hydro Inc.	\$	508
• Haldimand County Hydro Inc.	\$	16,971
• Fort Frances Power Corporation	\$	181

For Hydro One Brampton Inc. \$13,941 is to be collected each month.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

- c: Horizon Utilities Corporation
Enersource Hydro Mississauga Inc.
PowerStream Inc.
Guelph Hydro Electric Systems Inc.
Thunder Bay Hydro Distribution Inc.
Peterborough Distribution Inc.
Veridian Connections Inc.
Kitchener-Wilmot Hydro Inc.
Haldimand County Hydro Inc.
Fort Frances Power Corporation
Hydro One Brampton Inc.

Attachment

APPENDIX B

2016 ELECTRICITY RATE PROTECTION BENEFIT AND CHARGE

**Communication to Distributors on Collection of Compensation Amounts under
Ontario Regulation 330/09 as of January 1, 2016**

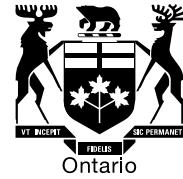
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BY EMAIL

January 28, 2016

To: All Licensed Electricity Distributors

Re: Collection of Compensation Amounts under Ontario Regulation 330/09 for 2016, as of January 1, 2016

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 (OEB) to calculate the monthly amount to be collected by the Independent Electricity System Operator (IESO) to provide compensation to qualifying distributors for rate protection provided to consumers. On January 28, 2016 the OEB issued its EB-2016-0012 Decision and Order directing the IESO to adjust the charge effective January 1, 2016. The EB-2016-0012 Decision and Order is attached.

Amount to be Charged by the IESO as of January 1, 2016

The EB-2016-0012 Decision and Order established the 2016 compensation amount (as of January 1, 2016) for the following qualifying distributors, based on the rate decisions setting annual amounts for those distributors:

- Horizon Utilities Corporation Inc. (EB-2011-0172);
- Enersource Hydro Mississauga Inc. (EB-2014-0068);
- PowerStream Inc. (EB-2014-0108);
- Guelph Hydro Electric Systems Inc.: (EB-2011-0123);
- Thunder Bay Hydro Distribution Inc. (EB-2012-0167);
- Peterborough Distribution Inc. (EB-2012-0160);
- Veridian Connections Inc. (EB-2013-0174);
- Kitchener-Wilmot Hydro Inc. (EB-2013-0147);
- Haldimand County Hydro Inc. (EB-2013-0134);

- Fort Frances Power Corporation (EB-2013-0130)
- Hydro One Brampton Inc. (EB-2014-0083).

Commencing January 1, 2016, a total of \$58,843 per month will be collected. The IESO shall collect \$44,902 from all market participants except for Hydro One Brampton, from whom the IESO shall collect \$13,941. The amounts collected shall be distributed to qualifying distributors.

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

Amount to be Charged by Distributors in 2016

In determining the amount to be collected by the IESO, the OEB 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 OEB at \$0.0036 per kWh. It is the OEB'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 \$0.0036 per kWh until such time as the OEB amends the WMSR.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

Attachment