



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

DECISION AND ORDER

EB-2016-0170

**2016 GREEN ENERGY PLAN ELECTRICITY
RATE PROTECTION BENEFIT AND CHARGE
EFFECTIVE MAY 1, 2016**

BY DELEGATION BEFORE: Lynne Anderson

May 19, 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 issued these decisions since May 1, 2010. The latest such decision was issued on January 28, 2016 under file number EB-2016-0012, providing ten distributors with funding.

This Decision provides an updated order to the IESO regarding the amounts to be collected from all market participants and remitted to eligible distributors. In addition to continuing the applicable funding amounts ordered in the EB-2016-0012 decision, this Decision enables the provision of funding to two new recipients, Waterloo North Hydro Inc. and Toronto Hydro-Electric System Limited. It also amends the previously ordered amounts consistent with decisions regarding five other distributors: Enersource Hydro Mississauga Inc., Haldimand County Hydro Inc., Veridian Connections Inc., and Peterborough Distribution Inc.

2 THE PROCESS

The OEB has made its determination of the compensation amount, effective May 1, 2016 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 effective May 1, 2016 is derived from previous decisions of the OEB in which compensation amounts were determined for qualifying distributors¹. 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.

¹EB-2011-0172, EB-2015-0065, EB-2014-0108, EB-2011-0123, EB-2012-0167, EB-2012-0160, EB-2013-0174, EB-2013-0147, EB-2013-0134, EB-2013-0130, EB-2014-0083, EB-2015-0108 and EB-2014-0116.

3 2016 COMPENSATION AMOUNT AS OF MAY1, 2016

The OEB has determined the amount to be distributed by the IESO as of May 1, 2016 is \$222,320 per month. This decision extends amounts reflected in the EB-2016-0012 Decision and Order that persist for the current year, and enumerates new and amended compensation amounts in accordance with prior rate decisions.

New amounts are:

For **Toronto Hydro-Electric System Limited**: a new recovery of \$1,173,258 for May 1, 2016 (EB-2014-0116 Decision on Draft Rate Order, dated February 25, 2016), comprised of \$278,718 for 2015 and \$894,540 for 2016;

- The monthly amount of \$146,657 is derived by dividing the combined 2015 and 2016 annual recoveries (no recovery occurred in 2015) which total \$1,173,258 by the 8 month period to December 31, 2016 (rate year starting January 1).

For **Waterloo North Hydro Inc.**: a new recovery of \$9,766 for 2016 beginning May 1, 2016 (EB-2015-0108 Decision and Rate Order dated November 26, 2015);

- The monthly amount of \$1,221 is derived by dividing the 2016 annual recovery of \$9,766 by the 8 month period to December 31, 2016 (rate year starting January 1).

Amended amounts are:

For **Enersource Hydro Mississauga Inc.**: total recovery increased to \$105,010 as of May 1, 2016 (EB-2015-0065, Partial Decision issued March 3, 2016);

- The monthly amount of \$9,669 is derived by starting with the approved 2016 recovery of \$105,010, subtracting the recovery of \$27,656 for the first 4 months of 2016 and dividing the remainder by the 8 month period to December 31, 2016.

For **Veridian Connections Inc.**: total recovery reduced slightly to \$36,375 for May 1, 2016 (EB-2013-0174 Rate Order dated May 1, 2014);

- The monthly amount of \$3,031 is derived by dividing the 2016 annual recovery of \$36,375 by 12 months, for the rate year starting May 1.

For **Haldimand County Hydro Inc.:** total recovery increased to \$358,667 for May 1, 2016 (EB-2013-0134 Decision and Rate Order dated April 16, 2014);

- The monthly amount of \$29,889 is derived by dividing the 2016 annual recovery of \$358,667 by 12 months, for the rate year starting May 1.

For **Peterborough Distribution Inc.:** total recovery reduced slightly to \$12,980 for May 1, 2016 (EB-2012-0160 Decision and Order dated August 22, 2013);

- The monthly amount of \$1,082 is derived by dividing the 2016 annual recovery of \$12,980 by 12 months, for the rate year starting May 1.

All other funding remains in place as per the OEB's decision in EB-2016-0012. These amounts are summarized in the subsequent section.

The net monthly amount to be collected by the IESO from all market participants effective May 1, 2016 is \$208,379, as well as an amount of \$13,941 to be collected from Hydro One Brampton for an over recovery. 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 \$208,379 per month effective May 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:

• Toronto Hydro-Electricity System Limited	\$ 146,657
• Waterloo North Hydro Inc.	\$ 1,221
• Enersource Hydro Mississauga Inc.	\$ 9,669
• Haldimand County Hydro Inc.	\$ 29,889
• Veridian Connections Inc.	\$ 3,031
• Peterborough Distribution Inc.	\$ 1,082
• PowerStream Inc.	\$ 21,774
• Fort Frances Power Corporation	\$ 181
• Kitchener-Wilmot Hydro Inc.	\$ 508
• Thunder Bay Hydro Distribution Inc.	\$ 1,809
• Horizon Utilities Corporation	\$ 707
• Guelph Hydro Electric Systems Inc.	\$ 5,792
Total to be forwarded	\$ 222,320

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

• Hydro One Brampton Inc.	<u>\$ -13,941</u>
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Net amount to be collected from all Market Participants	\$ 208,379
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Attached to this Decision and Order are communications to the IESO (Appendix A) and to distributors (Appendix B) regarding the 2016 monthly charges as of May 1, 2016.

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Effective May 1, 2016, the IESO shall collect \$208,379 per month from all market participants and \$13,941 from Hydro One Brampton Inc. until such time as the OEB revises this amount.
2. Effective May 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 May 19, 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 May1, 2016**

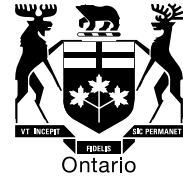
EB-2016-0170

DECISION AND ORDER

MAY 19, 2016

Ontario Energy Board
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Toronto ON M4P 1E4
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BY EMAIL

May 19, 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 May 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 twice each year from 2010 to 2015, authorizing the IESO to implement the charge for each of those years. On May 19, 2016 the OEB issued its Decision and Order (EB-2016-0170) establishing the 2016 compensation amounts as of May 1, 2016.

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

In its EB-2015-0170 Decision and Order, the OEB determined that effective May 1, 2016 and until such time as the OEB orders otherwise, the amount to be collected by the IESO shall be \$208,379 per month from all Ontario ratepayers and an additional \$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:

Enersource Hydro Mississauga Inc.	\$ 9,669
Toronto Hydro-Electricity System Limited	\$ 146,657
Waterloo North Hydro Inc.	\$ 1,221
PowerStream Inc.	\$ 21,774
Fort Frances Power Corporation	\$ 181
Kitchener-Wilmot Hydro Inc.	\$ 508
Haldimand County Hydro Inc.	\$ 29,889
Veridian Connections Inc.	\$ 3,031
Peterborough Distribution Inc.	\$ 1,082
Thunder Bay Hydro Distribution Inc.	\$ 1,809
Horizon Utilities Corporation	\$ 707
Guelph Hydro Electric Systems Inc.	\$ 5,792
Total to be forwarded	\$ 222,320

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

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

cc: Enersource Hydro Mississauga Inc.
Toronto Hydro-Electricity System Limited
Waterloo North Hydro Inc.
PowerStream Inc.
Fort Frances Power Corporation
Kitchener-Wilmot Hydro Inc.
Haldimand County Hydro Inc.
Veridian Connections Inc.
Peterborough Distribution Inc.
Thunder Bay Hydro Distribution Inc.
Horizon Utilities Corporation
Guelph Hydro Electric Systems Inc.
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 May 1, 2016**

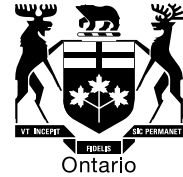
EB-2016-0170

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MAY 19, 2016

Ontario Energy Board
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Numéro sans frais: 1-888-632-6273



BY EMAIL

May 19, 2016

To: All Licensed Electricity Distributors

Re: Collection of Compensation Amounts under Ontario Regulation 330/09 for 2016, as of May 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 May 19, 2016 the OEB issued its EB-2016-0170 Decision and Order directing the IESO to adjust the charge effective May 1, 2016. The EB-2016-0170 Decision and Order is attached.

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

The EB-2016-0170 Decision and Order established the 2016 compensation amount (as of May 1, 2016) for the following qualifying distributors, based on the rate decisions setting annual amounts for those distributors:

- Enersource Hydro Mississauga Inc. (EB-2015-0065)
- Toronto Hydro-Electric System Inc. (EB-2014-0116).
- Waterloo North Hydro Inc. (EB-2015-0108)
- PowerStream Inc. (EB-2014-0108)
- Fort Frances Power Corporation (EB-2013-0130)
- Kitchener-Wilmot Hydro Inc. (EB-2013-0147)
- Haldimand County Hydro Inc. (EB-2013-0134)
- Veridian Connections Inc. (EB-2013-0174)
- Peterborough Distribution Inc. (EB-2012-0160)
- Thunder Bay Hydro Distribution Inc. (EB-2012-0167)
- Horizon Utilities Corporation Inc. (EB-2011-0172)

- Guelph Hydro Electric Systems Inc. (EB-2011-0123)
- Hydro One Brampton Inc. (EB-2014-0083)

Commencing May 1, 2016, a net amount of \$222,320 per month will be collected. The IESO shall collect \$208,379 from all market participants and \$13,941 from Hydro One Brampton. 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