



Cornerstone Hydro Electric Concepts Association Inc.

July 22, 2016

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O.Box 2319
Suite 2700
Toronto, Ontario
M4P 1E4

Re: EB-2015-0006 Inclusion of Sub-Transmission Customers in Long Term Load Transfer

This letter is forwarded to the Board to raise concerns with the apparent interpretation by Hydro One of the long term load transfer (LTLT) directive as it relates to sub-transmission customers.

Member LDCs have received notice of Hydro One's intention to transfer sub-transmission LDC customers to the Hydro One system as part of the LTLT initiative. It is our position that these customers are not subject to the LTLT directive, that inclusion of this class of customer was not intended and that their addition to the LTLT list has never been discussed in the current or past initiatives associated with the LTLT.

The Board's direction to Hydro One that the sub-transmission customers are outside of the scope of the LTLT is respectfully requested.

The CHEC LDCs that have been approached regarding the transfer of sub-transmission customers include: Rideau St. Lawrence Distribution, Lakeland Power Distribution and Midland Power Utility. These utilities will proceed with the legitimate long term load transfer customers however will not move forward with the sub-transmission customers.

Appendix A attached to this letter outlines considerations with regards to the transfer of the sub-transmission customers.

Yours truly,

Gord Eamer

Gordon A. Eamer, P.Eng.
Chief Operating Officer
43 King St. West
Suite 201
Brockville, ON
K6V 3P7
geamer@checenergy.ca
613-342-3984

Cc EDA

Appendix A

CHEC Summary with objection to: LTLT of Sub-Transmission Customers

- 1. Introduction:** This report outlines the reasons why sub-transmission customers should not be included in the Long Term Load Transfer initiative for the subject LDCs namely: Rideau St. Lawrence Distribution, Lakeland Power Distribution and Midland Power Utility. It is believed the same principles apply to other LDCs however at this time focus will remain on the three subject LDCs.
- 2. Issues to Consider:** Issues to consider in review of the transfer of sub-transmission customers are outlined the following sections:

- 2.1. Historical Development of the System:**

The electrical system developed in a cooperative manner to minimize physical plant construction and accommodate service to customers. When municipal utilities were structured it was recognized that substations and transformer stations would remain within the municipal LDC service boundary and in some cases owned by Ontario Hydro (Hydro One predecessor) and in others transferred to the municipal LDC. The associated circuits both high voltage and sub-transmission in many cases remained the property of Hydro One.

Where sub-transmission feeders serviced only LDC customers the ownership was held by the LDC. Where there were Hydro One customers served by the feeder beyond the LDC boundary the feeder remained a Hydro One feeder. This resulted in sub-transmission feeders owned by Hydro One physically within the service territory of municipal LDCs.

As the LDC system developed and where there were existing sub-transmission feeders exiting the municipal substations, customers of the LDC were connected to these feeders. This recognized the existence of the physical plant, the desire to not overbuild an area and the cost effective

supply to all customers. The sharing of the feeder capacity avoided the duplication of physical plant while clearly recognizing the LDCs ownership of the customer. Metering and settlement processes were implemented including metering on Hydro One sub-transmission feeders at entry and exit to a LDCs service territory, to service all customers. These were not seen as load transfer customers, merely provision of a supply point.

2.2. Geographical Location:

The locations of the sub-transmission connected customers are within the service territory of the host LDC rather than along the borders. The physical connect utility is within the host LDC service territory based on historical development rather than to serve the sub-transmission connected customer. Altering the ownership of the customer, which is clearly embedded in the service territory of the host LDC, would be confusing to the customer and lead to confusion with regards to LDC service areas. The service area amendments from such an ownership transfer would result in multiple Hydro One service areas fully embedded in the service area of the LDC.

2.3. Previous LTLT Initiatives:

Ontario Energy Board processes in 2008-2009 did not include sub-transmission customers. Inclusion at this time is inconsistent with past OEB process and has no precedent for inclusion. Any inclusion at this time is without full consideration and without all parties provided full opportunity to evaluate and present their position during the process. The current resolution to LTLT customers did not expressly address sub-transmission connected customers and inclusion at this late date in the process is not appropriate.

Within the scope of previous LTLT initiatives the LTLT customers were clearly identified for consideration. At that time each LDC and Hydro One prepared lists of customers for inclusion. Sub Transmission customers were not considered LTLT's and therefore not part of the application by

either distributor. The precedent of the previous OEB process sets the direction with respect to the current LTLT and supports excluding any sub-transmission customers from consideration (Example Board File Number: EB-2009-0008).

2.4. Demarcation Point and Operational Control:

The sub-transmission customers are recognized clearly as the LDC customers with the LDC maintaining full operational control. The connection to the Hydro One system is owned by the LDC. In actual fact the physical connection of the customer of the electrical supply is through LDC plant and as such the customer is not directly connected to the Hydro One system. The Hydro One operation maps clearly indicate the ownership and operational control. This fact alone differentiates the sub-transmission customers from those of the traditional LTLT customers.

2.5. System Metering and Settlement:

Systems were installed to properly address the metering of the customer and to ensure that loads are not transferred between LDCs. Metering points are provided at ingress and exit on feeders in LDC service territory to capture full loading while customer metering is provided to enable metering by the service area LDC.

Metering ownership varies in the installation as a result of the agreements of the day with metering equipment in some cases owned entirely by the LDC and others where there is a mix of meter ownership. Where customer meters may be owned by Hydro One the host LDC is provided meter access to allow direct read and the subsequent billing of the customer.

Through the metering arrangements the load was not transferred to Hydro One for these sub-transmission customers and as such is not subject to the LTLT settlement.

2.6. Sub-Transmission Customers Not Included in LTLT Settlement

Process:

Long term load transfer customers are settled annually based on a pre-defined list. The sub-transmission customers have never been included on this list. Further these sub-transmission customers have never required settlement under the long term load transfer customer protocol.

Historically the sub-transmission customers have not been deemed long term load transfer customers by either Hydro One or the LDC.

2.7. Unintended Consequence: Impact on LDC Load Profile, LDC Business and Customer Relationship:

The LTLT discussions have focused on setting direction on small load transfer customers between LDCs which would not have significant impacts on either LDC.

The transfer of sub-transmission customers can represent a significant impact to LDCs. The impact will be seen in the load profile, overall load and energy consumption as well the cost of service and business processes associated with the LDC. Inclusion of the sub-transmission customer for transfer between LDCs, without full discussion and evaluation is not consistent with due and proper process. It is anticipated that this class of customer was not anticipated as being within the scope of review by the Ontario Energy Board in the LTLT discussions.

The financial impact of transfer of sub-transmission customers will result in loss revenue for the LDC. This will result in the need to address the impact through potential rate increases for the customers within the LDC service territory. The transfer of sub-transmission customers is not revenue neutral or insignificant. Further the shareholder value is impacted with the transfer of sub-transmission customers, an issue that has not been considered nor a venue provided to the shareholder to review and address fully with the OEB.

Further the long standing relationship which exists between the customer and the current LDC is severed. These relationships have resulted in excellent participation in conservation programs, community integrity and the opportunity for future savings. The change in relationships due to a transfer of supply authority will not be supported by the customer or the municipal shareholders nor should they be required.

3. Conclusion:

The sub-transmission customers do not meet the parameters associated with long term load transfer customers, are not under the conditions of the Distribution System Code for transfer, have not been given due consideration and as such should be removed from any initiative by Hydro One to transfer these customers.