



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

DECISION AND ORDER

EB-2017-0004

2017 GREEN ENERGY PLAN ELECTRICITY RATE PROTECTION BENEFIT AND CHARGE EFFECTIVE JANUARY 1, 2017

BY DELEGATION BEFORE: Lynne Anderson

February 3, 2017

TABLE OF CONTENTS

| | | |
|----------|---|-----------|
| 1 | INTRODUCTION AND SUMMARY..... | 3 |
| 2 | THE PROCESS | 4 |
| 3 | 2017 COMPENSATION AMOUNT AS OF JANUARY 1, 2017 | 5 |
| 4 | IMPLEMENTATION..... | 7 |
| 5 | ORDER | 8 |
| | APPENDIX A | 9 |
| | APPENDIX B | 10 |

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 May 19, 2016 under file number EB-2016-0170, providing twelve distributors with funding and collecting funds from one distributor related to overpayment.

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-2016-0170 decision, this Decision amends the previously ordered amounts consistent with decisions regarding seven other distributors: Enersource Hydro Mississauga Inc., Haldimand County Hydro Inc., Hydro One Brampton Network Inc., Kitchener Wilmot Hydro, PowerStream Inc., Toronto Hydro Electric System Limited and Waterloo North Hydro Inc.

2 THE PROCESS

The OEB has made its determination of the compensation amount, effective January 1, 2017 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 January 1, 2017 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 *Ontario Energy Board Act, 1998*, this matter has been determined without a hearing.

¹EB-2011-0172, EB-2016-0002, EB-2015-0003, EB-2011-0123, EB-2012-0167, EB-2012-0160, EB-2013-0174, EB-2013-0147, EB-2013-0134, EB-2013-0130, EB-2015-0108, EB-2014-0116 and EB-2016-0080.

3 2017 COMPENSATION AMOUNT AS OF JANUARY 1, 2017

The OEB has determined the amount to be distributed by the IESO as of January 1, 2017 is \$240,831 per month. This decision extends amounts reflected in the EB-2016-0170 Decision and Order that persist for the current year, and enumerates new and amended compensation amounts in accordance with prior rate decisions.

Amended amounts are:

For **Toronto Hydro-Electric System Limited**: a new recovery of \$1,514,587 for January 1, 2017 (EB-2014-0116 Decision on Draft Rate Order, dated February 25, 2016),

- The monthly amount of \$126,216 is derived by dividing the 2017 annual recovery of \$1,514,587 by 12 months, for the rate year starting January 1, 2017.

For **Waterloo North Hydro Inc.**: a new recovery of \$9,499 for 2017 beginning January 1, 2017 (EB-2015-0108 Decision and Rate Order dated November 26, 2015);

- The monthly amount of \$792 is derived by dividing the 2017 annual recovery of \$9,499 by the 12 months, for the rate year starting January 1, 2017.

For **Enersource Hydro Mississauga Inc.**: total recovery increased to \$122,315 as of January 1, 2017 (EB-2016-0002, Decision issued December 8, 2016);

- The monthly amount of \$10,193 is derived by dividing the 2017 annual recovery of \$122,315 by the 12 months, for the rate year starting January 1, 2017.

For **Haldimand County Hydro Inc.**: total recovery increased to \$438,043 for January 1, 2017 (EB-2013-0134 Decision and Rate Order dated April 16, 2014). However, Haldimand County Hydro Inc. only collected 8 months of its approved 2016 annual recovery amount of \$358,667. Therefore, there is still \$119,555 for 2016 to be recovered, for a total amount for 2017 of \$557,598.

- The monthly amount of \$46,467 is derived by dividing the 2017 annual recovery of \$438,043 plus the remaining 2016 amount to be recovered of \$119,555 by 12 months, for the rate year starting January 1, 2017.

For **Hydro One Brampton Network Inc.**: As per the EB-2014-0083 Decision and Order, Hydro One Brampton was 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

total amount has been refunded as of the end of 2016. As of January 1, 2017, a new amount of \$89,491 is to be recovered by Hydro One Brampton. (EB-2016-0080, Decision issued December 8, 2016);

- The monthly amount of \$7,458 is derived by dividing the 2017 annual recovery of \$89,491 by the 12 months, for the rate year starting January 1, 2017.

For **PowerStream Inc.**: total recovery increased to \$271,060 for January 1, 2017 (EB-2015-0003 Decision and Rate Order dated August 4, 2016). However, PowerStream Inc. only collected 8 months of its approved 2016 annual recovery amount of \$358,667. Therefore, there is still \$165,980 for 2016 to be recovered, for a total amount for 2017 of \$437,040.

- The monthly amount of \$36,420 is derived by dividing the 2017 annual recovery of \$271,060 plus the remaining 2016 amount to be recovered of \$165,980 by 12 months, for the rate year starting January 1, 2017.

For **Kitchener-Wilmot Hydro Inc.**: increased to \$8,820 for 2017 (EB-2013-0147 Rate Order dated May 1, 2014);

- The monthly amount of \$685 is derived by dividing the annual total by 12 months.

All other funding remains in place as per the OEB's decision in EB-2016-0170. These amounts are summarized in the subsequent section.

The monthly amount to be collected by the IESO from all market participants effective January 1, 2017 is \$240,831. 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 \$240,831 per month effective January 1, 2017 from all market participants.

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

| | |
|--|------------|
| • Toronto Hydro-Electricity System Limited | \$ 126,216 |
| • Waterloo North Hydro Inc. | \$ 792 |
| • Enersource Hydro Mississauga Inc. | \$ 10,193 |
| • Haldimand County Hydro Inc. | \$ 46,467 |
| • Veridian Connections Inc. | \$ 3,031 |
| • Peterborough Distribution Inc. | \$ 1,082 |
| • PowerStream Inc. | \$ 36,420 |
| • Fort Frances Power Corporation | \$ 181 |
| • Kitchener-Wilmot Hydro Inc. | \$ 685 |
| • Thunder Bay Hydro Distribution Inc. | \$ 1,809 |
| • Horizon Utilities Corporation | \$ 707 |
| • Guelph Hydro Electric Systems Inc. | \$ 5,792 |
| • Hydro One Brampton Inc. | \$ 7,458 |
| Total to be forwarded | \$ 240,831 |

Attached to this Decision and Order are communications to the IESO (Appendix A) and to distributors (Appendix B) regarding the 2017 monthly charges as of January 1, 2017.

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Effective January 1, 2017, the IESO shall collect \$240,831 per month from all market participants until such time as the OEB revises this amount.
2. Effective January 1, 2017, 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 February 3, 2017

ONTARIO ENERGY BOARD

Original Signed By

Lynne Anderson
Vice President, Applications

APPENDIX A

2017 ELECTRICITY RATE PROTECTION BENEFIT AND CHARGE

**Communication to the IESO on Collection of Compensation Amounts under
Ontario Regulation 330/09 as of January 1, 2017**

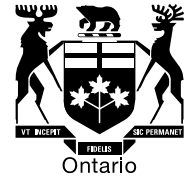
EB-2017-0004

DECISION AND ORDER

FEBRUARY 3, 2017

**Ontario Energy
Board**
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

February 3, 2017

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
2017 as of January 1, 2017**

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 February 3, 2017 the OEB issued its Decision and Order (EB-2017-0004) establishing the 2017 compensation amounts as of January 1, 2017.

Amount to be charged by the IESO as of January 1, 2017

In its EB-2017-0004 Decision and Order, the OEB determined that effective January 1, 2017 and until such time as the OEB orders otherwise, the amount to be collected by the IESO shall be \$240,831 per month from all Ontario ratepayers.

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:

| | |
|--|----------------|
| • Toronto Hydro-Electricity System Limited | \$ 126,216 |
| • Waterloo North Hydro Inc. | \$ 792 |
| • Enersource Hydro Mississauga Inc. | \$ 10,193 |
| • Haldimand County Hydro Inc. | \$ 46,467 |
| • Veridian Connections Inc. | \$ 3,031 |
| • Peterborough Distribution Inc. | \$ 1,082 |
| • PowerStream Inc. | \$ 36,420 |
| • Fort Frances Power Corporation | \$ 181 |
| • Kitchener-Wilmot Hydro Inc. | \$ 685 |
| • Thunder Bay Hydro Distribution Inc. | \$ 1,809 |
| • Horizon Utilities Corporation | \$ 707 |
| • Guelph Hydro Electric Systems Inc. | \$ 5,792 |
| • Hydro One Brampton Inc. | \$ 7,458 |
| Total to be forwarded | \$ 240,831 |

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.

APPENDIX B

2017 ELECTRICITY RATE PROTECTION BENEFIT AND CHARGE

**Communication to Distributors on Collection of Compensation Amounts under
Ontario Regulation 330/09 as of January 1, 2017**

EB-2017-0004

DECISION AND ORDER

FEBRUARY 3, 2017

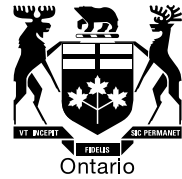
Attachment

Ontario Energy Board

P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario

C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY EMAIL

February 3, 2017

To: All Licensed Electricity Distributors

Re: Collection of Compensation Amounts under Ontario Regulation 330/09 for 2017, as of January 1, 2017

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 February 3, 2017 the OEB issued its EB-2017-0004 Decision and Order directing the IESO to adjust the charge effective January 1, 2017. The EB-2017-0004 Decision and Order is attached.

Amount to be Charged by the IESO as of January 1, 2017

The EB-2017-0004 Decision and Order established the 2017 compensation amount (as of January 1, 2017) for the following qualifying distributors, based on the rate decisions setting annual amounts for those distributors:

- Enersource Hydro Mississauga Inc. (EB-2016-0002)
- Toronto Hydro-Electric System Inc. (EB-2014-0116).
- Waterloo North Hydro Inc. (EB-2015-0108)
- PowerStream Inc. (EB-2015-0003)
- 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-2016-0080)

Commencing January 1, 2017, an amount of \$240,831 per month will be collected from all market participants. 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 2017

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