

Attachment A
to
Notice of Proposed Amendments to the
Transmission System Code and the Distribution System Code

September 21, 2017

EB-2016-0003

Proposed Amendments to the Transmission System Code

Note: Underlined text indicates proposed additions to the Transmission System Code and strikethrough text indicates proposed deletions from the Transmission System Code. Numbered titles are included for convenience of reference only.

Section 6.3 of the Transmission System Code is amended as follows:

6.3 COST RESPONSIBILITY FOR NEW AND MODIFIED CONNECTIONS

6.3.14 Where more than one generator customer triggers the need for a modification to a transmitter-owned connection facility, a transmitter shall attribute the cost of the modification to those generator customers:

- (a) in accordance with such methodology as may be agreed between the transmitter and all such generator customers; or
- (b) failing such agreement, in proportion to the rated peak output of their respective generation facilities and, in the case of line connection facilities, taking into account the ~~relative~~-length of line used by each generator customer in proportion to the length of line being shared by the customers.

6.3.15 Where more than one load customer triggers the need for a new or modified transmitter-owned connection facility, a transmitter shall attribute the cost to those load customers:

- (a) in accordance with such methodology as may be agreed between the transmitter and all such load customers; or
- (b) failing such agreement, in proportion to their respective non-coincident incremental peak load requirements, as reasonably

projected by the load forecasts provided by each such load customer or by such modified load forecast as may be agreed by such load customer and the transmitter and, in the case of line connection facilities, taking into account the ~~relative~~ length of line used by each load customer in proportion to the length of line being shared by the customers.

- 6.3.16 For a new or modified transmitter-owned connection facility that will serve a mix of load customers and generator customers, a transmitter shall attribute the cost of the new connection facility or modification to ~~the~~ those customers based on their proportional benefit, which the transmitter shall determine by considering such factors as the rated peak output of each generation facility, the non-coincident incremental peak load requirements of each load customer, and the length of line used by each customer in proportion to the length of line being shared by the customers. ~~that cause the net incremental coincident peak flow on the connection facility that triggered the need for the new or modified connection facility. If and to the extent that the net incremental coincident peak flow is triggered by one or more load customers, the transmitter shall attribute the cost to each of those triggering load customers in the manner set out in section 6.3.15. If and to the extent that the net incremental coincident peak flow was triggered by one or more generator customers, the transmitter shall attribute the cost to each of those triggering generator customers in the manner set out in section 6.3.14.~~

6.3.18A Where one or more load customers triggers the need for a new or modified transmitter-owned connection facility and the IESO undertakes an assessment at the request of a transmitter that confirms the new or modified connection facility will also address a broader network system need, the transmitter shall determine the proportional benefit between the triggering customer(s) and the network pool. In doing so, the transmitter shall attribute the costs accordingly. The transmitter shall determine the capital contribution to be made by the triggering load customer(s) based on that proportional benefit and each load customer's non-coincident incremental peak load requirements, as reasonably projected by the load forecasts provided by each load customer.

6.3.18B Where section 6.3.18A applies, the transmitter shall apply to the Board for approval of the attribution of costs between the triggering load customer(s) and the network pool. Where the Board approves a different attribution of costs, the transmitter shall recalculate the capital contribution to be made by the triggering load customer(s).

6.3.19 Where a distributor is required under this Code to provide a capital contribution to a transmitter, the transmitter shall permit the capital contribution to be provided in equal installments over a period of time not to exceed five years. Where a distributor provides the capital contribution in installments, the transmitter shall charge interest on the unpaid balance at the OEB's prescribed construction work in progress (CWIP) rate which is updated quarterly and published on the OEB website. The interest charges shall accrue monthly commencing on the date the connection asset goes into service and be paid annually, as part of each installment payment.

Section 6.7 of the Transmission System Code is amended as follows:

6.7 REPLACEMENT AND, RELOCATION ~~AND BYPASS~~ OF EXISTING CONNECTION FACILITIES

6.7.2 Where a transmitter-owned connection facility has reached its end-of-life and is retired and replaced with a new connection facility, the transmitter shall undertake an assessment, in consultation with any affected customers, to determine the appropriate capacity of the replacement connection facility. The transmitter shall either:

(a) not recover a capital contribution from a customer to replace that connection facility, where the new facility is the same capacity or lower capacity; or

(b) recover a capital contribution from a customer to replace the connection facility, where the customer requires additional capacity. The capital contribution shall be limited to the incremental cost relative to the cost of a like-for-like replacement facility.

~~transmitter's connection facility is retired, the transmitter shall not recover a capital contribution from a customer to replace that connection facility.~~

~~6.7.5 When a load customer provides its own connection facility to serve new load or transfers new load to the connection facility of another person, the transmitter shall not require bypass compensation from that customer~~

~~6.7.6 Subject to sections 6.7.2, 6.7.7 and 6.7.8, for all or a portion of existing load a load customer may bypass a transmitter-owned connection facility with its own connection facility or the connection facility of another person, provided that the load customer compensates the transmitter.~~

~~6.7.7 For the purposes of sections 6.7.6 and 11.2.1, but subject to section 6.7.8, the transmitter shall calculate bypass compensation by first multiplying the net book value of the bypassed connection facility, including a salvage credit and reasonable removal and environmental remediation costs, if applicable, by the bypassed capacity on the relevant connection facility. The transmitter shall then divide the resulting figure by the total normal supply capacity of the bypassed connection facility. For purposes of this calculation:~~

~~(a) the bypassed capacity on the relevant connection facility shall be equal to the difference between the customer's existing load on that connection facility at the time of bypass and the customer's average monthly peak load in the three-month period following the date on which bypass occurred; and~~

~~(b) the normal supply capacity of the bypassed connection facility shall be determined by the transmitter in accordance with the Board-approved procedure referred to in section 6.2.7.~~

~~6.7.8 Where an economic evaluation, including an economic evaluation referred to in section 6.3.9 or 6.3.17A, was conducted by a transmitter for a load customer in relation to a connection facility on the basis of a load forecast, a transmitter shall not, during the economic evaluation period to which the economic evaluation relates, require bypass compensation from a customer under section 6.7.6 in relation to any load that represents that customer's contracted capacity.~~

~~6.7.9 A transmitter should avoid overloading a connection facility above its total normal supply capacity. Where a connection facility has been overloaded, and a customer transfers the overload to its own connection facility or to the connection facility of another person, the transmitter shall not require bypass~~

~~compensation from that customer.~~

~~6.7.10 A transmitter shall promptly notify the Board upon becoming aware that a load customer that is a distributor intends to bypass a transmitter-owned connection facility with its own connection facility or the connection facility of another person.~~

~~6.7.11 Where a transmitter becomes aware that a load customer intends to bypass a transmitter-owned connection facility with its own connection facility or the connection facility of another person, the transmitter shall promptly notify all other load customers served by the connection facility that is intended to be bypassed.~~

Section 11.2 of the Transmission System Code is amended as follows:

11. EMBEDDED GENERATION AND BYPASS COMPENSATION

11.2 BYPASS COMPENSATION

11.2.4 When a load customer provides its own connection facility to serve new load or transfers new load to the connection facility of another person, the transmitter shall not require bypass compensation from that customer.

11.2.5 Subject to sections 6.7.2, 11.2.6 and 11.2.7, for all or a portion of existing load a load customer may bypass a transmitter-owned connection facility with its own connection facility or the connection facility of another person, provided that the load customer compensates the transmitter.

11.2.6 For the purposes of sections 11.2.1 and 11.2.5, but subject to section 11.2.7, the transmitter shall calculate bypass compensation by first multiplying the net book value of the bypassed connection facility, including a salvage credit and reasonable removal and environmental remediation costs, if applicable, by the bypassed capacity on the relevant connection facility. The transmitter shall then divide the resulting figure by the total normal supply capacity of the bypassed connection facility. For purposes of this calculation:

- (a) the bypassed capacity on the relevant connection facility shall be equal to the difference between the customer's existing load on that connection facility at the time of bypass and the customer's average monthly peak load in the three-month period following the date on which bypass occurred; and
- (b) the normal supply capacity of the bypassed connection facility shall be determined by the transmitter in accordance with the Board-approved procedure referred to in section 6.2.7.

11.2.7 Where an economic evaluation, including an economic evaluation referred to in section 6.3.9 or 6.3.17A, was conducted by a transmitter for a load customer in relation to a connection facility on the basis of a load forecast, a transmitter shall not require bypass compensation from a customer under section 11.2.5 in relation to any load that represents that customer's contracted capacity, during the related economic evaluation period.

11.2.8 A transmitter should avoid overloading a connection facility above its total normal supply capacity. Where a connection facility has been overloaded, and a customer transfers the overload to its own connection facility or to the connection facility of another person, the transmitter shall not require bypass compensation from that customer.

11.2.9 A transmitter shall promptly notify the Board upon becoming aware that a load customer that is a distributor intends to bypass a transmitter-owned connection facility with its own connection facility or the connection facility of another person.

11.2.10 Where a transmitter becomes aware that a load customer intends to bypass a transmitter-owned connection facility with its own connection facility or the connection facility of another person, the transmitter shall promptly notify all other load customers served by the connection facility that is intended to be bypassed.

Appendix 5 (Methodology and Assumptions for an Economic Evaluation) of the Transmission System Code is amended by adding “Advanced Funding Revenues” to the formula for the Net Present Value (NPV) calculation as follows:

Advanced Funding Revenues + Present Value (“PV”) of Operating Cash Flow + PV of Capital Cost Allowance (ACCA@) Tax Shield - PV of Capital, calculated over the economic evaluation period.

In the “Notes” section of Appendix 5, the following is added:

“Advanced Funding Revenues” are revenues collected by a distributor, through a mechanism that is approved by the Board, before the payment of a capital contribution to a transmitter is required.