PUBLIC INTEREST ADVOCACY CENTRE
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ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7
Tel: (613) 562-4002. Fax: (613) 562-0007. E-mail: piac@piac.ca. Website: http://www.piac.ca

Cynthia Khoo, External Counsel, Regulatory Affairs
1139 College Street, Toronto ON M6H 1B5 | Tel: 604.725.5484 | Email: ckhoo@piac.ca

6 November 2017

Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Toronto ON M4P 1E4

VIA EMAIL

Dear Ms. Walli,

Re: EB-2016-0003 – Proposed amendments to the Transmission System Code (TSC) and the Distribution System Code (DSC) to facilitate regional planning

Please find enclosed the submissions of the Vulnerable Energy Consumers Coalition (VECC) in the above-referenced proceeding.

Best regards,

[*original signed*]

Cynthia Khoo
Counsel to VECC

CC Bill Harper, Econalysis, bharper@econalysis.ca
Interested Parties (EB-2016-0003)

EB-2016-0003

ONTARIO ENERGY BOARD

Proposed Amendments to the Transmission System Code and the Distribution System Code to Facilitate Regional Planning

Comments
of the
Vulnerable Energy Consumers Coalition
(VECC)

6 November 2017

Cynthia Khoo, Counsel for
Vulnerable Energy Consumers Coalition

Public Interest Advocacy Centre:
1 Nicholas Street, Suite 1204
Ottawa, ON K1N 7B7
613-562-4002
piac@piac.ca

Direct:
1139 College Street
Toronto, ON M6H 1B5
604-725-5484
ckhoo@piac.ca

A. Introduction and Guiding Principles

1. On September 21, 2017, the Ontario Energy Board issued a Notice outlining proposed amendments to the Transmission and Distribution System Codes in order to facilitate regional planning and invited comments from interested parties. The Vulnerable Energy Consumers Coalition (VECC) has reviewed the proposal and offers the following comments for the Board's consideration. The comments are organized using the same "headings" as were used to explain the amendments.

2. The Proposal indicates that the guiding principles that should be used to determine the appropriate approach for allocating costs associated with distribution and transmission connection investments are: i) Optimal Infrastructure Solution, ii) Beneficiary Pays and iii) Open, Transparent and Inclusive Process.

3. In terms of the Optimal Infrastructure Solution, the Proposal states that this will be identified in a Regional Infrastructure Plan (RIP), typically be supported by an Integrated Regional Resource Plan (IRRP) and designed to meet regional needs at the lowest cost. In the ideal such Plans would be based on a consensus from all those who will be affected by and/or expected to contribute to the cost of plan as to what the needs are and what the most cost-effective solution is. As part of any request for cost recovery, the Board should require that the Application specifically indicate whether such is the case—i.e., i) the Application is based on an RIP; ii) the RIP reflects a full consensus of all those involved; and iii) all those from whom costs are being sought were part of that consensus.

4. The Proposal assumes that all distribution and transmission connection investments will be will be identified and justified via Regional Infrastructure Plans. It is not clear to VECC that this will be the case. There may well be instances where needs arise and must be addressed outside of the normal planning process and provision should be made for such eventualities. In such cases, the Board should require that adequate consultation with those affected take place and require demonstration of any such Application.

5. With respect to the principle of Beneficiary Pays, VECC finds the term "beneficiary" to be elusive and open to interpretation. All customers making use of an asset effectively "benefit" from its existence and therefore could be considered beneficiaries. However, it appears from reading the actual proposed amendments that what the Board really intends as a principle is that all those who "contributed to the need" should pay (e.g., in the case of capacity additions, all those who will need more capacity should pay). Within the limits of practicality, VECC has no difficulty with this particular interpretation.

6. With respect to Open, Transparent and Inclusive, in VECC's view the most important element is inclusivity. While an open and transparent process is fundamental, if parties affected are not included in the process such that their views matter and can affect the process, then openness and transparency may in effect be meaningless.

B. Proposed Amendments

(1) TSC Amendments: Approaches to "Apportion" Transmission Connection Investment Costs to the Network Pool

7. The Proposal states that a "specific customer should not be required to pay all of the costs associated with a connection investment where the investment also addresses a broader network system need (e.g., reliability)". The Proposal views this as being consistent with the beneficiary pays principle, since both the customer(s) that caused the need for the investment and the broader system benefit. VECC generally agrees with this statement, with one important provision. There is a difference between providing a benefit and providing a benefit that is needed. Arguments that a particular connection investment will improve overall system network reliability should only lead to a sharing of the cost with Network users if the improved reliability is something that can be demonstrated the Network users "need". In this regard, VECC notes that the proposed new section 6.3.18A appropriately makes reference to "broader system *need*" (emphasis added).

8. VECC's only additional observation is that, given the uncertainty associated with forecasting customer demand (particularly over the long term), a limit needs to be placed on how far out into the future the IESO is expected to look when determining if there are broader system benefits. VECC would suggest that a five-year time horizon is reasonable and that, at a maximum, it should extend no more than ten years.

9. In terms of the approach to sharing, VECC supports the proportional benefits approach proposed by the Board. However, VECC notes that, while the Notice provides an example of how the approach would work, the actual proposed Code amendments (see Section 6.3.18A) provide no specific direction on what is meant by "proportional benefit" or how it should be calculated. Even the example provided does not address details such as how to account for difference in timing needs. For instance, how does the calculation work if the $30 million system need investment is not required until 5 years hence but the $90 million customer need is required today? These are details that will need to be clarified and around which the Board will eventually have to provide some policy direction.

10. VECC fully agrees that an OEB adjudicative process will be needed to review requests for such apportionments, on a case-by-case basis, to ensure there is not an over-allocation to the network pool (i.e., all consumers). Furthermore, in VECC's view, this is one of the instances where the process must be inclusive as well as open and transparent. It must allow for a full testing of the cost sharing proposal including the testing of any independent assessments provided by the IESO.

(2) TSC and DSC Amendments: Approaches to Apportion Upstream Transmission Connection Investment Costs

<u>(2.1) Embedded Distributors</u>

11. The Proposal flags an inconsistency between the TSC and the DSC as to whether capital contributions can be required from distributors. In the TSC, a distributor is treated like all directly connected transmission customers and must provide a capital contribution (based on an economic evaluation) to the transmitter in relation to a connection investment where it is the beneficiary. However, the DSC does not allow a host distributor that has provided a capital contribution to the transmitter to, in turn, require a capital contribution from an embedded distributor where the latter is also a beneficiary of the same upstream transmission connection investment.

12. The Board expresses the view that all distributors should be treated equally and proposes amendments to the DSC (see section 3.2.4) that require a capital contribution from an embedded distributor when it is also a beneficiary. In VECC's view, the real issue is whether embedded distributors are being treated the same as other customers of the host distributor. VECC notes that the Proposal does achieve this objective in that, when a distributor is required to make a capital contribution to a transmitter, all load customers of the distributor (including embedded distributors) will be required to make a capital contribution (to the distributor), if their non-coincident peak demand is equal to or greater than 3 MW and they have been identified as beneficiaries that contributed to the need for the transmission modification based on their respective incremental capacity requirements (DSC – Sections 3.2.4 and 3.2.4A).

13. There is the potential that all distributors may not be treated equally in that the TSC contains no similar 3 MW limit. However, all distributors in the province currently have peak demands in excess of 3 MW. As such, unequal treatment could only occur if a distributor was partially embedded in another distributor such that the transmission connected load was less than 3 MW.

(2.2) Treatment of Large Load Customers

14. In the ideal, application of the beneficiary pays principle would mean that only those customers of the distributor that are contributing (through the need for additional capacity) would be required to contribute towards the distributor's capital contribution to the transmitter. However, such an approach would be impractical to implement given the large number of customers involved and aggregate level of detail at which distributor's load forecast is prepared (i.e., load forecasts are not prepared for each individual customer).

15. As noted in the previous section, the Proposal calls for all customers of a distributor with loads over 3 MW to make capital contributions if the distributor is making a capital contribution to a transmitter and the customers are identified as being beneficiary of the upstream transmission investment. The decision to establish a size-based cut-off below which contributions will not be required and the choice of 3 MW are reasonable compromises.

16. However, the proposal does introduce other potential inequities, namely that i) customers over 3 MW will effectively be paying twice (once via a capital contribution and then again through rates) and ii) for smaller volume customers, all customers, and not just the

beneficiaries contributing to the need, will be paying a portion of the capital contribution through rates. The first issue can be partially mitigated by ensuring that the amounts paid by those customers over 3 MW are, for cost allocation and rate setting purposes, assigned to just the associated customer classes.

17. Also, further clarity is required around exactly the new DSC provision (3.4.2A) will be applied. Potential issues requiring clarification include:

    - Is the 3 MW based on the customer's current load or its expected load (i.e., including the increase that triggered the customer being identified as a beneficiary)?

    - How was the distributor's load forecast, on which the contribution to the transmitter was based, developed? In particular, were forecasts for each customer over 3 MW developed as part of the process and, equally important, do the customers affected agree with the forecasts?

(3) Approaches to "Apportion" Costs for End-of-Life Connection Replacement and Multi-Distributor Regional Solutions

(3.1) Replacement of End-of-Life Transmission Connection Assets: Not Like-for-Like

18. This part of the proposal discusses two Not Like-for-Like circumstances. The first is where the customer is served by a facility reaching end of life (EOL) and the customer does not want a like-for-like replacement but, instead, requires an upgrade (e.g., additional capacity). In such circumstances, the Proposal requires the customer to pay just the incremental cost (i.e., amount that exceeds the cost of a like-for-like replacement) to the transmitter as opposed to 100% as is now the case. VECC agrees with the Proposal. However, it also notes that the Board should acknowledge that it will have a role in adjudicating the "incremental cost" attributed to the replacement if parties cannot agree. The distributor should not be allowed to arbitrarily establish what the like-for-like replacement cost would theoretically be.

19. Furthermore, additional clarity could be provided regarding what is considered "like-for-like". Clearly, increasing capacity is not "like-for-like". However, the situation is less clear when the new facility is of the same capacity but has lower losses and/or higher reliability. In some cases, such "improvements" may well be standard, arising as a result of changes in technology, design and material over time, while in others they may not. The question is: in such circumstances, what is the transmitter expected to provide in terms of a like-for-like replacement versus what is effectively an "upgrade"? The Code and the proposed amendments currently provide no direction in this regard.

20. The Proposal also suggests that if a customer requests the replacement of a connection asset that has not reached its EOL, then the customer should pay based on the remaining net book value of the asset. In justifying this approach, the Proposal draws a parallel with the current approach in the TSC to Bypass Compensation.

21. It is not clear if the Proposal reflects the impact on the transmitter (and its other rate payers) of the customer's request for early replacement. If the connection facility was operated to end-of-life and then replaced, all rate payers would pay the remaining net book values, plus cost of capital, over the remaining in-service years. If the asset is placed before end of life then presumably the remaining net book value would be written off in some fashion and, without any special treatment, would be paid for by all customers.[1] The real impact on the transmitter's other ratepayers is therefore the fact that the new connection facility will be built sooner than otherwise and will impact the transmitter's rates sooner. The "cost" of this effectively is the cost of advancing the in-service date of the new facilities based on the transmitter's cost of financing.

22. Further, VECC does not see the request for early replacement as being analogous to the ByPass Compensation situation. In the ByPass Compensation situation, there is a loss of load and lower or no possibility of like-for-like replacement at end of life.

23. Finally, the specific TSC amendments set out in Attachment A do not appear to address the early replacement scenario described in the Proposal.

24. This section of the Proposal also describes the situation where a customer's load has declined materially over time and the "expectation" that transmitters would apply the appropriate judgment and replace the EOL asset with a new connection asset that meets the lower forecast need of the customer at its EOL (i.e., 'right-size'). However, the Proposal does not include a code requirement to "right-size" to a lower capacity but rather just makes it clear that this is a potential outcome (see section 6.7.2). In VECC's view, this is insufficient. The code should include a specific expectation regarding right-sizing. It is noted that under section 6.7.2, the transmitter is required to consult with customers regarding the appropriate capacity of the replacement facility, but there is no requirement that the customers must agree with the transmitter's ultimate choice in terms of size. Given this context, VECC considers it important the transmitter's decision be driven by an expectation of "right sizing".

<u>(3.2) Replacement of End-of-Life Distribution Connection Assets</u>

25. The Proposal aims to add a new section to the DSC that aligns with the proposed amendments to section 6.7.2 of the TSC and addresses cost responsibility in relation to the replacement of distributor-owned connection assets. VECC does not have any objections to the intent of the Proposal. However, it does have comment regarding the actual proposed amendment to the DSC.

26. While the intent as described in the Proposal is to address cost responsibility for distribution connection assets, the proposed wording for the new section 3.1.17 in the DSC amendment

[1] Exactly how the ratepayers of the transmitter would be affected would depend on the transmitter's accounting practices, which could vary depending upon whether USGAAP was being used or some form of modified-IFRS.

does not make this distinction. It simply refers to "distributor-owned assets", which could include any and all assets of the distributor.

27. Moreover, the DSC section references used in the Proposal (e.g. section 3.17) do not match the section numbering in the draft amendment (e.g. section 3.1.17). It also appears that neither numbering is correct in any event. For example, the reference should not be 3.17 or 3.1.17 but 3.1.7.

(3.3) Regional Solution – LDC Feeder Transfer

28. This section of the Proposal deals with the situation whereby a distributor requiring more transmission connection capacity would make an investment to connect to a distribution line of another distributor (which has excess capacity or no future expected growth) to avoid a more costly upstream transmission connection investment. Again, VECC agrees that, in principle, such choices should be facilitated with a view to holding the second distributor (referred to as the "facilitating distributor") harmless.

29. What seems absent from the Proposal is a recognition of the fact that by connecting to the facilitating distributor's distribution system, the "connecting distributor" will actually become an embedded distributor and will be charged distribution rates based on the facilitating distributor's tariff schedule. These rates will include charges for transmission (both network and connection) as well as any applicable regulatory charges that are applicable to the load being served by the facilitating distributor. As a result, the issues contemplated in the amended section 3.1.18 (b)[2] will generally been dealt with.

30. In addition, as an embedded distributor, the applicable distribution rates charged by the host distributor will capture the past costs of any capital contribution that has been made to the transmitter by the host distributor that have not been fully amortized and recovered. Indeed, if there is excess capacity at the connection facility serving the host distributor, and the host is not growing, in all likelihood the addition of the embedded distributor's load will not lead to additional costs for the host but, if anything, help that distributor meet its revenue obligations to the transmitter inherent in its initial capital contribution calculation.

31. Similarly, while there may be additional costs to the host distributor due to connecting the other distributor, these may already be addressed through the sections of the existing DSC dealing with connection and system expansion as applicable to new customers.

32. In VECC's view, the proposed wording for section 3.1.18 of the DSC needs to be reviewed and revised, in consideration of the above points.

[2] It is noted that there are also issues in this part of the Proposal and related amendments with the numbering references In that the amended DSC numbering is incorrect. For consistency, the DSC section references used are those currently in the draft amendment as per Attachment B.

(4) Facilitating Regional Plan Implementation and Mitigating Electricity Bill Impacts

33. The Proposal outlines three alternative approaches for distributors to fund capital contributions related to connection assets provided by a transmitter. The Proposal also makes a distinction between affordability from a distributor's perspective (i.e., can the payment to the transmitter be financed) and the perspective of the distributor's customers, and suggests that the latter is the issue of concern. VECC agrees and the below discussion of the three alternatives focuses on customer bill impacts.

(4.1) Annual Installment Option

34. The first alternative would see the distributor making the capital contribution to the transmitter over a period of up to five years. This effectively means that the contribution would gradually be included the distributor's rate base over a five-year period, and the impact on the rates charged to the distributor's customers would be phased in accordingly. VECC is generally supportive of such an approach.

35. The Proposal suggests that the five-year maximum period strikes a balance between minimizing bill impacts and also minimizing carrying costs. Since the cost of borrowing for most customers of a distributor will be higher than the cost to the distributor, VECC is less concerned about the impact on carrying costs that the distributor may incur (and eventually pass on to the customers) than it is about the impact on the borrowing/carrying costs that the distributor's customers may need to incur if bill impacts are too high. VECC suggests that exceptions to the five years should be permitted on a case-by-case basis.

(4.2) Upstream Capacity Payment Approach

36. Under the Upstream Capacity Payment approach, distributors would apply a per kW payment reflecting the forecast costs to be paid by customers (e.g., developers) before an upstream transmission investment is made and before a capital contribution is provided to the transmitter. The forecast cost of the upstream transmission investment would be based on the most recent regional infrastructure plan.

37. There are numerous issues that still need to be clarified regarding this approach:

- It is not clear from the description exactly who would be required to make this payment. For instance, would it be all new customers over 3 MW and hence similar to the proposed treatment for large customers; would it be all customers subject to system expansion charges (which may include some customers under 3 MW) and not all customers over 3 MW; or would it apply to all new customers regardless of size or circumstance?

- While the $/kW charge would be based on the cost of the upstream transmission investment as reflected in the most recent regional plan, it is not clear what the forecast kW used for the denominator of the calculation would be based on. The calculation would be

further confounded by the fact that customers' peak demands are not necessarily coincident with the peak demand of their distributor.

- If this charge is to be applied before the capital contribution is required, there will still be uncertainty as to whether the transmission connection project will actually proceed. What happens if the project is cancelled? More problematic is what happens if the project is subsequently "delayed" because its need is uncertain. Will new customers still be expected to pay the charge and what is a reasonable delay period?

38. Having said all of that, VECC's predominant concern is that if the project has been identified in a regional infrastructure plan and does proceed to go into service on schedule, then the period prior to when a capital contribution would normally be required may not be that long. If one were to assume (per footnote 16 in the Proposal) two to three years of pre-collection for a project with a service life of fifty years, then the amount pre-collected would be less than 5% of the total cost of the project when one recognizes that the incremental load to be served (and benefitting) will grow over time, and the charges may not be applied to all incremental load occurring over the 2-3 years. As a result, this option is not likely to have a significant effect on reducing bill impacts that will occur after the capital contribution is actually paid and the connection asset goes into service.

39. VECC also notes that collecting funds from these customers prior to the actual capital contribution being made and the connection asset going into service, and then also charging these customers the same rates as other distribution customers in order to recover the outstanding balance of the capital contribution, effectively results in a form "double charging". In addition, VECC notes the concerns raised in the discussion of the Proposal (see page 22) about the inconsistency between this alternative and the beneficiary pays principle. Overall, VECC questions whether the minimal benefits to be gained will be worth the inequities created that will be created.

<u>(4.3) Upstream Connection Adder</u>

40. This approach is similar to the Upstream Capacity Payment approach except it takes the form of an adder and is applied to all customers. Many of the same issues exist as with the previous alternative. The adder would need to be materially less than the annual amount that will be recovered from ratepayers once the contribution has actually been paid and the connection asset is in-service. Otherwise, all that the approach does is advance the point in time when customers actually experience the bill impact. This means the amount collected over the 2-3 years before the contribution is actually paid and the asset placed in service will be materially less than 5% of the total amount of the capital contribution and have a minimal effect on reducing the ultimate bill impact. At the same time, this approach is also inconsistent with the beneficiary pays principle and the more fundamental regulatory principle that customers should only pay for assets that are in-service and being used to serve them. VECC questions whether this approach will provide any true bill impact relief while again creating fundamental

inequities. In VECC's view, the first alternative is the only one that really provides any relief from the one-time bill impact that will otherwise occur when the capital contribution is included in the distributor's rate base.

41. Further, VECC submits it is inappropriate to suggest "there may be reliability-related benefits" to existing customers as part of the rationale for the Upstream Connection Adder, unless there was a demonstrated need for the new connection facility based on reliability concerns in the absence of load growth.

42. In addition, contrary to the view expressed in the Proposal, VECC does not consider that by reducing financing costs, the advanced funding options result in the lowest overall cost to consumers. While it may lead to lower cost in terms of nominal dollars, what the statement overlooks is the time value of money. The financing costs that the distributor is avoiding are really just being shifted to consumers by making them "pay" sooner than they would otherwise. Furthermore, to the extent the distributor can finance at a lower rate than consumers, the total overall cost to consumers will actually increase. VECC rejects any suggestion that the pre-funding options will lead to lower costs for consumers overall.

43. Given the preceding, VECC also takes issue with the suggestion that the choice between the alternative funding options should be left totally to the discretion of the distributors. In VECC's view, the Annual Installment option should be the first approach that distributors use in mitigating bill impacts. If, contrary to VECC's recommendations, the Board chooses to allow distributors to pursue the two Upstream-based alternatives. then this should only be done in conjunction with the Annual Installment option and only if there is a demonstrated overall benefit to consumers in doing so.

(5) Addressing Inconsistencies and Gaps

(5.1) Utility Discretion – Cost Responsibility Code Provision

44. The Proposal is to alter those parts of the DSC that currently give distributors discretion as to whether or not to require a capital contribution with respect to connection asset investments. The objective is to align the DSC with the TSC, which specifically requires load customers to make capital contributions with respect to connection assets.

45. While the Proposal speaks about requiring capital contributions for connection assets, the actual revisions to the DSC are in regards to section 3.2 (specifically, sections 3.2.5, 3.2.20, 3.2.21, 3.3.23, and 3.2.24), which deals with expansions. Section 3.1 of the DSC addresses connections and here the DSC (specifically section 3.1.6) already requires customers to pay all connection costs in excess of the basic connection. VECC agrees with changing the "may" to "shall" in the case of expansions, as well.

46. However, with respect to section 3.2.20, it is not clear how "shall require the customer to provide an expansion deposit for up to 100% of the present value of the forecast revenues" is be interpreted. It appears that there is still significant flexibility in that a deposit of even $1 would meet this requirement.

47. A further point with respect to section 3.2.20 is that the amendment also applies the "shall" provision to the case where no expansion deposit is required. However, on page 29 the Proposal, the stated intent was to retain the "may" provision in such circumstances.

48. If "shall" is used in the case where no expansion deposit is required, the following anomaly could potentially arise: section 3.2.0 will permit/require an expansion deposit even from those customers who are not required to make a capital contribution. Section 3.2.23 refunds this deposit based on the percentage of actual vs. forecast connections/load. This means that if, at the end of the 5 or 15-year period, the connections/load fall short of the overall forecast, then the customer will not be refunded all of the deposit. However, it could well be that even at this lower level of connections/load, no capital contribution would have been required. The DSC needs to account for the possibility of such outcomes.

49. The Proposal also amends sections 3.2.23 and 3.2.24 dealing with refunds to distinguish between customers with below or above 3 MW. As noted earlier, it is important the Board define the point in time[3] at which the size of the customer (i.e., greater or less than 3 MW) will be made in order to ensure consistency of application across distributors.

(5.2) Capital Contribution True-Ups and Load Forecasts

50. Please see VECC's comments above in section 5.1.

(5.2) Mix of Load and Generator Customers on a Connection Asset

51. The first part of this section of the Proposal outlines the need to align the TSC with the DSC when it comes to the treatment of load/generator customers subsequently connecting to the transmission system by revising TSC section 6.16 to be consistent with DSC section 3.2.27.

52. First, VECC would note that there is no section 6.16 in the current TSC and it is assumed the reference is to section 6.3.16. Also, the amended section 6.3.16 does not speak at all to the matter of "refunds" and how they will be determined as section 3.2.27 of the DSC does. Finally, section 6.3.16 as amended makes reference to the "rated peak output" of each generation facility. It is not immediately clear that this is the same as the "name-plate rating" which the Proposal indicates will be the approach. Overall, VECC believes that there is a significant mismatch between the stated intent and what is set out in the amended version of the TSC.

[3] For example, is it the customer's current load at the time the contribution is being made or projected future load?

53. The second part of this section of the Proposal discusses the need to create a new section 3.1.9 in the DSC to deal with the scenario where load and generator customers connect at the same time and makes reference to section 3.2.27. VECC notes that section 3.1 of the DSC deals with connections and connection assets, while section 3.2 of the DSC deals with system expansions and their related assets. As a result, what is not clear to VECC is whether the amendments being discussed here are about the situation where a combination of generation and load customers seek to use the same "connection" assets or the same "system expansion" assets. This lack of clarity is compounded by the fact that the amendment to section 3.1.19[4], refers only to "a new or modified distributor-owned asset" which could include both (or even more assets).

54. VECC's earlier comments regarding the use of the terminology "rated peak output of each generator" also apply here.

(5.3) Bypass Compensation

55. This section of the Proposal discusses the situation where distributors construct a connection facility for a load customer and the customer subsequently disconnects such that there is no rate revenue in relation to the asset. The Proposal requires that, under certain circumstances, the distribution customer pay bypass compensation. Again, VECC has no issues with the principle underlying the Proposal. However, it has some issues with the proposed amendments.

56. VECC notes that none of the new sections (3.5.1, 3.5.2, or 3.5.3) specify precisely what types of assets are to be included in the bypass compensation calculations (i.e., is it just distribution connection assets). VECC assumes it is just for distribution connection assets and submits that the amendments should clarify this.

57. VECC also notes that a distributor's (net) investment in connection assets is limited to the basic connection (per DSC section 3.1.6). Any net book calculation done in accordance with the new section 3.5.3 will need to take into account the capital contributions initially made by the customer. Furthermore, in most cases related to the distribution system, the "connection" will have been built solely to serve one customer. In such situations, it is not clear to VECC why the formula set out in the new section 3.5.3 is appropriate.

(5.5) Relocation of Connection Assets

58. VECC has not comments on the amendments dealing with the relocation of assets other than to flag that there is an inconsistency in the proposed numbering of the sections (e.g. section 3.1.10 versus 3.1.20).

[4] Again, there is a numbering discrepancy between the Proposal and the actual amendments.

(5.6) Definition of “Customer”

59. VECC agrees with and has no comments on the amendments dealing with the definition of “customer”.

(5.7) Community Desire for more than “Optimal” Solution

60. VECC agrees with the principle that only those costs required to fund the optimal wires solution should be recoverable in rates.

ALL OF WHICH IS RESPECTFULLY SUBMITTED