

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

August 23, 2018

EB-2016-0003

SUMMARY OF REVISIONS – PROPOSED / NOT PROPOSED

Below is a high level summary of section B of this Notice that addresses the issues in the same order as they are set out in section B but organizes them differently – consolidated into two tables as follows:

- Proposed revisions to the September Proposed Amendments
- Changes that were considered but not accepted and are therefore not included in the Revised Proposed Amendments

These tables are provided for stakeholder convenience. *Section B of this Notice should be relied on for providing comments, as it includes the full rationale for adopting (or not adopting) a suggested change and background for context.*

Proposed Revisions to September Proposed Amendments

Issue / Code / Section	Proposed Revisions to September Proposed Amendments
'Apportioning' Transmission Connection Investment Costs to Network Pool – section 6.3.18A (TSC)	• Broaden to include generator customers – not only load (better align with beneficiary pay principle) • Benefits considered for cost apportionment purposes to Network pool: ○ Broaden scope beyond reliability (e.g., reduced system losses) ○ Place limitations on scope using criteria similar to those for Z-factor applications, such as: <i>identifiable, quantifiable, material</i> ○ Not codifying benefits • Consider proposals in utility applications (with supporting evidence from IESO) in adjudicative process to maintain flexibility • Focus section on introduction of proportional benefit concept ○ Reference TSC sections that address all cost responsibility scenarios (e.g., load, generator, mix, etc.)

Issue / Code / Section	Proposed Revisions to September Proposed Amendments
Upstream Transmission Connection Investments: <i>Treatment of Embedded Distributors and Large Load Customers</i> – sections 3.2.4A (DSC), 6.3.20 (TSC)	• Increase materiality threshold from 3 MW to 5 MW for large C&I customers – based on <i>non-coincident peak demand</i> • Refer to “new”, as well as “modified”, transmission assets • Only use economic evaluation methodology in TSC (Appendix 5) for determining all capital contributions – host & embedded distributors and distribution-connected large customers ○ Transmitter required to undertake the DCF calculation following a host distributor request; i.e., all capital contributions calculated at the same time, based on the same methodology, by the same entity ○ Methodologies differ in TSC and DSC
End-of-Life (EOL): Replacement of Transmission and Distribution Connection Assets – sections 6.7.2 (TSC), 3.1.17 (DSC)	<u>General</u> • Change to <i>modernize</i> both Codes – from implying wires replacement is the only option when an asset reaches EOL to <i>provisions only apply where wires replacement</i> at EOL is determined to be the <i>optimal solution</i> <u>Before EOL – Customer Request</u> • Add third subsection (both Codes) to address cost responsibility where a customer requests replacement <u>before</u> EOL (not limit to a Notice expectation) • Customer required to also pay <i>advancement costs</i> – not limited to remaining <i>net book value (NBV)</i> <u>Obligation to Consult</u> • Limit obligation for distributors to consult on distribution assets at EOL to: <i>distribution stations connected to the transmission system and, for distribution lines, only where large C&I customers are connected (5 MW and above)</i> ○ Not all customers and all distributor-owned assets
Regional Distribution Solution: ‘LDC Feeder Transfer’ – section 3.1.18 (DSC)	• Revise to take into account cases where an investment in <i>existing</i> assets is required (as well as <i>new</i> and <i>modified</i> assets) • Clarify that the agreement between the distributors would also require OEB approval (as part of the application)

Issue / Code / Section	Proposed Revisions to September Proposed Amendments
Annual Installment Option – section 6.3.19 (TSC) Advanced Funding Options	- Require the transmitter to allow the capital contribution to be recovered from a distributor over a <i>longer period of time than five years</i>, on a <i>case-by-case basis</i>, where the OEB has approved a distributor application to do so - Defer further consideration of both advanced funding options – <i>Upstream Connection Adder & Upstream Capacity Payment</i> – until changes to the Filing Guidelines are considered, where design and implementation issues would be addressed - Amendments to Code appendices are not necessary
Capital Contribution Refund / Rebate to Initial Customer – sections 3.2.27 & 3.2.23 (DSC)	- Revise to maintain the status quo – five (5) years for all customers – which does not involve a materiality threshold - Not increase the timeframe from five (5) to 15 years for large C&I customers due to potential unfair treatment concerns; i.e., no rebate for customer below threshold
Capital Contribution True-Ups and Load Forecasts – sections 3.2.20 and 3.2.24 (DSC)	- Revise to maintain a five (5) year return period for all customers in relation to <i>expansion deposit</i> refunds - Not increase it to 15 years for large C&I customers
Bypass Compensation – sections 3.5.1 (DSC), 11.2.1 (TSC)	- Revise to clarify the initial intent -- bypass compensation would also apply to <i>partial</i> bypass - The requested clarification regarding how the proposed bypass compensation charge (in this consultation) would work with the proposed <i>capacity reserve charge</i> (in the C&I customer consultation – EB-2015-0043) is not possible now - Will be provided once the OEB has reached a conclusion on the <i>CRC</i> (as part of C&I policy consultation), when there is more certainty on both charges (i.e., not both proposals) - Clarification on “load management” – In conjunction with “conservation”, it would capture all distributor CDM programs administered by the IESO and all activities identified in the OEB’s CDM Guidelines (including those that would defer infrastructure investments)

Issue / Code / Section	Proposed Revisions to September Proposed Amendments
Relocation of Connection Assets – sections 3.1.20 and 3.1.21 (DSC)	- Where the customer requests relocation, revise to clarify that the amount to be recovered from the customer should be the <i>maximum permitted under law</i>, where full cost recovery is not permitted - Remove the existing provision – section 3.4 – which did <i>not</i> fully address cost responsibility and referenced <i>distribution “plant”</i> which is <i>not defined</i> (nor used elsewhere in the DSC)
Definition of “Customer” (DSC)	- Revise proposed definition of customer by removing “embedded distributor” - Instead, <i>deem</i> them to be customers for the purpose of <i>only section 3</i> of the DSC (except section 3.3) - Deeming will be referenced as part of the definition and, for clarity, at the beginning of section 3
Distributor-Owned Assets – sections 3.1.17A, 3.1.19, 3.1.20, 3.1.21, 3.5.2(c), 3.5.3 (DSC)	- New definition of “distributor-owned asset” which would <i>exclude</i> all assets that are installed as part of a <i>basic connection</i> to use an existing form of materiality threshold and reduce the scope of assets - See section B of this Notice for a brief description of each applicable DSC provision - As discussed above, a revision to section 3.1.17 (DSC) is also proposed to further limit the applicable EOL assets (that need to be consulted on) to distribution stations that are connected to the transmission system and distribution lines that connect large customers (at or above 5 MW)
Definition of “Embedded Distributor” (and section 9.7.1 of DSC)	- Change the definition of “embedded distributor” by removing the reference to “<i>not being a wholesale market participant</i>” - Many are now market participants - Also amend section 9.7.1 to add their wholesale market participant status as it is required
Clarification on Capital Contribution Refunds – section 6.3.17A (TSC)	Revise to clarify the load forecasts of the initial customer and subsequent customer should <i>not</i> to be <i>aggregated</i> when the capital contribution calculations (including the refund) for each customer is carried out as part of an Economic Evaluation; i.e., calculations should be performed <i>separately</i>

Changes Considered but Not Included in Revised Proposed Amendments

Issue / Code / Section	Changes Considered – Not Proposed
'Apportioning' Transmission Connection Investment Costs to Network Pool; i.e., Proportional Benefit – section 6.3.18A (TSC)	• Maintain case-by-case <i>application</i> approach ○ Not change to a <i>simplified</i> process • Maintain <i>Network</i> pool to attribute costs related to broader system benefits ○ Not change to <i>Connection</i> pool to address administrative burden concerns (less aligned with beneficiary pays and almost 10% cost shift)
Upstream Transmission Connection Investments: Treatment of Large Load Customers – section.3.2.4A (DSC)	• Maintain capital contribution requirement from large C&I customers ○ Not exempt those customers for economic development purposes
End-of-Life: Replacement of Transmission and Distribution Connection Assets – sections 6.7.2 (TSC) & 3.1.17(DSC)	<u>'Right-sizing' to Lower Capacity at EOL</u> • Not agree the Codes should obligate 'right-sizing' (i.e., specify same basis where all utilities must downsize) ○ Continue to rely on expectation in Notice and new affected customer consultation requirement. ○ As acknowledged at the Stakeholder Conference, there are issues if utility judgment is not permitted • OEB will consider if (and to what extent) further action is necessary once current initiatives are completed including: ➤ OEB-established <i>Regional Planning Process Advisory Group (RPPAG)</i> is in the process of developing an EOL guidance document (appendix to the RPPAG Report) ➤ The <i>IESO</i> received a Directive from the Minister of Energy to develop a coordinated, cost-effective, long-term approach to addressing the need to replace transmission assets at EOL <u>Other End-of-Life Issues</u> • No guidance to be provided at this time to distributors on how to determine when an asset is at its EOL ○ Distributors are better positioned based on their experience with their own assets and how they use them ○ Premature to provide guidance at this time – in advance of RPPAG finalizing its EOL guidance document and IESO completing its EOL review

Issue / Code / Section	Changes Considered – <i>Not</i> Proposed
Regional Distribution Solution: LDC Feeder Transfer – section 3.1.18 (DSC)	- No change in the wording needed to accommodate an arrangement between <i>more than two distributors</i> - The “facilitating distributor” would have a separate agreement with each “connecting distributor”
Annual Installment Option – section 6.3.19 (TSC)	<i>Not</i> changing interest paid to transmitter by distributor to the OEB approved <i>cost of capital</i> on the unpaid balance to offset the incremental <i>financing costs</i> - Maintain OEB’s <i>construction work in progress (CWIP) rate</i> – will hold transmitter harmless
Utility Discretion – Cost Responsibility Code Provisions (DSC)	- No revision to retain existing distributor discretion to address economic development concerns - Also not proposing the use of “more liberal” terminology - Maintain proposal to change “may” to “shall” in the cost responsibility provisions
Capital Contribution Refund / Rebate to Initial Customer – sections 3.2.27 and 3.2.23 (DSC)	- Continue to make the DSC more <i>user-friendly</i> and clear for stakeholders by including the reference to five years directly in section 3.2.27 rather than referring to a separate document – Appendix B - Similar consequential revisions to section 3.2.23 - Continue to change the references from the same generic term – “parties” – to identify the specific types of customers that are applicable – “generator” and “load”
Capital Contribution True-Ups and Load Forecasts – sections 3.2.20 & 3.2.24 (DSC)	- Continue to remove distributor discretion to require an expansion deposit by replacing “may” with “<i>shall</i>” (only where a <i>capital contribution</i> is <i>required</i>) - Retain “<i>may</i>” where capital contribution <i>not</i> required
Mix of load and generator customers on a connection asset – section 3.1.9 (DSC), section 6.3.16 (TSC)	- Not accept that the reference to “proportional benefit” in section 6.3.16 should be removed and restricted in its use to one section (6.3.18A) of the TSC (i.e., apportionment between customer and Network pool) - A revision is therefore not proposed
Treatment of ‘Overload’ (TSC, DSC)	<i>Not</i> proposing a revision to implement an <i>incremental revenue scheme</i> associated with overload to help pay for new facilities - Utilities should focus on managing load on the assets in an appropriate manner (rather than such a scheme when load is not managed appropriately)