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September 20, 2018

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli

**Re: Revised Proposed Amendments to the Transmission System Code (“TSC”) and the Distribution System Code (“DSC”) to Facilitate Regional Planning
Board File #: EB-2016-0003**

Pursuant to the Notice of Revised Proposal to Amend a Code dated August 23, 2018, and the Ontario Energy Board’s (the “Board”) Letter of Extension dated September 6, 2018, Canadian Manufacturers & Exporters (“CME”) submits the following comments.

CME has reviewed the Revised Proposed Amendments to the Transmission System Code and the Distribution System Code to Facilitate Regional Planning (the “Revised Proposed Amendments”). In the Revised Proposed Amendments the Board responded to stakeholder comments that arose from the Board’s Proposed Amendments to the Transmission System Code and the Distribution System Code to Facilitate Regional Planning (the “Original Proposed Amendments”), and revised its proposal in a number of respects.

CME has again restricted its comments to the subset of the total issues that it believes are most important to its members, including:

- 1) Advanced Funding Options;
- 2) End of Life Asset Replacement; and
- 3) Bypass Compensation.

Similar to the original round of comments on the Board’s proposed amendments, CME takes no position regarding the proposed cost allocation changes between the ‘trigger’ pays model and the ‘beneficiary’ pays model, due to the diversity of membership within CME.

CME continues to believe that enhanced efforts to communicate with ratepayers during projects that impose costs based on a ‘beneficiary’ pays model would be beneficial, despite the existing robust consultation process. Communication with ratepayers on this issue would give them a meaningful opportunity to engage with the ratemaking process when a utility proposes to increase rates on the basis that the customer was a ‘beneficiary’.

Advanced Funding Options

In the Original Proposed Amendments, the Board proposed to amend the applicable appendices of the TSC and DSC to accommodate a suite of advanced funding options. Intervenors, including CME, expressed concerns regarding the details of how the advanced funding options would work, including:

- 1) The interest rates attracted by the advanced funding amounts;
- 2) The mechanism to return advanced funding to ratepayers if the project did not proceed or was delayed; and
- 3) The issue of who to repay the advanced funds to, as customers may have changed distributors by the time advanced funding was refunded.

In the Revised Proposed Amendments, the Board clarified that the amendments to the code with respect to advanced funding options were only meant to accommodate the two funding options, not to address the design or implementation of the options.¹ The Board stated that a further process related to the development of Filing Guidelines would also be needed to deal with the design and implementation of the advanced funding options.²

The Board proposed to defer further consultation on the advanced funding options until the details related to the advanced funding options were considered through the development of Filing Guidelines consultation process.³

CME supports the approach proposed by the Board in the Revised Proposed Amendments. A further consultation regarding the design and operational details of the advanced funding options would help assuage the concerns that many intervenors had with the initial proposal, and would ensure that the design and implementation of the advanced funding options would be fair and equitable to all stakeholders.

CME looks forward to seeing the more refined advanced funding proposal, and would welcome the continued ability to comment during the Filing Guidelines consultation, should the Board believe that that would be of assistance.

¹ Revised Proposed Amendments, p. 17.

² Revised Proposed Amendments, p. 17.

³ Revised Proposed Amendments, p. 17.

Approaches to ‘Apportion’ Costs for End-of-Life Connection Replacements and Multi-Distributor Regional Solutions

As part of the initial comments offered to the Board in response to the Original Proposed Amendments, CME urged the Board to consider requiring utilities to right-size to lower capacity connection assets, in an effort to align customer priorities, energy conservation and ratemaking principles.

In its Revised Proposed Amendments, the Board stated that there are issues associated with removing utility discretion, and proposed to maintain the approach it first espoused in the Original Proposed Amendments.⁴

The Board further stated that it will consider if further action is necessary once various groups, such as the Regional Planning Process Advisory Group (“RPPAG”) complete their work associated with end of life assets.⁵

CME continues to believe that requiring utilities to right-size would align investments with customer priorities, government policy, and ratemaking principles; however, CME acknowledges the issues inherent in removing utility discretion to right size assets.

To the extent that the RPPAG and other groups do not propose solutions or changes to the incentives that distributors and transmitters are offered to replace assets either like for like, or with higher capacity assets, CME urges the Board to consider ways to negate or ameliorate those incentives in order to ensure that new assets are the appropriate ones for ratepayers.

Bypass Compensation

In its comments regarding the Original Proposed Amendments, CME voiced concern over the possibility of having ratepayers charged twice for the same circumstance with the addition of the bypass compensation charge.

In the Revised Proposed Amendments, the Board stated that clarification between the bypass charge and the capacity reserve charge is not possible at this time, as both charges are currently only proposals.⁶ The Board proposed that the relationship between the two charges could be clarified when the Board reached a conclusion on the capacity reserve charge as part of a separate consultation process.⁷

CME agrees with the approach taken by the Board. Once the Board has finalized and adopted the capacity reserve charge, it will be able to fully define the respective roles of each charge. While the possibility of double charging exists, CME trusts that the Board will define the

⁴ Revised Proposed Amendments, p. 12.

⁵ Revised Proposed Amendments, pp. 12-13.

⁶ Revised Proposed Amendments, p. 23.

⁷ Revised Proposed Amendments, p. 17.

role of each charge to ensure that parties pay an equitable amount in all instances towards the proper functioning of the system.

Yours very truly

Borden Ladner Gervais LLP



Scott Pollock

c. EB-2016-0003 Interested Parties
Alex Greco (CME)

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