

Sent via e-mail: boardsec@oeb.ca

September 28, 2018

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, Ontario, M4P 1E4

Dear Ms. Walli,

RE: Response to EB-2016-0003

Thank you for the opportunity to comment on these code changes. While the municipal order of government is not directly involved in electricity management or delivery, we do hold an interest. Partly, because some local distribution companies have municipal governments as their shareholder. But also because municipal governments work to create an environment that encourages economic development, which relies heavily on the availability of electricity. These changes will impact the affordability of certain projects and the treatment of large electricity users in areas where electricity is expanding or being refurbished.

First, let me say that the Association of Municipalities of Ontario (AMO) supports reviewing cost allocations to create a fair approach such that there is greater clarity between what charges should be allocated to beneficiaries and what charges should be allocated across a network. AMO supports a clear framework that is applied equitably. Should special circumstances arise, we trust that the OEB should continue to have the flexibility to adjudicate.

However, AMO does have concerns about the timing of these changes. The current system has spread payments for costs across the province. During the years that this system was in place, there has been a 'backlog' of improvements and projects which had to wait their turn. We would ask for greater clarity as to why this is the time to change the rules. What has precipitated this change? Have we reached a tipping point where regional generation is greater than bulk generation so a more regionalize approach is more fair? The issue of fairness is a concern to municipal governments and the large electricity users we host. Without more information about the drivers of change, to change at this point seems unfair.

Furthermore, these changes are premature as the Independent Electricity System Operator (IESO) will shortly be announcing the results of the market renewal work they have been undertaking. The IESO changes will likely alter the financial

assumptions that undergird the transmission and delivery codes. We suggest that these changes be postponed and reviewed once the market renewal work is completed. This postponement of changes should not result in further delay of major projects that are 'in the pipe'.

AMO has heard that the proposed rules could create situations within an LDC where large customers are not being treated in a similar manner. We encourage the OEB to ensure changes create stability and predictability within the LDC network. It is difficult for business and manufacturing to understand why rates vary within a municipal jurisdiction.

On behalf of AMO, I thank you for your patience in receiving our feedback, as the AMO Board met today and could not respond sooner. We trust our comments will assist your deliberations.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. McGarvey', with a long horizontal line extending to the right.

Jamie McGarvey
AMO President