

# **DECISION AND ORDER**

**EB-2020-0180**

## **2020 UNIFORM TRANSMISSION RATES**

**By Delegation, Before: Theodore Antonopoulos**

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# 1 INTRODUCTION AND SUMMARY

The Ontario Energy Board (OEB) established this proceeding on its own motion in relation to the 2020 Uniform Transmission Rates (UTRs). In light of the COVID-19 emergency, the OEB is delaying implementation of the final 2020 UTRs, maintaining the interim 2020 UTRs for 2020, and establishing or continuing deferral accounts for six rate regulated electricity transmitters to track foregone revenue through this Decision.

There are six licensed electricity transmitters in Ontario that currently recover their revenues through Ontario's UTRs: B2M Limited Partnership (B2M LP); Canadian Niagara Power Inc. (CNPI); Hydro One Networks Sault Ste. Marie LP (Hydro One SSM, formerly Great Lakes Power Transmission Inc.); Five Nations Energy Inc. (FNEI); Hydro One Networks Inc. (Hydro One) and Niagara Reinforcement Limited Partnership (NRLP). The OEB approves revenue requirements and charge determinants for the individual transmitters in separate proceedings and uses them to calculate the UTRs.

The revenue requirements of the six transmitters are allocated to three transmission rate pools – Network, Line Connection and Transformation Connection – on the same basis as is used for Hydro One Networks Inc. The costs are then divided by forecast consumption (charge determinants) to establish the UTRs. The Independent Electricity System Operator (IESO) charges these rates to all wholesale market participants, including electricity distributors.

The OEB established the 2020 Uniform Transmission Rates (UTRs) on an interim basis effective January 1, 2020<sup>1</sup>.

The interim 2020 UTRs are:

- \$3.92/kW/Month Network Service Rate
- \$0.97/kW/Month Line Connection Service Rate
- \$2.33/kW/Month Transformation Connection Service Rate

This Decision and Order sets out the final transmission rate pools revenue requirements, charge determinants, UTRs and revenue allocators for 2020, although implementation will be delayed in light of the COVID-19 emergency until January 1, 2021, or another date to be determined by the OEB.

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<sup>1</sup> EB-2019-0296, Decision and Interim Rate Order, 2019 Uniform Transmission Rates, December 19, 2019.

The UTRs put in place on an interim basis on January 1, 2020<sup>2</sup>, will remain in place for the remainder of 2020.

This Decision and Order also establishes a 2020 Foregone Transmission Revenue Deferral Account for Hydro One SSM, CNPI and FNEI, and continues the Foregone Transmission Revenue Deferral Account for B2M, Hydro One and NRLP.

All transmitters are to record the difference between revenue determined under the interim 2020 UTRs, and the revenues that would have been received under the OEB-approved 2020 UTRs.

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<sup>2</sup> EB-2019-0296, Decision and Interim Rate Order, 2019 Uniform Transmission Rates, December 19, 2019.

## 2 THE PROCESS

This Decision and Order implements the findings in the OEB's previous decisions on the revenue requirements and charge determinants for each of the six OEB rate-regulated transmitters in Ontario. The requests for accounting orders are also based on these previously-approved OEB decisions. Therefore, this Decision is issued by delegated authority, without a hearing, under section 6 of the *Ontario Energy Board Act, 1998*.

This Decision and Order sets out the final 2020 UTRs, although implementation will be delayed in light of the COVID-19 emergency. The final approved 2020 UTRs will be used to determine foregone transmission revenue which will be incorporated into the 2021 UTRs.

### 3 UNIFORM TRANSMISSION RATES

This Decision and Rate Order incorporates the OEB's findings in the most recent OEB approved revenue requirements and load forecasts (charge determinants) for each of the rate regulated transmitters.

The interim 2020 total transmission revenue requirement was \$1,685,245,424 as set out in Table 1 below.<sup>3</sup> As noted in the table, the revenue requirements and charge determinants for FNEI, CNPI and Hydro One SSM had been previously approved by the OEB on a final basis. The OEB approved Hydro One's revenue requirements and charge determinants, and B2M and NRLP's revenue requirements, on an interim basis effective January 1, 2020.

**TABLE 1 – 2020 OEB INTERIM RATE ORDER REVENUE REQUIREMENTS AND CHARGE DETERMINANTS**

<b>Transmitters</b>	<b>2020 Revenue Requirement</b>	<b>2020 Charge Determinants</b>	<b>OEB File Number for 2020</b>
FNEI	\$7,988,092	552 MW	EB-2016-0231 Decision issued January 18, 2018
CNPI	\$4,647,201	1,621 MW	EB-2015-0354 Decision issued January 14, 2016
Hydro One SSM	\$40,818,914	6,868 MW	EB-2019-0266 Decision issued December 17, 2019
Hydro One	\$1,589,937,152	684,383 MW	EB-2019-0082 Decision and Order on Interim Rates issued December 10, 2019
B2MLP	\$32,464,151	0 MW	EB-2018-0320 Decision and Order on Interim Rates issued December 20, 2018
NRLP	\$9,389,914	0 MW	EB-2018-0275 Decision and Order on Interim Revenue Requirement issued December 19, 2019

<sup>3</sup> EB-2019-0296, Decision and Rate Order, December 19, 2019

**2020 Transmission Revenue Requirement**

The final 2020 total transmission revenue requirement is \$1,685,559,216, as set out in Table 2 below. As noted above, however, in light of the COVID-19 emergency, the OEB is delaying implementation of the final 2020 UTRs, and the interim UTRs set on January 1, 2020 will continue for the remainder of 2020. Table 2 incorporates the OEB's findings in the most recent OEB-approved revenue requirements and transmission pool load forecasts (charge determinants) for each of FNEI, CNPI, Hydro One SSM, Hydro One, B2M LP and NRLP.

**TABLE 2 – 2020 OEB FINAL REVENUE REQUIREMENTS AND CHARGE DETERMINANTS**

<b>Transmitters</b>	<b>2020 Revenue Requirement</b>	<b>2020 Charge Determinants</b>	<b>OEB File Number for 2020</b>
FNEI	\$7,988,092	552 MW	EB-2016-0231 Decision issued January 18, 2018
CNPI	\$4,647,201	1,621 MW	EB-2015-0354 Decision issued January 14, 2016
Hydro One SSM	\$40,818,914	6,868 MW	EB-2019-0266 Decision issued December 17, 2019
Hydro One	\$1,585,751,902	659,133 MW	EB-2019-0082 Decision and Order on issued April 23, 2020
B2MLP	\$33,192,514	0 MW	EB-2019-0178 Decision and Order issued February 20, 2020
NRLP	\$13,160,593	0 MW	EB-2018-0275 Decision and Order issued June 4, 2020

The individual 2020 revenue requirement and charge determinant amounts for each of the six Ontario transmitters in the Ontario transmission rate pool were consolidated to arrive at the 2020 UTRs and revenue allocators as shown in Schedule A, that would have been put in place if implementation had not been delayed in light of the COVID-19 emergency.

## Findings

The OEB finds that the UTRs calculations attached as Schedule A to this Decision and Rate Order appropriately reflect the OEB's decision with respect to final 2020 UTRs.

## Implementation Alternatives

In its Decision and Order<sup>4</sup> on Hydro One's 2020 to 2022 transmission rate application, the OEB indicated an expectation that the implementation of Hydro One's approved 2020 revenue requirement and charge determinants would occur on July 1, 2020 along with an update to the UTRs. Hydro One's January to June 2020 Foregone Revenue of \$28.2 million<sup>5</sup> would be collected starting July 1, 2020 over the six remaining months of the year.

On May 28, 2020, in its Draft Rate Order filing,<sup>6</sup> Hydro One stated that given the OEB's acknowledgement in the Decision and Order of the uncertainty of the severity and duration of the COVID-19 pandemic and the OEB's approach of closely monitoring the situation, as well as the OEB's approach of inviting alternative proposals on the implementation of a rate rider in Enbridge Gas Inc.'s recent rates proceeding, Hydro One would identify three alternative proposals related to implementing UTRs.

The first alternative was to implement Hydro One's approved 2020 revenue requirement and charge determinants in an update to UTRs on July 1, 2020 as planned, but to defer to January 1, 2021 collection of Hydro One's January to June 2020 foregone revenue and collect it over a period of one year. The second was to maintain interim UTRs to the end of 2020, and implement 2021 UTRs that would reflect Hydro One's approved 2021 revenue requirement and the approved charge determinants, and collect Hydro One's January to December 2020 foregone revenue over a period of one year. The third (referred to below as Alternative 3), was similar to the second alternative, however, foregone revenue would be collected over a period of two years, rather than one.

Hydro One stated that its preference for implementing changes to UTRs would be to adopt Alternative 3. Hydro One observed in its Draft Rate Order<sup>7</sup> that should the OEB choose to update the UTRs effective July 1, 2020, directly-connected transmission customers such as Local Distribution Companies and industrial customers would experience the effects of a rate increase due to the resetting of Hydro One's revenue requirement and charge determinants reflecting the OEB-approved load forecast.

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<sup>4</sup> EB-2019-0082, Decision and Order, April 23, 2020

<sup>5</sup> EB-2019-0082, Hydro One Draft Rate Order Reply Submission, June 23, 2020

<sup>6</sup> EB-2019-0082, Hydro One Draft Rate Order, May 28, 2020

<sup>7</sup> EB-2019-0082, Hydro One Draft Rate Order, May 28, 2020



Hydro One explained that Alternative 3 would eliminate any transmission-related increases for both transmission and distribution customers in 2020, just as individuals and business are starting to recover from the effects of the COVID-19 pandemic restrictions. Hydro One also prefers Alternative 3 because it would mitigate the impacts on customers by spreading the subsequent recovery of foregone revenue over the remaining two-year period covered by its revenue requirement application. In the Draft Rate Order, Hydro One also submitted its proposal for the establishment of a Foregone Transmission Revenue Deferral Account.

On June 30, 2020, in response to alternatives put forward by Hydro One, Hydro One SSM confirmed its agreement with Hydro One's proposed Alternative 3 and submitted a request for the establishment of a 2020 Foregone Transmission Revenue Deferral Account.<sup>8</sup>

Also on June 30, 2020, B2M LP confirmed its agreement with Hydro One's proposed Alternative 3 and submitted a request for the continuation of a 2020 Foregone Transmission Revenue Deferral Account<sup>9</sup>.

On July 8, 2020, CNPI confirmed its agreement with Hydro One's proposed alternatives subject to certain provisions, and submitted a request for the establishment of a 2020 Foregone Transmission Revenue Deferral Account<sup>10</sup>. CNPI stated that it supports any of the three implementation alternatives put forward by Hydro One, provided that: (a) the ability to record and recover foregone transmission revenue is consistent and mechanistic for all transmitters, (b) foregone revenue for non-rebasing transmitters such as CNPI can be recovered through UTRs over the same period as Hydro One's foregone revenue, and (c) the process does not create unnecessary regulatory burden for non-rebasing transmitters.

On July 29, 2020, FNEI confirmed its agreement with Hydro One's proposed alternatives subject to the same provisions submitted by CNPI, and requested the establishment of a 2020 Foregone Transmission Revenue Deferral Account.<sup>11</sup>

NRLP did not make any submissions to the OEB on the matter of the alternative implementation proposals. NRLP has an already established OEB-approved account<sup>12</sup> to track foregone revenue until all foregone revenue associated with the difference

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<sup>8</sup> EB-2019-0266, Foregone Revenue Letter, June 30, 2020

<sup>9</sup> EB-2019-0178, Foregone Revenue Letter, June 30, 2020

<sup>10</sup> EB-2019-0082, Implementation of 2020 UTRs and Foregone Transmission Revenue Letter, July 8, 2020

<sup>11</sup> EB-2020-0180, UTR Implementation Alternatives Letter, July 29, 2020

<sup>12</sup> EB-2018-0275, Decision and Order, April 9, 2020

between revenue earned under interim UTRs and the revenues that would have been received under the approved UTRs based on OEB-approved 2020 rates revenue requirement and load forecasts, has been collected through the UTRs.

The OEB's final order<sup>13</sup> for Hydro One's transmission rate application did not determine a preferred implementation alternative. The OEB found that the implementation of UTRs is beyond the scope of that proceeding and should be addressed in the UTR implementation proceeding.

## Findings

To minimize the impact on electricity customers and provide rate stability during the COVID-19 pandemic, the 2020 UTRs as calculated in Schedule A will not be implemented at this time. Therefore, the 2020 UTRs put in place on an interim basis on January 1, 2020, will continue for the remainder of 2020. This is consistent with the second and third alternative implementation proposals put forward by Hydro One. However, the collection period for foregone revenue will not be established at this time. A future decision will set the 2021 UTRs and determine the period over which the foregone revenue will be collected.

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<sup>13</sup> EB-2019-0082, Revenue Requirement and Charge Determinant Order, July 16, 2020

## 4 FOREGONE REVENUE

The Decision and Order to maintain the UTRs put in place on an interim basis for January 1, 2020 to the end of 2020 will lead to foregone revenue for all six electricity transmitters between the effective date of January 1, 2020 and the implementation date of the final 2020 UTRs.

In a letter dated July 8, 2020, CNPI highlighted prior unrecovered foregone revenue that it would also like to recover over the same period in which its 2020 foregone transmission revenue is incorporated into the determination of UTRs. CNPI's letter stated that the OEB granted its 2018 request to establish a deferral account to record 2017 foregone transmission revenue<sup>14</sup>, which was also caused by delayed implementation of UTRs arising from the date of the OEB's decision on Hydro One's application for approval of its 2017 transmission revenue requirement. CNPI requested that if the OEB adopts a mechanistic approach to recovery of 2020 foregone revenue, the OEB extend that approach to future UTR proceedings, as well as to its outstanding foregone transmission revenue balances recorded in 2017.

Using the same approach as applied to its forecast of foregone revenue for 2020, CNPI calculated the 2017 foregone revenue to be \$230,776.

### Findings

At the time of the 2021 UTRs, all transmitters will be requested to confirm the difference between revenue earned with maintaining the interim UTRs for 2020, and the revenues that would have been received based on OEB-approved 2020 UTRs. These amounts will be re-submitted for disposition at the time that the 2021 UTRs are implemented. The OEB notes that the recent filings from transmitters on the amount of forgone revenues were informative and helpful. The OEB would appreciate the amounts being refiled at the time of the 2021 UTR rate setting process (on a date to be determined by the OEB), with carrying charge calculations as applicable, so that the OEB may confirm the final amounts. The OEB anticipates that, at that time, the OEB will set the 2021 UTRs and determine the period over which the foregone revenue will be collected.

The OEB acknowledges the approved forgone revenue for CNPI that has not yet been recovered, but will not make a determination on CNPI's request to recover its 2017 foregone transmission revenue over the same period in which its 2020 foregone

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<sup>14</sup> EB-2017-0322, CNPI Application for an Accounting Order to Establish a Deferral Account to Record 2017 Foregone Revenue, Decision and Accounting Order, February 8, 2018

transmission revenue is collected at this time. The OEB anticipates that CNPI's request will be determined when the 2021 UTRs are established.

## 5 TRANSMISSION ACCOUNTING ORDERS

On May 28, 2020 Hydro One's Draft Rate Order<sup>15</sup> proposed three implementation alternatives and requested the establishment of a Foregone Transmission Revenue Deferral Account.

Subsequently, some transmitters also requested access to a Foregone Transmission Revenue Deferral Account. The individual requests are discussed separately below.

### Hydro One

Hydro One requested OEB approval for a Foregone Transmission Revenue Deferral Account in the Draft Rate Order submission on Hydro One's revenue requirement application, submitted May 28, 2020.

Hydro One proposed the establishment of a new Foregone Transmission Revenue Deferral Account to record the difference between revenue earned by Hydro One Transmission under interim UTRs, and the revenues that would have been received under the approved UTRs based on the OEB-approved 2020 revenue requirement and load forecast. The account would capture the foregone revenue from January 1, 2020 to the date when the approved revenue requirement and load forecast are reflected in UTRs.

The OEB approved the Accounting Orders filed by Hydro One in Hydro One's final order<sup>16</sup>, including the Transmission Accounting Order - Account 1508, Other Regulatory Assets - Sub Account Foregone Transmission Revenue Deferral Account. The OEB also determined that interest will accrue on the balance in the Foregone Transmission Revenue Deferral Account at the interest rate prescribed by the OEB and updated quarterly.

### Hydro One SSM

On June 30, 2020 Hydro One SSM wrote<sup>17</sup> to identify its 2020 foregone revenue amount(s) and to request a Foregone Revenue Deferral Account in the event that one of Hydro One's proposed implementation alternatives is selected and the implementation of 2020 revenue requirements and charge determinants is delayed.

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<sup>15</sup> EB-2019-0082, Draft Rate Order Submission, May, 28, 2020

<sup>16</sup> EB-2019-0082, Revenue Requirement and Charge Determinant Order, July 16, 2020

<sup>17</sup> EB-2019-0266, Foregone Revenue Letter, June 30, 2020

On December 19, 2019, the OEB Decision and Interim Rate Order approved Interim 2020 UTRs reflecting Hydro One SSM's approved 2020 revenue requirement of \$40.8 million.<sup>18</sup>

The OEB Decision and Order for Hydro One SSM's 2020 transmission revenue requirement<sup>19</sup> did not provide approval for a Foregone Revenue Deferral Account. In its June 30, 2020 letter, Hydro One SSM noted that if the OEB selects one of the UTR implementation alternatives proposed by Hydro One, Hydro One SSM requested that the Foregone Revenue Deferral Account be established in order to record associated foregone revenue.

Hydro One SSM's letter noted that the 2020 foregone revenue for the period January 1, 2020 to December 31, 2020 should the OEB maintain the interim 2020 UTRs until December 31, 2020, is \$1,538,534.

Hydro One SSM submitted in its letter that it is appropriate to include a carrying charge on the associated foregone transmission revenue account as the interest simply represents the time value of money and to include the carrying charge is consistent with prior OEB practice of applying carrying charges to deferral and variance accounts established by the OEB.

## Findings

The OEB approves the establishment of Account 1508, Other Regulatory Assets - Sub Account Foregone Transmission Revenue Deferral Account, for Hydro One SSM. The OEB approves the accrual of interest on the balance in the Foregone Transmission Revenue Deferral Account at the interest rate prescribed by the OEB and updated quarterly.

## B2M LP

On June 30, 2020, B2M LP<sup>20</sup> wrote to identify its 2020 foregone revenue amount(s) and to request the continuance of its Foregone Revenue Deferral Account in the event that one of Hydro One's proposed implementation alternatives is selected and the implementation of 2020 revenue requirements and charge determinants is delayed.

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<sup>18</sup> EB-2019-0296, Decision and Interim Rate Order, December 19, 2019

<sup>19</sup> EB-2019-0266, Decision and Order, December 17, 2019

<sup>20</sup> EB-2019-0178, Foregone Revenue Letter, June 30, 2020

On December 19, 2019, the OEB approved Interim 2020 UTRs reflecting an interim revenue requirement for B2M LP at \$32,464,151.<sup>21</sup>

On January 16, 2020, the OEB issued its B2M LP Decision and Order.<sup>22</sup> The OEB found that when the 2020 UTRs are declared final, any foregone revenue for B2M LP between the effective date of January 1, 2020 and the implementation date of the final 2020 UTRs would be recovered by B2M LP during the period between the implementation date of the final 2020 UTRs and December 31, 2020. The Decision also established that B2M LP's Foregone Revenue Deferral Account would no longer be required.

On February 20, 2020, the OEB issued its Revenue Requirement and Charge Determinant Order for B2M LP.<sup>23</sup> The OEB approved B2M LP's 2020 revenue requirement at \$33,192,514, effective January 1, 2020.

The B2M LP Decision and Order established that B2M LP's Foregone Revenue Deferral Account would no longer be required. B2M LP requested in its June 30, 2020 letter that if the OEB were to select one of the UTRs implementation alternatives proposed by Hydro One in the Draft Rate Order, that the Foregone Revenue Deferral Account be continued in order to record associated foregone revenue.

B2M LP noted that its 2020 foregone revenue is \$2,001,249 for the period January 1, 2020 to December 31, 2020, should the OEB maintain the interim 2020 UTRs until December 31, 2020.

B2M LP also submitted in its June 30, 2020 letter that it is appropriate to include a carrying charge on the associated foregone transmission revenue account as the interest simply represents the time value of money and to include the carrying charge is consistent with prior OEB practice of applying carrying charges to deferral and variance accounts established by the OEB.

## Findings

The B2M LP Decision and Order was issued before the COVID-19 epidemic and the implementation alternatives put forward by Hydro One in its Draft Rate Order. Consistent with other transmitters, B2M LP's foregone 2020 transmission revenue will be tracked in a deferral account for disposition after 2020.

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<sup>21</sup> EB-2019-0296, Decision and Order, dated December 19, 2019

<sup>22</sup> EB-2019-0178, Decision and Order, January 16, 2020

<sup>23</sup> EB-2019-0178, Decision and Order, February 20, 2020

The OEB approves the continued use of Account 1508, Other Regulatory Assets – Sub Account - Foregone Transmission Revenue Deferral Account, for B2M LP. The OEB approves the accrual of interest on the balance in the Foregone Transmission Revenue Deferral Account at the interest rate prescribed by the OEB and updated quarterly.

## **CNPI**

As part of its July 8, 2020, letter<sup>24</sup>, CNPI suggested that the OEB should take a similar approach to recording and recovering 2020 foregone transmission revenue as the approach taken for electricity distributors delaying implementation of distribution rates. CNPI suggested that the OEB issue a generic accounting order for all transmitters to record foregone revenue in the appropriate deferral accounts, providing for the recovery of that foregone revenue beginning January 1, 2021 as proposed by Hydro One. In the event that the OEB finds it necessary for each transmitter to apply individually to establish deferral accounts for 2020 foregone revenue, CNPI included such a request in its letter, including a request for the application of carrying charges.

CNPI calculated that the 2020 foregone revenue will be \$181,319 if 2020 interim UTRs remain in place for the entirety of 2020.

As noted above, CNPI also highlighted prior unrecovered foregone revenue from 2017 that it would like to recover when the 2020 final revenue requirements and charge determinants are implemented.

Using the same approach as applied to 2020 foregone revenue, CNPI previously calculated 2017 foregone revenue of \$230,776.

## **Findings**

The OEB approves the establishment of Account 1508, Other Regulatory Assets – Sub Account - Foregone Transmission Revenue Deferral Account. The OEB approves the accrual of interest on the balance in the Foregone Transmission Revenue Deferral Account at the interest rate prescribed by the OEB and updated quarterly.

As stated in the Findings for Section 4, CNPI's request to recover its 2017 foregone transmission revenue over the same period in which its 2020 foregone transmission revenue is collected, will be determined when the 2021 UTRs are being established.

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<sup>24</sup> EB-2019-0082, Implementation of 2020 UTRs and Foregone Transmission Revenue Letter, July 8, 2020



## FNEI

On July 29, 2020 FNEI wrote<sup>25</sup> to identify its 2020 foregone revenue amount(s) and to request a Foregone Revenue Deferral Account in the event that one of Hydro One's proposed implementation alternatives is selected and the implementation of 2020 revenue requirements and charge determinants is delayed.

On December 19th, 2019, the OEB Decision and Interim Rate Order approved Interim 2020 UTRs reflecting FNEI's approved 2020 revenue requirement of \$7,988,092.<sup>26</sup>

The OEB Decision and Order for FNEI's 2016 transmission revenue requirement<sup>27</sup> did not provide approval for a Foregone Revenue Deferral Account. In its July 29, 2020 letter, FNEI stated that if the OEB selects one of the UTRs implementation alternatives proposed by Hydro One, that the Foregone Revenue Deferral Account be established in order to record associated foregone revenue.

FNEI's letter noted that the 2020 foregone revenue for the period January 1, 2020 to December 31, 2020 should the OEB maintain the interim 2020 UTRs until December 31, 2020, is \$306,924.

FNEI submitted in its letter that interest should apply to any 2020 foregone revenue at the OEB-prescribed interest rate for DVAs, given that the delayed 2020 UTR implementation was not caused by or under the control of the non-rebasing transmitters.

## Findings

The OEB approves the establishment of Account 1508, Other Regulatory Assets – Sub Account - Foregone Transmission Revenue Deferral Account, for FNEI. The OEB approves the accrual of interest on the balance in the Foregone Transmission Revenue Deferral Account at the interest rate prescribed by the OEB and updated quarterly.

## NRLP

In December 2019, the OEB issued a Decision on NRLP's 2020 interim revenue requirement<sup>28</sup>, which stated that NRLP's request for an interim 2020 revenue requirement of \$9,389,914 was approved. NRLP was required to record any differences between the interim and final approved revenue requirement in the NRLP Deferral

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<sup>25</sup> EB-2020-0180, Implementation of 2020 UTRs and Foregone Transmission Revenue Letter, July 8, 2020

<sup>26</sup> EB-2019-0296, Decision and Interim Rate Order, December 19, 2019

<sup>27</sup> EB-2016-0231, Decision and Order, December 14, 2017

<sup>28</sup> EB-2018-0275, Revenue Requirement and Charge Determinant Order, issued December 19, 2019

Account (NRLPDA) and propose disposition no later than through its 2021 rates application.

In June 2020, the OEB approved a 2020 NRLP base revenue requirement of \$8,662,167.<sup>29</sup> The OEB also approved 2019 foregone revenue of \$4,498,426 for the period from September 1, 2019 to December 31, 2019, amounting to a total 2020 NRLP revenue requirement of \$13,160,593.

As part of the OEB's April 9, 2020 Decision and Order on NRLP's 2020-2024 Revenue Requirement<sup>30</sup>, the OEB ordered that the previously established NRLPDA be used to track 2020 foregone revenue and that it be closed once the foregone revenue has been recovered through UTRs. The Decision and Order established that the NRLPDA will not close until 2020 foregone revenue is cleared.

### Findings

NRLP may continue to use its already established NRLPDA to track foregone revenue until all foregone revenue associated with the difference between revenue earned under interim UTRs and the revenues that would have been received under the approved UTRs based on OEB-approved 2020 rates revenue requirement and load forecasts, has been collected through the UTRs.

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<sup>29</sup> EB-2018-0275, Revenue Requirement and Charge Determinant Order, issued June 4, 2020

<sup>30</sup> EB-2018-0275, Decision and Order, issued April 9, 2020, p.8

## 6 ORDER

### IT IS ORDERED THAT:

1. The OEB-approved 2020 revenue requirements by rate pool, charge determinants, Uniform Transmission Rates and the revenue allocators are attached as Schedule A and shall be the basis of foregone revenue calculations.
2. The 2020 Ontario Uniform Transmission Rates Schedule, approved on an interim basis for January 1, 2020 and attached as Schedule B, will remain in place on an interim basis for the remainder of 2020.
3. The Transmission Accounting Order entitled Foregone Transmission Revenue Deferral Account as shown in Schedule C shall be made effective as of January 1, 2020.
4. All transmitters will track 2020 foregone transmission revenue in the approved deferral account and submit 2020 foregone revenue calculations for disposition as part of the process for establishing 2021 UTRs, at a time to be determined by the OEB.
5. CNPI shall provide its 2017 foregone revenue calculations for consideration as part of the process for establishing 2021 UTRs, at a time to be determined by the OEB.

**DATED** at Toronto July 31, 2020

### ONTARIO ENERGY BOARD

*Original Signed By*

Christine E. Long  
Registrar and Board Secretary

**SCHEDULE A**  
**DECISION AND ORDER**  
**EB-2020-0180**  
**REVISED: JULY 31, 2020**

**2020 Uniform Transmission Rates and Revenue Disbursement Allocators**  
**(Updated for H1N, NRLP and B2MLP's 2020 Revenue Requirement and Charge Determinants,**  
**excluding 2020 Foregone Revenue)**  
**Effective January 1, 2021**

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$4,790,719	\$914,623	\$2,282,750	\$7,988,092
CNPI	\$2,787,078	\$532,096	\$1,328,027	\$4,647,201
H1N SSM	\$24,480,432	\$4,673,695	\$11,664,787	\$40,818,914
H1N	\$951,027,050	\$181,565,841	\$453,159,011	\$1,585,751,902
B2MLP	\$33,192,514	\$0	\$0	\$33,192,514
NRLP	\$13,160,593	\$0	\$0	\$13,160,593
All Transmitters	\$1,029,438,386	\$187,686,255	\$468,434,575	\$1,685,559,216

  

Transmitter	Total Annual Charge Determinants (MW)*			
	Network	Line Connection	Transformation Connection	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	235,252.608	228,852.936	195,027.487	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
All Transmitters	239,504.148	232,385.678	196,285.037	

  

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	<b>4.30</b>	<b>0.81</b>	<b>2.39</b>	
FNEI Allocation Factor	<b>0.00465</b>	<b>0.00487</b>	<b>0.00487</b>	
CNPI Allocation Factor	<b>0.00271</b>	<b>0.00284</b>	<b>0.00284</b>	
H1N SSM Allocation Factor	<b>0.02378</b>	<b>0.02490</b>	<b>0.02490</b>	
H1N Allocation Factor	<b>0.92384</b>	<b>0.96739</b>	<b>0.96739</b>	
B2MLP Allocation Factor	<b>0.03224</b>	<b>0.00000</b>	<b>0.00000</b>	
NRLP Allocation Factor	<b>0.01278</b>	<b>0.00000</b>	<b>0.00000</b>	
Total of Allocation Factors	1.00000	1.00000	1.00000	

\* The sum of 12 monthly charge determinants for the year.

Note 1: FNEI Rates Revenue Requirement and Charge Determinants per Board Decision and Order on EB-2016-0231 dated January 18, 2018.

Note 2: CNPI Rates Revenue Requirement and Charge Determinants per OEB Decision EB-2015-0354 dated January 14, 2016.

Note 3: H1N SSM 2020 Rates Revenue Requirement and Charge Determinants per OEB Decision EB-2019-0266 dated December 17, 2019.

Note 4: H1N Rates Revenue Requirement and Charge Determinants per OEB Decision EB-2019-0082, issued April 23, 2020, as per Exhibit 2.2, Table 1 in Hydro One's DRO filed on May 28, 2020.

Note 5: B2MLP 2020 Revenue Requirement per OEB Decision and Order EB-2019-0178 dated February 20, 2020.

Note 6: NRLP 2020 Revenue Requirement per OEB Decision and Order EB-2018-0275 June 04, 2020.

Note 7: Calculated data in shaded cells.

**SCHEDULE B**  
**DECISION AND ORDER**  
**EB-2020-0180**  
**REVISED: JULY 31, 2020**

TRANSMISSION RATE SCHEDULES

2020 ONTARIO INTERIM UNIFORM TRANSMISSION RATE

SCHEDULES EB-2019-0296

**The rate schedules contained herein shall be implemented as of January 1, 2020**

Issued: December 19,  
2019  
Ontario Energy Board

IMPLEMENTATION DATE: January 1, 2020	BOARD ORDER: EB-2019-0296	REPLACING BOARD ORDER: EB-2019-0164 July 25, 2019	Page 1 of 6 Ontario Interim Uniform Transmission Rate Schedule
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## TRANSMISSION RATE SCHEDULES

### TERMS AND CONDITIONS

**(A) APPLICABILITY** The rate schedules contained herein pertain to the transmission service applicable to: •The provision of Provincial Transmission Service (PTS) to the Transmission Customers who are defined as the entities that withdraw electricity directly from the transmission system in the province of Ontario. •The provision of Export Transmission Service (ETS) to electricity market participants that export electricity to points outside Ontario utilizing the transmission system in the province of Ontario. The Rate Schedule ETS applies to the wholesale market participants who utilize the Export Service in accordance with the Market Rules of the Ontario Electricity Market, referred to hereafter as Market Rules. These rate schedules do not apply to the distribution services provided by any distributors in Ontario, nor to the purchase of energy, hourly uplift, ancillary services or any other charges that may be applicable in electricity markets administered by the Independent Electricity System Operator (IESO) of Ontario.

**(B) TRANSMISSION SYSTEM CODE** The transmission service provided under these rate schedules is in accordance with the Transmission System Code (Code) issued by the Ontario Energy Board (OEB). The Code sets out the requirements, standards, terms and conditions of the transmitter's obligation to offer to connect to, and maintain the operation of, the transmission system. The Code also sets out the requirements, standards, terms and conditions under which a Transmission Customer may connect to, and remain connected to, the transmission system. The Code stipulates that a transmitter shall connect new customers, and continue to offer transmission services to existing customers, subject to a Connection Agreement between the customer and a transmitter.

**(C) TRANSMISSION DELIVERY POINT** The Transmission Delivery Point is defined as the transformation station, owned by a transmission company or by the Transmission Customer, which steps down the voltage from above 50 kV to below 50 kV and which connects the customer to the transmission system. The demand registered by two or more meters at any one delivery point shall be aggregated for the purpose of assessing transmission charges at that delivery point if the corresponding distribution feeders from that delivery point, or the plants taking power from that delivery point, are owned by the same entity within the meaning of

Ontario's *Business Corporations Act*. The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV.

**(D) TRANSMISSION SERVICE POOLS** The transmission facilities owned by the licenced transmission companies are categorized into three functional pools. The transmission lines that are used for the common benefit of all customers are categorized as Network Lines and the corresponding terminating facilities are Network Stations. These facilities make up the Network Pool. The transformation station facilities that step down the voltage from above 50 kV to below 50 kV are categorized as the Transformation Connection Pool. Other electrical facilities (i.e. that are neither Network nor Transformation) are categorized as the Line Connection Pool. All PTS customers incur charges based on the Network Service Rate (PTS-N) of Rate Schedule PTS. The PTS customers that utilize transformation connection assets owned by a licenced transmission company also incur charges based on the Transformation Connection Service Rate (PTS-T). The customer demand supplied from a transmission delivery point will not incur transformation connection service charges if a customer fully owns all transformation connection assets associated with that transmission delivery point. The PTS customers utilize lines owned by a licenced transmission company to connect to Network Station(s) also incur charges based on the Line Connection Service Rate (PTS-L). The customer demand supplied from a transmission delivery point will not incur line connection service charges if a customer fully owns all line connection assets connecting that delivery point to a Network Station. Similarly, the customer demand will not incur line connection service charges for demand at a transmission delivery point located at a Network Station.

**(E) MARKET RULES** The IESO will provide transmission service utilizing the facilities owned by the licenced transmission companies in Ontario in accordance with the Market Rules. The Market Rules and appropriate Market Manuals define the procedures and processes under which the transmission service is provided in real or operating time (on an hourly basis) as well as service billing and settlement processes for transmission service charges based on rate schedules contained herein.

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## TRANSMISSION RATE SCHEDULES

**(F) METERING REQUIREMENTS** In accordance with Market Rules and the Transmission System Code, the transmission service charges payable by Transmission Customers shall be collected by the IESO. The IESO will utilize Registered Wholesale Meters and a Metering Registry in order to calculate the monthly transmission service charges payable by the Transmission Customers. Every Transmission Customer shall ensure that each metering installation in respect of which the customer has an obligation to pay transmission service charges arising from the Rate Schedule PTS shall satisfy the Wholesale Metering requirements and associated obligations specified in Chapter 6 of the Market Rules, including the appendices therein, whether or not the subject meter installation is required for settlement purposes in the IESO-administered energy market. A meter installation required for the settlement of charges in the IESO-administered that energy market may be used for the settlement of transmission service charges. The Transmission Customer shall provide to the IESO data required to maintain the information for the Registered Wholesale Meters and the Metering Registry pertaining to the metering installations with respect to which the Transmission Customers have an obligation to pay transmission charges in accordance with Rate Schedule PTS. The Metering Registry for metering installations required for the calculation of transmission charges shall be maintained in accordance with Chapter 6 of the Market Rules. The Transmission Customers, or Transmission Customer Agents if designated by the Transmission Customers, associated with each Transmission Delivery Point will be identified as Metered Market Participants within the IESO's Metering Registry. The metering data recorded in the Metering Registry shall be used as the basis for the calculation of transmission charges on the settlement statement for the Transmission Customers identified as the Metered Market Participants for each Transmission Delivery Point. The Metering Registry for metering installations required for calculation of transmission charges shall also indicate whether or not the demand associated with specific Transmission Delivery Point(s) to which a Transmission Customer is connected attracts Line and/or Transformation Connection Service Charges. This information shall be consistent with the Connection Agreement between the Transmission Customer and the licenced Transmission Company that connects the customer to the IESO-Controlled Grid.

**(G) EMBEDDED GENERATION** The Transmission Customers shall ensure conformance of Registered Wholesale Meters in accordance with Chapter 6 of Market Rules, including Metering Registry obligations, with respect to metering installations for embedded generation that is located behind the metering installation that measures the net demand taken from the transmission system if (a) the required approvals for such generation are obtained after October 30, 1998; and (b) the generator unit rating is 2 MW or higher for renewable generation and 1 MW or higher for non-renewable generation; and (c) the Transmission Delivery Point through which the generator is connected to the transmission system attracts Line or Transformation Connection Service charges. These terms and conditions also apply to the incremental capacity associated with any refurbishments approved after October 30, 1998, to a generator unit that was connected through an eligible Transmission Delivery Point on or prior to October 30, 1998 and the approved incremental capacity is 2 MW or higher for renewable generation and 1 MW or higher for non-renewable generation. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, Bio-gas, landfill gas, or water. Accordingly, the distributors that are Transmission Customers shall ensure that connection agreements between them and the generators, load customers, and embedded distributors connected to their distribution system have provisions requiring the Transmission Customer to satisfy the requirements for Registered Wholesale Meters and Metering Registry for such embedded generation even if the subject embedded generator(s) do not participate in the IESO- administered energy markets.

**(H) EMBEDDED CONNECTION POINT** In accordance with Chapter 6 of the Market Rules, the IESO may permit a Metered Market Participant, as defined in the Market Rules, to register a metering installation that is located at the embedded connection point for the purpose of recording transactions in the IESO-administered markets. (The Market Rules define an embedded connection point as a point of connection between load or generation facility and distribution system). In special situations, a metering installation at the embedded connection point that is used to settle energy market charges may also be used to settle transmission service charges, if there is no metering installation at the point of connection of a

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## TRANSMISSION RATE SCHEDULES

distribution feeder to the Transmission Delivery Point. In above situations: •The Transmission Customer may utilize the metering installation at the embedded connection point, including all embedded generation and load connected to that point, to satisfy the requirements described in Section (F) above provided that the same metering installation is also used to satisfy the requirement for energy transactions in the IESO- administered market. •The Transmission Customer shall provide the Metering Registry information for the metering installation at the embedded connection point, including all embedded generation and load connected to that point, in accordance with the requirements described in Section (F) above so that the IESO can calculate the monthly transmission service charges payable by the Transmission Customer.

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TRANSMISSION RATE SCHEDULES

**RATE SCHEDULE: (PTS)**

**PROVINCIAL TRANSMISSION RATES**

**APPLICABILITY:**

The Provincial Transmission Service (PTS) is applicable to all Transmission Customers in Ontario who own facilities that are directly connected to the transmission system in Ontario and that withdraw electricity from this system.

	<u>Monthly Rate (\$ per kW)</u>
<b>Network Service Rate (PTS-N):</b>	<b>3.92</b>
\$ Per kW of Network Billing Demand <sup>1,2</sup>	
<b>Line Connection Service Rate (PTS-L):</b>	<b>0.97</b>
\$ Per kW of Line Connection Billing Demand <sup>1,3</sup>	
<b>Transformation Connection Service Rate (PTS-T):</b>	<b>2.33</b>
\$ Per kW of Transformation Connection Billing Demand <sup>1,3,4</sup>	

The rates quoted above shall be subject to adjustments with the approval of the Ontario Energy Board.

Notes:

1 The demand (MW) for the purpose of this rate schedule is measured as the energy consumed during the clock hour, on a “Per Transmission Delivery Point” basis. The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV at the Transmission Delivery Point.

2. The Network Service Billing Demand is defined as the higher of (a) customer coincident peak demand (MW) in the hour of the month when the total hourly demand of all PTS customers is highest for the month, and (b) 85 % of the customer peak demand in any hour during the peak period 7 AM to 7 PM (local time) on weekdays, excluding the holidays as defined by IESO. The peak period hours will be between 0700 hours to 1900 hours Eastern Standard Time during winter (i.e. during standard time) and 0600 hours to 1800 hours Eastern Standard Time during summer (i.e. during daylight savings time), in conformance with the meter time standard used by the IMO settlement systems.

3. The Billing Demand for Line and Transformation Connection Services is defined as the Non-Coincident Peak demand (MW) in any hour of the month. The customer demand in any hour is the sum of (a) the loss-adjusted demand supplied from the transmission system plus (b) the demand that is supplied by an embedded generator unit for which the required government approvals are obtained after October 30, 1998 and which have installed capacity of 2MW or more for renewable generation and 1 MW or higher for non-renewable generation, on the demand supplied by the incremental capacity associated with a refurbishment approved after October 30, 1998, to a generator unit that existed on or prior to October 30, 1998. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio- oil, Bio-gas, landfill gas, or water. The demand supplied by embedded generation will not be adjusted for losses.

4. The Transformation Connection rate includes recovery for OEB approved Low Voltage Switchgear compensation for Toronto Hydro Electric System Limited and Hydro Ottawa Limited.

**TERMS AND CONDITIONS OF SERVICE:**

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code, in particular the Connection Agreement as per Appendix 1 of the Transmission System Code, and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to services provided under this Rate Schedule.

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TRANSMISSION RATE SCHEDULES

**RATE SCHEDULE: (ETS)**

**EXPORT TRANSMISSION SERVICE**

***APPLICABILITY:***

The Export Transmission Service is applicable for the use of the transmission system in Ontario to deliver electrical energy to locations external to the Province of Ontario, irrespective of whether this energy is supplied from generating sources within or outside Ontario.

**Export Transmission Service Rate (ETS):**

**Hourly Rate**  
\$1.85 / MWh

The ETS rate shall be applied to the export transactions in the Interchange Schedule Data as per the Market Rules for Ontario's Electricity Market. The ETS rate shall be subject to adjustments with the approval of the Ontario Energy Board.

***TERMS AND CONDITIONS OF SERVICE:***

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to service provided under this Rate Schedule.

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**SCHEDULE C**  
**DECISION AND ORDER**  
**EB-2020-0180**  
**REVISED: JULY 31, 2020**

## **TRANSMISSION ACCOUNTING ORDER – FOREGONE TRANSMISSION REVENUE DEFERRAL ACCOUNT**

Hydro One Sault Ste. Marie (Hydro One SSM), Canadian Niagara Power Inc. (CNPI) and Five Nations Energy Inc. (FNEI) propose the establishment of a new “Foregone Transmission Revenue Deferral Account” to record the difference between revenue earned by Hydro One SSM, CNPI and FNEI respectively under interim 2020 Uniform Transmission Rates (UTR), and the revenues that would have been received by each transmitter under the approved UTR based on OEB-approved 2020 rates revenue requirement and load forecast (“Foregone Revenue”). The account will capture the Foregone Revenue from January 1, 2020 to the date when the approved rates revenue requirement and load forecast is reflected in an update to current interim UTR rates.

The account will be established as Account 1508, Other Regulatory Assets – Sub Account “Foregone Transmission Revenue Deferral Account” effective January 1, 2020. Hydro One SSM, CNPI and FNEI will record interest on the balance in the sub-account using the interest rates set by the Board. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The following outlines the proposed accounting entries for this variance account.

<u>USofA #</u>	<u>Account Description</u>
CR 4110	Transmission Services Revenue
DR 1508	Other Regulatory Assets – Sub account “Foregone Transmission Revenue Deferral Account”

Initial entry to record Foregone Revenue.

CR 4405

Interest and Dividend Income

DR 1508

Other Regulatory Assets – Sub account “Foregone  
Transmission Revenue Deferral Account”

To record interest improvement on the principal balance of the Foregone Transmission Revenue Deferral Account.