

Standby Rates Notification

3/30/2020

Name

Title

Address

To Whom it may concern,

In 2020, Waterloo North Hydro Inc. (WNH) plans to apply to the Ontario Energy Board (OEB) to request approval for a proposed electricity distribution standby rate for customers who have installed load displacement generation projects.

Our records indicate that you have installed or are in the process of installing a load displacement project. This is the standby rate charge indicated in section 6.4 of the Connection Impact Assessment and section A.2.3 of the Connection Cost Agreement documents during your connection process.

At this time WNH's understanding is that your projects purpose is solely for Global Adjustment avoidance during provincial peaks and will not be used otherwise. As long as this remains the sole use of your load displacement project, the proposed standby rates will not apply. This is because your facilities monthly peak will not necessarily be impacted, which is how WNH's costs are calculated on your bill.

However, in the future, should your project also be used to offset your facilities monthly peak, you will be given a choice. If you wish to continue to utilize the WNH distribution system to provide back-up services in the event your load displacement assets fail – then in return for WNH providing that back-up service you will be required to pay an OEB approved standby rate.

The proposed standby rate would not apply to your electricity commodity or global adjustment charges which would still be billed as normal.

Absent a standby rate, other WNH customers will be required to cross-subsidize the costs associated with providing you with back-up services. WNH does not believe that this is either just or reasonable.

We are interested in hearing your comments on this proposal. Please feel free to write me back to provide feedback. I can be contacted at 519-888-5542 or asingh@wnhydro.com. This feedback will be carefully considered by WNH and incorporated into our application to the OEB.

Sincerely,

Albert P. Singh MBA, CPA, CGA
VP Finance & CFO