



Ontario | Commission
Energy | de l'énergie
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DECISION AND RATE ORDER

EB-2022-0250

2023 UNIFORM TRANSMISSION RATES

BY DELEGATION, BEFORE: Alex Share
Manager, Generation & Transmission

December 8, 2022



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1 OVERVIEW

This Decision and Rate Order sets out the 2023 transmission revenue requirements by rate pool, and the Uniform Transmission Rates (UTRs) and revenue allocators, effective January 1, 2023.

The 2023 UTRs effective January 1, 2023, as shown in Schedule A, and the changes from the previously approved UTRs¹, are as follows:

- \$5.60/kW/Month Network Service Rate (a \$0.14/kW increase)
- \$0.92/kW/Month Line Connection Service Rate (a \$0.04/kW increase)
- \$3.10/kW/Month Transformation Connection Service Rate (a \$0.29/kW increase)

The changes above result in an estimated 0.41% increase on the total bill for the average distribution-connected customer.

The impact on distributors will vary depending on the customer mix and load characteristics in the different service areas and the proportion of power withdrawn by individual distributors from the bulk transmission system.

Electricity distributors recover transmission costs from their customers through Retail Transmission Service Rates (RTSRs), which are established for each rate class annually, some for rates effective January 1 and some for rates effective May 1. For distributors that have yet to have their 2023 RTSRs approved, the 2023 UTRs will be taken into account in setting those rates. For any distributor whose RTSRs for 2023 have already been approved, existing variance accounts will be used to track differences between the distributor's transmission costs and the associated revenues it receives from its customers, in order to ensure that its customers pay the true cost of transmission service over time.

This Decision and Rate Order also implements the OEB's November 24, 2022 decision and order on the Export Transmission Service (ETS) rate, in which the OEB set the rate, effective January 1, 2023, at \$1.78/MWh, a \$0.07/MWh decrease from the previous \$1.85/MWh rate.²

¹ EB-2022-0084, 2022 Uniform Transmission Rates Update, Decision and Rate Order, April 7, 2022.

² EB-2021-0243, Generic Hearing on Uniform Transmission Rates-Related Issues and the Export Transmission Service Rate, Decision and Order, November 24, 2022.

2 CONTEXT AND PROCESS

The Ontario Energy Board (OEB) established this proceeding on its own motion to issue the 2023 UTRs effective January 1, 2023.

The OEB approves revenue requirements and charge determinants for the individual transmitters in separate proceedings and uses them to calculate the UTRs. There are eight licensed, rate-regulated electricity transmitters in Ontario that currently recover their revenues through Ontario's UTRs: Canadian Niagara Power Inc. (CNPI); Five Nations Energy Inc. (FNEI); Hydro One Networks Inc. (Hydro One); Hydro One Networks Sault Ste. Marie LP (HOSSM); B2M Limited Partnership (B2MLP); Niagara Reinforcement Limited Partnership (NRLP); Upper Canada Transmission, Inc., operating as NextBridge Infrastructure, LP (NextBridge); and Wataynikaneyap Power LP (WPLP).

The revenue requirements of the licensed and rate-regulated electricity transmitters are allocated to one or more of three transmission rate pools – Network, Line Connection and Transformation Connection. The revenue requirements for the three transmission rate pools are then divided by forecast demand (charge determinants) to establish the UTRs. The Independent Electricity System Operator (IESO) charges these rates to all wholesale market participants, including electricity distributors.

On November 24, 2022, the OEB issued a decision and order adjusting the ETS rate from \$1.85/MWh to \$1.78/MWh, effective January 1, 2023.³

This Decision and Rate Order implements the findings in the OEB's previous decisions on the revenue requirements and charge determinants for each of the eight OEB-licensed, rate-regulated transmitters in Ontario, as well as the OEB's decision and order on the ETS rate, effective January 1, 2023.

This Decision and Rate Order is being issued by delegated authority, without a hearing, under section 6 of the *Ontario Energy Board Act, 1998*.

³ *Ibid.*

3 UNIFORM TRANSMISSION RATES

This Decision and Rate Order incorporates the most recent OEB-approved revenue requirements and charge determinants for each of the rate-regulated transmitters, as set out in Table 1 below.

Table 1: Revenue Requirement and Charge Determinants By Transmitter, Effective January 1, 2023

Transmitter	2023 Revenue Requirement	2023 Charge Determinants (MW)		
		Network	Line Connection	Transformation Connection
CNPI ⁴	\$4,647,201	523	549	549
FNEI ⁵	\$7,988,092	230	249	73
Hydro One ⁶	\$1,956,039,601	232,792	225,964	192,219
HOSSM ⁷	\$43,911,032	3,498	2,735	635
B2MLP ⁸	\$34,728,950	-	-	-
NRLP ⁹	\$8,388,996	-	-	-
NextBridge ¹⁰	\$54,003,549	-	-	-
WPLP ¹¹	\$29,243,172	41	-	-
All Transmitters	\$2,138,950,593	237,084	229,497	193,476

⁴ EB-2015-0354, Decision and Order, January 14, 2016. CNPI confirmed that it would not be seeking to adjust its annual revenue requirement of \$4,647,201 for 2023.

⁵ EB-2016-0231, Revenue Requirement and Charge Determinant Order, January 18, 2018. FNEI confirmed that it would not be seeking to adjust its annual revenue requirement of \$7,988,092 for 2023.

⁶ EB-2021-0110, Decision on Settlement Proposal and Order on Rates, Revenue Requirement, and Charge Determinants, November 29, 2022; and EB-2020-0194, Decision and Rate Order, May 27, 2021. \$1,956,039,601 represents the sum of the 2023 revenue requirement approved in EB-2021-0110 (\$1,868,951,099) and the amounts associated with the recovery of previously misallocated tax savings (\$87,088,502) through UTRs in 2023, as approved by the OEB in EB-2020-0194. In EB-2020-0194, the OEB approved the recovery of 25% (or \$43.544 million) of the total transmission-related misallocated tax savings of \$174.177 million, through UTRs over the period of January 1, 2023 to June 30, 2023. This figure is annualized to \$87.089 million (\$43.544 million/(6/12)), in order to provide for recovery over a 6-month, rather than 12-month period. Given this approach, the OEB also intends to update UTRs, effective July 1, 2023, to remove the impacts associated with the recovery of the misallocated tax savings.

⁷ EB-2022-0189, Decision and Order, November 24, 2022.

⁸ EB-2022-0190, Decision and Order, November 24, 2022.

⁹ EB-2022-0191, Decision and Order, November 24, 2022.

¹⁰ EB-2022-0243, Decision and Order, November 24, 2022.

¹¹ EB-2022-0149, Decision and Order, November 29, 2022.

The 2023 UTR revenue requirements allocated to each rate pool for CNPI, FNEI, and HOSSM are determined based on Hydro One's 2023 UTR revenue requirement allocation percentages by rate pool. The respective revenue requirements of B2MLP, NRLP, NextBridge, and WPLP are allocated entirely to the Network rate pool, as all the assets owned by these transmitters serve the transmission network with no transformation or individual customer services.

The total 2023 transmission rate pool revenue requirement is \$2,138,950,593. For the 2023 UTRs, the charge determinants are 237,084 MW for the Network pool, 229,497 MW for the Line Connection pool, and 193,476 MW for the Transformation Connection pool.

To determine the impact of changes to UTRs on a typical customer's bill, an approach of using the estimated transmission cost as a percentage of the total bill for the average transmission and distribution-connected customer, respectively, has been adopted as set out in Table 2 below.

Table 2: Bill Impacts

Line	Component	2022 UTR	2023 UTR
1	Revenue requirement (\$ millions)	2,060.9	2,139.0
2	% Increase (decrease) in revenue requirement		3.8%
3	% Impact of load forecast decrease (increase)		1.0%
4=2+3	Net impact on average transmission rates		4.8%
5	<i>Transmission rates as a % of transmission-connected customer's total bill</i>		10.8% ¹²
6=4*5	Estimated average transmission-connected customer's bill impact		0.52%
7	<i>Transmission rates as a % of distribution-connected customer's total bill</i>		8.5% ¹³
8=4*7	Estimated average distribution-connected customer's bill impact		0.41%

¹² Calculated based on data from the IESO Monthly Market Report for December 2021 and the OEB's 2021 Yearbook of Electricity Distributors.

¹³ *Ibid.*

ETS Rate

In 2021, the OEB commenced a hearing on its own motion to consider various issues related to Ontario's UTRs.¹⁴ The first phase of the hearing focused on reviewing and setting the ETS rate. The ETS rate is paid by transmission customers and applies to all electricity exports and wheel-throughs. In its decision and order in that proceeding, the OEB set the ETS rate at \$1.78/MWh, effective January 1, 2023, for a period of two years. Effective January 1, 2025, the ETS rate will escalate annually based on the Revenue Cap Index for Hydro One's transmission business.

Findings

The UTR calculations, attached as Schedule A to this Decision and Rate Order, appropriately reflect the OEB's decisions for the Ontario transmitters on their 2023 revenue requirements, the allocation of those revenue requirements to transmission rate pools, and their charge determinants. The UTRs are approved, effective January 1, 2023.

The ETS rate, included in the attached Schedule B to this Decision and Rate Order, appropriately reflects the OEB's decision on the ETS rate effective January 1, 2023.

¹⁴ EB 2021-0243, Generic Hearing on Uniform Transmission Rates-Related Issues and the Export Transmission Service Rate.

4 ORDER

IT IS ORDERED THAT:

1. The revenue requirements by rate pool and the uniform electricity transmission rates and revenue allocators for rates effective January 1, 2023, attached as Schedule A, are approved.
2. The 2023 Ontario Uniform Transmission Rate Schedules effective January 1, 2023, attached as Schedule B, are approved.

DATED at Toronto December 8, 2022

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

SCHEDULE A
2023 REVENUE DISBURSEMENT ALLOCATORS
DECISION AND RATE ORDER
EB-2022-0250
DECEMBER 8, 2022

Uniform Transmission Rates and Revenue Disbursement Allocators

Effective January 1, 2023

Transmitter	Revenue Requirement			
	Network	Line Connection	Transformation Connection	Total
CNPI	\$2,772,269	\$489,287	\$1,385,646	\$4,647,201
FNEI	\$4,765,263	\$841,036	\$2,381,792	\$7,988,092
Hydro One	\$1,166,867,384	\$205,944,134	\$583,228,083	\$1,956,039,601
HOSSM	\$26,194,946	\$4,623,229	\$13,092,857	\$43,911,032
B2MLP	\$34,728,950	-	-	\$34,728,950
NRLP	\$8,388,996	-	-	\$8,388,996
NextBridge	\$54,003,549	-	-	\$54,003,549
WPLP	\$29,243,172	-	-	\$29,243,172
All Transmitters	\$1,326,964,529	\$211,897,686	\$600,088,378	\$2,138,950,593

Transmitter	Total Annual Charge Determinants (MW)*			
	Network	Line Connection	Transformation Connection	
CNPI	522.894	549.258	549.258	
FNEI	230.410	248.860	73.040	
Hydro One	232,792.251	225,964.444	192,218.503	
HOSSM	3,498.236	2,734.624	635.252	
B2MLP	-	-	-	
NRLP	-	-	-	
NextBridge	-	-	-	
WPLP	40.643	-	-	
All Transmitters	237,084.434	229,497.186	193,476.053	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW/Month)	5.60	0.92	3.10	
CNPI Allocation Factor	0.00209	0.00231	0.00231	
FNEI Allocation Factor	0.00359	0.00397	0.00397	
Hydro One Allocation Factor	0.87935	0.97190	0.97190	
HOSSM Allocation Factor	0.01974	0.02182	0.02182	
B2MLP Allocation Factor	0.02617	0.00000	0.00000	
NRLP Allocation Factor	0.00632	0.00000	0.00000	
NextBridge Allocation Factor	0.04070	0.00000	0.00000	
WPLP Allocation Factor	0.02204	0.00000	0.00000	
Sum of Allocation Factors	1.00000	1.00000	1.00000	

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

Note 1: CNPI Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2015-0354 dated January 14, 2016.

Note 2: FNEI Revenue Requirement and Charge Determinants per OEB Revenue Requirement and Charge Determinant Order EB-2016-0231 dated January 18, 2018.

Note 3: Hydro One Revenue Requirement and Charge Determinants per OEB Decision on Settlement Proposal and Order on Rates, Revenue Requirement and Charge Determinants EB-2021-0110 dated November 29, 2022 and OEB Decision and Rate Order EB-2020-0194 dated May 27, 2021.

Note 4: HOSSM Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2022-0189 dated November 24, 2022.

Note 5: B2MLP LP Revenue Requirement per OEB Decision and Order EB-2022-0190 dated November 24, 2022.

Note 6: NRLP Revenue Requirement per OEB Decision and Order EB-2022-0191 dated November 24, 2022.

Note 7: NextBridge Revenue Requirement per OEB Decision and Order EB-2022-0243 dated November 24, 2022.

Note 8: WPLP Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2022-0149 dated November 29, 2022.

Note 9: The revenue requirements of CNPI, FNEI, and HOSSM are allocated to the three transmission rate pools on the same basis as is used for Hydro One. The revenue requirements of B2MLP, NRLP, NextBridge, and WPLP are allocated entirely to the Network rate pool. The total revenue requirements for each of the three transmission rate pools are then divided by the total charge determinants for each rate pool to establish the UTRs to two decimal places. The IESO uses the revenue collected from the UTRs to settle on a monthly basis with all rate-regulated transmitters using the revenue allocation factors.

Note 10: The allocation factors for each transmitter other than Hydro One are calculated by dividing each transmitter's revenue requirement assigned to each transmission rate pool by the total transmitters revenue requirement for each rate pool. The allocation factors are rounded to five decimal places for each transmitter. The sum of these individual transmitter allocation factors is then deducted from 1.0 to determine the allocation factor for Hydro One.

SCHEDULE B
2023 UNIFORM TRANSMISSION RATE SCHEDULES
DECISION AND RATE ORDER
EB-2022-0250
DECEMBER 8, 2022

TRANSMISSION RATE SCHEDULES

2023 ONTARIO UNIFORM TRANSMISSION RATE SCHEDULES

EB-2022-0250

The rates contained herein shall be implemented effective January 1, 2023

Issued: December 8, 2022
Ontario Energy Board

EFFECTIVE DATE:
January 1, 2023

BOARD ORDER:
EB-2022- 0250

REPLACING BOARD
ORDER: EB-2022-0084
April 7, 2022

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Ontario Uniform Transmission
Rate Schedule

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 that 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.

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

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.

EFFECTIVE DATE:
January 1, 2023

BOARD ORDER:
EB-2022-0250

REPLACING BOARD
ORDER: EB-2022-0084
April 7, 2022

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Ontario Uniform Transmission
Rate Schedule

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>
Network Service Rate (PTS-N):	5.60
\$ Per kW of Network Billing Demand ^{1,2}	
Line Connection Service Rate (PTS-L):	0.92
\$ Per kW of Line Connection Billing Demand ^{1,3}	
Transformation Connection Service Rate (PTS-T):	3.10
\$ Per kW of Transformation Connection Billing Demand ^{1,3,4}	

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.

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

\$1.78 / 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.