



Ontario | Commission
Energy | de l'énergie
Board | de l'Ontario

DECISION AND ORDER

EB-2022-0270

2023 RENEWABLE GENERATION CONNECTION RATE PROTECTION COMPENSATION AMOUNT EFFECTIVE JANUARY 1, 2023

BY DELEGATION, BEFORE: Kevin Mancherjee
Director
Operations Decision Support

January 24, 2023

TABLE OF CONTENTS

1	OVERVIEW	1
2	CONTEXT AND PROCESS	3
3	2023 COMPENSATION AMOUNT AS OF JANUARY 1, 2023	4
4	IMPLEMENTATION	6
5	ORDER	7
	APPENDIX A	
	APPENDIX B	

1 OVERVIEW

Subsection 79.1(1) of the *Ontario Energy Board Act, 1998* (the Act) states that the Ontario Energy Board (OEB) may provide Renewable Generation Connection Rate Protection (RGCRP) compensation amounts to eligible distributors. Ontario Regulation 330/09 (the Regulation) prescribes the methodology which the OEB uses to determine the amounts for any given year.

Ontario distributors are required to plan their systems based on their expectations of new electricity generation projects connecting to their systems. Based on their plans, distributors may apply to the OEB for funding to recover the cost of assets to enable and to connect generators to their distribution systems, including generators using renewable sources of energy such as wind or solar. The OEB then takes steps to ensure that all Ontario customers, not just the ratepayers of the individual distributor, contribute to the costs of investments to connect renewable generators in accordance with applicable legislation.

The OEB determines the eligibility of the connection investment made by each distributor in its distribution rate decisions and issues an order to the Independent Electricity System Operator (IESO) to collect and disburse specific amounts based on the approved entitlements. These decisions are made pursuant to the Regulation. The OEB has issued these decisions since May 1, 2010. The latest such decision was issued on January 20, 2022,¹ effective January 1, 2022, providing eight distributors with funding.

This Decision and Order (Decision) provides an updated order to the IESO regarding the amounts to be collected from all market participants and remitted to eligible distributors. In addition to continuing the applicable funding amounts ordered for three distributors (Fort Frances Power Corporation, Welland Hydro-Electric System Corp., and Hydro One Networks Inc.²) in the January 20, 2022 Decision and Order, this Decision amends the previously ordered amounts to reflect decisions regarding four distributors: Alectra Utilities Corporation (Alectra, in respect of its Enersource, PowerStream and Brampton rate zones); Enova Power Corp – Kitchener-Wilmot Hydro rate zone (Enova Power-Kitchener-Wilmot Hydro)³; Toronto Hydro-Electricity System

¹ EB-2021-0303, [Decision and Order](#), January 20, 2022

² The continuing payment amounts to Hydro One Networks Inc. were the ones previously remitted to Peterborough Distribution Inc. Hydro One Networks Inc. has since acquired Peterborough Distribution Inc. Hydro One Networks Inc. has no current approved amounts for its legacy or other service areas.

³ Kitchener-Wilmot Hydro Inc. and Waterloo North Hydro Inc. merged in September 2022 to form Enova Power Corps. The previous funding amount was approved for Kitchener-Wilmot Hydro Inc.

Limited (Toronto Hydro); and Elexicon Energy Inc. – Veridian service area (Elexicon – Veridian).

The OEB reminds the distributors who receive the payments to follow the regulatory accounting set out in the Accounting Procedures Handbook Guidance issued in March 2015.⁴ Specifically, the distributors should use Account 1533 - Renewable Generation Connection Funding Adder Deferral Account, Sub-account Provincial Rate Protection Payment Variances to record the variance between the distributor's revenue requirement associated with the portion of the actual capital and/or operating costs that are eligible for rate protection and the provincial rate protection payments as approved by the OEB and received from the IESO.

⁴ [OEB Accounting Procedures Handbook Guidance](#), March 2015.

2 CONTEXT AND PROCESS

The OEB has made its determination of the compensation amount, effective January 1, 2023, to be collected by the IESO in accordance with the Regulation and the requirements of the Act. The Regulation prescribes the methodology that the OEB uses to determine the amount to be collected for any given year.

The total amount to be collected by the IESO effective January 1, 2023, is derived from previous decisions of the OEB in which compensation amounts were determined for qualifying distributors.⁵ The findings in this Decision involve only the implementation of findings in previous rates decisions subject to certain mechanistic adjustments where applicable. This Decision and Order is being issued by delegated authority, without a hearing, under subsection 6(4) of the Act.

⁵ EB-2012-0160, EB-2013-0130, EB-2016-0110, EB-2018-0165, EB-2020-0013, EB-2020-0035, and EB-2022-0185.

3 2023 COMPENSATION AMOUNT AS OF JANUARY 1, 2023

The OEB has determined the amount to be distributed to the eligible distributors by the IESO as of January 1, 2023, is \$301,589 per month. This Decision extends amounts reflected in the OEB's previous decisions and orders that persist for the current year, and includes amended compensation amounts in accordance with subsequent decisions.⁶

The amended amounts effective January 1, 2023, are:

Table 1 – Amended Payment Amounts

Distributor	Amended 2023 Payment Amounts	Equivalent Monthly Payment Amounts
Alectra – PowerStream ⁷	\$244,141	\$20,345
Alectra – Enersource ⁸	\$141,007	\$11,751
Alectra – Brampton ⁹	\$132,815	\$11,068
Toronto Hydro ¹⁰	\$2,998,066	\$249,839
Enova Power-Kitchener-Wilmot Hydro ¹¹	\$9,426	\$786
Ellexicon – Veridian ¹²	\$74,071	\$6,173

With regard to the entry for Enova Power-Kitchener-Wilmot Hydro in Table 1, the OEB notes that past decisions on RGCRP compensation amounts included Kitchener-Wilmot Hydro Inc. (Kitchener-Wilmot Hydro) among the recipients. Effective September 1, 2022, Kitchener-Wilmot Hydro amalgamated with Waterloo North Hydro Inc. to form Enova Power Corp. (Enova Power). After approving the transaction, the OEB issued a new distribution licence to Enova Power and cancelled the distribution licences of Kitchener-Wilmot Hydro and Waterloo North Hydro.¹³ Therefore, funding for Kitchener-Wilmot Hydro is now remitted to Enova Power.

⁶ EB-2012-0160, EB-2013-0130, EB-2016-0110, EB-2018-0165, EB-2020-0013, EB-2020-0035, and EB-2022-0185.

⁷ EB-2022-0185, Decision and Rate Order, December 8, 2022.

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ EB-2018-0165, Draft Rate Order, January 21, 2020. The relevant investments were approved in Toronto Hydro's Custom Incentive Rate-setting application EB-2018-0165, Decision and Order, December 19, 2019.

¹¹ EB-2020-0035, Decision and Rate Order, December 10, 2020.

¹² EB-2020-0013, Decision and Rate Order, December 17, 2020.

¹³ EB-2022-0006, [OEB letter](#), September 14, 2022

Past RGCRP funding decisions included Lakeland Power Distribution Ltd. (Lakeland Power) as a recipient. This Decision and Order, and the 2023 payment amounts, exclude Lakeland Power because the payments that Lakeland Power received from the IESO through 2022 completed its recovery of approved RGCRP funding.¹⁴

Funding for Fort Frances Power Corporation, Welland Hydro-Electric System Corp., and Hydro One Networks Inc. (formerly Peterborough Distribution Inc.) remains in place at the amounts set out in the OEB's previous RGCRP decision.

The monthly amount to be collected by the IESO from all market participants effective January 1, 2023, is \$301,589. The amount billed to each market participant will vary with the actual consumption of the market participant in that month.

In making this determination, the OEB notes that all distributors will pass on their share of this charge to their electricity distribution customers through the Wholesale Market Service Rate (WMSR), currently approved by the OEB at \$0.0045 per kilowatt-hour.¹⁵ It is the OEB's view that at its current level, this change will have a negligible impact on balances in the Wholesale Market Service - Retail Services Variance Account (Account 1580) and the OEB will not adjust the WMSR at this time.

¹⁴ EB-2019-0051, Decision and Rate Order, April 16, 2020

¹⁵ EB-2022-0269, Decision and Order, December 8, 2022.

4 IMPLEMENTATION

The monthly amount to be collected by the IESO shall be \$301,589 per month effective January 1, 2023, from all market participants.

The following monthly amounts are to be forwarded to the qualifying distributors, by the IESO:

• Toronto Hydro-Electricity System Limited	\$ 249,839
• Alectra Utilities Corporation	
○ Enersource	\$ 11,751
○ PowerStream	\$ 20,345
○ Brampton	\$ 11,068
• Elexicon Energy Inc. - Veridian service area	\$ 6,173
• Hydro One Networks Inc.	\$ 1,016
• Enova Power Corp.	\$ 786
• Welland Hydro-Electric System Corp.	\$ 431
• Fort Frances Power Corporation	<u>\$ 181</u>
 Total to be forwarded	 \$ 301,589

Attached to this Decision and Order are the communications to the IESO (Appendix A) and to distributors (Appendix B) regarding the 2023 monthly payments as of January 1, 2023.

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Effective January 1, 2023, the IESO shall collect \$301,589 per month from all market participants until such time as the OEB revises this amount.
2. Effective January 1, 2023, the IESO shall distribute the amounts for each qualifying distributor on a monthly basis as set out in section 4 of this Decision and Order.

DATED at Toronto January 24, 2023

ONTARIO ENERGY BOARD

Kevin Mancherjee
Director
Operational Support

APPENDIX A

2023 RENEWABLE GENERATION CONNECTION RATE PROTECTION

**Communication to the IESO on Collection of Compensation Amounts under
Ontario Regulation 330/09 as of January 1, 2023**

EB-2022-0270

DECISION AND ORDER

JANUARY 24, 2023



Ontario
Energy
Board | Commission
de l'énergie
de l'Ontario

BY EMAIL

January 24, 2023

Beverly Nollert
Senior Manager, Regulatory Affairs
Independent Electricity System Operator
120 Adelaide Street West
Suite 1600
Toronto ON M5H 1T1

Dear Ms. Nollert:

Re: Collection of Compensation Amounts under Ontario Regulation 330/09 for 2023 as of January 1, 2023

Ontario Regulation 330/09 under the *Ontario Energy Board Act, 1998*, regarding cost recovery for eligible investments for the purpose of connecting or enabling the connection of a qualifying generation facility to a distribution system, requires the Ontario Energy Board (OEB) to calculate the monthly amount to be collected by the Independent Electricity System Operator (IESO) to provide compensation to qualifying distributors for rate protection provided to consumers.

The OEB has issued previous orders, setting the compensation amount each year from 2010 to 2022, authorizing the IESO to implement the charge for each of those years. On January 24, 2023, the OEB issued its Decision and Order¹ updating the 2023 compensation amounts as of January 1, 2023. The Decision and Order is attached.

Amount to be charged by the IESO as of January 1, 2022

In its January 24, 2023, Decision and Order, the OEB determined that effective January 1, 2023, and until such time as the OEB orders otherwise, the amount to be collected by the IESO shall be \$301,589 per month from all market participants.

¹ EB-2022-0270, Decision and Order, January 24, 2023.

The OEB expects the IESO to implement this charge as soon as possible with monthly amounts adjusted, if necessary, to ensure the entire amount is collected and remitted to the qualifying distributors in a timely manner.

The following monthly amounts are to be forwarded to the following qualifying distribution utilities:

• Toronto Hydro-Electricity System Limited	\$ 249,839
• Alectra Utilities Corporation	
○ Enersource	\$ 11,751
○ PowerStream	\$ 20,345
○ Brampton	\$ 11,068
• Elexicon Energy Inc. - Veridian service area	\$ 6,173
• Hydro One Networks Inc.	\$ 1,016
• Enova Power Corp.	\$ 786
• Welland Hydro-Electric System Corp.	\$ 431
• Fort Frances Power Corporation	<u>\$ 181</u>
 Total to be forwarded	 \$ 301,589

Yours truly,

Nancy Marconi
Registrar

cc: Alectra Utilities Corporation
Toronto Hydro-Electricity System Limited
Fort Frances Power Corporation
Elexicon Energy Inc. - Veridian service area
Enova Power Corp.
Hydro One Networks Inc.
Welland Hydro-Electric System Corp.

APPENDIX B

2023 RENEWABLE GENERATION CONNECTION RATE PROTECTION

**Communication to Distributors on Collection of Compensation Amounts under
Ontario Regulation 330/09 as of January 1, 2023**

EB-2022-0270

DECISION AND ORDER

JANUARY 24, 2023



BY EMAIL

January 24, 2023

To: All Licensed Electricity Distributors

Re: Collection of Compensation Amounts under Ontario Regulation 330/09 for 2023, as of January 1, 2023

Ontario Regulation 330/09 under the *Ontario Energy Board Act, 1998*, regarding cost recovery for eligible investments for the purpose of connecting or enabling the connection of a qualifying generation facility to a distribution system, requires the Ontario Energy Board (OEB) to calculate the monthly amount to be collected by the Independent Electricity System Operator (IESO) to provide compensation to qualifying distributors for rate protection provided to consumers. On January 24, 2023, the OEB issued its Decision and Order directing the IESO to adjust the charge effective January 1, 2023.¹ The Decision and Order is attached.

Amount to be Charged by the IESO as of January 1, 2023

This Decision and Order established the 2023 compensation amounts (as of January 1, 2022) for the following qualifying distributors, based on the rate decisions setting annual amounts for those distributors:

- Alectra Utilities Corporation
 - Enersource (EB-2022-0185)
 - PowerStream (EB-2022-0185)
 - Brampton (EB-2022-0185)
- Toronto Hydro-Electric System Inc. (EB-2018-0165)
- Fort Frances Power Corporation (EB-2013-0130)
- Elexicon Energy Inc. - Veridian service area (EB-2020-0013)
- Enova Power - Kitchener-Wilmot Hydro (EB-2020-0035)

¹ EB-2022-0270, Decision and Order, January 24, 2023

- Hydro One Networks Inc. – formerly Peterborough Distribution Inc. (EB-2012-0160)
- Welland Hydro-Electric System Corp. (EB-2016-0110)

Commencing January 1, 2023, an amount of \$301,589 per month will be collected from all market participants. The amounts collected shall be distributed to qualifying distributors.

The monthly amount billed to each distributor in the province will vary depending on the energy withdrawn from the IESO-controlled grid for each month.

Amount to be Charged by Distributors in 2023

In determining the amount to be collected by the IESO, the OEB acknowledged that distributors will be passing on this charge to their electricity distribution customers through the Wholesale Market Service Rate (WMSR) currently approved by the OEB at \$0.0045 per kWh. It is the OEB's view that at its current level, the change of the Renewable Generation Compensation Rate Protection would have a minimal impact on balances in the Wholesale Market Service - Retail Services Variance Account (Account 1580), and therefore the OEB did not adjust the WMSR at this time.

Yours truly,

Nancy Marconi
Registrar