

BY EMAIL AND RESS

January 26, 2023

Ms. Nancy Marconi
Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi,

EB-2019-0207: Proposed Amendments to the Distribution System Code to Facilitate Connection of Distributed Energy Resources

On January 5, 2023, the Ontario Energy Board (“Board” or “OEB”) issued a Notice of Proposal (the “Notice”) to make amendments to the Distribution System Code (DSC) that will further clarify and ensure a consistent process is followed for connecting distributed energy resources (DER) to an electricity distributor’s system. These amendments expand on the previous set of DSC amendments intended to improve the DER connection process, which were finalized on March 22, 2022 and came into force on October 1, 2022.

Hydro One Networks Inc. (“Hydro One”) supports the amendments proposed in the Notice, which respond to various process issues raised by members of the OEB’s DER Connection Working Group and largely align with the recommendations advanced by the Working Group. Hydro One submits the following comments in response to proposed amendments in the Notice.

- DSC Section 6.2.18F – DER Connection True-Up Process

In amending Section 6.2.18F to clarify and streamline the DER project true-up process, the Board has introduced several new requirements for distributors, who must now identify any incomplete work scope items when permission to operate is granted and provide a preliminary cost report to the DER project proponent after permission to operate is granted. The Board has also established clear timelines for completing these and other activities that are part of the true-up and refund process. While Hydro One supports these proposed amendments, distributors will need an appropriate amount of time to effectively implement the new requirements within their organizations and ensure that effective monitoring systems are in place to track compliance with the requirements and timelines. Hydro One requests that distributors be provided with 3 months to implement the proposed amendments in Section 6.2.18F once they are finalized.

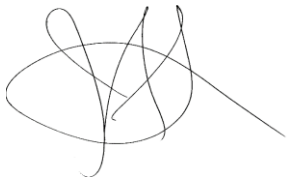
- DSC Section 6.2.18I – Interest Paid on Connection Cost Deposits

In the Notice, the Board has proposed to amend Section 6.2.18I of the DSC and remove any requirement for a distributor to pay interest on any capacity allocation deposits (if necessary), which no longer need to be collected. While it is clear that this is the main impetus for the amendments to Section 6.2.18I, Hydro One believes that the Board should also take this opportunity to clarify how interest should be calculated on a connection cost deposit where a refund must be issued so that a consistent approach is taken by all distributors.

The current rules seem to indicate that interest should be paid on the entire connection cost deposit when a refund is issued to a DER proponent. It does not seem appropriate that distributors would be expected to pay interest on the entire connection cost deposit when these funds are being utilized to facilitate the connection of the project and distributors are not earning interest on these funds. Hydro One believes that Section 6.2.18I should clarify that interest should only be paid on any excess connection cost deposit collected by the distributor, starting from the date that the connection deposit was received.

If you have any additional questions regarding Hydro One's comments or would like to discuss these comments in further detail, please contact Jason Savulak by phone at 647-293-7226 or by email at regulatory@hydroone.com.

Sincerely,

A handwritten signature in black ink, appearing to be "Jeffrey Smith", written in a cursive style.

Jeffrey Smith