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Registrar
Ontario Energy Board
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

**RE: Distributed Energy Resources (DER) Connections – Proposed Amendments to the Distribution System Code to Facilitate Connection of Distributed Energy Resources
Board file No. EB 2019-0207**

Toronto Hydro-Electric System Ltd (“Toronto Hydro”) is the local electricity distribution company for the City of Toronto. It has over 780,000 customers and delivers about 18% of the electricity consumed in Ontario.

On January 5, 2023, the Ontario Energy Board (“OEB”) issued a Notice of Proposal to amend the Distribution System Code (“DSC”) to provide further clarity and consistency in the process for connecting a distributed energy resource to an electricity distributor’s system. The OEBs proposed amendments are guided by the work of the DER Connections Review Working Group (“WG”), and are intended to provide customers with greater opportunities to take advantage of DERs to manage their energy costs and reliability by streamlining the process for connecting DERs. Toronto Hydro is supportive of these policy objectives and recognizes the importance of this initiative, as is reflected in the Minister of Energy’s October 21, 2022 Letter of Direction (“Letter of Direction”) to the OEB. Toronto Hydro has reviewed the proposed amendments and offers the following comments for the OEB’s consideration.

Eliminate the “Capacity Allocation Exempt Small Embedded Generation Facility” Exemption

The OEB proposes to remove the exemption for small embedded generation facilities, which will require all non-micro embedded generation facilities to meet the requirements of DSC section 6.2.4.1. This amendment is intended to remove a potential barrier to connection and ensure distributors are better prepared for further DER adoption and the assignment of capacity on a more equitable basis. Toronto

Hydro strongly supports this objective and the proposed amendment, which it expects will streamline and simplify connection operations and “level the playing field” between connection applicants.

Eliminate Capacity Allocation Deposits

Section 6.2.18 of the DSC currently requires that a small, mid-size or large generation facility applicant pay a deposit above and beyond the cost of their connection for the purpose of allocating capacity. The OEB proposes to remove the capacity allocation deposits as they are considered redundant with other mechanisms that prevent customers from reserving more capacity than required, and can serve as a financial barrier to enabling DERs. The OEB notes the alignment of this amendment with the objectives within the Minister’s Letter of Direction to facilitate innovation by removing a cost in the development of DERs and to reduce the administrative burden for distributors supporting the OEB’s work to reduce red tape.

Toronto Hydro supports this amendment, and agrees with the OEB that project connection costs currently serve a similar function to capacity allocation deposits, and will help ensure that projects continue to move forward to connection in a timely manner. Eliminating an administrative deposit that is no longer required is a welcome step in ongoing efforts at cost and red tape reduction.

Proposals to revise Connection Cost Deposit Refund Process & Timeline

New section 6.2.18F of the DSC requires a distributor to provide the customer a preliminary connection cost report within 60 days that will specify the customer’s actual connection costs incurred. Further, the distributor will have 180 or 210 days, depending on circumstances, to refund any surplus connection costs collected. This section further suggests that a distributor is able to provide “its permission to operate” to an applicant by “confirming that the applicant’s connection is sufficiently complete to commence operations, as set out in the Distributed Energy Resource Connection Procedures” (“DERCP”).

Toronto Hydro does not have concerns with the substance of these amendments, but submits that clarification is required with regard to the “permission” being granted by the distributor to the applicant to operate, and the conditions under which it is provided.

Currently, the DERCP in Step 18 of its Connection Process only notes that “The distributor (and transmitter where and when applicable) will grant the applicant permission to operate once all the distributor connection requirements have been satisfied and ESA Authorization to Connect has been received by the distributor.” It does not consider permission to operate prior to “all connection requirements being satisfied”, as suggested by these amendments. Similarly, proposed section 6.2.18A only notes that “...a distributor shall, upon providing its permission to operate to an applicant...”, without specifying the authority or the conditions under which this permission to operate is provided. If the intention is that distributors have authority to provide applicants permission to operate before all (non-critical) connection processes are completed, that authority to provide permission must be clearly outlined within the provisions of section 6.2.18F and/or the DERCP, along with the ability for utilities to set terms and conditions for the completion of any outstanding items and an ability to revoke that permission if these terms are not met.

To allow for this, Toronto Hydro suggests that section 6.2.18F be prefaced with the following new provision:

6.2.18x A distributor may, at its discretion, provide an applicant permission to operate prior to full completion of the agreed project scope for the connection if the distributor determines that the connection is sufficiently complete to commence operations. In utilizing its discretion, the distributor will consider but is not limited to the reasons listed in section 3.1.1. The distributor may set conditions and timelines for the completion of any outstanding connection items, and may revoke the permission to operate if these conditions and timelines are not met by the applicant to the satisfaction of the distributor.

Section 6.2.18F would then follow:

Following the connection of an embedded generation facility to the distributor’s distribution

system a distributor shall, upon providing its permission to operate to an applicant as set out in 6.2.18x¹ or the Distributed Energy Resource Connection Procedures²:

(a) at the time of providing its permission to operate to an applicant, where the agreed project scope for the connection has not yet been completed, provide a list of the incomplete elements of the agreed project scope for the connection and the terms, conditions and timelines for their completion;

Toronto Hydro is pleased to continue to work collaboratively with stakeholders in support of efforts to provide customers with greater opportunities to take advantage of DERs, while streamlining the process for connecting DERs and further advancing the objectives noted in the Minister's Letter of Direction.

Sincerely,



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¹ Provision outlining authorization for permission to operate in circumstances when it is provided prior to full connection completion

² Provision outlining authorization for permission to operate in circumstances when provided following full connection completion