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BY EMAIL AND RESS

May 19, 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-2022-0178 – Entegrus Powerlines Inc. Application for a Service Area Amendment – Hydro One Networks Inc.'s Supplementary Evidence

In accordance with Procedural Order No. 3, please find enclosed Hydro One Networks Inc.'s ("Hydro One") supplementary evidence on the Entegrus Powerlines Inc. ("Entergus") Application for a Service Area Amendment.

Hydro One respectfully request the following information be kept confidential pursuant to Rule 10.01 of the Board's Rules of Practice and Procedure and consistent with the Board's Practice Direction on Confidential Filings revised December 17, 2021:

Information	Specific Page(s) Redacted	Presumptive Confidential Category
Non-public information about a specific customer's load profile	Page 2, Line 26; Page 3, Lines 7, 10, 17 18, and 20.	Information that would disclose load profiles, energy usage and billing information of a specific customer that is not personal information.
Non-public information about a specific customer's load profile	Page 4, Table 1	Information that would disclose load profiles, energy usage and billing information of a specific customer that is not personal information.

A redacted electronic copy of this supplementary evidence has been submitted using the Board's Regulatory Electronic Submission System for public use.

A confidential unredacted version of this supplementary evidence has also been supplied to the OEB in accordance with the OEB's Practice Direction on Confidential Filings.

Sincerely,

Joanne Richardson

ENTEGRUS POWERLINES INC.

Application for Service Area Amendment

Hydro One Networks Inc. Supplementary Evidence

May 19, 2023

1.0 INTRODUCTION

In accordance with Procedural Order 3, this is the Supplementary Evidence of Hydro One Networks Inc. ("Hydro One"), that is filed in response to Entegrus Powerlines Inc. ("Entegrus") supplementary evidentiary record filed on May 12, 2023 ("Entegrus Supplementary Evidence") to support their Service Area Amendment Application (the "SAA Application"). Hydro One's evidence is limited to addressing new matters raised in Entegrus' Supplementary Evidence which is not contained in Hydro One's previously filed evidentiary record dated April 17, 2023. The absence of a response to any matter raised in Entegrus' Supplementary Evidence should not be considered as concurrence by Hydro One to those matters and Hydro One will rely on the subsequent procedural steps to test the SAA Application.

2.0 LONG-TERM LOAD TRANSFERS

With respect to section 5 Long-Term Load Transfer (LTLT) in the Entegrus Supplementary Evidence, specifically that the Distribution System Code ("DSC") Amendments of December 21, 2015 ("the 2015 LTLT DSC Amendments") have frustrated the 1997 Supply Facilities Agreement[1], Hydro One relies on the following:

The 2015 LTLT DSC Amendments did not introduce the requirement on distributors to eliminate LTLTs[2]. The elimination of LTLTs has been a defined requirement of the DSC

[1] Entegrus Supplementary Evidence, Filed May 12, 2023, p. 9

[2] Ibid. Entegrus' evidence states "As of 2015, distributors are required to eliminate load transfers – this means that the commitments in the 1997 Letter Agreement cannot be completed. The direction to eliminate LTLTs came much later than the 2004 decision cited by Hydro One and does not appear to have been a factor under consideration."

since the initial effective date of the DSC (dated July 14, 2000) as found at section 6.5.4 of that version of the DSC.

Hydro One also relies on the Notice of Proposed Amendments to the DSC for LTLTs which stated "…*the Board has sought to eliminate load transfer arrangements since the DSC was first issued*.[3]" A copy of the July 14, 2000 version of the DSC and the February 2015 Notice of Proposed Amendments to the DSC for LTLTs is provided as Attachment 1 and 2, respectively.

Finally, Entegrus' Supplementary Evidence includes a reference to a submission made by Hydro One during the consultation period of the 2015 LTLT DSC Amendments that all types of LTLTs should be eliminated including Sub-transmission connections settled through an interval meter[4]. Hydro One states that this position evolved with a direction by the Executive Policy Committee of the OEB ("the OEB EPC"). The OEB EPC concluded that the 2015 LTLT DSC Amendments only apply to those customers that were included in load transfer agreements as they existed at the time the 2015 LTLT DSC Amendments were issued, i.e., December 21, 2015. Therefore, unless a customer was included in a load transfer agreement at the time the 2015 LTLT DSC Amendments were published, the 2015 LTLT DSC Amendments do not apply to them and there is no basis to require the transfer. A copy of that direction is provided as Attachment 3. Therefore, the 2015 LTLT DSC Amendments do not apply to the connection at the Subject Area because the connection is not now, nor has it ever been, an LTLT.

3.0 EXCESS CAPACITY

With respect to Section 3 of Entegrus' Supplementary Evidence, various assumptions have been inferred in the evidence that [redacted] of load can be served redundantly across Edgeware TS M7 and M8 feeders. This is not accurate. Hydro One does agree with Entegrus that capacity ratings should be expressed in MVA rather than MW. Hydro One has not done so to date to be consistent with the SAA Application and to minimize potential

[3] Notice of Proposal to Amend a Code – Proposed Amendments to the Distribution System Code, Issued February 20, 2015, p. 2
[4] Entegrus Supplementary Evidence, Filed May 12, 2023, p. 9

confusion during comparisons. However, to ensure the assessments made by the parties can be compared, moving forward, Hydro One will provide ratings on an MVA basis.

The maximum capacity rating of a feeder, which Entegrus also refers to as the safe operating rating, is determined by several factors, one of which is equipment rating. For example, Hydro One states that the maximum equipment rating of the in-line switches on Edgeware TS M7 and M8 are each rated at 600 amps, equivalent to [redacted] MVA. This is the maximum available capacity on the feeder during emergencies, but good utility practice is to avoid loading to this upper limit. Hydro One considers the maximum capacity rating for these feeders to be [redacted] MVA.

Entegrus has stated their planning capacity is 50% of the safe operating rating[5] and that this can vary slightly based on different utility practices. Multiple times in their application Entegrus referenced that their planning capacity for a feeder is 14MW[6]. However, it is not clear which power factor this is derived from. Hydro One has conservatively assumed a unity power factor to make a conversion to 14 MVA. This aligns with Hydro One's [redacted] maximum capacity rating of the feeders, [redacted]

Formet peak load is [redacted] kW at [redacted] PF or [redacted] MVA. This would equate to a max of [redacted] MVA of capacity remaining when considering Formet load on one feeder. As mentioned above, good utility practice avoids loading up to 100% of the maximum capacity rating so adding a contingency would further reduce the available capacity.

Replicating Table 3-1 from Entegrus' Supplementary Evidence with the updated values in MVA would result in a more accurate representation of available capacity. Hydro One's table is found below.

[5] Entegrus Supplementary Evidence, Filed May 12, 2023, p.1
[6] Entegrus Application, Filed October 17, 2022, p. 10,16,17,21, Fig. 5-2

Table 1 – Capacity Allocation in MVA

	Customer Peak Load		Entegrus Peak Load		Combined Peak Load		Remaining Safe Operating Rating		Remaining Combined Available Equipment Capacity
Particulars (MVA)	(a)	(b)	(c)	(d)	(e)= (a) + (c)	(f) = (b) + (d)	(g) = (28 - (e))	(h) = (28 - (f))	(i) = (28 x 2) - (e +f)
Scenario	M7	M8	M7	M8	M7	M8	M7	M8	
Scenario 1	[redacted]								
Scenario 2									
Scenario 3									

*O/S = out of service

4.0 CUSTOMER RELIABILITY IMPACTS

Entegrus' Supplementary Evidence seeks to update its original proposed connection[7] with a new proposed connection plan in Figure A and Figure B. However, the revisions still do not address that the overall exposure of the M7 and M8 will increase through the addition of customers being served on the circuits and through the connection into Entegrus' system, thereby increasing reliability risks**.** Moreover, the proposed Entegrus connection plan will not provide the Customer a useful additional backup with the contemplated tie into the existing Entegrus system since Entegrus has detailed the capacity constraint of their existing system. Hydro One's evidence remains that Customer's reliability will be impacted if the SAA is approved, for the reasons stated.

5.0 RELATIVE COSTS TO THE CUSTOMER FROM EACH DISTRIBUTOR

With respect to Entegrus' Supplementary Evidence that Hydro One's Intervenor evidence had material errors in the calculation of Entergus' billing impacts, Hydro One states that it had no intention of misrepresenting the billing data. Hydro One's intent in providing the billing analysis in its Intervenor evidence was to provide the OEB, the Customer, and the Applicant with an apples-to-apples comparison of the billing impacts should the status quo connection scenario remain unchanged, e.g., the Customer continues to receive two service connections irrespective of the service provider. As an update, Hydro One provides the following to address Entergus' Supplementary Evidence:

[7] Figure 5-3 – Entegrus Application, Filed October 17, 2022, p. 22

a) Hydro One's calculation of St. Thomas' Rate Zone for the GS>50kw rate class was based on a loss factor of 1.0289. This is the loss factor that is defined in the 2023 Entegrus Rate Order for primary metered customers <5,000 kW for that rate zone[8].

b) Hydro One's calculations of the Entergus Main Rate Zone Large User Rate Class was based on a loss factor of 1.0049. This is the loss factor that is defined in the 2023 Entegrus Rate Order for primary metered customers >5,000 kW[9].

c) Hydro One agrees that the Global Adjustment and Capacity Demand response charges are based on the customer-specific Peak Demand Factor, however, these values need to be loss adjusted to accurately reflect the quantity of energy withdrawn from the IESO grid and would therefore be different based on the line losses of each individual distributor.

d) Hydro One was not aware that Entergus would allow the Customer to continue to use their transformer as part of their proposed connection. Thus, Hydro One did not include the transformation allowance and takes no issue with this being included in the bill analysis comparison.

As the loss factor applied to Entegrus load and how the loss factor is calculated for the St. Thomas Rate Zone or the Entegrus Main Rate Zone Large User Rate Class is unknown by Hydro One, Hydro One will update its evidence, as necessary, following the discovery phase in the herein proceeding.

Additionally, with the clarification provided in the Entegrus' Supplementary Evidence that the Customer will map to the Entegrus - St. Thomas rate zone GS>50 - 4,999 kW rate class, Hydro One's position is that any further rate or bill comparisons will be limited to this rate class. Hydro One remains of the view that any assessment and/or reliance of the future rates of Entegrus in 2026 and beyond is speculative . Irrespective of Entegrus' expectations, it is not definitive that Entegrus' contemplated rate harmonization plans will

[8] EB-2022-0026 - OEB Decision and Rate Order, Issued December 8, 2022, p. 42
[9] Ibid,p. 33

be approved by the OEB in 2026 nor is there any evidence on this record that would reflect that those Large User Rates will not substantially change once the harmonization and rebasing take effect. Additionally, it is Hydro One's evidence that Hydro One's ratepayers have funded the cost of construction and the ongoing maintenance of the M7 and M8 feeders, i.e., these costs are not reflected in Entegrus' rates.

6.0 FUTURE LOAD GROWTH AND PAST SERVICE AREA AMENDMENT APPLICATIONS

With respect to Entegrus' Supplementary Evidence wherein it states *"That capacity requirement is imminent, with the recent Volkswagen announcement. For instance, Entegrus recently received a request from a St. Thomas customer for significant additional capacity"* [10] this seems to indicate Entegrus' intent to pursue load within Hydro One service territory. There seems to be a lack of consistency, between this application and past applications regarding available capacity on Entegus' system. On one hand, in this Application, Entegrus provides they have been operating above planning capacity since about 2018[11]. Prior to filing this Application, Entegrus has not disclosed to Hydro One that Entegrus was already above their planning capacity and potential costs would be associated with adding additional load. Conversely, notwithstanding this knowledge, Entegrus has sought and the OEB has approved service area amendments to serve customers in Hydro One service territory[12]. Those recent service area amendments were predicated on the understanding that Entegrus' connection proposal for those areas were comparable to Hydro One's in terms of system planning, safety and service reliability. Those recently approved SAA applications, however, seem to be contradicted by the Applicant's evidence in this application that denotes that *"... continued growth above design capacity will drive an increasing number of failure points and lack of transfer capacity[13]".*

[10] Entegrus Supplementary Evidence, Filed May 12, 2023, p. 9
[11] Figure 5-2 – Entegrus Application, Filed October 17, 2022, p. 15
[12] For example, EB-2022-0144 was approved by the OEB on May 26, 2022 to have Entegrus serve 57 single-detached, 30 semi-detached and 104 townhouse residential dwellings.
[13] Entegrus Application, Filed October 17, 2022, p. 15-16

ATTACHMENT 1

ONTARIO ENERGY BOARD

Distribution System Code

July 14, 2000

Table of Contents

APPENDICES

1 GENERAL AND ADMINISTRATIVE PROVISIONS

1.1 The Purpose of this Code

This Code sets the minimum conditions that a distributor must meet in carrying out its obligations to distribute electricity under its licence and the *Energy Competition Act, 1998*. Unless otherwise stated in the licence or Code, these conditions apply to all transactions and

interactions between a distributor and all retailers, generators, distributors, transmitters and consumers of electricity who use the distributor's distribution system.

1.2 Definitions

In this Code:

"Accounting Procedures Handbook" means the handbook approved by the Board and in effect at the relevant time, which specifies the accounting records, accounting principles and accounting separation standards to be followed by the distributor;

"Act" means the Ontario Energy Board Act, 1998, S.O. 1998, C. 15, Schedule B;

"Affiliate Relationships Code" means the code, approved by the Board and in effect at the relevant time, which among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

"ancillary services" means services necessary to maintain the reliability of the IMO-controlled grid; including frequency control, voltage control, reactive power and operating reserve services;

"bandwidth" means a distributor's defined tolerance used to flag data for further scrutiny at the stage in the VEE process where a current reading is compared to a reading from an equivalent historical billing period. For example, a 30 percent bandwidth means a current reading that is either 30 percent lower or 30 percent higher than the measurement from an equivalent historical billing period will be identified by the VEE process as requiring further scrutiny and verification;

"Board" means the Ontario Energy Board;

"Code" means the Distribution System Code;

"complex metering installation" means a metering installation where instrument transformers, test blocks, recorders, pulse duplicators and multiple meters may be employed;

"Conditions of Service" means the document developed by a distributor in accordance with subsection 2.3 of this Code that describes the operating practices and connection rules for the distributor;

“connection” means the process of installing and activating connection assets in order to distribute electricity to a customer;

“Connection Agreement” means an agreement entered into between a distributor and a person connected to its distribution system that delineates the conditions of the connection and delivery of electricity to that connection;

“connection assets” means that portion of the distribution system used to connect a customer to the existing main distribution system, and consists of the assets between the point of connection on a distributor’s main distribution system and the ownership demarcation point with that customer;

“consumer” means a person who uses, for the person’s own consumption, electricity that the person did not generate;

“customer” means a person that has contracted for or intends to contract for connection of a building. This includes developers of residential or commercial sub-divisions;

“demand meter” means a meter that measures a consumer’s peak usage during a specified period of time;

“disconnection” means a deactivation of connection assets that results in cessation of distribution services to a consumer;

“distribute”, with respect to electricity, means to convey electricity at voltages of 50 kilovolts or less;

“distribution losses” means energy losses that result from the interaction of intrinsic characteristics of the distribution network such as electrical resistance with network voltages and current flows;

“distribution loss factor” has the meaning described to it in the Retail Settlement Code;

“distribution services” means services related to the distribution of electricity and the services the Board has required distributors to carry out, for which a charge or rate has been approved by the Board under section 78 of the *Act*.

“distribution system” means a system for distributing electricity, and includes any structures, equipment or other things used for that purpose. A distribution system is comprised of the

main system capable of distributing electricity to many customers and the connection assets used to connect a customer to the main distribution system;

“Distribution System Code” means the code, approved by the Board, and in effect at the relevant time, which, among other things, establishes the obligations of a distributor with respect to the services and terms of service to be offered to customers and retailers and provides minimum technical operating standards of distribution systems;

“distributor” means a person who owns or operates a distribution system;

“*Electricity Act*” means the *Electricity Act, 1998*, S.O. 1998, c.15, Schedule A;

“*Energy Competition Act*” means the *Energy Competition Act, 1998*, S.O. 1998, c. 15;

“Electrical Safety Authority” or “ESA” means the person or body designated under the *Electricity Act* regulations as the Electrical Safety Authority;

“embedded distributor” means a distributor who is not a wholesale market participant and that is provided electricity by a host distributor;

“embedded generator” or “embedded generation facility” means a generator whose generation facility is not directly connected to the IMO-controlled grid but instead is connected to a distribution system;

“embedded retail generator” means an embedded generator that settles through a distributor’s retail settlements system and is not a wholesale market participant;

“embedded wholesale consumer” means a consumer who is a wholesale market participant whose facility is not directly connected to the IMO-controlled grid but is connected to a distribution system;

“embedded wholesale generator” means an embedded generator that is a wholesale market participant;
“emergency” means any abnormal system condition that requires remedial action to prevent or limit loss of a distribution system or supply of electricity that could adversely affect the reliability of the electricity system;

“emergency backup” means a generation facility that has a transfer switch that isolates it from a distribution system;

“enhancement” means a modification to an existing distribution system that is made for purposes of improving system operating characteristics such as reliability or power quality or for relieving system capacity constraints resulting, for example, from general load growth;

“expansion” means an addition to a distribution system in response to a request for additional customer connections that otherwise could not be made; for example, by increasing the length of the distribution system;

“four-quadrant interval meter” means an interval meter that records power injected into a distribution system and the amount of electricity consumed by the customer;

“generate”, with respect to electricity, means to produce electricity or provide ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system;

“generation facility” means a facility for generating electricity or providing ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system, and includes any structures, equipment or other things used for that purpose;

“generator” means a person who owns or operates a generation facility;

“geographic distributor,” with respect to a load transfer, means the distributor that is licensed to service a load transfer customer and is responsible for connecting and billing the load transfer customer;

“good utility practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in North America during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgement in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good practices, reliability, safety and expedition. Good utility practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in North America;

“holiday” means a Saturday, Sunday, statutory holiday, or any day as defined in the Province of Ontario as a legal holiday;

“host distributor” means the distributor who provides electricity to an embedded distributor;

“IMO” means the Independent Electricity Market Operator established under the Electricity Act;

“IMO-Controlled Grid” means the transmission systems with respect to which, pursuant to agreements, the IMO has authority to direct operation;

“interval meter” means a meter that measures and records electricity use on an hourly or sub-hourly basis;

“load transfer” means a network supply point of one distributor that is supplied through the distribution network of another distributor and where this supply point is not considered a wholesale supply or bulk sale point;

“load transfer customer” means a customer that is provided distribution services through a load transfer;

“Market Rules” means the rules made under section 32 of the *Electricity Act*;

“Measurement Canada” means the Special Operating Agency established in August 1996 by the *Electricity and Gas Inspection Act*, 1980-81-82-83, c. 87., and Electricity and Gas Inspection Regulations (SOR/86-131);

“meter service provider” means any entity that performs metering services on behalf of a distributor;

“meter installation” means the meter and, if so equipped, the instrument transformers, wiring, test links, fuses, lamps, loss of potential alarms, meters, data recorders, telecommunication equipment and spin-off data facilities installed to measure power past a meter point, provide remote access to the metered data and monitor the condition of the installed equipment;

“metering services” means installation, testing, reading and maintenance of meters;

“MIST meter” means an interval meter from which data is obtained and validated within a designated settlement timeframe. MIST refers to “Metering Inside the Settlement Timeframe;”

"MOST meter" means an interval meter from which data is only available outside of the designated settlement timeframe. MOST refers to "Metering Outside the Settlement Timeframe;"

"*Ontario Energy Board Act*" means the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B;

"operational demarcation point" means the physical location at which a distributor's responsibility for operational control of distribution equipment including connection assets ends at the customer;

"ownership demarcation point" means the physical location at which a distributor's ownership of distribution equipment including connection assets ends at the customer;

"performance standards" means the performance targets for the distribution and connection activities of the distributor as established by the Board pursuant to the Act and in the Rate Handbook;

"physical distributor," with respect to a load transfer, means the distributor that provides physical delivery of electricity to a load transfer customer, but is not responsible for connecting and billing the load transfer customer directly;

"point of supply," with respect to an embedded generator, means the connection point where electricity produced by the generator is injected into a distribution system;

"rate" means any rate, charge or other consideration, and includes a penalty for late payment;

"Rate Handbook" means the document approved by the Board that outlines the regulatory mechanisms that will be applied in the setting of distributor rates;

"Regulations" means the regulations made under the *Act or the Electricity Act* ;

"retail", with respect to electricity means,

a) to sell or offer to sell electricity to a consumer
b) to act as agent or broker for a retailer with respect to the sale or offering for sale of electricity, or
c) to act or offer to act as an agent or broker for a consumer with respect to the sale or offering for sale of electricity.

“Retail Settlement Code” means the code approved by the Board and in effect at the relevant time, which, among other things, establishes a distributor’s obligations and responsibilities associated with financial settlement among retailers and customers and provides for tracking and facilitating customer transfers among competitive retailers;

“retailer” means a person who retails electricity;

“service area,” with respect to a distributor, means the area in which the distributor is authorized by its license to distribute electricity;

“total losses” means the sum of distribution losses and unaccounted for energy;

“transmission system” means a system for transmitting electricity, and includes any structures, equipment or other things used for that purpose;

“Transmission System Code” means the code, approved by the Board, that is in force at the relevant time, which regulates the financial and information obligations of the Transmitter with respect to its relationship with customers, as well as establishing the standards for connection of customers to, and expansion of a transmission system;

“transmit”, with respect to electricity, means to convey electricity at voltages of more than 50 kilovolts;

“transmitter” means a person who owns or operates a transmission system;

“unaccounted for energy” means all energy losses that cannot be attributed to distribution losses. These include measurement error, errors in estimates of distribution losses and unmetered loads, energy theft and non-attributable billing errors;

“unmetered loads” means electricity consumption that is not metered and is billed based on estimated usage;

“validating, estimating and editing (VEE)” means the process used to validate, estimate and edit raw metering data to produce final metering data or to replicate missing metering data for settlement purposes;

“wholesale buyer” means a person that purchases electricity or ancillary services in the IMO-administered markets or directly from a generator;

"wholesale market participant", means a person that sells or purchases electricity or ancillary services through the IMO-administered markets;

"wholesale settlement cost" means costs for both competitive and non-competitive services billed to a distributor by the IMO or a host distributor, or provided by an embedded retail generator or by a neighboring distributor;

"wholesale supplier" means a person who sells electricity or ancillary services through the IMO-administered markets or directly to another person, other than a consumer.

Unless otherwise defined in this Code, words and phrases shall have the meaning ascribed to them in the *Act,* or the *Electricity Act,* as the case may be. Headings are for convenience only and shall not affect the interpretation of this Code. Words importing the singular include the plural and vice versa. A reference to a document or a provision of a document includes any amendment or supplement to, or any replacement of, that document or that provision of that document. An event that is required under this Code to occur on or by a stipulated day which is a holiday may occur on or by the next day, that is not holiday.

1.4 To Whom this Code Applies

This Code applies to all electricity distributors licensed by the Ontario Energy Board under Part V of the *Ontario Energy Board Act, 1998*. These entities are obligated to comply with the Code as a condition of their licence.

1.5 Hierarchy of Codes

The order of hierarchy for the Distribution System Code in relation to other codes, subject to any specific conditions of a licence that apply to the distributor, are as follows:

1. Affiliate Relationships Code
2. Distribution System Code
3. Retail Settlement Code
4. Standard Supply Service Code

1.6 Amendments to this Code

This Code may be amended only in accordance with the procedures set out by the Board in the licence issued to a distributor.

1.7 Coming into Force

This Code comes into force on the day subsection 26(1) of the *Electricity Act* comes into force.

1.8 Requirements for Board Approvals

Any matter under this Code requiring a determination of the Board may be determined by the Board without a hearing or through an oral, written or electronic hearing, at the Board's discretion.

2 STANDARDS OF BUSINESS PRACTICE AND CONDUCT

2.1 Connection Agreement Requirement

2.1.1 A distributor shall ensure that it has an appropriate Connection Agreement in place with any customer prior to commencement of service. If a Connection Agreement is not entered into once service has commenced, the provision of service by the distributor shall imply acceptance of the distributor's Conditions of Service and the terms of any applicable Connection Agreement.

2.1.2 The Connection Agreement or the implied contract must conform to the Conditions of Service.

2.2 Liability

2.2.1 A distributor shall only be liable to a customer and a customer shall only be liable to a distributor for any damages which arise directly out of the willful misconduct or negligence:

- Of the distributor in providing distribution services to the customer;
- Of the customer in being connected to the distributor 's distribution system; or

- Of the distributor or customer in meeting their respective obligations under this Code, their licences and any other applicable law.

2.2.2 Despite section 2.2.1; neither the distributor nor the customer shall be liable under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, tort or otherwise.

2.3 Force Majeure

2.3.1 Neither party shall be held to have committed an event of default in respect of any obligation under this Code if prevented from performing that obligation, in whole or in part, because of a force majeure event.

2.3.2 If a force majeure event prevents a party from performing any of its obligations under this Code and the applicable Connection Agreement, that party shall:

- Promptly notify the other party of the force majeure event and its assessment in good faith of the effect that the event will have on its ability to perform any of its obligations. If the immediate notice is not in writing, it shall be confirmed in writing as soon as reasonably practicable.
- Not be entitled to suspend performance of any of its obligations under this Code to any greater extent or for any longer time than the force majeure event requires it to do;
- Use its best efforts to mitigate the effects of the force majeure event, remedy its inability to perform, and resume full performance of its obligations;
- Keep the other party continually informed of its efforts; and
- Provide written notice to the other party when it resumes performance of any obligations affected by the force majeure event.

2.3.3 Notwithstanding any of the foregoing, settlement of any strike, lockout, or labor dispute constituting a force majeure event shall be within the sole discretion of the party to the agreement involved in the strike, lockout, or labour dispute. The requirement that a party must use its best efforts to remedy the cause of the force majeure event, mitigate its effects, and

resume full performance under this Code shall not apply to strikes, lockouts, or labour disputes

2.4 Conditions of Service

2.4.1 A distributor shall document its Conditions of Service that describe the operating practices and connection policies of the distributor. All distributors shall have a Conditions of Service.

2.4.2 A distributor shall file a copy of its Conditions of Service with the Board, make its Conditions of Service publicly available and provide a copy to any person requesting it. A distributor shall provide one copy per revision for each person that requests it.

2.4.3 A distributor's existing Conditions of Service will be deemed to meet the standards set out in this Code for a period of one year following the coming into force of this Code, after which point the distributor must comply.

2.4.4 A distributor shall provide the Board with a copy of the distributor's Conditions of Service in conjunction with the distributor's annual rates filing.

2.4.5 A distributor's Conditions of Service may be subject to review as part of the distributor's performance based rates plan.

2.4.6 A distributor's Conditions of Service shall include, at a minimum, a description of the following:

- The types of connection service performed by the distributor for each customer class, and the conditions under which these connections will be performed (connection policy).
- The distributor's basic connection service that is recovered through its revenue requirements and does not require a variable connection charge.

- The distributor's capital contribution policy by customer class for an offer to connect, including procedures for collection of capital contributions.
- The demarcation point at which the distributor's operational responsibilities for distribution equipment end at the customer.
- The demarcation point at which the distributor's ownership of distribution equipment ends at the customer.
- The billing cycle period and payment requirements by customer class.
- Design requirements for connection to the distribution system.
- Voltages at which the distributor provides electricity and corresponding load thresholds.
- Type of meters provided by the distributor.
- Meters required by customer class.
- Quality of Service standards to which the distribution system is designed and operated.
- Conditions under which supply may be unreliable or intermittent.
- Conditions under which supply may be interrupted.
- Conditions under which the distributor may disconnect a consumer.
- Policies for planned interruptions.
- The business process the distributor uses to disconnect and reconnect consumers, including means of notification and timing.
- The distributor's rights and obligations with respect to a consumer or embedded generator.
- Rights and obligations a consumer or embedded generator has with respect to the distributor.
- The distributor's liability limitations in accordance with this Code.
- The distributor's dispute resolution procedure.
- Terms and conditions under which the distributor provides other services in its capacity as a distributor.

The conditions of service must be consistent with the provisions of this Code and all other applicable codes and legislation including the Rate Handbook.

2.4.7 If a distributor's Conditions of Service are documented in a form or in an order different than that specified in the generic Conditions of Service attached to this Code as Appendix A, the distributor shall provide a mapping of terms in its Conditions of Service to the sections and subsections in Appendix A.

2.4.8 A distributor shall provide advance public notice of any changes to its Conditions of Service. Notice shall be, at a minimum, provided to each customer by means of a note on and/or included with the customer's bill. The public notice shall include a proposed timeline for implementation of the new Conditions of Service and a means by which public comment may be provided. A distributor shall provide the Board with a copy of the new Conditions of Service once they are implemented. The copy of the revised document shall include a cover letter that outlines the changes from the prior document, as well as a summary of any public comments on the changes.

3 CONNECTIONS AND EXPANSIONS

3.1 Connections

3.1.1 In establishing its connection policy as specified in its Conditions of Service, and determining how to comply with its obligations under section 28 of the Electricity Act, a distributor may consider the following reasons to refuse to connect, or continue to connect, a customer:

- Contravention of the laws of Canada or the Province of Ontario.
- Violation of conditions in a distributor's licence.
- Adverse effect on the reliability or safety of the distribution system.
- Imposition of an unsafe worker situation beyond normal risks inherent in the operation of the distribution system.
- A material decrease in the efficiency of the distributor's distribution system.

- A materially adverse effect on the quality of distribution services received by an existing connection.
- Discriminatory access to distribution services.
- If the person requesting the connection owes the distributor money for distribution services.
- Violation of any other conditions identified in the distributor's Conditions of Service document.

3.1.2 A distributor shall ensure that all electrical connections to its system meet the distributor's design requirements, unless the electrical connections are separated by a protection device that has been approved by the distributor. If an electrical connection does not meet the distributor's design requirements, a distributor may refuse connection.

3.1.3 If a distributor refuses to connect a building or facility, the distributor shall inform the person requesting the connection of the reason(s) for not connecting and, where the distributor is able to provide a remedy, make an offer to connect. If the distributor is unable to provide a remedy to resolve the issue, it is the responsibility of the customer to do so before a connection may be made.

3.1.4 For residential customers, a distributor shall define a basic connection and recover the cost of the basic connection as part of its revenue requirement. The basic connection for each customer shall include, at a minimum, 1) supply and installation of overhead distribution transformation capacity or an equivalent credit for transformation equipment; and 2) up to 30 meters of overhead conductor or an equivalent credit for underground services.

3.1.5 For non-residential customers, a distributor may define a basic connection by rate class and recover the cost of connection either as part of its revenue requirement, or through a basic connection charge to the customer.

3.1.6 All customer classes shall be subject to a variable connection charge to be calculated as the costs associated with the installation of connection assets above and beyond the basic connection. A distributor may recover this amount from a customer through a connection charge or equivalent payment.

3.2 Expansions

3.2.1 If a distributor must construct new facilities to its main distribution system or increase the capacity of existing distribution system facilities in order to be able to connect a specific customer or group of customers, the distributor shall perform an economic evaluation of the expansion project to determine if the future revenue from the customer(s) will pay for the capital cost and on-going maintenance costs of the expansion project.

3.2.2 If an expansion of the distributor's main distribution system is needed in order for a distributor to connect a customer, the distributor is required to make an offer to the customer. A distributor's offer shall include the following:

- A description of the material and labour required by the distributor to build the expansion required to connect the customer.
- An estimate of the amount that will be charged to the customer in order to construct the distribution system expansion necessary to make the connection.
- A description and estimate of the connection charges that would apply to the offer in accordance with section 3.1.
- Whether the offer is a firm offer or is an estimate of the costs that would be revised in the final payment to reflect actual costs incurred.
- Whether the offer includes work for which the customer may obtain an alternative bid and, if so, the process by which the customer may obtain the alternative bid.
- Reference to the Conditions of Service and information on how the person requesting the connection may obtain a copy.

3.2.3 A distributor shall be responsible for the preliminary planning, design and engineering specifications of the work required for the distribution system expansion and connection. Specifications shall be made in accordance with the distributor's standards for design, material and construction.

3.2.4 In providing the estimate of the amount to be charged to the customer in order to construct the distribution system expansion referenced in paragraph 3.2.1, a distributor shall delineate estimated costs specifying those costs attributable to engineering design, materials, labour, equipment, and administrative activities.

3.2.5 The amount a distributor may offer to charge a customer other than a generator or distributor to construct the expansion to the distributor's distribution system shall not exceed that customer's share of the difference between the present value of the projected capital costs and on-going maintenance costs for the equipment and the present value of the projected revenue for distribution services provided by those facilities. The methodology and inputs that a distributor shall use to calculate this amount are presented in Appendix B.

3.2.6 If a shortfall between the present value of the projected costs and revenues is calculated, the distributor may propose to collect all or a portion of that amount from the customer, in accordance with the distributor's documented policy on capital contributions by customer class.

3.2.7 Unforecasted customers that connect to the distribution system during the customer connection horizon will benefit from the earlier expansion and should contribute their share. In such an event, the initial contributor shall then be entitled to a rebate from the distributor as follows:

- For a period of up to the customer connection horizon as defined in Appendix B, the initial contributor shall be entitled to a rebate without interest, based on apportioned benefit for the remaining period.

- The apportioned benefit shall be determined by considering such factors as the relative load level and the relative line length (in proportion to the line length being shared by both parties).

3.2.8 If a distributor's offer to connect is a firm offer, the distributor shall provide one estimate to the customer for any plans submitted to the distributor for an expansion project, at no expense to the customer. If the customer submits revised plans, the distributor may provide a new firm offer based on the revised plans at the customer's expense.

3.2.9 If a distributor's offer is an estimate of the costs to construct the expansion and not a firm offer, the final amount charged to the customer shall be based on actual costs incurred, the methodology described in Appendix B and the capital contribution policy of the distributor. The distributor shall calculate the one estimate and the final amount of customer contribution at no expense to the customer.

3.3 Alternative Bids

3.3.1 A distributor shall inform the customer requesting a connection that the customer has the choice to obtain alternative bids for the connection and expansion facilities ("alternative bid") from qualified contractors if the offer meets the following conditions:

- The project requires a capital contribution from the customer; and
- Construction work would not involve work with existing circuits.

3.3.2 If a customer is interested in obtaining an alternative bid, the distributor shall, in a non-discriminatory and fair and reasonable manner:

- Inform the customer of the work that the customer may obtain through an alternative bid.

- Inform the customer that the customer may choose among the contractors that have been pre-qualified by the distributor to perform the work eligible for an alternative bid.

3.3.3 The distributor shall develop and document fair and reasonable criteria and processes to prequalify contractors for construction work on electricity distribution projects. The distributor shall maintain a list of contractors prequalified to perform such construction work. The criteria and processes shall not be discriminatory.

3.3.4 If a customer chooses to pursue an alternative bid and elects to obtain the services of an alternative contractor for an aspect of the expansion project, the distributor shall:

- Require the customer who chooses to hire an alternative contractor to select, hire and pay the contractor's costs for the work eligible for the alternative bid and to assume full responsibility for the construction of that aspect of the expansion project.
- Require the customer to be responsible for administering the contract or to have the customer pay the distributor to do this activity on a fee for service basis. Administering the contract includes acquisition of all required permissions, permits, and easements.
- Reserve the right to inspect and approve all aspects of the constructed facilities as part of a system commissioning activity, prior to connecting the constructed facilities to the existing distribution system, and be reimbursed on a fee for service basis.

3.3.5 The distributor may charge a customer that chooses to pursue an alternative bid any costs incurred by the distributor associated with the expansion project, including but not limited to the following:

- Costs for additional design, engineering, or installation of facilities required to complete the project that were made in addition to the original offer to connect.

- Costs for inspection or approval of the work performed by the contractor hired by the customer.

3.3.6 A distributor may not include in its capital cost for the expansion project any amounts relating to work paid for directly by the customers.

3.4 Enhancements

3.4.1 A distributor shall continue to plan and build the distribution system for reasonable forecast load growth. A distributor may perform enhancements to its distribution system for purposes of improving system operating characteristics or for relieving system capacity constraints. In determining system enhancements to be performed on its distribution system, a distributor shall consider the following:

- Good utility practice.
- Improvement of the system to either meet or maintain required performance-based indices.
- Current levels of customer service and reliability and potential improvement from the enhancement.
- Costs to customers associated with distribution reliability and potential improvement from the enhancement.

3.5 Relocation of Plant

3.5.1 When requested to relocate distribution plant, a distributor shall exercise its rights and discharge its obligations in accordance with existing legislation such as the *Public Service Works on Highways Act*, regulations, formal agreements, easements and common law. In the absence of existing arrangements, a distributor is not obligated to relocate the plant. However, the distributor shall resolve the issue in a fair and reasonable manner. Resolution in a fair and reasonable manner shall include a response to the requesting party that explains

the feasibility or infeasibility of the relocation and a fair and reasonable charge for relocation based on cost recovery principles.

4 OPERATIONS

4.1 Quality of Supply

4.1.1 A distributor shall follow good utility practice in managing the power quality of the distributor's distribution system and define in its Conditions of Service the quality of service standards to which the distribution system is designed and operated.

4.1.2 A distributor shall maintain a voltage variance standard in accordance with the standards of the Canadian Standards Association CAN3-235. A distributor shall practice reasonable diligence in maintaining voltage levels, but is not responsible for variations in voltage from external forces, such as operating contingencies, exceptionally high loads and low voltage supply from the transmitter or host distributor.

4.1.3 A distributor shall respond to and take reasonable steps to investigate all consumer power quality complaints and report to the consumer on the results of the investigation.

4.1.4 If the source of a power quality problem is caused by the consumer making the complaint, the distributor may seek reimbursement for the time and cost spent to investigate the complaint.

4.1.5 A distributor shall take appropriate actions to control harmonic distortions found to be detrimental to consumers connected to the distribution system. If the distributor is unable to correct a problem without adversely impacting other distribution system consumers, a distributor may choose not to make the corrections. In deciding which actions to take, a distributor should use appropriate industry standards and good utility practice as guidelines.

4.1.6 A distributor shall require a consumer or customer that owns equipment connected to the distribution system to take reasonable steps to ensure that the operation or failure of that equipment does not cause a distribution system outage or disturbance.

4.1.7 A distributor may require that any consumer condition that adversely affects the distribution system be corrected immediately by the consumer at the consumer's cost.

4.1.8 A distributor may direct a consumer connected to its distribution system to take corrective or preventive action on the consumer's electric system when there is a direct hazard to the public or the consumer is causing or could cause adverse effects to the reliability of the distributor's distribution system. If the situation is not corrected, the distributor may disconnect the consumer in accordance with its disconnection policy.

4.2 Disconnection and Reconnection

4.2.1 A distributor shall establish a process for disconnection and reconnection that specifies timing and means of notification consistent with the Electricity Act, 1998. In developing physical and business processes for reconnection, a distributor shall consider safety and reliability as a primary requirement. A distributor shall document its business process for disconnection in the distributor's Conditions of Service.

4.2.2 A distributor shall inform a customer responsible for an overdue amount that it may be disconnected in accordance with section 31(2) of the *Electricity Act, 1998*.

4.2.3 It is recommended that, whenever possible, distributors provide no less than seven calendar days notice before disconnection for non-payment.

4.2.4 A distributor may disconnect without notice in accordance with a court order or for emergency, safety or system reliability reasons.

4.2.5 The physical process by which a distributor disconnects or reconnects shall reflect good utility practice and consider safety as a primary requirement.

4.2.6 In establishing its disconnection policy as specified in its Conditions of Service, consistent with section 30 and 31 of the Electricity Act and good utility practice, a distributor may consider the following reasons for disconnection:

- Adverse effect on the reliability and safety of the distribution system.
- Imposition of an unsafe worker situation beyond normal risks inherent in the operation of the distribution system.
- A material decrease in the efficiency of the distributor's distribution system.
- A materially adverse effect on the quality of distribution services received by an existing connection.
- Inability of the distributor to perform planned inspections and maintenance.
- Failure of the consumer or customer to comply with a directive of a distributor that the distributor makes for purposes of meeting its licence obligations.
- Any other conditions identified in the distributor's Conditions of Service document.

4.3 Unauthorized Energy Use

4.3.1 A distributor shall use its discretion in taking action to mitigate unauthorized energy use. Upon identification of possible unauthorized energy use, a distributor shall notify, if appropriate, Measurement Canada, the Electrical Safety Authority, police officials, retailers that service consumers affected by the unauthorized energy use, or other entities.

4.3.2 A distributor shall monitor losses and unaccounted for energy use on an annual basis to detect any upward trends that may indicate the need for management policies to moderate unauthorized energy use.

4.3.3 A distributor may recover from the parties responsible for the unauthorized energy use all costs incurred by the distributor arising from unauthorized energy use, including inspection and repair costs.

4.4 System Inspection Requirements and Maintenance

4.4.1 distributor shall maintain its distribution system in accordance with good utility practice and performance standards to ensure reliability and quality of electricity service, on both a short-term and long-term basis.

4.4.2 A distributor shall perform inspection activities of its distribution system in accordance with the requirements in Appendix C attached to this Code.

4.4.3 A distributor shall perform more frequent inspections if warranted due to local conditions such as geographic location, climate, environmental conditions, technologies available to perform the inspection, type and vintage of distribution technology in place, manufacturer specifications, system design or relative importance to overall system reliability of a particular piece of equipment or portion of the distributor's distribution system.

4.4.4 A distributor shall perform inspection activities using persons qualified to identify the types of defects that could be discovered during such inspection activities. Persons performing inspection activities shall be trained to protect both themselves and the public, and to respond to emergencies that may arise as a result of inspection activities.

4.4.5 A distributor shall address any defects discovered during the inspection activities within a reasonable period of time after the discovery of the defect. A distributor shall address a defect by scheduling a more detailed inspection, by planning repair activities or by performing any other action that is an affirmative response to the discovery of the defect. A

distributor shall have an internal review procedure to ensure that the identified defects and follow-up activities have been addressed appropriately.

4.4.6 A distributor shall determine the methodology by which inspection cycles are structured and the manner in which defects identified during inspection activities are to be repaired in accordance with good utility practice.

4.4.7 A distributor shall notify consumers regarding the expected duration and frequency of planned outages and provide as much advance notice as possible. A distributor shall make all reasonable efforts to minimize the duration and frequency of planned outages. The distributor's policies and procedures with respect to planned outages shall be described in the Conditions of Service.

4.5 Unplanned Outages and Emergency Conditions

4.5.1 A distributor may require a consumer or customer or a party to a joint use agreement to comply with reasonable and appropriate instructions from the distributor during an unplanned outage or emergency situation.

4.5.2 To assist with distribution system outages or emergency response, a distributor may require a customer to provide the distributor emergency access to customer-owned distribution equipment that normally is operated by the distributor or distributor-owned equipment on customer property.

4.5.3 During an emergency, a distributor may interrupt supply to a consumer in response to a shortage of supply or to effect repairs on the distribution system or while repairs are being made to consumer-owned equipment.

4.5.4 A distributor may require consumers with permanently connected emergency generation equipment to notify the distributor regarding the presence of such equipment.

4.5.5 A distributor shall require that a consumer's portable or permanently connected emergency generation capability complies with all applicable criteria of the Ontario Electrical Safety Code and does not adversely affect the distributor's distribution system.

4.5.6 A distributor shall develop and maintain appropriate emergency plans in accordance with the requirements of the Minister of Energy, Science and Technology and in the Market Rules, regardless of whether the distributor is a wholesale market participant. A distributor's emergency plan shall include, at a minimum, mutual assistance plans with neighbouring distributors or other measures to respond to a wide-spread emergency.

4.5.7 A distributor shall establish outage management policies that include the following:

- Arrangements for on-call personnel in accordance with good utility practice.
- Establishment and operation of a call centre or equivalent telephone service to provide consumers with available information regarding an outage.
- Identification of the location of distribution circuits for emergency services and critical customers such as hospitals, water supply, health care facilities, and designated emergency shelters for coordination with other agencies.

4.6 Health and Safety and Environment

4.6.1 A distributor shall follow good utility practices in operating and maintaining the distribution system and shall abide by safety rules and regulations that apply to routine utility work, including but not limited to the *Occupational Health & Safety Act* R.S.O. 1990 and any associated regulations.

4.6.2 A distributor shall be a member of an industry-specific, recognized health and safety organization in Ontario.

4.6.3 A distributor shall implement an industry recognized health and safety program that includes training and regularly conducted audits. This program also will include Public Education and Public Safety initiatives.

4.6.4 Any problems that a distributor identifies as part of the audit shall be remedied as soon as possible or in accordance with the distributor's health and safety program.

4.6.5 A distributor shall have a corporate policy that addresses environmental stewardship that applies to all of the distributor's operations. A documented program supporting procedures and appropriate training should be in place to ensure compliance with environmental regulations and indicate a proactive approach to environmental damage avoidance.

5 METERING

5.1 Provision of Meters and Metering Services

5.1.1 A distributor shall provide, install and maintain a meter installation for retail settlement and billing purposes for each customer connected to the distributor's distribution system, subject to section 5.2.3.

5.1.2 A distributor may install a demand meter or interval meter for purposes of measuring demand in order to assign the customer to a rate class or to set the appropriate distribution services rate for that customer.

5.1.3 As of the date this Code comes into force a distributor shall have six months to provide a MIST meter installation for any existing customer that has an average monthly peak demand during a calendar year of over 1 MW. A distributor shall install a MIST meter on any new installation that is forecast by the distributor to have a monthly average peak demand during a calendar year of over 500 kW, for the purposes of measuring energy delivered to the customer.

5.1.4 A distributor may set a threshold level for installation of MIST meters other than that required by section 5.1.3. as long as the threshold is delineated by customer class in the distributor's Conditions of Service and sets a threshold lower than that required by section 5.1.3.

5.1.5 A distributor shall provide an interval meter within a reasonable period of time to any customer who submits to it a written request for such meter installation, either directly or through an authorized party, in accordance with the Retail Settlement Code, subject to the following conditions:

- The customer that requests interval metering shall compensate a distributor for all incremental costs associated with that meter, including the capital cost of the interval meter, installation costs associated with the interval meter, ongoing maintenance (including allowance for meter failure), verification and reverification of the meter, installation and ongoing provision of communication line or communication link with the customer's meter, and cost of metering made redundant by the customer requesting interval metering.
- The distributor shall determine whether the meter will be a MIST or MOST meter, subject to the requirements of this Code.
- A communication system utilized for MIST meters shall be in accordance with the distributor's requirements.
- A communication line shall be required in the case of inside or restricted access meters.

5.1.6 A distributor shall identify in its Conditions of Service the type of meters that are available to a customer, the process by which a customer may obtain such meters and the types of charges that would be levied on a customer for each meter type.

5.2 Metering Requirements for Generating Facilities

5.2.1 A distributor shall require that an Ontario Energy Board-licensed generator connected to its distribution system that sells energy and settles through the distributor's retail settlement process install a four-quadrant interval meter.

5.2.2 A distributor shall meter customers with generation that does not require on Ontario Energy Board licence, such as back-up capability or generation for load displacement, in the same manner as the distributor's other load customers.

5.2.3 A distributor shall require that an embedded generator connected to the distributor's distribution system install its own meter in accordance with the distributor's metering requirements and provide the distributor with the technical details of the metering installation.

5.2.4 Where practical, metering for embedded generators shall be installed at the point of supply. If it is not practical to install the meter at the point of supply, a distributor shall apply loss factors to the generation output in accordance with the loss factors applied for retail settlements and billing.

5.3 VEE Process

5.3.1 Metering data collected by a distributor shall be subjected to a validating, estimating and editing (VEE) process if it is to be used for settlement and billing purposes.

5.3.2 A distributor shall establish a VEE process according to local practice that is fair and reasonable and provides assurance that correct data is submitted to the settlement process. The VEE process shall do the following:

- Convert raw metering data into validated, corrected or estimated "settlement-ready" metering data suitable for use in determining settlement amounts in accordance with the settlement schedule in the Retail Settlement Code.
- Detect errors in metering data introduced as a result of improper operational conditions and/or hardware/software malfunctions, including failures of or

errors in metering or communication hardware, and metering data exceeding pre-defined variances or tolerances.

- Use operational system data, including historical generation and load patterns and data collected by the distributor, as appropriate, for validating raw metering data, and for editing, estimating and correcting metering data found to be erroneous or missing.

5.3.3 A distributor's VEE process for data from non-interval and MOST meters shall compare energy and demand (if applicable) readings from at least one equivalent historical billing period. A distributor shall determine the appropriate bandwidths by customer class and specify other criteria used in the VEE process.

5.3.4 A distributor's VEE process for data from MIST meters shall consider industry standards specified by the IMO in its VEE process for registered wholesale meters.

5.3.5 A distributor shall document and make available its VEE process and criteria, and allow scrutiny of its process by customers, retailers, the Board and Measurement Canada.

5.3.6 A distributor shall comply with Measurement Canada standards as a minimum metering installation and measurement standard, and may apply any other practices that exceed those standards.

5.3.7 A distributor shall have an inspection program for complex [polyphase] metering installations and document the inspection and results of the inspection.

5.3.8 Where an embedded generator's metering installation does not conform to Measurement Canada standards or the accuracy class of instrument transformers cannot be confirmed, a distributor shall require the embedded generator to have the metering installation, including instrument transformers, tested, and apply a Measurement Canada correction factor to meter readings until such time as standards conformance is achieved.

5.3.9 A distributor shall ensure that persons involved in metering services have competency in performing these services. Competency may be based on recognized qualification requirements that include a training course that meets the requirements of the tasks to be performed. Metering services provided by a person that does not have the recognized qualification requirements shall be reviewed, affirmed and documented by a person with exhibited competency.

5.3.10 A distributor that provides metering services directly or through a Meter Service Provider shall exercise appropriate diligence in detecting and acting upon instances of tampering with metering and service entrance equipment. Upon identification of possible meter tampering, the distributor should notify, as appropriate, Measurement Canada, police officials, the Electrical Safety Authority, or other entities.

5.3.11 Nothing in this Code shall affect the obligation of a distributor to comply with all Measurement Canada requirements provided that, where this Code or other conditions of licence prescribe a higher standard than that prescribed in those requirements, the distributor shall comply with the higher standard.

5.3.12 A distributor shall respond to customer and retailer metering disputes, and shall establish a fair and reasonable charge for costs associated with resolution of these disputes. If the complaint is substantiated, the charge shall not be applied. In resolving the dispute, a distributor may use a qualified, independent organization at anytime during the dispute resolution process.

6 DISTRIBUTORS' RESPONSIBILITIES

6.1 Responsibilities to Load Customers

This section applies to load customers other than embedded generators and embedded distributors.

6.1.1 A distributor shall make every reasonable effort to respond promptly to a customer's request for connection. In any event a distributor shall respond to a customer's written request for a customer connection within 15 calendar days. A distributor shall make an offer to connect within 60 calendar days of receipt of the written request, unless other necessary information is required from the load customer before the offer can be made.

6.1.2 A distributor has an implied contract with any customer that is connected to the distributor's distribution system and receives distribution services from the distributor. The terms of the implied contract are embedded in the distributor's Conditions of Service, the Rate Handbook, the distributor's rate schedules, the Distributor's licence and the Distribution System Code.

6.1.3 A distributor may require a customer to enter into a Connection Agreement with the distributor if the distributor believes that the customer has characteristics that require an explicit document to describe the relationship between the distributor and the customer. Suggested information to be included in the Connection Agreement with customers is listed in Appendix D.

6.1.4 A distributor shall enter into a Connection Agreement with a customer that is connected to the distributor's distribution system and is a wholesale market participant.

6.1.5 Before entering a property to carry out an activity described in section 40 of the *Electricity Act*, the person shall, in accordance with subsection 40(8) of the *Electricity Act*:

- provide reasonable notice of the entry to the occupier of the property;
- in so far as is practicable, restore the property to its original condition; and
- provide compensation for any damages caused by the entry that cannot be repaired.

6.2 Responsibilities to Generators

Section 6.2 does not apply to customers with emergency backup generators.

6.2.1 A distributor shall make every reasonable effort to respond promptly to a generator's request for connection. In any event a distributor shall provide an initial consultation with a generator that wishes to connect to the distribution system regarding the connection process within thirty (30) calendar days of receiving a written request for connection. A final offer to connect a generator to its distribution system shall be made within ninety (90) calendar days of receiving a written request for connection, unless other necessary information outside the distributor's control is required before the offer can be made.

6.2.2 A distributor shall collect costs reasonably incurred with making an offer to connect a generator from the entity requesting the connection. Costs reasonably incurred include costs associated with:

- Preliminary review for connection requirements.
- Detailed study to determine connection requirements.
- Final proposal to the generator.

6.2.3 The amount a distributor may offer to charge a generator to construct the expansion to connect the generator to the distributor's distribution system shall not exceed that generator's share of the present value of the projected capital costs and on-going maintenance costs for the equipment. Projected revenue and avoided costs from the generator shall be assumed to be zero, unless otherwise determined by rates approved by the Board. The methodology and inputs that a distributor shall use to calculate this amount are presented in Appendix B.

6.2.4 A distributor shall enter into a Connection Agreement with a generator that is or wishes to become connected to the distributor's distribution system. Suggested information to be included in the Connection Agreement with an embedded generator is listed in Appendix E. A suggested process and application form is included in Appendix F.

6.2.5 A distributor shall ensure that the safety, reliability and efficiency of the distribution system is not negatively impacted by the connection of a generator to the system.

6.2.6 A distributor shall ensure that the distribution system is adequately protected from potential damage or increased operating costs resulting from connection with a generator. If damage or increased operating costs result from a connection with a generator, the distributor shall be reimbursed for these costs by the generator.

6.2.7 A distributor shall ensure that a connected generator has a regular, scheduled maintenance plan to assure both parties that connection devices, protection and control systems are maintained in good working order. These provisions shall be included in the Connection Agreement. In developing a maintenance plan, the distributor and generator should consider the following requirements:

- Qualified personnel should carry out all inspections and repairs.
- Periodic tests should be performed on protection systems to verify that the system operates as designed. Testing intervals for protection systems should not exceed four (4) years for microprocessor-based systems and two (2) years for electro-mechanical based systems.
- Isolating devices at the point of connection should be operated at least once per year.
- The generator facility should be inspected visually at least once per year to note obvious maintenance problems such as broken insulators or other damaged equipment.
- Any deficiencies identified during inspections should be noted and repairs scheduled as soon as possible, with timing dependent on the severity of the problem, due diligence concerns (of both the distributor and the generator) and financial and material requirements. A distributor should be notified of any deficiencies involving critical protective equipment. Before the first inspection is conducted, the distributor shall provide to the generator a list of critical protective equipment.
- A distributor may choose to receive copies of all relevant inspection and repair reports that may affect the protection and performance of the distributor's systems. A distributor has the right to witness any relevant test being performed by the generator.

6.2.8 All equipment that is connected, operating or procured or ordered before the issue of this Code is deemed to be in compliance with the distributor's performance requirements.

6.2.9 A distributor may require that equipment deemed compliant under section 6.2.8 be brought into actual compliance with the distributor's performance requirements within a specific reasonable time period where there is:

- a material deterioration of the distribution system reliability resulting from the performance of the generator's equipment
- a material negative impact on the quality of power of an existing or a new customer resulting from the performance of the generator's equipment.
- a material increase in generator capacity at the site where the equipment deemed compliant is located.

6.3 Responsibilities to Other Distributors

6.3.1 A distributor shall make every reasonable effort to respond promptly to another distributor's request for connection. A distributor shall provide an initial consultation with another distributor regarding the connection process within thirty (30) days of receiving a written request for connection. A final offer to connect the distributor to the host distributor's distribution system shall be made within ninety (90) days of receiving the written request for connection, unless other necessary information outside the distrubutor's control is required before the offer can be made.

6.3.2 A distributor shall make a good faith effort to enter into a Connection Agreement with a distributor connected to the distributor's distribution system. The contents and format of the Connection Agreement are in the discretion of the distributors that participate in the Connection Agreement but must conform to the requirements of this Code. Appendix G provides an example of the process that distributors should follow in providing a connection to another distributor.

6.3.3 The reliability of supply and the voltage level at the delivery point from a host distributor's distribution system to an embedded distributor's distribution system shall be as good as or better than what is provided to the host distributor's other distribution customers.

6.3.4 A distributor shall not build any part of its distribution system in another distributor's licensed service area except under the following conditions:

- The part of the distribution system that is to be located inside another licensed service area is dedicated to the delivery of electricity to the distributor who owns the distribution facilities; and
- There is no apparent opportunity for both distributors to share the distribution facilities; and
- The distributor in whose service area the distribution facilities are to be located determines that the presence of the distribution facilities in that location does not impinge on its distribution operations.

6.3.8 A distributor that owns equipment in another distributor's licensed service area shall allow that distributor access to the equipment for the following reasons:

- Emergencies.
- When the equipment may cause a violation of a licence condition by the distributor who is licensed for the service area.
- Upon a reasonable request by the distributor who is licensed for the service area.
- In accordance with any arrangement between the two distributors.

6.4 Sharing Arrangements Between Distributors

6.4.1 A distributor that owns distribution facilities in another distributor's licensed service area, and decides to share those distribution facilities with the distributor licensed to serve the service area,

shall have an agreement that describes the terms of the sharing arrangement with the other distributor.

6.4.2 An operating agreement for multiple ownership circuits shall include, among other conditions, clauses that require that:

- Each section owner provide downstream owners with fault current information and protection settings of upstream protective devices.
- Each section owner provide upstream owners with load forecasting information.
- Each section owner maintain phase balance within generally acceptable industry standards.
- Each section owner ensure generally acceptable industry standards pertaining to power quality and voltage levels are adhered to on the section owner's portion of the feeder.
- The owner of the feeder breaker be responsible for maintaining appropriate relay settings for overall feeder protection.
- Each distributor be responsible to provide the required information to accomplish appropriate relay settings for overall feeder protection, including information on feeder characteristics and loading information.

6.4.3 In existing or new multiple ownership circuits, a distributor shall be responsible for maintenance, protection and power quality of the distributor's own portion of the shared feeder. The distributor shall ensure that its portion of the feeder has proper fault protection and voltage within proper limits. This generally would require the owner of each section of the feeder to provide for suitable overcurrent protection devices and voltage regulators, as appropriate, at the upstream boundary and suitable metering, if not already available for settlement purposes, at the downstream boundary.

6.5 Load Transfers

6.5.1 A distributor (referred to in this section as the geographic distributor) that provides distribution services through a load transfer may continue to do so under the following conditions:

- The load transfer customer enters into a Connection Agreement or is deemed to have an implied contract with the geographic distributor and interacts only with the geographic distributor.
- The geographic distributor provides service to the load transfer customer in accordance with its Conditions of Service and bills the load transfer customer in accordance with its regulated charges and rates.
- The geographic distributor is responsible for system reliability or equipment failures associated with the distribution system equipment it owns or operates that is used to deliver electricity to the load transfer customer.
- The geographic distributor allows the distributor that owns the connection assets (referred to as the physical distributor) access to the distribution equipment used to service the load transfer customer, as required for system reliability and safety.
- The geographic distributor is responsible to the physical distributor for all charges and costs incurred by the load transfer customer for all costs defined in Retail Settlement Code, including distribution costs, competitive electricity costs and non-competitive electricity costs provided to the customer through the physical distributor's distribution system.
- The geographic distributor is responsible for facilitating the load transfer customer's access to retail competition and shall interact with any competitive retailer chosen by the customer.

6.5.2 A physical distributor that provides distribution services through a load transfer may continue to do so under the following conditions:

- The physical distributor refers the load transfer customer or a retailer that intends to service the load transfer customer to the geographic distributor for all issues. The geographic distributor is responsible to work with the physical distributor on any issues that are the direct responsibility of the physical distributor.
- The physical distributor is responsible for system reliability or equipment failures associated with the distribution system equipment it owns or operates that is used to deliver electricity to the load transfer customer.
- The physical distributor allows the geographic distributor access to its equipment, as required for system reliability and safety.

6.5.3 During the five year period after this Code comes into effect, a physical distributor shall be obligated to continue to service an existing load transfer customer unless otherwise negotiated between the physical distributor and geographic distributor.

6.5.4 During the five year period after this Code comes into effect, a geographic distributor that services a load transfer customer shall either:

a) negotiate with a physical distributor that provides load transfer services so that the physical distributor will be responsible for providing distribution services to the customer directly, including application for changes to the licensed service areas of each distributor; or

b) expand the geographic distributor's distribution system to connect the load transfer customer and service that customer directly.

Once a load transfer customer enters into a Connection Agreement or implied contract with the physical distributor, the physical distributor shall have sole responsibility for that customer.

6.5.5 A distributor may enter into a new load transfer agreement with another distributor with leave of the Board.

6.6 Provision of Information

6.6.1 A distributor shall communicate general market and educational information to consumers connected to its distribution system as required by the Board.

6.6.2 A distributor shall inform a person about the person's obligations to the distributor, and shall monitor and require compliance to ensure that the person is meeting its obligations. A distributor shall inform the consumer or customer about the distributor's rights to disconnect service.

6.6.3 At the request of a consumer, a distributor shall provide a list of retailers who have Service Agreements in effect with the distributor. The list shall conform to the requirements of section 2.5 of the Affiliate Relationships Code. The list should inform the consumer that an alternative retailer does not have to be chosen in order to ensure that the consumer receives electricity and the terms of service that are available under Standard Supply Service.

6.6.4 A distributor shall not provide information on products retailed by a retailer.

6.6.5 Upon receiving an inquiry from a consumer connected to its distribution system, the distributor shall either respond to the inquiry if it deals with the distributor's distribution services or provide the consumer with contact information for the entity responsible for the item of inquiry, in accordance with chapter 7 of the Retail Settlement Code.

6.6.6 An embedded distributor that receives electricity from a host distributor shall provide load forecasts or any other information related to the embedded distributor's system load to the host distributor, as determined and required by the host distributor. A distributor shall not require any information from another distributor unless it is required for the safe and reliable operation of either distributor's distribution system or to meet a distributor's licence obligations.

Distribution System Code

ATTACHMENT 2

Ontario Energy Board
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Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
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Numéro sans frais: 1-888-632-6273

Ontario

BY EMAIL AND WEB POSTING

February 20, 2015

NOTICE OF PROPOSAL TO AMEND A CODE

PROPOSED AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE

BOARD FILE NO.: EB-2015-0006

To: All Licensed Electricity Distributors
All Participants in Consultation Process EB-2009-0095
All Other Interested Parties

The Ontario Energy Board (the "Board") is giving notice under section 70.2 of the *Ontario Energy Board Act, 1998* of proposed amendments to the Distribution System Code (the "DSC").

A. Background

The purpose of the proposed revisions to the DSC is to establish criteria to facilitate the elimination of the remaining load transfer arrangements between electricity distributors.

A load transfer arrangement involves two distributors. One is referred to as the geographic distributor and the other is referred to as the physical distributor. While the customer ("load transfer customer") is located in the licensed service area of the geographic distributor, the load transfer customer is physically connected to the physical distributor's distribution system because the geographic distributor does not have existing assets in close proximity to serve the load transfer customer. It is therefore the physical distributor that provides the delivery of electricity to the load transfer customer. However, the customer is billed by the geographic distributor (i.e., pays geographic distributor's

distribution rates which may be higher or lower than physical distributor's rates).

There are a number of undesirable outcomes associated with load transfer arrangements that the Board has previously identified (e.g., cross-subsidization). As such, the Board has sought to eliminate load transfer arrangements since the DSC was first issued. However, circumstances have resulted in the extension of the date for their elimination including the following:

- Government initiatives were introduced that were aimed at facilitating the voluntary consolidation of the electricity distribution sector (i.e., transfer tax exemption). Requiring distributors to continue with their plans to eliminate load transfers at that time had the potential to result in the inefficient use of both distributor and Board resources;
- The introduction of the *Green Energy Act, 2009* as a distributor's approach to its load transfer arrangements had the potential to evolve over time when the distributor engaged in accommodating renewable energy projects. For example, doing so may have required the geographic distributor to expand its system to an area where the load transfer customers reside; and
- To accommodate a policy review of service area amendments and load transfer arrangements that may have impacted the provisions of the DSC in relation to load transfers arrangements.

The approach taken by the Board to date to eliminate load transfer arrangements has relied on negotiations between the geographic distributor and the physical distributor, with annual status reports submitted to the Board. There has been progress over the years under that approach. However, that progress has fallen short of the Board's expectations as those annual status reports indicate that approximately 3,500 customers continue to be served under a load transfer arrangement. Given all the extensions discussed above, the Board's expectation was that they would all now be eliminated.

B. Proposed Amendments to the DSC

Attachment A to this Notice contains the proposed amendments to the DSC. The following is a summary of the proposed amendments.

As noted above, the Board is proposing to amend the DSC to set out the criteria under which all load transfer arrangements would be eliminated. The principles underlying those

criteria are minimizing rate impacts for the load transfer customers and avoiding unnecessary costs being imposed on consumers due to an uneconomic distribution system expansion by a geographic distributor for the sole purpose of connecting load transfer customers.

The Board is proposing to delete sections 6.5.3, 6.5.4, 6.5.4.1, 6.5.4.2, and 6.5.5 from the DSC and replace them with new sections 6.5.3, 6.5.4, 6.5.5, and 6.5.6.

Where the elimination of a load transfer arrangement would result in the load transfer customer receiving a *reduction* in distribution charges by transferring the load transfer customer to the physical distributor, the load transfer customer (i.e., the property associated with the load transfer customer) would need to be transferred to the existing physical distributor within six months of these amendments coming into force through a service area amendment licence application (proposed new section 6.5.3).

Where the transfer of a load transfer customer to the physical distributor would result in an *increase* in distribution charges, the load transfer customer would remain a customer of the geographic distributor until there is a change in ownership of the account (e.g., the current customer closes the account and a new customer opens a new account). Upon such a change in account, the property associated with the account would need to be transferred to the physical distributor; i.e., there would need to be a service area amendment to transfer the property and the new customer to the physical distributor (proposed new section 6.5.4).

As a consequence, under both scenarios discussed above, load transfer customers would become customers of the existing physical distributor since it is the most economic efficient approach to serve such electricity consumers. If it was not, there would be no reason for the load transfer arrangement to continue to exist.

In order to make the process as efficient as possible, the Board believes one distributor should be accountable for submitting the service area amendment licence application in relation to both of the proposed new sections discussed above. The Board is proposing that obligation be placed on the geographic distributor since it would have all the necessary information; particularly when there is a change in ownership of the account in relation to proposed new section 6.5.4. However, placing that obligation on the geographic distributor would not preclude a physical distributor from submitting an application if it wishes to expedite the elimination of the load transfer arrangement.

Physical distributors would be required to provide service to existing load transfer customers, under the load transfer arrangement, until such time as the load transfer customer is transferred to the physical distributor's service area (proposed new section 6.5.5).

Distributors would not be permitted to enter into any new load transfer arrangement (proposed new section 6.5.6).

Once the proposed DSC amendments are finalized, streamlined filing guidelines will be issued separately for service area amendment applications involving the elimination of load transfer arrangements.

C. Anticipated Costs and Benefits

The Board believes the proposed code amendments set out in this Notice will result in benefits that exceed any additional costs.

Under this proposed approach, load transfer customers will either pay lower distribution charges or the same distribution charges. In other words, load transfer customers will not experience an increase in their electricity bills due to the elimination of a load transfer arrangement. Based on information in the most recent annual status reports that were submitted to the Board, the outcome for the majority of load transfer customers would be a reduction in their electricity bill.

The proposed amendments will also eliminate the cross-subsidization that currently occurs due to load transfer arrangements and it will eliminate many load transfer arrangements that distributors have been unable to eliminate over the past 15 years.

In addition, less distributor and Board resources will be required for the following reasons: (1) there will no longer be a need for the geographic and physical distributors to negotiate an agreement; and (2) geographic distributors will no longer be required to prepare implementation plans and annual status reports related to the elimination of load transfers, and the Board will no longer need to review such documents.

The Board expects that these proposed DSC amendments will not result in any material increase in costs for distributors as there has been no change in policy intent – the elimination of load transfer arrangements.

D. Coming into Force

The Board proposes that the proposed DSC amendments, as set out in Attachment A, come into force on the date that the final DSC amendments are published on the Board's website after having been made by the Board.

E. Cost Awards

Cost awards will be available under section 30 of the Act to eligible persons in relation to the provision of comments on the proposed DSC amendments set out in this Notice. Cost awards will be available to a **maximum of 8 hours** per eligible participant, and will be recovered from all rate-regulated licensed electricity distributors.

Attachment B contains important information regarding cost awards for this Notice and comment process, including in relation to eligibility requests and objections. In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

F. Invitation to Comment

All interested parties are invited to submit written comments on the proposed DSC amendments, as set out in Attachment A, by **March 6, 2015**.

Three (3) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, Ontario M4P 1E4

The Board requests that interested parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at https://www.pes.ontarioenergyboard.ca/eservice/. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at

www.ontarioenergyboard.ca, and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@ontarioenergyboard.ca**.**

Those that do not have internet access should provide a CD containing their filing in PDF format.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2015-0006** and include your name, address, telephone number and, where available, your e-mail address and fax number.

If the written comment is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the written comment available for viewing at the Board's offices or placing the written comment on the Board's website, the Board will remove any personal (i.e., not business) contact information from the written comment (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the written comment will be available for viewing at the Board's offices and will be placed on the Board's website.

This Notice, including the proposed amendments to the DSC set out in Attachment A, and all written comments received by the Board in response to this Notice will be available for public viewing on the Board's web site at www.ontarioenergyboard.ca and at the office of the Board during normal business hours.

If you have any questions regarding the proposed DSC amendments described in this Notice, please contact Chris Cincar at Chris.Cincar@OntarioEnergyBoard.ca or at 416-440-7696. The Board's toll free number is 1-888-632-6273.

DATED at Toronto, February 20, 2015

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Attachments:

Attachment A — Proposed Amendments to the Distribution System Code
Attachment B — Cost Awards

Attachment A
to
Notice of Proposed Amendments to the
Distribution System Code

February 20, 2015

EB-2015-0006

Proposed Amendments to the Distribution System Code

Note: The text of the proposed amendments is set out in italics below, for ease of identification only.

1. Sections 6.5.3, 6.5.4, 6.5.4.1, 6.5.4.2, and 6.5.5 of the DSC are revoked and replaced with the following:

6.5.3 Where the elimination of the load transfer arrangement, by transferring the load transfer customer(s) to the physical distributor, will result in the load transfer customer(s) paying lower distribution charges the load transfer customer(s) shall be transferred to the physical distributor by ***[insert date of six months after coming into force of amendments]****. The geographic distributor shall apply to the Board for a service area amendment to the necessary licence(s) to effect the transfer.*

6.5.4 Where the elimination of the load transfer arrangement will result in the load transfer customer(s) paying higher distribution charges if the load transfer customer(s) are transferred from the geographic distributor to the physical distributor, the load transfer customer(s) shall remain a customer of the geographic distributor until such time as the customer account changes. Once a new customer account is opened, the load transfer arrangement must be eliminated by transferring the new customer to the physical distributor. The geographic distributor shall apply to the Board for a service area amendment to the necessary licence(s) to effect the transfer.

6.5.5 Until such time as the load transfer arrangement is eliminated under section 6.5.3 or 6.5.4, the physical distributor shall be obligated to continue to

service an existing load transfer customer.

6.5.6 A distributor shall not enter into any new load transfer arrangements.

Attachment B
to
Notice of Proposed Amendments to the
Distribution System Code

February 20, 2015

EB-2015-0006

Cost Awards

Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person intending to request an award of costs must file with the Board a written submission to that effect by **February 27, 2015,** identifying the nature of the person's interest in this process and the grounds on which the person believes that it is eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board's website.

Licensed electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. If an electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **March 6, 2015**. Any objections will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting participants.

Eligible Activities

Cost awards will be available in relation to the provision of comments on the proposed amendments to the DSC set out in Attachment A, to a **maximum of 8 hours.**

Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process. Interested parties are reminded that cost awards are made available on a per eligible participant basis, regardless of the number of professional advisors that an eligible participant may wish to retain.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the Board's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at www.ontarioenergyboard.ca on the "Rules, Codes, Guidelines & Forms" webpage.

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ATTACHMENT 3

From: Saleh Lavaee
To: CATALANO Pasquale
Cc: Chris Cincar
Subject: OEB's response to Hydro One's request for Inclusion of ST Customers (EB-2015-0006)
Date: Wednesday, September 28, 2016 12:11:47 PM

Good afternoon Pasquale:
In response to your previous question related to sub-transmission (ST) customers and the elimination of load transfer arrangements, the matter was discussed with our Executive Policy Committee (EPC).
The EPC concluded that the DSC amendments that were put in place during the EB-2015-0006 proceeding only apply to those customers that were included in load transfer agreements as they existed at the time the final DSC amendments were issued. The applicable section in the amended DSC notes:

> *"6.5.3 All load transfer arrangements shall be eliminated by transferring the load transfer customers to the physical distributor by June 21, 2017."*

As such, unless a ST customer was included in a load transfer agreement at the time the final DSC amendments were published, the EB-2015-0006 DSC amendments do not apply to them as there is no basis to require the transfer of the ST customers.

The EPC also took account that, in Hydro One's final written comments (October 28th), the following was noted:

> "Hydro One considers the revised proposed amendments to reflect Hydro One's initial comments, and seeks no further changes to the language of the proposed amendments."

Also taken into account were concerns in Hydro One's initial written comments (March 6th) related to the "Swiss Cheese Effect" (p. 3). The OEB took that Hydro One concern into account in deciding to deviate from its initial proposal. It is the OEB's understanding that the transfer of ST customers would 'create' a Swiss Cheese Effect, since ST customers tend to be embedded well within the territories of other affected LDCs (i.e., not on the borders like the norm vis-à-vis load transfers).
Given the above, the EPC viewed this as a 'policy' matter (as opposed to an 'implementation' matter) and other interested stakeholders should have an opportunity to express their views and concerns. It was therefore concluded another policy consultation process would be required to further amend the DSC.
The EPC further concluded that the OEB does not intend to hold another consultation process to address this matter at this point in time.
Please do not hesitate to contact Chris Cincar, Senior Advisor at Chris.Cincar@ontarioenergyboard.ca or (416) 440-7696, should you have any questions or require clarification.
Thank you,

Saleh Lavaee
Licensing & Industry Liaison Department
Consumer Protection and Industry Performance Division
Ontario Energy Board
Tel: (416) 440-8145
E-mail: Saleh.Lavaee@ontarioenergyboard.ca
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du contenu du courriel par une autre personne que le(s) destinataire(s) voulu(s) sont strictement interdits. Si vous recevez ce message par erreur, veuillez le supprimer définitivement et en aviser l'expéditeur immédiatement par retour du courriel.