



EB-2008-0142
EB-2008-0143
EB-2006-0144

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF applications by Cornwall Street
Railway Light and Power Company Limited and Canadian
Niagara Power Inc. pursuant to section 74 of the *Ontario
Energy Board Act, 1998* for certain amendments to
distribution licences ED-2004-0405 and ED-2002-0572, and
transmission licence ET-2003-0073.

By delegation, before: Jennifer Lea

DECISION AND ORDER

The Application

On June 13, 2008, Cornwall Street Railway Light and Power Company Limited ("Cornwall Electric") and Canadian Niagara Power Inc. ("CNPI") filed applications with the Ontario Energy Board requesting certain amendments to the distribution licences of Cornwall Electric (ED-2004-0405) and CNPI (ED-2002-0572), and to the transmission licence of CNPI (ET-2003-0073). With respect to the three licences, the applicants have requested the following amendments:

1. In Schedule 3 of the distribution licences (Schedule 2 of the transmission licence) to replace a reference to "FortisOntario Generation Corporation" with "Fortis Properties Corporation";
2. In Schedule 3 of the distribution licences to change a reference to the date of the Services Agreement from "July 23, 2003" to "September 15, 2005"; and
3. To replace references to "IMO" with "IESO".

With respect to its distribution licence, Cornwall Electric has requested the addition to Schedule 2 of its licence a reference to a new long term electricity purchase contract that was recently entered into by Cornwall Electric and HQ Marketing Inc.

The applicants have requested that the Board dispose of this matter without a hearing under section 21(4)(b) of the *Ontario Energy Board Act, 1998* (the “Act”) as no person will be adversely affected in a material way by the outcome of this proceeding.

I find that no person will be adversely affected in a material way by the outcome of this proceeding, and therefore have disposed of this matter without a hearing.

The amendments are granted as requested.

Reasons

Replacement of FortisOntario Generation Corporation with Fortis Properties Corporation

Cornwall Electric, a licensed electricity distributor (ED-2004-0405), and CNPI, a licensed electricity distributor (ED-2002-0572) and transmitter (ET-2003-0073), are wholly-owned subsidiaries of Fortis Ontario Inc., which is a wholly-owned subsidiary of Fortis Inc. Each of the three licences contains a list of code exemptions. In particular, all three licences provide exemptions from certain sections of the Affiliate Relationships Code for Electricity Distributors and Transmitters (the “ARC”). In the distribution licences, these exemptions are specified in Schedule 3, and in the transmission licence they are specified in Schedule 2.

The exemption schedules also indicate that the exemptions from the requirements of the ARC are subject to certain conditions. Two conditions of note refer to “FortisOntario Generation Corporation”. Pursuant to an internal corporate reorganization of certain Fortis energy companies, FortisOntario Generation Corporation now forms part of Fortis Properties Corporation, a wholly owned subsidiary of Fortis Inc. It is appropriate to grant the amendments to recognize the new corporate name.

Change of date for Shared Services Agreements

Pursuant to a Board Decision and Order dated August 31, 2004 (RP-2003-0254 / EB-2003-0318) granting exemptions from certain provisions of the ARC, Fortis Ontario Inc. has filed with the Board four revised services agreements dated September 15, 2005. These services agreements replace earlier services agreements dated July 23, 2003 that are referred to in Schedule 3 of the distribution licences and Schedule 2 of the transmission licence. The amendments to recognize the new service agreements will be made.

Replacement of IMO with IESO

The corporate name of the Independent Market Operator ("IMO") has been changed to the Independent Electricity System Operator ("IESO"). The licences will be amended to recognize this change.

Inclusion of reference to New Long Term Contract with Hydro Quebec

Cornwall Electric is not connected to the IESO controlled grid and obtains its electricity supply from Hydro Quebec. As set out in its distribution licence, rates for consumers in the Cornwall Electric service territory are established pursuant to a franchise agreement with the City of Cornwall.

Schedule 2 of the Cornwall Electric licence, relating to Standard Supply Service, currently states that:

The Licensee shall obtain the electricity required to fulfill that obligation [to sell electricity under s. 29 of the Electricity Act] under and in accordance with the terms of the Licensee's agreement with Hydro Quebec dated September 23, 1994 or for so long as that agreement remains in effect.

The evidence shows that Cornwall Electric has entered into a new long term electricity supply contract dated May 23, 2008 with HQ Energy Marketing Inc., a wholly-owned subsidiary of Hydro Quebec, for a 100 MW supply of electricity for an 11 ½ year term. The distribution licence will accordingly be amended.

It is also appropriate to take this opportunity to make a number of editorial changes to the applicants' distribution and transmission licences, in order to reflect changes that have been made to the Board's distribution and transmission licence templates and to the Affiliate Relationships Code for Electricity Distributors and Transmitters.

IT IS ORDERED THAT:

1. Cornwall Street Railway Light and Power Company Limited's distribution licence (ED-2004-0405) is amended in accordance with the revised licence attached as Appendix A to this decision and order.
2. Canadian Niagara Power Inc.'s distribution licence (ED-2002-0572) is amended in accordance with the revised licence attached as Appendix B to this decision and order.
3. Canadian Niagara Power Inc.'s transmission licence (ET-2003-0073) is amended in accordance with the revised licence attached as Appendix C to this decision and order.

DATED at Toronto, September 10, 2008

ONTARIO ENERGY BOARD

Original signed by

Jennifer Lea
Counsel, Special Projects

Appendix A

to

Decision and Order

EB-2008-0142

Cornwall Street Railway Light and Power Company (ED-2004-0405)

September 10, 2008

Appendix B
to
Decision and Order

EB-2008-0143

Canadian Niagara Power Inc. (ED-2002-0572)

September 10, 2008

Appendix C
to
Decision and Order

EB-2008-0144

Canadian Niagara Power Inc. (ET-2003-0073)

September 10, 2008



Electricity Distribution Licence

ED-2002-0572

Canadian Niagara Power Inc.

Valid Until

November 5, 2023

Original signed by

Jennifer Lea
Counsel, Special Projects
Ontario Energy Board
Date of Issuance: November 6, 2003
Date of Amendment: August 31, 2004
Date of Amendment: November 23, 2004
Date of Amendment: November 20, 2006
Date of Amendment: September 10, 2008

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	Table of Contents	Page No.
1	Definitions.....	1
2	Interpretation	2
3	Authorization.....	2
4	Obligation to Comply with Legislation, Regulations and Market Rules	2
5	Obligation to Comply with Codes.....	3
6	Obligation to Provide Non-discriminatory Access	3
7	Obligation to Connect	3
8	Obligation to Sell Electricity	4
9	Obligation to Maintain System Integrity	4
10	Market Power Mitigation Rebates.....	4
11	Distribution Rates	4
12	Separation of Business Activities.....	4
13	Expansion of Distribution System	4
14	Provision of Information to the Board	5
15	Restrictions on Provision of Information	5
16	Customer Complaint and Dispute Resolution.....	5
17	Term of Licence	6
18	Fees and Assessments	6
19	Communication.....	6
20	Copies of the Licence	6

SCHEDULE 1	DEFINITION OF DISTRIBUTION SERVICE AREA	8
SCHEDULE 2	PROVISION OF STANDARD SUPPLY SERVICE	10
SCHEDULE 3	LIST OF CODE EXEMPTIONS	11
APPENDIX A	MARKET POWER MITIGATION _REBATES	13

1 Definitions

In this Licence:

"Accounting Procedures Handbook" means the handbook, approved by the Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

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

"Affiliate Relationships Code for Electricity Distributors and Transmitters" means the code, approved by the Board which, among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

"distribution services" means services related to the distribution of electricity and the services the Board has required distributors to carry out, including the sales of electricity to consumers under section 29 of the Act, for which a charge or rate has been established in a Rate Order;

"Distribution System Code" means the code approved by the Board which, among other things, establishes the obligations of the 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;

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

"Lease" means the Master Implementation Agreement and the Lease Agreement, both dated as of July 19, 2001, between Port Colborne Hydro Inc. as Lessor, the Corporation of the City of Port Colborne as Shareholder of the Lessor, Canadian Niagara Power Inc. as Lessee, and FortisOntario Inc. (formerly Canadian Niagara Power Company Limited) as the Lessee Guarantor;

"Licensee" means Canadian Niagara Power Inc.;

"Market Rules" means the rules made under section 32 of the Electricity Act;

"Performance Standards" means the performance targets for the distribution and connection activities of the Licensee as established by the Board in accordance with section 83 of the Act;

"Rate Order" means an Order or Orders of the Board establishing rates the Licensee is permitted to charge;

"regulation" means a regulation made under the Act or the Electricity Act;

"Retail Settlement Code" means the code approved by the Board which, among other things, establishes a distributor's obligations and responsibilities associated with financial settlement among retailers and consumers and provides for tracking and facilitating consumer transfers among competitive retailers;

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

“Standard Supply Service Code” means the code approved by the Board which, among other things, establishes the minimum conditions that a distributor must meet in carrying out its obligations to sell electricity under section 29 of the Electricity Act;

“wholesaler” means a person that purchases electricity or ancillary services in the IESO-administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IESO-administered markets or directly to another person other than a consumer.

2 Interpretation

- 2.1 In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this Licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence:
- a) to own and operate a distribution system in the service area described in Schedule 1, parts 1 to 7 of this Licence;
 - b) to operate the distribution system located within the municipal boundaries of the City of Port Colborne, as described in part 8 of Schedule 1 of this Licence, in accordance with the Lease, provided that in the event of an inconsistency between a provision of the Lease and a condition of this Licence, the condition of this Licence shall prevail;
 - c) to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act in the manner specified in Schedule 2 of this Licence; and
 - d) to act as a wholesaler for the purposes of fulfilling its obligations under the Retail Settlement Code or under section 29 of the Electricity Act.

4 Obligation to Comply with Legislation, Regulations and Market Rules

- 4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.
- 4.2 The Licensee shall comply with all applicable Market Rules that apply to the Licensee.

5 Obligation to Comply with Codes

5.1 The Licensee shall at all times comply with the following Codes (collectively the “Codes”) except where the Licensee has been specifically exempted from such compliance by the Board. Any exemptions granted to the licensee are set out in Schedule 3 of this Licence. The following Codes apply to this Licence:

- a) the Affiliate Relationships Code for Electricity Distributors and Transmitters;
- b) the Distribution System Code;
- c) the Retail Settlement Code; and
- d) the Standard Supply Service Code.

5.2 The Licensee shall:

- a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

6 Obligation to Provide Non-discriminatory Access

6.1 The Licensee shall, upon the request of a consumer, generator or retailer, provide such consumer, generator or retailer with access to the Licensee’s distribution system and shall convey electricity on behalf of such consumer, generator or retailer in accordance with the terms of this Licence.

7 Obligation to Connect

7.1 The Licensee shall connect a building to its distribution system if:

- a) the building lies along any of the lines of the distributor’s distribution system; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

7.2 The Licensee shall make an offer to connect a building to its distribution system if:

- a) the building is within the Licensee’s service area as described in Schedule 1; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

7.3 The terms of such connection or offer to connect shall be fair and reasonable and made in accordance with the Distribution System Code, and the Licensee’s Rate Order as approved by the Board.

- 7.4 The Licensee shall not refuse to connect or refuse to make an offer to connect unless it is permitted to do so by the Act or a regulation or any Codes to which the Licensee is obligated to comply with as a condition of this Licence.

8 Obligation to Sell Electricity

- 8.1 Except to the extent of any exemption set out in Schedule 3, the Licensee shall fulfill its obligation to sell electricity under section 29 of the Electricity Act in accordance with the requirements established in Schedule 2 of this Licence.

9 Obligation to Maintain System Integrity

- 9.1 The Licensee shall maintain its distribution system in accordance with the standards established in the Distribution System Code and Market Rules, and have regard to any other recognized industry operating or planning standards adopted by the Board.

10 Market Power Mitigation Rebates

- 10.1 The Licensee shall comply with the pass through of Ontario Power Generation rebate conditions set out in Appendix A of this Licence.

11 Distribution Rates

- 11.1 The Licensee shall not charge for connection to the distribution system, the distribution of electricity or the retailing of electricity to meet its obligation under section 29 of the Electricity Act except in accordance with a Rate Order.

12 Separation of Business Activities

- 12.1 The Licensee shall keep financial records associated with distributing electricity separate from its financial records associated with transmitting electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.
- 12.2 The Licensee shall maintain separate accounting and financial records, including records of capital investments, and shall file separate rates applications with respect to the electricity distribution business operated by the Licensee within the municipal boundaries of the City of Port Colborne, as described in part 8 of Schedule 1 of this Licence.
- 12.3 The Licensee shall maintain separate accounting and financial records, including records of capital investments, with respect to the electricity distribution business operated by the Licensee in the service area formerly served by Eastern Ontario Power Inc. as described in Schedule 1, parts 3 to 7 of this Licence.

13 Expansion of Distribution System

- 13.1 Except to the extent of any exemption stated in Schedule 3, the Licensee shall not construct, expand or reinforce an electricity distribution system or make an interconnection except in accordance with the Act and Regulations, the Distribution System Code and applicable provisions of the Market Rules.

- 13.2 Except to the extent of any exemption set out in Schedule 3, in order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Board may order the Licensee to expand or reinforce its distribution system in accordance with Market Rules and the Distribution System Code, or in such a manner as the Board may determine.

14 Provision of Information to the Board

- 14.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.
- 14.2 Without limiting the generality of paragraph 14.1, the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.

15 Restrictions on Provision of Information

- 15.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.
- 15.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:
- a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;
 - b) for billing, settlement or market operations purposes;
 - c) for law enforcement purposes; or
 - d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.
- 15.3 The Licensee may disclose information regarding consumers, retailers, wholesalers or generators where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.
- 15.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.
- 15.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information provided will not be used for any other purpose except the purpose for which it was disclosed.

16 Customer Complaint and Dispute Resolution

- 16.1 The Licensee shall:

- a) have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner;
- b) publish information which will make its customers aware of and help them to use its dispute resolution process;
- c) make a copy of the dispute resolution process available for inspection by members of the public at each of the Licensee's premises during normal business hours;
- d) give or send free of charge a copy of the process to any person who reasonably requests it; and
- e) subscribe to and refer unresolved complaints to an independent third party complaints resolution service provider selected by the Board. This condition will become effective on a date to be determined by the Board. The Board will provide reasonable notice to the Licensee of the date this condition becomes effective.

17 Term of Licence

- 17.1 This Licence shall take effect on November 6, 2003 and expire on November 5, 2023. The term of this Licence may be extended by the Board.

18 Fees and Assessments

- 18.1 The Licensee shall pay all fees charged and amounts assessed by the Board.

19 Communication

- 19.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.
- 19.2 All official communication relating to this Licence shall be in writing.
- 19.3 All written communication is to be regarded as having been given by the sender and received by the addressee:
- a) when delivered in person to the addressee by hand, by registered mail or by courier;
 - b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
 - c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

20 Copies of the Licence

- 20.1 The Licensee shall:
- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and

- b) provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA

This Schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with paragraph 8.1 of this Licence.

1. The Town of Fort Erie as of December 31, 1990 as per *Regional Municipality of Niagara Act*, R.S.O. 1990.
2. The customer located at 7780 Stanley Avenue, Niagara Falls.
3. The Town of Gananoque as of the date of this Licence.
4. The customers located in the Township of Leeds and the Thousand Islands, formerly in the Townships of the Front of Leeds and Lansdowne:
 - Concession 1 Broken Front lots 1-8 and the west half of lot 9, the south half (south of Hwy 401) of Concession 1 lot 9 and the islands of Pike Island, Sister Island, Cherry Island, Cunningham Island and part of Red Horse Island.
5. The customers located in the Township of Frontenac Islands, formerly in the Township of Howe Islands:
 - Fuller Road: Lot 21, Concession NR.
6. The customers located at the following lots and concessions or with the following civic numbers and future customers that lie along the Licensee's distribution system in the City of Kingston, formerly the Township of Pittsburgh:
 - Concession 2 lots 7 – 18 excluding existing customers that front on Joyceville Road and future customers that lie along that Hydro One Networks Inc. (HONI) distribution system, but including CNPI customers with civic numbers 1680,1682 and 1776 Joyceville Road, and including lots 25 to 38 excluding one HONI navigation light service in lot 27.
 - Concession 3 lots 2 to 38, south of Hwy 401 including the existing customers on John F Scott Rd and future customers that lie along that CNPI distribution system, excluding existing customers that front on Joyceville Road and future customers that lie along that HONI distribution system and excluding one customer lot 18 with address Highway 401 at Exit 632 and excluding lot 38 customers with civic numbers 2101,2931,2131 and 2173 Deer Ridge Road and excluding future customers that lie along that HONI distribution system.
 - Concession 7: one station service Washburn Generating Station.
 - Concession 8: one house with civic address 3012 Brewer's Mill Road and one station service Brewers Mills Generating Station.
 - Concession 9: one station service at Jones Falls Generating Station.
 - Kingston Mills Road: 563, 537, 531, 513, 509, 501, 500, 497, 493, 492, 490, 480, 473, 474, 464, 462, 460, 456, 452, 448, 444, 436, 432, 429, and 431.

- Old Kingston Mills Road: 946 and 950.
 - County Road #15: 1986 and 1993.
 - Abbey Dawn Road: 1560, 1707, 1671, 1655, 1635, 1619, 1597, 1570 and 1569.
 - County Road #2: 3206, 3211, 3122 and 3275.
7. The customers located at the following civic numbers and future customers that lie along the Licensee's distribution system in the City of Kingston, formerly in the Township of Kingston:
- Italia Lane: 1174, 1110 and 104.
 - Montreal Street: 401 Parking lot, 1648, 1620, 1684, 1670, 1658 and 1702.
 - Thompson Crescent: 965, 949, 943, 937, 931, 927, 924, 921, 916, 905, 906 and 903.
 - Kingston Mills Road: 892, 885, 876, 875, 799, 793, 787, 781, 775, 773, 765, 759, 753, 749, 743, 737, 733, 727, 723, 719, 715, 711, 709, 707, 703, 697, 693, 689, 685, 681, 675, 669 and 661.
 - Daylan Avenue: 1628, 1633, 1632, 1672, 1668, 1646, 1650, 1654, 1656, 1655, 1658, 1660, 1682, 1692, and 1686.
8. The Town of Port Colborne as of December 31, 1990 as per *Regional Municipality of Niagara Act*, R.S.O. 1990.

SCHEDULE 2 PROVISION OF STANDARD SUPPLY SERVICE

This Schedule specifies the manner in which the Licensee is authorized to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act.

Subject to any applicable exemptions set out in Schedule 3, the Licensee shall retail electricity directly to consumers within its service area in accordance with this Licence, the Standard Supply Service Code and the Retail Settlement Code, and shall do so at the rates set out in the Licensee's Rate Order.

SCHEDULE 3 LIST OF CODE EXEMPTIONS

This Schedule specifies any specific Code requirements from which the Licensee has been exempted.

1. The Licensee is exempt from the requirements of the following sections of the Affiliate Relationships Code for Electricity Distributors and Transmitters under the conditions specified in section 2 of this Schedule:

Section 2.2.2

Where a utility shares information services with an affiliate, all confidential information must be protected from access by the affiliate. Access to a utility's information services shall include appropriate computer data management and data access protocols as well as contractual provisions regarding the breach of any access protocols. A utility shall, if required to do so by the Board, conduct a review of the adequacy, implementation or operating effectiveness of the access protocols and associated contractual provisions which complies with the provision of section 5970 of the CICA Handbook. A utility shall also conduct such a review when the utility considers that there may have been a breach of the access protocols or associated contractual provisions and that such review is required to identify any corrective action that may be required to address the matter. The utility shall comply with such directions as may be given by the Board in relations to the terms of section 5970 review. The results of any such review shall be made available to the Board.

Section 2.2.3

A utility shall not share with an affiliate that is an energy service provider employees that are directly involved in collecting, or have access to, confidential information.

2. The Exemptions from the requirements of the Affiliate Relationship Code for Electricity Distributors and Transmitters referred to section 1 of this Schedule (the "Exemptions") are subject to the following conditions:
 - a) The exemptions only apply in respect of the relationship between the Licensee and the following affiliates and not with respect to any other affiliates of the Licensee:
 - FortisOntario Inc.;
 - Fortis Properties Corporation; and
 - Cornwall Street Railway Light and Power Company Limited.
 - b) The Licensee shall not share facilities, confidential information or employees with any affiliate identified in paragraph a) for any purpose other than the provision of services to, or the receipt of services from, the affiliate under the Services Agreements dated September 15, 2005 (the "Services Agreements") as filed with the Board as part of the materials filed in support of the application for the Exemptions, as such Services Agreements may be amended from time to time.

- c) The activities of the Licensee relative to the affiliates identified in paragraph a) shall be governed by, and the Licensee shall be bound by and comply with, the Services Agreements, as amended from time to time.
 - d) The Licensee shall notify the Board of any material change relative to the materials filed in support of the application for the Exemptions as soon as possible upon becoming aware of such change and in no event later than fifteen days following the date on which the change occurs. Without limiting the generality of the foregoing, this obligation includes notifying the Board in the event of a change in the market activities of either FortisOntario Inc. or Fortis Properties Corporation.
 - e) The Board may, on its own initiative or upon receipt of notice from the Licensee under paragraph d), by order revoke one or more of the Exemptions, vary one or more of the conditions set out above or impose additional conditions upon becoming aware of any material change relative to the materials filed in support of the application for Exemptions, or for such other reason as the Board considers appropriate.
3. The Licensee is exempt from the requirements of section 2.5.3 of the Standard Supply Service Code with respect to the price for small/residential consumers, subject to the Licensee offering an equal billing plan as described in its application for exemption from the Fixed Reference Price, and meeting all other undertakings and material representations contained in the application and the materials filed in connection with it.

APPENDIX A

MARKET POWER MITIGATION REBATES

1. Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor's host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity

consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

“ONTARIO POWER GENERATION INC. rebate”

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.

ONTARIO POWER GENERATION INC. REBATES

For the payments that relate to the period from May 1, 2006 to April 30, 2009, the rules set out below shall apply.

1. Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor's host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:

- i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

"ONTARIO POWER GENERATION INC. rebate"

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.