



**Generic Hearing on Uniform Transmission Rates –
Phase 2**

**PROCEDURAL ORDER NO. 1
December 8, 2023**

The Ontario Energy Board (OEB) is holding a public hearing on its own motion under sections 19, 21, and 78 of the *Ontario Energy Board Act, 1998*, to consider various issues related to Ontario's Uniform Transmission Rates (UTRs). This is the second phase under this motion. The first phase, under EB-2021-0243, focused on setting the Export Transmission Service Rate. This second phase will focus on the issues outlined in this Procedural Order.

A Notice of Hearing was issued on October 27, 2023.

Intervention and Cost Eligibility

The following parties applied for intervenor status:

- Canadian Niagara Power Inc. (CNPI)
- Distributed Resource Coalition (DRC)
- Electricity Distributors Association (EDA)
- Energy Storage Canada (Energy Storage)
- Environmental Defence (ED)
- Glencore Canada Corporation (Glencore Canada)
- Hydro One Networks Inc. (HONI)

DRC, Energy Storage, and ED also applied for cost eligibility.

All parties that requested intervenor status in this proceeding are granted intervenor status. Except for those who have written to the OEB to indicate otherwise, all parties from Phase 1 of the generic hearing on UTR-related issues, EB-2021-0243, are deemed intervenors in this proceeding. The OEB will grant to any such intervenors the same cost eligibility status as was granted in EB-2021-0243.

The list of parties in this proceeding is attached as Schedule A to this Procedural Order. DRC, Energy Storage and ED are eligible to apply for an award of costs under the OEB's [Practice Direction on Cost Awards](#).

Cost eligible intervenors should be aware that the OEB will not generally allow the recovery of costs for the attendance of more than one representative of any party unless a compelling reason is provided when cost claims are filed.

Individuals that represent their own interests should carefully review the OEB's [Practice Direction on Cost Awards](#) for information about the types of costs and disbursements that an individual may claim. For example, while wage or salary losses incurred as a result of participating in an OEB hearing may be claimed, fees are not generally permitted to be claimed by individuals under the OEB's Cost Award Tariff.

Being eligible to apply for recovery of costs is not a guarantee of recovery of any costs claimed. Cost awards are made by way of OEB order at the end of a hearing.

Issues

In the Notice of Hearing, the OEB identified the following six issues:

1. The timing of UTR decisions
2. Number of decimal places for UTRs
3. Prorating transmission charges for new connections to account for when the connection took place in the month
4. Charges caused by planned transmission outages
5. Basis for billing renewable, non-renewable, and energy storage facilities for transmission
6. Gross load billing thresholds for renewable and non-renewable generation

OEB staff has provided background information and recommendations on how to address Issues 1, 2, and 3 in Schedule B. Intervenors are invited to consider these recommendations and provide submissions in accordance with the procedural steps below. The OEB will consider any submissions received and determine further steps regarding Issues 1, 2, and 3, which may include the issuance of a decision on one or more of those issues.

Unless the OEB determines otherwise, the proceeding will focus on the more complex Issues 4, 5, and 6. As ordered below, Hydro One Networks Inc. (Hydro One) shall, without prejudice, file a background report for this proceeding regarding Issues 4, 5, and 6. Hydro One shall provide the following information in this report to support consideration of these three issues:

- Detailed description of the issues, who is impacted, and other relevant background information
- Potential options to address these issues

- Considerations for selecting among the options, such as “pros” and “cons” and associated impacts to customers

Following the filing of this report, OEB staff will organize a transcribed technical conference. The purpose of this conference will be to provide intervenors with an opportunity to review and clarify the background report prepared by Hydro One on Issues 4, 5, and 6.

OEB staff and intervenors may file submissions regarding issues 4, 5 and 6 to finalize the issues list for the proceeding. In the submissions regarding the issues list, OEB staff and Intervenors, including Hydro One, shall indicate if they plan to file additional evidence.

The OEB will determine further procedural steps at a later date and will issue further procedural orders accordingly.

IT IS THEREFORE ORDERED THAT:

1. Intervenors shall file submissions on the recommendations from OEB staff regarding Issues 1, 2, and 3 by **February 1, 2024**.
2. Hydro One shall file its background report on Issues 4, 5, and 6, as described above, by **April 1, 2024**.
3. Intervenors shall, in preparation for a technical conference, file clarifying questions regarding the background report by **April 15, 2024**.
4. A transcribed technical conference will be held on **April 22, 2024**, starting at 9:30 a.m. The purpose of the technical conference will be to review and clarify the background report and to develop a proposed detailed issues list for Issues 4, 5, and 6. This will be a virtual event and information on how to participate will be provided in advance of the conference.
5. OEB staff shall file a proposed detailed issues list, or alternatively, shall advise the OEB in writing that the parties and OEB staff have been unable to reach an agreement on a proposed detailed issues list by **April 29, 2024**.
6. If the technical conference does not result in an agreed upon detailed issues list, OEB staff and Intervenors shall file submissions on the proposed detailed issues list by **May 10, 2024**.
7. OEB staff and Intervenors shall file letters of intent to file evidence on any of the issues by **May 10, 2024**.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2022-0325** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar at the address below and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Michael Price at Michael.Price@oeb.ca and OEB Counsel, James Sidlofsky at James.Sidlofsky@oeb.ca.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto, **December 8, 2023**

ONTARIO ENERGY BOARD

Nancy Marconi

Registrar

SCHEDULE A
LIST OF APPLICANTS AND INTERVENORS
GENERIC UTR ISSUES HEARING – PHASE 2
EB-2022-0325
December 8, 2023

**Ontario Energy Board
EB-2022-0325
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SCHEDULE B
GENERIC UTR ISSUES HEARING – PHASE 2
OEB STAFF SUGGESTIONS REGARDING ISSUES 1, 2, AND 3
EB-2022-0325
December 8, 2023

1. Timing of UTR decisions

Background

Transmitter revenue requirements are recovered through Uniform Transmission Rates (UTRs) which are charged to all wholesale market participants, including electricity distributors. The timing of transmitter revenue requirement proceedings does not always allow for the annual UTR decision to be finalized in December for January 1. This can lead to forgone revenue for transmitters, which must then be calculated and included when UTRs are updated. In addition, new transmitters are added to UTRs when their assets come into service, and this does not always align with a January 1 UTR update.

The UTRs are inputs into electricity distributors' Retailer Transmission Service Rates (RTSRs). Recently, there have been occasions when RTSRs for the upcoming year have been based on UTRs for the current year rather than UTRs for the upcoming year because of timing differences or "lags" between when UTRs and RTSRs were set. The OEB issued forecast 2024 UTRs in September 2023 to allow this data to feed into distributors' annual rate updates on a timelier basis. Earlier availability of these transmission costs will allow electricity distributors to capture the most up to date costs in the RTSRs billed to customers, to be determined as part of their annual rate adjustments. This approach is expected to decrease amounts accumulated in the distributor's transmission variance accounts.

OEB Staff Recommendation

OEB staff recommends that the OEB should continue its current practices for addressing UTR timing-related issues that arise in the following scenarios:

- transmitter revenue requirement proceedings that are not finalized in December for inclusion in January 1 UTRs
- new transmitters entering service after UTRs for the year have already been set
- other updates during the calendar year

In these scenarios, the OEB's practice has been to issue interim UTR decisions effective January 1, and final UTRs and by way of updated UTR decisions during the calendar year, and has established deferral/variance accounts to address potential implementation timing issues. OEB staff recommends that these practices should continue, since they have provided transmitters with timely revenue adjustments.

OEB staff anticipates that the new practice of issuing forecast UTRs will decrease balances accumulated in the distributors' transmission variance accounts.

2. Number of decimal places for UTRs

Background

UTRs are prescribed to two decimal places. The UTRs effective July 1, 2023 are¹:

- Network 5.37 (\$/kW/Month)
- Line Connection 0.88 (\$/kW/Month)
- Transmission Connection 2.98 (\$/kW/Month)

Chapter 2 of the OEB's *Filing Requirements for Electricity Transmission Applications* specifies the materiality thresholds for transmitter revenue requirement applications. Transmitters must provide justification for changes from year to year to their rate base, capital expenditures, operations, maintenance and administration costs and other items above a materiality threshold. The materiality thresholds differ for each transmitter depending on the magnitude of its annual revenue requirement. Based on the 2023 OEB-approved transmitter revenue requirements the current individual transmitter materiality thresholds are:

- \$50,000 – Canadian Niagara Power Inc. (CNPI), Five Nations Energy Inc. (FNEI), Niagara Reinforcement Limited Partnership (NRLP)
- \$146,216 – Wataynikaneyap Power LP (WPLP)
- \$173,645 – B2M Limited Partnership (B2MLP)
- \$219,555 – Hydro One Sault Ste. Marie LP (HOSSM)
- \$270,018 – East-West Tie Limited Partnership (EWT Partnership)
- \$3,000,000 – Hydro One Networks Inc. (Hydro One)

The maximum impact of increasing the number of decimal places from two to four is approximately \$0.01/kW/Month (e.g., the range for \$5.37 is from \$5.3650 to \$5.3749).

The impact of a \$0.01/kW/Month increase to the Network, Line Connection and Transmission Connection pools revenue is shown in Table 1:

Table 1: Pool Revenue Impact of \$0.01/kW/Month UTR increase

	2023 UTR (\$/kW/Month)	2023 Annual Charge Determinant (MW)	Increase in Pool Revenue (\$)
Network	5.37	237,084.434	\$2,370,844
Line Connection	0.88	229,497.186	\$2,294,972
Transmission Connection	2.98	193,476.053	\$1,934,761

¹ EB-2023-0101

Applying the OEB-approved 2023 revenue disbursement allocators, the impact of a \$0.01/kW/Month increase to the UTRs for individual transmitters for each pool is shown in Table 2:

Table 2: Individual Transmitter Impact of \$0.01/kW/Month UTR increase

Transmitter	Network (\$)	Line Connection (\$)	Transmission Connection (\$)
CNPI	5,144	5,531	4,663
FNEI	8,867	9,524	8,029
Hydro One	2,072,877	2,227,569	1,877,937
HOSSM	48,697	52,348	44,132
B2MLP	64,652	N/A	N/A
NRLP	15,624	N/A	N/A
EWT Partnership	100,548	N/A	N/A
WPLP	54,435	N/A	N/A

Comparing the values in Table 2 to the materiality thresholds for each transmitter, the impact of a \$0.01/kW/Month increase to the UTRs in any pool does not meet any individual transmitter's materiality threshold.

OEB Staff Recommendation

OEB staff recommends that since the impact of a \$0.01/kW/Month increase to the UTRs in any pool does not meet any transmitter's materiality threshold, and to avoid adding any administrative burden or potential implementation costs, the UTRs should remain at two decimal places at this time.

If through future OEB initiatives, including other issues that may evolve through the OEB's Generic Hearing on UTR-related issues, there becomes a need for four decimal places, the OEB could revisit this issue at that time.

3. Prorating transmission charges for new connections to account for when the connection took place in the month

Background

Line connection and transformation connection charges are applicable to all transmission customers in Ontario with facilities that are directly connected to the transmission system in Ontario and that withdraw electricity from it.

The monthly charge that a newly connected transmission customer pays for line

connection and transformation connection (\$ per kW) is not prorated to account for when that customer connects in the month.

All else equal, two customers with the same billing demand² who were connected on different days of a month would currently pay the same line connection and transformation charges in that month. For example, a customer that connected on the 20th day of a month would pay the same total monthly charge as a customer with the same billing demand that connected on the 1st day of that month.

OEB Staff Recommendation

OEB staff recommends that line connection and transformation connection charges for new connections should be prorated to account for when in the month the new connections were made.

OEB staff supports the proration of line connection and transformation connection charges for new connections on the principle of cost-follows-benefit: a customer that connects later in a month should not be required to pay for assets or services that were provided to others earlier in the month, before the customer was connected.

OEB staff recommends that the proration should be a simple calendar days-based proration. As an example, OEB staff recommends that if a customer connects on the 20th day of a month that has 30 days, its line connection and transformation charges should be prorated to one-third: its charge should reflect 10 days of service out of the total number of days in that month (30 in this example). The proration can be calculated on the basis of the total charge (e.g., \$/month), the connection rate (e.g., \$/kW/month), or on the billing demand (e.g., kW) – the arithmetic result would be the same. OEB staff recommends that the OEB should work with IESO and others as applicable to work out this and other implementation matters.

OEB staff recommends that the proration should apply to new connections in the future, beginning on an effective date to be specified. Implementation of the proration should be coordinated between the OEB and the IESO and others as applicable to work out timelines and other practical matters.

The proration of line connection and transformation connection charges for newly connected transmission customers in their first month of connection may have revenue impacts for transmitters. OEB staff's expectation is that the impacts are unlikely to be material, given the low frequency of new line and transformation connections in each

² A customer's billing demand for line and transformation connection services is its non-coincident peak demand (MW) in any hour of the month, adjusted for transmission losses and gross load billing as applicable.

month. OEB staff recommends that the OEB should work with transmitters to determine if anything should be done to address the revenue impacts that the prorations might have on transmitters.