

Generic Hearing on Uniform Transmission Rates – Phase 2

Submissions of AMPCO February 1, 2024

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. The second phase is focussed on 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

In accordance with Procedural Order #1 dated December 8, 2023, below are AMPCO's submissions on the first three issues. AMPCO has reviewed and considered the background information and recommendations prepared by Board Staff on how to address Issues 1, 2, and 3 in its submissions.

1. The timing of UTR decisions

The timing of transmitter revenue requirement proceedings does not always allow for the annual UTR decisions 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 enter service after UTRs for the year have already been set.

The OEB's practice has been to issue interim UTR decisions effective January 1, and final UTRs by way of updated UTR decisions during the calendar year. As an example the 2024 Uniform Transmission Rates were set on an interim basis in September 2023 and finalized on January 18, 2024 to include revenues from all transmitters.¹ The OEB has established deferral/variance accounts to address potential implementation timing issues. OEB staff recommends that the OEB should continue its current practices since they provide transmitters with timely revenue adjustments.

AMPCO supports the recommendations of OEB staff and agrees the practice of issuing forecast UTRs decreases balances accumulated in the distributors' transmission variance accounts.

¹ EB-2023-0222

2. Number of decimal places for UTRs

UTRs are prescribed to two decimal places. The current UTRs effective January 1, 2024² are as follows:

- Network 5.78 (\$/kW/Month)
- Line Connection \$0.95 (\$/kW/Month)
- Transmission Connection \$3.21 (\$/kW/Month)

OEB staff conducted an analysis and found that the maximum impact of increasing the number of decimal places from two to four is approximately \$0.01/kW/Month³, and the impact of a \$0.01/kW/Month increase to the UTRs does not meet any of the eight individual transmitter's materiality thresholds needed to justify a change.⁴

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.

AMPCO supports OEB staff's analysis and conclusions that the UTRs should remain at two decimal places at this time.

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

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

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

AMPCO supports Board Staff's recommendations. Customers currently pay the same regardless of when they connect in the month and this change will result in more equitable and transparent charges.

² EB-2023-0222

³ UTRs effective July 1, 2023 used in the analysis

⁴ The materiality thresholds differ for each transmitter depending on the magnitude of its annual revenue requirement