



By RESS

May 1, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
PO Box 2319
2300 Yonge St., Suite 2700
Toronto, ON, M4P 1E4

Dear Ms. Marconi:

**Subject: Engagement on Electricity Distribution System Expansion for Housing Development
- OEB File No. EB-2024-0092**

Hydro Ottawa Limited ("Hydro Ottawa") or ("the Utility") appreciates the opportunity to submit feedback on the Ontario Energy Board's ("OEB") Engagement on Electricity Distribution System Expansion for Housing Development. Hydro Ottawa is a licensed electricity distributor serving approximately 360,000 customers in the City of Ottawa and the Village of Casselman. Hydro Ottawa is committed to delivering value across the customer experience by providing reliable, safe and responsive services to its customers.

On April 3, 2024 the OEB held a virtual meeting of stakeholders to gather input on the existing rules pertaining to the electricity distribution system expansion connection and revenue horizon. The Stakeholder meeting explored different cost recovery approaches that have been identified by OEB staff. Hydro Ottawa appreciates the opportunity to provide comments on this consultation while it is still in development.

Herein are Hydro Ottawa's comments on a number of alternative approaches as presented in the April 3, 2024 meeting.

Connection Horizon and Developer Deposit Period:

It is unclear that extending the connection horizon would address developers' concern regarding first movers incurring the majority of the risk of costs while not holding capacity for later phases of a multi-phase project.

Based on experience and discussion from the April 3, 2024 meeting, it would appear a solution is required for a subset of developments, as such a broad change may not be required. In addition, the current ability to extend the connection horizon would work for a number of the situations discussed.

Hydro Ottawa would propose that the greater concern needing to be addressed was related to unforecasted customers. This issue could be addressed by extending the period for unforecasted customers to reimburse initial connecting customers, rather than delaying the true-up for all residential developments. By extending the unforecasted customer horizon, it could manage later stage developments not identified at the onset and unforecasted customers. This would allow developers to recover costs for future connecting customers for a longer period of time while not holding deposits and

guarantees. It would also ensure location of new developments and their costs are contemplated while not transferring the risk of unforecasted customers on non-benefiting ratepayers.

Revenue Horizon:

Hydro Ottawa does not object to the OEB staff proposal to adjust the revenue horizon for residential developments, to the extent that it does not surpass the average asset life that is being included in the economic evaluation. As a result, Hydro Ottawa does not object to OEB staff's recommendation of extending the revenue horizon to 40 years for residential customer connections, as this does not extend past the asset useful lives contemplated in the economic evaluation. In addition, as residential customers are based on a fixed monthly charge without consideration of customer load, LDCs will not be required to estimate future growth and changes in energy demand patterns.

Hydro Ottawa would note that for a development to qualify as a residential development, the rate class of the connecting customer would still determine the revenue horizon. Specifically, only individually metered/billed residential customers (residential rate class) should qualify for a longer revenue horizon. In order to maintain the appropriate cost allocation for bulk metered residential buildings with the treatment of the rate class they belong to, bulk metered residential buildings would be treated as a commercial customer and would not benefit from the extended revenue horizon. In addition, understanding the customer load profile over the revenue horizon based on demand is significantly different than establishing a policy based on a house still existing in 40 years.

Alternative Cost Recovery Approaches:

The OEB set out three alternative cost recovery approaches in the April 3, 2024 meeting, namely, establishing fixed development charges, revising the definition of enhancement and creating stand-alone rates for a designated project.

Hydro Ottawa does not support changing the definition of enhancement for specific types of projects, for example, "large new planned multi-year residential development areas" or qualifying "projects". Creating a policy that is dependent on a project type would require judgment or a clear definition of what, for example, constitutes a "large" development or what is a qualifying "project". In addition, this would result in the Distribution System Code ("DSC") or LDCs determining which individual developers and customers are subsidized and those who are not. This could result in unequal treatment of developers in addition to a different treatment of customers within a single rate class. Lastly, it would be difficult for LDCs to set rates not knowing how new housing developments would be treated and therefore making it a significant challenge to understand levels of contribution to new developments.

It is also unclear how the DSC or LDC would ensure forecasted and unforecasted new commercial developments, who benefit from these projects, would be allocated their portion of costs.

Hydro Ottawa does not support the introduction of standalone rates for qualifying projects and instead supports other cost recovery approaches, such as development charges for all new connections. Development charges follow a user pays principle while acknowledging the risk of first movers of multi-phase developments as well as the risk to existing customers of stranded assets or assets that are funded for long periods of time without new connections.



Although Hydro Ottawa does not suggest standalone rates as a solution, it does acknowledge that should the OEB move forward with defining enhancements to include “qualifying” projects, a solution would be required to ensure non benefiting ratepayers are not burdened with the socialization of qualifying projects and new housing developments.

Hydro Ottawa appreciated the opportunity to provide feedback on this important initiative.

Sincerely,

DocuSigned by:
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