



May 21, 2024

VIA E-MAIL

Nancy Marconi
Registrar
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

**Re: Generic Hearing on Uniform Transmission Rates - Phase 2 (EB-2022-0325)
OEB Staff Draft Detailed Issues List – VECC's Submissions**

In accordance with Procedural Order No. 2, set out below are the Vulnerable Energy Consumers Coalition's submissions regarding the draft detailed issues list prepared by OEB Staff regarding issues 4, 5 and 6 in the above proceeding.

Issue 4: Charges Caused by Planned Transmission Outages

OEB Staff Proposal

OEB Staff's proposal includes the following detailed issues:

- 4.1 Should transmission charges be on a per delivery point basis, whereby the customer's charges would be calculated separately for each delivery point, or on an aggregate per customer basis, whereby the transmission charges would be calculated on the customer's aggregate demand for all delivery points for a given time interval?
- 4.2 Should the definition of the transmission charge determinants, used to establish UTRs and bill transmission charges, be revised to exclude the impact of planned transmission outages on customers with multiple delivery points?
- 4.3 Should double peak billing impact be tracked in a deferral account?

VECC's Submissions

VECC notes that the Hydro One Background Report¹ sets out the objectives that Hydro One considers any proposed solution to the "double billing issue" should meet. Additional objectives were also identified in Hydro One's responses to the clarification

¹ Issue 4, page 7

questions². In VECC's view establishing the appropriate objectives that need to met/considered in addressing this issue is an important first step as they will establish the framework for evaluating the various options put forward by Hydro One and other options that may be identified as the current proceeding progresses. Indeed, VECC submits that establishing the appropriate objectives is particularly important given that at least one of the options identified by Hydro One³ calls for a fundamental change in the ways transmission charges are billed and has implications that go far beyond simply addressing the "double billing issue". To this end, VECC submits that the following should be added as the first detailed issue under Issue 4:

What are the appropriate objectives that need to be considered when addressing the issue of charges caused by planned transmission outages?

The Hydro One Background Report notes⁴ that:

"Issue 4 includes only planned outages and as a result, planned outages are the focus of this background report. However, double peak billing events can and do occur in circumstances of both planned and unplanned transmission outages. While unplanned outages are beyond the control of transmitters and customers and do not always result in double peak billing events, Hydro One notes that clarification from the OEB as to the treatment of unplanned outages in the context of the current proceeding will help avoid future customer complaints and confusion."

VECC concurs with Hydro One's comments and submits that, given the similarity of the impacts, the fact that both planned and unplanned outages are directly or indirectly the responsibility of the transmitters (not the transmission customers) and the fact the same solution is likely to address both cases, it would be reasonable for the OEB to expand the scope of the current issue 4 to include unplanned transmission outages. To do so would require minor wording revisions to OEB Staff Issue 4.2 to include reference to unplanned as well as planned transmission outages.

Also, the current wording of OEB Staff Issue 4.2 makes no reference to the source/cause of the "double billing". VECC notes that the original Notice for the current proceeding clearly defined Issue 4 as being related to transmission-related outages. However, double billing of transmission charges could also arise due to the shifting supply between transmission delivery points as a result of planned or unplanned outages of equipment owned by the transmission customer as opposed to a transmission facility outage. In VECC's view such outages of transmission customer owned facilities are distinctly different from transmission facility outages. In the case of transmission facility outages, the transmission customer has no responsibility for the facilities involved nor any control over the need for the outage. However, such is not the case for facilities owned by the transmission customer. As a result, VECC submits that double billing due to outages of facilities owned by the transmission customer

² Issue 4 – VECC 4

³ Hydro One Background Report, Issue 4, page 9. Under Option 2 transmission charges would be calculated based on each customer's aggregated demand from all of their DPs, for a given time interval. In other words, transmission charges would be calculated at the customer level, rather than the current practice of billing at each DP.

⁴ Issue 4, pages 4-5. See also the response to Issue 4 – GCC 1-3.

should be outside the scope of the current proceeding. VECC submits that the wording of issue 4.2 should be revised as follows to ensure there is no ambiguity regarding the scope of issue:

“Should double peak billing impact due to planned (or unplanned⁵) transmission outages be tracked in a deferral account?”

The Hydro One Background Report also notes⁶ that:

“double peak billing events can impact both transmission-connected and distribution-connected customers (i.e. there is a parallel concern on the distribution side) which is particularly impactful for LDCs that have both transmission and distribution DPs”.

The Report then goes on to state:

“for the following two reasons, the distribution issues will also need to be addressed either in parallel to or after the transmission issues are addressed as part of the current proceeding: First, from a consistency perspective a decision in respect of transmission-connected customers can be applied on the distribution side, provided that customers who may be impacted by the decision are involved in the proceeding. Second, as explained in detail in Sections 1.4.2.2, 1.4.3.2, and 1.4.4.2 below, there is an anomalous/unfair outcome for customers if double-peak billing issues are resolved for transmission connected customers but not for distribution-connected customers.”

VECC agrees that there is need to consider the “double billing issue” in the context of distribution -connected customers, including those with both transmission and distribution connections. However, the impacted distribution-connected customers are not necessarily parties to the current proceeding. As a result, the current proceeding is not the appropriate forum to address these issues nor, in VECC view, is it reasonable to re-start the current proceeding with a Notice that includes the distribution-related issues. Having said this, VECC submits that given the overlap between transmission and distribution on issue 4 the need to resolve the distribution related issues may be a relevant consideration when addressing the implementation of any changes the OEB identifies as being required with respect to the application of the UTRs.

The Background Report and the responses to the clarification questions identify a number of issues that would need to be considered depending upon the nature of the changes are made to address the double billing issue:

- The IESO has indicated⁷ that some of the options put forward in the Background Report “would necessitate material changes to the IESO’s processes and systems and require multiple years to implement”. Furthermore, the associated projects “would need to be scheduled and balanced against other competing priorities, such as those being undertaken in support of the Market Renewal Program”.
- Some of the options would require detailed processes and procedures to be developed that would allow for the identification of double billing occurrences and

⁵ The wording in parentheses would be included if the OEB decided to expand the scope of the proceeding to include the impact of unplanned transmission outages.

⁶ Issue 4, page 5

⁷ Issue 4 – VECC 25

quantification of the associated impacts⁸. In addition such processes and procedures would likely require some level of stakeholdering and, possibly, approval by the OEB.

- The OEB's EB-2021-0110 Decision approved a Custom IR framework for determining Hydro One Network's annual transmission revenue requirement during the period effective January 1, 2024 through December 31, 2027. It also approved the billing determinants by rate pool over the same test period. Some of the options set out in the Background Report call for a change in the definition of the billing determinants used for transmission charges⁹. Adopting any one of these options would require the forecast billing determinants approved in EB-2021-0110 to be revised and approved by the OEB.
- While the impact of double billing is included in the currently approved forecast transmission billing determinants¹⁰, the actual full impact is unknown¹¹. For option 3 which involves removing the impact of double billing from the forecast billing determinants Hydro One has noted¹²:

"There is no historical data set for transmission charge determinants excluding double peak billing events and therefore there is no historical baseline that could be used for setting future charge determinants forecasts that exclude double peak billing events. It is not clear the effort that would be required – or if it is even possible – to accurately remove the impact of double peak events from the historical charge determinant data."

VECC submits that, given the forgoing issues, consideration also needs to be given to the implementation of any changes approved by the OEB to address the double billing issue. With this in mind, VECC submits that the following additional issue should be included:

- 4.4 What are the steps required and their appropriate timing in order to implement the appropriate changes required to address double billing due to (planned¹³) transmission outages?

Issue 5: Basis for Billing Renewable, Non-renewable and Energy Storage Facilities for Transmission Charges

OEB Staff Proposal

OEB Staff's proposal includes the following detailed issues:

- 5.1 Should application of gross load billing to embedded generator units be defined by generating unit or generating facility? This includes refurbishments approved after October 30, 1998, to a generator unit that existed on or prior to October 30, 1998.

⁸ Background Report, Issue 4, pages 10 and 12

⁹ Background Report, Issue 4, pages 8 and 9

¹⁰ Issue 4 - LDC-TG 1

¹¹ Issue 4 – AMPCO 4

¹² Background Report, Issue 4, page 10

¹³ Inclusion of the wording in parentheses would depend on the OEB decision as to whether the scope of the proceeding is expanded to include the impact of unplanned transmission outages.

- 5.2 Is additional clarity needed on the applicability of gross load billing thresholds to embedded generation that employs inverters (such as embedded solar generation)?
- 5.3 How should the UTR schedule apply to energy storage facilities?

VECC's Submissions

In the hearing Notice, the scope of Issue 5 is set out as follows:

"The scope of this issue is to review whether the 1 MW and 2 MW thresholds are still the appropriate thresholds. The scope also includes considering the appropriate billing threshold for energy storage facilities. The scope of this issue does not include billing for distribution or whether energy storage facilities should be considered renewable or non-renewable (or something else) for purposes of gross load billing."

For Issue 6 the scope is set out as:

"Beyond the question of appropriate gross load billing thresholds, set out in issue 5, there has been some uncertainty around the application of those thresholds to transmission customers – for example, with respect to incremental capacity resulting from a generator refurbishment. Clarification is currently provided to customers through OEB guidance."

VECC agrees with Hydro One's comment in the Background Report¹⁴ that there is an overlap between Issues 5 and 6. While issue 5 appears to deal with questions as to the appropriate thresholds and issue 6 appears to deal with how they are applied, there is an overlap as how the thresholds are to be applied can have impacts on how they should be defined. This point has been acknowledged by Hydro One in its responses to the clarification questions¹⁵.

The following submissions regarding issue 5 (and those regarding issue 6) address both VECC's views as to the detailed issues that need to be considered as well as whether they are more appropriately considered under issue 5 or issue 6. However, in VECC view, whether an issue is considered as part of issue 5 or issue 6 is not as important as the need for an issue to be included and framed appropriately.

Given the wording of the Notice¹⁶, it would appear that issue 6.1 should be included under issue 5. Furthermore VECC submits that the inclusion of the references to renewable and non-renewable generation inappropriately suggest that there should be/will be different thresholds based on the type of generation. In contrast, VECC agrees with the following comments by Hydro One:

"Hydro One believes that, as a first step, the OEB should review and confirm whether the factors that were considered in the Original UTR Decision are relevant and applicable. Next, the OEB should consider whether other factors should be reviewed, including whether gross load billing supports and is aligned with other policy direction and regulatory guidance".

¹⁴ Issues 5&6, page 1

¹⁵ Issues 5&6 – VECC 20 a)

¹⁶ The Notice specifically states: "The scope of this issue is to review whether the 1 MW and 2 MW thresholds are still the appropriate thresholds."

As a result, VECC submits that the references to renewable and non-renewable should be removed and the issue should be reworded as follows:

- “5.1 What should the gross load billing thresholds (if any) be for embedded generation and what factors should be considered in determining the appropriate thresholds?”

In VECC’s view questions about the use of generating units vs. generating facilities and the need to consider the use of inverter arise solely when considering either: i) how thresholds should be applied or ii) how refurbishments approved after October 30, 1998, to a generator unit that existed on or prior to October 30, 1998 should be treated. Also, while the Background Report identified generating unit and generating facility as alternative approaches, the wording of the issue should not preclude parties from suggesting other approaches, particularly for generation existing on or prior to October 30 1998. As a result, VECC submits that OEB Staff issue 5.1 should be re-worded¹⁷ as follows:

- “5.2 Should application of gross load billing thresholds to embedded generator units be defined by generating unit, by generating facility or by some other approach? This includes refurbishments approved after October 30, 1998, to a generator unit that existed on or prior to October 30, 1998.”

Based on the wording the Notice, issues dealing with the treatment of refurbishments approved after October 30, 1998, to a generator unit that existed on or prior to October 30, 1998 are to be included under issue 6 and could be worded as follows:

- “How should gross load billing thresholds be applied to refurbishments approved after October 30, 1998, to a generator unit that existed on or prior to October 30, 1998.”

However, in VECC’s view there is some logic for including the treatment of such refurbishments in the revised issue 5.2.

VECC has no submissions regarding OEB Staff issue 5.2, which based on the above submissions would become issue 5.3.

Similarly, VECC has no submissions regarding OEB Staff issue 5.3, which based on the above submissions would become issue 5.4.

Issue 6: Gross Load Billing Thresholds for Renewable and Non-Renewable Generation

OEB Staff Proposal

OEB Staff’s proposal includes the following detailed issues:

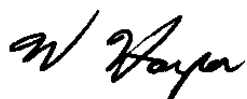
- 6.1 What should the gross load billing thresholds be for renewable and non-renewable embedded generation?
- 6.2 Should gross load billing exemptions be available in certain limited circumstances?

¹⁷ Main wording changes are underlined

VECC's Submissions

It is not evident to VECC that issue 6.1 is needed as it could be viewed as already being captured under the re-worded issue 5.1 (discussed above). Apart from this point, VECC has no further comments regarding OEB Staff's issue 6 proposals.

Yours truly,

A handwritten signature in black ink, appearing to read 'W Harper'.

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