



Generic Hearing on Uniform Transmission Rates – Phase 2

PROCEDURAL ORDER NO. 3

July 5, 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 of this hearing.

A Notice of Hearing (Notice) was issued on October 27, 2023, and identified six issues for the proceeding. Procedural Order No. 1, issued on December 8, 2023, approved the parties in this proceeding and set out procedural steps for, among other matters, the dates related to the draft issues list for this proceeding and plans from OEB staff or intervenors to file evidence. On May 9, 2024, the OEB issued its decision on Issues 1, 2, and 3.

In Procedural Order No. 2, issued on April 19, 2024, the process for the development of the draft issues list on issues 4, 5, and 6, and the date for filing letters of intent to file evidence on any of the issues was changed. The consideration of issues 4, 5, and 6 has been aided by Hydro One Networks Inc.'s (Hydro One's) background report, filed April 2, 2024, and responses to clarification questions to this report, filed May 13, 2024.

ISSUES LIST

On April 29, 2024, OEB staff filed a Draft Detailed Issues List (Staff Issues) on Issues 4, 5, and 6.¹ The general issues had previously been identified in the Notice, where Issue 4 pertains to charges cause by planned transmission outages, Issue 5 considers the basis for billing renewable, non-renewable, and energy storage facilities for transmission, and Issue 6 relates to gross load billing thresholds for renewable and non-renewable generation.² The following parties filed submissions on the Staff Issues: Association of Power Producers of Ontario (APPRO), Energy Storage Canada, Environmental Defence, Hydro One, London Property Management Association (LPMA), Vulnerable Energy Consumers Coalition (VECC), and a joint submission (Joint

¹ OEB staff submission of the Draft Detailed Issues List is available at: <https://www.rds.oeb.ca/CMWebDrawer/Record/850553/File/document>

² The English Notice is available at: <https://www.rds.oeb.ca/CMWebDrawer/Record/820321/File/document>

Submission) of Niagara-on-the-Lake Hydro Inc., Canadian Niagara Power Inc., Entegrus Powerlines Inc. and Halton Hills Hydro Inc. (Local Distribution Company, or LDC, Transmission Group).

Regarding Issue 4, which pertains to the issue of charges caused by planned transmission outages, Hydro One made several suggestions. First, Hydro One proposed that the OEB consider all three types of transmission charges and clarify that the delivery point basis remains the status quo under Section 4.1 of the Issues List. Second, Hydro One emphasized that the impacts of double-peak billing are central to Issue 4.3. Additionally, Hydro One stated that the OEB should consider the distribution implications of double-peak billing from unplanned outages as well as from planned outages.

The Joint Submission proposed additional issues under Issue 4. These proposed issues included examining the impacts of double-peak billing to distribution-connected customers and unplanned transmission outages.

LPMA submitted that although the Staff Issues were broad enough to capture all issues that may arise, LPMA preferred the Joint Submission's proposed additions to Issue 4.

Similar to the Joint Submission, VECC proposed expanding the scope of the double-peak billing issue to include unplanned outages, suggesting that the objectives of any measures should be explored as part of this issue. Additionally, VECC suggested a sub-issue specific to the steps and timing to implement the changes that address double-peak billing issues.

Collectively, the Joint Submission and VECC propose that Issue 4 should consider whether any measures to address issues related to double-peak billing for planned outages should also apply to unplanned outages, what the objectives of such measures should be, and the considerations regarding implementation, including timing.

Regarding Issue 5, Hydro One suggests that gross load billing is central to the question of applying the UTR schedule to energy storage as part of Issue 5.3. The OEB notes that gross load billing relates to line and transformation connection service charges of the UTR schedule, whereas the drafted Staff Issue 5.3 addresses the general question of how to apply the UTR rates to a facility that was not contemplated when the UTR schedule was originally formulated. Additionally, Hydro One stated that the OEB should consider the distribution implications of gross load billing.

APPrO proposed two new issues under Issue 5. The first was to consider whether gross load billing remains the appropriate approach for billing renewable, non-renewable, and

energy storage facilities for transmission charges. The second was to consider the benefits of embedded generation. APPrO's proposed sub-issues also emphasized the context of the energy transition. Environmental Defence echoed APPrO's proposals by proposing that Issue 5 consider whether gross load billing and its current implementation continues to be appropriate in light of the current context of demand growth, transmission constraints, and the energy transition.

VECC's submission echoed Hydro One's background report in suggesting that Issues 5 and 6 are circuitously related, stating that determining a billing threshold has an impact on how to apply it and *vice versa*. VECC suggested that Staff Issue 6.1 more appropriately belongs under Issue 5 and the wording of the issue should not pre-suppose that thresholds should be different based on the type of resource.

Findings

The OEB has examined all the proposed new issues submitted by the parties. With the exceptions that follow, the OEB finds that the proposed issues are appropriately included in the OEB's consideration of general Issues 4, 5, and 6 in this phase of the generic UTR proceeding and, accordingly, the OEB will allow the proposed issues to be examined in this proceeding. The exceptions are proposed Issues 4.4, 5.4, 5.5 and 5.6.

Regarding the new Issue 4.4 proposed by the LDC Transmission Group and supported by LPMA, which considers applying double-peak billing customer mitigation measures for both transmission-connected customers and distribution-connected customers, the OEB finds that this issue is beyond the scope of the current proceeding. This phase of the OEB's generic proceeding deals only with UTRs, so the impacts of double-peak billing on distribution-connected customers will not be examined.

With respect to the new issues proposed by APPrO under Issue 5 (5.4 and 5.5), and by Environmental Defence (5.6), the OEB notes that the proposed issues are important issues but with broader implications than was contemplated in the second phase of the OEB's examination into UTRs. The gross load billing versus net load billing issue is significant with far-reaching implications, including uncertainties related to Distributed Energy Resources (DERs)³ and the implementation of the Independent Electricity System Operator's (IESO's) Market Renewal Program (MRP) which is currently expected to be operational on May 1, 2025. The OEB finds that these proposed issues are more appropriately examined in Phase 3 of the UTR proceeding following the go-

³ For example, various distribution system operator models are currently being contemplated in various forums, such as the IESO's Transmission-Distribution Coordination Working Group, to facilitate future DER participation in the wholesale electricity market. DER penetration over the long term in Ontario is also uncertain at this time.

live date of the MRP. Accordingly, the new proposed Issues 5.4, 5.5, and 5.6 will not be examined in Phase 2 of this proceeding.

PROPOSED EVIDENCE

On May 21, 2024, the LDC Transmission Group, ENWIN Utilities Inc. (ENWIN) and APPrO provided notification of their intent to file evidence. On May 28, 2024, Glencore Canada Corporation (GCC) filed a letter indicating its intention to file evidence.

The LDC Transmission Group, ENWIN, and GCC intend to file evidence relating to Issue 4. GCC's proposed evidence will describe the cost impact of temporary load transfers on a transmission-connected customer whose alternate point of connection is through a distribution system. GCC states this evidence will provide a real-world example of the precise circumstances under consideration in this proceeding.

APPrO states that the energy transition has changed the considerations that underlie gross load billing. APPrO cites the IESO's *Pathways to Decarbonization Report* to state that gross load billing may represent a regulatory barrier to DERs at a time when DERs offer value to the bulk transmission and distribution systems.⁴ Finally, APPrO states that parties must proffer their own expert evidence given the absence of an "applicant" in this proceeding. As a result, APPrO proposes to prepare evidence that provides an overview of the issue of gross load versus net load billing with supporting evidence.

The OEB notes that the concept of "value stacking" (i.e., benefits) related to DERs is being discussed in many forums. The IESO and the OEB are separately examining potential distribution system operator models that are intended to facilitate DER participation in the wholesale electricity market. Additionally, the MRP is expected to change the approach to commodity pricing, including how generators are paid (i.e., local marginal prices) and the IESO's target date for MRP go live is less than a year away at May 1, 2025. Much is therefore in the process of being determined and/or changing in the near term.

Findings

In light of the OEB's finding to defer the examination of gross load versus net load billing to the next phase of the generic hearing into UTRs, the OEB does not find it necessary for APPrO to file its proposed evidence in this phase of the proceeding.

⁴ The IESO's *Pathways to Decarbonization Report* is available at: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/gas-phase-out/Pathways-to-Decarbonization.pdf>

The OEB will allow evidence from the LDC Transmission Group, ENWIN, and GCC to the extent that this evidence focuses on transmission-connected customers.

The OEB appreciates that its findings set out in this Procedural Order were not available to parties when they submitted their letters of intent regarding the filing of evidence. The OEB will require those parties who submitted letters of intent to update the OEB on their plans regarding the filing of evidence in view of the findings of the OEB set out in this Procedural Order.

It is necessary to make provision for the following matters related to this proceeding. Further procedural orders may be issued by the OEB.

IT IS THEREFORE ORDERED THAT:

1. The approved Issues List is attached to this decision as Schedule A.
2. The parties that previously proposed to file evidence shall inform the OEB if they still plan to file evidence including the proposed detailed scope, time to prepare the evidence and costs, if any, by **July 16, 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, July 5, 2024

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

Schedule A

Approved Issues List

Generic Hearing on Uniform Transmission Rates – Phase 2

EB-2022-0325

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EB-2022-0325

Approved Issues List

4. Charges caused by planned transmission outages

- 4.1 Should all transmission charges (Network, Line connection, Transformation Connection) continue to be on a per delivery point basis, whereby the customer's charges would be calculated separately for each delivery point, or should they instead be calculated 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 measures to address the impact of double-peak billing be applied to both planned and unplanned transmission outages or should there be separate measures? What should be the objectives of those measures?
- 4.3 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?
- 4.4 Should the double-peak billing impact of planned and unplanned transmission outages be tracked in a deferral account?

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

- 5.1 Should the application of gross load billing thresholds to embedded generator units be defined by generating unit or 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.
- 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?

6. Gross load billing thresholds for renewable and non-renewable generation

- 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?