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October 16, 2024

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Marconi,

RE: EB-2022-0325 – Generic Hearing on Uniform Transmission Rates – Phase 2 - Submissions of the London Property Management Association on Issues 4, 5 and 6

On behalf of the London Property Management Association (“LPMA”) I have reviewed the April 2, 2024 Hydro One Networks Inc. Background Report (“HONI Report”), the responses to clarification questions on the HONI Report (“HONI Clarification Responses”) dated May 13, 2024, along with the evidence and interrogatory responses from the LDC Transmission Group (“LDC Group”) and Glencore Canada Corporation (“GCC”), related to Issues 4, 5 and 6 as set out by the Ontario Energy Board (“OEB”) in Procedural Order No. 3, dated July 5, 2024.

LPMA has limited its submissions to Issue 4, which deals with the impact of double-peak billing.

LPMA is not making any submissions with respect to Issue 5 (Basis for Renewable, Non-Renewable and Energy Storage Facilities for Transmission Charges) or Issue 6 (Gross Load Billing Thresholds for Renewable and Non-Renewable Generation) other than to encourage the OEB to provide decisions on these issues so as to eliminate any confusion that appears to exist. It would appear to LPMA that clear direction is needed on such things as the difference between a generating facility and a generating unit. There also appears to be a need for the OEB to provide clarity with respect to the applicability of gross load billing thresholds to embedded generation that employs inverters and what should gross load billing thresholds be for renewable and non-renewable embedded generation. The OEB should also determine how the UTR schedule should apply to energy storage facilities.

As noted above, LPMA is not making any specific submissions with respect to Issues 5 and 6. LPMA does submit, however, that the OEB should make determinations with

respect to these issues to help avoid complaints and confusion across transmitters, distributors and customers.

Issue 4 – Charges caused by planned transmission outages

The first question the OEB needs to decide on is whether or not the double peak billing issue is sufficiently large enough to consider making changes by considering any proposed solution.

The HONI Report states (Issue 4, page7) that any proposed solution to double peak billing should meet two objectives. The first objective is that any solution should avoid levying the additional transmission charges related to double peak events or ensure refunding of the additional charges incurred by the affected customers. The second objective noted was that all transmitters should be able to fully collect their OEB-approved revenue requirement.

While LPMA agrees with both of these objectives, LPMA would modify the second objective to state that all transmitters should be able to fully collect their OEB-approved revenue requirement assuming that any proposed solution results in a **material** impact to the transmitters revenue. If the impact is not material, LPMA submits that there should not be recovery of immaterial amounts.

LPMA agrees with the HONI statement in VECC-4 of Issue 4, Clarifying Questions, that objectives related to fairness, practicality and cost to implement are appropriate considerations in assessing potential solutions to double peak billing.

In the responses to AMPCO-1 and AMPCO-4 in Clarifying Questions, Issue 4, which asked for the number of and dollar impact of double peak billing over the 2020 to 2023 period, HONI indicated that only 3 LDCs and 2 industrial customers were impacted and that the incremental billing impact was \$258,000 for LDCs and \$429,000 for the industrial customers. However, as noted in the footnote to AMPCO-1, HONI indicated that it does not have the information related to double peak billing events billed by the IESO which were not identified by the transmission-connected customers and that it anticipated that this represented the majority of the double peak billing events. In other words, there is no certainty at this point over the number or dollar impact of double peaking events over the last several years.

LPMA submits that the \$429,000 in incremental billing costs for 2 industrial customers is a significant cost for these customers and a solution to avoid such a future occurrence should be sought.

With respect to the \$258,000 incremental cost to the 3 LDCs noted in the response, LPMA notes that this amount, which is passed on to the customers of the LDCs may or

may not have a significant impact on those LDC customers. This is because the dollar impact is spread over all of the LDC customers and there is no indication of the size of these three LDCs that were impacted.

However, we do have two pieces of information related to the potential and actual impacts on LDCs of double peak billing. The first is included in the HONI Report and the second is included in the Transmission Group evidence.

The HONI Report provides an example of a relatively small LDC that has two delivery points with non-coincident peaks of 2,000 kW and 3,000 kW respectively, in Tables 1 and 2 on pages 15 and 16 of 20 under Issue 4. With no load transfer, the total transmission charges total \$45,465 while with load transfer the total cost increases by \$18,146, or 40% to \$63,511. For a small LDC with a small number of customers, this could be a significant increase in costs.

The LDC Transmission Group evidence provides examples of the impact of double peak billing. For example, Halton Hills Hydro Inc. indicates that as a result of double peak billing, their costs increased by about \$100,000, or \$4 per customer. The additional cost to Hearst Power Distribution Co. Ltd. was only \$50,000, but that equates to \$18 per customer. Niagara-on-the-Lake Hydro Inc. provided three examples of increased costs due to double peak billing that resulted in incremental costs of \$147,000, \$90,000 and \$229,000, which when translated into customer costs was about \$15 per customer, \$9 per customer and \$23 per customer, respectively. The LDC Transmission Group evidence provides similar examples for other distributors.

Based on the information provided, LPMA submits that while the individual double peak billing incremental revenue to HONI is small, in aggregate it could amount to material amounts. More importantly, however, even small incremental costs due to double peak billing can have significant and material impacts on the distribution customers, as shown above. LPMA therefore submits that the OEB should make changes to the treatment of double peak billing to avoid levying the additional transmission charges related to double peak events or ensure refunding of the additional charges incurred by the affected customers.

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?

While this solution would appear to eliminate the problem of double peak billing, it does raise issues with respect to fairness, practicality and the cost to implement such a change.

As HONI indicates in its Report, if the transmission charges were calculated on an aggregate per customer basis, the number of billing units would decrease, which would necessarily result in an increase in the rate per billing unit. This would shift costs from those customers with two or more delivery points to those with a single delivery point.

LPMA notes that the use of a deferral account could be considered in order to maintain the transmission revenues, but there does not appear to be any evidence on the record of the impact this approach would have on individual LDCs and/or industrial customers. As a result, LPMA cannot determine if such an approach is fair to all those impacted. Similarly, LPMA does not believe there is sufficient, if any, evidence on the record to allow it to determine if this approach is practical or if the costs incurred by the IESO, transmitters and others would be prohibitive.

LPMA submits that the OEB should set up a working group with members from the IESO, HONI, the LDC Group, industrial customers, the OEB and other interested parties to delve into the details, impacts and costs associated with moving from a delivery point basis to an aggregate per customer basis.

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?

LPMA believes that any measures taken to address the impact of double-peak billing should be applied to both planned and unplanned transmission outages. The impact of unplanned transmission outages on customers would appear to be the same as that of planned transmission outages. If separate measures are required, the objectives noted below should be equally applicable to planned and unplanned transmission outages.

The working group recommended by LPMA in Issue 4.1 above should also be empowered to review the similarities and differences between planned and unplanned transmission outages as it relates to the impact of double peak billing.

The objectives of any measures implemented should correspond with the objectives set out in the HONI Report, as amended by LPMA above (on page 2), namely:

1. Any solution should avoid levying the additional transmission charges related to double peak events or ensure refunding of the additional charges incurred by the affected customers.
2. All transmitters should be able to fully collect their OEB-approved revenue requirement, assuming that any lost revenue is material.
3. Any solution should be fair, practical and not incur any significant cost to implement.

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?

This change would, or at least could, result in significant changes to UTRs and bill transmission charges. The cost of implementing such a change is unknown. It is also not clear what impact this would have on LDCs and industrial customers that do not have problems related to double peak billing and/or do not have multiple delivery points.

Again, LPMA does not believe that the OEB has sufficient information to order such a change at this time. This is another potential solution that should be referred to a working group to be studied.

4.4 Should the double-peak billing impact of planned and unplanned transmission outages be tracked in a deferral account?

LPMA submits that the billing impact of planned and unplanned transmission outages should be tracked in a deferral account or accounts. There may be a need for more than one account, depending on OEB decisions with respect how to treat the transmission outages. For example, the OEB may determine that the treatment of planned outages should be different than that of unplanned outages, but both may still require tracking of the impacts through a deferral account.

The amounts recorded in any such account or accounts should be done on an outage-by-outage basis, so that the required information is available to evaluate the lost revenue for each such instance and to provide information on the number of instances of double peak billing and the range of impacts on distributors and customers.

LPMA further submits that the clearance of any balances in the accounts should be done as part of any annual deferral and/or variance account dispositions that may be brought before the OEB rather than accumulating balances until the next rebasing application. This would ensure a timely review of the billing impacts associated with the outages that take place.

Summary

In summary, LPMA believes that a change is needed as the impacts on customers of the current approach can be significant.

However, LPMA does not believe that there is sufficient information available to the OEB to make a determination of what changes, if any, should be implemented at this time to deal with the impact of double peak billing. Before any significant changes are

made, the OEB must understand what is fair, what is practical and what is the cost of making such changes.

LPMA submits that the OEB should set up a working group consisting of members from the IESO, HONI, the LDC Group, the OEB, industrial customers and any other interested parties to review the potential solutions put forward in the HONI Report and in the LDC Group evidence, as well as any other potential solution that may come forward. This review would get into the details of each potential solution and look at the issues of fairness, practicality and incremental costs needed to implement each solution and bring this information back to the OEB and interested parties to review.

In the meantime, LPMA supports the use of a deferral account that would capture the lost transmission revenue that would be refunded by the transmission company to the LDCs and industrial customers related to the double peak billing. This would ensure that customers, including LDC customers, are not burdened with the costs associated with double peak billing while the working group investigates and reports back to the OEB on a more permanent solution.

Yours very truly,

Randy Aiken
Aiken & Associates