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Our File: EB20220325

Attn: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: EB-2022-0325 – General Hearing on UTRs Phase 2 – Submissions

We are counsel to the School Energy Coalition (SEC). The OEB initiated, on its own motion, a hearing to consider various issues related to the Uniform Transmission Rates ("UTRs"). Pursuant to Procedural Order No. 4, these are SEC's submissions on Issues 4, 5, and 6.

SEC has had the opportunity to review a draft of the detailed submissions of the Vulnerable Energy Consumers Coalition ("VECC"). SEC generally agrees with VECC's thorough analysis, although in a few instances, we propose a different recommended approach.

Issue 4

Delivery Point or Per Customer Transmission Billing (Issue 4.1) SEC submits that customers should continue to be charged separately for their demand at each delivery point. Except for the impact of double-peak billing caused by planned or unplanned transmission system outages, there is no sound cost-causality basis to move to charging customers based on aggregated demand across all delivery points. Line Connection and Transformation Connection assets are designed based on the required demand of connected customers, and a shift in rate design would result in cross-subsidization between customers with multiple delivery points and those with only one.

The situation is different with respect to Network assets. However, if such a change were to be made, it would likely require a review of the current approach to customers' billing determinants at each delivery point, which has not changed since it was determined in RP-1999-0004.[1] There has been no analysis of the impact of such a change, but it could be significant for certain customers (including LDCs, which would affect all distribution connection customers).

[1] *Decision with Reasons* (RP-1999-0004), May 26, 2000, p.44

Double Peak Billing (Issue 4.2-4.4). SEC agrees that there is unfairness caused by both planned and unplanned transmission outages on customers with more than one delivery point when they transfer load. SEC was heartened to see the lengths that certain distributions have gone to mitigate or avoid double peak billing events and avoid those costs for their customers.[2] In some of the representative examples provided by the LDC Transmission Group, the costs incurred or avoided were very material.

SEC supports Hydro One's Option 4, which would involve transmitters refunding transmission-connected customers for the impact of the double-peak billing event and tracking the amount in a deferral account.[3] While there are details that will need to be worked out, the approach appears to be the most transparent for transmitters, double-peak billed customers, all other customers, and the OEB.

SEC also urges the OEB to consider, as part of a future phase or review of Retail Service Transmission Rates (RTSR), the impact of double peak billing when customers (LDC or otherwise) connected to both the transmission and distribution systems transfer load between the connections during planned or unplanned transmission or distribution outages. These customers may similarly be impacted by double peak billing. Hydro One has noted that once a solution is determined in this proceeding, a similar solution can be applied for customers connected to both the transmission and distribution systems.[4]

<u>Issue 5</u>

In Procedural Order No. 3, the OEB determined that it would defer the broader examination of gross load versus net load billing to a subsequent phase of the generic hearing. SEC's submissions on Issues 5 and 6 are made in that context, where the OEB is continuing, for now, the application of gross load billing to certain embedded generation facilities.

Unit versus Facility (Issues 5.1 and 5.2). SEC submits that it does not make much sense to continue calculating the gross load billing threshold on a generation "unit" basis as opposed to a "facility" basis. As Hydro One notes, this appears to have created a situation where customers have sized their behind-the-meter generation facilities to avoid gross load billing.[5] Since the impact on transmission system design, the underlying basis for gross load billing, is determined by the size of the individual generation facility and not each individual generation unit, there is no principled basis for the threshold to be calculated as it currently is. However, since generators have made investment decisions based on the existing rules, the OEB should consider, as a matter of fairness, a phase-in period for existing generation units/facilities. SEC notes that a phase-in approach was considered as part of the broader proposal (though not adopted) to implement a Capacity Reserve Charge for behind-the-meter generators during the OEB's consultation on Rate Design for Commercial and Industrial Customers.[6]

Application To Storage (Issue 5.3). While SEC is open to being convinced otherwise, based on the current approach to gross load billing, there does not appear to be a reason why storage facilities should be exempt. When a customer's storage facilities discharge energy, they are no different from any other embedded generation facility where gross load billing is applied. There may be important

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[2] See the Evidence of the LDC Transmission Group

[3] Hydro One Networks Inc, Background Report, p.11

[4] Clarifying Question SEC-03b

[5] Hydro One Networks Inc, Background Report, p.6

[6] *<u>Staff Report of to the Board - Rate Design for Commercial and Industrial Electricity Customers</u>*, p.44)

policy reasons to exempt storage facilities, but as SEC understands, those are to be considered as part of a different phase of the proceeding.

Issue 6

Gross Load Billing Threshold (Issues 6.1-6.2). SEC agrees with VECC's analysis, that there no longer appears to be a valid need or justification for the gross load billing threshold to be different for renewable and non-renewable generation. However, there is insufficient information on the record to recommend an appropriate single threshold, including the rate impacts on all other customers, from different options. SEC proposes that the OEB defer consideration of the appropriate single threshold (if any), until it considers the broader question of gross versus net load billing. Until that time, the OEB should set the threshold at 1 MW for all newly connected facilities and maintain the existing 2 MW threshold for all renewable embedded generation that is either currently connected, or has submitted a connection impact assessment to the transmitter for a planned facility.

Yours very truly,
Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Brian McKay, SEC (by email)
Intervenors (by email)