EB-2021-0243/EB-2022-0235
October 29, 2024

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act*, 1998
S.O. 1998, c. 15, Schedule B, as amended;

AND IN THE MATTER OF a Generic Hearing on Uniform Transmission Rates Related Issues

JOINT SUBMISSION OF:

Niagara-on-the-Lake Hydro Inc.
Canadian Niagara Power Inc.
Enwin Utilities Ltd.
Entegrus Powerlines Inc.
Halton Hills Hydro Inc.

Response to Submissions

The following is the response by the LDC Transmission Group to the various submissions on Issue #4 of this hearing. The LDC Transmission Group appreciates the interest shown by all the submitting parties on this issue and the desire to improve the current situation in this regard.

Fairness

Many of the submissions started from the perspective of finding a solution that is fair to all customers. The LDC Transmission Group agrees with this approach. It is the LDC Transmission Group's position that the current rules are unfair as one set of customers must at times pay a higher charge for the transmission of a kW of power than all the other customers. In other words, customers paying the double peak billing charge are cross-subsidizing other transmission customers. Correcting this unfairness is therefore not creating a subsidy for one group of customers but rather eliminating an existing subsidy. The goal is to charge all customers approximately the same for each kW of power no matter what the situation.

Network vs Connection Charges

The OEB staff submission[1] supported the aggregation of delivery points for the network transmission charge. The LDC Transmission Group appreciates that support. The OEB staff submission did not support the aggregation of delivery points for the connection (line and transformation) transmission

[1] OEB Staff Submission – Generic Hearing on Uniform Transmission Rates Phase 2 - October 16, 2024

charges. The LDC Transmission Group has three problems with the idea of aggregating one charge but not the other.

Connection charges are determined by aggregating all the costs transmitters incur for connection assets and services. A province-wide per kW charge is then established based on expected demand. The same rate is applied irrespective of whether the line is a few meters long or several kilometers, or whether the transformation station is brand new or decades old, or whether the station is at capacity or has lots of room for growth, or whether the stations is a DESN or has a single source of supply. It seems inconsistent to argue that those customers that are at times given the same demand from different delivery points must pay more when there is no rate differentiation for any of these other variables.

Secondly, network and connection charges are currently applied using the same delivery point data. By aggregating delivery points for network charges but not connection charges, two sets of delivery point data will be needed to calculate the charges for each LDC. The LDC Transmission Group does not know if this would require significant changes to the current IESO and Hydro One billing systems but suspects that it might.

Finally, as noted above, the LDC Transmission Group believes it unfair for customers to pay a significantly different charge for the same kW service. Some of the submissions argued that customers with double peak billing are paying for the benefit of having more than one source of supply. However, there is another inconsistency with this argument as customers that are served from a DESN station also have the benefit of more than one source of supply but without the double peak billing. Only by removing the double peak billing can there be a consistent and fair charge for the transmission service across all customers.

Planned vs Unplanned Outages

All of the submissions with the exception of that from Hydro One[2] supported the solution applying to both planned and unplanned outages. The Hydro One submission only supported applying the solution to planned outages. The LDC Transmission Group disagrees with the Hydro One submission and agrees with the submissions of all the other intervenors.

The Hydro One argument appears to be that LDCs force Hydro One to take actions that reduce the cost to the LDC customers rather than continue with planned outages that create double-peak billing. This causes scheduling, cost management and safety issues for both Hydro One and the LDCs. Hydro One therefore supports the double peak billing solution for planned outages. With unplanned outages, there is no opportunity for the LDCs to raise these objections so the double peak billing can continue.

The LDC Transmission Group has a number of concerns with this argument:

- As also noted by VECC[3], the distinction between a planned and unplanned outage is not always clear. For example, if an inspection raises concerns about a piece of equipment that must be acted on immediately and requires an outage, is that a planned or unplanned outage. If planned work is rescheduled to take advantage of an opportunity created by an unplanned outage, is it still

[2] Hydro One Submission on Issues 4, 5 and 6 – Phase 2 of the Generic Hearing no Uniform Transmission Rates – October 16, 2024 p. 4

[3] VECC's Submissions – Issues 4, 5 and 6 – Generic Hearing on Uniform Transmission Rates – Phase 2 – October 16, 2024 p. 7

classified as an unplanned outage. Or, as VECC notes, if deficiencies are found in a planned outage and it is extended does it then become an unplanned outage. Treating all outages in the same manner removes this uncertainty and potential disagreements.

- The Hydro One submission argues *that "A transmitter would have built the transmission system with the capacity to permit those load transfers between delivery points to occur, and transmission charges should include the cost of having those assets in place.*"[4]. As noted above, the length of the connecting line and the age and capacity of the transformation will also vary but the Hydro One submission is not arguing for different charges for these different circumstances. Also, as noted above, Hydro One is not arguing for double peak billing at DESN stations which also have dual sources of supply.

- Continuing double peak billing on unplanned outages creates a potential dilemma. If an unplanned supply outage occurs, should the LDC immediately switch supply points or should it wait to see if the outage can be repaired quickly and the double peak billing avoided. This is a situation the LDC Transmission Group has experienced. It is unnecessary and can be avoided by removing double peak billing on all outages.

- Finally, and as noted in their submission[5], the LDC Transmission Group believes the notion of Hydro One and all transmitters earning higher revenue due to an outage has very bad optics.

Deferral Accounts vs Aggregated Delivery Points

With the exception of the OEB Staff submission which supported aggregating delivery points for network charges, as noted above, all the submissions supported the use of a deferral account. The LDC Transmission Group is not averse to the deferral accounts and strongly supports having any solution above maintaining the status quo. The LDC Transmission Group also recognizes that when an LDC has a supply that is both transmission connected and distribution connected, as many do, and aggregation is not possible then the use of a deferral account is the optimal solution.

However, for those situations where it can be applied, the LDC Transmission Group believes that aggregating delivery points is the superior solution. In particular:

- The determination of the actual double peak billing cost is an estimate. Once there is an outage and a load has shifted, there is usually no way of knowing what that load would have been on the original delivery point. It can only be estimated based on past demand. There may not always be agreement between the transmitters and the LDC on these estimates adding further complications to the process. As aggregating delivery points removes the double peak billing, this potential source of contention is removed.

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[4] Hydro One Submission on Issues 4, 5 and 6 – Phase 2 of the Generic Hearing no Uniform Transmission Rates – October 16, 2024 p. 4
[5] Exhibit M1, LDC Transmission Group Joint Submission – Generic Hearing on Uniform Transmission Rates Related Issues – August 29, 2024 p. 5

- As Hydro One noted in their submission, the use of a deferral account could require significant administrative resources[6]. It could also potentially require more executive resources if there are a significant number of disputes. The development of the account would be an entirely new process. Aggregating delivery points is already performed by both the IESO and Hydro One for delivery points with multiple feeders or multiple transformers, so the software and processes are already in place. OEB Staff noted the IESO's capabilities in this area in their submission. Aggregating delivery points would actually be the simplest solution to implement.

- Double peak billing can arise from a number of situations. In addition to unplanned outages and planned transmission outages there can be planned distribution outages as well as the shifting of loads between feeders that are served by different stations. As noted by ENWIN in the LDC Transmission Group submission, system flexibility is expected to be a customer requirement as distribution grids evolve with automation, DERs and increased demand. This will create more double peak billing situations than is currently the case. This will increase the administrative burden of a deferral account and could lead to more disputes between transmitters and distributors. Aggregated delivery points avoids these issues and helps position the grid for the future.

Working Groups vs Decision

In their submission[7], the LDC Transmission Group recommended a working group be established to help structure a deferral account for double-peak billing situations involving both a transmission-connected and a distributor-connected delivery point. The submission noted that this recommendation was being made as the situation is complicated with the different delivery points and that the OEB Procedural Order No. 3 had found that the distribution-connected customers were beyond the scope of this proceeding.

Some of the submissions (LPMA[8], VECC[9]) also recommend a working group but for the entire solution and not just the more limited situation above. The LDC Transmission Group does not agree with this broader working group recommendation. This hearing commenced in October 2021 so has now been active for over 3 years. Members of the LDC Transmission Group have also been seeking a solution to this issue for over a decade either directly with Hydro One or by raising it as an issue with the OEB. The LDC Transmission Group submits that there has been enough evidence and submissions provided for the OEB to make a decision with regards to the double-peak billing issue for transmission-connected customers. This would be consistent with Procedural Order No. 3. The LDC Transmission Group also submits that the same decision should be applied to fully distribution-connected to Hydro One customers as the same conditions and scope apply. It is only the customers that have a mix of transmission-

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[6] Hydro One Submission on Issues 4, 5 and 6 – Phase 2 of the Generic Hearing no Uniform Transmission Rates – October 16, 2024 p. 8

[7] Exhibit M1, LDC Transmission Group Joint Submission – Generic Hearing on Uniform Transmission Rates Related Issues – August 29, 2024 p. 19

[8] Submission of the London Property Management Association on Issues 4, 5 and 6 – Geberic Hearing on Uniform Transmission Rates-Phase 2 – October 16, 2024 p. 4

[9] VECC's Submissions – Issues 4, 5 and 6 – Generic Hearing on Uniform Transmission Rates – Phase 2 – October 16, 2024 p. 9

connected and distribution-connected or non-Hydro One distribution-connected delivery points that is beyond the scope of this proceeding and for which the working group would be required.