ONTARIO ENERGY BOARD

Generic Hearing on Uniform Transmission Rates –
Phase 2

GLENCORE CANADA CORPORATION (GCC)
REPLY SUBMISSIONS: ISSUE 4

1. GCC has experienced a number of double peak billing events resulting from Short Term Load Transfers (STLTs), as detailed in its evidence (Exhibit M3) and IRRs, and recounted in its October 16, 2024[1] Written Submissions.

2. For months in which these events have occurred:

   (a) GCC is charged UTR network charges by the IESO based on peak demand at its customer owned transmission connected Strathcona TS; and

   (b) GCC is also charged for demand placed temporarily on Hydro One Distribution's Larchwood TS through which it receives a temporary back feed of electricity during STLTs.

3. In the result, GCC pays two network transmission charges for its Sudbury INO demand in the months in which it experiences an STLT; one directly and one through an allocation from Hydro One Distribution. There is no incremental Sudbury INO demand on the transmission network during these months; that demand is the same as it would be without the STLT, but GCC nonetheless pays two demand charges. That is, it is double peak billed.

4. This double peak billing of network charges as a result of such STLTs, for continued used of the same portion of Hydro One's area transmission system, is unfair.

5. Hydro One in its Written Submissions asserts (though in the context of opposition to aggregation of customer demand for all delivery points as posited in Issue 4.1)[2];

> *… any additional transmission charges incurred due to load transfers between delivery points as a result of either planned or unplanned transmission outages reflect the benefit that transmission customers receive from having the ability to transfer their load between delivery points. …*

[1] Upon review we have noticed those submissions were incorrectly dated with the year 2023.
[2] HONI Submission, page 2, top.

As the transmission system was built with the capacity to permit load transfers between delivery points to occur, it could be argued that it is therefore reasonable and consistent with the user pay principles, that transmission charges for customers that experience load transfers between multiple delivery points include the cost of having those assets in place.

6. We are not aware of any information on the record in this matter regarding what it means to build the transmission system with the capacity to permit load transfers between delivery points, nor what incremental costs are associated with that. There is evidence that transmission connected customers pay for their connections – one or more as applicable – to the transmission network.[3]

7. In any event, the foregoing assertions do not apply to GCC's circumstances.

   (a) Hydro One's transmission infrastructure in the vicinity of the Sudbury INO is insufficient to allow for a second transmission system connection[4], unlike GCC's facilities in Timmins, Ontario.

   (b) Further, Hydro One Distribution's Larchwood TS through which GCC`s load is temporarily served during STLTs, was neither designed, nor is it maintained, in order to provide a secondary point of transmission service for GCC. STLTs for GCC are only permitted through Larchwood TS as and when excess capacity is available.[5]

   (c) There is no evidence that the portion of the Hydro One transmission system that serves GCC's Sudbury INO *"was built with the capacity to permit load transfers between delivery points to occur"*, and the evidence in fact indicates the opposite (that the system is insufficient in that area to so permit).[6]

   (d) When an STLT does occur for GCC, GCC is billed for, pays, and is not disputing the appropriateness of, the associated distribution charges for use of the distribution system[7] (though, as noted above and explained in GCC's evidence, that use is made available to GCC only to the extent that excess Larcwhood TS capacity is available at the time).

8. The other parties that mentioned GCC's situation in their Written Submissions seem to acknowledge that this situation is unfair, and begs a remedy.

   (a) LPMA submits that double peak billing has been a *"significant cost"* for affected customers, and *"a solution to avoid such a future occurrence should be sought"*.[8]

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[3] Exhibit M3, paragraph 6.
[4] Exhibit M3, paragraph 6. See also N-M3-HONI-1.
[5] Exhibit M3, paragraph 9.
[6] Exhibit M3, paragraph 9.
[7] GCC October 16, 2024 Submissions, paragraph 6.
[8] LPMA Submissions, page 2, last full paragraph. LPMA supports a refund to affected customers by the transmitter, and use of a deferral account to track the refunded amounts, subject to identification of an appropriate alternative solution.

(b) SEC agrees that there is an unfairness in double peak billing for load transfers, and supports refunds to transmission connected customers and tracking of such refunds in a deferral account.[9]

(c) VECC similarly supports Hydro One's Option 4 to address double peak billing, including addressing GCC's particular circumstances.[10]

(d) OEB Staff suggests consideration of a *"secondary settlement process"* to address STLT circumstances including those like that of GCC.[11]

9. While it remains unclear to us whether Hydro One advocates a solution to double peak billing, it is clear that to the extent that the OEB determines that a solution is appropriate Hydro One favours its Option 4 solution; customer refund by the customer's transmitter and deferral account recording and recovery of such refunds.[12] Hydro One's view is that this solution is easiest and quickest to implement. GCC supports this view.

10. Hydro One has also acknowledged that, to the extent that the OEB seeks a solution for double peak billing of transmission customers, *"the specific situation for customers that have load transfers from transmission to distribution, as evident from the Glencore Canada Corporation (GCC) evidence, will need to be addressed"*.[13]

11. OEB Staff has acknowledged GCC's circumstances, as well as double peak impacts on fully distribution connected customers, and submitted that it would be reasonable in this proceeding *"to consider how any changes to the UTRs in this proceeding would flow downstream to implementation for distribution system charges"*.[14]

12. In submissions from others, two alternatives to GCC's advocated UTR solution[15] have been identified;

(a) As we understand it, OEB Staff has suggested that, *"[t]heoretically, it would be reasonable for the IESO to evaluate the meter data and credit the host distributor for any charges that are not incremental to those of the base [transmission connected] configuration. The host distributor would extend the credit to the customer in the billing*

[9] SEC Submissions, page 2, top. Though SEC separately identifies the GCC situation of being both transmission and distribution connected for consideration as part of a future phase or review, SEC also notes Hydro One's view that a solution determined in this proceeding can be similarly applied for such customers.
[10] VECC Submissions, page 9, last bullet.
[11] OEB Staff Submissions, page 21.
[12] Hydro One Submissions, page 3, bottom and pages 7-9.
[13] Hydro One Submissions, page 9, bottom to page 10, top.
[14] OEB Staff Submissions, page 20, second last paragraph.
[15] GCC October 16, 2024 Submissions, paragraphs 14-16. In these submissions GCC proposed an internal offsetting by Hydro One Transmission of Hydro One Distribution UTR charges associated with GCC's STLT driven Larcwhood TS temporary demand.

of distribution services."[16] GCC understands that under this type of solution, it would not be charged network transmission charges for its demand on the Hydro One Distribution system through the Larcwhood TS, but rather Hydro One Distribution would avoid UTR charges in respect of that temporary STLT demand. OEB Staff has deferred to the billing entities *"as to the feasibility of enhancing the settlement process to this degree"*.

(b) LPMA and Hydro One have suggested that the involved transmitter could refund the customer for STLT driven double peak charges and record the refunds for recovery through a deferral account. In GCC's circumstances, we assume that this solution would be applied such that GCC would pay the "one off" STLT driven distribution services invoice historically rendered by Hydro One to GCC[17] and which includes network transmission charges driven by GCC's STLT, and Hydro One (Transmission) would refund such network transmission charges to GCC.

13. ***Having considered the submissions of others, we agree with LPMA and Hydro One that the most straight forward and transparent solution to rectify the unfairness of double peak billing in instances such as those faced by GCC (i.e. where a transmission connected customer is temporarily served through a distribution level connection), is for the customer's transmitter to refund to the customer any resulting incremental network transmission charges billed by the distributor, and that such refunds be recorded by the paying transmitter in a deferral account for future disposition.***

14. In this manner, the distributor through whose system the customer's temporarily transferred electricity demand is served can allocate to that customer distribution level network transmission charges, in the normal course, and the distributor's settlements would not be impacted. IESO settlements with affected transmission connected customers would continue as usual. The transmitter to whom that affected customer is connected would manage the rectifying refund, and ultimately would be kept whole in respect of that refund.

15. In respect of deferral account treatment of any such network transmission charge refunds to GCC and similarly affected customers, HONI has indicated that such tracking would require determination of UTRs to four decimal places, and OEB Staff has questioned whether double peak billing events would meet the deferral account treatment justification thresholds of; i) monetary materiality; and ii) impact on distribution operations.

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[16] OEB Staff Submissions, page 21, bottom. GCC notes that OEB Staff's more general proposed solution for double-peak billing of transmission connected customers – i.e. aggregating delivery points to address STLTs between two transmission connections – may not be readily applicable to GCC's circumstances given that the temporary supply to the Sudbury INO during an STLT flows through Hydro One Distribution's Larcwhood transmission connection which serves other load besides the temporarily transferred Sudbury INO load.

[17] Exhibit M3, Attachment B.

16. As a matter of principle, fairness commends recovery by transmitters of any double peak billing credits or refunds issued to affected STLT customers.

17. We defer to Hydro One and others regarding the practicality of deriving UTRs to four decimal places.

18. In respect of traditional deferral account thresholds, double peak billing network transmission charge refunds to STLT customers would be a cost arguably of a nature different from those costs habitually considered for deferral account treatment. Habitually deferred costs are those related to operation of the utility business, in respect of which the utility is expected to absorb some degree of variability. It may not be appropriate to strictly apply such thresholds in the case of refunds for double peak billing charges designed to protect customers (for whom, as acknowledged by LPMA and evidenced by GCC, double peak billing costs can be material) from unfairness, while addressing any settlement system anomalies thereby arising.

19. In conclusion;

(a) the OEB has sufficient information in this matter to conclude that double peak billing during STLTs for customers such as GCC results in an unfair double UTR based network transmission charge; and

(b) a solution is available, and should be directed, to rectify such unfairness.

ALL OF WHICH IS RESPECTFULLY SUBMITTED by:

GOWLING WLG (CANADA) LLP, per:
Ian A. Mondrow
Counsel to Glencore Canada Corporation

October 30, 2024