

Proposed Amendments to the Distribution System Code to Facilitate Connection of Housing Developments and Residential Customers

Board File No. EB-2024-0092

LIEN Comments

The Low-Income Energy Network (“LIEN”) has reviewed the proposed amendments dated November 18, 2024, and provides comments and recommendations below about the proposed amendments to the Distribution System Code (DSC) relating to:

1. Extending the Maximum Connection Horizon to 15 years for Housing Developments, and
2. Extending the Revenue Horizon from 25 Years to 40 Years.

Overview of LIEN’s Key Recommendations

Because the proposed DSC amendments have not been field-tested or piloted, LIEN recommends that the Ontario Energy Board (“OEB”) conduct a review within 5 years of implementation of the proposed connection horizon and revenue horizon amendments to:

- determine both separately and in the aggregate, how well the connection horizon and revenue horizon amendments are working to facilitate housing developments in Ontario and the resulting actual and forecast future rate impacts of existing residential ratepayers as well as those from the new development; and
- report on any modifications that should be made to the DSC based on experience gained by distributors and developers and the impacts to ratepayers.

Proposed Amendments to the DSC to Extend the Maximum Connection Horizon

The OEB proposes to extend the connection horizon from 5 years to a maximum of 15 years under certain conditions as described in the proposed definition of qualifying housing development:

“qualifying housing development” means a housing development that meets the following criteria:

- a) the developer for the housing development has requested a customer connection horizon that exceeds five (5) years;
- b) the connection of the last residential customer in the housing development is forecast to occur more than five (5) years from the date of the request to connect;

- c) the developer has provided the distributor with:
 - i. an approved plan of subdivision for the housing development; and
 - ii. evidence that the developer owns the land on which the housing development will be built or has written authorization to build the housing development on that land from the landowner; and
- d) an initial offer to connect the housing development had not been accepted by the developer on or before November 18, 2024.

LIEN is concerned about extending the maximum connection horizon to 15 years as proposed in the DSC amendments, given that most developers and distributors that were consulted were comfortable with a maximum extension to 10 years.

LIEN notes that the OEB's Report Back to the Minister on System Expansion for Housing Developments (OEB Report) dated June 28, 2024, indicates that based on the stakeholder feedback OEB received, 'A consensus among most developers was to extend the horizon at least 10 years, and possibly up to 15 years, to better match the complete build-out of a community (OEB Report p. 33). LIEN also notes that in the same report, "Most distributors indicated that if the OEB were to decide to extend the connection horizon, that an extension to a maximum of 10 years could be manageable and may better accommodate longer-term developments." (OEB Report p. 33).

Developers should be encouraged to complete their development projects as soon as possible within the municipal planning framework for the subdivision. This will enable: i) new residential subdivision customers to begin covering their connection costs in a timely manner, and ii) communities to be built up in an appropriate manner with community facilities and resources available to effectively serve the new development.

To address this, LIEN recommends the following amendment be made to the second condition for a qualifying housing development:

- (b) the connection of the last residential customer in the housing development is forecast to occur more than five (5) years from the date of the request to connect and the housing development forecast has been independently reviewed by the distributor in collaboration with the municipality in which the subdivision is located;

Proposed Amendments to the DSC to Extend the Revenue Horizon

The OEB's proposed amendments will extend the revenue horizon for all residential connections from 25 years to 40 years. The OEB Report points out that houses typically have lifetimes that extend beyond 25 years and that extending the maximum revenue

horizon to 40 years aligns more closely with the average lifespan of distribution assets serving residential customers.

LIEN is concerned about the potential rate impacts to residential electricity ratepayers from the impact of these proposed extensions to revenue horizon and the connection horizon.

To address these concerns, LIEN recommends that the OEB conduct a review within 5 years of implementation of the proposed amendments to extend the maximum connection horizon and revenue horizon to:

- determine both separately and in the aggregate, how well the connection horizon and revenue horizon amendments are working to facilitate housing developments in Ontario and the resulting actual and forecast future rate impacts of and the resulting actual and forecast future rate impacts of existing residential ratepayers as well as those from the new development; and
- report on any modifications that should be made to the DSC based on experience gained by distributors and developers and the impacts to ratepayers.