

Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL ONLY

NOTICE OF PROPOSAL TO AMEND A CODE
PROPOSED AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE
BOARD FILE NO. EB-2009-0088

**To: All Licensed Electricity Distributors
All Licensed Generators
All Other Interested Parties**

Re: Process for Connecting Generation Facilities

The Ontario Energy Board (the "Board") is giving notice under section 70.2 of the *Ontario Energy Board Act, 1998* of proposed amendments to the Distribution System Code (the "DSC").

The Board will not be granting cost awards in this matter.

I. Introduction

The proposed amendments to the DSC contemplated by this Notice would change the connection process distributors must use when connecting generation to their distribution systems.

There are two overarching objectives to these proposed amendments. The first is to ensure that viable generation projects, and in particular, renewable generation projects, are connected at the distribution level in a timely manner. The second is to ensure that generation projects that are not likely to proceed do not impede the allocation of capacity to more viable projects.

These amendments are required to deal with the current backlog of generation projects awaiting connection to a distribution system. They are also intended to accommodate a

significant number of renewable generation projects that are anticipated to be coming forward as a result of the Ontario Power Authority's ("OPA's") Feed-in Tariff ("FIT"). While the amendments are required in the current situation, the Board has confidence that they are consistent with the recently introduced *Green Energy and Green Economy Act, 2009* ("Bill 150"), should it be passed.

The Board believes that it is important to move forward with these code changes while recognizing that further amendments may be required in the future as the role of renewable generation in Ontario evolves. .

II. Background

In October 2006, the Board issued revisions to the DSC that included new distributed generation connection process requirements. These requirements were designed to facilitate the implementation of the Renewable Energy Standard Offer Program ("RESOP") launched by the OPA. The RESOP has generated tremendous interest in the connection of renewable generation to local distribution systems, in particular, the rural distribution system owned and operated by Hydro One Networks Inc. ("Hydro One").

The Board has been monitoring the effectiveness of the connection process presently contained in the DSC and is of the view that this process can be enhanced and made more effective by addressing the following issues:

- There have been many Connection Impact Assessment ("CIA") applications for locations where capacity is presently not available for new connections. The Board is concerned that some of these applicants may be seeking an advance opportunity for a capacity allocation long before they have developed viable projects that require such an allocation of capacity.
- The DSC currently does not require distributors to provide information about connection capacity available to prospective generators. The Board believes that this is important information that generation proponents need in order to assess the feasibility of a project at a specific location.
- In those locations where capacity to connect is available, it is presently possible for generators to get a capacity allocation without having to demonstrate a real need for that capacity.
- In those situations where capacity has been allocated, there is some indication that a number of the projects that have reserved capacity may not be moving forward thus limiting the opportunity for other viable projects to connect in these areas.

The Board is also aware that the OPA is planning to begin issuing new contracts for distribution-connected renewable generation under the FIT program. This will increase the number of applications for connection to distribution systems in the province.

In light of all of the above, the Board is of the view that amendments are required to the DSC to improve the effectiveness and efficiency of the generation connection process.

III. What Changes are Proposed

Appendix A to this Notice provides a summary of the proposed treatment of applicants for the connection of embedded generation facilities based on the possible scenarios envisioned for both new connection applications and legacy connection applications at various stages in that process. The actual text of the proposed amendments is set out in Appendix B to this Notice. The summary in Appendix A is provided for information and convenience only. Reference should be made to the proposed DSC amendments rather than the summary for the purposes of making any comments.

The following is a summary of the amendments that the Board proposes to the DSC.

Capacity Allocations

The current DSC provisions refer to a capacity “queue” into which applicants are placed on a “first come, first served basis” upon completion of the CIA. As amended, the Code will no longer envision the concept of a connection queue. Hence the reference to a queue is no longer appropriate. Instead, the DSC will therefore refer to eligible applicants as having a “capacity allocation” which means that they may proceed with the connection process. Connection cost allocation will be determined in accordance with Board policy and connection timing will be determined by the distributor on the basis of scheduling of work required to modify the distributor’s system to accommodate the connection of the project.

Capacity Availability

The connection process must be enhanced to focus applicants to areas where capacity to connect is currently available. The Board is of the view that this can be best achieved by allowing CIA applications only on feeders and/or substations where capacity to connect is available. As new feeders and/or substations are planned and completed, capacity to connect will become available at more locations and more CIA applications can be completed.

Information must be available to prospective generators about the connection capacity at any given location and the expected cost of connection to enable applicants to assess the feasibility of their proposed projects. This can be achieved by enhancing the information that distributors must provide to prospective generators in the Initial Feasibility Assessment step of the connection process.

CIA Application Prerequisites

An applicant should be required to demonstrate that its proposed project has achieved a requisite level of feasibility and requires a firm allocation of capacity before applying to connect. This can be achieved by incorporating specific prerequisites that a project must meet before a CIA can be completed by the distributor. These prerequisites would include:

- There must be available distribution, transformer station (“TS”) and transmission capacity to accommodate the proposed project;

- Projects must be ready to connect within 3 years of when the CIA is completed and associated capacity is allocated for the project or in accordance with the timelines in an OPA contract;
- Applicants must be able to demonstrate that they have site control for the proposed project; and
- Full technical information required by the distributor to complete the CIA study must be provided by the applicant.

Connection Cost Deposit and Capacity Allocation Deposits

Capacity to accommodate a generation connection in many of the most desirable locations for renewable resources throughout the Province is presently unavailable, but there is some indication that a number of the projects at these locations for which capacity is currently allocated may not be moving forward in a timely way, or at all. The connection process must be enhanced to ensure that once capacity has been allocated to a project, that project continues to move toward a timely connection.

To address this concern, the Board initially considered incorporating specific mandatory project milestones into the connection process. If these milestones were not achieved, the project would lose its capacity allocation. Considering the wide variety of situations and circumstances that would have to be taken into account in such an approach, the Board realized that requiring proponents to manage their projects on the basis of specific Board imposed milestones would not allow for the flexibility that proponents need to effectively manage their projects. There could also be potential incompatibility with generation procurement milestone requirements imposed by the OPA through its FIT contracting process. The Board, therefore, proposes what it considers to be a fairer and more administratively streamlined approach whereby two mandatory security deposits are required to be paid by applicants for capacity allocation.

The first security deposit, the “Connection Cost Deposit”, would be equal to 100% of the total allocated connection cost. The second security deposit, the “Capacity Allocation Deposit” would be based on the amount of capacity being reserved (i.e., the size of the project). Both deposits would be required to be provided to the distributor at the time the Connection Cost Agreement (“CCA”) is executed. The Capacity Allocation Deposit amount would be \$20,000 per megawatt (“MW”) of capacity for the proposed project, which would be payable at the time the CCA is executed. An Additional Capacity Allocation Deposit of \$20,000 per MW of capacity would be payable if the project for which capacity was allocated has not gone into service after 15 months of being granted its initial capacity allocation. The expectation is that these deposit amounts will not be prohibitive for renewable generation developers since they represent a relatively low cost when viewed as a percentage of total project costs.

For a project that is the subject of an OPA contract (for example, a FIT contract) the amount of the Capacity Allocation Deposit and Additional Capacity Allocation Deposit required would be reduced to account for any similar security deposits being required by the OPA such as “application security” or “completion and performance security” in order to avoid duplication.

The Connection Cost Deposit would represent an estimate of the costs of connection allocated to the applicant and would be used by the distributor to offset any allocated costs incurred by the distributor for the connection of the applicant's project to the distribution system. Any amount of the Connection Cost Deposit that was not used for the purpose of doing the work required to connect the project in question would be refundable upon connection to the applicant. If the applicant's project is not connected to the distribution system, the amount of the Connection Cost Deposit would be refunded to the applicant less any costs actually incurred by the distributor for any connection work completed in respect of the applicant's project.

The Capacity Allocation Deposit and Additional Capacity Allocation Deposit would both be refundable in their entirety to the applicant at the time that the project for which the capacity was allocated becomes connected to the relevant distribution system in accordance with the CCA. The Capacity Allocation Deposit and Additional Capacity Allocation Deposit would both be forfeited by the applicant if the project for which the capacity was allocated is not connected to the relevant distribution system or if the capacity allocated to the project is removed for any reason. Any deposits that are forfeited would be held in a deferral account for disposition by the Board. The Board does not expect that distributors would retain forfeited Capacity Allocation Deposits.

Technical Requirements

Recognizing the distributor's responsibility to conduct a design review of the applicant's detailed engineering plans prior to connection, the Board also proposes a new mandatory requirement to be included in the CCA that applicants must complete their engineering design and provide detailed electrical drawings to the distributor at least 6 months prior to a project's specified in-service date. This would ensure that adequate time is provided for the review and remedy of any potential technical issues.

Transition Mechanisms

To resolve concerns relating to capacity that has already been allocated to specific generation projects under the current DSC provisions; the Board proposes that the new connection process requirements described in this Notice and as provided in the proposed DSC Code amendments be applied to projects that have already been allocated capacity. Applicants with existing RESOP contracts would be given a reasonable period of time to meet the requirements, failing which, the previously allocated capacity would be released and made available to other applicants that are able to meet the requirements. Applicants with projects that do not have RESOP contracts would be permitted an additional time allowance in order to have an opportunity to seek a FIT contract before being required to meet the new requirements.

The Board is also aware that there are currently a small number of applications for connection whose projects are affected by requirements for completion of SIA studies by the IESO. These applicants will also be permitted an additional time period in order to have an opportunity to review the results of the completed SIA studies and the

impacts of those results on the projects in question before being required to meet the new requirements.

If these proposed amendments are adopted, distributors will be required to identify all existing projects that presently have a capacity allocation and to require that the necessary financial and other requirements be met within the timelines specified by these amendments if these projects are to maintain their existing capacity allocation.

IV. Anticipated Costs and Benefits of the Proposed Amendments

The Board anticipates that these proposed amendments will result in a more effective and efficient generation connection process.

The Board recognizes that implementation of the proposed amendments will result in some incremental costs being borne by distributors but is of the view that these additional costs will be more than offset by the improved efficiency and effectiveness of the enhanced generation connection process.

V. Coming into Force

The Board proposes that the amendments to the DSC described above and outlined more fully in Appendix B to this Notice come into force on the date that the final amendments are published on the Board's website.

VI. Invitation to Comment

All interested parties are invited to comment in writing on the Board's proposed amendments to the DSC set out in Appendix B by **June 10, 2009**.

Three (3) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, Ontario M4P 1E4

The Board requests that interested parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at www.errr.oeb.gov.on.ca. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at www.oeb.gov.on.ca, and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document

submission standards outlined in the document entitled “RESS Document Preparation – A Quick Guide” also found on the e-filing services webpage. If the Board’s web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@oeb.gov.on.ca.

Those that do not have internet access should provide a CD or diskette containing their filing in PDF format.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2009-0088** and include your name, address, telephone number and, where available, your e-mail address and fax number.

This Notice, including the proposed amendments to the DSC set out in Appendix B, and all written comments received by the Board in response to this Notice, will be available for public inspection on the Board’s website at www.oeb.gov.on.ca and at the office of the Board during normal business hours.

If you have any questions regarding the proposed amendments described in this Notice, please contact Gordon Ryckman at 416-440-8109 or by e-mail at Gordon.Ryckman@oeb.gov.on.ca. The Board’s toll free number is 1-888-632-6273.

DATED at Toronto, May 14, 2009.

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Attach: Appendix A: Implications of Proposed Distribution System Code
Amendments on Existing and New Embedded Generation Projects

Appendix B: Proposed Amendments to the Distribution System Code

Appendix A

Implications of Proposed Distribution System Code Amendments on Existing and New Embedded Generation Projects

	Scenario	Proposed Treatment
1.	Existing legacy projects that have applied for a CIA but capacity is not available so have been placed on a waiting list for preparation of the CIA	<p>CIA's will not be provided and capacity will not be allocated where capacity to connect is not available [6.2.4.1(b)]. Existing distributor waiting lists will disappear.</p> <p>OPA's proposed FIT rules indicate that projects must apply for and be awarded a FIT contract before applying to the distributor for a CIA. Projects on existing waiting lists that are interested in a FIT contract should apply to the OPA. Bill 150 envisions a new process for the development and approval of plans for new distribution facilities to provide capacity for renewable generation connections. As new distribution feeders and/or substations are planned and approved, capacity to connect will become available at more locations and more CIA applications can be accepted.</p>
2.	Existing legacy projects that have applied for a CIA where capacity is available but the CIA has not been completed (i.e., no capacity has been allocated) when the DSC amendments come into force.	<p>If the applicant wishes to proceed as a legacy project, the distributor will complete the CIA and connection steps beyond the CIA will be in accordance with the new amended DSC. For example, the CCA will have to be executed within 6 months, rather than 12 [6.2.4.1(e)] and will include the new mandatory terms and conditions [6.2.18] including an up-front deposit of 100% of allocated connection costs, capacity allocation deposit(s) as required, an in-service date within 3 years and a requirement that the proponent's design be complete and electrical drawing submitted to the distributor 6 months prior to scheduled in-service date.</p>

		Note that the OPA's proposed FIT rules indicate that after March 13, 2009, projects that want a FIT contract can not apply for a CIA until they get a FIT contract.
3.	Existing legacy projects that have a completed CIA (i.e., capacity has been allocated) and have executed a CCA with the distributor. It is presumed that these projects would all have RESOP contracts if they were eligible and wanted one.	<p>The distributor would be required to notify these project proponents that if they wish to proceed as a legacy project, they are required to pay a deposit totalling 100% of allocated connection cost plus a capacity allocation deposit of \$20,000 /MW within 60 days of the distributor's notice [6.2.18A]. An additional capacity allocation deposit of \$20,000/MW would also have to be paid if, at 15 months after the CIA was issued the project is not yet in service [6.2.18B].</p> <p>The projects would be required to pay the deposit amount within the time specified or have their capacity allocation removed [6.2.4.1(e)].</p>
4.	Existing legacy projects that have a completed CIA (i.e., capacity has been allocated) but have not executed a CCA with the distributor. These would include projects that: <ul style="list-style-type: none"> a) have not yet reached the 12-month queue time limit (may or may not have RESOP contracts); b) have been on the queue more than 12 months but have not been able to get an OPA contract because RESOP was suspended and FIT is not yet being offered or because the project was/is located in a designated transmission "orange zone" where RESOP has not been 	<p>The distributor would be required to notify these projects of the requirement to execute a CCA within 60 days of a) the project having been allocated capacity for 12-months, b) the date that FIT contracts become available or c) the date that the SIA is completed, whichever applicable occurs latest [6.2.18C] .</p> <p>The projects would be required to execute a CCA and pay the deposit amounts specified by section 6.2.18 within the time specified or have their capacity allocation removed [6.2.4.1(e)].</p>

	<p>offered; or</p> <p>c) a requirement for an SIA has been identified by the IESO but that study is not yet complete.</p>	
5.	<p>Proponents with new projects (after March 13, 2009) that wish to execute a FIT contract.</p> <p>According to the OPA's proposed rules such proponents will not be permitted to apply to the distributor for a connection until the FIT contract is executed. In terms of timing, the DSC amendments are likely to come into force prior to the OPA issuing FIT contracts.</p>	<p>Applications for connection would follow the amended connection process.</p> <ul style="list-style-type: none"> - CIA with new prerequisites [6.2.4.1(b)]; - CCA required after 6 months [6.2.4.1(e)]; and - new terms and conditions of CCA apply [6.2.18].
6.	<p>Proponents with new projects (after March 13, 2009) that do not wish to get a FIT contract.</p>	<p>Applications to the distributor for connection after March 13, 2009 but prior to DSC amendments coming into force would be addressed under the existing connection process creating a legacy project which would be processed as per scenario (1) or (2) above.</p> <p>Applications for connection after the DSC amendments have come into force would be processed under the amended connection process.</p> <ul style="list-style-type: none"> - CIA with new prerequisites [6.2.4.1(b)]; - connection cost deposit and capacity allocation deposit to be paid when CCA is executed [6.2.18]; - CCA required after 6 months [6.2.4.1(e)]; and - new terms and conditions of CCA apply [6.2.18].

Appendix B**Proposed Amendments to the Distribution System Code**

Note: The text of the proposed amendments is set out in italics and underlined below, for ease of identification only.

1. Section 1.2 of the Distribution System Code is amended as follows:

In this Code:

“~~queue~~ capacity allocation exempt small embedded generation facility” means an embedded generation facility which is not a micro-embedded generation facility and which has a name-plate rated capacity of 250 kW or less in the case of a facility connected to a less than 15 kV line and 500 kW or less in the case of a facility connected to a 15 kV or greater line;

2. Section 6.2.3 of the Distribution System Code is amended as follows:

6.2.3 A distributor shall promptly make available a generation connection information package (the “package”) to any person who requests this package. The package shall contain the following information:

- a. the process for having a generation facility connected to the distributor’s distribution system, including any form necessary for applying to the distributor;
- b. information regarding any approvals from the ESA, the IESO, OEB, or a transmitter that are required before the distributor will connect a generation facility to its distribution system;
- c. the technical requirements for being connected to the distributor’s distribution system including the distributor’s feeder and substation technical capacity limits as well as metering requirements;
- d. the standard contractual terms and conditions for being connected to the distributor’s distribution system; and
- e. the name, telephone number and e-mail address of the distributor’s representative for inquiries relating to the connection of embedded generation facilities.

3. Section 6.2.4.1 of the Distribution System Code is amended as follows:

6.2.4.1 Subject to section 6.2.4.2, a distributor shall establish and maintain a *capacity allocation* ~~queuing~~ process under which the distributor will process applications for the connection of embedded generation facilities. The *capacity allocation* ~~queuing~~ process shall meet the following requirements:

- a. each application for connection, including an application under section 6.2.25a, will be allocated capacity ~~placed in the queue on a first-come, first-served basis~~ only upon completion of the connection impact assessment for the embedded generation facility;
- b. a connection impact assessment will not be completed for a proposed connection that can not be completed within the feeder and/or substation technical capacity limits of the distributor's distribution system, any host distribution system or the supply TS and transmission system;
- c. a connection impact assessment will not be completed unless the embedded generation facility which is the subject of the application meets the following requirements at the time the application is made:
 - demonstrated site control over the land on which the embedded generation facility is proposed to be located and any required adjacent or buffer lands in the form of property ownership (deed), long term lease (lease agreement) or an executed option to purchase or lease the land.
 - an in-service date for the proposed embedded generation facility which is no later than 3 years following the completion of the connection impact assessment or in accordance with the timelines in an executed OPA contract.
- d. the distributor shall notify the applicant when its *capacity allocation* ~~is granted~~ queue position;
- e. an application shall have its capacity allocation ~~be removed from the queue~~ if:
 - i. a connection cost agreement has not been signed in relation to the connection of the embedded generation facility within 12 6 months of the date on which the application ~~was placed in the queue~~ received a capacity allocation for the proposed embedded generation facility;
 - ii. a new connection impact assessment is prepared for a proposed embedded generation facility under section 6.2.15 and the new assessment differs in a material respect from the original connection impact assessment prepared for that facility;

- iii. any required deposits payable to the distributor pursuant to section 6.2.18A or 6.2.18B have not been received by the date specified by the distributor or any of the conditions in section 6.2.18C have not been met;
 - iv. the applicant defaults on an executed OPA contract; or
 - v. the applicant defaults on an executed connection cost agreement and fails to correct the default within 30 calendar days.
- f. If any applicant has its capacity allocation removed in accordance with paragraph (e), the amount of any connection cost deposit, capacity allocation deposit and/or additional capacity allocation deposit paid pursuant to the connection cost agreement requirements in section 6.2.18 shall be forfeited by the applicant and retained by the distributor.
- g. the distributor shall provide the applicant with two months' advance notice of the expiry of the ~~12-month~~ 6-month period referred to in paragraph ~~e-e~~ prior to removing the capacity allocated to ~~removing~~ the application~~t~~. ~~from the queue.~~

4. Section 6.2.4.2 of the Distribution System Code is amended as follows:

6.2.4.2 Section 6.2.4.1 does not apply to an application to connect a micro-embedded generation facility or a ~~queue~~ capacity allocation exempt small embedded generation facility. Applications to connect to which the ~~queueing~~ capacity allocation process does not apply, including by virtue of section 6.2.1, shall be processed by a distributor in accordance with this Code as and when received.

5. Section 6.2.4.3 of the Distribution System Code is amended as follows:

6.2.4.3 Any application to connect a ~~queue~~ capacity allocation exempt small embedded generation facility that was received by a distributor prior to the date of coming into force of this section shall be processed by the distributor in accordance with the provisions of this Code applicable to such generation facilities as though the application to connect had been received by the distributor on the date of coming into force of this section.

6. Section 6.2.8A of the Distribution System Code is amended as follows:

6.2.8A Notwithstanding any other provision of this Code, a distributor shall, for the purposes of determining the connection feasibility of a ~~queue~~ capacity allocation exempt small embedded generation facility and of determining the impact of such facility on the distributor's distribution system and on any customers of the distributor, treat any capacity associated with a generation facility that *has a*

capacity allocation is ~~in a queue~~ referred to in section 6.2.4.1 as available capacity.

7. Section 6.2.8B of the Distribution System Code is amended as follows:

6.2.8B Where a distributor believes that, by virtue of the operation of section 6.2.8A, the connection of a ~~queue~~ capacity allocation exempt small embedded generation facility cannot reasonably be managed by the distributor without adversely affecting the ~~queue position~~ capacity allocation of a generation facility, the distributor shall promptly so notify the Board in writing. In such a case, and notwithstanding any other provision of this Code, the distributor shall not take any further steps to connect the ~~queue~~ capacity allocation exempt small embedded generation facility without further direction from the Board.

8. Section 6.2.9.1 of the Distribution System Code is amended as follows:

6.2.9.1 Upon request, a distributor shall provide the following to a person that has requested a meeting under section 6.2.9:

- a. a description of the portion of the distributor's distribution system relevant to the person's embedded generation facility, including the corresponding portions of an up-to-date system schematic map showing, at a minimum, the following:
 - major distribution and sub-transmission lines;
 - transformer and distribution stations;
 - the voltage levels used for distribution;
 - sufficient geographic references to enable the person to correlate all of the above features with a municipal road map; and
 - such other information as the Board may from time to time determine; ~~and~~
- b. subject to section 6.2.9.4, information on voltage level, fault level and minimum/maximum feeder loadings for up to three locations in the distributor's service area; and
- c. for each of the proposed locations included in the request, information about the amount of additional generation, above and beyond what is already connected and what capacity has already been allocated, that can be accommodated i) within the distributor's feeder and/or substation technical capacity limits; ii) within any host distributor's feeder and/or

substation technical capacity limits; iii) within the transmitter's TS technical capacity limits; and iv) without exceeding the IESO's requirement for a SIA.

9. Section 6.2.11 of the Distribution System Code is amended as follows:

6.2.11 A distributor shall require a person who applies for the connection of a generation facility to the distributor's distribution system to, upon making the application, pay their impact assessment costs and provide the following information:

- a. evidence that the requirements set out in section 6.2.4.1 (c) have been met;
- b. the proposed point of common coupling with the distribution system;
- c. the information set out in section 6.2.9 if this has not already been provided to the distributor;
- d. a single line diagram of the proposed connection; ~~and~~
- e. a preliminary design of the proposed interface protection; and
- f. all necessary technical information required by the distributor to complete the connection impact assessment.

10. Section 6.2.12 of the Distribution System Code is amended as follows:

6.2.12 Subject to sections 6.2.4.1(b), 6.2.4.1(c) and 6.2.4.2, ~~¶~~the distributor shall provide an applicant proposing to connect a small embedded generation facility with its assessment of the impact of the proposed generation facility, a detailed cost estimate of the proposed connection and an offer to connect within:

- a. 60 days of the receipt of the application where no distribution system reinforcement or expansion is required; and
- b. 90 days of the receipt of the application where a distribution system reinforcement or expansion is required.

An offer to connect made to an applicant proposing to connect a ~~queue~~ capacity allocation exempt small embedded generation facility may be revoked by the distributor if not accepted by the applicant within 60 days.

11. Section 6.2.13 of the Distribution System Code is amended as follows:

6.2.13 Subject to sections 6.2.4.1(b) and 6.2.4.1(c), ~~¶~~the distributor shall provide its assessment of the impact of the proposed embedded generation facility within:

- a. 60 days of the receipt of the application in the case of a proposal to connect a mid-sized embedded generation facility; and
- b. 90 days of the receipt of the application in the case of a proposal to connect a large embedded generation facility.

12. Section 6.2.14 of the Distribution System Code is amended as follows:

6.2.14 The distributor's impact assessment shall set out the impact of the proposed embedded generation facility on the distributor's distribution system and any customers of the distributor including:

- a. any voltage impacts, impacts on current loading settings and impacts on fault currents;
- b. the connection feasibility;
- c. the need for any line or equipment upgrades;
- d. the need for transmission system protection modifications; and
- e. any metering requirements.

13. Section 6.2 of the Distribution System Code is amended by adding the following immediately after 6.2.14:

6.2.14 A Where a distributor completes a connection impact assessment and allocates capacity to a proposed embedded generation facility on its feeder and/or substation, the distributor shall within 10 days of the connection impact assessment being issued advise any transmitter or distributor whose transmission or distribution system is directly connected to the specific feeder or substation to which the proposed embedded generation facility is proposing to connect of the proposed in-service date, the rated capacity and type of technology that is being allocated to the feeder and/or substation. A distributor will also inform the transmitter or distributor on an ongoing basis of any change in status of the project including removing the capacity allocation for the project or placing the project in service.

14. Section 6.2.15 of the Distribution System Code is amended as follows:

6.2.15 Any material revisions to the design, planned equipment or plans for the proposed embedded generation facility and connection shall be filed with the distributor and the distributor shall prepare a new impact assessment within the relevant time period set out in section 6.2.1~~23~~ or 6.2.1~~34~~.

15. Section 6.2.18 of the Distribution System Code is amended as follows:

- 6.2.18 A distributor shall enter into a connection cost agreement with an applicant in relation to a small embedded generation facility, a mid-sized embedded generation facility or a large embedded generation facility. The connection cost agreement shall include the following:
- a. a requirement that the applicant pay a connection cost deposit equal to 100% of the total allocated cost of connection at the time the connection cost agreement is executed;
 - b. if the applicant does not have an executed OPA contract, a requirement that the applicant pay a capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility at the time the connection cost agreement is executed;
 - c. if the applicant does not have an executed OPA contract, a requirement that if fifteen (15) calendar months following the completion of the connection impact assessment the embedded generation facility is not connected to the distributor's distribution system, the applicant must pay an additional capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility on the first day of the sixteenth (16th) calendar month following the completion of the connection impact assessment;
 - d. if the applicant has an executed OPA contract and the total amount of any security deposits or similar payments that are required pursuant to the OPA contract is less than the amount of \$20,000 per MW of capacity of the embedded generation facility, a requirement that, at the time the connection cost agreement is executed, the applicant pay the difference between \$20,000 per MW of capacity of the embedded generation facility and the total amount of all deposits due payable to the OPA pursuant to the OPA contract at the time the OPA contract was executed;
 - e. if the applicant has an executed OPA contract and if fifteen (15) calendar months following the completion of the connection impact assessment the embedded generation facility is not connected to the distributor's distribution system and if the total amount of any additional interim or delayed security deposits or payments that are required pursuant to the OPA contract is less than the amount of \$20,000 per MW of capacity of the embedded generation facility, a requirement that, on the first day of the sixteenth (16th) calendar month following the completion of the connection impact assessment, the applicant pay the difference between \$20,000 per MW of capacity of the embedded generation facility and the amount of any deposit required pursuant to the OPA contract;

- f. a requirement that the applicant include a proposed in-service date that is no later than 3 years following the date that the connection impact assessment is completed or a proposed in-service date which is in accordance with the timelines in an executed OPA contract;
- g. a requirement that ~~The connection cost agreement shall also include provisions regarding~~ the applicant complete its engineering design and provide detailed electrical drawings to the distributor at least 6 months prior to the specified in-service date;
- h. any requirements relating to the applicant's acceptance of the distributor's offer to connect and, the connection costs ~~and any security deposit progression payments to be paid by the applicant prior to the commencement of any work by the distributor;~~ and
- i. the timing of the connection.

The distributor's offer to connect shall be attached as an appendix to and form part of the cost connection agreement. Once the applicant has entered into a connection cost agreement with the distributor and has provided the distributor with detailed engineering drawings with respect to the proposal, the distributor shall conduct a design review to ensure that the detailed engineering plans are acceptable.

16. Section 6.2 of the Distribution System Code is amended by adding the following immediately after 6.2.18:

6.2.18A For any proponent that executed a connection cost agreement prior to the date of coming into force of this section, but is not yet connected to the distributor's distribution system, the distributor shall notify the proponent of that embedded generation facility that a connection cost deposit equal to 100% of the total allocated cost of connection and a capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility must be paid within 60 days of the distributor's notice as a condition of the applicant maintaining its current capacity allocation.

6.2.18B For any proponent that executed a connection cost agreement prior to the date of coming into force of this section, but is not yet connected to the distributor's distribution system and for which fifteen (15) calendar months or more have elapsed since the date on which the proponent received a completed connection impact assessment, the distributor shall notify the proponent of that embedded generation facility that an additional capacity allocation deposit equal to \$20,000 per MW of capacity for the embedded generation facility must be paid within 60 days of the distributor's notice as a condition of the applicant maintaining its

current capacity allocation. For clarity, this additional capacity allocation deposit is in addition to any deposit that may be required under section 6.2.18A.

6.2.18C For any proponent that was allocated capacity but that had not yet executed a connection cost agreement on or before the date of coming into force of this section for one or more of the following reasons:

- a. the connection impact assessment was completed within the last 12 months,
- b. the proponent does not have an executed OPA contract and OPA contracts have not been available,
- c. an IESO System Impact Assessment (“SIA”) is required and has not yet been completed,

the distributor shall notify the applicant that as a condition of the applicant maintaining its current capacity allocation the applicant must execute a connection cost agreement with the distributor within 60 days of the latest of:

- A. the project having been allocated capacity for a period of 12 months,
- B. the first date upon which OPA contracts are once again being made available,
or
- C. the SIA study being completed and its impact on the generation facility being identified,

6.2.18D Any connection cost deposit, capacity allocation deposit or additional capacity allocation deposit required to be obtained by the distributor pursuant to this Code shall be in the form of cash, letter of credit from a bank as defined in the Bank Act, or surety bond. The distributor shall allow the applicant to select the form of any required connection cost deposit, capacity allocation deposit and/or additional capacity allocation deposit.

6.2.18E The connection cost deposit shall be used by the distributor to pay for costs allocated to the applicant and related to the connection of the embedded generation facility to the distribution system in accordance with the terms of the relevant connection cost agreement.

6.2.18F If, following the connection of an embedded generation facility to the distributor’s distribution system the distributor determines that the amount of the connection cost deposit provided by the applicant exceeded the costs allocated to the applicant and related to connecting the generation facility to the distributor’s

distribution system, the distributor shall at the time of connection refund to the applicant the amount by which the connection cost deposit exceeded the costs related to connection the embedded generation facility.

- 6.2.18G The distributor shall, no later than 10 calendar days after the applicant has its capacity allocation removed in accordance with subsection 6.2.4.1(e), refund to the applicant the amount of any remaining connection cost deposit provided by the applicant to the distributor pursuant to a connection cost agreement, provided that if the distributor has incurred costs associated with the connection of the applicant's embedded generation facility to the distributor's distribution system in accordance with the relevant connection cost agreement, the distributor shall subtract the amount of any such incurred costs from the total connection cost deposit amount provided by the applicant prior to remitting any refund to the applicant.
- 6.2.18H The distributor shall refund to the applicant the amount of any capacity allocation deposit or additional capacity allocation deposit provided by the applicant to the distributor no later than 10 calendar days after the applicant connects to the distributor's distribution system.
- 6.2.18I Where any connection cost deposit, capacity allocation deposit or additional capacity allocation deposit is provided by an applicant to a distributor in the form of cash and where the distributor refunds all or any portion of such connection cost deposit, capacity allocation deposit or additional capacity allocation deposit to the applicant in accordance with this Code, the return of such deposit or deposits shall be in accordance with the following conditions:
- (a) interest shall accrue monthly on the deposit amounts commencing on the receipt of the deposit required by the distributor; and
 - (b) the interest rate shall be at the Prime Business Rate set by the Bank of Canada less 2 percent.