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**Susan Frank**

Vice President and Chief Regulatory Officer  
Regulatory Affairs

BY COURIER

September 25, 2009

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

Dear Ms. Walli:

**EB-2009-0077 – Cost Responsibility for Connecting Generation Facilities – Hydro One Networks’  
Comments on the Board’s Revised Proposed Amendments to the DSC**

In response to the Board's Notice of Revised Proposal to Amend a Code issued September 11, 2009, Hydro One Networks provides the attached comments.

Three paper copies of the attached document are being provided by courier to the Board and I have also attached proof of successful submission of these comments through the Board's Regulatory Electronic Submission System as directed in the Notice.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach. (1)

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15 (Sched. B);

**AND IN THE MATTER OF** a proceeding pursuant to  
subsection 70.2 of the *Ontario Energy Board Act, 1998*  
to amend the Distribution System Code

**SUBMISSION OF HYDRO ONE NETWORKS INC.  
REGARDING THE BOARD'S REVISED PROPOSED CHANGES  
TO AMEND THE DISTRIBUTION SYSTEM CODE**

**SEPTEMBER 25, 2009**

Contact Information

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Hydro One Networks Inc. (“Hydro One”) generally supports the changes the Board is making to cost responsibility for generator connections in these revised proposed amendments to the Distribution System Code (“DSC”). Hydro One has comments on some specific areas of the Board’s revised proposed amendments to assist the Board in finalizing these amendments to the DSC.

### Comments on the Revised Proposed Amendments

#### Definition of Connection Assets

Hydro One supports the Board’s revision to not change the definition of connection assets in the Code.

#### Definition of Expansion Assets

Hydro One supports the revised definition of expansion assets.

Hydro One submits that the following proposed new section of the Code should be modified as indicated by the bolded words below:

Section 3.2.30

- g) upgrading a **voltage** regulating transformer **or station** to a larger MVA size;

Hydro One supports the proposed new subsection (h) of section 3.2.30 for capacitor banks that are installed by the distributor as an expansion asset. However, Hydro One notes that this does not relieve the generator of obligations included in the CIA – which may include the installation of capacitor banks at the generator’s site which would be the cost responsibility of the generator.

#### Definition of Renewable Enabling Improvements

Hydro One supports the revised definition of Renewable Enabling Improvements.

Hydro One submits that the following proposed new section of the Code should be modified as indicated by the bolded words below:

Section 3.3.2

- b) modifications to, or the addition of, voltage regulating **transformer controls or station controls**

Hydro One expects that the costs of telecommunication assets associated with transfer trip or other protection schemes would be split in the same manner as the transfer trip assets with the distributor and generator each being responsible for the equipment at their facilities.

#### Rebates

Existing Section 3.2.27 (b) of the DSC should be amended to avoid confusion or unfairness in the calculation of rebates. This section directs that the rebate be based on the relative line length and the “relative load level.” This approach is appropriate for load customers but is not appropriate for generators who normally have very small loads relative to their size as generators. The appropriate allocator would be relative line length only.

#### Upstream Costs

Hydro One understands the Board’s position that upstream costs for transmission or host distributor upgrades should be passed on to generators and not included in the expansion cost cap. This clarifies that the cost for a new circuit breaker at a TS to accommodate a generator connection will ultimately be the cost responsibility of the generator (as a pass-through from the distributor managing the connection application).

Hydro One notes that the Board's approach will create different treatment of costs for Transfer Trip. If the need for transfer trip or other protection against islanding is identified by an upstream distributor or transmitter, the embedded distributor will need to pass on the full cost of transfer trip to the generator.

#### Contestable Work

The Board has made it clear that when generators pay a capital contribution above the \$90K/MW expansion cost cap the alternative bid provisions of the DSC apply and the work will be contestable. If work is contestable and undertaken by the generator, Hydro One's practice will be to require an invoice for the work. Payment for amounts up to the \$90K/MW cap will be made to the generator. This is consistent with Hydro One's normal practice to require proof of actual cost of work before payment is made.