



September 25, 2009

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St., Suite 2700  
Toronto, ON, M4P 1E4

**RE: CLD Submission for EB-2009-0077**  
**Revised Proposed Amendments to the Distribution System Code: Cost Responsibility for Renewable Generation**

Dear Ms. Walli:

The Coalition of Large Distributors (“CLD”) respectfully submits its written comments on the Ontario Energy Board (the “Board”) Revised Proposed Amendments to the Distribution System Code (“DSC”) regarding cost responsibility between a distributor and a renewable generator. The CLD comprises Enersource Hydro Mississauga, Horizon Utilities Corporation, Hydro Ottawa, PowerStream Inc., Toronto Hydro-Electric System Limited, and Veridian Connections.

Yours truly,  
(Original signed on behalf of the CLD by)

Sarah Griffiths Savolaine

Gia M. DeJulio  
Enersource Hydro Mississauga Inc.  
(905) 283-4098  
[gdejulio@enersource.com](mailto:gdejulio@enersource.com)

Indy Butany-DeSouza  
Horizon Utilities  
(905) 317-4765  
[Indy.butany@horizonutilities.com](mailto:Indy.butany@horizonutilities.com)

Lynne Anderson  
Hydro Ottawa  
(613) 738-5499 X527  
[lynneanderson@hydroottawa.com](mailto:lynneanderson@hydroottawa.com)

Sarah Griffiths Savolaine  
PowerStream Inc.  
(905) 532-4527  
[sarah.griffiths@powerstream.ca](mailto:sarah.griffiths@powerstream.ca)

Colin McLorg  
Toronto Hydro-Electric System Limited  
(416) 542-2513  
[regulatoryaffairs@torontohydro.com](mailto:regulatoryaffairs@torontohydro.com)

George Armstrong  
Veridian Connections  
(905) 427-9870 x2202  
[garmstrong@veridian.on.ca](mailto:garmstrong@veridian.on.ca)



## Scope

The continued main objective of the revised proposed amendments is to assign responsibility for the costs associated with the connection of renewable generators to the distribution system in order to facilitate implementation of the Government’s policy objectives regarding renewable generation. The CLD is extremely supportive of the Government’s objectives with respect to renewable generation and has been working with the Board, the Ontario Power Authority (“OPA”), the Ministry of Energy and Infrastructure and other stakeholders to ensure that the regulations and processes are in place to meet the requirements of the Green Energy Act.

The CLD is appreciative to the Board for providing clarification to questions proposed in our original comments on this consultation, as well as accepting comments provided by the CLD. Although the Notice does state that comments should be restricted to the proposed revisions set out in Section III.A of the Notice, the CLD does believe it is warranted to reiterate some of its previous comments on this topic, and has added those comments below.

### Comments on Revised Proposed Amendments:

#### Section 1.2

As mentioned above, the CLD is appreciative for the clarifications provided including those of the assets and facilities that would fall into the categories of ‘expansions’ and ‘renewable enabling improvements’. However, the revisions proposed have created inconsistencies and further clarity is required.

At the end of the definition of ‘expansion’ the phrase ‘*and includes the modifications or additions to the main distribution system identified in section 3.2.30*’ has been inserted. The use of the word ‘includes’ implies that these are selected examples and that there could be other items which fit within the definition. Whereas, Section 3.3.2 states that ‘*Renewable enabling improvements to the main distribution system to accommodate the connection of renewable energy generation facilities are the following:*’. By using the word ‘are’, the definition implies that this is an exhausted list.

The CLD recommends that both lists be treated as examples as there may be other items not included on the lists but which qualify as expansions or renewable enabling improvements.

Section 1.2 (c) should therefore be revised to state:

*“renewable enabling improvements’ means a modification or addition to the main distribution system that is made to enable the main distribution system **to accommodate generation from renewable energy generation facilities and includes the items identified in section 3.3.2***

Section 3.3.2 should be revised to state:

*Renewable enabling improvements to the main distribution system to accommodate the connection of renewable energy generation facilities **includes** the following:*



## Appendix B – Section B.1

Subsection (d.1) has now been revised to state:

*Paragraph (d) shall cease to apply to a distributor as of the date on which the distributor's rates are set based on a cost of service application for the first time after this paragraph comes into force.*

Although the CLD appreciates the acknowledgement of waiting until an LDC's next rebasing, we propose that this be extended to the 2011 cost of service filings. Currently the 2010 cost of service filers have prepared and perhaps filed their cost of service rate applications, however they have not had an opportunity to make the necessary adjustments to their forecasts for the 2010 rate base.

The CLD therefore proposes that the paragraph be amended as follows:

*(d.1) paragraph (d) shall cease to apply to a distributor as of the date on which the distributor's rates are set based on a cost of service application for the first time following the 2010 rate year.*

### **Comments from Previous CLD Submission:**

The CLD would like to restate its comments regarding generators that request a higher than normal level of reliability, such as a second circuit or auto transfer capability. The CLD submits that if a generator does request such upgrades, these costs should be treated in the same manner as the connection assets and be the responsibility of the generator and therefore included as part of the upfront capital contribution.

The CLD would also like to restate its comments on the following:

The original Notice declared that the Board believes that the investments discussed, i.e. renewable enabling improvements, will likely be of broader benefit to the distributor and its customers and therefore the generator will not be asked to make a capital contribution in relation to such investments. The CLD believes that not all renewable enabling improvements will be of broad benefit, in fact a lot of these investments would only be done as a result of the connection of the generator and provide no benefit to the rest of the system.

In addition, in the absence of an economic test to determine if a distribution system connected generator is economically beneficial to the province, there may be instances where the cost of the renewable enabling improvements is exorbitant and could strain the capital requirements of an LDC and lead to the construction of generators that would not have met an economic test if one had been available for the distribution system.

In the case of enabling improvements, we are concerned that the existence of no cap on costs to be borne by the ratepayers may be too great a cost to society. As a result, the CLD proposes that there should be a cap on the distributor's portion of the renewable enabling improvement costs, similar to the expansion cap. Such a cap would ensure that generators are provided with the incentive to locate generation at the most economically beneficial place. Furthermore, when the



connection of a generator requires the upgrade to protection and control systems, this can also include the systems on 3<sup>rd</sup> party customer-owned equipment connected to the same circuit. The responsibility for these costs must be addressed or the affected load customers could be faced with significant costs to upgrade their systems.

### **Conclusion**

The CLD continues to be extremely supportive of the Government's objectives related to renewable generation, as well as the objectives stated in this Notice. The CLD is working with all stakeholders to ensure that the required processes are in place. This includes the consultation on cost responsibility for the connection of generators as well as the other regulations and consultations that continue to roll out from the Ontario Government, the Ontario Energy Board, and the Ontario Power Authority.