

Ontario Energy Board

Revised Proposed Amendments to the Distribution System Code: Cost Responsibility Policy for Distributed Generation

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Ontario Power Authority Comments

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Background

On June 5, 2009, the Ontario Energy Board (“OEB”) issued a Notice of Proposal to Amend a Code. The OEB’s Proposed Amendments to the Distribution System Code (“DSC”) addressed changes to the current approach to assigning cost responsibility as between a distributor and a generator in relation to the connection of renewable generation facilities to distribution systems.

In response to comments submitted by interested parties to the OEB’s June Proposed Amendments, the OEB issued Revised Proposed Amendments on September 11, 2009. These amendments provide for greater clarity in the definition of the three proposed categories of investment in renewable generation; a proposed rebate treatment for initial contributors in the event of subsequent connection by other parties; the determination of the renewable energy expansion cost cap for multiple generators; and the timing of the application of the proposed cost treatment of enhancements for load customers.

OPA Comments

The OPA appreciates the OEB’s efforts to expedite these Proposed Amendments, which will be required to facilitate renewable generation connection. It is expected that, as more experience is gained in the connection of renewable generation and as the distribution planning process becomes more proactive and normalized, further amendments may be made to the Distribution System Code to encompass unintended situations that may arise.

The OPA notes the treatment of Transformer Stations have been excluded from the list of improvements to clarify the definitions of Expansions and Renewable Enabling Improvements. The OPA believes that parties would benefit from additional clarification of the treatment of these assets due to their potentially large cost.

The OPA also notes that an unintended result of these amendments could arise through the treatment of Transformer Stations. While most Transformer Stations are currently transmitter-owned assets, there are some cases where these are distribution-owned. In the event that a generator requires a Transformer Station to connect its facility, the opportunity to take advantage of a renewable energy expansion cost cap or the provisions available for Renewable Enabling Improvements, may be preferable for generators to the cost treatment proposed for connection through a transmitter. This cost treatment is currently under consideration through the OEB’s review of the Transmission System Code, but is expected to result in a “hybrid” approach which would be less advantageous to a generator. The decision as to which entity should build a transformer station could therefore reflect the generator’s particular economic considerations rather than broader system efficiency.

Other situations may reveal further unintended results arising from these DSC amendments. The OPA recommends that the implementation of these and other related amendments to enable the connection of renewable generation be studied carefully in the early stages to ensure that the intended results are being achieved in the most efficient way.

The OPA appreciates the opportunity to provide further comments in this matter, and looks forward to supporting parties in the implementation process to enable timely connection of renewable generation.