

Ontario Energy Board

Revised Proposed Amendments to the Distribution System Code

March 26, 2010

Ontario Power Authority Comments

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Background

On October 21, 2009, the Board issued a Notice of Amendment to a Code (“the October Amendments”) setting out amendments to the Distribution System Code for the purpose of assigning cost responsibility between distributors and generators for renewable generating facilities. At that time, the possibility of the payment of rebates to renewable energy generators for contributions to connection costs from unforecasted generators and load customers was deferred for further consideration. On March 11, 2010, the Board issued further Revised Proposed Amendments to the Distribution System Code (“the March Amendments”) to address this issue.

OPA Comments

In its March Amendments, the Board noted that the proposed approach will eliminate incentives for customers to delay connections in order to avoid contributing to the cost of the expansion. It will also avoid situations where local and Provincial customers would be funding part of these expansions.

The OPA agrees with the Board that the rebate approach should have the intended effect, and supports the Board’s proposals. It is suggested that further clarity would be achieved through the addition of a time limit for the requirements as proposed. This would be similar to the provisions in section 6.2.24 of the Transmission System Code, as follows:

Where a customer has made a capital contribution for the construction of a connection facility other than an enabler facility, and where that capital contribution includes the cost of capacity on the connection facility not needed by the customer, the transmitter shall provide a refund, calculated in accordance with section 6.2.25, to the customer if that capacity is assigned to another load customer within five years of the date on which the connection facility comes into service. Where such a refund is required under section 6.2.25, the transmitter shall require a financial contribution, calculated in accordance with section 6.2.25, from the subsequent customer.

The five year time limit as described in the Transmission System Code would correspond to the planning horizons specified in the Filing Requirements for Distribution System Plans, issued March 25, 2010. Under these circumstances, it would be appropriate to expect that Distributors are likely to be able to plan for generation connections within this time period, and will have incorporated the information available to them from all possible sources in developing their five year plans. Load and/or generation customers who are incremental to those contained within the plan would be truly unexpected or “unforecasted”, and should represent exceptional circumstances. Load and/or generation customers connecting to expansion facilities beyond the five year time limit should be incorporated into a Distributor’s subsequent plans.

A time limit that corresponds with a Distributor's plans would reinforce the Board's stated expectation that instances where a renewable generator connection results in a rebate payable from a subsequently-connecting customer will decrease over time as distribution system plans are approved.

The OPA appreciates the opportunity to participate in this proceeding.