



CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.
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January 25, 2013

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Cambridge and North Dumfries Hydro Inc.
Comments on Board Staff Discussion Paper on Issues Related to the Connection of Micro-Embedded Generation Facilities
EB-2012-0246**

Cambridge and North Dumfries Hydro Inc. ("CND") is pleased to provide comments on the Board staff Discussion Paper on issues related to the connection of micro-embedded generation facilities issued December 20, 2012 ("the Discussion Paper"). CND provided comments on May 29, 2012 in response to the Board's May 15, 2012 letter announcing the consultation process to review the issues, and the Board noted CND's comments in the Discussion Paper. This response is organized as per the format of the Discussion Paper. We do not request cost eligibility in this matter.

Questions

1.1 Of the options listed above, which one, if any, represents the best way for distributors to manage the offer to connect process? Are there other options? Please explain your answer.

CND recommends that option b) is the best way for distributors to manage the offer to connect process. Although there are potentially unlimited options available, option b) adheres most closely to the cost recovery model that is fundamental to all distributors in Ontario. Simply put, the customer, regardless of the type of customer, should pay for the services that they receive, with no subsidization from other customers. Further, holding on to the charges related to service provided in regards to the offer to connect, to be ultimately offset against the connection costs as option c) suggests, is an unnecessary administration burden and should be avoided. A simple to understand and administer system such as option b) is therefore the preferred option.

1.2 Are there any other issues associated with the offer to connect process that need to be addressed? If yes, please describe them.

CND is not aware of any other issues that need to be addressed.

2.1 What non-regulatory factors are preventing distributors from developing and executing a process to meet the DSC requirements?

CND has encountered no non-regulatory factors that prevented it from developing and executing a process to meet the DSC requirements.

2.2 Are the current timelines in the DSC appropriate for the connection of micro-embedded generation facilities?

The current timelines are appropriate for CND.

2.3 Of the three options listed above, which is preferred by stakeholders? Please explain the reasons for the preferred option.

CND's preferred option is option 1; to amend the DSC to allow for distributors to meet the timelines 90% of the time. Although CND believes that the timelines are reasonable and achievable, allowing less than 100% allows for an exception over which there may be no control.

2.4 What changes, if any, could be made to the timelines to better enable distributors to process the volume of applications being received for the connection of micro-embedded generation facilities?

CND proposes no changes to the timelines.

2.5 Is there a reason the timelines should be different for micro-embedded generation facilities and other customers? If so, explain why.

The timelines for the work that is completed by the distributor should be no different for micro-embedded generation facilities and other customers.

3.1 What modifications, if any, need to be made to the standard form micro-embedded generation facility connection agreement in Appendix E of the DCS? Please describe the modifications and provide the rationale and supporting documentation for why these modifications are necessary.

No modifications are needed.

3.2 Given that the connection agreement in Appendix E of the DSC for small and mid-sized embedded generation facilities include requirements for insurance, should insurance provisions be included in the micro-embedded generation facility connection agreement? Please explain.

No modifications to the connection agreement are needed.

4.1 Given that distributors have the ability to request a distributor-specific microFIT charge as part of their cost of service applications, does the underlying methodology currently used to set the province-wide fixed monthly charge need to be changed? If so, please explain the rationale for any proposed changes.

The underlying methodology does not need to be changed because it is based on the cost recovery model. Any change should be based on improving the allocation of costs to the microFIT customer class so that the charge is fair and equitable. CND believes that in addition to the fixed monthly charge, there should be a distribution variable charge comparable to every other customer classification that, in concert with the monthly fixed charge, recovers ongoing costs for providing distribution services to the customer.

4.2 Is a new specific rate class for non-microFIT micro-embedded generation facilities warranted? Should non-microFIT micro-embedded generation facilities be added to the rate class for microFIT micro-embedded generation facilities?

CND does not believe that a new specific rate class is warranted and that the non-microFIT micro-embedded generation facilities can be added to the rate class for microFIT micro-embedded generation facilities.

4.3 How much electricity are micro-embedded generation facilities that are part of the OPA's microFIT program consuming and what are the related costs?

Micro-embedded generation facilities consume at various consumption levels depending on the type and sophistication of equipment that the consumer attaches to their facilities. This can range from as low as 1 or 2 kWh per month to as high as 100 kWh per month per customer, for those customers who for example, establish low efficient step up transformers. CND has experienced a total of as much as 495 kWh per month that, at this time, is not billed to the consumers. CND is not able to determine exactly what the costs of such consumption might be but if such consumption was associated with a residential customer, the revenue would be in the range of \$20.00 per month. While this amount is not significant in and of itself, the principle that customers of a distributor should be required to pay for their own consumption with no subsidization holds true. As more generation facilities are connected to distribution systems there will be more and more 'lost revenue' at a time when distributors are under increased pressure to control costs and the subsequent rates charged to their customers.

4.4 Is there a reason micro-embedded generation facilities that are part of the OPA's microFIT program should not be charged for their own consumption and, instead, the related costs should be recovered from a distributor's load customers? If so please explain why.

There is no reason why the micro-embedded generation facilities should not be charged for their own consumption. We use bidirectional meters so the amount of the consumption is available and can and should be billed in a manner similar to all other consumers.

4.5 Do similar consumption-related issues exist for non-microFIT micro-embedded generation facilities?

CND does not have any non-microFIT micro-embedded generation facilities customers but would surmise that a similar issue would exist if the consumer attaches equipment to their facilities. This would result in unbilled consumption.

4.6 How should the charges for the consumption of electricity be recovered from micro-embedded generation facilities?

While the current OPA microFIT rules indicate that the consumption should be billed as part of the 'net of station load' calculation, CND believes that customers should be treated fairly and consistently. As such the generation should be paid at the appropriate and applicable rates and the consumption should be billed at its appropriate and applicable rates, which will not be the same.

5.1 Is the impact of the variability of connection charges across distributors sufficiently material, from the perspective of the micro-embedded generation customers and the distributor, such that the Board should consider establishing a more prescriptive approach to the methodology for determining connection charges and manner of recovery of connection costs for micro-embedded generation facilities?

CND would not support a prescriptive approach but would continue to allow each distributor to calculate their own connection charges, based on their own costs and circumstances. This approach is similar to all other distribution charges in that each distributor calculates its own charges based on their costs and circumstances.

5.2 Should the Board prescribe a methodology for delineating basic versus variable connection costs for micro-embedded generation facilities? If so what work is associated with the connection of a micro-embedded generation facility? What should a basic connection include?

CND would not support a specific methodology but, similar to the answer provided to Question 5.1, would support a methodology that is similar to the determination of rates for every other customer class and other Specific Service Charges. Although a full cost allocation determination may be the only equitable manner in which to proceed, the costs of such a study may not justify the benefits. The basic connection should include all one-time costs necessary to move the customer from initial contact with the distributor to full operational connection. It has been noted elsewhere that the costs for managing the offer to connect is billed independently of the connection costs.

- 5.3 If the Board were to take a more prescriptive approach to connection costs for micro-embedded generation facilities, should the Board
- a) set a standard amount for a basic connection for a distributor to use;
 - b) use an approach similar to that which is set out in section 3.1.4 of the DSC; or
 - c) adopt a formulaic approach similar to the approach used in the establishment of Specific Service Charges?

CND supports option c).

- 5.4 What other approaches, if any, should the Board consider in relation to the charging and recovery of costs related to the connection of micro-embedded generation facilities?

The Board should not consider any other approaches.

- 6.1 Should cost responsibility in relation to upstream infrastructure upgrades to a transmitter or host distributor be codified?

Yes, CND supports codification, to ensure that customers are treated consistently and fairly.

- 6.2 Under the current microFIT rules, have there been any cases of a specific micro-embedded generation facility triggering the need for an upstream upgrade? If so, how were they resolved?

CND has not experienced any such cases.

- 6.3 Should micro-embedded generation facilities be treated differently than larger generation facilities connected to the distribution system with respect to upstream upgrades?

CND does not believe that customers as described should be treated differently.

- 6.4 How should the upstream cost impact of micro-embedded generation facilities be addressed?

CND believes that the costs in this case should be addressed in a manner similar to incremental loads which implies socialized costs.

- 6.5 How should the review of upstream cost responsibility for micro-embedded generation facilities be best addressed?

Because the issue of upstream costs is very complex and is even more so for micro-embedded generation facilities, CND believes that the review should be conducted independent of this consultation.

For further information in this regard please contact the undersigned.

Sincerely,

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