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Energy
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Ontario

DECISION AND ORDER

EB-2020-0238

2021 RENEWABLE GENERATION CONNECTION RATE PROTECTION COMPENSATION AMOUNT

EFFECTIVE JANUARY 1, 2021

BY DELEGATION BEFORE: Theodore Antonopoulos

January 21, 2021

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1 INTRODUCTION AND SUMMARY

Subsection 79.1 (1) of the *Ontario Energy Board Act, 1998* (the Act) states that the Ontario Energy Board (OEB) may provide Renewable Generation Connection Rate Protection (RGCRP) compensation amounts to eligible distributors. Ontario Regulation 330/09 (the Regulation) prescribes the methodology which the OEB uses to determine the amounts for any given year.

Ontario distributors are required to plan their systems based on their expectations of new electricity generation projects connecting to their systems. Based on their plans, distributors may apply to the OEB for funding to recover the cost of assets to enable and to connect generators to their distribution systems, including generators using renewable sources of energy such as wind or solar. The OEB then takes steps to ensure that all Ontario customers, not just the ratepayers of the individual distributor, contribute to the costs of investments to connect renewable generators in accordance with applicable legislation.

The OEB determines the eligibility of the connection investment made by each distributor in its distribution rate decisions and issues an order to the Independent Electricity System Operator (IESO) to collect and disburse specific amounts based on the approved entitlements. These decisions are made pursuant to the Regulation. The OEB has issued these decisions since May 1, 2010. The latest such decision was issued on January 30, 2020,¹ effective January 1, 2020, providing eight distributors with funding.

This Decision and Order (Decision) provides an updated order to the IESO regarding the amounts to be collected from all market participants and remitted to eligible distributors. In addition to continuing the applicable funding amounts ordered for three distributors (Fort Frances Power Corporation, Welland Hydro-Electric System Corp., and Peterborough Distribution Inc.) in the January 30, 2020 Decision and Order, this Decision amends the previously ordered amounts to reflect decisions regarding four distributors: Alectra Utilities Corporation (Alectra, in respect of its Enersource, PowerStream and Brampton rate zones); Kitchener-Wilmot Hydro Inc. (Kitchener-Wilmot Hydro); Toronto Hydro-Electricity System Limited (Toronto Hydro); and Elexicon Energy Inc. - Veridian service area (Elexicon – Veridian). This Decision is also ending the previously ordered amount for Waterloo North Hydro Inc. as no further RGCRP funding was requested in Waterloo North Hydro Inc.'s recent 2021 Cost of Service application.

¹ EB-2019-0279, Decision and Order, January 30, 2020.

The OEB reminds the distributors who receive the payments to follow the regulatory accounting set out in the Accounting Procedures Handbook Guidance issued in March 2015.² Specifically, the distributors should use Account 1533 - Renewable Generation Connection Funding Adder Deferral Account, Sub-account Provincial Rate Protection Payment Variances to record the variance between the distributor's revenue requirement associated with the portion of the actual capital and/or operating costs that are eligible for rate protection and the provincial rate protection payments as approved by the OEB and received from the IESO.

² OEB Account Procedures Handbook Guidance, March 2015.

2 THE PROCESS

The OEB has made its determination of the compensation amount, effective January 1, 2021, to be collected by the IESO in accordance with the Regulation and the requirements of the Act. The Regulation prescribes the methodology that the OEB uses to determine the amount to be collected for any given year.

The total amount to be collected by the IESO effective January 1, 2021 is derived from previous decisions of the OEB in which compensation amounts were determined for qualifying distributors.³ The findings in this Decision involve only the implementation of findings in previous rates decisions subject to certain mechanistic adjustments where applicable. This Decision is being issued by delegated authority, without a hearing, under subsection 6(4) of the Act.

³ EB-2012-0160, EB-2013-0130, EB-2016-0110, EB-2018-0165, EB-2020-0013, EB-2020-0035 and EB-2020-0002.

3 2021 COMPENSATION AMOUNT AS OF JANUARY 1, 2021

The OEB has determined the amount to be distributed to the eligible distributors by the IESO as of January 1, 2021 is \$248,067 per month. This Decision extends amounts reflected in the OEB's previous decisions and orders that persist for the current year, and includes amended compensation amounts in accordance with subsequent decisions.⁴

Amended amounts are:

For **Alectra – PowerStream**: an amended recovery of \$252,940 for January 1, 2021 (Decision and Rate Order, dated December 17, 2020⁵):

- The monthly amount of \$21,078 is derived by dividing the 2021 annual recovery of \$252,940 by 12 months, for the rate year starting January 1, 2021.

For **Alectra – Enersource**: an amended recovery of \$173,003 for January 1, 2021 (Decision and Rate Order, dated December 17, 2020⁶):

- The monthly amount of \$14,417 is derived by dividing the 2021 annual recovery of \$173,003 by 12 months, for the rate year starting January 1, 2021.

For **Alectra – Brampton**: an amended recovery of \$139,883 for January 1, 2021 (Decision and Rate Order, dated December 17, 2020⁷):

- The monthly amount of \$11,657 is derived by dividing the 2021 annual recovery of \$139,883 by 12 months, for the rate year starting January 1, 2021.

For **Toronto Hydro**: an amended recovery of \$2,311,021 for January 1, 2021 (Draft Rate Order dated January 21, 2020⁸):

- The monthly amount of \$192,585 is derived by dividing the 2021 annual recovery of \$2,311,021 by 12 months, for the rate year starting January 1, 2021.

⁴ *Ibid.*

⁵ EB-2020-0002, Decision and Rate Order, December 17, 2020.

⁶ *Ibid.*

⁷ *Ibid.*

⁸ EB-2018-0165, Draft Rate Order, January 21, 2020. The relevant investments were approved in Toronto Hydro's Custom Incentive Rate-setting application EB-2018-0165, Decision and Order, December 19, 2019.

For **Kitchener-Wilmot Hydro**: an amended recovery of \$9,717 for January 1, 2021 (Decision and Rate Order, dated December 10, 2020⁹):

- The monthly amount of \$810 is derived by dividing the 2021 annual recovery of \$9,717 by 12 months, for the rate year starting January 1, 2021.

For **Ellexicon – Veridian**: an amended recovery of \$70,705 for January 1, 2021 (Decision and Rate Order, dated December 17, 2020¹⁰):

- The monthly amount of \$5,892 is derived by dividing the 2021 annual recovery of \$70,705 by 12 months, for the rate year starting January 1, 2021.

Funding for Fort Frances Power Corporation, Welland Hydro-Electric System Corp., and Peterborough Distribution Inc. remains in place at the amounts set out in the OEB's previous RGCRP decision. These amounts are summarized in the next section.

The monthly amount to be collected by the IESO from all market participants effective January 1, 2021 is \$248,067. The amount billed to each market participant will vary with the actual consumption of the market participant in that month.

In making this determination, the OEB notes that all distributors will pass on their share of this charge to their electricity distribution customers through the Wholesale Market Service Rate (WMSR), currently approved by the OEB at \$0.0034 per kilowatt-hour.¹¹ It is the OEB's view that at its current level, this change will have a negligible impact on balances in the Wholesale Market Service - Retail Services Variance Account (Account 1580) and the OEB will not adjust the WMSR at this time.

⁹ EB-2020-0035, Decision and Rate Order, December 10, 2020.

¹⁰ EB-2020-0013, Decision and Rate Order, December 17, 2020.

¹¹ EB-2020-0276, Decision and Order, December 10, 2020.

4 IMPLEMENTATION

The monthly amount to be collected by the IESO shall be \$248,067 per month effective January 1, 2021 from all market participants.

The following monthly amounts are to be forwarded to the qualifying distributors, by the IESO:

• Toronto Hydro-Electricity System Limited	\$ 192,585
• Alectra Utilities Corporation	
○ Enersource	\$ 14,417
○ PowerStream	\$ 21,078
○ Brampton	\$ 11,657
• Elexicon Energy Inc. - Veridian service area	\$ 5,892
• Peterborough Distribution Inc.	\$ 1,016
• Kitchener-Wilmot Hydro	\$ 810
• Welland Hydro-Electric System Corp.	\$ 431
• Fort Frances Power Corporation	<u>\$ 181</u>
 Total to be forwarded	 \$ 248,067

Attached to this Decision and Order are the communications to the IESO (Appendix A) and to distributors (Appendix B) regarding the 2021 monthly payments as of January 1, 2021.

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Effective January 1, 2021, the IESO shall collect \$248,067 per month from all market participants until such time as the OEB revises this amount.
2. Effective January 1, 2021, the IESO shall distribute the amounts for each qualifying distributor on a monthly basis as set out in section 4 of this Decision and Order.

DATED at Toronto January 21, 2021

ONTARIO ENERGY BOARD

Original Signed By

Theodore Antonopoulos
Vice-President
Applications Division

APPENDIX A

2021 RENEWABLE GENERATION CONNECTION RATE PROTECTION

**Communication to the IESO on Collection of Compensation Amounts under
Ontario Regulation 330/09 as of January 1, 2021**

EB-2020-0238

DECISION AND ORDER

JANUARY 21, 2021



Ontario
Energy
Board | Commission
de l'énergie
de l'Ontario

BY EMAIL

January 21, 2021

Devon Huber
Senior Manager Regulatory Affairs
Independent Electricity System Operator
Station A, Box 4474
Toronto ON M5W 4E5

Dear Mr. Huber:

Re: Collection of Compensation Amounts under Ontario Regulation 330/09 for 2021 as of January 1, 2021

Ontario Regulation 330/09 under the *Ontario Energy Board Act, 1998*, regarding cost recovery for eligible investments for the purpose of connecting or enabling the connection of a qualifying generation facility to a distribution system, requires the Ontario Energy Board (OEB) to calculate the monthly amount to be collected by the Independent Electricity System Operator (IESO) to provide compensation to qualifying distributors for rate protection provided to consumers.

The OEB has issued previous orders, setting the compensation amount each year from 2010 to 2020, authorizing the IESO to implement the charge for each of those years. On January 21, 2021 the OEB issued its Decision and Order¹ updating the 2021 compensation amounts as of January 1, 2021. The Decision and Order is attached.

Amount to be charged by the IESO as of January 1, 2021

In its January 21, 2021 Decision and Order, the OEB determined that effective January 1, 2021 and until such time as the OEB orders otherwise, the amount to be collected by the IESO shall be \$248,067 per month from all market participants.

¹ EB-2020-0238, Decision and Order, January 21, 2021.

The OEB expects the IESO to implement this charge as soon as possible with monthly amounts adjusted, if necessary, to ensure the entire amount is collected and remitted to the qualifying distributors in a timely manner.

The following monthly amounts are to be forwarded to the following qualifying distribution utilities:

• Toronto Hydro-Electricity System Limited	\$ 192,585
• Alectra Utilities Corporation	
○ Enersource	\$ 14,417
○ PowerStream	\$ 21,078
○ Brampton	\$ 11,657
• Elexicon Energy Inc. - Veridian service area	\$ 5,892
• Peterborough Distribution Inc.	\$ 1,016
• Kitchener-Wilmot Hydro	\$ 810
• Welland Hydro-Electric System Corp.	\$ 431
• Fort Frances Power Corporation	<u>\$ 181</u>
 Total to be forwarded	 \$ 248,067

Yours truly,

Original Signed By

Christine E. Long
Registrar

cc: Alectra Utilities Corporation
Toronto Hydro-Electricity System Limited
Fort Frances Power Corporation
Elexicon Energy Inc. - Veridian service area
Kitchener-Wilmot Hydro Inc.
Peterborough Distribution Inc.
Welland Hydro-Electric System Corp.

APPENDIX B

2021 RENEWABLE GENERATION CONNECTION RATE PROTECTION

**Communication to Distributors on Collection of Compensation Amounts under
Ontario Regulation 330/09 as of January 1, 2021**

EB-2020-0238

DECISION AND ORDER

JANUARY 21, 2021



BY EMAIL

January 21, 2021

To: All Licensed Electricity Distributors

Re: Collection of Compensation Amounts under Ontario Regulation 330/09 for 2021, as of January 1, 2021

Ontario Regulation 330/09 under the *Ontario Energy Board Act, 1998*, regarding cost recovery for eligible investments for the purpose of connecting or enabling the connection of a qualifying generation facility to a distribution system, requires the Ontario Energy Board (OEB) to calculate the monthly amount to be collected by the Independent Electricity System Operator (IESO) to provide compensation to qualifying distributors for rate protection provided to consumers. On January 21, 2021 the OEB issued its Decision and Order directing the IESO to adjust the charge effective January 1, 2021.¹ The Decision and Order is attached.

Amount to be Charged by the IESO as of January 1, 2021

This Decision and Order established the 2021 compensation amounts (as of January 1, 2021) for the following qualifying distributors, based on the rate decisions setting annual amounts for those distributors:

- Alectra Utilities Corporation
 - Enersource (EB-2020-0002)
 - PowerStream (EB-2020-0002)
 - Brampton (EB-2020-0002)
- Toronto Hydro-Electric System Inc. (EB-2018-0165)
- Fort Frances Power Corporation (EB-2013-0130)
- Elexicon Energy Inc. - Veridian service area (EB-2020-0013)
- Kitchener-Wilmot Hydro (EB-2020-0035)

¹ EB-2020-0238, Decision and Order, January 21, 2021

- Peterborough Distribution Inc. (EB-2012-0160)
- Welland Hydro-Electric System Corp. (EB-2016-0110)

Commencing January 1, 2021, an amount of \$248,067 per month will be collected from all market participants. The amounts collected shall be distributed to qualifying distributors.

The monthly amount billed to each distributor in the province will vary depending on the energy withdrawn from the IESO-controlled grid for each month.

Amount to be Charged by Distributors in 2021

In determining the amount to be collected by the IESO, the OEB acknowledged that distributors will be passing on this charge to their electricity distribution customers through the Wholesale Market Service Rate (WMSR) currently approved by the OEB at \$0.0034 per kWh. It is the OEB's view that at its current level, the change of the Renewable Generation Compensation Rate Protection would have a minimal impact on balances in the Wholesale Market Service - Retail Services Variance Account (Account 1580), and therefore the OEB did not adjust the WMSR at this time.

Yours truly,

Original Signed By

Christine E. Long
Registrar