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October 11, 2024

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Calgary

Registrar
Ontario Energy Board
27th Floor, 2300 Yonge Street
Toronto, ON M4P 1E4

Ottawa

Vancouver

New York

Dear Sirs/Mesdames:

EB-2023-0243 Request for Certain Code Exemptions

Kashechewan Power Corporation (“**KPC**”) holds distributor license ED-2003-0081, which expires on May 29, 2044.

Further to the Ontario Energy Board’s (“**Board**”) Decision and Order in EB-2023-0243 (dated April 11, 2024), enclosed herein is an application to the Board requesting exemptions from certain of the Board’s rules, codes and requirements.

KPC requests the Board amend distributor license ED-2003-0081 to reflect KPC’s requested exemptions.

Yours truly,



Richard King
RK/af
Enclosure

c: Kayla Wesley, *Kashechewan Power Corporation*
Rod Reimer, *Kashechewan Power Corporation*

24 KPC has filed this exemption application to comply with the April 11 Order and establish a
25 regulatory framework that takes into account the unique circumstances of Kashechwan and the
26 provision of electricity to customers in Kashechewan.

27 KPC hereby applies to the Board for an amendment to KPC's licence that would exempt KPC
28 from the following OEB Codes and requirements:

- 29 • **Electricity Reporting and Record Keeping Requirements ("RRR"):** sections 2.1.4,
30 2.1.5.8, 2.1.8, 2.1.16, 2.1.19, and 2.1.22.
- 31 • **Distribution System Code ("DSC"):** sections 2.4.9A, 2.4.11.1 to 2.4.11.2, 2.7, 3.2, 3.3.3,
32 4.2.2.6 to 4.2.2.7, 5.1.3 to 5.1.5, 5.1.9, and 6.8.
- 33 • **Standard Supply Service Code:** The entire Standard Supply Service Code ("SSSC").
- 34 • **Retail Settlement Code:** The entire RSC.

35 KPC respectfully requests that the Board approve this exemption application without a hearing,
36 pursuant to section 21(4)(b) of the *Ontario Energy Board Act, 1998*, SO 1998, c. 15, Sched. B (the
37 "**OEB Act**") and amend Schedule 3 of the Licence to reflect the requested exemptions. To KPC's
38 knowledge, no person would be adversely affected by the Board's decision such that a hearing is
39 warranted.

40 Attached as **Appendix "A"** to the within application is an amended copy of the Licence in which
41 the requested exemptions have been listed in Schedule 3.

42 **Ownership and Operation**

43 KPC is the operator of the electricity distribution system in Kashechewan. KPC has operated the
44 distribution system in Kashechewan since 1997 (as an independent power authority), and has
45 continued to do so since the transfer of the distribution system in Kashechewan (from Hydro One
46 Remote Communities Inc. ("**HORCI**")) in 2001. Until 2001, the community of Kashechewan was
47 electrically remote (i.e., not connected to the provincial electricity grid).

48 The entirety of the Kashechewan electricity distribution system is located on “reserve” lands
49 within the meaning of the Indian Act. Specifically, the assets are located in the community of
50 Kashechewan, which is located within Fort Albany Indian Reserve No. 67.

51 KPC distributes electricity to approximately 454 customers with an average annual consumption
52 of approximately 33,000 kWh. KPC also maintains three 1.1 MW diesel generators to provide
53 back-up power in the event that Kashechewan is temporarily disconnected from the provincial
54 electricity grid.

55 Prior to the April 11 Order, KFN and KPC, along with the nearby licence holders in Attawapiskat
56 and Fort Albany, were unique in that one entity (the First Nation) owned the distribution system
57 while another entity (the local power corporation) operated the distribution system. The split
58 between ownership and operation of the distribution system was a consequence of unique
59 circumstances at the time of the transfer and connection of Kashechewan, Fort Albany and
60 Attawapiskat to the electricity grid, as well as the unique land tenure rights on Indian reserve lands.

61 For nearly three decades, KPC has performed all electricity distribution system functions in
62 Kashechewan (notwithstanding KFN’s previous ownership). However, the unique nature of KPC
63 and the provision of electricity distribution services in Kashechewan make a number of the Board’s
64 regulatory requirements unachievable or inappropriate. Simply put, a “standard” distribution
65 licence does not work for KPC or electricity customers in Kashechewan.

66 Indeed, the operation of the distribution system by KPC in Kashechewan is materially different
67 than the operation of electricity distribution systems anywhere else in Ontario (other than Fort
68 Albany, Attawapiskat and some communities service by HORCI). Some of the key differences
69 include:

- 70 • Remote Location: Kashechewan is a remote, fly-in only community in the far north of the
71 province, on the shores of James Bay. Road service to Kashechewan is available for only
72 a handful of weeks each year in the coldest part of winter when an ice road can be
73 established. This results in much higher-than-average capital and operating costs for KPC,
74 as compared to distributors elsewhere in the province.

- 75 • Small Customer Base: KPC has only 454 distribution customers (2024 data). This
76 compares to a customer count of 1,222 for Chapleau Public Utilities Corporation, the
77 distributor with the fewest customers in the province (apart from the power corporations in
78 Kashechewan, Fort Albany and Attawapiskat). Thus, in terms of customer count, KPC is
79 approximately one-third the size of the smallest non-Indigenous distributor in Ontario.
- 80 • Customer Composition: KPC has only three customer classes (Residential, Commercial,
81 and Institutional). KPC's customers are overwhelmingly Residential (82% by customer
82 count; 74% by consumption) and Institutional (15% by customer count; 19% by
83 consumption). There are very few Commercial customers in Kashechewan.
- 84 • Electricity Price Sensitivity: Kashechewan is situated in the northern part of James Bay,
85 in a very cold climate. There is no natural gas service in Kashechewan. The primary method
86 of heating residences is electricity baseboard heating. Coupled with the lower-than-average
87 median incomes in the community, electricity costs represent a very significant portion of
88 household income (relative to the rest of the province).
- 89 • KPC is a Non-Profit Corporation: KPC is a community corporation (wholly "owned" by
90 Kashechewan First Nation). It does not have any shareholders and does not provide a
91 dividend to anyone. It does not have any debt (the assets having been transferred from the
92 Crown for nominal consideration).
- 93 • KPC has No Smart Meters: There are no smart meters in Kashechewan. Given the
94 prevalence of electric baseboard heating, the cold climate and the fact that houses remain
95 occupied during the day, time-of-use electricity pricing would be punitive for residents in
96 Kashechewan.
- 97 • First Nation-Owned: KPC, together with the power corporations in nearby Fort Albany and
98 Attawapiskat, are the only wholly Indigenous-owned electricity distributors in Ontario.
99 KPC is fully controlled by, and responsible to, Chief and Council of KFN – a Cree First
100 Nation government. The Kashechewan Cree have lived in the western James Bay and
101 governed themselves for generations. The essential service of providing electricity to
102 community members is an integral function of the First Nation government.

103 Due to these unique circumstances influencing KPC's operations, compliance with certain Board
104 regulatory requirements and Code provisions does not achieve the intended result. More
105 specifically, compliance with these requirements is either impractical, cost prohibitive, or both
106 for a distributor of KPC's size, and considering the customer base which it serves. This creates a
107 regulatory tension that conflicts with the prudent operation of the distribution system.

108 Consequently, this application is being made to ensure the regulatory obligations placed upon
109 KPC, as owner and operator of the distribution system assets in Kashechewan, are commensurate
110 with the unique circumstances surrounding its provision of electricity distribution services in
111 Kashechewan. To enhance its ability to efficiently and effectively operate the distribution system,
112 KPC is requesting the changes to the Licence set out below.

113 **Exemption Requests**

114 **1. Electricity Reporting and Record Keeping Requirements**

115 KPC requests certain exemptions from the RRR as compliance with these requirements is either
116 impractical, cost prohibitive, or both for distributor of KPC's size and capability, and in light of
117 the customer base which it serves.

118 **a. Sections 2.1.4, 2.1.5.8, and 2.1.19**

119 KPC requests an exemption from section 2.1.4 and each of its subsections. Section 2.1.4 requires
120 KPC to report annually on its performance for the preceding calendar year for each of the service
121 quality factors set out in the Distribution System Code (the "DSC") and for each of the system
122 reliability indicators described therein.

123 The rationale for exempting KPC from the requirements under section 2.1.4 is that this section
124 requires reporting on performance indicators that are not applicable to a local distribution
125 company like KPC with limited assets, operating in a remote location with a small population
126 base. Compliance with section 2.1.4 would require, for example, installation of software that
127 would record and measure performance against the prescribed indicators that would impose
128 unnecessary costs of compliance on KPC. In addition, KPC works closely with its customer base
129 to ensure that any required connections are planned out cooperatively well in advance of any

130 works or connection date to ensure that any items that require surface transportation are sourced
131 and delivered over the short winter road season.

132 Similar reasons apply for the requested exemption from 2.1.5.8, which further requires activity
133 and program-based benchmarking, and for the requested exemption from section 2.1.19 requiring
134 the collection and reporting of certain information relating to first contact resolution, billing
135 accuracy, customer satisfaction, public safety, and distribution system plan implementation
136 progress. Again, KPC's ability to carry out benchmarking is circumscribed relative to other
137 distributors in the province due to resource and personnel constraints. Such benchmarking would
138 also impose reporting burdens on KPC that are unnecessary for KPC to satisfactorily serve its
139 customer base and would not improve on its service delivery. The same rationale applies to the
140 information KPC would be required to collect and provide under section 2.1.19.

141 Further, KPC understands that Hydro One Remote Communities Inc. ("**HORCI**") is exempted
142 from the performance benchmarking requirements under section 2.1.5 (EB-2018-0227). KPC
143 acknowledges that HORCI's exemption from certain benchmarking obligations may flow from
144 statutory exemptions under O. Reg. 161/99. However, the unique circumstances and operational
145 and financial characteristics described in HORCI's above-noted exemption application mirror
146 those of KPC (low customer density, harsh climate, logistical challenges and absence of an
147 integrated transmission system). Certainly, the unique factors experienced by HORCI
148 communities, such as transportation and accommodation costs, equipment, and reliance on short
149 windows for winter roads (which are also applicable to KPC) affect performance.

150 In light of the circumstances under which KPC operates the distribution system in Kashechewan,
151 it would not be efficient to impose additional costs and measures of this nature on KPC.

152 **b. Section 2.1.8**

153 Section 2.1.8 requires distributors to report in some detail on the number of low-income
154 customer accounts, disconnections for non-payment, arrears and arrears payment agreements
155 entered into under the DSC, write-offs, equal billing and equal monthly payment plans offered
156 under the SSSC, the number of security deposits held, and the number of load control devices
157 installed in respect of customer accounts.

158 Requiring compliance with section 2.1.8 would not account for the nature of KPC's operations
159 and its relationship with the community it serves. As discussed above, the vast majority of the
160 community would more likely than not qualify as low-income customers. KPC does not collect
161 security deposits given that the customer base it serves is comprised of many more low-income
162 residences than a typical distributor, and the security deposit paid would, in some winter months,
163 hardly offset the cost of a customer's single monthly electricity bill. KPC, similarly, would not
164 enter into arrears payment plans with its customer base as a missed payment in expensive winter
165 months, which is frequent, would likely render customers in arrears for significant periods of
166 time, if not permanently.

167 Moreover, as discussed below, KPC requests in this application exemptions from the required
168 provision of arrears payment agreements under the DSC and equal billing and equal monthly
169 payment plans as the delivery of these services is also impracticable.

170 **c. Section 2.1.16**

171 KPC submits that, should the Board grant KPC the exemption sought from LEAP requirements
172 under sections 2.4.11.1 to 2.4.11.2 and 4.2.2.6 to 4.2.2.7, below, KPC should accordingly be
173 exempted from LEAP reporting requirements under section 2.1.16 of the RRR.

174

175 **2. Distribution System Code**

176 **a. Section 2.4.9A**

177 KPC previously attempted to implement equal monthly payment plans in accordance with
178 Section 2.4.9A and under the provisions of the SSSC. However, implementation constraints in
179 developing a functional billing system and associated software resulted in billing miscalculations
180 and variances that could not be passed on to customers. Further, the costs and time expenditures
181 associated with developing and deploying equal monthly payment plans is significant given that
182 there would likely be minimal uptake by customers. Equal monthly payment plans would likely
183 be viewed by customers as increasing electricity costs in months where customers enjoy
184 significantly lower electricity costs.

185 **b. Sections 2.4.11.1 – 2.4.11.2 & 4.2.2.6 – 4.2.2.7**

186 KPC does not currently engage with LEAP Intake Agencies as the funds generated from the
187 customer base to provide funding to community members through LEAP would be minimal,
188 such that KPC customers would receive no material benefit from LEAP. This is due to the fact
189 that KPC customers are, by majority, low-income individuals that would likely qualify for
190 funding through LEAP. Relatedly, given that funding assistance to KFN members, including for
191 electricity costs, is administered through KFN, there is little need to engage LEAP Intake
192 Agencies to administer funding assistance for low-income customers. As KPC is not affiliated
193 with any LEAP Intake Agency, KPC is naturally to fall out of compliance with sections 2.4.11.1
194 to 2.4.11.2 and 4.2.2.6 to 4.2.2.7.

195 KPC further requires flexibility as to when it may require security deposits, despite that its past
196 and current practice is typically not to require security deposits. It may be determined that
197 collecting security deposits could be an effective means of achieving payment from customers.
198 Yet because the majority of KPC customers are low-income and would likely qualify for LEAP,
199 the requirements imposed under sections 2.4.11.1 and 2.4.11.2 could have the effect of stripping
200 KPC of the flexibility it needs to require security deposits. As a result, KPC requests that it be
201 exempted from the requirements under sections 2.4.11.1 and 2.4.11.2.

202 Further, given that KPC is not affiliated with any LEAP Intake Agency, disconnecting KPC
203 customers should also not be governed by a LEAP Intake Agency, per sections 4.2.2.6 to 4.2.2.7.
204 However, KPC takes all required steps to ensure its customers can remain connected to the
205 distribution system, particularly in winter months where connection is critical for electric
206 baseboard heating and therefore to the health and safety of the population KPC serves.

207 **c. Section 2.7**

208 KPC requests an exemption from all of section 2.7, which establishes the requirement that KPC
209 make available to customers Arrears Payment Plans in respect of overdue amounts. KPC does
210 not dispute the importance of enabling its customers to have a means of repaying overdue
211 amounts and maintaining connection. In fact, this is of particular significance to KPC given that
212 many of its customers are low-income. However, section 2.7 is highly prescriptive as to the
213 conditions of arrears payment plans, including payment terms, and when such agreements may

214 be entered into and cancelled. KPC requires greater flexibility to develop bespoke solutions for
215 its customers on a case-by-case basis, and to develop its own internal policies regarding arrears
216 payment agreements. Further, granting an exemption from section 2.7 is consistent with previous
217 decisions of the Board, in which the Board has recognized that tailored solutions in developing
218 arrears payment plans may better serve customers and communities which share similar
219 characteristics to Kashechewan and its constituents (EB-2011-0021).

220 **d. Section 3.2**

221 Section 3.2 of the DSC describes the economic evaluation model licensed distributors must use
222 to determine the need for a capital contribution from customers that require an expansion of the
223 distribution system to connect. The economic evaluation model is, in simple terms, a mechanism
224 to ensure that existing customers do not subsidize uneconomic expansions of the distribution
225 system. There is no private ownership of land on a reserve. On reserve, new construction is
226 planned and carried out via the housing authority (or other First Nation entity, as the case may
227 be) and the funding for any new housing (or other building) is funded on an all-in basis – i.e., the
228 federal funding is secured for the entire new build (including hook-ups for electricity and other
229 utilities). This is fundamentally different than how private development outside of reserves is
230 carried out. That said, the practice of full federal funding meets the purpose of the Board’s
231 economic evaluation model – no cross-subsidy from existing customers to new connections. It
232 just does so without the Board’s economic evaluation model.

233 **e. Section 3.3.3**

234 KPC recognizes the policy objectives underlying section 3.3.3 of the DSC and the requirement
235 that distributors refrain from charging capital contribution costs to renewable energy producers
236 connecting to the distribution system. However, unlike distributors in other parts of the province,
237 KPC’s very small revenue base would make it difficult to absorb the cost of connecting
238 renewable energy producers. KPC should, accordingly, not be required to forego the costs it
239 would, but for section 3.3.3, otherwise recover from a generator wishing to connect with KPC’s
240 distribution system.

241 **f. Sections 5.1.3 to 5.1.5 & 5.1.9**

242 KPC requests an exemption from the “smart metering” requirements under sections 5.1.3 to 5.1.5
243 and 5.1.9 of the DSC. There are only conventional meters in Kashechewan. It is, therefore,
244 impossible for KPC to comply with these sections of the DSC. While the installation of MIST or
245 MOST meters, or other forms of smart metering, benefit consumers in much of the province, the
246 installation and use of smart meters in Kashechewan would be impractical, unduly burdensome,
247 and punitive.

248 The current conventional meters in Kashechewan reduce the cost of both metering equipment
249 and the administrative overheads required to manage metering data. Every month a meter reader
250 visits each of KPC’s meters and manually records the kilowatt hours registered. A clerk then
251 enters each meter read into KPC’s billing software to generate monthly invoices for the
252 customers.

253 To incorporate interval meters into its operations, KPC would need to complete a significant
254 business process transformation. The use of interval meters requires sophisticated data collection
255 equipment, enhanced training for meter readers, software and hardware to store interval data, and
256 the adoption of advanced verification, estimating and editing processes. In addition, KPC’s
257 billing software would require significant customization or new billing software would need to
258 be acquired. The cost to install and incorporate interval meters into KPC’s operations would be
259 imprudent.

260 While the business process transformation required to integrate interval meters into KPC’s
261 operations is significant, it pales in comparison to the transformation required to integrate smart
262 meters into KPC’s operations. In addition to the burden of data administration imposed by
263 interval meters, smart meters require an advanced communications network. Efficiently
264 implementing a smart meter communications network and business process transformations is
265 fraught with challenges that have been well documented. As a very small distributor serving a
266 sparsely populated service area, KPC believes that its customers would not be well served by
267 smart meters.

268 Further, for consumers, the primary benefit of time-of-use meters is the ability to precisely
269 identify consumption patterns. This information presents an opportunity for some consumers to
270 alter their behavior and reduce their electricity costs. However, certain periods of the year in the

271 community KPC serves are defined by extreme cold in which customers experience
272 disproportionately higher electricity rates relative to consumers in other parts of the province.
273 Customers in Kashechewan are largely reliant on electric baseboard heating for residential,
274 workplace, and institutional heating, and would continue to be reliant during peak hours, thereby
275 limiting the intended effect of smart metering on KPC customers. In addition, the socio-
276 economic challenges faced by a remote community (i.e., people remaining at home during
277 daytime hours) increase consumption during on-peak periods. Simply put, peak demand pricing
278 would have little practical effect on consumption patterns – and only serve to penalize KPC’s
279 low-income customers.

280 **3. Retail Settlement Code**

281 KPC requests an exemption from the entire RSC. As described above, KPC is a small local
282 distribution company. It does not have the capacity and resources to engage in retailer
283 relationships contemplated by the RSC from both a personnel and billings perspective. There are
284 also a number of core requirements in the RSC that do not apply in respect of KPC, its
285 infrastructure and services, and the customers it serves. For example, KPC cannot comply with
286 section 3.4 of the RSC because the community does not maintain smart meters, and for the
287 reasons described above, it is impractical to require KPC to install smart meters in the KFN
288 community. In addition, compliance with the RSC is cost prohibitive. It would cost more to
289 comply with the requirements under section 3.10 than the revenue from settlement with retailers
290 would yield.

291 An exemption from the RSC would be consistent with the Board’s past practices and the
292 province’s policy approach to regulating small distribution companies in remote communities.
293 By way of example, HORCI enjoys an exemption from the RSC. KPC understands that
294 HORCI’s exemption from the RSC flows from HORCI’s exemption from the general obligation
295 that distributors provide non-discriminatory access under the EAct. However, the commonalities
296 in operational circumstances and customer bases between HORCI and KPC demonstrate that it is
297 appropriate for KPC to enjoy the same exemption. Further, in its nearly three decades of
298 operation, KPC has not engaged with a single retailer.

299 **4. Standard Supply Service Code**

300 KPC requires significantly more flexibility in how it serves its customers than prescribed under
301 the SSSC. Compliance with the SSSC is simply unlikely to be achievable.

302 Specifically, KPC requires greater flexibility in how it approaches and develops its billing
303 practices, given the socioeconomic conditions of its customers, as well as extreme weather
304 concerns and extensive reliance on electric baseboard heating. As discussed above in the context
305 of section 2.4.9A of the DSC, the requirement to implement certain billing practices, such as the
306 provision of equal monthly payment plans is impractical for the community it serves. Previous
307 attempts to develop equal monthly billing capabilities were unsuccessful. Compliance with the
308 billing provisions of the SSSC would impose on KPC unnecessary cost and resource burdens for
309 minimal return to the customers.

310 As further discussed, KPC employs conventional metering as it serves a small community
311 comprised mostly of residential customers and institutional customers which provide services to
312 those residential customers. Customers would not benefit from the installation of smart metering.
313 Nor would the customer base benefit from the implementation of regulated price plans and time-
314 of-use pricing contemplated by the SSSC.

315 KPC submits an exemption from the SSSC is consistent with the Board's past practice in
316 recognizing that compliance with certain service standards is impractical for small local
317 distribution companies servicing remote populations. For example, the Board has granted
318 exemptions from certain provisions of the SSSC related to time-of-use pricing to Hydro One for
319 hard-to-reach customers where further improvements to necessary infrastructure are made (EB-
320 2019-0259). The Board also previously granted an exemption from the SSSC to HORCI on the
321 basis that HORCI communities are not connected to the IESO-controlled grid (EB-2003-0037).
322 To the knowledge of KPC, the Board has not revoked that exemption, despite the fact that most
323 HORCI communities are now, to the best of KPC's knowledge, connected to the grid following
324 the completion of the Wataynikaneyap Power Transmission Project.

325 As there are currently no plans to improve KPC infrastructure that would enable compliance with
326 SSSC provisions, including time-of-use pricing requirements, and that such pricing is generally
327 impractical due to reliance on electric baseboard heating, including in severely cold months, a
328 full exemption from the SSSC is warranted.

329 **5. Cyber Security**

330 KPC requests an exemption from the cyber security readiness reporting and certification
331 requirements under section 6.8 of the DSC and 2.1.22 of the RRR.

332 Internal assessment undertaken by KPC reveals non-compliance with the Ontario Cyber Security
333 Framework (“OCSF”). While KPC is undertaking measures to strengthen its cyber security and
334 achieve compliance with OCSF, compliance with the cybersecurity readiness reporting
335 requirements under the DSC and RRR would accordingly require unnecessary expenditure of the
336 limited time and resources available to KPC while KPC takes steps to achieve compliance.

337 Further, despite KPC taking steps to enhance cyber security, compliance with these reporting
338 requirements is unnecessary given the limited distribution assets and customer data KPC currently
339 operates and protects, in addition to the fact that service delivery is achieved through conventional
340 means without the use of smart devices (e.g., switches, meters, etc.). KPC’s cyber security
341 requirements should be commensurate with the scale of the distribution system it operates and
342 customer base it serves.

343 KPC proposes that, as part of the order KPC requests the Board make in response to the within
344 application, the Board order that KPC’s obligations under section 6.8 of the DSC and 2.1.22 of
345 the RRR be suspended for a period of five (5) years or, in the alternative, a period of time which
346 the Board determines is reasonable in the circumstances. This will afford KPC the opportunity to
347 take steps to achieve compliance with the OCSF without expending unnecessary resources in the
348 interim period.

Appendix "A"



Electricity Distribution Licence

ED-2003-0081

Kashechewan Power Corporation

Valid Until

May 29, 2044

Original signed by

Brian Hewson

**Vice President, Consumer Protection & Industry Performance
Ontario Energy Board**

Date of Issuance: May 30, 2024

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LIST OF AMENDMENTS

OEB File No.	Date of Amendment
EB-2003-0003	June 3, 2004 – original licence issue date
EB-2010-0215	November 12, 2010
EB-2014-0324	December 18, 2014
EB-2016-0015	January 28, 2016
EB-2017-0101	March 31, 2017
EB-2017-0318	February 8, 2018
EB-2019-0167	September 12, 2019
EB-2020-0085	March 2, 2020
EB-2020-0185	September 11, 2020
EB-2024-0181	May 30, 2024 – licence renewal date

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Kashechewan Power Corporation
Electricity Distribution Licence ED-2003-0081

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21 Pole Attachments 6

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA 7

SCHEDULE 2 PROVISION OF STANDARD SUPPLY SERVICE 8

SCHEDULE 3 LIST OF CODE EXEMPTIONS 9

APPENDIX A 10

MARKET POWER MITIGATION REBATES..... 10

1 Definitions

In this Licence:

“**Accounting Procedures Handbook**” means the handbook, approved by the Ontario Energy Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

“**Act**” means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

“**distribution services**” means services related to the distribution of electricity and the services the Ontario Energy Board has required distributors to carry out, including the sales of electricity to consumers under section 29 of the Act, for which a charge or rate has been established in the Rate Order;

“**Electricity Act**” means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

“**IESO**” means the Independent Electricity System Operator;

“**Licensee**” means Kashechewan Power Corporation;

“**Market Rules**” means the rules made under section 32 of the Electricity Act;

“**Rate Order**” means an Order or Orders of the Ontario Energy Board establishing rates the Licensee is permitted to charge;

“**regulation**” means a regulation made under the Act or the Electricity Act;

“**service area**” means the area in which the distributor is authorized by its licence to distribute electricity;

2 Interpretation

- 2.1 In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this Licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence:
- a) to own and operate a distribution system in the service area described in Schedule 1 of this Licence;

- b) to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act in the manner specified in Schedule 2 of this Licence; and
- c) to act as a wholesaler for the purposes of fulfilling its obligations under the Retail Settlement Code or under section 29 of the Electricity Act.

4 Obligation to Comply with Legislation, Regulations and Market Rules

- 4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.
- 4.2 The Licensee shall comply with all applicable Market Rules.

5 Obligation to Comply with Codes

- 5.1 The Licensee shall at all times comply with the following Codes (collectively the "Codes") approved by the Ontario Energy Board, except where the Licensee has been specifically exempted from such compliance. Any exemptions granted to the licensee are set out in Schedule 3 of this Licence. The following Codes apply to this Licence:
 - a) the Affiliate Relationships Code for Electricity Distributors and Transmitters;
 - b) the Distribution System Code;
 - c) the Retail Settlement Code; and
 - d) the Standard Supply Service Code.
- 5.2 The Licensee shall:
 - a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and
 - b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

6 Obligation to Provide Non-discriminatory Access

- 6.1 The Licensee shall, upon the request of a consumer, generator or retailer, provide such consumer, generator or retailer with access to the Licensee's distribution system and shall convey electricity on behalf of such consumer, generator or retailer in accordance with the terms of this Licence.

7 Obligation to Connect

- 7.1 The Licensee shall connect a building to its distribution system if:
 - a) the building lies along any of the lines of the distributor's distribution system; and

- b) the owner, occupant or other person in charge of the building requests the connection in writing.

7.2 The Licensee shall make an offer to connect a building to its distribution system if:

- a) the building is within the Licensee's service area as described in Schedule 1; and
- b) the owner, occupant or other person in charge of the building requests the connection in writing.

7.3 The terms of such connection or offer to connect shall be fair and reasonable and made in accordance with the Distribution System Code, and the Licensee's Rate Order.

7.4 The Licensee shall not refuse to connect or refuse to make an offer to connect unless it is permitted to do so by the Act or a regulation or any Codes to which the Licensee is obligated to comply with as a condition of this Licence.

8 Obligation to Sell Electricity

8.1 The Licensee shall fulfill its obligation under section 29 of the Electricity Act to sell electricity in accordance with the requirements established in the Standard Supply Service Code, the Retail Settlement Code and the Licensee's Rate Order.

9 Obligation to Maintain System Integrity

9.1 The Licensee shall maintain its distribution system in accordance with the standards established in the Distribution System Code and Market Rules, and have regard to any other recognized industry operating or planning standards adopted by the Ontario Energy Board.

10 Market Power Mitigation Rebates

10.1 The Licensee shall comply with the pass through of Ontario Power Generation rebate conditions set out in Appendix A of this Licence.

11 Distribution Rates

11.1 The Licensee shall not charge for connection to the distribution system, the distribution of electricity or the retailing of electricity to meet its obligation under section 29 of the Electricity Act except in accordance with a Rate Order.

12 Separation of Business Activities

12.1 The Licensee shall keep financial records associated with distributing electricity separate from its financial records associated with transmitting electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Ontario Energy Board.

13 Expansion of Distribution System

- 13.1 The Licensee shall not construct, expand or reinforce an electricity distribution system or make an interconnection except in accordance with the Act and regulations, the Distribution System Code and applicable provisions of the Market Rules.
- 13.2 In order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Ontario Energy Board may order the Licensee to expand or reinforce its distribution system in accordance with Market Rules and the Distribution System Code, or in such a manner as the Ontario Energy Board may determine.

14 Provision of Information to the Ontario Energy Board

- 14.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Ontario Energy Board, such information as the Ontario Energy Board may require from time to time.
- 14.2 Without limiting the generality of paragraph 14.1, the Licensee shall notify the Ontario Energy Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.

15 Restrictions on Provision of Information

- 15.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.
- 15.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:
- a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;
 - b) for billing, settlement or market operations purposes;
 - c) for law enforcement purposes; or
 - d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.
- 15.3 The Licensee may disclose information regarding consumers, retailers, wholesalers or generators where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.
- 15.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.

- 15.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information provided will not be used for any other purpose except the purpose for which it was disclosed.

16 Customer Complaint and Dispute Resolution

16.1 The Licensee shall:

- a) have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner;
- b) publish information which will make its customers aware of and help them to use its dispute resolution process;
- c) make a copy of the dispute resolution process available for inspection by members of the public at each of the Licensee's premises during normal business hours; and
- d) give or send free of charge a copy of the process to any person who reasonably requests it.

17 Term of Licence

- 17.1 This Licence shall take effect on May 30, 2024 and expire on May 29, 2044. The term of this Licence may be extended by the Ontario Energy Board.

18 Fees and Assessments

- 18.1 The Licensee shall pay all fees charged and amounts assessed by the Ontario Energy Board.

19 Communication

- 19.1 The Licensee shall designate a person that will act as a primary contact with the Ontario Energy Board on matters related to this Licence. The Licensee shall notify the Ontario Energy Board promptly should the contact details change.
- 19.2 All official communication relating to this Licence shall be in writing.
- 19.3 All written communication is to be regarded as having been given by the sender and received by the addressee:
- a) when delivered in person to the addressee by hand, by registered mail or by courier;
 - b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
 - c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

20 Copies of the Licence

20.1 The Licensee shall:

- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

21 Pole Attachments

21.1 The Licensee shall provide access to its distribution poles to all Canadian carriers, as defined by the Telecommunications Act, and to all cable companies that operate in the Province of Ontario. For each attachment, with the exception of wireless attachments, the Licensee shall charge the rate approved by the Ontario Energy Board and included in the Licensee's tariff.

21.2 The Licensee shall:

- a) annually report the net revenue, and the calculations used to determine that net revenue, earned from allowing wireless attachments to its poles. Net revenues will be accumulated in a deferral account approved by the Ontario Energy Board;
- b) credit that net revenue against its revenue requirement subject to Ontario Energy Board approval in rate proceedings; and
- c) provide access for wireless attachments to its poles on commercial terms normally found in a competitive market.

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA

This Schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with paragraph 8.1 of this Licence.

1. Kashechewan Community Reserve within Fort Albany Indian Reserve No. 67, excluding the area served by Fort Albany First Nation.

SCHEDULE 2 PROVISION OF STANDARD SUPPLY SERVICE

This Schedule specifies the manner in which the Licensee is authorized to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act.

The Licensee is authorized to retail electricity directly to consumers within its service area in accordance with paragraph 8.1 of this Licence, any applicable exemptions to this Licence, and at the rates set by the Ontario Energy Board.

SCHEDULE 3 LIST OF CODE EXEMPTIONS

This Schedule specifies any specific Code requirements from which the Licensee has been exempted.

1. The entire Retail Settlement Code.
2. The entire Standard Service Supply Code.
3. Sections 2.4.9A, 2.4.11.1 to 2.4.11.2, 2.7, 3.2, 3.3.3, 4.2.2.6 to 4.2.2.7, 5.1.3 to 5.1.5, 5.1.9, and 6.8 of the Distribution System Code.
4. Sections 2.1.4, 2.1.5.8, 2.1.8, 2.1.16, 2.1.19, and 2.1.22.of the Electricity Reporting and Record Keeping Requirements.

APPENDIX A

MARKET POWER MITIGATION REBATES

1. Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor’s service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor’s host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor’s service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity

consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

“ONTARIO POWER GENERATION INC. rebate”

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.

ONTARIO POWER GENERATION INC. REBATES

For the payments that relate to the period from May 1, 2006 to April 30, 2009, the rules set out below shall apply.

1. Definitions and Interpretations

In this Licence

“embedded distributor” means a distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor’s service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor’s host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor’s service area to:

- i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

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Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.