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BY EMAIL AND WEB POSTING

November 21, 2024

To: All Licensed Electricity Distributors
All Participants in Consultation EB-2024-0092
All Other Interested Parties

Re: Consultation on a Capacity Allocation Model for System Expansions to Connect Housing Developments and Invitation to Participate on an Advisory Group (EB-2024-0092)

The Ontario Energy Board (OEB) is initiating a consultation to develop a capacity allocation model (CAM) to address issues related to system expansions for connecting housing developments. This initiative builds on the recommendations set out in the OEB's [Report](#) to the Minister of Energy and Electrification (Report to the Minister), which were endorsed by the Minister in his October 21, 2024 [letter](#) to the Chair of the OEB's Board of Directors.

A technical advisory group is being established by OEB staff to assist in developing the CAM and rules for its implementation. This letter describes the objective and focus of the initiative and invites interested stakeholders to register their participation in the CAM advisory group.

Objective and Focus of the Consultation

In its Report to the Minister, the OEB recommended that a CAM be established to ensure a fair and equitable allocation of costs in circumstances where significant initial system expansion into a development area is required, and the associated costs are borne solely by the initial connecting customers. Implementation of a CAM is a further step in enabling distributors to plan appropriately sized expansions for large development areas that involve multiple developers and/or customers over several years.

Through use of the CAM:

- Initial connecting customers will pay a fair share of the cost of expansion facilities; and
- Later customers with planned developments or connections will also contribute their allocated share of the cost of the expansion facilities.

The objective of the CAM consultation is to gather feedback from industry, developers, consumers and other stakeholders to inform the development of a fair and sustainable model for allocating infrastructure costs amongst different parties.

The consultation will focus on developing a structured approach to implementing the CAM to facilitate large-scale developments involving multiple developers and/or customers. Key areas of focus include:

- Establishing rules and requirements for the CAM, including addressing financial considerations to ensure an appropriate balance of costs between new customers and existing ratepayers.
- Developing connection processes under the CAM, including true-up and expansion rebate processes, that minimize administrative burden.

The OEB expects to implement the CAM through the Distribution System Code (DSC) and anticipates it will issue proposed DSC amendments for that purpose following completion of the work of the advisory group.

Interested parties are encouraged to review the Report to the Minister to gain a deeper understanding of stakeholder feedback, the challenges identified with the current cost allocation provisions of the DSC and key concepts underpinning the CAM.

Interested parties are also encouraged to review the [Notice of Proposed Amendments to the Distribution System Code](#) issued on November 18, 2024. This Notice proposes extending the connection and revenue horizons, proposals which also stem from recommendations in the Report to the Minister.

CAM Advisory Group

OEB staff is proceeding with the formation of a CAM advisory group (CAMAG). The CAMAG will provide input on technical issues, identify challenges to be addressed, and propose solutions to assist OEB staff in developing the CAM. The CAMAG is expected to meet virtually 6-8 times over approximately five months, from December 2024 to April 2025, with the first meeting expected to be held during the week of December 16, 2024. Members of the CAMAG are expected to commit to attending all advisory group sessions during this period.

Stakeholders interested in participating in the CAMAG should send a letter indicating their interest to the Registrar at registrar@oeb.ca by December 2, 2024. Please include “CAMAG Participation” in the subject line of the email and ensure the letter includes the sender’s phone number and email address and cites file number EB-2024-0092. The letter should also outline the stakeholder’s areas of expertise and/or experience related to distribution connections and expansions. Stakeholders that would like to seek an award of costs for their participation in the CAMAG, if chosen, should also indicate this in their letter.

OEB staff will select a group of stakeholders that represent diverse interests and have relevant expertise and experience, ensuring the CAMAG is appropriately sized for effective collaboration. While it may not be possible for all interested stakeholders to participate in the CAMAG, all stakeholders will have the opportunity to participate in this consultation process when proposed amendments to the DSC to implement the CAM are issued for comment. Additionally, all CAMAG meeting materials will be posted on the [System Expansion for Housing Developments](#) consultation page, allowing stakeholders to stay informed about the CAMAG’s progress.

Cost Awards

Cost awards will be available under section 30 of the *Ontario Energy Board Act, 1998* to eligible participants who are selected for the CAMAG. Costs awarded will be recovered from all rate-regulated electricity distributors and apportioned between them based on customer numbers. Further information regarding cost awards is included in Appendix A to this letter, together with filing instructions. Any stakeholder that was determined to be eligible for cost awards in the OEB’s April 2, 2024 [Decision on Cost Eligibility](#) is deemed eligible for costs in relation to their participation on the CAMAG and need not make a filing in accordance with Appendix A.

The OEB recommends interested stakeholders sign up to the OEB’s [System Expansion for Housing Developments](#) consultation page for future updates on this consultation.

For any inquiries regarding this letter, please email IndustryRelations@oeb.ca. You can also contact the OEB through our toll-free number: 1-888-632-6273.

Yours truly,



Brian Hewson
Vice President, Consumer Policy & Industry Performance

Appendix A – Cost Awards

Eligibility

The OEB will determine eligibility for cost awards in accordance with its Practice Direction on Cost Awards. Any participant intending to request cost awards must file a written submission with the OEB by **December 2, 2024** in accordance with the filing instructions below, identifying the nature of their interest in this process and the grounds on which they are eligible for cost awards (addressing the OEB's cost eligibility criteria in Section 3 of the OEB's Practice Direction on Cost Awards). An explanation of any other funding to which the participant has access must also be provided, as should include the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the OEB website. Any participant that was determined to be eligible for costs in the OEB's April 2, 2024 [Decision on Cost Eligibility](#) is deemed eligible for costs in relation to their participation on the CAMAG and need not make a filing in accordance with this Appendix.

Rate-regulated electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. If an electricity distributor has objections to any of the cost eligibility requests, those objections must be filed with the OEB by **December 6, 2024** in accordance with the filing instructions set out below. Any objections will be posted on the OEB website. The OEB will then make a final determination on the cost eligibility of the requesting participants.

Eligible Activities

Cost awards will be available to eligible participants for their participation in the CAMAG. Cost awards will be available to a maximum of actual meeting time plus 2 times the actual meeting time for preparation and reporting per eligible participant.

Cost Awards

The OEB will apply the principles in Section 5 of its Practice Direction on Cost Awards, when determining the amount of the cost awards. The maximum hourly rates in the OEB's Cost Awards Tariff will also be applied. The OEB expects that groups representing the same interests or same type of participant will make every effort to communicate and co-ordinate their participation in this process. Cost awards are made available on a per eligible participant basis, regardless of the number of professional advisors that an eligible participant may wish to retain.

The OEB will use the process in Section 12 of its Practice Direction on Cost Awards to implement the payment of the cost awards; i.e., the OEB will act as a clearing house for all cost award payments in this process. For more information on this process, please

see the [OEB's Practice Direction on Cost Awards](#) and the [October 27, 2005 letter](#) regarding the rationale for the OEB acting as a clearing house for the cost award payments. These documents can be found on the OEB's [Rules, Codes and Requirements](#) webpage.

How to File Materials

Please ensure that all materials filed include the file number **EB-2024-0092** and submit them in PDF format with a digital signature through the OEB's online filing portal.

- Please ensure that the sender's name, postal address, telephone number and email address are clearly stated in the filings.
- Please use the document naming conventions and document submission standards outlined in the Regulatory Electronic Submission System (RESS) Document Guidelines found at the File documents online page on the OEB's website.
- Stakeholders are encouraged to use RESS. Those who have not yet set up an account or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the File Documents online page of the OEB's website for more information.
- All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the Practice Direction on Cost Awards.

All communications should be addressed to the Registrar and must be received by **4:45 p.m.** on the required date.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll-free)