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BY EMAIL AND WEB POSTING

March 15, 2018

**NOTICE OF AMENDMENT
TO THE TRANSMISSION SYSTEM CODE**

OEB FILE NO.: EB-2016-0299

**To: All Licensed Transmitters
All Licensed Generators
Independent Electricity System Operator
All Other Interested Parties**

The Ontario Energy Board (OEB) provides notice of amendments to the Transmission System Code (TSC). The amendments are made pursuant to section 70.2 of the *Ontario Energy Board Act, 1998* (OEB Act). The purpose of the amendments is to eliminate reliability obligations that may conflict with evolving reliability standards adopted by standards authorities and in force in Ontario, and to bring certain other obligations in line with current good utility practice.

A. Background

Reliability standards are intended to ensure the integrity of the interconnected North American bulk electricity system. Reliability standards are those standards which have been adopted by the North American Electric Reliability Corporation (NERC) including any amendment or revision thereto, and those criteria that are developed and adopted by the Northeast Power Coordinating Council Inc. (NPCC), as well any amendment or revision thereto.

The TSC sets out the reliability obligations of licensed electricity transmitters with respect to transmission customers, including performance standards, technical requirements, and provisions for expansions and connections. It applies to any assets in Ontario owned by a licensed transmitter.

When the TSC was first issued in July 2000, it incorporated a small number of reliability requirements that were a subset of the reliability standards of NERC and NPCC. The TSC also contains, in sections 8 through 10, a number of prescriptive provisions that were derived from the design specifications of the former Ontario Hydro.

In this Notice, reliability standards together with design specifications are collectively referred to as “reliability obligations”.

Many of the clauses of the TSC are implemented through requirements in the standard form connection agreements included in Appendix 1 of the TSC as Version A for Load Customers and Version B for Generators. These standard form agreements, together with chapters 8 through 10, represent the reliability obligations embedded in the TSC.

Since the 2003 Northeast blackout, Ontario, as well as a number of other North American jurisdictions, have taken steps to make the reliability standards mandatory and enforceable. In Ontario, the IESO is the entity accountable to NERC and NPCC for compliance with the reliability standards. The IESO’s market participants are subject to compliance with reliability-related Market Rules, which include reliability standards. As well, by the terms of their OEB licences, electricity transmitters are required to adhere to the Market Rules and, by extension, the reliability standards.

B. Changes to Reliability Obligations

The OEB has identified certain provisions within the TSC that the OEB considered duplicative of, or out of date with, the NERC and NPCC reliability standards.

In a Notice of Proposed Amendment to a Code dated October 19, 2016, the OEB proposed removing these provisions from the TSC. In response to that Notice, stakeholders noted that the NERC standards apply only to the bulk electricity system (BES) that is generally 100kV and above, and the NPCC criteria apply only to the bulk power system that is a subset of the BES. These stakeholders suggested that there was value in having some requirements apply to assets outside the jurisdiction of NERC.

In a Notice of Proposed Amendment to a Code dated December 20, 2017, the OEB proposed a number of amendments to the TSC. The OEB received one submission from Hydro One Networks Inc. suggesting a number of minor changes to improve clarity or consistency between the body of the TSC and the standard form connection agreements in Appendix 1.

C. Amendments to the TSC

The OEB has accepted Hydro One Networks Inc.'s suggested alterations to the revised TSC sections to improve clarity and consistency. The OEB finds that they are of a minor nature and can be made without further consultation.

Attachment A to this Notice contains the amendments to the TSC. The majority of changes are to sections 8, 9, and 10 of the TSC. In addition, consequential changes are being made to Appendix 1 Versions A (Form of Connection Agreement for Loads) and B (Form of Connection Agreement for Generators). More specifically, the changes will:

- Remove certain provisions from the TSC which are duplicative of, or out of date with, the reliability standards enforced by the IESO through its Market Rules.
- Where applicable, ensure that licensed transmitters continue to apply those provisions to their assets that are outside the jurisdiction of NERC or NPCC.
- Clarify that the onus of TSC compliance is on the licensed transmitter.
- Where possible, move technical requirements to the standard form connection agreements in Appendix 1 of the TSC.
- Update the design specifications to current utility practice.

Where a section will be deleted in its entirety, the OEB will not change the section's numbering. This is primarily because stakeholders within the industry may be familiar, and may already be relying on, existing numbering as referencing specific actions or obligations. In these instances where an item has been deleted in its entirety, the wording of the relevant section will be replaced with, "Intentionally left blank."

Finally, in the light of the necessary update to the TSC revision date, the language at sections 6.1.5, 6.1.7, and 6.8.3, and 13.0.1 is being modified in order to maintain their original intent.

The OEB will also be making several changes to the TSC of a non-material nature under section 70.2(4) of the OEB Act, including the correction of minor typographical errors.

D. Anticipated Costs and Benefits

The OEB believes that the amendments to the TSC are necessary in order to better align the TSC with the NERC reliability standards, the NPCC criteria, the Market Rules, good utility practice, and the OEB's standard form electricity transmitter licence. It is expected that the amendments will allow for more efficient functioning of the sector and therefore reduced cost to the stakeholders.

E. Coming into Force

The OEB has determined that the final TSC amendments come into force on April 30, 2018. A revised, consolidated update to the TSC will be posted on the OEB website before that date. Transmitters may begin to use the revised agreement in Appendix 1A and 1B immediately. The changes do not affect existing agreements but could provide clarity in matters of interpretation.

This Notice, including the amendments to the TSC set out in Attachment A will be available for public viewing on the OEB's web site at www.oeb.ca and at the office of the OEB during normal business hours.

If you have any questions regarding the code amendments described in this Notice, please contact Industry Relations at IndustryRelations@OEB.ca or at 416-314-2455. The OEB's toll free number is 1-877-632-2717.

DATED March 15, 2018

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Attachment: Attachment A – Amendments to the TSC