



EB-2014-0005

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15;

AND IN THE MATTER OF a determination by the Ontario Energy Board on the Green Energy Plan Electricity Rate Protection Benefit and Charge for 2014 as required under Section 79(1) of the *Ontario Energy Board Act, 1998* and Ontario Regulation 330/09;

AND IN THE MATTER OF a determination by the Ontario Energy Board under Section 6 (4) of the *Ontario Energy Board Act, 1998* to dispose of this proceeding without a hearing.

By delegation, before: Lynne Anderson

DECISION WITH REASONS AND ORDER

January 16, 2014

INTRODUCTION

Under section 79.1 of the *Ontario Energy Board Act, 1998* (the “Act”), the Ontario Energy Board (the “Board”), in approving just and reasonable rates for a distributor that incurs costs to make an eligible investment for the purpose of connecting or enabling the connection of a qualifying generation facility to its distribution system, shall provide rate protection for prescribed consumers or classes of consumers in the distributor's service area by reducing the rates that would otherwise apply in accordance with the prescribed rules.

Ontario Regulation 330/09 states that the rate protection amount is to be collected by the Independent Electricity System Operator (“IESO”) from all electricity market participants. The Regulation requires the Board to determine the monthly amount to be collected by the IESO such that the total amount that is to be collected is equal to the total amount of rate protection that is to be provided.

The Board determines the total amount to be collected by aggregating the rate protection amounts determined for each qualifying distributor as established in their respective distribution rate decisions. On July 10, 2013, through Board Decision and Order EB-2013-0231, seven distributors were provided with rate protection: Hydro One Networks Inc. in the amount of \$19.7 million (from the EB-2009-0096 decision), Hydro One Brampton Networks Inc. in the amount of \$165,723 (from the EB-2012-0135 decision), Horizon Utilities Corporation in the amount of \$8,480 (from the EB-2012-0132 decision), Guelph Hydro Electric Systems Inc. in the amount of \$26,552 (from the EB-2011-0123 decision), Enersource Hydro Mississauga Inc. in the amount of \$64,270 (from the EB-2012-0033 decision), Powerstream Inc. in the amount of \$162,684 (from the EB-2012-0161 decision) and Thunder Bay Hydro Electricity Distribution Inc. in the amount of \$7,928 (from the EB-2012-0167 decision).

Since the issuance of the EB-2013-0231 Decision and Order, one additional distributor has qualified for Regulation 330/09 rate protection: Peterborough Distribution Inc.

BOARD FINDINGS: 2014 COMPENSATION AMOUNT AS OF JANUARY 1, 2014

The Board has determined the total 2014 amount to be collected by the IESO as of January 1, 2014 is \$20,013,613. This total is based on the distribution rate decisions noted below in which the Board determined the following 2014 compensation amounts:

- For Hydro One Networks Inc. Distribution: \$19,700,000 as determined in the EB-2009-0096 order issued December 21, 2010;
- For Horizon Utilities Corporation: \$8,480 for 2014 (EB-2011-0172 dated December 21, 2011);
- For Guelph Hydro Electric Systems Inc.: \$46,269 for 2014 (EB-2011-0123 dated March 21, 2012);
- For Enersource Hydro Mississauga Inc.: \$64,270 for 2014 (EB-2012-0033 dated December 13, 2012);
- For Powerstream Inc. (“Powerstream”): \$162,684 for 2014 (EB-2012-0161 dated December 21, 2012);
- For Thunder Bay Hydro Electricity Distribution Inc. (“Thunder Bay”): \$18,436 for 2014 (EB-2012-0167 Rate Order dated May 9, 2013).
- For Peterborough Distribution Inc. (“Peterborough”): \$13,474 for 2014 (EB-2012-0160 Rate Order dated August 22, 2013).

With respect to the Powerstream amount, in the Board’s previous Order, Powerstream’s 2013 amount of \$162,684 was recovered over a 6 month period. For 2014 this amount will be recovered over a 12 month period.

With respect to the Thunder Bay amount, in the Board’s previous Order, Thunder Bay’s 2013 amount of \$991 per month was prorated to be recovered over a 6 month period. For 2014 the monthly amount will revert to \$991 as per the Board’s EB-2012-0167 Rate Order, effective until April 30, 2014. As of May 1, 2014 the Board’s Rate Order stipulates that the amount will increase to \$1,809 per month. Therefore, the total recovery for 2014 will be \$18,436 [(\$991 x 4) + (\$1,809 x 8)] for a monthly recovery of \$1,536.

With respect to the Peterborough amount, in proceeding EB-2012-0160 the Board approved the GEA Plan-related capital expenditures incurred by Peterborough and

established a related 2013 revenue requirement of \$6,737 effective January 1, 2013. The decision was issued on August 22, 2013 and therefore no funds were recovered from the IESO in 2013. As a result, for 2014, the Board will allow a recovery of \$13,474 (2 x \$6,737) to address the shortfall from 2013.

As a result of the Board's EB-2013-0140 Decision and Rate Order of December 5, 2013, Hydro One Brampton Networks Inc. will no longer receive provincial benefit funding.

The monthly amount to be collected by the IESO from all market participants in 2014 effective January 1, 2014 shall be \$1,667,801. The monthly charge for each market participant will vary with the actual consumption of the market participant in that month.

In making this determination, the Board acknowledges that the above noted distributors will be passing on their share of this charge to their electricity distribution customers through the Wholesale Market Service Rate ("WMSR") currently approved by the Board at \$0.0044 per kWh. It is the Board's view that at its current level, this charge will have a minimal impact on balances in the Wholesale Market Service - Retail Services Variance Account (Account 1580) and the Board will not adjust the WMSR at this time. Therefore, the WMSR shall remain at its current level of \$0.0044 per kWh, until such time as the Board amends the WMSR.

DETERMINATION TO DISPOSE OF THIS PROCEEDING WITHOUT A HEARING

The Board has made its determination of the 2014 compensation amount to be collected by the IESO in accordance with Ontario Regulation 330/09 and the requirements of the Act. Ontario Regulation 330/09 prescribes the methodology the Board uses to determine the amount to be collected for any given year.

The total amount to be collected by the IESO for 2014 is derived from previous decisions of the Board in which compensation amounts were determined for qualifying distributors: EB-2009-0096, EB-2011-0172, EB-2011-0123, EB-2012-0033, EB-2012-0161, EB-2012-0167 and EB-2012-0160. The findings in this Decision involve only the implementation of findings in previous decisions. The Board has therefore determined that no person will be adversely affected in a material way by the outcome of this

proceeding. In accordance with section 6 (4) of the Act, this matter has been determined without a hearing.

IMPLEMENTATION

The monthly amount to be collected by the IESO shall be \$1,667,801 per month effective January 1, 2014 and until such time as the Board revises this amount.

Attached to this Decision and Order are communications to the IESO (Appendix A) and to distributors (Appendix B) regarding the 2014 monthly charge as of January 1, 2014.

THEREFORE THE BOARD ORDERS THAT:

1. Effective January 1, 2014, the IESO shall collect \$1,667,801 per month until such time as the Board revises this amount.

DATED at Toronto, January 16, 2014

ONTARIO ENERGY BOARD

Original signed by

Lynne Anderson
Managing Director, Applications and Regulatory Audit

APPENDIX A

To Decision With Reasons and Order

**Communication to the IESO on Collection of Compensation Amounts under
Ontario Regulation 330/09 for 2014 as of January 1, 2014**

Board File No. EB-2014-0005

Dated: January 16, 2014

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416-481-1967
Facsimile: 416-440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
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27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416-481-1967
Télécopieur: 416-440-7656
Numéro sans frais: 1-888-632-6273



BY EMAIL

January 16, 2014

Adrian Pye
Independent Electricity System Operator
Station A, Box 4474
Toronto ON M5W 4E5

Dear Mr. Pye:

Re: Collection of Compensation Amounts under Ontario Regulation 330/09 for 2014, as of January 1, 2014

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 (the "Board") to calculate the monthly amount to be collected by the Independent Electricity System Operator (the "IESO") to provide compensation to qualifying distributors for rate protection provided to consumers.

The Board has issued previous orders, setting the compensation amount for 2010, 2011, 2012 and 2013, authorizing the IESO to implement the charge for each of those years. On January 16, 2014 the Board issued its Decision and Order (EB-2014-0005) establishing the compensation amounts as of January 1, 2014.

Amount to be charged by the IESO as of January 1, 2014

In its EB-2014-0005 Decision and Order, the Board has determined that effective January 1, 2014 and until such time as the Board revises it, the amount to be collected by the IESO from all market participants shall be \$1,667,801 per month.

The Board 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:

| | |
|---------------------------------------|-------------|
| • Hydro One Networks Inc. | \$1,641,667 |
| • Enersource Hydro Mississauga Inc. | \$ 5,356 |
| • Horizon Utilities Corporation | \$ 707 |
| • Guelph Hydro Electric Systems Inc. | \$ 3,856 |
| • Powerstream Inc. | \$ 13,557 |
| • Thunder Bay Hydro Distribution Inc. | \$ 1,536 |
| • Peterborough Distribution Inc. | \$ 1,123 |

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

cc: Hydro One Networks Inc.
Enersource Hydro Mississauga Inc.
Horizon Utilities Corporation
Guelph Hydro Electric Systems Inc.
Powerstream Inc.
Thunder Bay Hydro Distribution Inc.
Peterborough Distribution Inc.

Attachment

APPENDIX B

To Decision With Reasons and Order

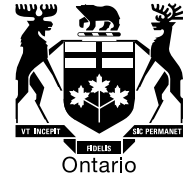
**Communication to Distributors on Collection of Compensation Amounts under
Ontario Regulation 330/09 for 2014 as of January 1, 2014**

Board File No. EB-2014-0005

Dated: January 16, 2014

Ontario Energy Board
P.O. Box 2319
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Numéro sans frais: 1-888-632-6273



BY EMAIL

January 16, 2014

To: All Licensed Electricity Distributors

Re: Collection of Compensation Amounts under Ontario Regulation 330/09 for 2014, as of January 1, 2014

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 to calculate the monthly amount to be collected by the Independent Electricity System Operator (the "IESO") to provide compensation to qualifying distributors for rate protection provided to consumers. On January 16, 2014 the Board issued its EB-2014-0005 Decision and Order directing the IESO to adjust the charge for 2014. The EB-2014-0005 Decision and Order is attached.

Amount to be Charged by the IESO as of January 1, 2014

The EB-2014-0005 Decision and Order established the 2014 compensation amount (as of January 1, 2014) for the following qualifying distributors, based on the rate decisions for those distributors:

- Hydro One Networks Inc.: for the amount of \$19,700,000 (EB-2009-0096);
- Enersource Hydro Mississauga Inc.: \$64,270 (EB-2012-0033);
- Horizon Utilities Corporation Inc.: \$8,480 (EB-2011-0172);
- Guelph Hydro Electric Systems Inc.: \$46,269 (EB-2011-0123)
- Powerstream Inc. : \$162,684 (EB-2012-0161);
- Thunder Bay Hydro Distribution Inc.: \$18,436 (EB-2012-0167)); and
- Peterborough Distribution Inc.: \$13,474 (EB-2012-0160).

Therefore, the total annual amount to be collected by the IESO in 2014 is revised to \$20,013,613. Commencing January 1, 2014, an amount of \$1,667,801 per month will be collected from all Ontario ratepayers and distributed to the qualifying distributors.

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

Amount to be Charged by Distributors in 2014

In determining the amount to be collected from the IESO, the Board 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 Board at \$0.0044 per kWh. It was the Board's view that at its current level, 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 did not adjust the WMSR. The WMSR will remain at its current level of \$0.0044 per kWh until such time as the Board amends the WMSR.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

Attachment