

Ontario Energy
Board

Commission de l'énergie
de l'Ontario



EB-2013-0396

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 Rural or Remote Electricity Rate
Protection Benefit and Charge for 2014 as required under
section 79(1) of the *Ontario Energy Board Act, 1998* and
Ontario Regulation 442/01.

By delegation, before: Daria Babaie

DECISION and RATE ORDER
December 19, 2013

INTRODUCTION

Ontario Regulation 442/01 requires that the Ontario Energy Board (the “Board”) perform the following steps to determine the Rural or Remote Electricity Rate Protection (“RRRP”) benefit and charge for the next year:

- calculate the amount of RRRP benefit eligible consumers will receive;
- receive from the Independent Electricity System Operator (“IESO”) a forecast of the number of kilowatt-hours of electricity that will be withdrawn from the IESO-controlled grid, as determined in accordance with the market rules, for use by consumers in Ontario during the next calendar year; and
- calculate the amount of the charge to be collected by the IESO for each kilowatt-hour of electricity that is withdrawn from the IESO-controlled grid, as determined in accordance with the market rules, for use by consumers in Ontario, so that the total amount of RRRP benefit forecast to be collected is equal to the total amount of rate protection to be provided.

DETERMINING THE 2014 RRRP BENEFIT AND CHARGE

In accordance with Ontario Regulation 442/01, the total RRRP benefit in 2014 is estimated to be \$175.5 million. This amount includes an estimated RRRP under collection of \$4.1 million for the 2013 calendar year including carrying charges. The IESO’s applicable 2014 Demand Forecast, filed with the Board 60 days prior to year end, is 137.9 TWh. Any over or under recovery of the total RRRP amount in 2014 will be tracked in a variance account held by Hydro One Networks Inc.

I have determined that effective January 1, 2014 the RRRP charge to be collected by the IESO shall remain at 0.12 cents per kilowatt-hour and will increase to 0.13 cents per kilowatt-hour effective May 1, 2014.

The Board has made its determination on the RRRP charge based on Ontario Regulation 442/01 and the requirements of the *Ontario Energy Board Act, 1998* (the “Act”). Ontario Regulation 442/01 prescribes the methodology the Board will use to determine the RRRP charge for any given year.

In EB-2013-0067 the Board reduced the Wholesale Market Service (“WMS”) rate from 0.52 cents to 0.44 cents effective May 1, 2013 to set the rate charged to customers

closer to the forecasted cost of the WMS from the IESO. The rate had remained unchanged since the time of its establishment in 2001. Given that the aforementioned change was implemented on May 1, 2013, the full impact of the May 1, 2013 change has yet to be reflected in the distributor accounts that record the variance between the revenue from the WMS rate and cost from the WMS charge. I therefore will not amend the WMS rate at this time.

This Decision and Order is being issued by Delegated Authority without a hearing pursuant to section 6(4) of the Act. The calculation of the RRRP charge is a mechanistic exercise, and the Board has determined that no person will be adversely affected in a material way by the outcome of this proceeding.

IMPLEMENTATION

Attached to this Decision and Order are communications to the IESO (Appendix A) and to distributors and retailers (Appendix B) regarding the RRRP charge for 2014.

The Board has also determined that, given the change in the RRRP charge that the IESO will use to invoice distributors effective May 1, 2013, it will also be necessary to reflect the same change in the RRRP charge that all rate regulated distributors use to bill their customers effective May 1, 2014. This will ensure that amounts paid to the IESO by each distributor are recovered from the customers of the distributor.

Therefore, the Board Orders that:

1. The IESO's RRRP charge shall continue to be 0.12 cents per kilowatt-hour effective January 1, 2014.
2. Effective May 1, 2014, the IESO shall revise its RPPP charge to 0.13 cents per kilowatt-hour.
3. The RRRP charge used by rate regulated distributors to bill their customers shall continue to be \$0.0012 per kilowatt-hour effective January 1, 2014. This unit rate shall apply to customer's metered energy consumption adjusted by the Total Loss Factor approved by the Board.

4. The RRRP charge used by rate regulated distributors to bill their customers shall increase to \$0.0013 per kilowatt-hour effective May 1, 2014. This unit rate shall apply to customer's metered energy consumption adjusted by the Total Loss Factor approved by the Board.

DATED at Toronto, December 19, 2013

ONTARIO ENERGY BOARD

Original signed by

Daria Babaie
Manager, Regulatory Audit and Accounting

APPENDIX A

To Decision and Rate Order

Communication to the IESO on the 2014 RRRP Charge

Board File No. EB-2013-0396

Dated: December 19, 2013

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
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BY EMAIL

December 19, 2013

Jessica Savage
Manager, Regulatory Affairs
Independent Electricity System Operator
655 Bay Street Suite 410
Toronto ON M2G 2K4

Dear Ms. Savage:

Re: Rural or Remote Electricity Rate Protection

Ontario Regulation 442/01 (Rural or Remote Electricity Rate Protection) (made under the *Ontario Energy Board Act, 1998*) requires the Ontario Energy Board (the "Board") to calculate the amount to be charged by the Independent Electricity System Operator ("IESO") with respect to Rural or Remote Electricity Rate Protection ("RRRP") for each kilowatt-hour of electricity that is withdrawn from the IESO-controlled grid.

Amount to be charged by the IESO for RRRP

The Board has determined that effective January 1, 2014, the RRRP charge to be collected by the IESO shall continue to be 0.12 cents per kilowatt-hour. Effective May 1, 2014, the RRRP charge to be collected by the IESO shall change to 0.13 cents per kilowatt-hour.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

APPENDIX B

To Decision and Rate Order

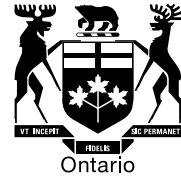
**Communication to All Licensed Electricity Distributors and
Retailers on the 2014 RRRP Charge**

Board File No. EB-2013-0396

Dated: December 19, 2013

Ontario Energy Board
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BY EMAIL

December 19, 2013

To: All Licensed Electricity Distributors and Retailers

Re: Rural or Remote Electricity Rate Protection

Ontario Regulation 442/01 (Rural or Remote Electricity Rate Protection) (made under the *Ontario Energy Board Act, 1998*) requires the Ontario Energy Board (the "Board") to calculate the amount to be charged by the Independent Electricity System Operator ("IESO") with respect to Rural or Remote Rate Protection ("RRRP") for each kilowatt-hour of electricity that is withdrawn from the IESO-controlled grid.

Amount to be Charged by the IESO for RRRP

The Board has determined that effective January 1, 2014, the RRRP charge to be collected by the IESO shall continue to be 0.12 cents per kilowatt-hour. Effective May 1, 2014 the RRRP charge to be collected by the IESO shall change to 0.13 cents per kilowatt-hour.

Amount to be Charged by Distributors and Retailers for RRRP

Effective January 1, 2014, the amount to be charged by distributors and retailers to their customers with respect to the RRRP shall remain at the current level of 0.12 cents per kilowatt-hour.

Effective May 1, 2014, the amount to be charged by distributors and retailers to their customers with respect to the RRRP shall change to 0.13 cents per kilowatt-hour.

These unit rates shall apply to customer's metered energy consumption adjusted by the Total Loss Factor approved by the Board.

The variance between the amounts paid by the rate regulated distributors to the IESO and the amounts recovered from their respective customers with respect to the RRRP shall be captured in Account 1580 effective January 1, 2014.

The Board wishes to remind all distributors and retailers that in accordance with subsection 5(6) of the Regulation:

A distributor or retailer who bills a consumer for electricity shall aggregate the amount that the consumer is required to contribute to the compensation required by subsection 79(3) of the Act with the wholesale market service rate described in the Electricity Distribution Rate Handbook issued by the Board, as it read on October 31, 2001.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary