



RP-1999-0057
EB-2002-0424

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

AND IN THE MATTER OF a proceeding pursuant to
sections 2.5 and 2.6 of the Transmission System Code
(now sections 4.5 and 4.6 of the Transmission System
Code).

BEFORE: Paul Sommerville
Member

DECISION AND ORDER

INTRODUCTION

On May 3, 2002, Hydro One Networks Inc. (“Hydro One”) filed with the Board a document entitled “Customer Delivery Point Standards” (“CDPPS”) in furtherance of what was then section 2.5 of the Transmission System Code (the “Code”) and what is now section 4.5 of the Code. Both the former section 2.5 and the current section 4.5 contemplate that transmitters will develop and file with the Board performance standards at the delivery point level.

The Board considered Hydro One’s CDPPS together with Hydro One’s proposed “Customer Equipment Compliance Process” (the “CEC Process”), the latter of which was filed by Hydro One on April 19, 2002 in furtherance of what was then section 2.6 of the Code and what is now section 4.6 of the Code.

The Board issued a Decision and Order on both the CDPPS and the CEC Process documents on July 25, 2005 (the “2005 Decision and Order”). Details of the consolidated proceeding are set out in that Decision and Order, which also contains a

number of Board findings in relation to each of the CEC Process and CDPPS documents. Subsequently, the Board approved a revised version of Hydro One's CEC Process by Decision and Order dated September 12, 2006.

The remainder of this Decision and Order therefore deals solely with Hydro One's CDPPS.

In the 2005 Decision and Order, the Board ordered Hydro One to:

- i. revise its CDPPS documentation in accordance with the findings of the Board, and file a revised version of that documentation with the Board for review and approval;
- ii. consult with transmission customers that have generation facilities supplying their sites, prepare a report describing the results of that consultation, and file the report (including any proposals for revisions to the CDPPS documentation that Hydro One might wish to make) with the Board;
- iii. consult with appropriate customers to develop a comprehensive process to deal with power quality issues, revise the CDPPS documentation to reflect the results of that consultation, and file a revised version of the CDPPS documentation with the Board for review and approval;
- iv. prepare and file with the Board a report that explores the implications of using a performance baseline trigger for the frequency and duration of forced interruptions under two scenarios; and
- v. consult with applicable generator customers to develop a process to track reliability performance for injection points on its transmission system, revise the CDPPS documentation to reflect the results of that consultation, and file a revised version of the CDPPS documentation with the Board for review and approval.

Hydro One proposed, and the Board by letter dated September 29, 2005 accepted, March 15, 2007 as the deadline for completion of the requirements set out above.

HYDRO ONE'S FILING

Hydro One has not filed a revised version of its CDPSS as required by item (i) above.

Hydro One filed a letter with the Board on March 15, 2007 (the "March Letter") addressing the steps taken in relation to each of items (ii) through (v) above. Generally, Hydro One noted that there had been very limited response to its requests for customer input on the items requiring consultation, perhaps due to competing priorities. Hydro One's more specific response in relation to each of the outstanding items is discussed separately below, together with the Board's findings on each.

Consultation and Report Regarding Embedded Generation

In accordance with the 2005 Decision and Order, the purpose of the consultation with customers that have embedded generation was to allow for a better understanding of the effects of outages on such customers. This, in turn, would provide a more comprehensive evidentiary basis on which to assess the implications of that part of Hydro One's CDPSS that proposed to group each customer within a given load group based on the customer's net load at the delivery point, rather than on the customer's gross load. In the 2005 Decision and Order, the Board determined that pending the outcome of such consultations Hydro One's Group (Outlier) CDPSS are to be based on gross load.

In the March Letter, Hydro One noted that it had developed a questionnaire to solicit input on this issue. While the questionnaire was sent to approximately 80 customers with embedded generation facilities, only two responses were received. Given the limited response, Hydro One asserted that there is not enough information on which to prepare a report on the matter or on which to support a change from gross load to net load. Accordingly, Hydro One proposed that it would continue to use gross load.

The Board accepts Hydro One's proposal.

Consultation on Power Quality Issues and Associated CDPSS Revisions

As filed, Hydro One's CDPSS did not include any performance standard for power quality issues.

In accordance with the 2005 Decision and Order, Hydro One was required to continue to consult with customers to develop a comprehensive process to deal with power quality issues and to revise its CDPPS documentation to reflect the results of that consultation.

In the March Letter, Hydro One indicated that it has continued to consult with customers on power quality issues and that the current process is working well. According to the March Letter, Hydro One's efforts in relation to power quality issues include the following:

- customers report power quality issues directly through their account executives or by using a portion of Hydro One's website that has been established for that purpose. Power quality concerns are tracked by Hydro One and are not "closed" until a satisfactory resolution has been achieved;
- Hydro One includes questions on power quality issues in its annual "Customer Satisfaction Survey" to identify and respond to emerging issues;
- Hydro One has increased the number of power quality monitors installed across the province and has plans to install more, which will significantly improve the information available to minimize and resolve power quality issues; and
- Hydro One continues to work actively with other transmitters and standards associations (such as the Canadian Electricity Association and the Canadian Standards Association) to provide guidelines on power quality parameters and to work toward the development of power quality standards.

Hydro One's conclusion is that it is premature to develop and entrench any power quality standards at this time. However, Hydro One will continue to work with customers to resolve power quality issues on a case-by-case basis.

The Board is satisfied that Hydro One's approach to power quality issues is reasonable at this time. The Board remains of the view that there is merit to the inclusion of power quality standards in Hydro One's CDPPS, and will therefore require Hydro One to report annually on developments and progress in relation to power quality issues. In the interim, the Board expects Hydro One to continue with the efforts identified above, and further expects that developments relating to Hydro One's

work in relation to power quality issues will be posted on Hydro One's website for the benefit of all of its transmission customers.

Report on Performance Baseline Trigger for Frequency and Duration of Forced Interruptions

As filed, Hydro One's Individual (Inlier) CDPPS specified a performance baseline trigger for the frequency and duration of forced interruptions to be set at each delivery point based on that delivery point's ten-year average historical performance, plus one standard deviation.

In accordance with the 2005 Decision and Order, Hydro One was required to track and report back to the Board on the implications of using a performance baseline trigger for the frequency and duration of forced interruptions under two scenarios: the first scenario to be based on each delivery point's fixed 1991-2000 historical average performance plus $\frac{1}{2}$ standard deviation and the second scenario to be based on each delivery point's fixed 1991-2000 historical average performance plus $\frac{3}{4}$ standard deviation.

Hydro One included in the March Letter its report on this issue. Based on the evidence filed as part of Hydro One's transmission rates case for 2007 and 2008 (proceeding EB-2006-0501), a move to tighter standards would significantly increase the number of customer delivery points that are considered performance outliers. Hydro One indicated that it could not provide a detailed report on the expenditures that would have to be incurred, or the investments that would have to be made, under each scenario since the cost to address delivery point remediation varies greatly depending on the specific delivery point conditions. However, Hydro One asserted that it is reasonable to conclude that a change to a tighter trigger level would significantly increase costs. Hydro One similarly indicated that it is difficult to estimate the cost impacts on the customer as the cost sharing formula is a function of the connection revenues paid at each delivery point.

In addition, Hydro One noted that it is not apparent that use of a tighter trigger level will result in an increase in remediation activity given the current approach of prioritizing delivery points for remediation each year.

Accordingly, Hydro One does not propose to change from the trigger level set out in its CDPPS as filed.

The Board acknowledges Hydro One's report and for the time being accepts Hydro One's proposal to retain the trigger level at a delivery point's ten-year average historical performance plus one standard deviation. The Board notes that the Independent Electricity System Operator ("IESO") is currently reviewing the criteria used to evaluate and trigger remedial action in relation to local area performance. Local area performance is, in turn, affected by aggregate delivery point performance. Following completion of the IESO's review, the Board may revisit the need for revisions to Hydro One's CDPPS.

Consultation on Reliability Performance for Injection Points and Associated CDPPS Revisions

As filed, Hydro One's CDPPS did not include delivery point performance standards for generator connections.

In accordance with the 2005 Decision and Order, Hydro One was required to consult with applicable generator customers to develop a process to track reliability performance for injection points on its transmission system, and to revise its CDPPS documentation to reflect the results of that consultation.

According to the March Letter, Hydro One sent a proposed "Process to Track Reliability Performance of Generator Supply Points" to all generators, together with a questionnaire. Hydro One received two responses, one from a co-generation plant and another from Ontario Power Generation Inc. ("OPG").

Hydro One noted that it continues to work with generator customers to collect and provide information on reliability performance of generator supply points. Because there is no historical database for reliability at generator supply points, comparison against historical performance is not possible at this time. Tracking of generator supply points will be carried out over a period of several years before performance trends and base standards can be established.

In the March Letter, Hydro One also responded to a number of comments made by OPG on Hydro One's proposed "Process to Track Reliability Performance of

Generator Supply Points”. One of these reflects an apparent difference of opinion between these parties as to whether Hydro One is expected to develop performance standards in addition to a process to track reliability performance. In this regard, Hydro One asserted that the 2005 Decision and Order required only that it develop a tracking process, and not reliability standards as argued by OPG.

On April 5, 2007, OPG filed a letter with the Board indicating that it intended to make submissions on the issue of generator delivery point standards but would not be able to do so until after a meeting with Hydro One to discuss the matter that had been scheduled for April 17, 2007. OPG subsequently filed submissions on June 15, 2007. In those submissions, OPG noted that in its view the 2005 Decision and Order requires Hydro One to develop performance standards for generator delivery points, and to submit associated revisions to its CDPPS to the Board for review and approval. However, OPG also noted that it has agreed with Hydro One that there is insufficient data at this time to develop such performance standards. OPG asserted that Hydro One should nonetheless work towards developing generator delivery point performance standards.

OPG also indicated in its submissions that Hydro One has agreed to: (i) work with generators through a stakeholder process to investigate the option of implementing interim generator delivery point standards; (ii) provide an update on the stakeholder process to develop performance standards to generators; and (iii) continue its stakeholder work with generators to develop generator delivery points performance standards, when the data lends itself, using experience from other jurisdictions, for submission to the Board.

OPG concluded that it is satisfied with the agreement reached with Hydro One and asked the Board to endorse Hydro One’s plan to continue its stakeholder process with generators to investigate the option of implementing interim delivery point performance standards and to develop for Board approval performance standards for generator delivery points as the required data becomes available.

The Board confirms that the 2005 Decision and Order required Hydro One to consult with generator customers on the development of a process to track reliability performance for injection points on its transmission system, and to revise its CDPPS documentation accordingly. While the Board intends for Hydro One to develop performance standards for generator delivery points in due course, the 2005 Decision

and Order contemplated only that the CDPPS would be revised initially to incorporate the process for tracking reliability performance for injection points.

The Board remains of the view that performance standards should be developed for generator injection points, and is satisfied that the activities that Hydro One has agreed to undertake as part of its discussions with OPG are an appropriate basis on which to work towards achieving that objective. The Board expects Hydro One to proceed with those activities on a timely basis, including the investigation of the option of developing interim generator delivery point standards for Board review and approval as a stepping stone to the development of enduring standards. The Board will require Hydro One to report annually on its progress regarding those activities. The Board also expects that developments relating to Hydro One's work in relation to the development of interim or enduring performance standards for generator injection points will be posted on Hydro One's website for the benefit of all of its transmission customers.

COST AWARDS

The Board determined that cost awards would be available in relation to this proceeding, and that any costs awarded would be recovered from Hydro One. Two intervenors were determined to be eligible for cost awards in relation to their participation in this proceeding: the Association of Major Power Consumers in Ontario and Ivaco Rolling Mills. The Association of Major Power Consumers in Ontario actively participated in this proceeding. Ivaco Rolling Mills did not file interrogatories or submissions in this proceeding. On that basis, it is not expected that Ivaco Rolling Mills will file a cost claim.

THE BOARD THEREFORE ORDERS THAT:

1. Hydro One Networks Inc. shall revise its document entitled "Customer Delivery Point Standards", as filed on May 3, 2002 and amended on September 8, 2004, in accordance with the findings of the Board set out in the Board's Decision and Order dated July 25, 2005, as and to the extent required by paragraph 1 on page 45 of that Decision and Order. The revised version of the document shall be filed with the Board for review and approval, and delivered to all intervenors in this proceeding, no later than **February 7, 2008**.

2. Hydro One Networks Inc. is relieved from the obligation to comply with the following requirements of the Board's Decision and Order dated July 25, 2005:
 - i. the requirement to prepare a report describing the results of consultations with transmission customers that have generation facilities supplying their sites;
 - ii. the requirement to develop a comprehensive process to deal with power quality issues and to revise its "Customer Delivery Point Standards" documentation accordingly; and
 - iii. the requirement to revise its "Customer Delivery Point Standards" to include a process for tracking reliability performance for injection points on its transmission system.
3. Hydro One Networks Inc. shall, by **March 31, 2009** and by **March 31, 2010**, file with the Board and post on its website a report identifying:
 - i. the developments and progress made in relation to power quality issues in the preceding calendar year; and
 - ii. the developments and progress made in relation to the development of performance standards for generator injection points in the preceding calendar year.
4. The Association of Major Power Consumers in Ontario shall submit its cost claim by **February 7, 2008**. A copy of the cost claim must be filed with the Board and one copy is to be served on Hydro One Networks Inc. The cost claims must be completed in accordance with section 10 of the Board's *Practice Direction on Cost Awards*. In accordance with the Board's letter of November 16, 2007, cost claims for work performed prior to that date must be based on the tariff as it existed prior to the changes to the tariff that were announced on November 16, 2007.
5. Hydro One Networks Inc. will have until **February 21, 2008** to object to any aspect of the costs claimed by the Association of Major Power Consumers in

Ontario. A copy of the objection must be filed with the Board and one copy must be served on the Association of Major Power Consumers in Ontario.

6. The Association of Major Power Consumers in Ontario will have until **February 28, 2008** to make a reply submission as to why the cost claim should be allowed. A copy of the reply submission must be filed with the Board and one copy is to be served on Hydro One Networks Inc.

The Board will then issue its decision on cost awards. The Board's costs may also be dealt with in the cost awards decision. Service of cost claims, objections and reply submissions on parties may be effected by courier, registered mail, facsimile or e-mail.

DATED at Toronto, January 17, 2008

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary