



EB-2005-0241
RP-2001-0034
RP-2001-0035
RP-2001-0036
RP-1999-0044

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

AND IN THE MATTER OF an application by Great Lakes Power Limited pursuant to section 78 of the *Ontario Energy Board Act, 1998* for an order or orders approving or fixing just and reasonable rates for the transmission of electricity.

AND IN THE MATTER OF the review by the Board of its Decision and Order dated April 30, 2002 which approved just and reasonable rates for the transmission of electricity.

BEFORE: Pamela Nowina
Presiding Member and Vice Chair

Bob Betts
Member

Gordon Kaiser
Member and Vice Chair

DECISION AND ORDER

Great Lakes Power Limited ("GLPL") filed an application dated March 8, 2005 with the Ontario Energy Board under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B for an order or orders approving or fixing just and reasonable rates for the transmission of electricity. The Board assigned this application Board file number RP-2005-0241.

In its application, GLPL requested that the Board approve a new revenue requirement for the transmitter. GLPL also requested that the uniform transmission rate for the province of Ontario be adjusted to allow GLPL to recover the new revenue requirement.

On September 15, 2005, the Board approved a revenue requirement for GLPL's transmission division through approval of a settlement agreement reached by GLPL and the intervenors to the application. In phase two of the application, the Board considered how the approved revenue requirement could be recovered by GLPL, and whether the transmission rate for the province should be increased. As the uniform transmission rate applies to four electricity transmitters, GLPL, Hydro One Networks Inc. ("Hydro One"), Canadian Niagara Power Inc. and Five Nations Energy Inc., the Board determined that it was necessary to review the Decision and Order dated April 30, 2002, through which the Board originally set rates for those four transmitters, RP-2001-0034 / RP-2001-0035 / RP-2001-0036 / RP-1999-0044.

GLPL, Hydro One and the Independent Electricity System Operator provided a joint submission to the Board for the GLPL application, proposing that the uniform transmission rate remain the same, but the allocation factors in the transmission rate be changed to increase revenue to GLPL and decrease revenue to Hydro One. The share of revenue allocated to Canadian Niagara Power Inc. and Five Nations Energy Inc. would remain the same. The proposal was distributed for comment to all the intervenors in the GLPL case, and the review of the original rate Decision and Order was combined with this proceeding.

The Board received several submissions agreeing with the joint proposal. It received one submission, from the Power Workers' Union ("PWU"), expressing several procedural and substantive concerns with the proposal, and submitting that it be rejected. GLPL responded to the PWU submission.

The procedural concern of the PWU was that the other transmitters, Canadian Niagara Power Inc. and Five Nations Energy Inc. were not signatories to the proposal. The Board finds that this concern has been addressed through the notice to these parties of the review of the April 30, 2002 Order, and the opportunity provided to make submissions on the joint proposal.

The PWU was also concerned that the proposal provided a subsidy from Hydro One's ratepayers to GLPL's ratepayers. The Board agrees with GLPL that the proposal deals with a re-allocation of revenue, not a cross-subsidy. There is no impact on Canadian Niagara Power Inc. and Five Nations Energy Inc., as the revenue allocated to these transmitters does not change. There could be an impact, (albeit a minor one, considering the proportional share of the pooled transmission revenue requirement attributable to Hydro One) on Hydro One if the revenue it collected in 2006 was

inadequate to recover its 2006 revenue requirement. However, as PWU acknowledges, the Board has initiated a proceeding to determine the revenue requirement of Hydro One for 2006, 2007 and 2008, and the appropriate rate to recover those revenue requirements (EB-2005-0501). If the revenue collected by Hydro One in 2006 is insufficient to recover its revenue requirement, the deficiency can be addressed in that proceeding.

The Board finds that the joint proposal provides the benefit of rate stability while allowing GLPL to recover its approved revenue requirement. The fact that the proposal is supported by: the applicant; Hydro One, the only other transmitter whose revenues will be affected; and the Independent Electricity System Operator, who must implement the proposal, reassures the Board that there is no detriment to Hydro One and that the proposal is practical. The Board will therefore implement the joint proposal.

Minor changes have been made to the rate schedule to bring the terms and conditions up to date with the current legislative and market situation.

THE BOARD THEREFORE ORDERS THAT:

1. The level of the uniform transmission rate for the province of Ontario will not be adjusted. The revenue requirement of GLPL approved in phase one of EB-2005-0241 is to be recovered in the manner prescribed in the variance order described below.
2. The Decision and Order of the Board dated April 30, 2002, RP-2001-0034 / RP-2001-0035 / RP-2001-0036 / RP-1999-0044 is varied as follows:
 - a. The terms and conditions and the rates set out in Appendix A to this Order are approved and replace the terms and conditions and rates set out in the previous rate order.
 - b. The revenue allocators set out in Appendix B to this Order are approved, and replace the revenue allocators set out in the previous rate order.
 - c. The Accounting Order to provide for tracking of Export Transmission Service revenue set out in Appendix C to this Order is approved, and is unchanged from the Accounting Order set out in the previous rate order.
3. Intervenors' cost claims for phase two of the proceeding must be filed by eligible intervenors within 10 days from the receipt of this Decision.

4. The Board's costs of and incidental to this proceeding shall be paid by the applicant immediately upon receipt of the Board's invoice.

DATED at Toronto, December 8, 2005

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

APPENDIX "A"

TO DECISION AND ORDER

**BOARD FILE NO. EB-2005-0241
RP-2001-0034
RP-2001-0035
RP-2001-0036
RP-1999-0044**

DATED DECEMBER 8, 2005

ONTARIO TRANSMISSION RATE SCHEDULES

The rate schedules contained herein shall be effective January 1, 2006.

Issued: December 8, 2005
Ontario Energy Board

TRANSMISSION RATE SCHEDULES

TERMS AND CONDITIONS

(A) APPLICABILITY

The rate schedules contained herein pertain to the transmission service applicable to:

- The provision of Provincial Transmission Service (PTS) to the Transmission Customers who are defined as the entities that withdraw electricity directly from the transmission system in the province of Ontario.
- The provision of Export Transmission Service (ETS) to electricity market participants that export electricity to points outside Ontario utilizing the transmission system in the province of Ontario. The Rate Schedule ETS applies to the wholesale market participants who utilize the Export Service in accordance with the Market Rules of the Ontario Electricity Market, referred to hereafter as Market Rules.

These rate schedules do not apply to the distribution services provided by any distributors in Ontario, nor to the purchase of energy, hourly uplift, ancillary services or any other charges that may be applicable in electricity markets administered by the Independent Electricity System Operator (IESO) of Ontario.

(B) TRANSMISSION SYSTEM CODE

The transmission service provided under these rate schedules is in accordance with the Transmission System Code (Code) issued by the Ontario Energy Board (OEB). The Code sets out the requirements, standards, terms and conditions of the transmitter's obligation to offer to connect to, and maintain the operation of, the transmission system. The Code also sets out the requirements, standards, terms and conditions under which a Transmission Customer may connect to, and remain connected to, the transmission system. The Code stipulates that a transmitter shall connect new customers, and continue to offer transmission services to existing customers, subject to

a Connection Agreement between the customer and a transmitter.

(C) TRANSMISSION DELIVERY POINT

The Transmission Delivery Point is defined as the transformation station, owned by a transmission company or by the Transmission Customer, which steps down the voltage from above 50 kV to below 50 kV and which connects the customer to the transmission system.

The demand registered by two or more meters at any one delivery point shall be aggregated for the purpose of assessing transmission charges at that delivery point if the corresponding distribution feeders from that delivery point, or the plants taking power from that delivery point, are owned by the same entity within the meaning of Ontario's *Business Corporations Act*.

The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV.

(D) TRANSMISSION SERVICE POOLS

The transmission facilities owned by the licenced transmission companies are categorized into three functional pools. The transmission lines that are used for the common benefit of all customers are categorized as Network Lines and the corresponding terminating facilities are Network Stations. These facilities make up the Network Pool. The transformation station facilities that step down the voltage from above 50 kV to below 50 kV are categorized as the Transformation Connection Pool. Other electrical facilities (i.e. that are neither Network nor Transformation) are categorized as the Line Connection Pool.

All PTS customers incur charges based on the Network Service Rate (PTS-N) of Rate Schedule PTS.

EFFECTIVE DATE:
January 1, 2006

REPLACING RATE:
April 30, 2002

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Transmission Rate Schedule

TRANSMISSION RATE SCHEDULES

The PTS customers that utilize transformation connection assets owned by a licenced transmission company also incur charges based on the Transformation Connection Service Rate (PTS-T). The customer demand supplied from a transmission delivery point will not incur transformation connection service charges if a customer fully owns, or has fully contributed toward the costs of, all transformation connection assets associated with that transmission delivery point.

The PTS customers that utilize lines owned by a licenced transmission company to connect to Network Station(s) also incur charges based on the Line Connection Service Rate (PTS-L). The customer demand supplied from a transmission delivery point will not incur line connection service charges if a customer fully owns, or has fully contributed toward the costs of, all line connection assets connecting that delivery point to a Network Station. Similarly, the customer demand will not incur line connection service charges for demand at a transmission delivery point located at a Network Station.

(E) MARKET RULES

The IESO will provide transmission service utilizing the facilities owned by the licenced transmission companies in Ontario in accordance with the Market Rules. The Market Rules and appropriate Market Manuals define the procedures and processes under which the transmission service is provided in real or operating time (on an hourly basis) as well as service billing and settlement processes for transmission service charges based on rate schedules contained herein.

(F) METERING REQUIREMENTS

In accordance with the Market Rules and the Transmission System Code, the transmission service charges payable by Transmission Customers shall be collected by the IESO. The IESO will utilize Registered Wholesale Meters and a Metering Registry in order to calculate the monthly transmission service charges payable by the Transmission Customers.

Every Transmission Customer shall ensure that each metering installation in respect of which the customer has an obligation to pay transmission service charges

arising from the Rate Schedule PTS shall satisfy the Wholesale Metering requirements and associated obligations specified in Chapter 6 of the Market Rules, including the appendices therein, whether or not the subject meter installation is required for settlement purposes in the IESO-administered energy market. A meter installation required for the settlement of charges in the IESO-administered energy market may be used for the settlement of transmission service charges.

The Transmission Customer shall provide to the IESO data required to maintain the information for the Registered Wholesale Meters and the Metering Registry pertaining to the metering installations with respect to which the Transmission Customers have an obligation to pay transmission charges in accordance with Rate Schedule PTS.

The Metering Registry for metering installations required for the calculation of transmission charges shall be maintained in accordance with Chapter 6 of the Market Rules. The Transmission Customers, or Transmission Customer Agents if designated by the Transmission Customers, associated with each Transmission Delivery Point will be identified as Metered Market Participants within the IESO's Metering Registry. The metering data recorded in the Metering Registry shall be used as the basis for the calculation of transmission charges on the settlement statement for the Transmission Customers identified as the Metered Market Participants for each Transmission Delivery Point.

The Metering Registry for metering installations required for calculation of transmission charges shall also indicate whether or not the demand associated with specific Transmission Delivery Point(s) to which a Transmission Customer is connected attracts Line and/or Transformation Connection Service Charges. This information shall be consistent with the Connection Agreement between the Transmission Customer and the licenced Transmission Company that connects the customer to the IESO-Controlled Grid.

(G) EMBEDDED GENERATION

The Transmission Customers shall ensure conformance of Registered Wholesale Meters in accordance with Chapter 6 of Market Rules, including

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Metering Registry obligations, with respect to metering installations for embedded generation that is located behind the metering installation that measures the net demand taken from the transmission system if (a) the required approvals for such generation are obtained after October 30, 1998; and (b) the generator unit rating is 2 MW or higher for renewable generation and 1 MW or higher for non-renewable generation; and (c) the Transmission Delivery Point through which the generator is connected to the transmission system attracts Line or Transformation Connection Service charges. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, Bio-gas, landfill gas, or water.

Accordingly, the distributors that are Transmission Customers shall ensure that connection agreements between them and the generators, load customers, and embedded distributors connected to their distribution system have provisions requiring the Transmission Customer to satisfy the requirements for Registered Wholesale Meters and Metering Registry for such embedded generation even if the subject embedded generator(s) do not participate in the IESO-administered energy markets.

(H) EMBEDDED CONNECTION POINT

In accordance with Chapter 6 of the Market Rules, the IESO may permit a Metered Market Participant, as defined in the Market Rules, to register a metering installation that is located at the embedded connection point for the purpose of recording transactions in the IESO-administered markets. (The Market Rules define an embedded connection point as a point of connection between load or generation facility and distribution system). In special situations, a metering installation at the embedded connection point that is used to settle energy market charges may also be used to settle transmission service charges, if there is no metering installation at the point of connection of a distribution feeder to the Transmission Delivery Point.

In above situations:

- The Transmission Customer may utilize the metering installation at the embedded connection point, including all embedded generation and load connected to that point, to satisfy the requirements described in Section (F) above provided that the

same metering installation is also used to satisfy the requirement for energy transactions in the IESO-administered market.

- The Transmission Customer shall provide the Metering Registry information for the metering installation at the embedded connection point, including all embedded generation and load connected to that point, in accordance with the requirements described in Section (F) above so that the IESO can calculate the monthly transmission service charges payable by the Transmission Customer.

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Transmission Rate Schedule

RATE SCHEDULE: PTS	PROVINCIAL TRANSMISSION SERVICE
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APPLICABILITY:

The Provincial Transmission Service (PTS) is applicable to all Transmission Customers in Ontario who own facilities that are directly connected to the transmission system in Ontario and that withdraw electricity from this system.

	<u>Monthly Rate (\$ per kW)</u>
Network Service Rate (PTS-N):	
\$ Per kW of Network Billing Demand ^{1,2}	2.83
Line Connection Service Rate (PTS-L):	
\$ Per kW of Line Connection Billing Demand ^{1,3}	0.82
Transformation Connection Service Rate (PTS-T):	
\$ Per kW of Transformation Connection Billing Demand ^{1,3,4}	1.50

The rates quoted above shall be subject to adjustments with the approval of the Ontario Energy Board.

Notes:

1. The demand (MW) for the purpose of this rate schedule is measured as the energy consumed during the clock hour, on a "Per Transmission Delivery Point" basis. The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV at the Transmission Delivery Point.
2. The Network Service Billing Demand is defined as the higher of (a) customer coincident peak demand (MW) in the hour of the month when the total hourly demand of all PTS customers is highest for the month, and (b) 85 % of the customer peak demand in any hour during the peak period 7 AM to 7 PM (local time) on weekdays, excluding the holidays as defined by IESO. The peak period hours will be between 0700 hours to 1900 hours Eastern Standard Time during winter (i.e. during standard time) and 0600 hours to 1800 hours Eastern Standard Time during summer (i.e. during daylight savings time), in conformance with the meter time standard used by the IMO settlement systems.
3. The Billing Demand for Line and Transformation Connection Services is defined as the Non-Coincident Peak demand (MW) in any hour of the month. The customer demand in any hour is the sum of (a) the loss-adjusted demand supplied from the transmission system plus (b) the demand that is supplied by embedded generation for which the required government approvals are obtained after October 30, 1998 and which have installed capacity of 2MW or more for renewable generation and 1 MW or higher for non-renewable generation. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, Bio-gas, landfill gas, or water. The demand supplied by embedded generation will not be adjusted for losses.
4. The Transformation Connection rate includes recovery for OEB approved Low Voltage Switchgear compensation for Toronto Hydro Electric System Limited and Hydro Ottawa Limited.

TERMS AND CONDITIONS OF SERVICE:

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code, in particular the Connection Agreement as per Appendix 1 of the Transmission System Code, and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to services provided under this Rate Schedule.

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RATE SCHEDULE: ETS	EXPORT TRANSMISSION SERVICE
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APPLICABILITY:

The Export Transmission Service is applicable for the use of the transmission system in Ontario to deliver electrical energy to locations external to the Province of Ontario, irrespective of whether this energy is supplied from generating sources within or outside Ontario.

Hourly Rate

Export Transmission Service Rate (ETS): \$1.00 / MWh

The ETS rate shall be applied to the export transactions in the Interchange Schedule Data as per the Market Rules for Ontario’s Electricity Market. The ETS rate shall be subject to adjustments with the approval of the Ontario Energy Board.

TERMS AND CONDITIONS OF SERVICE:

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to service provided under this Rate Schedule.

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APPENDIX "B"

TO DECISION AND ORDER

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DATED DECEMBER 8, 2005

Ontario Transmission Revenue Allocators

Transmitter	Network	Line Connection	Transformation Connection
Five Nations Energy Inc.	0.00423	0.00423	0.00423
Canadian Niagara Power Inc.	0.00377	0.00377	0.00377
Great Lakes Power Ltd.	0.02907	0.02907	0.02907
Hydro One Networks Inc.	0.96293	0.96293	0.96293
Total	1.00000	1.00000	1.00000

Effective Date: *January 1, 2006*

APPENDIX "C"

TO DECISION AND ORDER

**BOARD FILE NO. EB-2005-0241
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DATED DECEMBER 8, 2005

**Accounting Order to Record Export Transmission Service (ETS)
Tariff Revenues for Ontario Transmitters**

In section 3.8.25 of the Board's Decision with Reasons on RP-1999-0044 dated May 26, 2000, the Board approved Hydro One Networks' proposal for a fixed ETS (formerly called EWT) charge of \$1/MWh. As outlined in section 4.2.3, Hydro One Networks was required to make an application for an accounting order to record ETS revenues. The specifics of the accounting order were approved in the Board's January 15, 2001 Order for Hydro One Networks.

As indicated in the current Decision and Order, the Board has found that the same treatment of ETS revenues is appropriate for the joint applicants. ETS revenues will be collected through a Board-approved Export Transmission Service Rate of \$1.00/MWh.

The proposed accounting order entries to record the Export Transmission Service revenues are indicated below:

Export Transmission Service (ETS) Revenues

To record ETS revenues received.

<u>Name</u>	<u>US of A Number</u>
ETS Revenue	4110