



EB-2007-0759

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

AND IN THE MATTER OF a review by the Board of its
Decision and Order dated December 8, 2005 which
approved just and reasonable rates for the transmission
of electricity.

BEFORE: Pamela Nowina
Vice Chair and Presiding Member

Paul Sommerville
Member

Bill Rupert
Member

ONTARIO UNIFORM TRANSMISSION RATE ORDER

Hydro One Networks Inc. ("Hydro One", or the "Applicant") filed an application dated September 12, 2006 with the Ontario Energy Board (the "Board") under section 78 of the *Ontario Energy Board Act, 1998*; S.O. c.15, (Sched. B) (the "Act"), for an order or orders approving the revenue requirement for the test years 2007 and 2008; customer rates for the transmission of electricity to be implemented on May 1, 2007; changes to the current capital structure with an increase in the return on common equity; the inclusion into rate base of certain capital costs; a revenue requirement adjustment mechanism for 2009 and 2010; and other matters related to the fixing of just and reasonable rates for the transmission of electricity. The Board assigned file number

EB-2006-0501 to the Application (the “Hydro One proceeding”) and issued a Notice of Application dated October 17, 2006. Updates to certain parts of the original Application were filed on February 23, 2007. An oral hearing was held and a Decision with Reasons was released on August 16, 2007.

At the conclusion of the Hydro One proceeding, the Applicant provided the Board with an exhibit that set out the newly approved revenue requirements and charge determinants for Hydro One and the currently approved revenue requirements and charge determinants for the other Ontario transmitters. The exhibit included the calculation of the uniform transmission rates and the allocation factors required by the Independent Electricity System Operator (IESO) to allocate the appropriate revenues to the transmitters (the “Hydro One exhibit”).

Hydro One also requested that the uniform transmission rate for the Province of Ontario be adjusted to allow Hydro One to recover its new revenue requirement. The uniform transmission rates also apply to the other Ontario transmitters: Great Lakes Power Ltd. (“GLPL”), Canadian Niagara Power Inc. (“CNPI”) and Five Nations Energy Inc. (“FNE”).

On September 28, 2007, the Board approved revenue requirements and charge determinants for Hydro One’s transmission business.

On September 28, 2007 the Board issued a notice to all Ontario transmitters in the transmission rates pool advising it would review the December 8, 2005 Decision and Order which determined the current uniform pooled transmission rates (the “December 2005 decision”) (joint proceeding RP-2001-0034, RP-2001-0035, RP-2001-0036, RP-1999-0044 and RP-2005-0241), and that it had combined the Hydro One proceeding with the review of the December 2005 decision, and assigned Board File No. EB-2007-0759 to the combined proceeding.

On September 28, 2007, the Board issued Procedural Order 1 which deemed all intervenors in the Hydro One proceeding to be intervenors in the combined proceeding; attached the Hydro One exhibit as an appendix to the Order and permitted all parties to the combined proceeding except Hydro One to make submissions on the Hydro One exhibit.

The Board received submissions from CNPI and GLPL. In both cases these transmitters confirmed the rates and revenue requirement calculations in the Hydro One exhibit. No other submissions were received.

The Board finds that the uniform transmission rates and revenue shares as set out in the Hydro One exhibit are appropriate.

THEREFORE, THE BOARD ORDERS THAT:

1. The Decision and Order of the Board, RP-2001-0034/RP-2001-0035/RP-2001-0036/RP-1999-0044/RP-2005-0241, dated December 8, 2005 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 uniform transmission 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.
2. The Board's costs of and incidental to this proceeding, if any, shall be paid by Hydro One immediately upon receipt of the Board's invoice.

ISSUED at Toronto, October 17, 2007

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

**APPENDIX "A" TO
ONTARIO UNIFORM TRANSMISSION RATE ORDER**

BOARD FILE NO. EB-2007-0759

DATED: October 17, 2007

APPENDIX A

**ONTARIO TRANSMISSION RATE SCHEDULES
EB-2007-0759**

**The rate schedules contained herein shall be effective November 1, 2007 until
December 31, 2008.**

Issued: October 17, 2007
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:

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December 31, 2008

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REPLACING BOARD

ORDER: RP-1999-0044,
RP-2001-0034/35/36, EB-
2005-0241 December 8, 2005

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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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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}	2.31
Line Connection Service Rate (PTS-L):	
\$ Per kW of Line Connection Billing Demand ^{1,3}	0.59
Transformation Connection Service Rate (PTS-T):	
\$ Per kW of Transformation Connection Billing Demand ^{1,3,4}	1.61

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
ONTARIO UNIFORM TRANSMISSION RATE ORDER**

BOARD FILE NO. EB-2007-0759

DATED: October 17, 2007

Ontario Uniform Transmission Rates

Revenue Allocators

**Effective November 1, 2007 until
December 31, 2008**

Transmitter	Network	Line Connection	Transformation Connection
Five Nations Energy Inc.	0.00479	0.00479	0.00479
Canadian Niagara Power Inc.	0.00427	0.00427	0.00427
Great Lakes Power Ltd.	0.03217	0.03217	0.03217
Hydro One Networks Inc.	0.95877	0.95877	0.95877
Total	1.00000	1.00000	1.00000

**APPENDIX "C" TO
ONTARIO UNIFORM TRANSMISSION RATE ORDER**

BOARD FILE NO. EB-2007-0759

DATED: October 17, 2007

**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