

# Transmission Connection Cost Responsibility

## OEB Policy Review

EB-2008-0003

*Summary of Initial Submission  
of Hydro One Networks Inc.*

*Load Connections*

*February 14, 2008*



# Transmission Connection Cost Responsibility

## Principle #1

**Cost responsibility must not impede needed transmission reinforcement**

**Load**: Drive appropriate business behaviours to promote adequate, timely transmission reinforcement.

# Transmission Connection Cost Responsibility

## Principle #2

### **Promote regulatory certainty, administrative efficiency, and effective transmission planning**

- Cost responsibility rules must be clear and unambiguous.
- Rules must not require case-by-case interpretation.
- Rules must set out an efficient process.
- Regulatory certainty is required to facilitate the transmission planning process.

# Transmission Connection Cost Responsibility

## Key Message 1

**Need overall system-wide assessment of the “economics” of certain proposed transmission enhancements**

- This does not apply to load connections.

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## Key Message 2

### **Pre-defined criteria should guide cost responsibility for reliability assessments**

- Difficult to determine whether a plan is for “load growth” or for “system reliability and integrity”.
- Pre-defined criteria needed (e.g. IESO’s *Ontario Resources and Transmission Assessment Criteria*) and should be administered by the Board via an amended TSC.
- Criteria and associated rules would be used by OPA, IESO and transmitters for reliability assessments and cost assignment for local area supply.

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## Key Message 3

### **Basic and premium service categories could be established**

- Modeled after DSC concept, for load and generation
- To provide a mechanism for fair and reasonable risk-sharing between transmitters and customers
- Costs for connection facilities that constitute Basic Service would be pooled
- Incremental costs for facilities that exceed Basic Service would not be pooled but would be recovered from connecting customers as “Premium Service”

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## Load Connections

Load connections require clear TSC rules that assign cost responsibility and recognize that load growth, reliability and system integrity are inseparable considerations.

### **The TSC could define a “Basic Service”**

- Connection cost for the “Basic Service” would notionally be paid for through pooled rates and as such would not attract a capital contribution.
- The Basic Service could be based on distance and/or standard of supply (e.g. a single/double line connection; undergrounding).

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## Issues – Load Connections

**Should LDCs be treated differently from industrials?**

- Maybe

**Does Hydro One's previous definition of Local Area Supply (based on number of customers) have merit?**

- This is the forum to re-examine this option.

**Should the location of load/generation be a factor?**

- Yes. Cost responsibility rules should reflect this.

**How do we ensure that cost responsibility rules encourage appropriately-sized facilities?**

- Standards needed in TSC to promote good asset utilization (e.g. avoid under-investment that lead to overloading).