

DISTRIBUTION SYSTEM CODE TASK FORCE

CHAPTER 8

**SUMMARIES OF RECOMMENDATIONS:
OTHER SERVICES PROVIDED BY DISTRIBUTORS**

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8.1 OTHER SERVICES PROVIDED BY DISTRIBUTORS

[FINALIZED: MARCH 7, 2000]

Issue Statement

Ontario distributors traditionally have provided services beyond distribution of electricity. For example, distributors have provided installation and maintenance of street lighting, billing for other municipal services and energy efficiency programs.¹ Under section 71 of the *Ontario Energy Board Act, 1998*, a distributor may be limited with respect to other services that it may provide. The issue is:

What other services should a distributor be obligated to provide and what process should be implemented for establishing or monitoring charges for these other services?

Option

1. Allow distributors to determine the other services it will provide and require them to define other services in their Conditions of Service.
2. Clearly define in the Distribution System Code (DSC) other services a distributor must provide.

Insert a placeholder in the DSC that will describe other services a distributor may provide once the Ontario Energy Board finalizes its guidelines on interpretation of section 71 of the *Ontario Energy Board Act, 1998* and other directives.

Background Information

Section 71 of the *Ontario Energy Board Act, 1998* states:

. . . a transmitter or distributor, other than a public utility commission or a municipal corporation, shall not, except through an affiliate or affiliates, carry on any business activity other than transmitting or distributing electricity.

The Board currently is developing guidelines on which activities a distributor may perform directly. In the draft guidelines, distribution activities are defined to include activities considered

¹ Joint use of distribution equipment and joint use agreements are addressed in a separate Summary of Recommendation.

as essential to enable the conveyance of electricity.²

Under the draft rule, a distributor may offer distribution services to other entities to utilize excess service capacity if these services pass the "Predominant-Use Test." A distributor could provide distribution services to another entity if the portion offered does not exceed 25 percent of total service capacity measured by total number of labour hours, total costs of material consumption or total unit of output. Services that may fall under this criteria could include joint use issues such as allowing use of land subject to the easement or other right for purpose of providing telecommunications service. However, joint use issues have been addressed in a separate Summary of Recommendation.

Implementation Issues

With respect to other activities, the DSC has allowed distributors freedom to make their own operating decisions, but require documentation of these decisions in the Conditions of Service. This approach may be viable once established rules are set. However, if the DSC allows distributors to provide other services at their discretion, the DSC may imply a false freedom that may be curbed by other Board rulings.

If the DSC is to serve as the tool that limits other services that a distributor may provide, the DSC could list which activities a distributor may perform. This approach, however, cannot be implemented until the guidelines on interpretation of section 71 or other directives are finalized. To incorporate selected services into the DSC at this point would be premature.

Summary of Discussion

In light of the fact that other services is an area being addressed by other processes, it may be prudent simply to include a placeholder in the draft DSC that would incorporate the Board's final decision on which services a distributor may provide. Means of obtaining compensation for these activities and fees that a distributor may charge would be addressed elsewhere.

Any attempt by the DSC Committee to detail other services or allow a distributor to define their services is likely to be overturned by a separate process that addresses these issues directly. Instead of being overturned, it may be prudent to include a placeholder for these issues to show completeness in the Committee's work and to identify an area where further work is required in another venue.

Recommendation

We recommend Option 3. Insert a placeholder in the DSC that will describe other services a distributor may provide once the Ontario Energy Board finalizes its guidelines on interpretation of

² Draft Guidelines for the Interpretation of Section 71 of the *Ontario Energy Board Act, 1998*, Staff Draft for Consultation Purposes, November 15, 1999.

section 71 of the *Ontario Energy Board Act, 1998* and other directives. The Conditions of Service should include a section that describes in more detail which of the other services a distributor provides.

Voter Summary

Unanimous.

Dissenting Opinions

None.