

**Minutes of the Distribution Systems Code Task Force
Fifth Meeting – June 9, 1999, 9:30 a.m. to 3:30 p.m.**

Location: Ontario Energy Board Offices

1. The Chair welcomed the following new members & guests:

Lisa Brickenden, Nabih Mikhail & Chris Mackie from Ontario Energy Board
Tanya Bodell from PHB Hagler Bailly, Inc.
Frank Mongillo from Trans Power Utility Contractors Inc.
Tom Godfrey from Sault Ste. Marie Public Utilities Commission
Bruce Lillico from Ottawa Hydro

2. **Comments on Minutes of Previous Meeting**

- Page 3 – Guidelines of Natural gas Expansion--- Second paragraph will be revised to: “The use of a portfolio approach to system expansion projects was developed to enable the gas utilities to undertake projects that failed to meet the prescribed profitability index on a stand alone basis, but could be undertaken if the utility rolling portfolio of all such projects achieved a minimum profitability index of 1.1”.
- Appendix C – Connections & Expansions in Victoria, Australia, Britain & California dated May 27, 1999-- Page 8, Item #7 is required definition.

Action: Tanya Bodell will find out.

3. **Payment to Electrical Safety Authority**

The was a concern that the LDC would be required to pay for calling out the Electrical Safety Authority (ESA) to inspect its customer whom the LDC found the customer has unsafe condition. It was suggested from ESA that the customer not complying with safety regulations will be responsible to pay. Also, The ESA will have minimum funding for its operation. A question was raised that if ESA responds anonymous call.

Regarding inspection requirement for LDC, it was advised that the LDC core business does not require inspection. But the LDC retail business will require ESA inspection.

Action: John O’Neill will ask ESA.

4. **Overview of exclusivity issue with respect to Distribution Licenses**

Kirsten Walli advised that the Board has not granted any exclusive distribution licence based on the following Acts:

Section 70(11) OEB Act states: “The licence of a distributor shall specify the area in which the distributor is authorized to distribute electricity”.

Section 70(6) OEB Act states: “Unless it provides otherwise, a licence under this Part shall not hinder or restrict the grant of a licence to another person within the same area and the licensee shall not claim any right of exclusivity”.

Section 28 Electricity Act states: “A distributor shall connect a building to its distribution system if, (a) the building lies along any of the lines of the distributor’s distribution system; and (b) the

owner, occupant or other person in charge of the building requests the connection in writing”.

Section 13 of the Transitional Distribution Licence states: “.....the licensee shall make an offer to connect a building to its distribution system if: (c) the building is within the Licensee’s service area as described in Schedule 1 and (d) the owner, occupant or other person in charge of the building requests connection in writing.

Ontario Hydro Services Company was not granted an exclusive service territory in its transitional distribution licence.

However, non-exclusivity does not mean open season for any LDC to expand to the territory where has been serviced by other LDC. All LDCs have identified their territories when they received their licences. Further clarification (not amendment) of service territory will be done in the next few months.

When LDC’1’ wants to supply Customer ’A’ in LDC’2’ territory, LDC’1’ is required to submit to OEB for amendment of its licence to include the Customer ’A’ with compelling justifications. LDC’2’ can challenge the submission. OEB will determine based on the following criteria: public interest, system-wide economic efficiency, cost to Customer ’A’, rate impact on LDC’2’ current customers, financial situation of LDCs, quality of service, system reliability, etc.

A question was raised if the Customer ’A’ is allowed to choose LDC’1’ and apply to OEB. It was advised that probably LDC’1’ be required to apply instead of Customer’A’ to amend its licence.

Regarding the existing load transfer agreement between LDCs, it is a complex issue due to the following reasons:

- Different price – which one the customer will pay?
- Different Retailer – which one will issue bill to the customer?
- Non-payment – which LDC suffers the financial losses?

It was suggested that load transfer agreements could either be grandfathered or phased-out. Further study is needed.

5. Review example of recommendation template (Appendix 5A)

Tanya Bodell explained the draft of summary of recommendation “When a Building ”Lies Along” a Distribution Line” (Appendix 5A).

There was a lot of discussion about the definition of “lies along”. The Task Force was advised that the Rate Handbook will have charges for connection and the Distribution System Code (DSC) has to be aligned with the Rate Handbook which will be out next few weeks. It was suggested our Task Force should set the definition because the Rate Handbook will focus on costs and does not go into details.

Unanimously voted for Option #3 in Appendix 5A to establish the definition of “lies along”. The Option #3 states “General definition under which each distributor can develop its own practice with respect to equipment and expense required for a connection.” The LDC shall specify its

requirements/practices in its Condition of Supply. However, the Task Force could not reach a decision and suggest action for Kirsten Walli and Tanya Bodell.

**Action: Kirsten Walli checks with OEB and existing legal Interpretations about the definition of “lies along”.
Tanya Bodell will revise the draft and resubmit for next meeting.**

6. Review & discuss strawman of code sections on expansion and connections (Appendix 5B)

Ken Quesnelle explained the draft proposal addressing an LDC’s obligations related to the requirement that an LDC connect any building that lies along its distribution system.

· **LDC obligations (including minimum design standards)**

In Recommendation Bullet #2, the word “commitment” instead of “obligation” should be used.

All LDCs should provide their Condition of Supply due to ease for OEB regulation and customer understanding. The LDC can change its Condition of Supply anytime as long as meeting the OEB standards and regulations. How much information in the LDC’s Condition of Supply is up to the LDC.

A concern was raised that small LDCs do not have resources to establish their own Condition of Supply. It was suggested that the Condition of Supply does not need to be a thick document. The LDC could comply with the OEB’s documents and regulations instead of establishing its own Condition of Supply.

A question was raised if the DSC has a procedure to file a complaint. Electricity Retail side has established process/procedures to file complaint.

Action: Kirsten Walli will check with OEB.

· **Customer Obligations**

In Recommendation Bullet #1, there was a concern that customer must make a request for service **in writing** may be too cumbersome for small customer e.g. residential. It was explained that the legal definition “in writing” is very broad, as long as: a) both parties communicate, b) record can be kept and c) record can be permanently stored. Telephone conversation could be considered as “in writing”. It was suggested that LDC should have right to ask customer to request service in writing. But the LDC should not be obliged to get the service request “in writing”.

Regarding Recommendation Bullet #2, discussion was centered on customer construction that would tie to LDC facilities. Issues such as design, right to construct, inspection were discussed.

Action: Ken Quesnelle will re-consider Bullet #2.

· **Supply Conditions**

Discussion was centered on voltage level availability to customers and possible requirement for regulated standards. It was decided that Recommendation Bullet #1 should be deleted.

Recommendation Bullet #2, LDC should comply with voltage variance tolerance standard in

the CSA code. There was discussion that a clause should be identified in the DSC to protect LDC's liability for "uncontrollable" event causing damage to customer.

Recommendation Bullet #3 should be revised as "That the Condition of Supply communicate to the customer what voltage levels are available within the service territory."

Recommendation Bullet #4 should be revised as "That an LDC be **allowed** to offer" This will provide the LDC an option to offer but no obligation to comply with customer's request.

· **Process(including tendering process)**

It was suggested that method for estimating charges for connection should be published and received approval from OEB. There was discussion if the connection fee should be incremental fee or fixed charge. No subsidy to the improvement of the LDC system is allowed. Also, development charges and capital contribution were discussed. The Task Force was advised that OEB will determine.

7. **Point of demarcation by service class (Appendix 5C)**

Ottawa Hydro and Collingwood Public Utilities Commission use the property line as point of demarcation. Questions were raised that why do we change to "property line" as point of demarcation and what is allowed in the rate base. It was suggested that "property line" demarcation could be used for rate and other point of demarcation could be used for operation. This is because that using "property line" could create complexity for operation. Other suggestion was to grandfather the existing arrangement.

Action: Members send comments to Ken Quesnelle

8. **Future meetings**

Majority voted to start meeting at 9:30 a.m. Next meeting is Wednesday, June 23, 1999 in OEB Office. Future meetings will be held on every second Wednesday starting on June 23, 1999.

Action: Members reserve every second Wednesday starting on June 23, 1999.

The meeting adjourned at 3:30 p.m.

Recording Secretary: Stephen Au, P. Eng.

Appendices:

- (5A) Summary of recommendation – when a building "lies along" a distribution line
- (5B) Strawman proposal addressing item A, 1) of work plan
- (5C) Table 1 – Points of demarcation by service class