

**Minutes of the Distribution Systems Code Task Force
Fourth Meeting - May 27, 1999, 9:30 a.m. to 3:30 p.m.**

Location: Ontario Energy Board Offices

1. Minutes were reviewed and clarification noted for items which will be revised by previous minute taker.
 - to 13 - revise first bullet to; **Billing & Settlement**,
 - to 14 - revise to read - connections & expansions (treated together), maintenance, metering ~~(to be discussed by chairs)~~ **approach to be developed in the Work Plan** and definitions and obligations.
 - under New Business section the OHSC conditions of supply - **were provided** at the last meeting
 - request to try to use electronic document files attached to minutes when practical for material handed out at meetings. Example was Work Plan from last meeting. In future will note by reference to Appendices in minutes.

2. Additional Agenda items;

Jeanne Sole from PHB/HB advised the task force that she would be leaving the task force team to take an opportunity to work with the California IMO. Tanya Bodell will be replacing her on the task force.

Following items were added to agenda;

- Request to add update from M.E. Richardson on Guidelines for Natural Gas Expansions
- Request to add review S. George proposal on Recommendation Template Strawman

3. Update on Overlap Issues;

A meeting was held with task force chairs and OEB staff to discuss overlap issues of the RSC and DSC and a memo was circulated to the Task Force (Appendix A - Potential overlap between the distribution system code and the retail settlement code, dated May 18, 1999). The memo outlined a list of items with assigned responsibilities to each task force while recognizing that ongoing coordination between the RSC & DSC will still be needed.

The discussion from the task force indicated a concern with timing of work assignments from various subgroups. It was left for each subgroup to identify anything needed from another task force or subgroup that was seen as a prerequisite and to coordinate these views through the OEB (Kirsten).

Action: Subgroups

As well, the DSC chairs will meet to review the overall plan for coordination of activities from the Work Plan.

Action : DSC Chairs

It was recognized that the Connections Issue was one that will have a lot of overlap but since someone has to start somewhere the DSC will take this as far as we can while keeping the other task force informed of our progress.

Action: DSC Chairs

4. Discussion on connection and extension

a. Review of summaries of responses to questions

A preliminary overview of a sample of the responses to the Connection/ Expansion/ Upgrade Questions was shared with the task force. The questions were intended to help provide an indication of what others are doing [Sort of who does what and how?] and although still very preliminary

helped reinforce how varied the approaches of different utilities are in some cases and yet again how similar in some others. Once the responses have been collated into the report the results will be issued to the task force members. [electronically] **Action: Ron LaPier**

Discussion during the presentation indicated that these questions will in turn lead to more questions and that use of common terminology and definitions will be important for the task force.

Discussion on the use of or need for customer contracts indicated various approaches by those present. Further research into Bill 35 was suggested in regards to this topic.

Discussion on utility practices for extensions with respect to the Development Charges Act also indicated various approaches. The task force may need to explore the legal aspects of this further on this topic also.

One item identified for further work was to explore the responsibilities and practices around safety related customer equipment/ service inspections when identified by third parties [utilities] with the Electrical Safety Authority. **Action: John O'Neill**

b. Review straw proposals [Definitions]

A draft list of definitions for discussion purposes was presented to the task force. [see Appendix B - Proposed Definitions for Discussion Purposes]

The 4 definitions Connection, Expansion, Upgrade and Reinforcements were presented with the goal of getting everyone on the same page in terms of terminology. Once we can finalize these for use the proposal was to consider them also in the sense of how they would be applied and the repercussions. Some revisions were suggested as well as a suggestion to go to the words in Section 92 of the Act for headings (which is not yet proclaimed). **Action: Ken Quesnelle**

Discussion on Connection Charges was leading to possibly two alternative approaches. One could be basically be an incremental “new dedicated costing” approach while an alternative might include the above plus an element of future system upgrade costs in each connection (part of TS, Feeder, etc.).

c. Review of examples form other jurisdictions

Jeanne Sole presented an overview of practices in three jurisdictions where retail competition is in progress. [see Appendix C - Connections and Expansions in Victoria, Australia, Britain and California dated May 27, 1999]

It was recognized that each jurisdictions approach to overall market design and rules makes comparing “codes” difficult since some may choose to put more detail in different levels such as in regulations, licences, codes, guidelines or individual terms and conditions. As well the other basic market design impacts and structure needs to be considered in each location so making comparisons of codes and codes is difficult. If we are seeking comparisons we need to do so with our own structure in mind and look for the level of detail we want from others in potentially other levels than we may be using. As an example, what we need in our DSC may be comparable to what another jurisdiction has in a licence. Even then we need to consider the unique features of individual markets.

Highlights from the three jurisdictions:

Victoria - for connections requiring “augmentation” there are checks and balances around utilities charges to customers. For lower cost connections the utilities price would normally be used unless the customer wants to dispute it. When the charges are above \$5000 the customer can accept the utility estimate or request the utility to get two tenders for an upper limit price that the utility can undertake the work for.

Britain - more requirements at licence level (approx. 200 page licence) More is in utility control for connections but filing of rationale behind the posted connection schedules are required. They’ve also used some tendering processes but have had difficulties in that contractors may view the utility itself as a larger client opportunity.

California - seems to be more specifics at the level of the individual utility terms and conditions

In general the balance between regulator intervention and more local checks and balances with regulator oversight seems to be the design decision. Understanding of full market design and unique features is needed.

d. Added Item - Guidelines for Natural Gas Expansion

A presentation to the task force on the current practices for expansions by natural gas utilities provided an outline of the recent changes in this area. [document circulated to the task force by e-mail prior to the meeting - Summary of Guidelines for Natural Gas System Expansion Portfolios, dated May 25, 1999]

The document summarizes some background on the EBO 188 Report (1998) regarding expansion of the natural gas systems in Ontario. (the complete report is available on the OEB web site). 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. EBO 188 also addresses customer connection and contribution policies for individual projects.

Board staff have acknowledged that this new order which took effect in 1998 will likely continue in some form into the PBR methodology but it is not something anyone can guarantee in what form. The task force recognized that both these areas are new to our regulatory practices and it is difficult to say how they might evolve.

e. Determine follow up for next meeting

The connection and extension (expansion) effort will continue to be a focus of the whole DSC. The subgroup will continue working on a strawman for the next meeting addressing this issue as outlined in the Work Plan items A1,2,3,4. It was suggested that A3 be considered as a “place holder” which would receive more detailed treatment in a following section. The draft will be circulated at the latest by the Monday prior to the next meeting for review by other members of the task force.

If anyone has any suggestions/ input to help address the sub topics under this section send them to Ken Quesnelle early next week (by June 2nd?).

5. Compile and review work plan issues for subsequent topics.

Begin identifying persons interested in participating in various sub groups.

Included added item - Review recommendation template strawman in this section.

The task force reviewed a proposed process and format for handling task force issues developed by Steve George (see Appendix D - Strawman Template for Task Force recommendations, dated May 26, 1999).

It was generally accepted that we would attempt to utilize this format for future work being undertaken on the Work Plan by the sub groups with the exception of our current efforts around Connections, Expansions and Reinforcements. Given the amount of work already accomplished in this area the sub group will continue to work towards more of a "code" format for discussion and after that, will prepare the "how we got there" version that the template seems to favour so that our work processes and background work will also be captured.

Sub groups are requested to develop their individual Work Plan issues in the proposed new format.

Task force members who are currently not assigned to a Work Plan sub group are asked to review the plan and if interested contact previously assigned members to offer assistance.

[The Work Plan was not issued to all DSC task force members prior to this meeting. The Chairs will undertake to provide a current version and who is currently working on a sub group - hopefully with a contact name. If you don't receive something soon the writer assumes we can contact Kirsten at the OEB for assistance]

Some new members have contacted the OEB to participate on the task force and it was generally accepted that we would be glad to have some additional assistance. The writer assumes an updated member list will be developed by OEB staff.

6. The next meeting was confirmed for Wednesday June 9, 1999 from 9:00 a.m. To 3:30 p.m. At the OEB offices.

Recorder: Kevin Bell

Appendices:

- A. Potential overlap between the distribution system code and the retail settlement code, dated May 18, 1999
- B. Proposed Definitions for Discussion Purposes
- C. Connections and Expansions in Victoria, Australia, Britain and California dated May 27, 1999
- D. Strawman Template for Task Force recommendations, dated May 26, 1999