

The Distribution System Code

Frequently Asked Questions

General

- Q.** Does the definition of customer include developers?
- A.** Yes, a customer is defined in the code as a person who has contracted for or intends to contract for connection of a building. This includes developers of residential or commercial sub-divisions.
- Q.** What is the process for changing a service area? Is the process different if the proposed change is in response to municipal growth?
- A.** You must apply to the board for an amendment to your licence if you want to change your service area.
- Q.** Can an embedded distributor participate in the wholesale market?
- A.** Yes, if you get your supply from another distributor you can participate in the wholesale market, even though you are not connected directly to the transmission system. However, you **must** register with the Independent Electricity Market Operator.

Conditions of Service

- Q.** According to clause 2.4.3 of the code, distributors have one year to prepare new conditions of service documents. What are the requirements regarding conditions of service during this transition period?
- A.** A distributor's policies are to be consistent with the code when it comes into force. Distributors have one year after the code comes into force to document their conditions of service in accordance with the requirements set out in clause 2.4.6 and Appendix A. The completed conditions of service documents must be filed with the board on or before this deadline and made available to customers.
- If you want to change your conditions of service after the document has been filed, you must notify the public in advance as per clause 2.4.8 and refile the updated conditions of service document with the board.

Connections

- Q.** What service size (100 amp, 200 amp, 400 amp, etc.) constitutes the standard basic connection defined in the code for residential customers?
- A.** The intent of clause 3.1.4 is to provide all residential customers with the standard basic connection, regardless of service size. The standard basic connection consists of at least 30 metres of overhead or underground equivalent connection and the necessary transformer capacity. Customers should not be charged a connection fee for this service.
- Q.** Is a service upgrade, e.g., 100 amp to 200 amp, classed as a connection? Can a distributor charge a fee for upgrading a residential service?
- A.** An upgrade should be treated the same way as a connection, that is, customers should be provided with the standard basic connection without paying a connection fee.
- Q.** Can a distributor define a basic connection distance longer than 30 metres for residential customers?
- A.** Yes, a distributor can choose to define a basic connection greater than 30 metres, but the distance must be documented in the conditions of service.
- Q.** To which point on the customer's property is the 30 metres measured for residential customers?
- A.** Clause 3.1.4 doesn't specify. The basic 30-metre connection must be provided regardless of where the ownership demarcation point is.
- Q.** In multiple residence dwellings such as apartments, does the distributor have to provide a 30-metre allowance for every customer?
- A.** In an apartment building you are supplying not only tenants but elevators, heating and air conditioning equipment, hallway and lobby lighting, etc. Also some apartment buildings have end-use metering while others do not. We suggest you treat apartment buildings as commercial customers.

Expansions

Q. When does the capital contribution methodology of the code become effective?

A. Provisions in the code pertaining to capital contributions came into effect Sept. 29, 2000.

Q. Appendix B of the code specifies a maximum study period of 25 years and maximum customer connection period of five years for financial evaluations. When would it be appropriate to use shorter periods?

A. The 25-year revenue and five-year connection horizon periods are recommended for financial evaluations unless you can clearly demonstrate that these time periods are inappropriate.

You may want to use shorter periods, for example, when a development isn't expected to last for 25 years.

Q. When dealing with a subdivision developer, can a distributor collect the calculated shortfall from the end-use customers as a special surcharge on the monthly bill over a period of time?

A. This may be appropriate, however, when a subdivision is being developed there are usually no end-use customers. As the connection agreement is with the developer you would collect the capital contribution from the developer.

Q. Large customers may dispute the distributor's forecasted load levels in calculating capital contribution requirements. How can distributors handle disagreements in forecast revenues? Can distributors enforce a minimum load level that the customer must take or pay for?

A. Distributors are responsible for preparing load forecasts, using the best available information.

The risk associated with load forecasting could be reduced by including a load/demand guarantee in the connection agreement, or by asking the customer for periodic contributions rather than a single up-front payment.

Q. Does the board intend to develop a model (spreadsheet) for doing the financial evaluation defined in Appendix B?

A. No, distributors are expected to develop their own tools for evaluation. Distributors

with similar needs may want to develop a model they can all use.

Alternative Bids

Q. Is a contractor who builds a distribution system in a new subdivision development allowed to be the distributor in that area?

A. Normally the contractor transfers ownership to the distributor after the system has been constructed. A customer who wishes to retain ownership of the assets and act as the distributor in a subdivision must apply to the board for a distribution licence.

As well as owning and maintaining the assets, distributors must also provide metering services, settlement and billing in accordance with the Retail Settlement Code, and a standard supply service in accordance with the Standard Supply Service Code. They must also adhere to the rules of the Electricity Distribution Rate Handbook and meet the requirements of the Distribution System Code.

Q. If the capital contribution requested by the distributor represents only a small portion of the total expansion cost, does the customer have the right to seek an alternative bid on the entire expansion?

A. Yes, clause 3.3.1 indicates that if the distributor is requesting a capital contribution, customers may seek alternative bids for the portion of the expansion that does not involve existing circuits.

Q. Can a distributor work as a private contractor in another distributor's service area?

A. Section 71 of the *Ontario Energy Board Act*, which is not yet in force, would not permit a distributor to act as a private contractor. Until this section is proclaimed, a distributor must ensure all such activities are properly accounted for at a fair market value.

Q. When dealing with alternative bids, can distributors force contractors to buy material from the distributor's stores?

A. No, distributors may not require contractors to use material from their stores. Under alternative bid scenarios customers must use qualified contractors who are familiar with the distributor's requirements, including material specifications.

As indicated in clause 3.3.4, the distributor has the right to approve the constructed facilities before connecting them to the system.

- Q.** Under the alternative bid scenario, can distributors incorporate a profit in their offer to the customer, as they are operating in a competitive environment?
- A.** The methodology set out in Appendix B allows for the distributor's approved return on equity. No additional amount is permitted.

Operations

- Q.** With regard to clause 4.5.5, what is the distributor's responsibility for ensuring emergency back-up generation to meet Electrical Safety Authority requirements?
- A.** Customers must comply with the Electrical Safety Code.
- Distributors must ensure that customers are aware of their obligations to meet ESA requirements and take appropriate action if they are not being met.
- Q.** With regard to unplanned outages, what is the difference between a force majeure event and an emergency?
- A.** Force majeure and event of force majeure refers to acts of God, unusually severe weather, strike, riot, civil disturbance, sabotage or acts of a public enemy, war, insurrection, fire or flood, earthquake, or explosion. They also include curtailment, order, regulation, or restriction imposed by governmental, military or lawfully established civilian authorities and other causes, which by the exercise of due diligence and foresight parties could not reasonably have been expected to avoid, and which by the exercise of due diligence they are unable to overcome.
- Emergency refers to any abnormal system condition that requires remedial action to prevent or limit loss of a distribution system or supply of electricity that could adversely affect the reliability of the electricity system.
- Q.** When establishing inspection cycles, is a line classified as rural or urban for an entire feeder or segments of a feeder?
- A.** According to Appendix C, lines are classed as urban when they serve more than 60 customers per kilometre. If an entire circuit runs through an urban area, it is defined as urban.
- Where only part of a circuit runs through an urban area, the distributor may define that portion as urban and the rest as rural, or the entire circuit may be defined as urban.

Metering

- Q.** Clause 5.3.7 requires a distributor to have an inspection program for complex (polyphase) metering installations. How often do inspections have to be carried out?
- A.** The distributor decides how often inspections will be carried out.
- Q.** Does a distributor's charge for interval meters provided in response to a customer request have to be approved by the board?
- A.** Yes, all customer charges for distribution related services must be approved by the board.
- Q.** Clause 5.2.4 requires distributors to apply loss factors to generation output if the meter is not at the defined point of supply. On what basis should these loss factors be developed?
- A.** Loss factors used to compensate for the fact that the meter is not at the defined supply point should be based on the characteristics of the facilities, such as conductor size and length or transformer impedance between the meter and the defined supply point.
- Q.** For MIST metering (metering inside the settlement time frame) above the threshold, does the distributor have to provide for the communication line?
- A.** Clause 5.1.3 requires distributors to provide a MIST meter installation for existing customers with average monthly load levels above 1 MW and for new customers with load levels of more than 500 kW. Meter installation is defined to include telecommunication equipment.
- Q.** Can a distributor apply to the board to have metering done by a private meter service provider?
- A.** A distributor may contract metering without obtaining board approval. This would not in any way affect the distributor's obligations under its licence and the relevant codes and handbooks.

- Q.** Who has responsibility for metering of embedded distributors?
- A.** An embedded distributor who is a wholesale market participant must provide the required metering and register it with the Independent Electricity Market Operator. If the distributor is not participating in the wholesale market, the distributor providing the supply is responsible for metering.

Responsibilities of the Distributor

To Customers and Generators

- Q.** When are connection agreements mandatory?
- A.** Distributors must have connection agreements with wholesale market participants and with generators connected to the distribution system. This includes licenced generators who sell the energy they generate, as well as customers who have co-generation facilities normally connected with the distribution system.
- Q.** Can a distributor use joint use lines outside its service territory to serve customers?
- A.** Distributors can serve only customers within their licenced service area.

To Other Distributors

- Q.** Can a distributor be classed as both a host distributor and an embedded distributor?
- A.** The 'host' and 'embedded' terminology refers to the relationship between two distributors across a metered wholesale supply point. A distributor who supplies power to one distributor and has an embedded supply from another may be classed as both a host and an embedded distributor.
- Q.** If an embedded distributor requires an upgrade to electrical facilities provided by its host distributor, who pays for the upgrade?
- A.** It is the responsibility of distributors to negotiate supply arrangements between themselves.

- Q.** Can an embedded distributor own a distribution line in the host distributor's service area? Can they connect customers to it?
- A.** Distributors can own lines in another distributor's service area but they may supply customers only within their licenced service area.
- Q.** Are existing joint-use agreements still valid?
- A.** Yes. In general, these agreements satisfy the requirement of clause 6.4.1. Agreements must be kept up to date by incorporating new sharing arrangements.
- Q.** Do you apply the same financial evaluation methodology in Appendix B in determining capital contributions from embedded distributors? Is this requirement effective Sept. 29, 2000?
- A.** The methodology of Appendix B is a suitable way of determining capital contributions from embedded distributors but the code does not specify its use with embedded distributors, as it does with load customers and generators.

Load Transfers

- Q.** Can an existing load transfer arrangement be resolved, as required by clause 6.5.4, by converting the supply to a metered wholesale supply point?
- A.** Establishing a metered wholesale supply point between one distributor and another may be an efficient way to deal with some load transfer situations. It may be particularly effective where a host distributor's line passes right through the embedded distributor's service area with load transfer customers tapped along the line.

Metering the supply into and out of the embedded distributor's service area would effectively meter the supply to the embedded distributor.