



EB-2004-0505

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15 (Schedule B) (the "Act");

AND IN THE MATTER OF an amendment to a rate order with respect to Great Lakes Power Limited under s.79.9(3) of the Act to provide for Wholesale Meter Services Rebates and Exit Charges.

BEFORE: Paul Vlahos
Presiding Member

Bob Betts
Member

DECISION AND ORDER

On March 11, 2004, the Board issued an Order (RP-2003-0188/EB-2003-0233) amending Hydro One's Transmission Rate Order, prescribing rebates and charges related to Wholesale Meter Services Rebates and Exit Charges.

On April 22, 2004, the Board sent Great Lakes Power Limited ("GLPL") a copy of the Hydro One Order and a copy of the Board's Report to the Minister of Energy on this issue, dated November 23, 2003. The Board asked for GLPL's submissions on a similar arrangement for the Province's smaller transmitters. GLPL provided its submissions to the Board by letter on May 14, 2004.

On September 10, 2004, the Board's Report on Wholesale Metering Rebates and Exit Charges for Smaller Transmitters was submitted to the Minister of Energy with the Board's recommendations on this issue. The Board's recommended solution was for GLPL to provide a rebate to its customers who made or will make alternative arrangements for the provision of wholesale metering services in the amount of \$5,700 and charge an exit fee equivalent to the net book value of the meter assets. GLPL would be permitted to set up a deferral account so that the difference between the rebate amounts and the avoided costs of not having to provide wholesale metering services would be recorded for later disposition.

On October 8, 2004 the Board received the Minister's response, in which the Board was asked to amend the rate order of GLPL in accordance with the recommendations included in the Board's report of September 10, 2004. The Board has assigned file no. EB-2004-0505 to this proceeding.

On November 24, 2004 the Board sent a letter of direction to GLPL by Priority Post. Subsequently, GLPL informed the Board that the letter had not been received.

On December 20, 2004, GLPL requested an extension to the original service dates. As a result, on January 7, 2005, the Board sent a revised Letter of Direction and a Notice to be served on affected parties. GLPL served the Notice, its submissions and other related material as directed by the Board. The intervention period expired on February 23, 2005. There were no intervenors.

On February 7, 2005, GLPL, in response to the revised Letter of Direction, submitted that its transmission rate order should be amended to reflect the following:

- exit fee should be based on the actual net book value of any meter and ancillary equipment that is stranded by a customer choosing to make its own wholesale metering arrangement;
- a rebate of \$5,700 per metering point per year should be paid to any customer who stopped receiving wholesale metering services from GLPL since market opening or who may do so prior to the Board's decision on GLPL's next rates application; and
- a deferral account should be established to track the rebates and the avoided cost of not providing metering service to customers who have made their own arrangements.

On March 17, 2005, GLPL provided certain information on the methodology it uses to determine the net book value of its wholesale metering assets and how the exit fee is determined. It clarified, among other things, that the calculation includes the costs of the ancillary equipment and associated installation costs.

The Board finds that it is appropriate for GLPL to rebate \$5,700 per metering point per year to metered market participants who stopped receiving wholesale metering services from GLPL. This rebate amount is the same as that approved by the Board in the case of Hydro One and recommended by the Board to the Minister. The Board notes GLPL's efforts to provide rebates to its customers retroactively since market opening along with those who may exit GLPL's metering service.

The Board notes that GLPL has been charging exit fees based on the net book value for each individual meter and ancillary equipment that are stranded by a metered market participant who has chosen to make its own wholesale metering arrangements. The Board accepts that this methodology is appropriate for GLP since such information is readily available to the utility.

The Board finds that the request to create a deferral account to be acceptable in the circumstances. The Board expects the deferral account to record all rebates paid out and the offsetting valuation of avoided costs. Since the exit fee is equivalent to the net book value of assets, it will be offset by a write off from capital assets and need not be recorded in the deferral account.

The Board reminds Great Lakes Power that the creation of this deferral account does not provide any suggestion of how or if its balance will eventually be recovered.

THE BOARD ORDERS THAT:

- 1) The rate order of Great Lakes Power Limited is amended with the rates set out in Appendix "A" of this Order, effective April 1, 2005.
- 2) Great Lakes Power Limited shall settle the accounting details of the deferral account with the Board's Chief Regulatory Auditor as soon as possible.
- 3) Great Lakes Power Limited shall notify the metered market participants of the rate changes as they become applicable.

DATED at Toronto, April 5, 2005.

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

Appendix "A"

EB-2004-0505

April 5, 2005

ONTARIO ENERGY BOARD

Great Lakes Power Limited

REBATE And EXIT FEE SCHEDULE FOR WHOLESALE METER SERVICE

Issued: April 5, 2005
Ontario Energy Board

APPLICABILITY:

This rate schedule is applicable to the *metered market participants* * that are transmission customers of Great Lakes Power Limited (“GLPL”) and to *metered market participants* that are customers of a Local Distribution Company (“LDC”) that is connected to the transmission system owned by GLPL.

* The terms and acronyms that are italicized in this schedule have the meanings ascribed thereto in Chapter 11 of the Market Rules for the Ontario Electricity Market.

(a) Annual Wholesale Meter Service Rebate

The *metered market participant* in respect of a *load facility* (including LDC) shall be eligible to receive an annual rebate of \$5,700 for each *meter point* that is not under the transitional arrangement for *metering installation* in accordance with Section 3.2 of Chapter 6 of the Market Rules for the Ontario Electricity Market.

The Wholesale Meter Service Rebate shall be retroactive from May 1, 2002 and , where applicable, shall be calculated by prorating on a monthly basis, taking into account the number of full months during which the *meter point* is not under the transitional arrangement.

(b) Fee for Exit from Transitional Agreement

The *metered market participant* in respect of a load facility (including LDC) or a *generation facility* may exit from the transitional arrangement for *metering installation* upon payment of a one-time exit fee equal to the actual net book value of the stranded meter and ancillary equipment required for the meter installation.