

DETAILED NOTICE OF PROPOSAL TO AMEND

THE DISTRIBUTION SYSTEM CODE

BOARD FILE NO.: RP-2003-0113

To: All Interested Persons

The Ontario Energy Board ("OEB" or the "Board") is giving notice under section 70.2 of the *Ontario Energy Board Act, 1998*, (the "Act") of its proposal to amend the Distribution System Code (the "Code").

These Code amendments arise out of a Directive (the "Directive") issued pursuant to Section 27.1 of the Act, and received by the Board from the Minister of Energy on June 18, 2003. The Directive requires the Board to review and enhance licence conditions to address the need for standardization, consistency and clarity with regards to procedures and requirements for facilitating connection of new generation facilities to local distribution companies ("LDCs").

The Code, the Directive, a Background Document, the Report and Recommendations based on Stakeholders' Consultations, this Detailed Notice, the published Notice, and the proposed amendments to the Code, together with a Letter of Transmittal, are available on the OEB web site at www.oeb.gov.on.ca.

The Code sets the minimum conditions that an electricity distributor must meet in carrying out its obligations to distribute electricity under its licence and the *Electricity Act, 1998*. All licensed electricity distributors in the province must comply with the provisions of the Code as a condition of licence.

The purpose of the amendments to the Code is to clarify, streamline and simplify the processes for connecting new generation to LDCs. The Code amendments outline a standardized process for connection of new generation to LDCs, including setting time lines, filing and technical requirements and obligations on distributors in reviewing applications, and also establish a standard form of contract for very small generation projects.

The Board anticipates that parties will benefit by the specification and standardization of the processes, technical requirements, and contracts and agreements involved in connecting new generation to LDCs.

The Board also anticipates the amendments to the Code will reduce the complexity of the connection process. This is expected to encourage connection of new generation to LDCs.

In particular, the Board proposes the following provisions as amendments to the Code to achieve these benefits:

- definition of four generation size categories and specified process and technical requirements for each category, including an expedited, connection process for the Micro (#10 kW) category;

- prescribed time frames for the specific steps LDCs must take to connect generation;
- processes for connection of generation facilities that separate the payment of assessment and connection costs, thereby allowing generators to evaluate and manage, in stages, the costs of connecting to LDCs;
- development of multiple cost estimates throughout the connection process, some high level and some detailed to aid generators in anticipating and managing costs;
- upon mutual agreement between the LDC and the generator, flexibility to shift a project from a larger size category/process requirement to a smaller one;
- an initial LDC/generator preliminary meeting, at no charge to the generator;
- clear identification of LDCs' roles and responsibilities at each step of the process;
- definition and sequencing of the activities leading to connection of generation to LDCs, avoiding issues arising when steps are taken out of order;
- standardized, binding connection agreement for very small generators; and
- defining the technical requirements to be met in connecting specific sizes of generation to LDCs.

It is anticipated that LDCs will incur some expense in providing to generators an initial consultation at no charge to the generator. The LDCs may also incur costs in the preparation of a generic information package and additional staff time to take actions within the specified time frames. While providing clarity and control of connection costs, the proposed amendments to the Code are not expected to affect the costs to the generator of the inspections, the estimate, assessment, design and other work required to connect new generation to LDCs. The main determinants of these costs are the size and technical complexity of the applicant's proposed generation facility and the specifics of an LDC's system at the proposed connection point.

The Board will not be granting cost awards in this matter.

Written submissions with respect to the proposed amendments to the Code are invited. Any person who wishes to make a written submission with respect to the amendments to the Code **must** file nine (9) paper copies of the submission, and an electronic copy in Adobe Acrobat (PDF), or WordPerfect or Word, if possible, with the Assistant Secretary by **4:30 p.m. on December 5, 2003**. The Board requests that the submission specifically reference the relevant sections of the Code. Your submission **must** quote file number **RP-2003-0113** and include your name, address, e-mail address and fax number. The written comments received by the Board will be available for public inspection at the office of the Board during normal business hours and on the OEB web site at www.oeb.gov.on.ca.

If you have any questions regarding the Code, please contact Sahar Mishriki at 416 440-8117 or Beverley Jaffray at 416 440-8101, or call toll free 1-888-632-6273.

Dated at Toronto, November 21, 2003

Mark C. Garner
Board Secretary