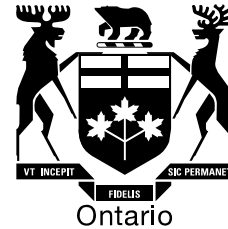


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November 21, 2003

To: All Interested Persons

Re: Connection of New Generation to Distribution Systems
Proposal to Amend the Distribution System Code (DSC)
Board File No.: RP-2003-0113

In June 2003, the Board received a Directive from the previous Minister of Energy with respect to connecting new generation to local distribution systems. On July 16, the Board advised stakeholders of the Board's approach to fulfilling the Minister's Directive to the Board. The Board held public consultations to address the issues raised by the Directive throughout August - October 2003.

Consultations resulted in certain recommendations by stakeholders to amend the Distribution System Code (DSC) to allow for standardization, consistency and clarity with regards to procedures and requirements for facilitating connection of new generation facilities to local distribution companies (LDCs). You may review the *Connection of New Generation to Distribution Systems - Stakeholders' Report and Recommendations as Prepared by Board Staff* on the OEB web site, at www.oeb.gov.on.ca

The Board generally adopted stakeholders' recommendations in preparing the proposed DSC amendments for the reasons discussed in the above report and is publishing these amendments for public comment. The proposed DSC amendments are also posted on the OEB web site.

The attached Notice of Proposal to amend the Distribution System Code describes the rationale for the proposed amendments and the time frame and process for providing comments on these proposed amendments.

In addition to the proposed DSC amendments, in response to stakeholders' other recommendations, the Board intends to proceed as follows:

Standardization of contracts and applications by size of electricity generation

The Board is proposing a standard contract for micro-embedded load displacement generation to encourage and facilitate the connection of new generation to the distribution system. The Board recognizes the need expressed by stakeholders for standardization of other contracts and processes that are related to the connection of new generation to the distribution system. Standardization will enhance transparency and minimize the cost and time for completing an application and entering into a contract.

The Board will pursue this matter in the near future.

Further development and maintenance of a Technical Requirements Reference

The Board notes the need expressed by stakeholders for a Technical Requirements Reference which would provide additional information about the technical requirements by size category. The Board reviewed the draft reference document which was prepared by stakeholders (see *Connection of New Generation to Distribution Systems - Stakeholders' Report and Recommendations as Prepared by Board Staff*) and understands that this document can provide the basis for information reference. The document is not complete in its current form. The Board will seek further input towards future development and maintenance of such a reference.

Determination of the level of net cumulative generation pending a net metering regulation

This regulation is referred to in section 70(6.1) of the OEB Act which deals with cumulative generation capacity which a distributor must allow to be connected to its distribution system. This regulation has not been issued to date. The Board will seek the input of industry to develop the minimum cumulative net metering levels once the regulation is issued or information on the requirements is made public. The Board agrees with stakeholders that it would be premature to determine such levels in the absence of a net metering regulation.

Determination of a queuing process

Determining a queuing process would allow a generator that applies to be connected to the distribution system to secure a position or a priority to connect over other future applicants. Stakeholders have indicated the need to develop fair and transparent queuing requirements which would account for the different generation types and sizes as well as LDC needs. The Board will examine in the near future the issue of queuing.

Determination of an enhanced dispute resolution process

The Board notes the issues raised during consultations with respect to the need for a timely and effective dispute resolution. The Board will review the adequacy of the current provisions and if necessary will develop an enhanced dispute resolution requirement in the near future.

Communication of stakeholders' "Out-of-Scope" issues

The Board will, under separate cover, review and communicate as appropriate to the Minister of Energy or other government bodies the issues raised by stakeholders during consultations which were either out of the scope of the Directive or beyond the jurisdiction of the Board.

Mark C. Garner
Board Secretary