

**EB-2012-0009**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c.15;

**AND IN THE MATTER OF** a determination by the  
Ontario Energy Board on the Green Energy Plan Electricity  
Rate Protection Benefit and Charge for 2011 as required  
under  
Section 79(1) of the *Ontario Energy Board Act, 1998*  
and Ontario Regulation 330/09;

**AND IN THE MATTER OF** a determination by the  
Ontario Energy Board under Section 21(4) of the *Ontario  
Energy Board Act, 1998* to dispose of this proceeding  
without a hearing.

**BEFORE:** Cynthia Chaplin  
Vice Chair and Presiding Member

## **DECISION AND ORDER**

### **INTRODUCTION**

Under section 79.1 of the *Ontario Energy Board Act, 1998*, the Ontario Energy Board, in approving just and reasonable rates for a distributor that incurs costs to make an eligible investment for the purpose of connecting or enabling the connection of a qualifying generation facility to its distribution system, shall provide rate protection for prescribed consumers or classes of consumers in the distributor's service area by reducing the rates that would otherwise apply in accordance with the prescribed rules.

Ontario Regulation 330/09 states that the rate protection amount is to be collected by the Independent Electricity System Operator (“IESO”) from all electricity market participants. The Regulation requires the Board to determine the monthly amount to be collected by the IESO such that the total amount that is to be collected is equal to the total amount of rate protection that is to be provided.

The Board determines the total amount to be collected each year by aggregating the rate protection amounts determined for each qualifying distributor in their distribution rate decisions. For 2011, two distributors were provided with rate protection: Hydro One Networks Inc. in the amount of \$19.7 million (from the EB-2009-0096 decision) and Hydro One Brampton Networks Inc. in the amount of \$179,199 (from the EB-2010-0132 decision).

### **BOARD FINDINGS: THE 2012 COMPENSATION AMOUNT**

The Board has determined the total 2012 amount to be collected by the IESO in 2012 to be \$19,876,135. This total is based on several distribution rate decisions issued in 2011 in which the Board determined the following 2012 compensation amounts:

- For Hydro One Brampton Networks Inc.: \$167,655 for 2012 (EB-2011-0174 dated January 5, 2012);
- For Horizon Utilities Corporation: \$8,480 for 2012 (EB-2011-0172 dated December 21, 2011);
- For Hydro One Networks Inc. Distribution: \$19,700,000. Hydro One Networks Inc. indicated in its EB-2011-0399 US GAAP application that it is not requesting any change to its approved 2011 distribution rates and expects these rates to continue into 2012, with all appropriate costs continuing to be tracked in Board approved deferral and variance accounts, including its green energy related expenditures for Smart Grid, Express Feeders and other Renewable Generation. Therefore, the Hydro One Networks compensation amount for 2012 will remain at its 2011 level of \$19,700,000, as determined in the EB-2010-0191 order issued December 21, 2010.

The monthly amount to be collected by the IESO from all market participants in 2012 shall be \$1,656,345. The monthly charge for each market participant will vary with the actual consumption of the market participant in that month.

In making this determination, the Board acknowledges that distributors will be passing on their share of this charge to their electricity distribution customers through the Wholesale Market Service Charge ("WMSC") currently approved by the Board at \$0.0052 per kWh. It is the Board's view that at its current level, this charge will have a minimal impact on balances in the WMSC variance account (Account 1580) and the Board will not adjust the WMSC at this time. Therefore, the WMSC shall remain at its current level of \$0.0052 per kWh.

### **DETERMINATION TO DISPOSE OF THIS PROCEEDING WITHOUT A HEARING**

The Board has made its determination of the 2012 compensation amount to be collected by the IESO in accordance with Ontario Regulation 330/09 and the requirements of the *Ontario Energy Board Act, 1998*. Ontario Regulation 330/09 prescribes the methodology the Board uses to determine the amount to be collected for any given year.

The total amount to be collected by the IESO for 2012 is derived from previous decisions of the Board in which compensation amounts were determined for qualifying distributors: EB-2009-0096, EB-2011-0174 and EB-2011-0172. The findings in this Decision involve only the implementation of findings in previous decisions. The Board has therefore determined that no person will be adversely affected in a material way by the outcome of this proceeding, and, in accordance with section 21(4)(b) of the *Ontario Energy Board Act, 1998*, has disposed of this matter without a hearing.

### **IMPLEMENTATION**

The monthly amount to be collected by the IESO shall be \$1,656,345 per month effective January 1, 2012 and until such time as the Board revises this amount.

Attached to this Decision and Order are communications to the IESO (Appendix A) and to distributors and retailers (Appendix B) regarding the monthly charge for 2012.

**DATED** at Toronto, January 20, 2012

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

**EB-2012-0009**

**APPENDIX A**

**January 20, 2012**

Communication to the IESO on Collection of Compensation Amounts under Ontario  
Regulation 330/09 for 2012

**Ontario Energy Board**  
P.O. Box 2319  
27th. Floor  
2300 Yonge Street  
Toronto ON M4P 1E4  
Telephone: 416- 481-1967  
Facsimile: 416- 440-7656  
Toll free: 1-888-632-6273

**Commission de l'énergie de l'Ontario**  
C.P. 2319  
27e étage  
2300, rue Yonge  
Toronto ON M4P 1E4  
Téléphone: 416- 481-1967  
Télécopieur: 416- 440-7656  
Numéro sans frais: 1-888-632-6273



**BY EMAIL**

January 20, 2012

Mr. Brian Rivard  
Manager, Regulatory Affairs & Policy Sector Analysis  
Independent Electricity System Operator  
Station A, Box 4474  
Toronto, ON, M5W 4E5

Dear Mr. Rivard:

**Re: Collection of Compensation Amounts under Ontario Regulation 330/09 for 2012**

Ontario Regulation 330/09 under the *Ontario Energy Board Act, 1998*, regarding cost recovery for eligible investments for the purpose of connecting or enabling the connection of a qualifying generation facility to a distribution system, requires the Ontario Energy Board to calculate the monthly amount to be collected by the Independent Electricity System Operator (the "IESO") to provide compensation to qualifying distributors for rate protection provided to consumers.

On July 21, 2010 the Board issued its EB-2010-0191 decision, authorizing the IESO to implement the charge for 2010.

On December 21, 2010 the Board issued its decision for 2011 (EB-2010-0191), based on the approved 2011 Distribution Rate Order for Hydro One Networks Inc.

On May 31, 2011 the Board issued an additional decision for 2011, based on the approved 2011 Distribution Rate Order for Hydro One Brampton Networks Inc (EB-2011-0125).

### **Amount to be charged by the IESO in 2012**

In its EB-2012-0009 Decision and Order, the Board has determined that effective January 1, 2012 and until such time as the Board revises it, the amount to be collected by the IESO from all market participants in the year 2012 shall be \$19,876,135, or \$1,656,345 per month (based on a 12 month recovery period).

The Board expects the IESO to implement this charge as soon as possible with monthly amounts adjusted, if necessary, to ensure the entire amount is collected and remitted to the qualifying distributors in a timely manner.

The following monthly amounts are to be forwarded to the following qualifying distribution utilities:

- Hydro One Networks Inc. \$1,641,667
- Hydro One Brampton Networks Inc. \$ 13,971
- Horizon Utilities Corporation \$ 707

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary

Cc Hydro One Networks Inc.  
Hydro One Brampton Networks Inc.  
Horizon Utilities Corporation

Attachment

**EB-2012-0009**

**APPENDIX B**

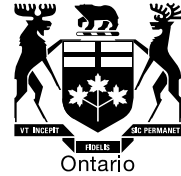
**January 20, 2012**

Communication to All Licensed Electricity Distributors on the Collection of  
Compensation Amounts under Ontario Regulation 330/09 for 2012



**Ontario Energy Board**  
P.O. Box 2319  
27th. Floor  
2300 Yonge Street  
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**BY EMAIL**

January 20, 2012

To: All Licensed Electricity Distributors

**Re: Collection of Compensation Amounts under Ontario Regulation 330/09 for 2012**

Ontario Regulation 330/09 under the *Ontario Energy Board Act, 1998*, regarding cost recovery for eligible investments for the purpose of connecting or enabling the connection of a qualifying generation facility to a distribution system, requires the Ontario Energy Board to calculate the monthly amount to be collected by the Independent Electricity System Operator (the "IESO") to provide compensation to qualifying distributors for rate protection provided to consumers. On January 20, 2012 the Board issued its EB-2012-0009 Decision and Order directing the IESO to adjust the charge for 2012. The EB-2012-0009 Decision and Order is attached.

### **Amount to be Charged by the IESO in 2012**

The EB-2012-0009 Decision and Order established the 2012 compensation amount for the following qualifying distributors, based on the rate decisions for those distributors:

- Hydro One Networks Inc.: for the amount of \$19,700,000 (EB-2009-0096);
- Hydro One Brampton Networks Inc.: \$167,655 (EB-2011-0174); and
- Horizon Utilities Corporation Inc.: \$8,480 (EB-2011-0172).

Therefore, the total amount to be collected by the IESO in the year 2012 is \$19,876,135, or \$1,656,345 per month (based on a 12 month recovery period).

The monthly amount billed to each distributor in the province will vary depending on the kWh withdrawn from the IESO-controlled grid for each month.

## **Amount to be Charged by Distributors in 2012**

In determining amount to be collected from the IESO, the Board acknowledged that distributors will be passing on this charge to their electricity distribution customers through the Wholesale Market Service Charge (“WMSC”) currently approved by the Board at \$0.0052 per kWh. It was the Board’s view that at its current level, the RGCRP would have a minimal impact on balances in the WMSC variance account (Account 1580) and therefore did not adjust the WMSC. The WMSC will remain at its current level of \$0.0052 per kWh.

Yours truly,

*Original Signed By*

Kirsten Walli  
Board Secretary

Attachment