



**EB-2011-0405**

**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 Rural or Remote Electricity Rate  
Protection Benefit and Charge for 2011 as required under  
section 79(1) of the *Ontario Energy Board Act, 1998* and  
Ontario Regulation 442/01.

**By delegation**, before: Pascale Duguay

## **DECISION WITH REASONS and RATE ORDER**

### **INTRODUCTION**

Ontario Regulation 442/01 requires that the Ontario Energy Board (the "Board") perform the following steps to determine the Rural or Remote Electricity Rate Protection ("RRRP") benefit and charge for the next year:

- calculate the amount of RRRP benefit eligible consumers will receive;
- receive from the Independent Electricity System Operator ("IESO") a forecast of the number of kilowatt hours of electricity that will be withdrawn from the IESO-controlled grid, as determined in accordance with the market rules, for use by consumers in Ontario during the next calendar year; and
- calculate the amount of the charge to be collected by the IESO for each kilowatt hour of electricity that is withdrawn from the IESO-controlled grid, as determined in accordance with the market rules, for use by consumers in Ontario, so that the total

amount of RRRP benefit forecast to be collected is equal to the total amount of rate protection to be provided.

## **DETERMINING THE 2012 RRRP BENEFIT AND CHARGE**

In accordance with Ontario Regulation 442/01, the Board has estimated the total RRRP benefit in 2012 to be \$156 million. This amount includes an estimated RRRP over collection of \$9.7 million for the 2011 calendar year including carrying charges. The IESO's applicable 2012 Demand Forecast, filed with the Board 60 days prior to year end, is 141.3 TWh. The Board notes that any over or under recovery of the total RRRP amount in 2012 will be tracked in a variance account held by Hydro One Networks Inc.

The Board has determined that effective January 1, 2012, the RRRP charge to be collected by the IESO shall remain at the current level of 0.13 cents per kilowatt-hour.

The Board has further determined that effective May 1, 2012, the RRRP charge to be collected by the IESO shall be reduced to 0.11 cents per kilowatt-hour.

The Board has made its determination on the RRRP charge based on Ontario Regulation 442/01 and the requirements of the *Ontario Energy Board Act, 1998* (the "Act"). Ontario Regulation 442/01 prescribes the methodology the Board will use to determine the RRRP charge for any given year.

The Board is issuing this Decision and Order without a hearing pursuant to section 21(4) of the Act. The calculation of the RRRP charge is a mechanistic exercise, and the Board has determined that that no person will be adversely affected in a material way by the outcome of this proceeding.

## **IMPLEMENTATION**

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

The Board has also determined that, given the change in the RRRP charge that the IESO will use to invoice distributors effective May 1, 2012, it will also be necessary to reflect the same change in the RRRP charge that all rate regulated distributors use to

bill their customers effective May 1, 2012. This will ensure that amounts paid to the IESO by each distributor are recovered from the customers of the distributor.

**Therefore, the Board Orders that:**

1. The IESO's RRRP charge shall continue to be 0.13 cents per kilowatt-hour effective January 1, 2012.
2. Effective May 1, 2012, the IESO shall revise its RRRP charge to 0.11 cents per kilowatt-hour.
3. The RRRP charge used by rate regulated distributors to bill their customers shall continue to be \$0.0013 per kilowatt hour effective January 1, 2012. This unit rate shall apply to customer's metered energy consumption adjusted by the Total Loss Factor approved by the Board.
4. The RRRP charge used by rate regulated distributors to bill their customers shall be revised to \$0.0011 per kilowatt hour, effective May 1, 2012. This unit rate shall apply to customer's metered energy consumption adjusted by the Total Loss Factor approved by the Board.

**DATED** at Toronto, December 21, 2011

**ONTARIO ENERGY BOARD**

*Original Signed By*

Pascal Duguay  
Manager, Electricity Rates

**APPENDIX A**

**To Decision With Reasons and Rate Order**

**Communication to the IESO on the 2012 RRRP Charge**

**Board File No. EB-2011-0405**

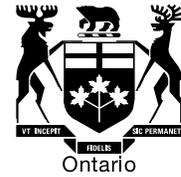
**Dated: December 21, 2011**

**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**

December 21, 2011

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: Rural or Remote Electricity Rate Protection**

Ontario Regulation 442/01 (Rural or Remote Electricity Rate Protection) (made under the *Ontario Energy Board Act, 1998*) requires the Ontario Energy Board (the "Board") to calculate the amount to be charged by the Independent Electricity System Operator ("IESO") with respect to Rural or Remote Electricity Rate Protection ("RRRP") for each kilowatt-hour of electricity that is withdrawn from the IESO-controlled grid.

**Amount to be charged by the IESO for RRRP**

The Board has determined that effective January 1, 2012, the RRRP charge to be collected by the IESO shall remain at the current level of 0.13 cents per kilowatt-hour.

The Board has further determined that effective May 1, 2012, the IESO's RRRP charge to be collected by the IESO shall be 0.11 cents per kilowatt-hour.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary

**APPENDIX B**

**To Decision With Reasons and Rate Order**

**Communication to All Licensed Electricity Distributors and  
Retailers on the 2012 RRRP Charge**

**Board File No. EB-2011-0405**

**Dated: December 21, 2011**

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**BY EMAIL**

December 21, 2011

To: All Licensed Electricity Distributors and Retailers

**Re: Rural or Remote Electricity Rate Protection**

Ontario Regulation 442/01 (Rural or Remote Electricity Rate Protection) (made under the *Ontario Energy Board Act, 1998*) requires the Ontario Energy Board (the "Board") to calculate the amount to be charged by the Independent Electricity System Operator ("IESO") with respect to Rural or Remote Rate Protection ("RRRP") for each kilowatt-hour of electricity that is withdrawn from the IESO-controlled grid.

**Amount to be Charged by the IESO for RRRP**

The Board has determined that effective January 1, 2012, the RRRP charge to be collected by the IESO shall remain at the current charge of 0.13 cents per kilowatt-hour.

The Board has further determined that effective May 1, 2012, the RRRP charge to be collected by the IESO shall be 0.11cents per kilowatt-hour.

**Amount to be Charged by Distributors and Retailers for RRRP**

Effective January 1, 2012, the amount to be charged by distributors and retailers to their customers with respect to the RRRP shall remain at the current level of 0.13 cents per kilowatt-hour.

Effective May 1, 2012, the amount to be charged by distributors and retailers to their customers with respect to the RRRP shall be 0.11 cents per kilowatt-hour.

These unit rates shall apply to customer's metered energy consumption adjusted by the Total Loss Factor approved by the Board.

The Board wishes to remind all distributors and retailers that in accordance with subsection 5(6) of the Regulation:

A distributor or retailer who bills a consumer for electricity shall aggregate the amount that the consumer is required to contribute to the compensation required by subsection 79(3) of the Act with the wholesale market service rate described in the Electricity Distribution Rate Handbook issued by the Board, as it read on October 31, 2001.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary