



EB-2012-0453

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 2013 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

December 20, 2012

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Independent Electricity System Operator (“IESO”) a forecast of the number of kilowatt hours of electricity that will be withdrawn from the IESO-controlled grid, as determined in accordance with the market rules, for use by consumers in Ontario during the next calendar year; and
- calculate the amount of the charge to be collected by the IESO for each kilowatt hour of electricity that is withdrawn from the IESO-controlled grid, as determined in accordance with the market rules, for use by consumers in Ontario, so that the total amount of RRRP benefit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 2013 RRRP BENEFIT AND CHARGE

In accordance with Ontario Regulation 442/01, the Board has estimated the total RRRP benefit in 2013 to be \$159 million. This amount includes an estimated RRRP over collection of \$7.0 million for the 2012 calendar year including carrying charges. The IESO’s applicable 2013 Demand Forecast, filed with the Board 60 days prior to year end, is 138 TWh. The Board notes that any over or under recovery of the total RRRP amount in 2013 will be tracked in a variance account held by Hydro One Networks Inc.

The Board has determined that effective January 1, 2013, the RRRP charge to be collected by the IESO shall be increased to 0.12 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.

This Decision and Order is being issued by Delegated Authority without a hearing pursuant to section 6(4) of the Act. The calculation of the RRRP charge is a

mechanistic exercise, and the Board has determined 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 2013.

The Board has also considered whether the change in the RRRP charge that the IESO will use to invoice distributors effective January 1, 2013 warrants a change in the RRRP charge that all rate regulated distributors will use to bill their customers effective January 1, 2013. Given the magnitude of the credit balances reported by rate regulated distributors in the Retail Service Variance Account - Wholesale Market Service (Account 1580), the Board will not adjust the RRRP charge for rate regulated distributors at this time. In addition to the volumetric variance currently being captured in Account 1580 in relation to the RRRP, rate regulated distributors shall, effective January 1, 2013, capture the difference between the RRRP charge invoiced by the IESO of 0.12 cents per kilowatt-hour and the existing retail RRRP charge of 0.11 cents per kilowatt-hour in Account 1580.

Therefore, the Board Orders that:

1. Effective January 1, 2013, the IESO shall revise its RRRP charge to 0.12 cents per kilowatt-hour.
2. The RRRP charge used by rate regulated distributors to bill their customers shall continue to be \$0.0011 per kilowatt hour effective January 1, 2013. 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 20, 2012

ONTARIO ENERGY BOARD

Original Signed By

Pascale Duguay
Manager, Electricity Rates

APPENDIX A

To Decision With Reasons and Rate Order

Communication to the IESO on the 2013 RRRP Charge

Board File No. EB-2012-0453

Dated: December 20, 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

December 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: 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, 2013, the RRRP charge to be collected by the IESO shall be 0.12 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 2013 RRRP Charge**

Board File No. EB-2012-0453

Dated: December 20, 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

December 20, 2012

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, 2013, the RRRP charge to be collected by the IESO shall be 0.12 cents per kilowatt-hour.

Amount to be Charged by Distributors and Retailers for RRRP

Effective January 1, 2013, the amount to be charged by distributors and retailers to their customers with respect to the RRRP shall remain at the current level of 0.11 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 variance between the amounts paid by the rate regulated distributors to the IESO and the amounts recovered from their respective customers with respect to the RRRP shall be captured in Account 1580 effective January 1, 2013.

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