

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 E-MAIL

March 29, 2016

**TO: All Licensed Electricity Distributors
All Other Interested Parties
IESO**

RE: Billing for Customers with Load Displacement Generators

The Ontario Energy Board (OEB) is initiating a policy review to address the question of how a commercial and industrial customer should be billed when they have a Load Displacement Generator (LDG) behind the meter. This issue is already being considered in the policy review for distribution rates as part of the OEB's project on Rate Design for Electricity Commercial and Industrial Customers (EB-2015-0043). The OEB will also undertake a review of the appropriate billing for other rates such as Retail Transmission Service Rates (RTSR) and other elements of the bill including the Global Adjustment (GA).

Background

There have been an increasing number of customers using load displacement or behind-the-meter generation facilities, and this is likely to continue to increase. Larger retail customers of most distributors are currently billed for retail transmission services on the net peak demand. Similarly, all but the largest customers pay for the GA on net energy consumption as measured at their meter. This is often called net load billing.

For wholesale transmission rates charged to distributors, the Ontario Uniform Transmission Rates Schedule states that the billing demand for line and transformation connection services include not just a customer's net load, but also any customer load served by embedded generation facilities larger than one megawatt (or larger than two megawatts if the energy source is renewable). This is referred to as gross load billing.

Gross load billing of transmission charges is also reflected in RTSRs that Hydro One charges distributors embedded in its distribution system.

The issue of whether RTSRs should be applied on the basis of gross load, consistent with wholesale transmission rates, has recently arisen in rate applications. Guelph Hydro filed an application with the OEB requesting gross load billing for RTSRs for customers with LDG¹. Guelph Hydro has made this application based on its belief that if this change is not made, other classes will be paying costs which are directly related to a specific customer. Hydro One has been approved for gross load billing for its retail transmission rates. Similarly, the OEB has recently accepted Entegrus's proposal to apply gross load billing for its larger general service classes when conditions warrant.

The OEB understands that many other electricity distributors have LDG within their service area and therefore have this same situation. The OEB sees value in examining this issue on a generic basis. The OEB will be initiating work on the question of the appropriate billing for customers with LDG. More details on consultation will be provided at a later date.

Sincerely,

Original Signed By

Kirsten Walli
Board Secretary

¹ EB-2015-0380, Guelph Hydro Electric System Inc., Application, December 29, 2015