



EB-2009-0326

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

AND IN THE MATTER OF a proceeding initiated by the
Ontario Energy Board to determine and implement a
distribution rate for embedded generators having a
nameplate capacity of 10 kW or less.

BEFORE: Ken Quesnelle
Member

RATE ORDER

On September 21, 2009, in anticipation of the initiation of the Ontario Power Authority's (the "OPA") microFIT program, the Ontario Energy Board (the "Board") issued a Notice of a Proceeding and Procedural Order No. 1 to commence a proceeding on its own motion to determine a just and reasonable rate to be charged by an electricity distributor for the recovery of costs associated with an embedded generator account having a nameplate capacity of 10 kW or less (embedded micro generator) that meets the eligibility requirements of the OPA's microFIT program. The Board assigned file number EB-2009-0326 to this proceeding.

The Board recognized the need for an appropriate cost recovery mechanism for the distributors, and the need to support the implementation of the microFIT initiative. Therefore, as part of the September 21, 2009 Notice, the Board ordered the establishment of a service classification and a rate for embedded micro generators for every licensed distributor on an interim basis. The interim rate was the fixed monthly charge equal to the distributor's existing residential monthly service charge.

The Board's Decision and Order (the "Decision") regarding the Proceeding was issued February 23, 2010. In the Decision, the Board approved the following service classification definition, which is to be used by all licensed electricity distributors:

microFIT Generator

"This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system."

Further, in the Decision, the Board found that a single, province-wide fixed monthly charge for all distributors will be determined, based on the customer weighted average of the 9 cost elements listed below:

- Customer Premises - Operation Labour (Account 5070);
- Customer Premises - Materials and Expenses (Account 5075);
- Meter Expenses (Account 5065);
- Maintenance of Meters (Account 5175);
- Meter Reading Expense (Account 5310);
- Customer Billing (Account 5315);
- Amortization Expense – General Plant assigned to Meters;
- Administration and General expenses allocated to Operating and Maintenance expenses for meters; and
- Allocated PILS (only general plant assigned to meters).

Further, the Board stated in the Decision that it intended to adopt the date of the establishment of the interim rate, namely, September 21, 2009 as the effective date for the new rate.

Accordingly, in the Decision, the Board ordered that to enable the Board to determine the level of the province-wide fixed monthly charge, distributors would provide to the Board the value of each of the cost elements outlined above within 20 days of the issuance of the Decision, i.e. by March 15, 2010. In the interests of practicality, the Board decided that the calculated rate would be acceptable if it were based on input representing at least one third of the electricity distributors and at least one half of all residential electricity customers in the province.

By March 15, 2010, the Board had received cost element values from 62 electricity distributors representing 3,798,083 residential electricity customers in the province. This met the minimum response requirements to calculate the rate.

The Board has reviewed the cost element values provided by the electricity distributors and has used the data to calculate the customer weighted average monthly charge in accordance with the Board's Decision.

THE BOARD ORDERS THAT:

1. The province-wide fixed monthly charge for all electricity distributors related to the microFIT Generator rate class is approved at \$5.25 per month, effective September 21, 2009.
2. All electricity distributors shall notify their customers of this rate no later than with the next bill reflecting this new rate.
3. Distributors shall make adjustments to the accounts of any microFIT Generator customers established prior to the issuance of this Order to reflect the difference between the approved fixed monthly charge of \$5.25 and the interim rate that was established September 21, 2009.

DATED at Toronto, March 17, 2010

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary