



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.

**NOTICE OF A PROCEEDING TO DETERMINE A JUST
AND REASONABLE RATE TO RECOVER THE COSTS
ASSOCIATED WITH EMBEDDED GENERATORS HAVING
A NAMEPLATE CAPACITY OF 10 KW OR LESS**

AND PROCEDURAL ORDER NO. 1

The Ontario Energy Board (the Board) has commenced 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 having a nameplate capacity of 10 kW or less (embedded micro generator) account that meets the eligibility requirements of the Ontario Power Authority's (OPA) microFIT program. It is the Board's intention that this service classification and associated rates will be added to the rate tariffs of every distributor.

Background

No Ontario distributor currently has a specific rate for embedded micro generators. Historically, the number of embedded micro generation facilities has been extremely limited and typically distributors have classified any embedded micro generator into whichever existing rate classification best matched its load characteristics.

The implementation of the OPA's proposed microFIT program is expected to lead to a significant increase in the number of embedded micro generators.

The Board anticipates that the microFIT program will be initiated by the OPA starting in September 2009, and that microFIT generators may look to access the distribution system very shortly thereafter.

In the Board's EB-2009-0303 Notice, issued August 5, 2009, the Board stated that it intended to initiate a separate proceeding to determine an appropriate service charge applicable to OPA-contracted embedded micro generators.

Establishment of a Service Classification and Interim Rate

The Board recognizes that there will be costs to the distributor associated with administering these embedded micro generation accounts, and considers it appropriate to assess these unique costs through a separate service classification and rate rather than using the rates developed for a load classification.

As the Board will be unable to set a final charge for the recovery of costs associated with the administration of micro generator accounts by the OPA's roll-out date for its microFIT program, the Board is ordering the establishment of a service classification and an interim rate for embedded micro generators for every rate regulated distributor. The definition of the service classification for the purpose of the interim rate is shown in Appendix A. The interim rate will be a fixed monthly charge equal to the distributor's existing residential monthly service charge. By creating this interim rate for the microFIT applications, the Board is allowing itself the flexibility to retroactively adjust the implementation date of any rate determined through a final order at the conclusion of the proceeding to the date of this notice. To be clear, the Board has made no determination on the ultimate implementation date of any new rate or rates, and it will receive submissions on this issue prior to making any final decision. The new rate is being created on an interim basis to allow for flexibility.

Process

The Board intends to proceed by way of a written hearing unless a party satisfies the Board that there is a good reason for not holding a written hearing. If you object to the Board holding a written hearing in this matter, you must provide written reasons why an oral hearing is necessary. Any submissions objecting to a written hearing must be received by the Board within **7 days** of the publication date of this Notice.

The timelines for submitting evidence, proposals and submissions is set out below. Additional Procedural Orders may be issued for this matter as necessary.

Participation

The Board has developed a draft Issues List for this proceeding (attached as Appendix B) and has identified a list of deemed intervenors in this proceeding (attached as Appendix C). Intervenors may participate in any of the process steps identified below.

Cost Awards

Cost awards will be available to eligible participants under section 30 of the *Ontario Energy Board Act, 1998* for their participation in this consultation. Costs awarded will be recovered from all rate-regulated electricity distributors based on their respective distribution revenues.

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person requesting cost eligibility must file with the Board a written submission to that effect within 14 days of the of the publication date of this Notice, identifying the nature of the person's interest in this process and the grounds on which the person believes that it is eligible for an award of costs (including addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*).

All rate-regulated electricity distributors will be provided with an opportunity to object to any of the requests for cost award eligibility. If a distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board within 21 days of the publication date of this Notice. The Board

will then make a final determination on the cost eligibility of the requesting parties.

THE BOARD ORDERS THAT:

1. Pursuant to its powers under s. 21(7) of the Ontario Energy Board Act, 1998, for every rate regulated electricity distributor, the Board hereby establishes a service classification for embedded micro generator accounts (as defined in Appendix A) and approves, on an interim basis, a fixed monthly service charge, the level of which will be equal to the distributor's existing residential monthly service charge.
2. Any intervenor that wishes to make comments on the draft Issues List shall file such submissions with the Board, and serve on every other intervenor, not later than **14 days** of the publication date of this Notice. After considering all comments, the Board will issue a final Issues List.
3. Any intervenor wishing to submit evidence and/or proposals for a rate relating to the issues on the Issues List, shall file such evidence and/or proposals by **14 days** of the publication date of the final Issues List.
4. Any intervenor or Board staff who wishes information on the evidence or proposal of another intervenor shall request the information by way of written interrogatories filed with the Board and served to the intervenor from whom the information is requested, and all other intervenors, on or before **21 days** after the publication date of the final Issues List (or as established through a Procedural Order).
5. Intervenors shall, no later than **35 days** after the publication date of the final Issues List, (or as established through a Procedural Order) file with the Board and serve on all other intervenors, a complete response to every interrogatory that it has received.
6. Intervenors or Board staff shall file with the Board, and serve on all other intervenors, their final submissions in this proceeding not later than **49 days** after the publication date of the final Issues List (or as established through a Procedural Order).

7. If an intervenor's or Board staff's final submissions make reference to the proposal or evidence of another intervenor, that intervenor may file with the Board, and serve on all other intervenors, a response to these submissions not later than **63 days** after the publication date of the final Issues List (or as established through a subsequent Procedural Order) .

All filings to the Board must quote file number EB-2009-0326, be made through the Board's web portal at www.errr.oeb.gov.on.ca, and also consist of two paper copies and one electronic copy in searchable/unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca. If the web portal is not available you may email your document to BoardSec@oeb.gov.on.ca. Those who do not have internet access are required to submit all filings on a CD or diskette in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary and be received no later than 4:45 p.m. on the required date.

DATED at Toronto, September 21, 2009

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX A

Service Classification for Embedded Micro Generation Accounts

This classification applies to an electricity generation facility meeting the eligibility requirements of the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. To be eligible for the microFIT program, the nameplate capacity of the generation facility can not be greater than 10 kW.

Draft Issues List for the examination and recovery of costs associated with an embedded generation facility within the microFIT program.

Service Classification

1. Is the description/definition for the embedded micro generation service classification shown in Appendix A appropriate? If not, what should be the description/definition of this service classification?

Treatment of non-microFIT applications

2. In that this initiative is in response to the introduction of the microFIT program, how should a distributor handle existing applications and installations?

Cost Elements to be Recovered

3. What cost elements should be used to establish the rate? Based on the Uniform System of Accounts, which specific accounts or components ought to be included in the development of the rate?

Rate Design

4. Should the approved rate be a uniform rate for all distributors, or should different distributors have different rates?
5. Should the costs be recovered through a fixed charge, a volumetric rate or a combination of the two? If there is to be a volumetric rate, what should be the basis for establishing the charge determinant? If there is to be a combination of fixed and volumetric, what should be the basis for the cost recovery split?

Implementation

6. What should the effective date be for any new rate or rates created by this proceeding? Does the incentive regulation framework pose any difficulties for implementation?

**Ontario Energy Board
EB-2009-0326
LIST OF INTERVENORS**

September 22, 2009

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**Ontario Energy Board
EB-2009-0326**

APPLICANT & LIST OF INTERVENORS

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September 22, 2009

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September 22, 2009

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September 22, 2009

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September 22, 2009

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**Vulnerable Energy Consumers
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