Relationship Between O. Reg. 330/09, OEB DCCR Amendments, OEB Consultation on Determination of Direct Benefits

Ontario Regulation 330/09

A = B - C

A = amount of *rate protection* approved by the Board (i.e., provincial recovery)
B = *eligible investment costs* determined by the Board to be the responsibility of the distributor in accordance with the Distribution System Code (DSC)
C = *direct benefits* that accrue to distributor's customers due to eligible investment as determined by Board

Outcome on OEB's Distribution Connection Cost Responsibility (DCCR) DSC Amendments (EB-2009-0077)

Establishes allocation of costs between:
1) Generator
2) Distributor (i.e., consumers)

Distributor allocation of "**Eligible Costs**" = "**B**" in Reg 330/09 formula Distributor's **"gross"** investment costs)

Generator Cost Responsibility

- Connections (100%)
- Expansions (above cost cap if not in Distribition System Plan)

Not applicable to Reg 330/09 and Direct Benefits Consultation

Distributor Cost Responsibility

- Renewable Enabling Improvements (100%)
- Expansions (100% if in Distribition System Plan, up to cost cap if not)

Applicable to Reg 330/09 and Direct Benefits Consultation

"B" in Reg 330/09 formula

OEB Consultation on Rate Protection and the Determination of Direct Benefits (EB-2009-0349)

Establishes allocation of 'Distributor' costs (based on outcome of *DCCR Amendments)* between:
1) Customers of Distributor (making investment)
2) All Ontario Consumers (Distributors + IESO customers)

Distributor customer allocation = **Direct Benefits** = "**C**" in Reg 330/09 formula (Distributor's **"net"** investment costs)

Board Decisions Required

1) What *types* of 'benefits' must be taken into account by distributors?

2) What is the appropriate standard *methodology* distributors must use for quantifying each type of benefit?

Board Proposal (Types of "Benefits")

1) Surplus Transmission & WMSC charges (due to embedded renewable generation)

2a) Portion (yy%) of 'gross' Expansion investment costs
2b) Portion (xx%) of 'gross' Renewable Enabling Improvement investment costs

"C" in Reg 330/09 formula

Distributor Application

- Outcome of "Direct Benefits" consultation applied to Board-approved 'gross' (Expansion & REI) costs in distributor application (e.g., Green Energy Plan) to arrive at 'net' costs recovered through distribution rate.
- Difference between distributor's 'Gross' & 'Net' costs = Rate Protection Amount (provincial recovery)

Rate Protection Amounts ("A")

Chris Cincar, Regulatory Policy & Compliance, Ontario Energy Board, 416.440.7696

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