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**BY E-MAIL AND WEB POSTING**

December 14, 2009

**To: All Licensed Electricity Distributors  
All Participants in Consultation Process EB-2009-0349**

**Re: Board Staff Discussion Paper  
Rate Protection and the Determination of Direct Benefits under  
Ontario Regulation 330/09  
Board File Number: EB-2009-0349**

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On September 25, 2009, the Ontario Energy Board (the "Board") issued a letter initiating a consultation process to determine what constitutes the direct benefits that accrue to the consumers of an electricity distributor as a result of an eligible investment made or planned to be made by the distributor to accommodate a renewable energy generation facility.

The purpose of this letter is to advise of the release of a Board staff Discussion Paper regarding the determination of such direct benefits, and to invite written comment on it.

## **Background**

The *Green Energy and Green Economy Act, 2009* amended the *Ontario Energy Board Act, 1998* to introduce a new section 79.1 that contains a mechanism whereby some or all of the Board-approved costs incurred by a distributor to make an eligible investment for the purpose of connecting or enabling the connection of a renewable energy generation facility to its distribution system may be recovered from all provincial ratepayers rather than solely from the ratepayers of the distributor making the investment.

Further details relating to the implementation of the cost recovery framework established in section 79.1 are set out in Ontario Regulation 330/09 (Cost Recovery re Section 79.1 of the Act) ("O. Reg. 330/09").

O. Reg. 330/09 sets out the following formula:

A = B - C, where:

A = the amount of *rate protection* to be provided to prescribed consumers in a distributor's service area,

B = *eligible investment costs* determined by the Board to be the responsibility of the distributor in accordance with the Distribution System Code (DSC), and

C = the amount the Board determines to represent the *direct benefits* that accrue to prescribed consumers as a result of all or part of the eligible investment made or planned to be made by the distributor.

The Board's recently issued amendments to the DSC in relation to Distribution Connection Cost Responsibility (the "DCCR Amendments") addressed the first part of the formula (see "**B**" above) by determining the "eligible investment costs".

The current Board consultation will lead to the completion of the framework for determining the amount of rate protection to be provided by setting out the Board's approach to the determination of the "direct benefits" component of the formula (see "**C**" above).

As a consequence of the determination of the direct benefits, the cost allocation between provincial ratepayers and the ratepayers of the individual distributor will be determined.

### **Staff Discussion Paper and Chart**

For purposes of this consultation, the Board has today released for comment a Board staff Discussion Paper. The Discussion Paper is available from the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca).

The Discussion Paper sets out questions in relation to which stakeholder input is specifically requested. Appendix 1 of the Discussion Paper provides a summary of all those questions. Participants should, however, feel free to comment on any aspect of the Discussion Paper.

Participants that wish to put forward alternative proposals for consideration are encouraged to include in their comments not only a detailed description of each proposal, but also the underlying rationale and principles that support the proposal. The Board will consider the comments received from interested parties in determining its policy on this issue.

In addition to the Discussion Paper, Board staff has also prepared a chart that provides an overview of the relationship between:

- O. Reg. 330/09;
- The DCCR Amendments; and
- The issues being addressed in this consultation process.

The chart is also available from the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca).

### **Invitation to Comment and Cost Awards**

Written comments on Board staff's Discussion Paper must be filed with the Board in accordance with the filing instructions set out below.

As indicated in the Board's September 25, 2009 letter, cost awards will be available under section 30 of the *Ontario Energy Board Act, 1998* to eligible persons in relation to their participation in this consultation. On October 28, 2009, the Board issued its Decision on Cost Eligibility identifying the participants in this consultation that are eligible for an award of costs.

Cost awards will be available to those eligible participants in relation to the provision of comments on Board staff's Discussion Paper, **to a maximum of 30 hours**.

### **Filing Material with the Board**

Participants who wish to provide written comments on Board staff's Discussion Paper must do so by **4:45 p.m. on January 11, 2010**.

Filings to the Board must be received by the Board Secretary on the required date. They must quote file number **EB-2009-0349** and include your name, address, telephone number and, where available, your e-mail address and fax number.

Three paper copies of each filing must be provided, and should be addressed to the Board Secretary at the Board's mailing address set out above.

The Board requests that interested parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca). A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca), and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is

not available, electronic copies of filings may be filed by e-mail at [boardsec@oeb.gov.on.ca](mailto:boardsec@oeb.gov.on.ca).

Those that do not have internet access should provide a CD or diskette containing their filing in PDF format.

All materials related to this consultation will be posted on the "[Rate Protection and the Determination of Direct Benefits under Ontario Regulation 330/09](#)" web page of the Board's website. The material will also be available for public inspection at the office of the Board during normal business hours.

If you have any questions regarding this consultation, please contact Chris Cincar at 416-440-7696, or e-mail [chris.cincar@oeb.gov.on.ca](mailto:chris.cincar@oeb.gov.on.ca). The Board's toll-free number is 1-888-632-6273.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary