Regional Infrastructure Planning – Code Amendments

RRFE Information Session

Presenter: Ashley Hayle, Advisor – Infrastructure & Renewables

October 21 – November 6, 2013
Overview

1. Background
2. Board’s Intentions
3. Code Amendments
4. Requirements for Rate Applications
5. Web Page Launch
6. Questions
Background: Regional Planning

- As a result of *A Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach* (the “RRFE Board Report”), the Board created a multi-stakeholder working group – *Planning Process Working Group* (“PPWG”) – to establish a regional planning process.

- The PPWG identified that amendments to the Board’s Codes and OPA Licence were required.

- On August 26, 2013, the Board issued final amendments to the Transmission System Code (“TSC”) and the Distribution System Code (“DSC”) which set out the obligations of transmitters and distributors.

- On October 21, 2013, the Board issued its Decision to amend the OPA Licence to establish the OPA’s obligations under Regional Infrastructure Planning.

- The Code and Licence Amendments are intended to implement the Board’s policies set out in its the RRFE Board Report and support the process in the PPWG Report.
The Board has no plans to approve the regional planning process in the PPWG Report but did endorse the process.

The Board also stated it does not intend to approve Regional Infrastructure Plans flowing from PPWG the process.

However, the Board expects distributors to follow the PPWG process and will review and approve the proposed costs associated with the investments in Regional Infrastructure Plans.

The Board expects the PPWG to remain in place as the Regional Planning Standing Committee (RPSC) to make process refinements.
Participate, as required in
• Regional Infrastructure Planning process (led by Transmitter); and/or
• Integrated Regional Resource Planning process (led by OPA)

Provide requested information
• All distributors in region to provide forecast information to lead Transmitter (for ‘Needs Assessment’)
• Any additional information underlying forecasts requested by OPA / Transmitter for subsequent processes

As an active participant in the RIP/IRRP processes, distributors will be able to:
• Identify potential distribution solutions in their territory
• Provide input on investments that affect them
Code Amendments
Regional Planning Process
- Intended to ‘support’ process in PPWG Report (i.e., not ‘define’ process)
- Accountabilities of Transmitters and LDCs in process
- Timelines for major planning steps & information requirements
- Identifies supporting documentation for distributors applications

Reduce/Remove Barriers to Regional Plan ‘Execution’
- **TSC Cost Responsibility Rule Changes**
  - Capital Contribution “refund” sunset period extended (5 to 15 years)
  - Elimination of provision (called “otherwise planned”) to reduce regulatory uncertainty
  - Proposed modification of cost, to pool some Connection asset costs, where a Connection upgrade would avoid a more costly Network upgrade [currently under staff review]

- **Asset Redefinition**
  - Reduce/remove barriers to regional plan execution
  - 115/230 kV auto-transformers consistently defined as “Network”
  - Broader “Network” & narrower “Line Connection” definitions
  - Assets only to be redefined on go forward basis (as upgraded)
Regional Infrastructure Planning process contemplates engagement of municipalities, large customers, First Nations and Metis to inform forecast of needs & solutions.
DSC Amendments

1. New definitions for regional planning [see Appendix 1].

2. Distributors are required to [Section 8]:
   - Participate in regional planning [8.2.1 and 8.2.2]
   - Participate in Scoping and IRRP processes (led by OPA)
   - Provide information to the Lead Transmitter / OPA [ 8.3.1 and 8.3.2 ]
     - prompt notice of any developments in that part of the region in which its licensed service area is located that may trigger the need [8.3.4]
   - Share information throughout the process stages [8.3.5]
     - provide information to all other transmission-connected distributors in the region
       ➢ Host distributor provide that information to each of its embedded distributors
   - Documentation for Applications - Request a Status Letter (when needed) [8.3.6 and 8.3.7]
   - Participate in monitoring the implementation of the Plan [8.4.1]
   - Provide project status to the Lead Transmitter [8.4.2]

*Specific timelines are prescribed in the DSC in relation to these requirements.*
TSC Amendments

1. New definitions for regional planning.
2. Requires Lead Transmitter to [Section 3.0]:
   - Collect information from Distributors and other Transmitters
   - Complete Needs Assessment Report
   - Participate in Scoping and IRRP processes (led by OPA)
   - Provide a Status Letter (upon distributor request)
   - Coordinate with impacted Distributors to develop a regional infrastructure plan
   - Monitor implementation of the Plan
   - Provide the Board with an Annual Report

Specific timelines are prescribed in the TSC in relation to these requirements
Distributor is expected to:

- Provide information to the transmitter w/in 60 days (host distributor will include information provided by the embedded distributor) [8.3.1]
- Provide information to the OPA w/in 30 days [8.3.2]
  - Unable to meet timeline it may agree to an extension with reason [8.3.3]
- Request a letter confirming the regional plan status from the transmitter no less than 60 days before it requires the letter to support its application [8.3.6]
- Request a needs assessment report where the report determines no participation of a distributor is needed, it shall request the report no less than 10 days before the embedded distributor requires the report to support its application [8.3.7]

Embedded Distributor is expected to

- Provide information to the Host Distributor w/in 15 days [8.3.4]
- Provide information to the OPA w/in 30 days [8.3.2]

There are also requirements that relate to the monitoring and reporting for the implementation of the regional infrastructure planning.
Transmitter is expected to:

- Review the boundaries of the regions, in consultation with the OPA [3C.2.2 (a)]
- Request information from all distributors and transmitters in a region and from the OPA to undertake a needs assessment in relation to the region [3C.2.2 (b)]
- Complete a needs assessment for a region within **60 days** [3C.2.2 (c)]
- Provide a needs assessment report to OPA, IESO, distributors and transmitters w/in **10 days** and post on website [3C.2.2 (d)]
- Complete or update the regional infrastructure plan for a region w/in **6 months** of receipt of the scoping assessment from the OPA [3C.2.2 (e)]
- Provide information to the OPA w/in **30 days** of the request [3C.2.2 (g)]
- Provide the distributor with a status letter w/in **45 days** of receipt of the request [3C.2.2 (h)]

There are also requirements that relate to the monitoring and reporting for the implementation of the regional infrastructure planning.
Process Timelines

Regional Infrastructure Planning Process [w/ IRRP]

Information Gathering
[Trigger Stage]

Needs Assessment & Report
[Is Regional Planning Req’d?]

Scoping Outcome Report
[Is RIP or IRRP Req’d?]

Integrated Regional Resource Plan Development

2

Regional Infrastructure Plan Development

Notes

Note 1: When RIP is not finalized, a Planning Status Letter is provided to Dx within 45 days of the request.


Note 3: Green boxes denote timelines for provision of information

Note: This chart is intended to provide a high level overview to show how the process and timelines in the Code Amendments fit together. It is not possible to reflect all timelines. This chart should be used as a guide and the official Notice and Code Amendments should be relied upon.

Dx [H] – Host Distributor
Dx [E] – Embedded Distributor
Tx [L] – Lead Transmitter
Tx – Other Transmitter

Approx 2 year process

Dx /Dx [H] – 60 Days
Tx [L] – 60 Days [complete]
Tx [L] – 10 Days
OPA [L] – 90 Days [complete]
OPA [L] – 18 months [complete]
Tx [L] – 6 months [complete]

Dx [E] – 15 Days
Tx – 30 Days
Dx [H] – 30 Days
Tx – 30 Days

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Commission de l’énergie de l’Ontario
October 2013
Participate in monitoring the implementation of the Plan [8.4.1]

- A distributor shall, upon request by the lead transmitter or host distributor or by a distributor referred to in section 8.4.2, provide an update regarding the status of the investment, and shall do so within 30 days of receipt of the request.

Provide project status to the Transmitter [8.4.2]

- Where a distributor has agreed to conduct the review to implement specific investments relating to the regional plan, the distributor shall provide a report to the lead transmitter setting out the status of the investments.
Monitoring and Reporting

Status Update(s) on Investments in RIP

Update Report by Delegated Distributor [Specific Region]

All Impacted Distributors w/in 30 Days

Lead Distributor w/in 60 Days

Annual Report to Board [All Regions]

Lead Transmitter

OPA Status Report on CDM/Generation [All Regions, where IRRP]

Notes

Note 1: When RIP is not finalized, a Planning Status Letter is provided to Dx within 30 days of the request.

Note 2: OPA Responsibilities – Scoping Outcome Report / IRRP – illustrative & identified so entire process can be set out.

Note: This chart is intended to provide a high level overview to show how the process and timelines in the Code Amendments fit together. It is not possible to reflect all timelines. This chart should be used as a guide and the official Notice and Code Amendments should be relied upon.
Nothing in this section 8 shall limit any obligation of the distributor to maintain the reliability and integrity of its distribution system or to meet load growth within its licensed service area [Section 8.6.1]
OPA Licence Amendments
October 21, 2013 - The Board issued its Decision which sets out final amendments to the OPA’s Licence to reflect the OPA’s obligations to carry out regional infrastructure planning activities.

The OPA is required to:

- Provide information to the Lead Transmitter within 30 days
- Complete a scoping assessment for a region within 90 days
  - Provide report to distributors and transmitters
  - Post the report on its website
- Complete the IRRP within 18 months; shall take no longer than 2 years with reason
  - Provide report to distributors and transmitters
  - Post the report on its website
- Review boundaries of the regions no less than once every 5 years
- Provide an annual report on the status of any investments
Requirements
for
Rate Applications
Requirements for Rate Application

• Distributor will demonstrate it has met the Board’s expectations in relation to coordinating infrastructure planning.

• Application will include:
  • a description of the consultation(s);
  • the purpose of the consultation (e.g. Regional Planning Process);
  • the nature and prospective timing of the final deliverable;
  • whether the consultation(s) have or are expected to affect the distributor’s DS Plan

Where the final deliverable is not available / complete, the status of the deliverable.
Requirements for Rate Application

Documentation to be requested from the Lead Transmitter to support Distributor rate applications will vary depending on circumstances.

**Needs Assessment Report**
- where LDC involvement not required in RIP and/or IRRP process

**Regional Plan Status Letter**
- where LDC involvement is required in RIP and/or IRRP process but RIP not yet complete at time of application filing

**Regional Infrastructure Plan**
- where LDC involvement is required in RIP and/or IRRP process and RIP completed at time of application filing

October 2013
## Requirements for Rate Application

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Regional Group</th>
<th>Documentation</th>
<th>Delivered By</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. NO Regional Infrastructure Plan Initiated</td>
<td>Group 2; Group 3</td>
<td>Group Priority List</td>
<td>Hydro One Website</td>
</tr>
<tr>
<td>2. NO Regional Infrastructure Plan Needed</td>
<td>Group 1; Group 2</td>
<td>Needs Assessment Report</td>
<td>Transmitter</td>
</tr>
<tr>
<td>3. Regional Infrastructure Plan Needed; but Incomplete</td>
<td>Group 1; Group 2</td>
<td>Plan Status Letter</td>
<td>Transmitter; Requested by the Distributor</td>
</tr>
<tr>
<td>4. IRRP Review Needed; Incomplete</td>
<td>Group 1; Group 2</td>
<td>Plan Status Letter</td>
<td>Transmitter; Requested by the Distributor</td>
</tr>
<tr>
<td>5. IRRP Complete – Regional Infrastructure Plan Incomplete</td>
<td>Group 1; Group 2</td>
<td>Plan Status Letter</td>
<td>Transmitter; Requested by the Distributor</td>
</tr>
<tr>
<td>6. Regional Infrastructure Plan Complete</td>
<td>Group 1; Group 2</td>
<td>Regional Infrastructure Plan</td>
<td>Transmitter</td>
</tr>
</tbody>
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Note: Regional Groups can be found in the PPWG Report - [Appendix 4a: Group Priority List – 21 Planning Regions](#).
New OEB Web Page

Regional Infrastructure Planning Web Page – launched on October 17, 2013

- OEB Web Pages - 3 main sections:
  - Regulatory Requirements / Licence Amendment
  - Regional Infrastructure Planning Process - PPWG / RPSC
    - Regional Planning Standing Committee (RPSC)
  - Industry Guideline Templates & Regional Plan Status Updates

http://www.ontarioenergyboard.ca/OEB/Industry/Rules+and+Requirements/Information+on+Regional+Infrastructure+Planning
On October 18, 2012, the Board issued its Report of the Board – A Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach (the “RRFE Report”). In the RRFE Report, the Board concluded that infrastructure planning on a regional basis is required to ensure that regional issues and requirements are effectively integrated into utility planning processes, and indicated that it would establish a process in order to move to a more structured approach to regional infrastructure planning.

The Board convened a stakeholder working group - Planning Process Working Group (the “PPWG”) - to prepare a Report to the Board (the “PPWG Report”) that set out the details of an appropriate regional infrastructure planning process. The PPWG Report identified that changes to the Board’s regulatory instruments and changes to the Ontario Power Authority (“OPA”) licence were necessary to support the regional planning process. The Board has endorsed the process set out in the PPWG Report.

On August 20, 2013, the Board issued final amendments to certain Codes which set out the obligations related to licensed distributors and licensed transmitters. On June 3, 2013, the Board also initiated a written hearing related to amendments to the licence (EO-2010-0220) of the OPA to reflect its obligations in the regional planning process. That hearing process has been completed and the Board will soon issue its decision.

In the Notice of Code amendments, the Board indicated its intent to create a Regional Planning Standing Committee (the “RPSC”) to continue the work of the PPWG with a focus on considering the need for revisions to the regional planning process established by the PPWG, as required, based on lessons learned. The Board will announce the composition of the RPSC in the near future.

The Board expects licensed distributors and licensed transmitters to follow the regional planning process set out in the PPWG Report. It is therefore important for licensed distributors and licensed transmitters to frequently check this webpage for updates as the RPSC may make changes to the regional planning process from time to time.
Distributors will …

- participate in Regional Planning
- provide required information to the Transmitter or OPA
- carry out planning, when no regional plan is required.
  - this may involve planning with other distributors within a region
- ensure an application submitted to the Board is informed by the regional infrastructure plan

Cost Responsibility and Asset Redefinition changes

- removed barriers to regional plan execution through the:
  - redefining of certain line connection assets
  - proposed modification of cost, to pool some Connection asset costs, where a Connection upgrade would avoid a more costly Network upgrade
Questions.....
Thank you

Need information?

Submit your enquiries via Email: 
market.operations@ontarioenergyboard.ca
Appendix 1 - DSC Amendments - Definitions

- “region”, in respect of a transmitter, means an area within which the transmitter’s transmission system is located, in whole or in part, and that has been designated as such by the transmitter, in consultation with the OPA, for regional planning purposes;

- “regional planning” means a planning process involving licensed transmitter(s), licensed distributor(s), and the OPA for the purpose of determining whether a Regional Infrastructure Plan and/or an Integrated Regional Resource Plan is required for a region;

- “regional infrastructure planning process” means a planning process led by a transmitter to develop a RIP;

- “Regional Infrastructure Plan” means a document prepared by the transmitter leading a regional infrastructure planning process that identifies investments in transmission facilities, distribution facilities or both that should be developed and implemented on a coordinated basis to meet the electricity infrastructure needs within a region;

- “Integrated Regional Resource Plan” means a document prepared by the OPA that identifies the appropriate mix of investments in one or more of conservation and demand management, generation, transmission facilities or distribution facilities in order to address the electricity needs of a region in the near- (up to 5 years), mid- (5 to 10 years), and long-term (more than 10 and up to 20 years);

- “needs assessment” means a process led by a lead transmitter in accordance with section 3C of the Transmission System Code to determine if regional planning is required for a region;

- “scoping assessment” means a process led by the OPA to determine the form of regional planning process (regional infrastructure planning process or integrated regional resource planning process) that is required for a region.
Distributor’s Participation in Regional Planning
[Section 8.2.1 and 8.2.2]

• 8.2.1 A distributor shall participate in regional planning upon being requested by the transmitter or by the OPA in such manner as may reasonably be required by the lead transmitter or the OPA.

• 8.2.2 An embedded distributor shall participate in regional planning upon being requested to do so by its host distributor or by the lead transmitter, and shall do so in such manner as may reasonably be required by the host distributor or the transmitter.
Appendix 2 - DSC Amendments (Cont’d)

Requests for Information by Transmitter [Section 8.3.1 and 8.3.2]

- Distributor shall provide the following:
  - (a) information required to support regional planning, and shall do so within 60 days of receipt of the lead transmitter’s request; and
  - (b) prompt notice of any developments in that part of the region in which its licensed service area is located that may trigger the need

Requests for Information by Host Distributor [Section 8.3.4 and 8.3.2]

- Embedded Distributor shall provide the following:
  - (a) information required by the host distributor to support regional planning, and shall do so within 15 days of receipt of the request for information; and
  - (b) prompt notice of any developments in that part of the region in which its licensed service area is located that may trigger the need
Requests for Information by OPA [Section 8.3.3]

- Where a transmission-connected distributor believes that it cannot meet the 30-day timeline referred to in section 8.3.2, the distributor and the OPA may agree to a longer timeline. In such a case, the distributor shall so notify the Board in writing. The notice shall indicate the region in question, the reasons for being unable to meet the 30-day timeline and the extended timeline.
Distributor Sharing of Information with Others [Section 8.3.5]

- Where a distributor provides information to a lead transmitter or the OPA in respect of a region, shall provide the same information to all other transmission-connected distributors in the region.

- Host distributor that receives information under this section shall provide that information to each of its embedded distributors.

Information to Support Distributor's Application [Section 8.3.6]

- Distributor or embedded distributor shall request a letter confirming the status from the lead transmitter for the region no less than 60 days before the distributor requires the letter.
Information to Support Distributor's Application
[Section 8.3.7]

- Where a needs assessment determines that the participation of a distributor in a regional planning process is not necessary, the distributor shall request a needs assessment report from the lead transmitter confirming that its involvement is not required no less than 10 days before the embedded distributor requires the report for the purpose of supporting an application proposed to be filed with the Board.
8.4 Monitoring and Reporting

- 8.4.1 Where a Regional Infrastructure Plan identifies the need for a distributor to make an investment in its distribution system, the distributor shall, upon request by the lead transmitter or host distributor or by a distributor referred to in section 8.4.2, provide an update regarding the status of the investment, and shall do so within 30 days of receipt of the request. Where the distributor is a host distributor, the letter shall reflect any investment update(s) provided to it by any of its embedded distributor(s).

- 8.4.2 Where a distributor has agreed to conduct the review referred to in section 3C.3.1(a) of the Transmission System Code, the distributor shall provide a report to the lead transmitter setting out the status of the investments set out in the applicable Regional Infrastructure Plan within 60 days of receipt of a request from the transmitter to do so.
Proposed Supplemental TSC Amendment – Cost Responsibility
On August 26th, the Board also Proposed a Supplemental TSC Amendment (with the Final Code Amendments) – Comments to be submitted by September 9, 2013.

The Board noted it saw merit in addressing an issue raised in the consultation process as it had the potential to facilitate regional planning and optimal solutions.

The Board proposed permitting the pooling of some Connection asset costs, where a Connection upgrade would avoid a more costly Network upgrade, using a “proportional benefit” approach as apportionment of costs is consistent with RRFE Board Report – shift in emphasis to “beneficiary pays” principle.

- Load customer (e.g., LDC) triggering the upgrade would only bear the cost to the extent they benefit, with any incremental costs attributed to transmitter (i.e., recovered from Network pool).

- The Board set out expectation that this will only arise on an exceptional basis and, where it does arise, it would need to be independently confirmed via an IESO assessment.