Ontario Energy Board Commission de l'énergie de l'Ontario

G-2008-0001

Guideline

Electricity Distribution Retail Transmission Service Rates

Originally issued: October 22, 2008
Revision 3.0: June 22, 2011

1 Purpose

The purpose of this guideline is to provide electricity distributors with instructions on the evidence needed, and the process to be used to adjust retail transmission service rates ("RTSRs") to reflect changes in the Ontario Uniform Transmission Rates ("UTRs"). RTSRs are charges that a distributor applies to end-use customers to recover the costs associated with the payment by the distributor of wholesale transmission line connection, transformation connection and network charges.

This guideline supersedes Revision 2.0 of the Guideline for Electricity Distribution Retail Transmission Service Rates issued on July 8, 2010.

2 Ontario Uniform Transmission Rates

Electricity transmitters in Ontario charge Uniform Transmission Rates to their transmission connected customers. These UTRs are charged for network, line connection and transformation connection services. Based on the most recent Decision and Rate Order of the Board in the EB-2010-0002 proceeding, the new UTRs effective January 1, 2011 are as follows:

- Network Service Rate $3.22 per kW per month;
- Line Connection Service Rate $0.79 per kW per month; and
- Transformation Connection Service Rate $1.77 per kW per month.

Low voltage charges are affected by factors beyond changes in UTR rates, and are therefore best addressed on a case-by-case basis. This guideline does not address changes to low voltage charges flowing from the change in the UTRs.

Electricity distributors are charged the UTRs at the wholesale level and subsequently pass these charges on to their distribution customers through the RTSR. There are three UTRs and only two RTSRs. The wholesale line and transformation connection rates are combined into one retail connection service charge.

3 Variance Account Balances

The timing of payment of the UTRs by distributors does not match the timing of collection of the associated RTSRs from customers. Variance accounts are needed to track the timing difference between when the distributor pays for the transmission service charges and when it receives payment of the corresponding retail transmission service charges from customers.

Variance accounts are also used to account for the difference in the rate that a distributor pays for transmission service compared to the retail rate that the distributor is authorized to charge its customers. While the transmission rates have changed on January 1, 2011, retail rates for most LDCs, did not change prior to May 1, 2011. Similarly, transmission rates will change again on January 1, 2012 and retail rates may not change until May 1, 2012.

These variances are recorded in USoA Accounts 1584 and 1586.

The *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (the "EDDVAR Report")* provides that during the IRM plan term, the distributor's Group 1 audited account balances, which includes Accounts 1584 and 1586, will be reviewed and disposed of if the preset disposition threshold of $0.001 per kWh (debit or credit) is exceeded. The onus is on the distributor to justify why any account balance in excess of the threshold should not be disposed. The EDDVAR Report also provides that at the time of rebasing, all account balances should be disposed, unless otherwise justified by the distributor or as required by a specific Board decision or guideline.

4 Evidence to be Filed in Support of a Change in the RTSRs

For 2012, distributors shall adjust their RTSRs based on a comparison of historical transmission costs adjusted for new UTR levels and revenues generated from existing RTSRs. This approach is expected to minimize variances in USoA Accounts 1584 and 1586. A filing module will be provided to distributors to assist in calculating the distributor's class-specific RTSRs.

Once the January 1, 2012 UTR adjustments are determined, the Board will adjust each distributor's 2012 IRM rate application model to incorporate this change, if applicable. For distributors that filed a 2012 cost of service application, the UTRs should be updated to reflect the new rates in the event that new UTRs are approved during the course of a proceeding.

Questions related to this guideline should be addressed to:

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