



**BY EMAIL AND WEB POSTING**

March 24, 2023

**NOTICE OF PROPOSAL TO AMEND A CODE**

**PROPOSED AMENDMENTS TO THE TRANSMISSION SYSTEM CODE AND THE  
DISTRIBUTION SYSTEM CODE TO FACILITATE OPTIMAL INVESTMENTS  
IN THE REGIONAL PLANNING PROCESS**

**BOARD FILE NO.: EB-2020-0176**

**To: All Licensed Electricity Distributors  
All Licensed Electricity Transmitters  
All Participants in Consultation Process EB-2020-0176  
All Other Interested Parties**

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The Ontario Energy Board (OEB) is giving notice under section 70.2 of the *Ontario Energy Board Act, 1998* (Act) of proposed amendments to the Transmission System Code (TSC) and the Distribution System Code (DSC). These proposed amendments are intended to ensure the most cost-effective investments are made to replace major transmission voltage assets when they reach end of life (EOL)<sup>1</sup> and need to be replaced, as part of the regional planning process.

**A. Background**

The OEB instituted a more structured regional planning process across the province in 2013 to better ensure that electricity transmitters and distributors are making optimal investments.<sup>2</sup> At the time, the OEB established requirements in its regulatory instruments for electricity distributors, transmitters, and the Independent Electricity System Operator (IESO) to facilitate the regional planning process.<sup>3</sup>

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<sup>1</sup> The OEB has adopted the RPPAG's definition of EOL as provided in its report: "The EOL of an asset involves assessing a number of factors, including the physical condition of the asset, and it is a determination of when an asset will need to be replaced by the asset owner (e.g., transmitter) based on those factors. The outlook is typically no longer than 10 years."

<sup>2</sup> OEB Report: *Renewed Regulatory Framework for Electricity*, p. 39.

<sup>3</sup> Regional planning is implemented where there is a need for coordinated planning among distributors, transmitters and the IESO, on a regional basis. The more structured process involved creating 21 regions for regional planning purposes.

On December 10, 2020, the OEB issued a [letter](#) (December 2020 letter) initiating a consultation to review the regional planning process that applies to Ontario's electricity sector. The December 2020 letter indicated that the first step in this consultation involved re-establishing the Regional Planning Process Advisory Group (RPPAG) to assist the OEB in this review.

The OEB issued a subsequent [letter](#) on January 15, 2021 (January 2021 letter) and indicated the objective for the RPPAG was to provide a set of recommendations related to potential changes to the regional planning process for consideration by the OEB which may result in both proposed changes to the current regional planning process and/or amendments to one or more of the OEB's applicable regulatory instruments, including the DSC and the TSC. The OEB also noted that the initial focus of the RPPAG was to further assess certain recommendations resulting from the review undertaken by the IESO of the regional planning process; specifically, those recommendations set out in an [IESO report](#) that the OEB would lead.<sup>4</sup>

One of the IESO recommendations proposed a process be established for all transmission asset owners (TAOs), including applicable electricity distributors, to provide a list of major transmission assets that are expected to reach EOL over the next 10 years, on an annual basis. The IESO identified the following major categories of transmission equipment: transformers, circuit breakers, overhead lines, and underground cables. The IESO added that "these categories present the highest-value opportunities for considering non like-for-like replacements".<sup>5</sup>

### RPPAG Report to the OEB

On December 20, 2021, the RPPAG submitted its [Report to the OEB](#) (RPPAG Report), which provided recommendations to improve the regional planning process in Ontario.

One of the recommendations identified in the RPPAG Report was "Better Address End-of-Life (EOL) Asset Replacement in regional planning process". The RPPAG agreed with the IESO recommendation that all TAOs, including the applicable distributors, should provide a 10-year outlook related to the EOL of major transmission assets to the IESO because it is a key input in the first stage of the regional planning process – Needs Assessment. However, while the IESO recommended annual updates in its report, the RPPAG recommended the frequency of providing the EOL asset information be tied to the Needs Assessment<sup>6</sup> (which is typically every five years), "so the process

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<sup>4</sup> The OEB and the IESO had previously worked together to determine which organization would take the lead on further assessing each recommendation in the IESO's report.

<sup>5</sup> IESO's [Final Report](#), Regional Planning Process Review, p. 34.

<sup>6</sup> Needs Assessment is the first stage in the regional planning process that is led by a transmitter to determine if regional planning is required for a region.

is more efficient and less of a burden for all TAOs”.

To implement this recommendation consistently across all TAOs, the RPPAG identified two options for the OEB’s consideration: (1) amend all transmitter and distributor licences; or (2) amend the applicable Codes (TSC and DSC). The RPPAG suggested that amending the Codes would be more efficient and more appropriate since they include all the existing regulatory obligations related to regional planning that apply to distributors and transmitters.

On April 28, 2022, the OEB issued a [letter](#) in response to the RPPAG’s Report to the OEB. The OEB indicated it had considered the recommendations and intended to move forward with those that require action to be taken by the OEB, including any necessary amendments to regulatory instruments.

In this Notice and the related proposed DSC amendments (except where referring to IESO and RPPAG recommendations, above), the OEB has used the term “transmission voltage assets” – rather than “transmission assets” – when referring to the relevant assets owned by distributors. Often, when distributors own assets of that kind (e.g., transformer stations), they have requested and been granted a determination by the OEB under section 84 of the Act that the asset is part of a distribution system. The OEB wishes to ensure that information on all relevant distributor-owned assets is provided.

### Summary of Notice and Approach to Amendments

The OEB has further considered the RPPAG recommendation that all TAOs be required to provide EOL information related to major transmission assets to the IESO, prior to each Needs Assessment being carried out, based on a 10-year outlook. The OEB finds that recommendation has merit, and agrees with the RPPAG that amendments to the TSC and DSC would be more appropriate than licence amendments. In arriving at this conclusion, the OEB has been guided by the following considerations.

The TSC and DSC were amended almost a decade ago to add the current regional planning obligations. Since then, the matter of replacement of assets at EOL has become much more important given how the system has evolved to provide more opportunities for non-like-for-like replacements. Much greater emphasis is being placed on non-wires alternatives (NWAs) such as distributed energy resources (DER), and the treatment of asset replacement will continue to evolve with the ongoing transition to electrification, which is currently in its early stages. Over time, this will lead to increased reliance on electricity infrastructure, and it will be increasingly important that the most cost-effective investments are made to minimize the impact on electricity bills of Ontario consumers.

The OEB is of the view that the current *ad hoc* approach to addressing EOL asset needs is not sustainable and presents challenges in determining the optimal investments in the context of a regional planning process. For example, it is the OEB's understanding that not all TAOs provide that information, and not having the appropriate lead time for replacement can limit the options available for consideration (including NWAs). An *ad hoc* process also results in a greater likelihood of simple like-for-like transmission voltage asset replacements where that is not necessarily the most cost-effective investment. A formal process underpinned by Code obligations would better ensure all EOL major transmission voltage assets are identified in the regional planning process and requiring a 10-year outlook should provide the appropriate lead time to assess NWAs (relative to the five-year horizon in utility rate applications).

The OEB agrees with the RPPAG that it would not be necessary for the EOL asset information to be provided on an annual basis and, instead, providing it only prior to each Needs Assessment would be more efficient. Such information would only be used in the regional planning process when a Needs Assessment is undertaken. It would also be provided at the same time distributors provide other information such as their load forecasts. The OEB also expects there would be little, if any, change in the information on an annual basis.

However, the OEB does not agree that all TAOs should provide the EOL asset information to the IESO. The OEB considers it more appropriate and efficient for distributors that own transmission voltage assets to provide that information to the lead transmitter (in the applicable region), since the transmitter leads the Needs Assessment process. The lead transmitter would then provide the information obtained from distributors to the IESO, along with the EOL information related to its own major transmission assets, after the Needs Assessment is completed.

With this Notice, the OEB is proposing Code amendments to address the RPPAG's (and the IESO's) recommendation to establish a more formal process to better address EOL asset replacement in the regional planning process to ensure the most cost-effective investments are made to replace major transmission voltage assets at EOL. The proposed amendments are described in detail in the next section.

## **B. Proposed Amendments to the TSC**

This section provides details on the proposed amendments to the TSC. Appendix A to this Notice contains the proposed amendments to the TSC showing both additions and deletions and Appendix B contains a clean version of the relevant provisions of the TSC as they would appear if all proposed amendments are adopted.

Section 3C of the TSC sets out the current obligations for the lead transmitter in relation to regional planning. This includes section 3C.2 – “Obligation to Lead Regional Infrastructure Planning Process”.

The OEB is proposing to amend section 3C.2.2(d) of the TSC. That section currently requires the transmitter (or the lead transmitter where there is more than one transmitter in a region) to provide a report to the IESO (and all licensed distributors and licensed transmitters within the region) that reflects the results of the Needs Assessment within 10 days of completing the assessment for a region. The proposed amendment requires that the report to the IESO is to include a 10-year outlook related to the EOL of major transmission assets that the lead transmitter owns and, where applicable, the 10-year outlook of EOL information provided by distributors (and other transmitters, where applicable) that own major transmission voltage assets (under the proposed amendment to section 8.31(a) of the DSC which is discussed in the next section of this Notice). The proposed TSC amendment further clarifies, for the purpose of that report to the IESO, that major transmission assets include transformers, circuit breakers, overhead lines, and underground cables.

#### Housekeeping issues

The OEB is also taking this opportunity to amend all the sections in the TSC to change all references to the Ontario Power Authority (and the OPA) to the Independent Electricity System Operator (and the IESO), as appropriate, to reflect the amalgamation of the IESO and the OPA.

### **C. Proposed Amendments to the DSC**

This section provides details on the proposed amendments to the DSC. Appendix C to this Notice contains the proposed amendments to the DSC showing both additions and deletions while Appendix D contains a clean version of the relevant provisions of the DSC as they would appear if all proposed amendments are adopted.

Chapter 8 of the DSC sets out the obligations for distributors in relation to regional planning. This includes section 8.3 – “Provision of and Requests for Information”. Transmission-connected distributors and embedded distributors are addressed separately in that chapter.

The OEB is proposing to amend section 8.3.1(a) to clarify that where a transmission-connected distributor owns one or more of the major transmission voltage assets identified above, the information provided to the lead transmitter under that section, must include a list of major transmission voltage assets that are expected to reach end of life (based on a 10-year outlook). The OEB does not consider this to be a new obligation, but rather, a clarification of information that should be provided to the lead

transmitter. The OEB expects that those major transmission voltage assets are already closely monitored by distributors for planning purposes.

For clarity, embedded distributors and transmission-connected distributors that do not own major transmission voltage assets would not be affected by this proposed amendment.

### **C. Anticipated Costs and Benefits**

The OEB expects the costs of implementing these proposed changes to be minimal. As noted above, embedded distributors will not be affected at all, and only a subset of transmission-connected distributors will be affected; specifically, those that own major transmission voltage assets. In addition, the DSC already requires that subset of distributors to provide information to the lead transmitters for the purpose of carrying out the Needs Assessment in the regional planning process, when requested to do so. The OEB also expects those distributors that own major transmission voltage assets are already forecasting when those assets are expected to reach EOL for planning purposes. It is also the OEB's understanding that the transmitter leading most of the Needs Assessments (i.e., Hydro One) is currently including transmission assets it owns that are expected to reach EOL in Needs Assessment reports. Similar to distributors, lead transmitters are also already required to provide information to the IESO as part of its regional planning obligations in the TSC.

The OEB therefore expects that any incremental costs transmission-connected distributors that own transmission voltage assets and lead transmitters may incur will be significantly exceeded by the benefits that will come from implementing a formal process to better ensure all EOL major transmission voltage needs are addressed in the regional planning process. Those anticipated benefits are explained below.

The proposed changes will ensure EOL needs associated with all major transmission voltage assets across the province are assessed, as part of the Needs Assessment in the applicable regional planning process. That will better ensure the optimal (i.e., most cost effective) investment is made when such assets reach EOL and need to be replaced. Implementation of the most cost-effective option (i.e., least-cost option that meets the need) ultimately minimizes the impact on consumer bills.

The OEB expects the benefits will increase over time as the energy transition (i.e., electrification), including growth in electric vehicle (EV) adoption, progresses because that will place increased reliance on the infrastructure required to deliver electricity to consumers (i.e., a growing number of transmission assets will need to be replaced). The OEB also expects the deployment of NWAs, including DERs, will accelerate once certain initiatives are completed such as the OEB's Framework for Energy Innovation (FEI) and the IESO's DER Roadmap.

## D. Coming into Force

The OEB proposes that the proposed amendments to the TSC and the proposed amendments to the DSC, as set out in Appendix A and Appendix C, respectively, come into force on the date that the final Code amendments are published on the OEB's website after having been made by the OEB.

## E. Invitation to Comment

The OEB invites comments from any interested stakeholder on the proposed Code amendments. Anyone interested in providing written comments on the proposed Code are invited to submit them by **April 14, 2023**. Your written comments must be received by the Registrar by **4:45 p.m.** on that date.

### Instructions for Submitting Comments

Stakeholders are responsible for ensuring that any documents they file with the OEB **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2020-0176** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [Filing Systems page](#) on the OEB's website
- Stakeholders are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact [registrar@oeb.ca](mailto:registrar@oeb.ca) for assistance
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

This Notice, including the proposed TSC amendments in Appendices A and B, and the proposed DSC amendments in Appendices C and D, and all related written comments received by the OEB will be available for public viewing on the OEB's web site at [www.oeb.ca](http://www.oeb.ca).

**F. Cost Awards**

Cost awards will be available, under section 30 of the Act, to those that are eligible to receive them in relation to written comments provided on the proposed TSC amendments and the proposed DSC amendments in this Notice.

As indicated in the December 2020 letter, costs awarded will be recovered from all rate-regulated licensed electricity distributors (65% of the costs awarded) and all rate-regulated licensed transmitters (35% of the costs awarded). Within the distributor class, costs awarded will be apportioned based on respective customer numbers. Within the transmitter class, apportionment will be based on respective revenues (using the most recent three-year average from their audited financial statements or similar documentation).

Appendix E contains important information regarding cost awards for this Notice and comment process, including in relation to eligibility requests and objections. The deadlines for filing cost eligibility requests and objections will be strictly enforced to facilitate a timely decision on cost eligibility.

If you have any questions regarding the proposed amendments to the Codes described in this Notice, please contact Chris Cincar at [Chris.Cincar@oeb.ca](mailto:Chris.Cincar@oeb.ca). The OEB's toll free number is 1-888-632-6273.

**DATED** at Toronto, **March 24, 2023**

**ONTARIO ENERGY BOARD**

Nancy Marconi  
Registrar

Attachments:

- Appendix A — Proposed Amendments to the Transmission System Code – Comparison Version to Current Code
- Appendix B — Proposed Amendments to the Transmission System Code – Clean Version
- Appendix C — Proposed Amendments to the Distribution System Code – Comparison Version to Current Code
- Appendix D — Proposed Amendments to the Distribution System Code – Clean Version
- Appendix E — Cost Awards



**Appendix A**  
**to**  
**Notice of Proposed Amendments to the**  
**Transmission System Code and the Distribution System Code**

**March 24, 2023**

**EB-2020-0176**

**Proposed Amendments to the Transmission System Code –**  
**Comparison Version to Current Code**

*Note: Underlined text indicates proposed additions to the Transmission System Code and strikethrough text indicates proposed deletions from the Transmission System Code. Numbered titles are included for convenience of reference only.*

3C.2.2 For the purposes of section 3C.2.1, a transmitter shall:

...

- (d) within 10 days of completion of a needs assessment for a region, provide a report to ~~the OPA~~, the IESO, and all licensed distributors and licensed transmitters within the region that reflects the results of the needs assessment, including the identity of the licensed distributors that will and will not need to be involved in further regional planning activities for the region, and post that report on its website. The report shall include a 10-year outlook related to the end-of-life of major transmission assets that the lead transmitter owns and, where applicable, the 10-year outlook of the end-of-life information provided by licensed distributors under section 8.31(a) of the Distribution System Code and other transmitters. For the purpose of this section, major transmission assets include transformers, circuit breakers, overhead lines, and underground cables;

**Appendix B**  
**to**  
**Notice of Proposed Amendments to the**  
**Transmission System Code and the Distribution System Code**

**March 24, 2023**

**EB-2020-0176**

**Proposed Amendments to the Transmission System Code – Clean Version**

3C.2.2 For the purposes of section 3C.2.1, a transmitter shall:

...

- (d) within 10 days of completion of a needs assessment for a region, provide a report to, the IESO, and all licensed distributors and licensed transmitters within the region that reflects the results of the needs assessment, including the identity of the licensed distributors that will and will not need to be involved in further regional planning activities for the region, and post that report on its website. The report shall include a 10-year outlook related to the end-of-life of major transmission assets that the lead transmitter owns and, where applicable, the 10-year outlook of the end-of-life information provided by licensed distributors under section 8.31(a) of the Distribution System Code and other transmitters. For the purpose of this section, major transmission assets include transformers, circuit breakers, overhead lines, and underground cables;

**Appendix C**  
**to**  
**Notice of Proposed Amendments to the**  
**Transmission System Code and the Distribution System Code**

**March 24, 2023**

**EB-2020-0176**

**Proposed Amendments to the Distribution System Code –**  
**Comparison Version to Current Code**

*Note: Underlined text indicates proposed additions to the Distribution System Code and strikethrough text indicates proposed deletions from the Distribution System Code. Numbered titles are included for convenience of reference only.*

- 8.3.1 A transmission-connected distributor shall provide the following to the lead transmitter for the region within which the distributor's licensed service area is located, in whole or in part:
- (a) such information as the lead transmitter may from time to time reasonably require to support regional planning, and shall do so within 60 days of receipt of the lead transmitter's request. For clarity, where a distributor owns transmission voltage assets, the information provided to the lead transmitter shall include a 10-year outlook related to the end-of-life of major transmission voltage assets, including transformers, circuit breakers, overhead lines, and underground cables; and

**Appendix D**  
**to**  
**Notice of Proposed Amendments to the**  
**Transmission System Code and the Distribution System Code**

**March 24, 2023**

**EB-2020-0176**

**Proposed Amendments to the Distribution System Code – Clean Version**

- 8.3.1 A transmission-connected distributor shall provide the following to the lead transmitter for the region within which the distributor's licensed service area is located, in whole or in part:
- (a) such information as the lead transmitter may from time to time reasonably require to support regional planning, and shall do so within 60 days of receipt of the lead transmitter's request. For clarity, where a distributor owns transmission voltage assets, the information provided to the lead transmitter shall include a 10-year outlook related to the end-of-life of major transmission voltage assets, including transformers, circuit breakers, overhead lines, and underground cables; and

**Appendix E**  
to  
**Notice of Proposed Amendments to the  
Transmission System Code and the Distribution System Code**

**March 24, 2023**

**EB-2020-0176**

**Cost Awards**

**Cost Award Eligibility**

The OEB will determine eligibility for cost awards in accordance with its [\*Practice Direction on Cost Awards\*](#). Any participant in this process intending to request cost awards (and has not already been determined eligible for cost awards in the OEB's EB-2020-0176 [\*Decision\*](#) issued on January 18, 2021) must file a written submission with the OEB by **April 3, 2023**, identifying the nature of their interest in this process and the grounds on which they are eligible for cost awards (addressing the OEB's cost eligibility criteria in section 3 of the OEB's *Practice Direction on Cost Awards*). An explanation of any other funding to which the participant has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the OEB website.

Licensed electricity transmitters and distributors will be given an opportunity to object to any of the requests for cost award eligibility. If an electricity transmitter or distributor has any objections to any of the cost eligibility requests, those objections must be filed with the OEB by **April 10, 2023**. Any objections will be posted on the OEB website. The OEB will then make a final determination on the cost eligibility of the requesting participants.

**Eligible Activities**

Cost awards will be available in relation to providing comments on the proposed TSC amendments in Appendix A and the proposed DSC amendments in Appendix C, to a **maximum of 5 hours**.

**Cost Awards**

The OEB will apply the principles in section 5 of its *Practice Direction on Cost Awards*, when determining the amount of the cost awards. The maximum hourly rates in the

OEB's Cost Awards Tariff will also be applied. The OEB expects that groups representing the same interests or same type of participant will make every effort to communicate and co-ordinate their participation in this process. Cost awards are made available on a per eligible participant basis, regardless of the number of professional advisors that an eligible participant may wish to retain.

The OEB will use the process in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards; i.e., the OEB will act as a clearing house for all cost award payments in this process. For more information on this process, please see the OEB's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the OEB acting as a clearing house for the cost award payments. These documents can be found on the OEB website at [www.oeb.ca](http://www.oeb.ca) on the "Rules, Codes, Procedures & Forms" webpage.