



October 11, 2006

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Suite 2700
Toronto, ON M4P 1E4

Via email to boardsec@oeb.gov.on.ca and by courier

Dear Ms. Walli:

**Re: Notice of Proposal to Amend the Distribution System Code
EB-2006-0226 - Comments of the Electricity Distributors Association**

Enclosed are an original and eight (8) copies of the comments of the Electricity Distributors Association in response to the Board's September 26, 2006 Notice of Proposal to Amend the Distribution System Code.

Please direct any questions or comments to Maurice Tucci at 905.265.5336 or at mtucci@eda-on.ca.

Yours truly,

Maurice Tucci
Senior Analyst

Encl.

Introduction

The following comments are submitted on behalf of the Electricity Distributors Association (“EDA”) in response to the Board’s proposal to amend the Distribution System Code. The proposed amendments are intended to facilitate the connection of embedded generation facilities to distribution systems and address related settlement issues.

As the OEB has recognized in its review of the anticipated costs and benefits of the proposed amendments, there will be additional costs incurred by LDCs in order to establish and maintain the processes associated with the Code amendments. These additional costs are supported because of the overall benefits to the public. As a result, it is the expectation of the LDCs that such costs will be fully recoverable through distribution rates.

The EDA’s proposed changes are hi-lighted

Definitions

“customer” means a person that has contracted for or intends to contract for connection of a building or an embedded generation facility. This includes developers of residential or commercial sub-divisions and third party embedded generation facility connected to a customer;

Rationale: A generation facility that is owned by a third party but is connected to another customer should have the same obligation as any other embedded generation facility. This will provide the distributor the right to disconnect those embedded generation facilities that are not compliant or in default.

“load displacement” means, in relation to a generation facility that is connected on the customer side of a connection point, that the output of the generation facility is intended to be used exclusively for the customer’s own consumption;

Rationale: Depending on the circumstances, electricity may flow in either direction, even though the generating facility may have been installed for the sole purpose of load displacement.

Queuing Process

The EDA would prefer that entry into the queue start after the OPA has referred to the distributor those Customer’s proposals that meet the OPA commercial/business criteria. There is very little point in the distributor accepting and processing applications that do not meet the OPA commercial/business criteria.

Where the distributor does not require a Customer Impact Assessment (CIA - typically required for small-size or large generation), the EDA suggests that entry into the queue be the time the Customer submits its application. In case the distributor has advised the Customer that an impact

assessment is required, the Customer's proposal would be accepted only when the Customer accepts the offer to connect (if an expansion of the distribution system is required) or signs the Connection Cost Agreement (CCA). Until such time as a Customer has made a commitment to proceed, the distributor should be under no obligations to that Customer. This way, some of the proposed clauses would be redundant. Hence, the EDA suggests revising the proposed clauses as follows:

6.2.4.1 Subject to section 6.2.4.2, a distributor shall establish and maintain a queuing process under which the distributor will process applications for the connection of embedded generation facilities. The queuing process shall meet the following requirements:

- a. except where the distributor has advised the Customer that an impact assessment is required, each application for connection that meets the OPA commercial/business criteria, including an application under section 6.2.25, will be placed in the queue on a first-come, first-served basis upon submission of an Application completion of the connection impact assessment for the embedded generation facility;
- b. the distributor shall notify the applicant of its queue position;
- c. an applicant shall be removed from the queue if a connection cost agreement has not been signed in relation to the connection of the embedded generation facility within 12 months of the date on which the application was placed in the queue;
- d. an applicant shall be removed from the queue if a new connection impact assessment is prepared for an embedded generation facility under section 6.2.15 and the new assessment differs in a material respect from the original connection impact assessment prepared for that facility; and
- e. the distributor shall provide the applicant with two months' notice prior to removing the application from the queue under paragraph c.

6.2.9.1 Upon request, a distributor shall provide the following to a person that has requested a meeting under section 6.2.9:

- a. (unchanged)
- b. subject to section 6.2.9.4, for mid-size and large generators information on voltage level, fault level and minimum/maximum feeder loadings for up to three locations in the distributor's service area that are relevant to the person's embedded generation facility.

Confirming the comments expressed in the EDA letter of November 30, 2005 on OEB staff SOP Paper, the EDA stresses that release of information should be limited to information that is necessary and relevant to the proposed generation facility.

6.2.9.2 The distributor shall provide the information referred to in section 6.2.9.1 without charge and within the 15 days referred to in section 6.2.9, using reasonable effort.

6.2.18 A distributor shall enter into a connection cost agreement with an applicant in relation to a small embedded generation facility, a mid-sized embedded generation facility or a large embedded generation facility. The connection cost agreement shall include provisions regarding the applicant's acceptance of the distributor's offer to connect, if an expansion is involved, the connection costs and any security deposit to be paid by the applicant prior to the commencement of any work by the distributor, and the timing of the connection. The distributor's offer to connect for the expansion of the distribution system shall be attached as an appendix to and form part of the cost connection agreement.

Form of Connection Agreement for a Small or a Mid-sized Embedded Gen. Facility

2.4 The Customer:

intends to:

- sell output from the Facility to the Ontario Power Authority and has entered into an agreement with the Ontario Power Authority for that purpose
- deliver and sell output from the Facility to the Distributor

(in which case the Customer is an "Embedded Retail Generator")

- does not intend to sell any of the output of the Facility to the Ontario Power Authority or the Distributor
- sell output from the Facility to the IESO and has entered into an agreement with the IESO for that purpose

8. Modifications to the Facility

8.1 The Customer shall not modify its connection assets or the Facility except in accordance with this section. Where the modification will not increase the maximum electrical output of the Facility and complies with all the technical requirements, the Customer shall give the Distributor no less than 15 working days notice prior to the date on which the modification will be made. Where the modification will increase the maximum electrical output of the Facility or does not comply with all the technical requirements, the Customer shall submit a new application for connection to the Distributor. The Distributor shall process that application for connection in accordance with the Code. The Customer shall not commence such modification until that process has been completed.

Without the proposed additional wording regarding complying with technical requirements, Section 8.1 would not prevent a Customer from modifying their generation facility where the modification would have an adverse impact on reliability or safety (examples: changes to breakers, relays, protection settings, etc). As originally written, Section 8.1 only prevented the

Customer from increasing the output of the Generation Facility without notice and approval from the Distributor.

14. Disconnection of Facility to Permit Maintenance and Repairs

It is expected that most embedded generation facilities will not be locally monitored and rely instead on automatic controls. Clauses 14.1 and 14.2 would place additional burden on distributors and result in little benefit to the Customers. Hence, the EDA suggests starting Section 14 with the following: "The requirements of Section 14 apply only to those generation facilities where the Customer has made a request to be notified".

15. Disconnection of Facility for Other Reasons (Distribution System Code)

15.1 The Customer shall discontinue operation of the Facility and the Distributor may isolate or disconnect the Facility from the Distributor's distribution system, upon any of the following:

- (a) termination of this Agreement in accordance with section 19;
- (b) if the Customers connection assets or the Facility are modified by the Customer in a manner contrary to section 8.1;
- (c) during an emergency or where necessary to prevent or minimize the effects of an emergency;
- (d) in accordance with section 31, 31.1 or 40(5) of the Electricity Act, 1998, other applicable law, the Code, the Distributors Licence or the Distributors Conditions of Service; or
- (e) where required to comply with a decision or order of an arbitrator or court made or given under Schedule G.
- (f) to protect the health or safety of workers, contractors or any third parties;
- (g) to preserve the security and reliability of the distribution system.

Section 15.1 does not explicitly state all the reasons (ie: safety, reliability, etc) when the distributor should disconnect the customer. The proposed additions explicitly state more of the reasons for disconnection.