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Ontario Energy Board
P.O. Box 2319
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Attn: Peter O'Dell
Assistant Board Secretary

Re: EB-2005-0317 Cost Allocation Review: Staff Proposal Regarding Rate Classifications and Associated Load Data Requirements

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Hydro Ottawa would like to make the following comments on the Staff Proposal Regarding Rate Classifications and Associated Load Data Requirements:

Current Rate Classifications Identified (Run 1)

i) **Completeness of Current List**
Appendix 1 does include all of Hydro Ottawa's approved 2006 rate classifications.

ii) **Modeling Unmetered Scattered Load (USL) and Standby Rates in Run 1**
It is not clear exactly what the criteria is for determining whether or not USL and Standby Rates should be a separate class in Run 1. The final report should clarify what is meant by 'the form and substance of the distributor's approved rates confirm that full separate rate class or subclass treatment was intended'.

Summary of Planned Rate Classification Changes (Run 2)

i) **Introduction**
It is not clear whether the introduction of a full separate rate class for all distributors who serve customers with load displacement facilities will be for the total load of the customer with load displacement facilities or for just the standby portion of the load. In addition, there may be more than one class required for Standby Rates.

Also it is unclear whether this requirement applies to customers with all sizes of load displacement facilities, i.e. does it include net metering customers? Hydro Ottawa currently limits application of its Standby Rates to load displacement generators > 500 kW. Although

materiality for load displacement may depend on the size of the LDC, Hydro Ottawa might have difficulty identifying smaller generators, especially if a customer with a back-up generator is now using it for load displacement.

iv) **Modeling Separate Standby Rate Class**

Hydro Ottawa would be required to model at least 3 separate rate classes for customers with load displacement. There could be only one or two customers in a class and this would create problems with confidentiality of data and the possibility of significant changes in per unit costs as customers enter/leave a class or change the operation of their generator.

Hydro Ottawa recommends that for purposes of creating a standby rate, load displacement customers not be treated as a separate class. Their load and their metered generation should be added to the load profile of their existing class. The resulting volumetric rate would then be multiplied by the contracted backup demand to determine the standby charge.

Suggested Load Profile for Separate Unmetered Scattered Load Class

i) **Creation of Distinct Load Profiles – Staff Recommendations for Upcoming Filings**
Step 2) Treatment of CATV Battery Mats for Upcoming Filings

It is our understanding that the Hydro One Load Research Group will be providing a load profile for CATV power supply battery mats for those utilities which require it. Hydro Ottawa did file its rate application on a forward test year basis, however our forecasted load did not include battery mat load. Therefore it is assumed that we would need to make no adjustment for battery mats in our Cost Allocation filing.

For Photo-sensitive loads, it should be noted that there is more than one 'Board-approved load profile for streetlights'. Hydro Ottawa has its own Board-approved load profile for streetlights.

Suggested Load Profile for Separate Standby Rates Class

i) **Potential Load Data Options**

While Alternative 2b) is not being proposed by Board staff, this alternative should be clarified to state "the nameplate rating of the generator or the contracted backup could be added to the metered usage …" in order to differentiate it from Alternative 2a). The contracted backup could be the nameplate rating of the generator or less.

iv) **Use of Load Profiles in Run 2 and Run 1**

"Distributors are expected to make reasonable efforts to identify load displacement customers". Again it is unclear if this applies to all sizes of load displacement customers and if so, it is extremely difficult to ensure that all small load displacement can be identified.

Appendix I

#3 The definition of General Service greater than 50 kW states 'non-residential accounts with monthly average peak demand > 50 kW and delivery at bulk level'. Hydro Ottawa has GS > 50 kW customers who receive power at both the bulk and primary levels. However, splitting

the class by this criteria would be very difficult. Hydro Ottawa recommends that "and delivery at bulk level" be removed from this sentence.

#8 & #9 The Data Requirements for these classes have an incorrect reference to Part 3f and 3g of the Proposal respectively.

#10 Hydro Ottawa has a number of Merchant Generators but currently does not have a separate rate for them. Hydro Ottawa recommends that the final report provide direction on how a LDC should treat a merchant generator compared to a load-displacement generator. For instance, should merchant generators be included in Run 2, or only in the Optional Run 3?

Thank you for the opportunity to comment on this Proposal. If you require further clarification on our comments, please contact the undersigned.

Yours truly,

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