

Appendix A
to
Notice of Proposed Amendments to the
Distribution System Code
January 05, 2023
EB-2021-0117

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

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

1.2 Definitions

~~“capacity allocation exempt small embedded generation facility” means an embedded generation facility which is not a micro-embedded generation facility and which has a name plate rated capacity of 250 kW or less in the case of a facility connected to a less than 15 kV line and 500 kW or less in the case of a facility connected to a 15 kV or greater line;~~

Section 6 of the Distribution System Code is amended as follows:

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

...

(e) an applicant shall have its capacity allocation removed if:

...

iii) any required deposits payable to the distributor pursuant to section 6.2.18A, ~~6.2.18B~~, or 6.2.18C have not been received by the date specified by the distributor;

...

6.2.4.2 Section 6.2.4.1 does not apply to an application to connect a micro-embedded generation facility, ~~a capacity allocation exempt small embedded generation facility~~, or an embedded generation facility that is not an embedded retail generation facility. Applications to connect to which the capacity allocation process does not apply, including by virtue of section 6.2.1, shall be processed by a distributor in accordance with this Code as and when received.

6.2.4.3 ~~Any application to connect a capacity allocation exempt small embedded generation facility that was received by a distributor prior to the date of coming into force of this section shall be processed by the distributor in accordance with the provisions of this Code applicable to such~~

~~generation facilities as though the application to connect had been received by the distributor on the date of coming into force of this section.~~

Connection of other Generation Facilities

~~6.2.8A Notwithstanding any other provision of this Code, a distributor shall, for the purposes of determining the connection feasibility of a capacity allocation exempt small embedded generation facility and of determining the impact of such facility on the distributor's distribution system and on any customers of the distributor, treat any capacity associated with a generation facility that has a capacity allocation referred to in section 6.2.4.1 as available capacity.~~

~~6.2.8B Where a distributor believes that, by virtue of the operation of section 6.2.8A, the connection of a capacity allocation exempt small embedded generation facility cannot reasonably be managed by the distributor without adversely affecting the capacity allocation of a generation facility, the distributor shall promptly so notify the Board in writing. In such a case, and notwithstanding any other provision of this Code, the distributor shall not take any further steps to connect the capacity allocation exempt small embedded generation facility without further direction from the Board~~

Small Embedded Generation Facility

6.2.12 Subject to sections 6.2.4.1(b), 6.2.4.1(c) and 6.2.4.2, a distributor shall follow the process as set out in the *Distributed Energy Resources Connection Procedures* to process a request for connection of a small embedded generation facility. The distributor shall provide an applicant proposing to connect a small embedded generation facility with its assessment of the impact of the proposed generation facility, a detailed cost estimate of the proposed connection and an offer to connect within:

- (a) 60 days of the receipt of the application where no distribution system reinforcement or expansion is required; and
- (b) 90 days of the receipt of the application where a distribution system reinforcement or expansion is required.

~~An offer to connect made to an applicant proposing to connect a capacity allocation exempt small embedded generation facility may be revoked by the distributor if not accepted by the applicant within 60 days.~~

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 the following:

- (a) a requirement that the applicant pay a connection cost deposit equal to 100% of the total estimated allocated cost of connection at the time the connection cost agreement is executed;
- (b) ~~applies only to an exporting generation facility: if the applicant does not have an executed IESO contract which includes a requirement for security deposits or similar payments, a~~

requirement that the applicant pay a capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility at the time the connection cost agreement is executed;

- (c) ~~applies only to an exporting generation facility: if the applicant does not have an executed IESO contract which includes a requirement for additional security deposits or similar payments, a requirement that if fifteen (15) calendar months following the execution of the connection cost agreement the embedded generation facility is not connected to the distributor's distribution system, the applicant must pay an additional capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility on the first day of the sixteenth(16th) calendar month following the execution of the connection cost agreement;~~
- (d) ~~if the applicant has an executed IESO contract which includes a requirement for security deposits or similar payments, the distributor shall not require the applicant to pay a capacity allocation deposit or an additional capacity allocation deposit;~~

....

6.2.18A ~~For any proponent that executed a connection cost agreement prior to the date of coming into force of this section, but is not yet connected to the distributor's distribution system, the distributor shall notify the proponent of that embedded generation facility, within 60 days of this section coming into force, that a connection cost deposit equal to 100% of the total allocated cost of connection and a capacity allocation deposit equal to \$20,000 per MW of capacity of the embedded generation facility must be paid within 60 days of the distributor's notice as a condition of the applicant maintaining its current capacity allocation.~~

6.2.18B ~~For any proponent that executed a connection cost agreement prior to the date of coming into force of this section, but is not yet connected to the distributor's distribution system and for which fifteen (15) calendar months or more have elapsed since the date on which the proponent executed a connection cost agreement, the distributor shall notify the proponent of that embedded generation facility, within 60 days of this section coming into force, that an additional capacity allocation deposit equal to \$20,000 per MW of capacity for the embedded generation facility must be paid within 60 days of the distributor's notice as a condition of the applicant maintaining its current capacity allocation. For clarity, this additional capacity allocation deposit is in addition to any deposit that may be required under section 6.2.18A.~~

6.2.18D ~~Any connection cost deposit, capacity allocation deposit or additional capacity allocation deposit required to be obtained by the distributor pursuant to this Code shall be in the form of cash, letter of credit from a bank as defined in the Bank Act, or surety bond. The distributor shall allow the applicant to select the form of any required connection cost deposit, capacity allocation deposit and/or additional capacity allocation deposit.~~

6.2.18F ~~If, following the connection of an embedded generation facility to the distributor's distribution system the distributor determines that the amount of the connection cost deposit provided by the applicant exceeded the costs allocated to the applicant and related to connecting the generation facility to the distributor's distribution system, the distributor shall at the time of~~

~~connection refund to the applicant the amount by which the connection cost deposit exceeded the costs related to connecting the embedded generation facility.~~

Following the connection of an embedded generation facility to the distributor's distribution system a distributor shall, upon providing its permission to operate to an applicant as set out in the *Distributed Energy Resource Connection Procedures*:

- (a) at the time of providing its permission to operate to an applicant, where the agreed project scope for the connection has not yet been completed, provide a list of the incomplete elements of the agreed project scope for the connection;
- (b) no later than 60 days after providing its permission to operate, provide the applicant with a preliminary connection cost report specifying the total actual connection costs incurred and allocated to the applicant, including any host distributor and/or transmitter costs, as of the date upon which the distributor issued its permission to operate;
- (c) where the agreed project scope for the connection has been completed at the time the permission to operate has been provided by the distributor, and where the distributor determines that the amount of the connection cost deposit provided by the applicant exceeded the actual costs incurred by the distributor that were allocated to the applicant, refund to the applicant the amount of the unused connection cost deposit within:
 - i) 180 days after providing its permission to operate, where the distributor is not an embedded distributor; or
 - ii) 210 days after providing its permission to operate, where the distributor is an embedded distributor;
- (d) where the agreed project scope for the connection has not been completed at the time the permission to operate has been provided by the distributor:
 - i) where the agreed project scope for the connection, including those elements of the agreed project scope identified pursuant to subsection (a), is completed within 90 days after the distributor provides its permission to operate, and where the distributor determines that the amount of the connection cost deposit provided by the applicant exceeded the actual costs incurred by the distributor that were allocated to the applicant, the distributor shall refund to the applicant the amount of the unused connection cost deposit within the number of days specified in subsection (c);
 - ii) where the agreed project scope for the connection, including those elements of the agreed project scope identified pursuant to subsection (a), is completed more than 90 days after the distributor has provided its permission to operate, and where the distributor determines that the amount of the connection cost deposit provided by the applicant exceeded the actual costs incurred by the distributor that were allocated to the applicant, the distributor shall refund to the applicant the amount of the unused connection cost deposit within:
 - (1) 90 days of the completion of the agreed project scope for the connection, where the distributor is not an embedded distributor; or,

- (2) 120 days of the completion of the agreed project scope for the connection, where the distributor is an embedded distributor.

6.2.18H The distributor shall refund to the applicant the amount of any capacity allocation deposit or additional capacity allocation deposit, including interest as calculated according to section 6.2.18I, provided by the applicant to the distributor no later than 30 calendar days after the applicant connects to the distributor's distribution system, the earlier of 30 calendar days after the applicant receives the distributor's permission to operate, or [the date that is 180 calendar days after the proposed amendments come into force].

6.2.18I ~~Where any connection cost deposit, capacity allocation deposit or additional capacity allocation deposit is provided by an applicant to a distributor in the form of cash and where the distributor refunds all or any portion of such connection cost deposit, capacity allocation deposit or additional capacity allocation deposit to the applicant in accordance with this Code, the return of such deposit or deposits shall be in accordance with the following conditions:~~

- (a) interest shall accrue monthly on the deposit amounts commencing on the receipt of the deposit required by the distributor; and
- (b) the interest rate shall be at the Prime Business Rate set by the Bank of Canada less 2 percent.

6.2A Connection Process for Distributor-owned Generation Facilities

6.2A.3 In applying section 6.2 in relation to a generation facility that will be owned by the distributor to whose distribution system the generation facility will be connected, the following shall apply:

...

For the purposes of this section: (i) "deposit" means ~~a capacity allocation deposit, an additional capacity allocation deposit and a connection cost deposit, as applicable;~~ and (ii) "Accounting Guidelines" means all requirements established by the Board and in effect at the relevant time in respect of the accounting records, accounting principles and accounting separation standards to be followed by the distributor in relation to a generation facility owned by the distributor, including the "Guidelines: Regulatory and Accounting Treatments for Distributor-Owned Generation Facilities" (G-2009-0300).