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Ontario

Compliance Office

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Compliance Bulletin 200606

To: All Licensed Electricity Transmitters

Re: Allocation of Costs for Customer Connections to Transmission Systems

This Bulletin clarifies how electricity transmitters are to allocate costs for customer connections to transmission systems.

Section 6.3 of the Transmission System Code (TSC) addresses cost responsibility for new and modified connections. With regard to customer connections, the TSC deals with cost allocation of *connection* facilities and *network* facilities differently. Costs associated with additions or upgrades to *connection* facilities are allocated to the connecting customer while costs associated with additions or upgrades to *network* facilities are generally allocated to the transmitter. The TSC contemplates that some assets in a *network* facility may, in fact, serve a connection function. The cost responsibility principles of the TSC require that a customer be allocated the full cost of connection to the transmission system.

It is my view that, in keeping with the TSC requirement that connecting customers be allocated the cost of connection, connecting customers are responsible for costs that are directly related to the physical interface connection with the transmission system regardless of where, on the transmission system, the connection occurs. It is my view that the costs of these "minimum connection requirements" are to be borne by the connecting customer even when the assets necessary to achieve the minimum connection requirement will be located within the transmitter's *network* facilities. It is also important to note that in some cases, all or some of the minimum connection requirement may be physically located away from the actual connection interface point for practical or economic reasons. Where a customer connects to a line, for example, and a breaker is required to mitigate reduced reliability resulting from the new connection, it may be better to install that additional breaker at an upstream station rather than at the point of connection to the line. In such cases, the additional required breaker should be considered part of the minimum connection requirement even though it is not physically located at the actual interface connection point.

Where all or some modifications involve *network* facilities, some apportionment of cost may be necessary to reflect the fact that not all the network modifications form part of the minimum connection requirement. If a customer connection is made to a *network* station, for example, it will often require two terminating breakers in a ring-bus arrangement rather than a single radially connected breaker terminating on a station bus. In such circumstances, it is my view that the TSC requires that one breaker forms part of the minimum connection requirement and its cost should be allocated to the connecting customer while the second breaker is for the benefit of all ratepayers and its cost should be allocated to the transmitter.

Section 6.1.2 of the TSC requires that transmitters ensure that new or modified connections to its transmission system do not materially reduce the reliability or performance of its transmission system. This must be a consideration in determining the minimum connection requirements. The minimum connection requirement will generally consist of the following:

a) Connection interface equipment including i) terminating structures, ii) disconnect switches and iii) line or bus connections which may include line taps or bus extensions if required.
b) Automatic interrupting devices such as breakers or circuit switchers as required by the IESO or the transmitter located at the connection interface (or alternate location as discussed above), their associated structures and disconnect switches. As noted in the discussion above, some apportionment of cost may be necessary if these devices are located in a *network* facility.
c) Protection and control and associated telecommunication directly related to the minimum connection requirement interrupting devices, and/or the connecting customer's interrupting devices.
d) Incremental additions to existing special protection systems such as load or generation rejection required to incorporate the connecting customer.

Therefore I expect that transmitters should allocate costs associated with these minimum connection requirements to the connecting customer.

Please direct any questions you may have on this matter to the Market Participant hotline at 416-440-7604 or by e-mail at market.operations@oeb.gov.on.ca.

Brian Hewson
Chief Compliance Officer
Compliance Office

No statutory power of decision has been delegated to the Chief Compliance Officer, and the views expressed in this Information Bulletin are not binding on the Board. The Chief Compliance Officer may seek enforcement action by the Board under Part VII.1 of the *Ontario Energy Board Act, 1998*, in relation to non-compliance.

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