



EB-2012-0031

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S. O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF a review of an application filed
by Hydro One Networks Inc. for an order or orders
approving a transmission revenue requirement and rates
and other charges for the transmission of electricity for
2013 and 2014.

**DECISION ON INTERIM RATES
AND PROCEDURAL ORDER NO. 10
December 7, 2012**

Hydro One Networks Inc. ("Hydro One") filed an application, dated May 28, 2012, with the Ontario Energy Board under section 78 of the *Ontario Energy Board Act, 1998*, c.15, Schedule B, seeking approval for changes to its 2013 and 2014 transmission revenue requirement and for changes to the provincial uniform transmission rates charged for electricity transmission, to be effective January 1, 2013 and January 1, 2014. The Board assigned File Number EB-2012-0031 to the application.

On August 13, 2012 the Board issued an Issues List Decision and Procedural Order No. 2 which set out an approved Issues List for the Proceeding.

The Board issued a Decision and Order on Confidentiality and Procedural Order No. 3 on October 1, 2012 in which the Board ordered, among other things, that the parties conduct a Settlement Conference. A Settlement Conference was held from October 23 to 26, 2012. Parties achieved settlement on all but one issue, namely Issue #23 from the approved Issues List: "What is the appropriate level for Export Transmission Rates in Ontario?"

The Board approved the Settlement Proposal (filed by Hydro One on November 6, 2012) in an oral decision on November 8, 2012. At that time, the Board also set a date for the submission of Hydro One's Draft Rate Order and also declared the existing 2012 transmission rates interim as of January 1, 2013.

In Procedural Order No. 8, issued on November 15, 2012, the Board established a process to address the remaining unsettled issue, set dates for an Experts' Conference and related procedural steps and also set dates for an oral hearing on January 28 and 29, 2013.

On November 27, 2012 the Board received a request from the Association of Power Producers of Ontario ("APPrO") that the Board clarify that the Export Transmission Service ("ETS") charge will not be retroactively adjusted in 2013 (back to January 1, 2013) in the event that the ultimate decision of the Board is to change the ETS charge from its current \$2/MWh level. APPrO submitted that while it acknowledges that it is not the practice of the Board to retroactively adjust rates back to the start of a utility's rate year, the fact that the ETS charge will be interim as of January 1, 2013 leaves that possibility open to the Board. In APPrO's view this could create significant transaction cost uncertainty for traders. APPrO submits that it would be inefficient to retroactively adjust the ETS rate as this could have the effect of making previous trades or non-executed trades, uneconomic.

Procedural Order No. 9 was issued on November 29, 2012 and set a date for submissions with respect to the Export Transmission Service Rate and the Board's declaration of transmission rates as interim effective January 1, 2013.

The Board received submissions from the following parties: Energy Probe Research Foundation ("Energy Probe"), HQ Energy Marketing Inc. ("HQEM"), the Canadian Manufacturers and Exporters ("CME"), the Association of Major Power Consumers in Ontario ("AMPCO"), the Power Workers Union ("PWU"), the School Energy Coalition ("SEC") and the Independent Electricity System Operator ("IESO"). All submissions supported APPrO's request.

The Board finds APPrO's request to be reasonable, as it will remove any transaction uncertainty in the market. The Board finds that it is in the public interest to amend the interim rates decision of November 8, 2012 to leave the ETS rate final as of January 1,

2013. When the Board makes its decision on the final ETS rate, this rate will be applied prospectively from the date of the Board's decision.

Hydro One filed its Draft Rate Order (including the proposed 2013 Uniform Transmission Rates) on November 30, 2012. Parties will be given the opportunity to comment on this Draft Rate Order as indicated below.

THE BOARD ORDERS THAT:

1. Hydro One's current Export Transmission Service rate of \$2/MWh is final as of January 1, 2013 until such time as the Board makes its decision on the final ETS rate.
2. Parties that wish to file submissions regarding the Draft Rate Order may file these submissions no later than December 12, 2012.

All filings to the Board must quote file number EB-2012-0031, be made through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties shall use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca.

If the web portal is not available, parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

ADDRESS

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DATED at Toronto, December 7, 2012

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary