Appendix D – Blackline Version of Proposed Rider I

Applicability

1(1) Rider I applies when a market participant requests and the ISO accepts the request to convert to an amortized monthly charge a construction contribution paid for system access service under:

(a) Demand Transmission Service Rate DTS;

(b) Primary Service Credit Rate PSC; or

(c) Supply Transmission Service Rate STS.

2(2) The market participant may request conversion of a construction contribution to an amortized Rider I monthly charges at any time after commercial operation and at least twelve (12) months prior to the expiry of the term determined in subsection 2(2)(c) below.

3(3) Unless denied in accordance with subsections 1(4) and 1(5) below, the ISO must accept a request for conversion of a construction contribution to Rider I monthly charges.

4(4) The ISO may, by providing written notice including with reasons to the market participant:

(a) deny a request to convert a construction contribution to an amortized Rider I monthly charges; or

(b) rescind the conversion of a construction contribution to an amortized Rider I monthly charges and require the market participant to pay the remaining unpaid balance of the construction contribution to the owner of the transmission facilities in accordance with subsection 7 of section 9 of the ISO tariff.

45 In making a decision to deny a request for or rescind the conversion of a construction contribution to Rider I monthly charges, the ISO must consider:

(a) if significant and substantiated doubt exists about the viability of the market participant’s project or the financial stability of the market participant;

(b) if the market participant is or has been in default on any other amounts owed to the ISO or to an owner of transmission facilities;

(c) available financial information related to the market participant, including financial information the ISO may review or consider under sections 103.3, Financial Security Requirements, and 103.7, Financial Default and Remedies, of the ISO rules;

(d) repeated conversions of a construction contribution to Rider I monthly charges after prior early terminations of such charges by the market participant;

(e) reasonable expectation of harm that may occur to the owner of transmission facilities due to instability affecting planning and decision-making regarding financing arrangements or during periods of capital constraint; and

(f) any other factors that may reasonably be relevant to an assessment of the risk that the market participant may fail to or otherwise be unable to pay the Rider I monthly charges.
Rider I is not applicable to an owner’s contribution for a generating unit determined under section 10 of the ISO tariff.

Rider

2(1) The ISO will determine the Rider I monthly charge annually on the date of commercial operation and subsequent anniversaries of that date.

(2) In the n-th year after commercial operation, the ISO will calculate the Rider I monthly charge using the formula:

\[
\text{monthly charge} = \frac{\text{construction contribution} \times \left( \frac{1}{\text{term}} + \left(1 - \frac{n-1}{\text{term}} \right) \times \text{rate} \right)}{12} \times \frac{1}{12}
\]

where:

(a) “construction contribution” is the amount the ISO determines for the market participant under subsection 4 of section 5 of the ISO tariff;

(b) “n” is the number of the year after commercial operation for which the charge is being determined, with n increasing from one (1) in the first year to the number of years in the term, defined in subsection 2(2)(c) below, in the final year;

(c) “term” is the lesser of twenty (20) years or the term, in years, of the market participant’s agreement for system access service; and

(d) “rate” is the current annual discount rate applicable to the owner of the transmission facilities, determined under subsection 11 of section 8 of the ISO tariff at the time the Rider I monthly charge is calculated.

3(1) The ISO will include Rider I monthly charges on statements of account issued for the system access service to which the construction contribution applies, beginning with the first settlement period after all requirements for Rider I have been satisfied.

(2) If the ISO determines it should adjust the construction contribution in accordance with section 9 of the ISO tariff then, beginning with the settlement period in which the adjustment is effective, the ISO will calculate the Rider I monthly charge based on the adjusted construction contribution.

(3) After the end of the term defined in subsection 2(2)(c) above, the ISO will no longer assess a Rider I monthly charge for the system access service.

Financial Security Required for Rider I

3(1) An owner of an electric distribution system that is regulated by the Commission is not required to provide financial security for Rider I.

(2) Any other market participant who requests conversion of a construction contribution to an amortized Rider I monthly charges must provide financial security for Rider I in accordance with this subsection 3.

(3) The market participant must provide financial security to the ISO for the term over which Rider I monthly charges will apply as determined in subsection 2(2)(c) above and in accordance with a schedule which provides financial security.
(a) in the amount of the **construction contribution** being converted to Rider I **monthly charges** at least thirty (30) days prior to the start of the first **settlement period** in which the ISO charges Rider I; and

(b) in the amount calculated annually, at the time of the annual determination of the Rider I **monthly charge** in subsection 2(1) above, as:

\[
\text{financial security amount} = \frac{\text{construction contribution}}{1 - \frac{n-1}{\text{term}}}
\]

where “**construction contribution**”, “\(n\)”, and “term” are defined in subsection 2(2) above.

(4) **The ISO** may adjust the amount of financial security required for Rider I when the Rider I **monthly charge** is recalculated in accordance with subsection 2(4) above.

(5) **The market participant** must provide financial security that is in accordance with the provisions, including those specifying acceptable forms, of section 103.3, **Financial Security Requirements**, of the ISO rules.

(a) in the form of a guarantee, cash deposit or irrevocable letter of credit from a Canadian chartered bank, credit union, trust company or other financial institution with a minimum senior unsecured long-term debt A– credit rating or equivalent as determined by Standard & Poor’s, Moody’s Investor Services, DBRS or equivalent credit rating agency; and

(b) satisfactory to the ISO in form, substance and amount, at the discretion of the ISO.

(6) **The ISO** may use any unsecured credit it establishes for the **market participant** to reduce the amount of security the **market participant** must provide to the ISO for Rider I, up to the limit of such unsecured credit not utilized to reduce other security the ISO or the owner of the transmission **facilities** requires.

**Termination of Rider I Charges**

4(1) After the end of the term defined in subsection 2(2)(c) above, the ISO must terminate Rider I **monthly charges** for the **system access service**.

(2) **A market participant** may request early termination of Rider I **monthly charges**:

(a) upon at least ninety (90) days written notice;

(b) to be effective no earlier than twelve (12) months after the start of the first **settlement period** in which the ISO charges Rider I to the **market participant**; and

(c) upon payment of any remaining **construction contribution** not recovered through Rider I **monthly charges**, as the ISO determines.

(3) Unless denied in accordance with subsection 4(4) below, the ISO must accept a request for early termination of Rider I **monthly charges**.

(4) **The ISO** may deny a request for early termination of Rider I **monthly charges** by providing written notice with reasons to the **market participant**, which reasons may include:

(a) failure to satisfy any of the requirements set out in subsection 4(2) above;
(b) repeated early terminations requested by the market participant for prior conversions of construction contributions to Rider I monthly charges; or

(c) reasonable expectation of harm that may occur to the owner of transmission facilities due to instability affecting planning and decision-making regarding financing arrangements.

(5) Upon termination of Rider I monthly charges, the ISO must:

(a) no longer include Rider I monthly charges on statements of account issued for the system access service, beginning with the first settlement period after all requirements for termination have been satisfied; and

(b) return any security held for Rider I to the market participant promptly after the end of the last settlement period in which the ISO charges Rider I.

Terms

45(1) Within sixty (60) calendar days after the start of the first settlement period in which the ISO charges Rider I, the owner of the transmission facilities must return to the market participant the construction contribution paid for the connection project:

(a) in full if Rider I charges begin immediately after commercial operation, or

(b) reduced by that fraction of the term, defined in subsection 2(2)(c) above, representing the number of years, in whole or in part, from the date of commercial operation to the first settlement period in which the ISO charges Rider I.

(2) A market participant may terminate Rider I charges upon ninety (90) days written notice and upon payment of any remaining construction contribution not recovered through Rider I charges, as the ISO determines.

(3) If the ISO determines a construction contribution adjustment in accordance with section 9 of the ISO tariff for a market participant to whom Rider I is being charged, the ISO will reduce the adjustment refunded or charged to the market participant by that fraction of the term, defined in subsection 2(2)(c) above, representing the number of years, in whole or in part, from the settlement period in which the adjustment is effective to the end of the term.

(4) The terms and conditions of the ISO tariff form part of this rider.

Revision History

Effective   Description

2012-06-28   Revised and applied for in 2012 Rider I application.

2011-03-09   Revised and applied for as part of 2011 generic cost of capital proceeding.

2010-03-04   Applied for as part of 2010 ISO tariff application.