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APPRO
ASSOCIATION OF
POWER PRODUCERS
OF ONTARIO

**APPRO Submission in EB-2010-0038
Proposed Amendments to the Distribution System Code
Alternative Bid Option Provisions**

April 7, 2010

Background

The following comments are submitted by the Association of Power Producers of Ontario (“APPRO”) in response to the Notice of Proposal to Amend a Code issued by the Ontario Energy Board (“the Board”) on March 10, 2010. As a non-profit organization representing electricity generators in Ontario, APPRO welcomes this opportunity to comment on the proposed amendments to the Distribution System Code (“the DSC”).

As the proposed changes will impact its members directly, APPRO appreciates the Board taking the initiative to review the alternative bidding process and recognizing the special circumstances in this consultation whereby generators as distributor customers can provide a unique perspective and expertise on alternative bid provisions.

APPRO Comments

APPRO strongly supports the continued use of an alternative bid option as a means of reducing the cost of distribution system expansions where a connecting customer is expected to pay a capital contribution. APPRO is also in full agreement with the Board that there are some areas where clarification could improve the efficiency and cost effectiveness of the alternative bid option.

The proposed amendments will eliminate the terms “contestable” and “uncontestable” and replace them with the phrase “subject to alternative bid” or similar language. APPRO agrees with the Board that replacing these terms as proposed will help to avoid any potential misinterpretation without impacting the current benefits of the alternative bid option.

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The proposed amendments include an obligation to transfer the ownership of expansion assets constructed under an alternative bid to the distributor upon completion of the work. APPrO notes that this obligation does not prevent customers (connecting generators) from deciding to plan, design, construct and own distribution facilities provided they meet all the regulatory and licensing requirements. This reinforces APPrO's understanding that generator owned assets can be built by the generator or its contractor and therefore are not impacted by the proposed changes or the alternative bid option. APPrO also notes that connecting generators would continue to receive payment for the transferred assets under section 3.2.18 of the DSC. Under these conditions, APPrO believes that it is appropriate to transfer the ownership and operation of assets related to expansions that are built to become part of the distribution system.

Section 3.2.15 is being amended to avoid disagreements regarding the term "preliminary" and the phrase "involving distributor assets". APPrO agrees with the Board that clarification of this section would be beneficial. APPrO also agrees that distributors should retain the authority to determine whether an alternative bid can be allowed when the work *requires* physical contact with the existing distribution system (3.2.15A) and that distributors would retain the sole responsibility for any de-energization of the distribution system (3.2.15B). APPrO concurs with the Board that these changes should not prevent customers from using the alternative bid option for associated work or for work that has the potential for incidental contact.

To help to avoid potential misunderstanding, APPrO recommends that the Board clarify that physical contact relates to existing distribution plant (poles, wires and structures) and not to road allowances, fee-owned property or easements. Additional clarification is also recommended in section 3.2.15 to differentiate between planning and design work that must be done by the distributor and planning that could be subject to alternative bid.

APPrO recommends that distribution planning be limited to the general system design and engineering specifications (location, size and type of the expansion); and the alternative bid contractor be allowed to develop the detailed construction plans, design specifications and drawings, which are then submitted to the distributor for approval.

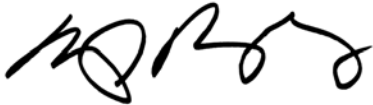
In addition to the clarifications noted above, APPrO recommends that where there is a potential for further cost savings, the distributor should be required to consider allowing the alternate bid contractor to complete the distribution (physical contact) work under the direction of the distributor rather than incur the added cost of having two different groups working on the same project.

And finally, APPrO agrees with the statement in the Notice that the Board "does not anticipate that the proposed amendments will result in material additional costs being borne by distributors or ratepayers". In fact, APPrO's expectation is that the proposed changes and the recommendations provided by APPrO have the potential to reduce costs for connecting customers and ratepayers in general.

Conclusion

APPrO fully supports the proposed changes and recommends that the Board proceed with the amendments based on the recommendations and comments made herein.

All of which is respectfully submitted by,

A handwritten signature in black ink, appearing to read 'JB', is positioned above the name of the signatory.

Jake Brooks, Executive Director, APPrO