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June 17, 2013

File #57695

VIA MAIL AND EMAIL BoardSec@ontarioenergyboard.ca

Ontario Energy Board
2300 Yonge Street, 27th Floor
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Attention: Ms. Kirsten Walli, Board Secretary

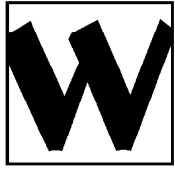
Dear Ms. Walli:

Re: The City of Thunder Bay, Northwestern Ontario Associated Chambers of Commerce (NOACC) and the Northwestern Ontario Municipal Association (NOMA) Comment on the Proposed Amendments to the Transmission System Code and the Distribution System Code - File No. EB-2011-0043.

The following comments are made on behalf of the NOACC Coalition, comprised of Northwestern Ontario Associated Chambers of Commerce (NOACC), Northwestern Ontario Municipal Association (NOMA), the Township of Atikokan, and the City of Thunder Bay. The comments are in response to the May 17, 2013 Notice of Proposal To Amend A Code, specifically the Transmission System Code ("TSC") and the Distribution System Code ("DSC") (the "Notice").

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Regional Planning Concepts Capture by the Proposed Amendments

The NOACC Coalition applauds the formalization of a regional planning process intended in the proposed amendments to the TSC and the DSC.

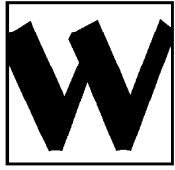
Deficiencies in the Proposed Amendments

The NOACC Coalition notes, however, that there are significant deficiencies in the elements of regional planning represented in the proposed amendments. Those deficiencies are yet to be addressed. One of the outcomes of a commitment to regional planning must be an assessment of regional needs. If needs turn out to be materially different in a particular region it is axiomatic that the one size fits all form of system planning cannot be assumed to be applicable everywhere in the province.

Needs Assessment Not Required

It is essential to recognize that the successors to what once was Ontario Hydro remains a natural monopoly. A corollary to that fact is that a natural monopoly always runs the risk of confusing an internal exchange of information and requirements with serving the needs of its end use customers. The proposed amendments, which go a long way to formalizing power system planning on a regional basis, remain almost entirely a dialogue internal to the natural monopoly itself. There is no requirement in the proposed amendments that any part of the monopoly actually be required to turn to the end-use customer and ask the pivotal needs-based planning questions. What are your electricity needs? Are those needs being met? Is what the electricity system is doing now actually meeting your needs?

The proposed amendments to the TSC and the DSC do nothing to require that system planners advert in any concrete way to the fact that the only reason the electricity monopoly exists at all is to serve the end-user of the electricity. This results in, for example, a mislabelling the planning model set out in the proposed amendments as a “needs” based model. In actuality it is requirements-based planning model. It is not that requirements-based planning is wrong. On the contrary, it is essential that requirements planning take place where appropriate. The model for regional planning set out in the proposed amendments is certainly an improvement in system planning on a regional



level. The point is that it is entirely a requirements-based model, not needs-based planning model.

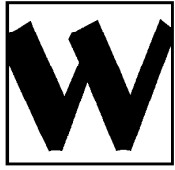
Part of the confusion in trying to distinguish needs-based planning from requirements-based planning arises from the fact that the definitions¹ of the two words imply that on one level the words can be considered interchangeable. The word “require” is, in part, defined as “need”. The word “need” is, in part, defined as “require”. The distinction arises more clearly, in the part of the definition of “need” that identifies “circumstances requiring some course of action”. It is in that part of the definition of the word that needs-based planning becomes intelligible. What are the “circumstances” of the end-user of electricity? It is only after there has been an investigation as to the “circumstances” that the end-user actually faces that there can be any assessment as to what “course of action” is needed. Hence, needs-based planning.

The NOACC Coalition notes the absence in the proposed amendments to the TSC and the DSC of any requirement for actual needs-based planning; that is, planning that begins with an inquiry into the “circumstances” of end-users, and would-be end-users of grid-based electricity supply in the Northwest Region. While the customers of a transmitter are largely going to be distributors, the customers of the distributors are largely going to be the end-users of the electricity. The regional planning that will result from the proposed amendments indicates only that the distributors are to be asked whether their requirements (misstated as needs) are being met. There is no indication that distributors are to be required to investigate the needs of end-users, or would-be end-users.

This anomaly, namely that the needs of the end-user are nowhere required to be investigated, is reflected in:

1. the fuzzy, if not absent, criteria that would prompt the development of an “Integrated Regional Resource Plan” (“IRRP”) as distinct from a “Regional Infrastructure Plan” (“RIP”); and
2. the unquestioned assumption that planning models that may well address end-user needs in a densely populated region are transferable to meet the end-user needs in a vast, thinly populated area such as the Northwest Region.

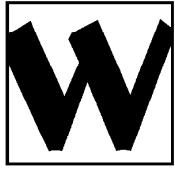
¹ The Little Oxford Dictionary of Current English



If Needs Assessment Were Required

If there were to be an inquiry into the needs of the end-users, and would-be end-users, of the grid-based power system in the Northwest Region NOACC can identify several issues that likely would arise.

1. While it may at first seem appropriate to develop a definition of network assets for purposes of consistency throughout the province, does that not beg the question as to planning that is truly regional in nature? Would an investigation of the needs of end-users and would-be end-users in the Northwest Region find those needs more appropriately served, for example, if the definition of network assets extended to all transmission lines (along with auto transformers & associated switch gear) in the Northwest Region?
2. While it may seem appropriate in a dense grid serving a highly populated region to let the lead transmitter represent whether an IRRP is required, there is no reason to assume that the end-users and would-be end-users in the Northwest Region would consider anything less than an IRRP to be acceptable. The assessment as to whether or not an IRRP should be developed is not appropriate in the hands of a transmitter. That assessment should, in the Northwest Region in particular, arise from a more transparent process in the hands of a proponent without the conflict of interest that a transmitter necessarily has. At very least the determination as to whether an IRRP is called for should be made on the basis of an assessment of the needs of the end-users and would-be end-users in the Northwest Region.
3. While it may seem appropriate in a dense grid serving a highly populated region to maintain the user-pay requirement, albeit in more reasonable form of subsequent additional-user contribution, that planning concept may well not be appropriate in a vast, thinly populated area such as the Northwest Region. Why would it be thought the end-user should bear the cost of constructing a power line over dozens of kilometres of Crown Land? Capping the cost to an end-user so that the end user does not pay the portion of the cost of the line constructed on Crown land could arguably be an offset to the burden of paying a cost of power many times greater than the production cost in the Northwest Region.



4. While it may seem appropriate in a dense grid serving a highly populated region to remove the concept of “otherwise planned” from the TSC, that is not appropriate in a vast, thinly populated area such as the Northwest Region. Power system planning in a densely populated region, as indicated in the Notice, must address load growth. By its nature load growth makes the “needs” obvious. As a result planning to address load growth will quite properly be requirements-based. There is no reason, however, to assume that the criteria, analytical concepts, standards and planning models of requirements-based planning for load growth are going to be all that will be appropriate in system planning in a vast, thinly populated area such as the Northwest Region where load development and diesel replacement are of equal importance to load growth.

Conclusion

The NOACC Coalition is very appreciative of the movement towards a system of regional planning; however, in order to be effective regional planning must be based on an investigation as to the needs of the end users in the region itself. It must not be assumed that the needs of the end-users in the Northwest Region will be exactly the same as the needs of the end-users in regions with large populations and, correspondingly, dense electricity systems.

Yours very truly,

WEILER, MALONEY, NELSON

Per:

John A. Cyr
JAC/mm