



August 7, 2008

Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

Attention: Ms. Kirsten Walli  
Board Secretary

**Subject: Haldimand County Hydro Inc.  
Submission on Board Staff Discussion Paper: Generation Connections  
Transmission Connection Cost Responsibility Review (EB-2008-0003)**

Dear Ms. Walli:

Haldimand County Hydro appreciates the opportunity to comment on the “*Staff Discussion Paper: Generation Connections, Transmission Connection Cost Responsibility Review*”.

Our comments are structured around a specific current issue being addressed by Haldimand County Hydro and our opinion of the inherent unfairness of the connection cost responsibility and conditions imposed by the transmitter.

Hydro One Networks Inc. “*Distribution Connections Application List*” posted on their website “*as of May 31, 2008*” includes:

Dunnville TS	
Acceptable Generation = 22 MW	
Station Queue Position	M2 - (A)
1	126 (10 MW)
2	377 (9.9 MW)
CIA pending	228 (1.5 MW)
CIA pending	1316 (9.9 MW)

Station queue position 2 proponent has installed its wind turbines and is close to being ready to connect, while queue position 1 proponent has not yet started any physical work as of August 7, 2008. A Connection and Cost Recovery Agreement (CCRA) was signed on December 7, 2007 between Hydro One and Haldimand County Hydro and a consequential Connection and Cost Recovery Agreement was signed on January 11, 2008 between Haldimand County Hydro and the generator, queue position 2 proponent. On July 2, 2008 Hydro One sent an amending agreement to their CCRA (copy attached) which provides that Haldimand County Hydro will:

- “(a) pay Hydro One the actual costs of such additions or modifications to Hydro One’s transmission and/or distribution systems which may be significant; or*
- (b) permanently disconnect the Embedded Generation Facility from feeder M2 at Dunnville TS.”*

and notwithstanding these provisions:

*“Hydro One reserves the right to take whatever steps are necessary to connect the generation proponent that is ahead of the LDC in the Queue for feeder M2 at Dunnville TS so that the said generation proponent is held harmless, such steps may include but are not limited to, upon 24 hours prior written notice:*

- (i) ceasing all activities being performed by Hydro One under the terms of this Agreement where the generator proponent that is ahead of the LDC in the Queue becomes ready to connect prior to the connection of the Embedded Generation Facility; and*
- (ii) disconnecting the Embedded Generation Facility from feeder M2 at Dunnville TS where the Embedded Generation Facility is already connected.”*

It is obvious that there is nothing negotiable about these provisions.

It is our understanding that the transformer station relay and protection equipment requirements are such that generation in the order of 10 MW will not necessitate additional TS protection equipment but 20 MW will require such equipment. The Hydro One CCRA amendment would impose the entire cost of such TS protection (which we speculate could be in the order of \$400,000) on queue position 2 proponent and force the proponent to disconnect its generation as soon as queue position 1 proponent is ready to connect until such time as Hydro One completes its modifications to the T.S. This situation may be repeated at TSs across the province where queue position 5, 6, or 7 etc. proponent may be the one subject to the full cost depending upon the size of the station and its typical load. How much discretion will be available to the transmitter in selecting the “last straw” proponent?

Haldimand County Hydro submits:

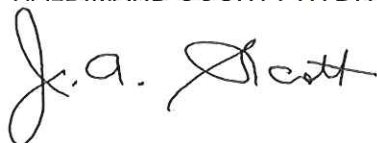
1. The costs of upgrading the relaying and protection at a TS necessary to accommodate distributed generation should be shared by generation proponents.
2. The idea that an existing generator will be disconnected for an unspecified period of time to allow another generator to be connected due to an artificial queue is unfair and inappropriate.

This letter is being written as both a submission in response to EB-2008-003 and also to the Chief Compliance Officer to request a review of whether Hydro One currently has the right to impose the conditions contained in its amending agreement upon the distributed generation connection process.

Three paper copies of this document are enclosed. As well, as an electronic copy in searchable/unrestricted PDF format has been filed today through the Board's web portal [www.err.oeb.gov.on.ca](http://www.err.oeb.gov.on.ca).

If there are any questions, please contact me at 905-765-5344 (ext. 2237) or [jscott@hchydro.ca](mailto:jscott@hchydro.ca) or our President & CEO Lloyd Payne (ext. 2242) or [lpayne@hchydro.ca](mailto:lpayne@hchydro.ca).

Yours truly,  
HALDIMAND COUNTY HYDRO INC.

A handwritten signature in black ink that reads "J.A. Scott". The signature is written in a cursive style with a large initial "J" and "S".

Jacqueline A. Scott  
Finance Manager

JAS: nm

**THIS AMENDING AGREEMENT** made in duplicate this 2<sup>nd</sup> of July, 2008

**BETWEEN:**

**HYDRO ONE NETWORKS INC.**  
hereinafter called "Hydro One"

OF THE FIRST PART,

- and -

**HALDIMAND COUNTY HYDRO INC.**  
hereinafter called the "LDC"

OF THE SECOND PART.

**WHEREAS:**

- A. Hydro One and the LDC are parties to a LDC Embedded Generation Facility Design & Build Connection and Cost Recovery Agreement dated December 7, 2007 (the "CCRA") with respect to the connection of the Embedded Generation Facility to the LDC's distribution system which distribution system is embedded within Hydro One's distribution system;
- B. as of the date of this Amending Agreement, the Embedded Generation Facility is behind another generation proponent for feeder M2 at Dunnville TS in the Hydro One Distribution Generation Connection Queue;
- C. the LDC is requesting that Hydro One perform the Hydro One Connection Work as if the other generation proponent ahead of the Embedded Generation Facility is not proceeding even though that proponent may actually proceed with their connection; and
- D. subject to the LDC assuming all of the risk that the other generation proponent ahead of the Embedded Generation Facility proceeds with their connection to the feeder, the Parties have agreed to amend the CCRA.

**NOW THEREFORE**, in consideration of the mutual covenants, agreements, terms and conditions herein and other good and valuable consideration, the receipt and sufficiency of which is hereby irrevocably acknowledged, the parties hereto mutually agree as follows:

1. Each of the parties represents and warrants that the recitals, to the extent that the recitals are applicable to that party, are true and accurate and form part of this Amending Agreement.
2. All terms which are defined in the CCRA and which appear herein without definition, shall have the meanings respectively ascribed thereto in the CCRA.
3. The CCRA is hereby amended by adding the following as Section 2.4:
  - A. The LDC acknowledges and agrees that the LDC is proceeding with the connection

of the Embedded Generation Facility ahead of the generation proponent that is higher in the Hydro One Distribution Generation Connection Queue (the "Queue") for feeder M2 at Dunnville TS. In doing so, the LDC is taking the risk that if the generation proponent that is ahead of the LDC in the Queue proceeds with its respective connection to feeder M2 at Dunnville TS and that connection triggers the requirement for additions or modifications to Hydro One's transmission and/or distribution systems, the LDC will have 30 days to elect, in writing, to either:

- (a) pay Hydro One the actual costs of such additions or modifications to Hydro One's transmission and/or distribution systems which may be significant; or
  - (b) permanently disconnect the Embedded Generation Facility from feeder M2 at Dunnville TS.
- B. Notwithstanding subsection 3A above, Hydro One reserves the right to take whatever steps are necessary to connect the generation proponent that is ahead of the LDC in the Queue for feeder M2 at Dunnville TS so that the said generation proponent is held harmless, such steps may include but are not limited to, upon 24 hours prior written notice:
- (i) ceasing all activities being performed by Hydro One under the terms of this Agreement where the generator proponent that is ahead of the LDC in the Queue becomes ready to connect prior to the connection of the Embedded Generation Facility; and
  - (ii) disconnecting the Embedded Generation Facility from feeder M2 at Dunnville TS where the Embedded Generation Facility is already connected.
- C. If the LDC chooses to proceed with option (a) as set out in Subsection 3A. above, the LDC will not be able to re-connect the Embedded Generation Facility to feeder M2 at Dunnville TS until such time as the required additions or modifications to Hydro One's transmission and/or distribution systems are completed. If the LDC chooses option (b) as set out in Subsection 3A. above, this Agreement will be deemed to be terminated and Hydro One will proceed in accordance with Section 17 hereof.
4. The parties do hereby reconfirm that the terms and conditions of the CCRA as amended by this Amending Agreement shall continue to be in full force and effect.
5. This Amending Agreement and each of the Parties' respective rights and obligations under this Amending Agreement, shall be binding on and shall inure to the benefit of the Parties hereto and each of their respective successors and permitted assigns.

6. This Amending Agreement may be executed in counterparts, including facsimile counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

**IN WITNESS WHEREOF** the parties by their duly authorized officers have executed this Amending Agreement made effective as of the date first written above.

**HYDRO ONE NETWORKS INC.**

\_\_\_\_\_  
**I have the authority to bind the Corporation**

Name:

Title:

**HALDIMAND COUNTY HYDRO INC.**

\_\_\_\_\_  
**I have the authority to bind the Corporation**

Name:

Title: