



August 11, 2008-08

Ontario Energy Board
P.O. Box 2319
27th Floor
Toronto, Ontario
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Re: File EB-2008-0003 – Transmission Connection Cost Responsibility Review

The Ontario Waterpower Association (OWA) welcomes the opportunity to comment on the Board Staff discussion paper *Generation Connections, Transmission Connection Cost Responsibility Review* (the “Discussion Paper”).

At the outset, the OWA wishes to re-iterate the view expressed in its presentation at the stakeholder session on February 14, 2008, that the scope of this proceeding should not be limited to certain “lines” identified in the IPSP. Cost responsibility policy associated with “enabling” renewable generation to achieve the government’s supply mix targets must extend to consider all appropriate transmission upgrades and extensions.

The OWA’s primary objective in this proceeding, as well as the IPSP proceeding, is to ensure that the significant hydroelectric resources in Ontario are developed and connected to the grid in a timely and cost-effective manner. As identified in the IPSP, all feasible hydroelectric resources are first included in meeting the government’s renewable resources target. It is the OWA’s view that transmission required for these resources must enable the achievement of this objective. Of the options presented, it is the OWA’s view that the pooling approach is most likely to result in expeditiously enabling new renewable resources.

The focus of this comment is in response to Question #2 on page 32 of the Discussion Paper. According to the Discussion Paper, Board Staff proposes the following definition of “enabler facility”:

A transmission facility to which two or more generation facilities in a renewable resource cluster may connect to convey energy to the IESO-controlled grid. Such renewable resource cluster and transmission facility must be identified as such in an integrated power system plan approved under Part II.2 of the Electricity Act, 1998.

Board staff also proposed the following definition of a “renewable resource cluster”:

A defined geographic area identified in an integrated power system plan approved under Part II.2 of the Electricity Act, 1998, where renewable resources suitable for electricity generation are present and where the renewable generation resources are, or are expected to be, owned or controlled by more than one proponent.

I. The OWA's Concerns:

The OWA's concerns with these definitions are as follows:

- 1. The requirement for "two or more generation facilities" in the definition of enabler facility, and the requirement for multiple owners of generation within a cluster are inconsistent with the concept of enabling renewable generation.*

The definition of enabler facility contained in the Discussion Paper includes a requirement that the facility be connected to "two or more generation facilities", and the definition of renewable resource cluster requires multiple owners of renewable generation resources. If the purpose of this proceeding is to ensure that the Board's transmission cost responsibility policies "facilitate the rational and optimal development of transmission infrastructure in a manner that reflects the evolving needs of the electricity sector and the Province as a whole" (as described in the Discussion Paper at page 1), then the multi-generator and owner requirements are inconsistent with that purpose.

It was apparent from the stakeholder session on February 14, 2008 that Board Staff is of the view that the connection of a single generation facility or proponent can be addressed by the current regime in the Transmission System Code (i.e. the generator pays). Although it may be procedurally efficient to treat a single-use connection facility in this manner, this treatment will jeopardize the relative competitiveness of much needed generation facilities. For example, if two generators are competing with one another for an OPA contract where one has to pay for its connection and the other does not, the generator who has to pay for its connection will be competitively disadvantaged. Its bid price will be relatively higher and therefore less attractive to the OPA in a competitive bidding process. Moreover, if such facilities are eligible for either the Renewable Energy Standard Offer Program or Northern Hydro Initiative, differential treatment of certain lines will have the effect of disproportionately impacting certain projects. In either case, if this were to happen, renewable generation resources may not be developed. Clearly, this outcome is inconsistent with the objective of meeting the government's renewable resources target. Therefore, the OWA recommends that the multi-generator/owner requirement be removed from the definitions (as illustrated in the proposed definitions below).

- 2. "Enabler facilities" and "renewable resource clusters" are not clearly identified in the IPSP.*

The Ontario Power Authority's pre-filed evidence in the IPSP proceeding (EB-2007-0707) (the "IPSP Proceeding") identifies the following ten clusters of large wind sites: East Lake Superior, Manitoulin, Lakehead, Bruce Peninsula, Goderich, Pembroke, North Bay, West of London, Parry Sound, and Thunder Bay.¹

It is not clear whether the ten clusters of large wind sites pertain to or are an exhaustive list of "renewable resource clusters" as defined by Board Staff.

The OPA also identified the following three "enabling projects":²

- Enabling Goderich Area Renewable Resource Development;
- Enabling Bruce Peninsula Renewable Resource Development; and
- Enabling Manitoulin Island Renewable Resource Development.

Moreover, the filed evidence identifies eight "transmission projects", four of which are directly related to the liberation of waterpower opportunities (North-South Reinforcement, Sudbury North Reinforcement, Sudbury West Reinforcement Incorporating Little Jackfish and East Nipigon).

However, none of the defined "enabling projects" specifically identified in the IPSP pertain to the hydroelectric resources in Northern Ontario, despite the fact that the IPSP recognizes the need for enabler lines to access northern hydroelectric resources:

"Based on an application of these planning criteria, the OPA determined that the most economically prudent and cost effective way to meet the Directive's renewable goals would be to recommend a staged transmission development plan under which the Province would initially enable the most accessible renewables in the Province and would then proceed over the mid to later years of the plan to make the necessary transmission reinforcements to the North-South Tie **and build or upgrade further enabler lines to access and deliver more remote northern hydroelectric and wind resources.**"³ [emphasis added]

Because of the apparent inconsistencies within the IPSP regarding the identification of enabler facilities, as well as inconsistencies between the language used in the IPSP and Board Staff's definitions of "enabler facility" and "renewable resource cluster", there is a risk of confusion and the potential to misclassify facilities.

3. Until facilities are identified as either Network or Connection facilities, they can not be identified as enabler facilities.

¹ Exhibit D, Tab 5, Schedule 1, Page 24, Table 13

² IPSP Exhibit E, Tab 2, Schedule 2, Page 13, Updated May 5, 2008

³ IPSP Exhibit E, Tab 2, Schedule 2, Page 8, Line 12

The concept of an enabler facility pertains to Connection facilities that will connect renewable resource clusters. A Network facility will not be classified as an enabler facility since the cost of a Network facility is pooled. Unless it is possible to identify whether transmission facilities proposed in the IPSP are Connection facilities, they can not be identified as enabler facilities.

In regard to the facilities proposed in the IPSP that will connect the hydroelectric resources in Northern Ontario, it is unclear whether they are Connection or Network facilities.

The two alternatives described in the IPSP to access the hydroelectric resources in Northern Ontario are as follows:

- (i) The first alternative involves a 500 kV AC line from Toronto to Sudbury (referred to as the “North-South Transmission Reinforcement”), combined with a 500 kV AC line from Sudbury to an end-point somewhere in Northern Ontario. The end-point is not defined in the IPSP. In one part of the IPSP, the end-point of this alternative is described as the Moose River Basin,⁴ and in another the Pinard TS.⁵
- (ii) The second alternative described in the IPSP is a HVDC line from Toronto to either the Moose River Basin area or Pinard TS.⁶

For both of these alternatives, the connection point (i.e. the most northern point) will either be Pinard TS or another location in the Moose River Basin. Without knowing the location of the connection point, it is difficult to know whether the alternatives would be Network or Connection facilities.⁷ The OWA assumes that both of these alternatives will be Network facilities, but has no way to confirm this assumption. Because the location of the connection point under both of these alternatives will not be determined in the IPSP proceeding, it is unlikely that these alternatives can be identified as enabler facilities in the IPSP proceeding if necessary.

It is also important to note that regardless of the location of the connection point of the alternatives described above, long transmission facilities will need to be constructed from the connection point to the clusters of hydroelectric resources. For example, if the connection point of either alternative described above is Pinard TS, a 250km (approx.) line would have to be constructed from Pinard TS to reach the sites on the Albany River, and a 150km (approx.) line would have to be constructed from Pinard TS to the Moose River Basin. If the connection point of either alternative described above is at the Moose

⁴ Exhibit E, tab 2, Schedule 2, Page 3, line 17

⁵ Exhibit E, tab 3, Schedule 3, Page 1, line 17

⁶ Exhibit E, tab 3, Schedule 3, Page 2, line 4

⁷ In the TSC “connection facilities” are defined as “line connection facilities and transformation connection facilities that connect a transmitter’s transmission system with the facilities of another person.” “Network facilities” are defined as “those facilities, other than connection facilities, that form part of a transmission system that are shared by all users, comprised of network stations and the transmission lines connecting them.”

River Basin, a 200km (approx.) line would have to be constructed from the Moose River Basin to the sites on the Albany River. These additional transmission facilities have not been considered in the IPSP, likely because the location of a connection point has not been established. Therefore, the IPSP proceeding is not the appropriate forum for dealing with these additional and important transmission facilities.

4. *The identification of enabler facilities can only occur once every three years.*

Board Staff's proposed definition of enabler facility will limit the identification of those facilities to once every three years. During the period between IPSP proceedings, there may be the need to classify transmission facilities as enabler facilities. This is a serious limitation of Board Staff's proposed definition.

II. Suggested Revision:

Based on the concerns described above, the OWA suggests that the definitions of "enabler facility" and "renewable resource cluster" be modified as follows:

A transmission facility to which a generation facility ~~two or more generation facilities~~ in a renewable resource cluster may connect to convey energy to the IESO-controlled grid. Such renewable resource cluster and transmission facility must be identified as such in an integrated power system plan approved under Part II.2 of the Electricity Act, 1998, or otherwise by order of the Board.

and

A defined geographic area identified in an integrated power system plan approved under Part II.2 of the Electricity Act, 1998, or otherwise by order of the Board, where renewable resources suitable for electricity generation are present ~~and where the renewable generation resources are, or are expected to be, owned or controlled by more than one proponent.~~

The modified definitions proposed by the OWA will provide the Board with the flexibility it requires to facilitate the development of transmission facilities in Ontario. Coupled with adoption of the pooling option and the broadening of the scope of what is considered within the context of "enabling", it is our view that the achievement of the government's Supply Mix Directives and renewable energy targets will be optimized.



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