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December 1, 2008

**VIA COURIER AND RESS**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Ontario Power Generation Inc.'s Submissions on the  
Proposed Amendments to the Transmission System Code  
Board File No: EB-2008-003**

Please find enclosed three hard copies and an electronic copy of Ontario Power Generation Inc.'s submission in connection with the above referenced proceeding. This proceeding deals with the proposed amendments to the Transmission System Code.

If there are any questions, please do not hesitate to contact me at (416) 592-4463 or Tony Petrella at 416-592-3036.

Yours truly,

[Original signed by]

Andrew Barrett

Attach.

**EB-2008-0003**

**IN THE MATTER OF** section 70.2 of the  
*Ontario Energy Board Act, 1998 S.O.1998,*  
*c.15, (Schedule B):*

**AND IN THE MATTER OF** a Notice of Proposal  
to amend the Transmission System Code.

**Submissions of  
Ontario Power Generation Inc. (“OPG”)**

December 1, 2008

In this submission, OPG provides its comments on the OEB's proposed amendments to the Transmission System Code (Code). OPG has participated in the OEB's stakeholder consultation process relating to the proposed amendments to the Code to address the enabler line issue. OPG attended both the February 14 and July 22, 2008 stakeholder meetings on the issues and has worked with APPrO in reviewing the OEB's staff discussion paper and providing submissions. The issues in this consultation are of importance to OPG. OPG is currently developing a number of remotely located renewable generation projects which will need to be connected to the transmission system in a timely fashion to accommodate in-service dates early in the next decade.

OPG agrees that it is necessary to change existing policies on generation connections as they apply to enabler lines to address the unique challenges faced in the development of remotely located clusters of renewable resources. Once the Code has been amended, it is important to move quickly to implementation to ensure timely and economically efficient connection of these generators.

Given that the OEB has determined it will use the "hybrid" option as the premise for the proposed amendments to the Code, OPG is providing comments on that proposal. OPG has a number of general comments relating to the implementation of the "hybrid" option and specific comments on the proposed Code amendments.

With regard to implementation, OPG submits that the OEB should focus on the following:

- Develop processes that minimizes the length of time to 1) designate a transmitter to develop and construct an enabler facility, 2) obtain an approved leave to construct, and 3) determine the rates for the unsubscribed portion of the enabler connection facilities. It is important for the enabler line approval process to be streamlined and as short as possible. The illustrative sequence of activities for the "hybrid" option provided in the OEB staff Discussion Paper results in a generator operation date of 2016, assuming the process begins in 2008. The proposed schedule would not be acceptable to OPG since, as an example, it would delay our Little Jackfish Hydro project by at least two years. As a

result, OPG recommends that the OEB make a concerted effort to reduce the time required for the transmitter “designation” process and the line approval process.

- Immediately initiate a proceeding to revise the transmitter’s approved connection procedures to incorporate connection enabler lines. Areas in the connection procedures that would need to be revised include, but are not be limited to, system impact assessments, customer impact assessments, cost estimates, CCRAs, progress payments, security deposits, transmission plans and dispute resolution.
- Develop a process, with stakeholder involvement, to determine the methodology to be used to determine generator capital contributions as well as the date for connection. It is important to generators that the process leaves little uncertainty about connection costs and connection dates.
- Ensure that enabler lines be sized to accommodate the volume of users expected to connect over the lifespan of the line. The appropriate size of the enabler lines should be established by means of an approved planning process in concert with the OPA, government directives, and the OEB. The sizing process must be integrated with the processes identified in the first bullet above so that overall project timelines are met.
- Expedite the review of connection cost responsibilities for load enabler facilities. There continues to be potential issues relating to load connections on enabler lines that are developed for generators. In particular, the allocation of costs to loads needs to be addressed.

OPG’s specific comments on the proposed Code amendments are as follows:

#### Section 2.0.28A

Section 2.0.28A provides a definition of the term “enabler facility”. Section I.D, page 4 last paragraph of the Notice of Proposal describes the “hybrid” option as being “developed, built, operated and owned by a licenced transmitter”. Section III. C, page 10, first paragraph of the Notice of Proposal also appears to support the view that the transmitter will own and operate the enabler facility. OPG agrees that the transmitter should own and operate the enabler facility. To provide better clarity, OPG recommends that the words “owned and operated by a transmitter” be added after the words “transformation connection facility” in the second line of Section 2.0.28A.

### Section 6.3.10

Section 6.3.10 is amended to address the security deposits for generators that utilize part of the enabler facility. OPG understands that the intent of a security deposit is to provide the transmitter with some means to mitigate risk to transmission pool customers during the construction phase of a connection. As noted in the Notice of Proposal, in utilizing the “hybrid” option, the OEB expects that the transmitter will incur development costs, capital investment costs, and regulatory costs that they would not otherwise incur. In addition, in Section I. D (iii), it states that the costs associated with the enabler facilities would be pooled temporarily until the generator provides a capital contribution when it is ready to connect. As a result, based on the “hybrid” option, it appears that the transmitter has no risk during the construction phase of a connection since it will be mitigated by regulatory instruments. OPG does not believe there is a need for security deposits for generators that are connecting to enabler facilities. Requiring security deposits for generators would unnecessarily increase costs to generators and these costs would ultimately be passed on to ratepayers. OPG submits that the second proposed amendment in Section 6.3.10 should be deleted and replaced with “Where the connection facility is an enabler facility, no security deposit is required by a generator customer whose generation facility is part of the associated renewable resource cluster.”

### Section 6.5.1A

Section 6.5.1A discusses the capital costs that would be allocated to the generator customers to cover the enabler facility costs. However, it is not clear in the Notice of Proposal or in the proposed amendments as to when the generators are required to pay their capital contribution. Section III.D. of the Notice of Proposal, Page 11, last paragraph indicates that the generator cost responsibility provisions become operative when the generator is “ready to connect”. OPG agrees with the provision that generators should not be required to provide a capital contribution until they are generating power. To clarify this, OPG recommends adding the following sentence “Each generator’s allocated cost shall be paid at the time of the generator’s electrical synchronization.” after the end of the first sentence of Section 6.5.1A.

### Other

The proposed amendments are silent on the issue of enabler line losses. The Code should clarify the treatment of losses relating to enabler lines. OPG submits that for

consistency with the current provisions of the Ontario market rules and for alignment with the provision that the enabler line will be owned and operated by the transmitter, line losses should be allocated to the IESO-controlled grid. That is, the generator shall be metered and financially settled at their facility location. To be consistent with current market practice, line losses would be accounted for in the IESO uplift charge. To clarify this issue, it is recommended to add the following to Section 6.3.14A, “Any line losses associated with the delivery of power over the enabler facilities shall be allocated to the IESO-controlled grid.”

OPG encourages the OEB to continue developing the “hybrid” option implementation process, including the review of transmitter’s approved connection procedures, following the amendment of the Code. OPG believes the priority should be to develop detailed processes as quickly as possible to create an environment that facilitates the timely and economically efficient connection of remotely located renewable generation facilities.