



December 1, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, Suite 2700
2300 Yonge Street, 26th Floor
Toronto, Ontario M4P 1E4

Re: Proposed Amendments to the Transmission System Code (Board File EB-2008-0003)

Dear Ms. Walli:

Attached please find AMPCO's comments on proposed TSC amendments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Adam White". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Adam White

Copy: Mr. Wayne Clark



General comments

AMPCO is concerned regarding the unrecovered costs of enabler facilities during the development and construction process and afterwards. The proposed amendments to the TSC appear to assume placement of all the enabler facility costs and capital contributions in the line and transformation connection pools. This means that any temporary or long term shortfalls (e.g., if resource capacity remains unsubscribed for whatever reason) would form part of the rate base in these pools.

This pool assignment runs counter to the policy direction with respect to renewable resource development as a provincial benefit (i.e., of benefit to all Ontarians), as opposed to a benefit for a subset of customers.

Not all customers contribute to paying for the line and transformation connection pools. To assign the unrecovered cost of enabler facilities to these pools would discriminate in favour of those customers who take power directly from network assets and who would therefore not contribute to the costs of this portion of the rate base.

There are two possible solutions to this problem. AMPCO has previously suggested that enabler facilities be placed in a separate pool, with costs that are not recovered by capital contribution being allocated to all energy demand. In AMPCO's view, this arrangement would be fair to all and provide the greatest transparency with respect to the cost of transmission associated with renewable resource clusters. Such assignment should be regarded as valuable in the interest of informed policy development.

AMPCO submits that the pool assignment of unrecovered enabler facility costs be addressed by the Board.

The changes proposed to the TSC do not deal with the issue of development costs or the "leave to develop" issue that has been proposed by transmitters. This is an important matter, in which customers have a stake, as the development and constructor selection process will affect the cost of enabler facilities, the risk of unsubscribed capacity and the opportunity to secure some benefits of competition. AMPCO suggests that this process be the subject of a specific inquiry by the Board.

Specific Comments

Specific comments have been provided only for those sections where we believe changes may be required. The comments below are by TSC paragraph number:

6.3.10 The requirements for security deposits for generators connecting to enabler facilities may not be workable as written. If our understanding of the enabler concept is correct, then generators connecting to these facilities tend to come in over time, and some generators may not construct at the same time as others. In this case, some would apply for connection before the enabler facilities are built, while others would come in only after they were built. As worded, 6.3.10 appears to require a pre-construction deposit from generators. This would seem to present a disincentive for early subscription.



Perhaps the wording of this paragraph can be modified to only require a deposit for modifications to the enabler facility that are specifically required for the connection of the generator, which should not require proration based on capacity share (i.e., for connection to the enabler facility).

6.3.14A On the surface, the wording of this paragraph appears to suggest that the capacity of the enabler facility must equal the sum of the nameplate capacities of anticipated generators in the cluster. This may produce an uneconomic over-building of transmission assets, since it would not reflect the reality that not all generators would operate at full nameplate capacity at the same time. The diversity issue would be more acute in the case of mixed resource clusters (e.g., wind and hydro or wind and solar).

This problem could be addressed by linking cost responsibility for generators to the OPA's assessment of the resource potential being served by the enabler facility, rather than to the enabler facility capacity itself.

New Paragraph(s): These TSC amendments should address the cost responsibility of a load customer seeking connection to an enabler facility. This is bound to happen, especially when the infrastructure associated with renewable energy clusters reaches into parts of Ontario where other resources are currently uneconomic for development due to a lack of infrastructure.

Prepared for AMPCO by:

A handwritten signature in black ink, appearing to read 'C. W. Clark'.

C. W. (Wayne) Clark, P. Eng
San Zoe Consulting, Inc.