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**SUBJECT: RRFE
EB-2011-0043, EB-2011-0378, EB 2011-0379**

On behalf of the Ontario Waterpower Association, please consider this our submission in response to the Board's letter dated April 5, 2012 regarding the above-noted proceedings. Given the array of questions contained in the Staff Discussion Papers for each of the initiatives as well as the series of questions posed in Appendix A of the April 5th Board letter, this response will focus on the overarching considerations related to the articulation of a vision and relative priorities. Detailed comments on the areas of particular interest in the respective initiatives will be premised on the determination of how the Board chooses to proceed beyond the "strawman".

1. A Vision for a sustainable and long-term regulatory regime

Perhaps more than other generation resources, waterpower project planning and development is aligned with transmission and distribution system expansion, given the relatively long lead times. In our sector, investment decisions are made within the context of at least a five (5) year development cycle and ten (10) year initial payback expectation. Assets are in service for decades and many are in service for more than a century. As such, the OWA is pleased that a core tenet of the OEB's approach to the RRFE is the "long term". It would be useful to come to a collective understanding of the concept of long term.

In our view, a regulatory regime that is considered sustainable and long term should be guided by the following principles:

Transparency

In order that those directly and indirectly affected by a regulatory framework and its implementation have confidence, and in order that the wider public sees the public interest reflected, transparency should be a key objective. I would suggest that even for those somewhat familiar with the Board and its practices, it remains a challenge to remain apprised of the implications of proceedings before and decisions by the

Board. While this may be an unintended consequence of the quasi-judicial process that generally defines Board activities, efforts should be made to broaden the approaches to engaging constituencies. I note, for example, the initiative undertaken by Board Staff last year to engage our organization in a more strategic discussion with respect to the Board's business priorities as well as the active ongoing participation of Senior Board staff in the OWA's Executive Dialogue. These and other "outside of proceeding" efforts are welcomed and should be expanded as they serve to improve the long-term relationship between the Board and our sector and, in my view, result in our more efficient and effective participation at individual proceedings.

Accessibility

A key concern for our organization and an area for improvement is with respect to the challenge of accessibility to the defined Board process. Dating back to the first IPSP proceeding, the Board has been required to rule on an exception basis to allow cost allocation to enable the OWA's participation due to the fact that our membership is comprised of waterpower generators and service providers. While our requests have not been denied to date, I would recommend that the rules in this regard be amended considerate of the series of decision made in order to provide for improved accessibility.

In addition, our experience in bringing a specific request before the Board as an applicant (EB-2011-0067) has created some reticence in pursuing such matters in the future. In that case, we made every effort to ensure the most efficient use of the Board's time and resources by building a consensus among a range of members and arriving at a mutually agreed upon solution with the transmitter. Notwithstanding these efforts, we were required to follow standard practice (e.g. Notification) at a cost of tens of thousands of dollars with the end result the agreement by the Board of the solution we had negotiated in advance.

Adaptability

Any sustainable regulatory approach must have embedded within it the concept of adaptive management (monitor, evaluate, assess, adjust) or it risks becoming less relevant as time goes on, eventually requiring wholesale change. The Board's current approach is largely analogous to iterative change by case law, though as is the case with the RRFE, there are occasions when the Board steps back and asks bigger questions of a larger audience. In our view, a key outcome of the RRFE process should be the establishment of mechanisms (e.g. stakeholder advisory groups) and measurements (e.g. expected outcomes) to ensure that the resulting revised framework is planned to adapt over time.

2. Relative priorities

With respect to the three (3) initiatives in which the OWA is directly participating, we review Regional Planning as our main priority. Unlike most other technologies, waterpower development opportunities “are where they are”. In the absence of long term Regional Planning, waterpower potential can become stranded. Consider, for example, the fact that the first Integrated Power System Plan included more than 2,000 MW of waterpower potential in Northeast Ontario to be developed over the period of the plan. The IPSP was never approved and, at present, the practical waterpower in the northeast is constrained by transmission limitations. Of additional pressing concern is the need for a regional planning framework that is focused on the unique requirements and opportunities in Northwestern Ontario and the Far North – including consideration of the Ring of Fire and the diesel dependant First Nations. In the absence of Regional Planning frameworks, individual initiatives and investments in transmission and generation can be expected to be frustrated or delayed. Much of the discussion in the Staff Paper in this regard appears premised on a Southern Ontario construct (e.g. organized municipalities, potential linkages to Official Plans). In our view, a distinct and deliberate model that focuses on the differences and needs of the north should be developed.

3. Additional comment

Throughout the process to date, OEB staff have encouraged the identification of specific improvements that may warrant inclusion in the resultant RRFE. In this regard, the OWA recommends that the decision of the Board with respect to EB-2011-0067 be expanded beyond the amendment made to Hydro One’s licence and be made applicable to all distributors through an amendment to the Distribution System Code. The issues addressed in this proceeding for waterpower projects are the same, regardless of the distributor and, given the government’s emphasis on small projects in the revised Feed-in-Tariff Program, I expect that considerable development interest at existing water management infrastructure, primarily in southern Ontario, will result.

Thank you for the opportunity to provide input. I look forward to continuing to participate in this important initiative.



Paul Norris
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