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May 7, 2012

VIA RESS, E-MAIL & COURIER

Ms. Kristen Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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Dear Ms. Walli:

**Re: Ontario Energy Board File No. EB-2011-0140
Designation Proceeding for the East-West Tie Line
Submission of Enbridge Inc.**

In accordance with the Ontario Energy Board's (the "Board") Procedural Order No. 2 for the above noted proceeding, enclosed by find the submission of Enbridge Inc.

Please contact the undersigned if you have any questions.

Yours truly,

{ORIGINAL SIGNED}

Bonnie Jean Adams
Regulatory Coordinator

EB-2011-0140

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B, as amended.

AND IN THE MATTER OF a Board-initiated proceeding to designate an electricity transmitter to undertake development work for an electricity transmission line between Northeast and Northwest Ontario: the East-West Tie Line.

SUBMISSIONS OF ENBRIDGE INC.

1. The Ontario Energy Board's (the "**Board**") Procedural Order No. 2 dated April 16, 2012 invited parties to file written submissions pertaining to the issues in Phase 1 of this proceeding (collectively the "**Issues**", or individually, an "**Issue**") to make submissions on or before May 7, 2012. Board Staff made submissions April 24, 2012 (collectively the "**Staff Submissions**", or individually, a "**Staff Submission**").
2. Enbridge Inc. ("**Enbridge**") takes this opportunity to make submissions on certain of the Issues, and in respect certain of the Staff Submissions. For continuity, Enbridge's submissions are structured around the issues list for Phase 1 approved by the Board.
3. Subsequent to Staff Submissions, further correspondence occurred, including a Board Reply Letter. Enbridge may make further submissions in respect of this correspondence on May 16, 2012.

Decision Criteria:

1. ***What additions, deletions or changes, if any, should be made to the general decision criteria listed by the Board in its policy Framework for Transmission Project Development Plans (EB-2010-0059)?***
 2. ***Should the Board add the criterion of First Nations and Métis participation? If yes, how will that criterion be assessed?***
 3. ***Should the Board add the criterion of the ability to carry out the procedural aspects of First Nations and Métis consultation? If yes, how will that criterion be assessed?***
 4. ***What is the effect of the Minister's letter to the Board dated March 29, 2011 on the above two questions?***
4. Enbridge submits that a new criteria should be added regarding the extent to which the proposal encourages new entrants and competition.
5. On March 29, 2011, Minister Duguid, the Minister of Energy, wrote to the Chair of the Board to make the views of the Government of Ontario on competition in respect of the East-West Tie known. In this letter, the Minister wrote the following:
- “The Board's Policy Framework for Transmission Project Development Plans is well suited to apply to the East-West Tie Project. Such an approach would allow transmitters to move ahead on development work in a timely manner, **encourage new entrants to transmission in Ontario** and bring additional resources for project development. **It will also support competition in transmission in Ontario to drive economic efficiency for the benefit of ratepayers.**” [emphasis added]
6. Enbridge notes that the Board is to be guided by certain objectives in regard to electricity matters. These objectives, paragraphs 1 and 2 of section 1(1) of the OEB Act are directed to economic efficiency and the protection of consumers. As such, Board decisions, where appropriate, should adopt measures and criteria that are intended to provide such benefits.

7. As such, Enbridge submits that a new criteria should be added to support and foster the policy imperative expressed by the Minister of Energy and the Government and Minister expectations of new entrants and competition in transmission in Ontario. An additional criteria that recognizes that there is value in a proposal that results in new entrants and the fostering of competition in the market place would support the legislative objectives of the OEB Act and further the Government's stated policy.
8. Long-term, the adoption of such a criteria for the East-West Tie line would also serve to foster competitive interest from non-incumbents on future transmission projects suited to the Board's policy *Framework for Transmission Project Development Plans (EB-2010-0059)* as potential new entrants would be assured that increased competition is a factor in decision making.
9. Enbridge supports and adopts Board Staff's submission and reasoning that applicants who have commenced consultation with First Nations and Métis groups before the designation application should not be regarded more favourably than those who have not commenced consultation but have a comprehensive and practical plan for consultation that would be initiated upon designation.

Use of the Decision Criteria

5. ***Should the Board assign relative importance to the decision criteria through rankings, groupings or weightings? If yes, what should those rankings, groupings or weightings be?***
6. ***Should the Board articulate an assessment methodology to apply to the decision criteria? If yes, what should this methodology be?***

10. Enbridge has no submissions in respect of Issues 5 and 6 at this time.

Filing Requirements:

7. ***What additions, deletions or changes should be made to the Filing Requirements (G-2010-0059)?***
8. ***May applicants submit, in addition or in the alternative to plans for the entire East-West Tie Line, plans for separate segments of the East-West Tie Line?***

11. Enbridge has no submissions in respect of Issues 7 and 8 at this time.

Obligations and Milestones

9. ***What reporting obligations should be imposed on the designated transmitter (subject matter and timing)? When should these obligations be determined? When should they be imposed?***
10. ***What performance obligations should be imposed on the designated transmitter? When should these obligations be determined? When should they be imposed?***
11. ***What are the performance milestones that the designated transmitter should be required to meet: for both the development period and for the construction period? When should these milestones be determined? When should they be imposed?***
12. ***What should the consequences be of failure to meet these obligations and milestones? When should these consequences be determined? When should they be imposed?***

12. Enbridge supports the Staff Submissions in respect of Issues 9 to 12.

Consequences of Designation

13. ***On what basis and when does the Board determine the prudence of budgeted development costs?***
14. ***Should the designated transmitter be permitted to recover its prudently incurred costs associated with preparing its application for designation? If yes, what accounting mechanism(s) are required to allow for such recovery?***

15. To what extent will the designated transmitter be held to the content of its application for designation?

16. What costs will a designated transmitter be entitled to recover in the event that the project does not move forward to a successful application for leave to construct?

13. Enbridge supports and adopts the Staff Submission and reasoning that the level of development costs proposed by an applicant will be an important consideration for the Board, as this is the amount that will be recovered from ratepayers if the transmitter is designated. Competitive pressure elicited in this proceeding acts a surrogate for regulation of development costs.
14. As a stated purpose of the Board's Policy is to encourage new entrants and support competition in transmission in the province, Enbridge submits that a successful applicant for designation should be able to recover prudently incurred costs of preparing an application.
15. As contemplated by the Policy, Enbridge submits that a designated transmitter should be able to recover prudently incurred development and wind up costs to the extent that the project does not move forward to a successful application for leave to construct. However, if the failure results from matters solely within the control of the designated transmitter recovery should not be permitted.
16. With respect to Issue 15, Enbridge supports the Staff Submission that indicative construction costs may be compared during the evaluation of plans but that the Board should not require any definite commitment from applicants on these costs. Construction costs will be reviewed in the leave to construct application, and it would be premature to expect accurate estimates before development work is complete. Requiring commitment at this stage may inadvertently reduce competition by, among other things, causing submissions to incorporate risk premiums for matters currently unknown.

17. Enbridge submits that applicants instead submit a comprehensive and practical plan for managing design, engineering, construction, procurement and related costs that would be initiated upon designation in such a manner as to best achieve the stated goal of economic efficiency for the benefit of ratepayers. It is submitted that such an approach will reduce the possibility of an applicant submitting indicative pricing for construction and related matters that is materially different from the other applicants based on differing assumptions.

Process

- 17. The Board has stated its intention to proceed by way of a written hearing and has received objections to a written hearing. What should the process be for the phase of the hearing in which a designated transmitter is selected (phase 2)?**
 - 18. Should the Board clarify the roles of the Board's expert advisor, the IESO, the OPA, Hydro One Networks Inc. and Great Lakes Power Transmission LP in the designation process? If yes, what should those roles be?**
 - 19. What information should Hydro One Networks Inc. and Great Lakes Power Transmission LP be required to disclose?**
 - 20. Are any special conditions required regarding the participation in the designation process of any or all registered transmitters?**
 - 21. Are the protocols put in place by Hydro One Networks Inc. and Great Lakes Power Transmission LP, and described in response to the Board's letter of December 22, 2011, adequate, and if not, should the Board require modification of the protocols?**
18. With respect to Issue 17, Enbridge supports the Staff Submission that Phase 2 of the hearing be a written hearing.
 19. Enbridge submits that all of the listed information of Hydro One Networks Inc. and Great Lakes Power Transmission LP relevant to the development of the East-West Tie should be produced. Such information would be of assistance to potential applicants and the Board in understanding the challenges presented by

construction and maintenance of the East-West Tie. It would also ensure a fair and level playing field for all applicants.

ALL OF WHICH IS RESPECTFULLY SUBMITTED TO THE BOARD.

ENBRIDGE INC.

{ORIGINAL SIGNED}

Lino Luison
VP, Financial Partnerships