

ONTARIO ENERGY BOARD

A PROCEEDING TO DESIGNATE A
TRANSMITTER TO CARRY OUT DEVELOPMENT WORK
FOR THE EAST-WEST TIE LINE

REPLY SUBMISSIONS OF
THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR

On April 24, 2012, the Ontario Energy Board (“OEB”) filed Phase 1 submissions with respect to the Issues List. On May 7, 2012, all other parties to the proceeding, including the Independent Electricity System Operator (“IESO”), filed Phase 1 submissions in response to those made by the OEB.

In these reply submissions, the IESO will respond to questions and comments raised by two parties to the proceeding – AltaLink Ontario LP (“AltaLink”) and the School Energy Coalition (“SEC”).

Reply to AltaLink

In its Phase 1 submissions, AltaLink requested that the IESO comment on the anticipated affect of Bill 75, the Ontario Electricity System Operator Act, 2012, (“OESO Act”), on the designation process and any future leave to construct application. In particular, AltaLink requested that the IESO and the Ontario Power Authority (“OPA”) respond to the following:

- Will the newly merged entity be bound by and support the preliminary assessment of need made by the OPA for this designation proceeding?
- Will the newly merged entity undertake the OPA’s delegated responsibility regarding the duty to consult First Nations and Métis prior to designation as set out in the May 31, 2011 letter?
- Will the newly merged entity continue to be responsible for preparing feasibility studies for each option other than the Reference Option?

- Will the newly merged entity be responsible for assessing the need for the East-West Tie line as part of any future leave to construct proceeding?

The IESO will reply to the third bullet.

As noted by AltaLink, Bill 75 was introduced and given first reading on April 26, 2012. The bill continues to be debated in the legislature. It is unknown if or when the bill will pass; and it is not known what the government's intent is regarding proclaiming the bill, if passed, in effect.

In the interim, the IESO will continue to fulfill its responsibilities as set out in its objects in the *Electricity Act, 1998*, and with respect to this proceeding, as described in its intervention letter and its Phase 1 submissions.

It is worth noting that section 6(1) of the OESO Act sets out the objects of the new entity. The OESO objects 6 (1) (a) through (g) are consistent with the existing objects of the IESO and read as follows:

(a) to exercise the powers and perform the duties assigned to it under this Act, the regulations, directions, the market rules and its licence;

(b) to enter into agreements with transmitters to give it authority to direct the operation of their transmission systems;

(c) to direct the operation and maintain the reliability of the OESO-controlled grid to promote the purposes of this Act;

(d) to participate in the development by any standards authority of criteria and standards relating to the reliability of the integrated power system;

(e) to establish and enforce criteria and standards relating to the reliability of the integrated power system;

(f) to work with the responsible authorities outside of Ontario to co-ordinate the OESO's activities with the activities of those authorities;

(g) to operate the OESO-administered markets to promote the purposes of this Act;

Therefore, the IESO fully expects that that the functions currently performed by the IESO will continue should the OESO Act become law.

More specifically, the IESO fully anticipates that the new entity will continue to perform the functions presently performed by the IESO in providing expert advice, when

requested, throughout the designation process, on the reliability and operational impact of the various options for reinforcing the East-West Tie.

The IESO's view is supported by section 25.7 (1) 9 of the OESO Act, which states:

The OESO is a party to each on-going proceeding to which the Independent Electricity System Operator or the Ontario Power Authority is a party immediately before the subsection comes into force, replacing the Independent Electricity System Operator or the Ontario Power Authority, as the case may be.

Reply to SEC

In its Phase 1 submission, SEC suggested that it would be useful for the OPA and the IESO to provide their Phase 2 submissions in advance of all other parties, and at the same time as Board Staff. The IESO disagrees with this submission for the following reasons.

This is an innovative and evolving proceeding. The IESO will derive as much benefit as other parties from seeing the OEB staff submissions and understanding the direction being taken by the OEB in Phase 2, prior to filing its submissions.

In addition, as indicated in the IESO intervention letter and earlier Phase 1 submission, the IESO **may** make submissions with respect to Phase 2 of the proceeding, however, the IESO may elect not to make Phase 2 submissions.

Further, SEC has failed to provide any rationale as to why the IESO should file ahead of other parties to the proceedings, except to say it would be useful.

Finally, submissions made by the IESO in Phase 2 may be addressed in reply submissions, should SEC or any other party wish to exercise that option.

The IESO submits that it is appropriate for the IESO to file Phase 2 submissions following the filing of Board Staff submissions, as will be the case with all other parties to this proceeding.

All of which is respectfully submitted this 22nd day of May, 2012.