

Tuesday, June 30, 2009

Kirstin Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Young Street, Suite 2700
Toronto, Ontario M4P 1E4

Dear Sir/Madam:

Re: Comment on EB-2009-0077

ORTECH Power, a division of Ortech Consulting Inc. ("ORTECH") is pleased to file comments in regards to EB-2009-0077. ORTECH consults on the planning and permitting of renewable energy projects. ORTECH has advised on over 50 renewable energy project applications on behalf of clients over the past 4 years and is intimately familiar with issues related to the connection process.

Our comments relate to the \$90,000/MW Figure (2. Proposed Amendments to the DSC, A. Connection Cost Responsibility Options, 2. Expansions, p. 6). They are as follows:

- 1) The approach used for establishing the figure is based on typical projects of 10 MW size and located 5.3 km from the connection point. This approach results in a favourable cost sharing for typical projects in southern Ontario. The approach is not nearly as favourable to small waterpower projects in northern Ontario.
- 2) We have briefly reviewed over 50 small hydro projects under MNR's non-competitive site release process and found the average project size to be approximately 3 MW and over 10 km from connection points.
- 3) A typical 3 MW small hydro project, located 10 km from the connection point would be eligible for \$270,000 cost sharing. Assuming \$200,000/km connection cost, the cost sharing is 13%. The cost sharing for the typical project used in EB-2009-0077 would be 53%. Hence, the average waterpower project would be disadvantaged if the stated formula were to be applied
- 4) ORTECH believes that the OEB principle of capping costs is appropriate to discourage projects in locations that do not create adequate social benefit. The example figures are in the range of 50% cost sharing which appears reasonable for alignment of economic interests between the rate base and developers.

5) **ORTECH proposes that waterpower projects in northern Ontario be given the option to cost share at 50% of expansion costs instead of \$90,000/MW.**

This proposal would create a more level playing field for northern Ontario where projects are already constraint by site locations and sparse grid infrastructure. It would preserve the alignment of economic interests. Alternatively and consistent with cost capping, a \$/km rate could be used in northern Ontario (eg. \$90,000/km).

We are grateful for the opportunity to comment. Please feel free to contact us at the above address, or the undersigned at uroeper@ortech.ca.

Yours truly,

Uwe V.R. Roeper, M.Sc., P.Eng.
President.