



**EB-2009-0164**

**IN THE MATTER OF** the *Ontario Energy Board Act*,  
1998, S.O.1998, c.15, Schedule B;

**AND IN THE MATTER OF** an application by Lexi  
Transmission Corporation for an electricity  
transmission licence.

**BEFORE:** Pamela Nowina  
Vice Chair and Presiding Member

Paul Sommerville  
Member

Cynthia Chaplin  
Member

## **DECISION**

### **Background**

Lexi Transmission Corporation (“Lexi”) filed an application on May 27, 2009 with the Ontario Energy Board under section 60 of the *Ontario Energy Board Act, 1998* (OEB Act) for an electricity transmission licence. Under the OEB Act an entity cannot undertake transmission activities in Ontario without a licence. Once licensed, the transmitter becomes subject to a number of regulatory instruments which govern its conduct.

Lexi’s application stated that it currently has no active transmission business in Ontario but its proposed business activity is the development, construction, ownership and operation of transmission assets. The Board’s standard Application for an Electricity

Transmission Licence requires that an applicant provide information on the transmission facilities involved in the application and a description of its energy sector business activities. Lexi stated that its transmission facilities were “to be determined” and that “the corporation currently has no active business”.

A letter was issued to Lexi on June 12, 2009 requesting additional information on the proposed business activities such as the location and type of transmission service contemplated. The letter also notified Lexi of its obligations as a licensed transmitter.

Lexi replied on June 29, 2009 stating that its proposed business activity is to be a “transmission proponent” as contemplated in the Integrated Power System Plan (“IPSP”). Lexi’s intended business will be province-wide and will include all of the types of transmission reinforcements and enhancements referred to in the IPSP. This includes new transmission assets to connect new generation but will also include enhancements to existing transmission infrastructure as outlined in the IPSP.

Lexi is currently owned by SkyPower Corporation which holds an electricity generation licence as a Standard Offer Program participant. The applicant has indicated that the future ownership of Lexi will be shared between SkyPower Corporation and RussEngineering Holding Company (“RussEngineering”), a Russian company involved in the design, construction and servicing of electricity transmission and distribution infrastructure projects around the world.

## **Board Findings**

After considering the application, the Board finds that it is not in the public interest to grant a transmission licence on the basis of the current application.

The examination of and decision on an application is based on the evidence filed in that application. The Board’s licence application forms are designed to obtain essential information especially information concerning proposed transmission facilities and the applicant’s business activities. This information is an essential part of an application, but the Board may rely on other criteria as well in making its determination.

In the present application, Lexi has been unable to provide specific information about its intended transmission facilities or business activities because those activities are as yet unknown.

In the Board's view, one threshold test for an application of this nature is whether there is a specific project which underpins the application. No specific transmission project underpins this application.

Another threshold test, in the absence of a specific project, is whether the applicant is engaged in transmission activity elsewhere and whether it has the necessary technical and financial expertise to undertake transmission activity in Ontario. The evidence before the Board is that the applicant has no specific transmission experience or expertise. The application indicates that Lexi will contract the proposed transmission activities to RussEngineering and EPC Contractors, and that RussEngineering may take an ownership interest in the company. While Lexi has provided a list of current projects for RussEngineering, the application is clear that currently RussEngineering does not have an ownership interest in Lexi. The Board has therefore not considered whether RussEngineering would provide adequate experience and expertise for purposes of granting a transmission licence in the absence of a specific project.

The application for an electricity transmission licence, as filed, is therefore denied. The applicant may, of course, reapply if any of the facts in the application change.

**DATED** at Toronto, August 10, 2009

**ONTARIO ENERGY BOARD**

*Original signed by*

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Kirsten Walli  
Board Secretary