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VIA MAIL and E-MAIL

September 25, 2009

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: Proposed Amendments to the Transmission System Code
Board File Number: EB-2008-0003**

Comments of the Vulnerable Energy Consumers Coalition (VECC)

As Counsel to the Vulnerable Energy Consumer's Coalition (VECC), I am writing (per the Board's Notice of September 11, 2009) to provide VECC's comments on the revised amendments to the Transmission System Code to deal with the issue of "enabler facilities".

Basis for Identification of Enabler Facilities

VECC agrees that, given the current status of the IPSP, there need to be other mechanisms for identifying enabler lines. However, the "devil is in the details" and in VECC's view the Board's proposals require further clarification. The Board's proposed "screening criteria" for OPA-Identified clusters is discussed in next section. In the case of enabler facilities identified via a Board-approved plan (per subsection 70 (2.1) of the Act), VECC has the following observations:

- For such a plan to support an enabler designation it would have to provide details regarding the expected capacity and cost of the enabler facilities and demonstrate that the enabler facilities were the “public interest” based on the likely generation associated renewable resource cluster and the anticipated cost. In VECC’s view this goes beyond simply establishing the “generation potential” of the renewable resource cluster. While it may be in the public interest to construct a 50 km enabler line to allow the connection of 100 MW of renewable generation, the conclusion would not necessarily be the same if a 500 km line was required.
- A “transmission plan” may cover a number of years (e.g. 5 or more) and circumstances can change. There needs to be processes (similar to those discussed on pages 5-6 for OPA-Identified Clusters) to confirm the enabler facility designation closer to the point in time when the construction of the facilities is planned to commence.

Enable Screening Criteria for OPA-Identified Clusters

The last paragraph in section II.A.3 addresses the need for a process to “confirm continued eligibility” prior to the commencement of construction. What is not immediately clear to VECC is what process (if any) is used to establish the initial eligibility of the proposed enabler facilities associated with OPA-Identified Clusters. The proposal presents screening criteria but does not indicate the process by which it will be determined that the screening criteria are met and the project is “initially” considered to be eligible. For example, does the distributor make a submission to the OEB and, if so, why wouldn’t this be part of the “transmission plan”.

VECC also has concerns with the proposed screening criteria. The first is that the 100 MW requires further definition. VECC suspects at just as is the case with DSM there are differences between the “technical generation potential” of a resource cluster; the “economic generation potential” of a resource cluster and the “likely generation potential” of a resource cluster. In VECC’s view the Board should be basing its decisions on input from the OPA as to what is the likely generation associated with a renewable resource cluster.

Second, a simple application of 100 MW minimum capacity criteria does not take into account the fact that the economics of a renewable resource cluster depends not only on its size but also how far it is from the existing transmission facilities. The Board could address this issue by seeking advice from the OPA as to what is a reasonable allowance for transmission enabler cost (\$/MW or \$/MWh) based on its assessment regarding the economics of renewable generation.

As noted above, the Board proposes that in those cases where there is no “leave to construct stage”, it will obtain confirmation from the Transmitter of continued eligibility prior to commencement of construction and will address any concerns regarding continued eligibility through an appropriate process at that time. Given the lack of details regarding the “initial confirmation process”, VECC views the establishment of an

“appropriate re-confirmation process” as being critical if the Board plans on proceeding with the use of OPA-Identified Clusters as a means of designating enabler facilities.

Overall, VECC questions whether the introduction of a “category” of enabler facilities based simply on OPA-Identified Clusters is workable. In VECC’s view, it would be better if the concept of “OPA-Identified Clusters” was incorporated into the transmission planning process and taken into account when the Board approves the designation of enabler facilities as part of the transmission system plans filed by transmitters in accordance with subsection 70(2.1) of the Act.

Use of Line Length as a Cost Allocator and Line Losses

VECC has no comments on proposed amendments discussed in these two sections.

Thank you for the opportunity to comment.

Yours truly,

Michael Buonaguro
Counsel for VECC