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APPRO
ASSOCIATION OF
POWER PRODUCERS
OF ONTARIO

**APPRO Submission in EB-2008-0003
Proposed Amendments to the Transmission System Code
September 25, 2009**

APPRO is a non-profit organization representing generators of electric power based in Ontario. It has a strong interest in the matters being considered by the Ontario Energy Board (“the Board”) in the Transmission Connection Cost Responsibility Review and has participated in every phase of the proceeding. APPRO members include representation from all major generation types, sizes, and regions of the province. Many of these members have existing generation and/or active plans for new generation that would be directly impacted by the changes to the Transmission System Code as proposed in this proceeding.

As previously noted, APPRO believes the Board took an important and prudent step by initiating the review and by recognizing the significant changes in circumstances occurring in the power sector in the process of conducting the review. Both the Green Energy and Green Economy Act (GEGEA) and the general need to connect more generation to the system have brought issues to the surface that required regulatory and policy attention if the connections were to proceed in a fair and efficient manner.

APPRO commends the Board not just for bringing the issues forward and proposing comprehensive and balanced resolutions, but for seeking to ensure that a consistency of principle extends throughout the system and the proposed changes. While responding to the significant new expectations to connect generation expeditiously, the Board has relied on established regulatory principles designed to protect ratepayers, to ensure that the conditions necessary to facilitate commercial competition are operative where appropriate, and to maintain overall economic efficiency. To balance all these expectations in a just and reasonable fashion is a remarkable challenge and an indication of the significance of the Board’s accomplishment in this proceeding.

In general APPRO believes the Board has provided a realistic and balanced set of proposals for updating the Transmission System Code. Although the organization has said before, and still believes, that network treatment would be appropriate for a great number of the facilities under consideration, the Board has been able to resolve the key issues essential to meeting its objectives in this proceeding within the constraints of the

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hybrid model. Consequently, APPrO supports moving ahead with the changes as proposed and considering future changes as required to meet the government's evolving policy. The comments which follow are intended to provide further input for the Board's consideration, without causing significant delay or complication in moving forward with the proposed changes.

1. Early indication as to the capacity and length of a new enabler

One significant concern that remains for generators is the ability to assess the likely size and length of a new enabler line when new generation proposals are being developed. The changes as proposed will provide a firm decision on these matters only at the end of a leave to construct process. APPrO understands that there are likely to be informal and/or provisional indications available through consultations with the transmission developer and the Ontario Power Authority before leave to construct approval is granted. It is of course necessary that any early indications would be conditional on final regulatory approval. However the nature of the information available to developers and planners prior to final approval has a great impact on the efficiency and efficacy of new project development.

In order to ensure maximum efficiency in the multiple development processes that would be underway in association with any proposal for new enabler facilities, APPrO recommends that consultations be organized with the Ontario Power Authority (OPA) and Board staff to develop a process and parameters that could be used to provide early indications of the location, length and capacity of the proposed enabler lines. Within the Economic Connection Test process proposed by the OPA and the leave to develop process managed by the Board staff, the preferred route, termination point and capacity of the proposed line can be identified and made available to developers.

While Board approval can not occur until the conclusion of a leave to construct hearing, it is APPrO's view that the process will benefit from increased certainty and predictability if there is some level of consultation with the OPA and Board staff in the pre-approval planning stages. Concerns of the OPA and Board staff that might affect the location, line length and capacity could be effectively dealt with in many cases well before the application for leave to construct. Early clarification of these parameters will assist generators in determining the connection and capacity potential related to a specific renewable energy cluster and this information will assist the OPA and OEB in assessing the economic value of the development.

2. Additional bases for identification of enablers and screening criteria

APPrO supports the Board's proposals to add two new bases for identification of potential enabler facilities. These are prudent provisions that will adapt the review procedures to a number of likely circumstances and simplify the associated regulatory procedures in many cases.

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The proposed screening criteria for enabler facilities identified through an OPA planning process are generally reasonable in APPrO's view given the expectation that the associated cluster is an area containing substantial renewable energy potential that is too distant from the transmission grid to be developed optimally by one generator. It is possible that worthwhile propositions will come forward for enabler facilities less than 10 km in length and below the 100MW capacity, but they are likely to be few in number, and the Board has left some options open for special consideration in such cases. In addition to allowing exemptions for superior options identified by the OPA, APPrO recommends the Board also consider selection criteria exemptions where a generator representing a group of proponents can demonstrate sufficient benefits and efficiency gains to justify alternative connections.

3. Removal of distance-based charges for use of enablers

APPrO would like to commend the Board in particular for its decision to remove the proposal for adjusting charges for use of enabler lines based on the distance from the network to the generator's point of connection. While such an approach would have provided an option for cost allocation, it would have reduced the optimal capacity that could be developed in a cluster and created unequal benefits for generators closer to the transmission line. The decision to remove line length is likely to be acceptable to most generators and will definitely improve certainty and the efficiency of the development process.

4. Delivery Point

APPrO also supports the Board's decision on the delivery point being the point at which the generation facility is connected to the enabler facility. This will allow generators individual generators to cover their own connection costs and line losses while addressing the concern raised by the IESO on the allocation of line losses to multiple users.

As is normal for broad-based organizations like ours, APPrO provides these comments as an indication of the general view of the organization, while acknowledging that individual members of APPrO may well hold differing positions on specific points. Having acknowledged that possibility, however, APPrO would also like to point out that it works very closely with its members and other industry associations to ensure that its recommendations represent the common interests of existing and potential generators in the province.

Overall, APPrO believes that the Board has put forward a workable and reasonable approach to cost responsibility for transmission connections, and with the qualifications

noted above, the organization would support proceeding with the changes as proposed at the earliest possible date.

All of which is respectfully submitted by

David Butters, President, APPrO

and

Jake Brooks, Executive Director, APPrO