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Ontario Energy Board

Further Revised Proposed Amendments to the Transmission System Code

September 25, 2009

Ontario Power Authority Comments

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Background

The Ontario Power Authority ("OPA") is pleased to contribute to the Ontario Energy Board's ("OEB") process that will amend the Transmission System Code ("TSC") to enable integration of new renewable resources into Ontario's electricity system. The OPA supports the OEB's work in this regard because it furthers the goals of the *Green Energy and Green Economy Act, 2009* ("GEA"), including the OPA's Feed-in Tariff ("FIT") program.

The OEB initially proposed amendments to the TSC in October 2008 that would facilitate the development of transmission facilities to "enable" the connection of multi-proponent clusters of renewable electricity generation resources. The proposed amendments resulted in the development of a "hybrid" approach to cost responsibility for enabler transmission facilities, which allocates costs to generators in a cluster of renewable according to their use of capacity on the enabler facility. Enabler facilities could be indentified in two ways: (i) where the enabler facility was identified as such in an OEB-approved integrated power system plan ("IPSP"), or (ii) where a renewable resource cluster associated with the transmission connection facility is the subject of a direction issued by the Minister of Energy and Infrastructure.

The OEB's current proposed TSC amendments now include additional opportunities for enabler facilities to be identified, including through an OEB-approved transmitter system plan filed pursuant to section 70(2.1) of the *Ontario Energy Board Act*, *1998* and through the OPA's FIT program. Those enabler facilities identified through the FIT program will be subject to screening criteria, which are as follows:

- Capacity of renewable resource cluster must be at least 100 MW; and
- Where the enabler facility is a line connection, that such line be at least 10 km long.[1]

OPA Comments

Subject to the comments provided below, the OPA supports the OEB's proposed amendments.

The OPA notes that in some cases the 100 MW threshold may not be a useful benchmark to determine whether an enabling transformation investment is

[1] Subject to the exception that a line connection of less than 10km may be treated as an enabler facility where the OPA demonstrates that enabler treatment is justified as superior with respect to alternative treatments.

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justified. Transformer stations can be built in a variety of sizes, including less than 100 MW, and in certain cases a smaller station may be appropriate. As such, the OPA proposes that a capacity threshold not be applied to transformation facilities identified by the OPA as an enabler facility through its administration of the FIT program. In the alternative, the OPA recommends that the 100 MW capacity threshold for transformation facilities be subject to an exception similar to that available for line connections. In that case, the OPA should retain the ability to demonstrate that a transformation facility of less than 100 MW should be subject to enabler facility treatment.

The OPA notes that the OEB is also proposing amendments to the Distribution System Code ("DSC") in order to enable renewable electricity generation. Those changes will likely interact with the TSC changes proposed in this process, and as such, the OPA believes it is important to ensure consistency and efficiency between these processes. The OPA notes that an unintended result of the proposed amendments could arise through the different treatment of transformer stations under the TSC and DSC. While most transformer stations are currently transmitter-owned assets, there are some cases where they may be distributor-owned. Where a generator requires a transformer station to connect its facility, the opportunity to take advantage of a renewable energy expansion cost cap or the provisions available for Renewable Enabling Improvements under the DSC may be preferable when compared to the cost treatment proposed for connection through a transmitter under the TSC. The decision on whether a transmitter or distributor should build a transformer station could therefore reflect the generator's particular economic considerations rather than the interests of broader system efficiency. The OPA has also noted these concerns in its submission on the proposed amendments to the Distribution System Code dated September 25, 2009.

Conclusion

The OPA appreciates the opportunity to provide further comments in this matter and supports the OEB's initiatives to amend the TSC and DSC because they will assist in achieving the goals of the GEA and the FIT program.

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