November 24, 2009

CANADIAN NIAGARA POWER INC.
APPLICATION FOR LEAVE TO CONSTRUCT TRANSMISSION FACILITIES IN THE NIAGARA FALLS / FORT ERIE AREA
BOARD FILE NO. EB-2009-0283

OEB STAFF SUPPLEMENTAL INTERROGATORIES FOR CANADIAN NIAGARA POWER INC. ("CNP")

(A) PROJECT NEED

References: (1) Exh. B, Tab 3, Sch. 1, Pages 14 and 15

Preamble

The following are excerpts from CNP's evidence in the above noted reference.

> The lack of N-1 contingency on the CNP Transmission System would therefore be a significant barrier to the connection of such renewable generation facilities.
>
> ….it may not be possible for CNP Transmission to provide the Board with a satisfactory plan for expansion or reinforcement to accommodate the connection of renewable generation facilities unless the reliability issues associated with the lack of N-1 contingency on the CNP Transmission System have by that point been addressed.

Board staff requires further explanation/clarification regarding the above.

Questions / Requests

SI-1 Please explain further why potential renewable energy generators would be reluctant to connect to the existing CNP transmission system because of its performance record which has been excellent over the last three years, i.e., there has not been an outage on the CNP system over the last approximately three years.

SI-2 Please provide any supporting documentation or evidence that potential renewable energy generators would be concerned about connecting to the CNP transmission system if it does not meet the N-1[1] contingency criterion.

SI-3 Please explain if/why CNP is concerned about connecting potential renewable energy generators if CNP's transmission system does not meet the N-1 contingency criterion.

(B) ALTERNATIVES CONSIDERED

References: (1) CNP Responses to Board Staff Interrogatories, Page 16

Preamble

In answer to a Board staff interrogatory 2.0 (ii) (c) regarding the option of improving the 31-step switching procedure to reduce the 4-hour switching time, CNP answered that

> The actual switching operation that is carried out to effect the change in supply from HONI to USNG (or vice-versa) takes approximately 30 minutes, while the remainder of the four-hour minimum timeframe is attributable to the need for USNG to perform switching operations on it's system and for necessary co-ordination among CNP, HONI, IESO and USNG…… …… CNP does not believe there are any equipment or procedural changes that would be able to materially expedite the procedure for engaging the emergency tie line in response to a forced outage.

It appears that following the loss of the normal supply from Hydro One, the actual switching operation can be done in about 30 minutes but there is a significant delay getting the US National Grid ("USNG") system ready for the transfer.

In answer to a Board staff interrogatory 2.0 (ii) (a), CNP submitted that if the 0.66 km line section between Queen St. Tower and High Tower were to be upgraded, the capacity available from USNG would be limited to 53 MW because of capacity limitations on L46 and L47 on the USNG system.

[1] Refers to a system for which a single contingency will not result in the loss of supply, i.e., uninterrupted supply following a single contingency.

The Board would like to get a better understanding as to why the four hour switching time could not be significantly reduced and the feasibility/cost of eliminating the capacity limitation on the USNG system.

Questions / Requests

SI-4 Please consult with USNG and other parties if needed (Hydro One, IESO) to provide a summary of the main steps needed to transfer supply of the Fort Erie load to its back-up supply from USNG that account for the four hour time needed to complete the transfer. Please indicate:

(i) time required to complete each step;

(ii) measures that can be taken to reduce the time taken for each step and the amount of time saved;

(iii) overall time needed to complete the transfer assuming all feasible measures to reduce the time are implemented;

(iv) estimated overall cost of implementing the measures to achieve the time in (iii).

SI-5 Please consult with USNG and other parties if needed (Hydro One, IESO) to determine the feasibility and cost of eliminating the 53 MW limitation on the capacity available from USNG so that the entire CNP load (56 MW peak in 2008) can be supplied from the USNG system under emergency conditions for the next 10-15 years. (It is understood that this would be in addition to upgrading of the 0.66 km line section between Queen St. Tower and High Tower at an estimated cost of $150 k.)

(C) PROJECT ECONOMICS AND COST RESPONSIBILITY

References: (1) CNP Responses to Board Staff Interrogatories, Page 24

Preamble

CNP's responses to Board staff interrogatories 3.0 (x) and (xi) included the following excerpts:

> While it is true that electricity will flow in both directions, USNG has not sought the benefits arising from the project because USNG already has adequate and reliable supply. Moreover, the USNG system already enjoys N-1 contingency and would therefore derive minimal local reliability benefit from the project.

CNP did attempt to negotiate a cost-sharing agreement with USNG, but as noted in (x) above, USNG was not receptive to the idea because they were of the view that the USNG system already enjoyed N-1 contingency and would therefore derive minimal benefit from the Project.

Questions / Requests

SI-6 Please provide any available written materials including correspondence, e-mail, notes of meetings, letters, memoranda of understanding etc. that document the negotiations that took place between CNP and USNG that led to the conclusion that USNG would derive minimal benefit from the Project and the agreement that CNP would pay for the entire Project.

SI-7 Please provide verification from the OPA that CNP's calculated value of $36.6 million for the benefits to Ontario associated with the increased interconnection capability provided by the Project is a realistic/reasonable value. If it is not, please ask the OPA to provide an estimate of what it considers a realistic/reasonable value.

(D) ENVIRONMENTAL ASSESSMENTS

References: *(1)* *CNP Responses to Board Staff Interrogatories, Page 29-30*

(2) *Guide to Environmental Assessment Requirements for Electricity Projects, Ministry of the Environment Environmental Assessment and Approvals Branch, March 2001(copy attached)*

Preamble

CNP submitted that the federal environmental and provincial (Ontario) assessment processes is a proponent-driven processes under which the question of whether a proposed Project may be subject to federal or provincial environmental assessment requirements is determined by means of a self-evaluative process and that CNP expects that no environmental assessment requirements will apply to the Project.

CNP also submitted that it is its understanding that Environment Canada and the Ministry of the Environment do not provide verification requested in Board staff Interrogatories 6.0 (i) and (ii).

Based on the Table on page 10 of Reference (2), it appears that the only transmission projects that don't have any EA requirements are those with

- transmission lines operating at voltages less than 115 kV; and
- transmission lines operating at voltage levels of 115 kV or greater with a line length equal to or less than to 2 km.

Questions / Requests

SI-8 Please advise what steps CNP has taken to determine that the provincial and federal organizations responsible for environmental assessments (EA) would not provide verification regarding any EA requirements for the Project. Please provide the details of any contacts made, e.g., names, copies of any correspondence, details of telephone calls etc.

SI-9 Please provide the rationale for CNP's submission that there are no provincial environmental assessment requirements associated with the Project in light of the information in Reference (2) and noted in the preamble.

(E) ABORIGINAL PEOPLES CONSULTATIONS

References (1) CNP Responses to Board Staff Interrogatories, Page 29-30

Preamble

CNP submitted that:

> While there is a significant off-reservation Aboriginal population in the general vicinity of Fort Erie and the proposed project, there is, to the best of our knowledge, no formal Aboriginal representative council.

Questions / Requests

SI-10 Did CNP contact the Ontario Ministry of Aboriginal Affairs to determine if there are any existing or asserted Aboriginal or treaty rights in the vicinity of the Project? If yes, please provide any correspondence to and from the Ministry. If no, please contact the Ministry to determine if there are any existing or asserted (claimed) Aboriginal or treaty rights in the vicinity of the project.