

Ontario Energy Board

Filing Requirements: Distribution System Plans Under the Green Energy Act

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Ontario Power Authority Comments

Michael Lyle, General Counsel & Vice President
Ontario Power Authority
120 Adelaide St. W., Suite 1600
Toronto, Ontario
M5H 1T1
michael.lyle@powerauthority.on.ca
Direct Line: 416-969-6035
Fax: 416-967-1947

Background

On December 18, 2009, the Ontario Energy Board (“Board”) posted for comment its draft “Filing Requirements: Distribution System Plans under the Green Energy Act”. The draft Filing Requirements relate to plans to be filed by electricity distributors pursuant to the deemed conditions of licence in section 70(2.1) of the *Ontario Energy Board Act, 1998*, as added by the *Green Energy and Green Economy Act, 2009* (“GEA”). The preparation and filing with the Board of a system plan consistent with the requirements in the GEA (“GEA Plan”) serves three main purposes:

- Providing information to the Board and interested stakeholders regarding the readiness of a distributor’s system to accommodate the connection of renewable generation and the expansion or reinforcement necessary to accommodate renewable generation, and, eventually, the development and implementation of the smart grid;
- Providing evidence in rate applications for capital budget approvals related to infrastructure investments for renewable generation and smart grid, and the recovery of the resulting costs from ratepayers; and
- Providing a basis, through the approval of a GEA Plan, by which the costs of certain investments will not be the responsibility of the distributor under the DSC, and therefore possibly recovered through the provincial cost recovery mechanism set out in section 79.1 of the OEB Act.

OPA Comments

The Board’s Filing Requirements note that coordinated planning among distributors and transmitters and the Ontario Power Authority (“OPA”) will be essential in achieving the goals of the GEA in a timely and cost effective manner. Section 25.37 of the *Electricity Act, 1998* and the associated Ontario Regulation 326/09 mandate the publication of some information, but it is important that distributors share additional critical information necessary to the orderly connection of renewable generation with their embedded and host distributors, the OPA and transmitters.

The OPA agrees that such coordination is critical to achieving the GEA goals. Distribution System Plans must be developed with a view to the system as a whole, incorporating all known information regarding applicable system constraints, proposed renewable generation projects, merchant generation or other OPA procurements. The OPA has a direct interest in ensuring that LDCs have the information they require to compile this overall system view in developing their Plans, and agrees with the Board’s proposals with regard to the necessity of an OPA review of Detailed System Plans and the provision of a letter of comment.

The consideration of the system as a whole is no less important in the development of a Basic GEA Plan. The OPA suggests that consideration of transmission system constraints should also be a component of these plans, and proposes the addition of this information to the second component of the Basic Plan, similar to the Detailed Plan, as follows:

The number and MW of renewable generation connections anticipated over the five-year period based on existing connection applications, information available from the OPA and any other information the distributor has about the potential for renewable generation in its service area. In addition, any information the distributor has regarding transmission constraints or other factors that may limit the distributor's ability to connect renewable generation facilities should be described. Where a distributor has a large service territory, or multiple service territories, a regional breakdown should be provided.

Existing online tools are available to provide sufficient information for LDCs to complete Basic GEA Plans. LDCs will be able to access up-to-date information regarding FIT program uptake and transmission system constraints, as well as proposed transmission upgrades affecting LDCs through the OPA's website and its FIT web portal. Specific application information will be available through the OPA's FIT Application Management Environment ("Fame").

The OPA notes that an additional point of coordination exists for embedded LDCs, who will require information on applicable constraints on the host LDC's system. It is suggested that these LDCs should explicitly be required to provide information regarding constraints on the host distributor's system, as part of either a Basic or Detailed System Plan. To facilitate this, it is suggested that it may be appropriate for embedded LDCs to submit a letter of comment from the host LDC as a component of the Plan. The OPA further suggests that the host LDC should be required to provide this letter to embedded LDCs on a timely basis.

A significant opportunity for the coordinated planning required to prepare Distribution System Plans will occur through the OPA's Economic Connection Test ("ECT") for the FIT program. This process will involve regional planning meetings to be held on a regular basis between the OPA and distributors regarding the renewable generation potential in an LDC's area, and potential distribution and transmission upgrades. This forum will provide valuable feedback for LDCs in the preparation of their Plans. The OPA notes that the ECT is a requirement of the FIT process. The OPA recommends that LDCs be required to participate in the regional planning meetings, as this will ensure coordinated planning. In addition, it will facilitate OPA review of Detailed Plans and submission of a letter of approval.

Coordinated planning between distributors, transmitters and the OPA will also ensure the achievement of optimum integrated transmission and distribution solutions to facilitate renewable generation. In some cases, a distribution system alternative may be possible, but may not result in the most efficient option. As an example, while a cluster of renewable facilities may be served through multiple distribution feeders, it may be more efficient to meet that need through a new transformer station. Such solutions may not be readily identified by a distributor working in isolation.

The importance of coordinated planning will also be crucial as LDCs begin to expand their activities in relation to smart grid investments beyond smart grid studies or demonstration projects, smart grid planning and smart grid education and training. The OPA supports the Board's expectations that LDCs will familiarize themselves with work that has been done, as well as providing access to the results of smart grid study and demonstration project reports. As full scale implementation begins, interoperability among distributors and transmitters will become critically important. This issue will be equally as important as legislative and regulatory developments as an impetus for future updates to the Filing Requirements. The OPA recommends that demonstration of coordinated planning should be required prior to any LDC undertaking a significant investment in this area.

On January 22, the OPA provided its comments to the Board's proposed amendments to the Distribution System Code and Affiliate Relationships Code for LDC-Owned generation. In that proceeding, the OPA proposed that LDCs should be required to disclose in advance expansions or upgrades to facilitate the connection of generation owned by LDCs, their affiliates or shareholding municipalities. Distribution System Plans would be an appropriate forum for this disclosure, and it should be a required component of both Basic and Detailed Plans. Providing this information would improve transparency by providing assurance to the Board and interested parties that capacity has been allocated fairly, and that potential third party generators have equal access to that capacity. This would help to ensure a level playing field for all generators.

The OPA appreciates the opportunity to provide its comments in this matter, and looks forward to participating further in this process.