

February 17, 2010

**RESS & COURIER**

Ontario Energy Board  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

Attention: Ms. K. Walli, Board Secretary

Dear Ms. Walli:

**Re: Interrogatory Responses from Great Lakes Power Transmission LP -  
Deferral Account Application (EB-2009-0409)**

We are counsel to Great Lakes Power Transmission LP, the applicant in the above-noted proceeding. Enclosed, please find two copies of the applicant's responses to the interrogatories of Board Staff, Energy Probe and the IESO.

The applicant's responses are being provided electronically to all intervenors in this proceeding. In addition, an electronic copy of the applicant's responses has been filed using the Board's Regulatory Electronic Submission System (RESS). Confirmation of filing on RESS is attached.

Yours truly,



Charles Keizer

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**cc:** Mr. Nabih Mikhail, Board Staff  
All Intervenors  
Mr. Andy McPhee, GLPT  
Mr. Duane Fecteau, GLPT  
Mr. Jonathan Myers, Torys LLP

**GREAT LAKES POWER TRANSMISSION LP**

**Interrogatory Responses**

**Deferral Account Application  
Re Green Energy and Green Economy Act  
(the "GEA")**

**EB-2009-0409**

February 17, 2010

## RESPONSES TO INTERROGATORIES OF BOARD STAFF

### Interrogatory #1

#### Reference:

- 1.(1) GLPT's Rate Application Prefiled Evidence, proceeding (EB-2009-0408), Exh. 1/Tab2/Sch. 1- amended December 7, 2009/section 2.3 "Green Energy and Green Economy Act" (the "GEA")/pp. 12-14
- 1.(2) GLPT's Rate Application Prefiled Evidence, proceeding (EB-2009-0408), Exh. 4/Tab2/Sch. 1/pp. 35 – 38 - amended December 7, 2009 [EB-2009-0408]
- 1.(3) GLPT's Application for Deferral Account filed with the Board on November 27, 2009 [EB-2009-0409]

#### Preamble:

- (1) In page 14 of Reference 1.(1), GLPT concluded by stating in part that:

*The work that may be undertaken in respect of these activities will be comprised primarily of preliminary engineering, data collection, options assessments, cost estimating, stakeholder and other consultations, as well as other related activities required to prepare project submissions for environmental assessment and leave to construct approvals. Planned expenditures are material.*

*At this time, GLPT has no assurance that capital assets will in fact materialize as a result of such expenditures. Accordingly, GLPT faces the risk of not recovering its investment. GLPT believes that it satisfies the criteria of causation, materiality, management inability to control and prudence, which have been articulated by the Board as the bases for establishing such an account.*

- (2) In Reference 1.(2), GLPT cited the various obligations under the Green Energy and Green Economy Act and related amendments to both the Electricity Act and the Energy Board Act. On page 37, lines 11-13 of Reference 1.(2), GLPT stated:

*"As a result of these obligations and initiatives, GLPT has identified the need to incur expenses, such as consulting and travel expenses, related to the Green Energy and Green Economy Act and related green energy initiatives."*

- (3) In Reference 1.(3), GLPT has requested a new deferral account to record capital and OM&A expenses related to renewable generation connection, system planning and infrastructure investment arising from, the GEA.

Question:

- (i) Please provide a listing of the potential types of costs that will be recorded in the proposed account in relation to the activities governed by legislative requirements for transmitters to expand or reinforce transmission system to accommodate the connection of renewable energy or other generation facilities. Please compare these cost types to the cost types listed in the Board's Guidelines for Distribution System Planning (G-2009-0087), and explain how they are similar to or different from the types of costs that can be recorded by distributors under those Guidelines

Response:

- (i) G-2009-0087 sets out two accounts of relevance: Account 1531 Renewable Connection Capital Deferral Account and Account 1532 Renewable Connection OM&A Deferral Account.

The distribution deferral accounts are set up to capture costs of both planning and completing work (e.g. replacing protection equipment to permit bidirectional power flows; modifying existing protection systems; additional voltage protection equipment).

In the case of transmission, there is a difference with respect to the scope of work, the period of time for establishing feasibility and completion as well as the financial commitment.

The costs that will be recorded are incremental costs related to system planning and development to facilitate the connection of renewable generation under the Green Energy and Green Economy Act ("GEA"). Incremental means an investment not included in previous investment plans, not funded through current rates and not part of future investments to be made in the ordinary course of operation of the existing transmission system.

Initially, these costs will relate to the development of GLPT's transmission plan (the "Transmission Plan"). As the Transmission Plan is implemented, costs will relate to establishing feasibility and development of all or parts of the Transmission Plan, in particular environmental assessment and leave to construct approvals. These activities would include, but not be limited to: working with OPA to determine need; working with OPA to understand

capability of the existing system under a variety of scenarios; identifying transmission alternatives; preparing cost estimates for transmission alternatives; considering environmental impacts of transmission alternatives; engaging with local stakeholders and Aboriginal peoples over acceptability of transmission alternatives; performing fault level, load flow and system stability studies; performing environmental studies; conducting topographical and geographical surveys; addressing corridor issues and working with other transmitters to co-ordinate plans.

## Interrogatory #2

### Reference:

- 2.(1) GLPT's Application for Deferral Account filed with the Board on November 27, 2009 (EB-2009-0409) /p.2 / "Green Energy Act", 3<sup>rd</sup> Paragraph under the heading
- 2.(2) Board Decision and Order granting Superior Wind Prince Power Inc. leave to construct 11.2 km of 230 kV transmission line to connect a 99 MW wind farm, dated July 28, 2005 (EB-2005-0249)

### Preamble:

- (1) In Reference 2.(1), GLPT stated in part that:

*"It is estimated that there is up to 630 MW of new wind development in and around the GLPT transmission system. Preliminary conclusions, suggest that any connection of wind resources between 40-60 MW would trigger the need for an upgrade on GLPT's transmission system, including the construction of new network 230 kV lines."*

- (2) In Reference 2.(2), the Board granted Superior Wind Prince Power Inc. leave to construct 11.2 km 230 kV transmission line to connect a 99 MW wind farm. To accommodate this GLPL<sup>1</sup>, predecessor of GLPT, constructed 0.1 km 230 kV tap from its 230 kV line.

In a letter dated October 30, 2006 filed with the Board, Brookfield Energy Marketing Inc., indicated that the Superior Wind Prince Power Inc. amalgamated with two other companies on July 10, 2006 and the assets were transferred to Brookfield Power Wind Prince LP.

Following the July 10, 2006 asset transfer, Brookfield Power Wind Prince LP was granted a licence<sup>2</sup>, in respect of the Prince Wind Energy Project – Phase I as well as a second 99 MW Prince Wind Energy Project – Phase II

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<sup>1</sup> Page 3, second paragraph of the Board Decision and Order granting Superior Wind Prince Power Inc. leave to construct 11.2 km of 230 kV transmission line to connect a 99 MW wind farm, dated July 28, 2005 (EB-2005-0249).

<sup>2</sup> Electricity Generation Licence EG-2006-0130, issued September 1, 2006, Schedule 1 "List of Licensed Generation Facilities".

Questions:

- (i) Please provide a comparative outline between the activities GLPT is expecting to be engaged in to accommodate the expected 630 MW of new wind development outlined in Reference 2.(1) and the activities undertaken by GLPT's predecessor GLPL to accommodate the connection of the two wind farms referred to in Reference 2.(2).
- (ii) For the activities outlined above which are different in the comparison for the 630 MW of new wind development, please provide an explanation why these activities need to be undertaken.

Responses:

- (i) GLPT notes that the references in its pre-filed evidence to there being 630 MW of expected new wind development should have stated that this amount is 670 MW. The 670 MW amount, as noted in the response to Interrogatory 5(ii), below, is derived from Exhibit B, Tab 1, Schedule 1 of the OPA's IPSP, as filed with the Ontario Energy Board, at Figure 7.

At the time of connection for Superior Wind, GLPL had sufficient capacity within its existing system to accommodate the connection without upgrades. The activity undertaken by GLPL followed the Transmission System Code with respect to the normal connection procedures for generators. Under the GEA, GLPT is required to develop plans that will facilitate the connection of renewable generation. Unlike the RFP process related to the connection of Superior Wind, the Feed-in Tariff (FIT) program will potentially involve the connection of clusters of renewable generators. Moreover, the projects proposed under FIT are held in the queue until the transmission capacity needed to accommodate those projects becomes available. As a transmitter, GLPT must now strive to accommodate renewable generators within a dynamic context where GLPT has to consider those generators in the FIT Program as well as the potential for wind development in general and the need for Network developments arising from other changes within the IESO-controlled grid because of the GEA. For cost effectiveness and efficiency, it is appropriate for GLPT to plan its system taking into account network upgrades that would arise if most or all available wind resources were exploited under the FIT program as well as upgrades arising from flows on GLPT's system as part of the Ontario bulk transmission system.

GLPT expects to be engaged in activities that would enhance the Ontario bulk transmission system. In addition to the proposed development costs to accommodate the 670 MW of new wind development, there would also

be a need to reinforce GLPT's existing transmission system to accommodate increased flows on the bulk system.

The network upgrades that may be required to accommodate not only 670 MW of potential wind in the GLPT area, but also the 410 MW of potential generation in the Northwest, will be considered in the development of the GLPT Transmission Plan. See FIT uptake levels in response to Board Staff Interrogatory 5(iii). These reinforcement/expansion activities will substantially differ from the connection of the Superior Wind generation facility because they are not purely line connection activities.

- (ii) Currently, the GLPT system has an available capacity of approximately 40 -60 MW. This is well under the GLPT area FIT uptake amount of 485 MW (as of January 14, 2010). Based on this and the fact that there is an additional 850 MW of FIT uptake in the Northwest region that will ultimately flow through the GLPT portion of the Ontario bulk transmission system, GLPT has determined that potential network upgrades are required.

Subject to additional analysis and the preparation of the Transmission Plan, GLPT has determined that these network upgrades may include, but are not limited to, the development of a new transmission circuit from Wawa TS to Mississagi TS.

Because it is a natural extension of GLPT's transmission system, GLPT also foresees developing a Transmission Plan that incorporates the East-West Tie Line and the Sudbury to Algoma Area project. These projects include and have an impact on the GLPT transmission system, as described in Exh.1, Tab 2, Sch. 1, Section 2.2.



### Interrogatory #3

#### Reference:

- 3.(1) GLPT's Application for Deferral Account filed with the Board on November 27, 2009 (EB-2009-0409) /p.3 / Paragraph 1

#### Preamble:

- (1) In Reference 3.(1), GLPT states in part that:

*“ GLPT believes that it satisfies the Board's criteria of causation, materiality, management inability to control and prudence articulated by the Board as the basis for establishing such an account.”*

#### Question:

- (i) Please explain how/why GPLT believes it satisfies the Board criteria with respect to management inability to control and prudence.

#### Response:

- (i) There is an inability to control because, in general, GLPT's transmission planning will be dependent upon the application of the GEA, the underlying OPA procurement programs and the required Ontario bulk transmission system expansions and reinforcements. The need to carry out and the extent of transmission planning will be dependent on the continued application of the regulatory scheme set out in the GEA. GLPT must be responsive to the connection requests of generators, the plans of the OPA and the regulatory expectations of the OEB. All of these are subject to change in the event of a new policy direction or if the development of renewable generation facilities does not arise.

On a project-specific level, once GLPT chooses to embark on a project, unique project-related risks will arise that may not be in GLPT's control. For example, if the anticipated renewable energy generators do not materialize, stakeholder issues or relationships change, or if policy changes occur.

As indicated in IR 1(i), the costs which GLPT seeks to record in the proposed deferral account will consist of pre-engineering and planning work required to prepare project submissions for environmental assessment and leave to construct approvals. GLPT believes that it is

prudent to undertake such preliminary work prior to obtaining approval for its Transmission Plan. The Transmission Plan will take a considerable amount of time to develop and obtain approval. Recognizing the aggressive provincial policy objectives with respect to the development of renewable energy resources, it is prudent for GLPT to undertake such preliminary work at this time.

## **Interrogatory #4**

### Reference:

- 4.(1) GLPT's Application for Deferral Account filed with the Board on November 27, 2009

### Questions:

- (i) Does GLPT have a transmission system plan that addresses its transmission system needs for the estimated 630 MW of renewable energy development expected in its service area that was approved by its senior management or board of directors? If so, please provide a brief outline of the plan.
- (ii) At Reference 4.(1), GLPT's application states that the deferral accounts are needed for investments arising from the GEA. Please confirm that the capital and OM&A expenses anticipated for these GEA deferral accounts are GEA specific, that is, that they are incremental to normal transmission planning and projects identified through the normal course of business and capital planning.
- (iii) At Reference 4.(1) above, on page 3, paragraph 1, GLPT has indicated that the costs recorded in the proposed deferral account will be material. What is the threshold amount considered material for recording purposes and on what basis was this amount determined?
- (iv) At which date will recording of the costs in the proposed account cease?
- (v) What is GLPT's best estimate of the total costs expected to be recorded in the proposed deferral account for each of 2010, 2011 and 2012? Please confirm that in preparing these estimates, GLPT has taken into account the cost sharing provisions in the Transmission System Code.
- (vi) Are capital costs proposed for recording in the deferral account and why?
- (vii) Is GLPT requesting that carrying charges be allowed for the proposed account? If yes please explain why the costs should be included, and the proposed interest rate or methodology used to calculate carrying charges.
- (viii) When does GLPT anticipate seeking approval to dispose of the account balance?

- (ix) Please confirm whether GLPT understands that if the Board grants GLPT's request, there will be no guarantee of recovery of costs recorded in the deferral account, and that a review of the prudence of the investments and their costs will be conducted at the time of disposition of the account.

Responses:

- (i) GLPT has not yet completed its Transmission Plan, but anticipates filing such a plan no later than the third quarter of 2010. It is expected that the Transmission Plan will address the scope, the estimated financial commitment and the time needed for transmission development to accommodate renewable generation resources. In addition, the Transmission Plan will address the need for natural extensions of GLPT's existing system as part of the Ontario bulk transmission system. In particular, the East-West Tie (Nipigon by Wawa) and the Sudbury Area by Algoma Area projects.
- (ii) Confirmed.
- (iii) GLPT will use a materiality threshold of \$200,000. This threshold will apply to each of the sub-accounts that GLPT will use under the overall deferral account. GLPT anticipates that the total amounts recorded in each of the various sub-accounts will significantly exceed the threshold amount. GLPT will record all incremental costs associated with the projects and the Transmission Plan in each of the relevant sub-accounts where the costs recorded in a sub-account are expected to be over \$200,000.

This materiality threshold is comparable to the threshold used by GLPT in EB-2009-0408 of \$196,825. This amount was calculated in accordance with the Filing Requirements for Transmission and Distribution Applications, dated May 27, 2009.

- (iv) GLPT does not know when costs will cease being recorded in the proposed account because that time period is dependent upon completing the Transmission Plan and progressing any projects under that plan to the point at which GLPT has a reasonable level of certainty that such projects will materialize and the costs can be identified as either capital or expense.

GLPT is prepared to file regular reports as to the balances in the proposed deferral accounts.

- (v) GLPT estimates that the total costs to be recorded in the proposed deferral account for these years are as follows:

<b>Year</b>	<b>Transmission Plan Development</b>	<b>East-West Tie</b>	<b>GLPT Network</b>	<b>Sudbury Area by Algoma Area</b>	<b>Total</b>
<b>2010</b>	0.3	1.75	0.75	1.05	3.85
<b>2011</b>	-	8.50	8.00	4.00	20.50
<b>2012</b>	-	6.50	6.00	0.50	13.00
<b>Total</b>	0.3	16.75	14.75	5.55	37.35

(000,000's)

The foregoing includes costs relating to feasibility and development. The numbers set out above are estimates and are subject to change as GLPT develops its Transmission Plan. GLPT is currently in the process of developing and preparing its Transmission Plan. In parallel with these efforts, GLPT will incur some additional costs beyond those incurred in preparing its Transmission Plan in support of the GEA. However, the majority of costs will be incurred after approval of the Transmission Plan, which will set out an estimate of those expenditures.

The three projects are all reinforcements or expansions to the provincial transmission system owned by or connected to GLPT's existing assets.

At this time, GLPT is not at a stage in its planning process where it has sufficient detail of connection costs related to particular generators to factor the cost-sharing provisions of the Transmission System Code into GLPT's cost estimates. Generators have not yet sought system impact assessments ("SIA") since the FIT program does not require SIAs until after FIT contracts are awarded. FIT contracts, under the FIT program, are not awarded until after transmission capacity becomes available. Once such cost information is better understood, it will be taken into account in the recording of costs.

- (vi) Costs are proposed to be recorded in the deferral account until such time as the costs relating to a project have met GLPT's normal capitalization policies, at which time the capital amount recorded in the deferral account will be transferred to Construction Work in Progress. To the extent costs prove not to be of a capital nature, they would be treated as an expense and recovery would be sought in a future GLPT rate application.
- (vii) GLPT will apply carrying charges to the balances in the proposed account at a rate equal to its effective interest rate, as is usually done in the normal

course. The effective interest rate used to calculate GLPT's revenue requirement in EB-2009-0408 is 6.874%.

- (viii) See response to (vi), above.
- (ix) Confirmed.

## Interrogatory #5

### Reference:

- Reference 5.(1) GLPT's Application for Deferral Account filed with the Board on November 27, 2009 [EB-2009-0409]
- Reference 5.(2) Ontario Power Authority' ("OPA") - Mandate and Organization/website [www.powerauthority.on.ca/Corporate Information: Management, Mandate and Organization](http://www.powerauthority.on.ca/Corporate%20Information:Management,MandateandOrganization).

### Preamble:

- (1) In Reference 5.(1), GLPT has requested a new deferral account to record capital and OM&A expenses related to renewable generation connection, **system planning** and infrastructure investment arising from, the Green Energy and Green Economy Act, 2009 ("GEA"), (**emphasis added**)
- (2) In Reference 5.(2), under "Mandate and Organization" of the OPA, the document has a list of 9 objectives: Below are selected objectives pertaining to the transmission system planning and renewable energy:
- 2) *To conduct **independent planning for electricity generation, demand management, conservation and transmission** and develop integrated power system plans for Ontario.*
  - 4) *To engage in activities to facilitate the diversification of sources of electricity supply by promoting the use of cleaner energy sources and technologies, including alternative energy sources and renewable energy sources.*
  - 9) *To collect and provide to the public and the Ontario Energy Board information relating to medium and long term electricity needs of Ontario and **the adequacy and reliability of the integrated power system** to meet those needs. (**emphasis added**)*

### Questions:

- (i) Please describe the discussions GLPT has undertaken with the OPA regarding transmission planning in the area of the province served by or of interest to GLPT. If GLPT and the OPA have discussed transmission planning, please explain how the information obtained through those discussions has been taken into account in GLPT's plans related to

renewable generation connection, system planning and infrastructure investment. If GLPT and the OPA have not discussed transmission planning, please explain why such discussions have not occurred.

- (ii) GLPT indicated that “It is estimated that there is up to 630MW of new wind development in and around the GLPT transmission system.” Please describe all sources of information upon which GLPT bases this estimate.
- (iii) Please provide the most recent estimate from the OPA for FIT uptake in and around the GLPT transmission system. Please indicate the date this information was received by GLPT. Please indicate whether this revised estimate suggests a need for a revision in GLPT’s estimates for renewable generation accommodation and consequent transmission system work, and please give reasons for your answer.

### Responses:

- (i) GLPT met with OPA staff to discuss transmission planning on several occasions throughout 2009 and early 2010. GLPT has also had a number of ad hoc telephone meetings to follow up on specific issues and exchange data.

Discussion has centred around, among other things, (i) generation and load growth in north-west Ontario, (ii) First Nations and Métis issues, (iii) flows on the East-West tie line, (iv) renewable generation uptake in Algoma area; (v) refurbishment of Sault Ste. Marie infrastructure, (vi) the need to reinforce Algoma – Toronto path, and (vii) issues surrounding OEB transmission planning and enabler policies.

At such time as GLPT refines its Transmission Plan, GLPT will consider the use of the information received from the OPA.

- (ii) As explained in the response to Interrogatory 2(i), the expected level of new wind development that GLPT seeks to accommodate is 670 MW, not the 630 MW that was set out in error in GLPT’s pre-filed evidence. GLPT has derived this information from the OPA’s IPSP as filed with the Ontario Energy Board. Specifically, GLPT refers to Exhibit B, Tab 1, Schedule 1, Figure 7 of the OPA’s pre-filed evidence, which is available at the following link:

[http://www.powerauthority.on.ca/Storage/82/7763\\_B-1-1\\_updated\\_2008-09-04.pdf](http://www.powerauthority.on.ca/Storage/82/7763_B-1-1_updated_2008-09-04.pdf)



- (iii) With respect to FIT uptake in and around the GLPT transmission system, it is necessary to consider uptake in the Northwest region, as well as in the portion of the Northeast region in and around the GLPT transmission system. This is because excess electricity generation in the Northwest region will ultimately flow through GLPT's portion of the Ontario bulk transmission system as explained in Exh. 1, Tab 2, Sch. 1, Section 2.2 of GLPT's pre-filed evidence.

The most recent estimate from the OPA for FIT uptake in and around the GLPT portion of the Northeast region is 485 MW, of which 285 MW would be directly connected to the GLPT system. In addition, there is 850 MW of FIT uptake in the Northwest region. This information was received on January 14, 2010 during a meeting with the OPA.

The most recent information does not suggest a need to revise estimates for renewable generation accommodation by GLPT at this time. The most recent information from the OPA indicates FIT uptake in GLPT's portion of the Northeast region, together with FIT uptake in the Northwest region, is 1335 MW. This is not materially different from GLPT's initial estimates, based on the OPA's IPSP, which identified a total 1080 MW in these same regions.

## **Interrogatory #6**

### Reference:

- 6.(1) GLPT's Rate Application Prefiled Evidence, proceeding (EB-2009-0408), Exh. 1/Tab2/Sch. 1- amended December 7, 2009/section 2.3 "Green Energy and Green Economy Act"/p. 13

### Preamble:

- (1) GLPT indicates that it intends to pursue designated transmitter status under the Transmission System Code in respect of various enabler transmission line projects and projects that could arise from an amended IPSP.

### Question:

- (i) Please indicate the anticipated timeframe for the application(s) for designated transmitter status. Would the applications regarding enabler transmission lines depend on the existence of a revised IPSP?

### Response:

- (i) GLPT may consider various enabler lines within Ontario. However, GLPT has no definitive plans at this time.

## **Interrogatory #7**

### Reference:

- 7.(1) GLPT's Application for Deferral Account filed with the Board on November 27, 2009 [EB-2009-0409]

### Preamble:

- (1) At Reference 7.(1), on page 2 of its November 27, 2009 letter, GLPT indicates that it intends to seek to partner with Hydro One in respect of certain transmission projects.

### Question:

- (i) Please describe the status of discussions with Hydro One on these projects, and indicate the next steps involved in this process. Is GLP aware of any other parties that are interested in partnerships in these Hydro One projects? Is GLP considering partnership for transmission projects with any other entities?

### Response:

- (i) If in developing its Transmission Plan GLPT identifies opportunities for partnerships, GLPT may consider those opportunities. In particular, GLPT is also considering partnership opportunities with one or more Aboriginal entities. As GLPT is the second-largest licenced electricity transmitter in Ontario, with a strong presence in northern Ontario and with facilities and operations that form part of the Ontario bulk transmission system, GLPT believes it is ideally positioned to partner. GLPT has had preliminary discussions with Hydro One. Definitive next steps have not been established and could potentially evolve with further discussion.

## **RESPONSES TO INTERROGATORIES OF ENERGY PROBE RESEARCH FOUNDATION**

### **Interrogatory #1**

#### Reference:

Application Letter, November 27, 2009, pp. 1-3

#### Preamble:

In the Application reference is made to the OPA Feed in Tariff program as a source of renewable generation connections to the Applicant's transmission system.

#### Questions:

- (a) Please provide a list of the applications received by the OPA for renewable generation projects that may require connection to the Applicant's transmission system.
- (b) Please describe which applications in the list might be connected to Hydro One's system instead of the Applicant's.

#### Response:

- (a) It is GLPT's understanding from the OPA that applications requesting connection to GLPT's transmission system representing a total capacity of 285 MW have been received by the OPA. The OPA has indicated to GLPT that details on the specific number of projects and the identity of the corresponding applicants is confidential.
- (b) See response to (a), above, as well as the response to Board Staff Interrogatory 5(iii).

## **Interrogatory #2**

### Reference:

Application Letter, November 27, 2009

### Preamble:

On page two of the Application reference is made to the potential for “up to 630 MW of new wind generation in and around the GLPT transmission system”.

### Questions:

- (a) Please explain the basis for this estimate.
- (b) How much of this potential wind generation could also be connected to Hydro One’s system instead of the Applicants?
- (c) Over what period of time does the Applicant expect this 630 MW to be developed?
- (d) In addition to wind generation, is the Applicant aware of any potential hydro electric, solar or biomass generation that could be developed near its transmission system?

### Responses:

- (a) See response to Board Staff Interrogatory #5(ii).
- (b) This is not known at this time, but would be considered as part of a Transmission Plan.
- (c) As described in the response to Board Staff Interrogatory 4(v), this is unknown as the development of sites will depend on transmission capacity and the awarding of contracts.
- (d) Yes. GLPT is aware of potential biomass generation, as well as solar generation projects that could be developed near its transmission system.

### **Interrogatory #3**

#### Reference:

Application Letter, November 27, 2009

#### Preamble:

Reference is made on page 2 to the potential need to upgrade GLPT's transmission system if wind resources "between 40-60 MW" are connected.

#### Questions:

- (a) Please provide the study that led to this conclusion.
- (b) What specific upgrades to the transmission system will be needed to accommodate this wind generation?

#### Response:

- (a) GLPT did not arrive at this conclusion based on a formal study. Rather, GLPT staff used PSSE software simulations to determine the available capacity of existing lines and stations within GLPT's system, based on the technical criteria established and provided by the OPA. The numbers resulting from this analysis were then submitted by GLPT to the OPA. The OPA subsequently posted this data on its FIT Program website for potential generators to view.
- (b) Subject to additional studies and the preparation of the Transmission Plan, GLPT has determined that network upgrades will be needed to accommodate this wind generation, including, but not limited to, the development of a new transmission circuit from Wawa TS to Mississagi TS.

## **Interrogatory #4**

### Reference:

Application Letter, November 27, 2009

### Preamble:

At the bottom of page 2, the statement is made that throughout 2010 GLPT will “incur expenditures relating to green energy initiatives...”

### Questions:

- (a) Please describe in detail what the expenditures will be for.
- (b) Please explain why the expenditures are required in 2010 rather than later years.

### Response:

- (a) See response to Board Staff Interrogatory 1(i), specifically in the fourth and fifth paragraphs of that response.
- (b) See response to Board Staff Interrogatory 3(i), specifically in the third paragraph of that response. See also the response to Energy Probe Interrogatory 5(b).

## **Interrogatory #5**

### Reference:

Application Letter, November 27, 2009

### Preamble:

In the middle of page 2 reference is made to Section 70(2.1) (2) as requiring the transmitter to “prepare plans for the expansion or reinforcement of the transmission system to accommodate the connection of renewable energy generation facilities”.

### Questions:

- (a) Will this requirement drive any of the 2010 proposed expenditures referred to above?
- (b) If yes, please explain why these expenditures are needed in 2010 rather than later years.

### Response:

- (a) Yes. As noted in the response to Board Staff Interrogatory 1(i), the costs that will be recorded are incremental costs. Incremental means an investment not included in previous investment plans, not funded through current rates and not part of future investments to be made in the ordinary course of operating the existing transmission system.
- (b) The legislation has put in place a deemed licence condition requiring preparation of a Transmission Plan. Generators file FIT applications and as part of the process will seek connections. The entire legislative scheme is designed to facilitate renewable generation. That scheme does not contemplate a wait and see approach.



## Interrogatory #6

### Reference:

Application Letter, November 27, 2009

### Preamble:

On page 3 of the Application, the statement is made that “GLPT believes that is satisfies the Board’s criteria of causation, materiality, management inability to control and prudence articulated by the Board as the basis for establishing such an account”.

### Questions:

- (a) Please explain more fully how GLPT arrived at this conclusion.
- (b) Please provide an estimate of the expenditures GLPT expects to make in 2010 for GEA related initiatives broken down by capital and OM&A along with a brief explanation of why the expenditures are needed.

### Response:

- (a) GLPT arrived at its conclusion as follows:

*Causation* - The expenses to be captured in this account have not been included in GLPT’s base revenue requirement. The account is required because of recent changes in Ontario energy policy, as set out within the amended Electricity Act, OEB Act, OPA FIT Program and related initiatives, all of which are designed to encourage and facilitate development of renewable energy resources. For example, consistent with the objectives of the OEB, Ontario’s current energy policy calls for the promotion of the timely expansion or reinforcement of transmission systems to accommodate the connection of renewable energy generation facilities. As an integral part of Ontario’s bulk transmission system, GLPT is obligated to respond to the statutory and regulatory expectations. Among these expectations is a new deemed licence condition applicable to GLPT, which requires the development of a Transmission Plan.

*Materiality* - GLPT submits that its overall costs and test year spending proposals associated with the proposed account are material to the operation of GLPT, as demonstrated in the response to Board Staff Interrogatory #4(v).

*Management Inability to Control* - See response to Board Staff Interrogatory #3(i).

*Prudence* - See response to Board Staff Interrogatory #3(i).

- (b) See responses to Board Staff Interrogatories #4(v) and (vi), as well as #1(i). Estimates of the expenditures GLPT expects to make are set out in #4(v). As explained in #4(vi), costs will be recorded in the account until such time as the costs relating to a project have met GLPT's normal capitalization policies. As GLPT develops the Transmission Plan, and as budgets are further refined and expenditures occur, classifications of capital and OM&A expenditures will be established. Initial expenditures to develop the Transmission Plan will, primarily, be OM&A. As explained in #1(i), the expenditures are related to the development of GLPT's Transmission Plan and costs relating to establishing the feasibility and development of all or parts of the Transmission Plan. In particular, during 2010, these costs are expected to include costs for engineering, environmental, legal, community relations and internal costs.

## RESPONSES TO INTERROGATORIES OF THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR (IESO)

### Interrogatory #1

#### Reference:

Exhibit 9, Tab 2, Schedule 1 of Pre-filed Evidence, 2.3 Infrastructure Investment, Green Energy Initiatives and Preliminary Planning Deferral Account, Pages 3-7.

#### Preamble:

Great Lakes Power Transmission Inc. (GLPT) is seeking, among other things, Board approval for establishing, in the test period, a deferral account for infrastructure investment, green energy initiatives and preliminary planning activities arising from Ontario's green energy policy.

#### Questions:

- (a) Please clarify whether GLPT intends to establish or obtain prior Board approval of the specific need for new or modified transmission reinforcements and the estimated development costs for projects that will be tracked over time in the requested deferral account.
- b) Where new or modified transmission reinforcements will not trigger the need for leave to construct review and approval under Section 92 of the Ontario Energy Board Act, 1998 (i.e., project is not a transmission line or involves a transmission line less than 2 km in length), what standards or tests will be used by GLPT to weigh or confirm the need for the reinforcements and the prudence of the expenditures.

#### Responses:

- (a) Please see response to Board Staff Interrogatory 1(i), where it is explained that GLPT's intention is to develop a Transmission Plan and to work towards establishing need and other elements that will be necessary to support a future application for leave to construct.
- (b) Assuming the expenditures are incremental and relate to the GEA, it is anticipated that the projects will form part of GLPT's Transmission Plan.