ISOLUX CORSÁN
CONCESIONES

WRITTEN COMMENTS OF ISOLUX CORSÁN CONCESIONES S.A. ON BOARD STAFF'S DISCUSSION PAPER DATED APRIL 19, 2010 — TRANSMISSION PROJECT DEVELOPMENT PLANNING

Isolux Corsán Concesiones S.A. ("Isolux Concesiones") is part of Grupo Isolux Corsán, a Spanish group of companies which operates nationally and internationally. Isolux Concesiones is principally involved in the development, ownership and operation of infrastructure projects and concessions, including toll roads, power transmission systems and parking facilities.

Isolux Concesiones is supportive of Board Staff's Discussion Paper, specifically the initiative to introduce a competitive tendering process for transmission development and construction. Isolux Concesiones also appreciates and thanks the Board for the opportunity to provide comments on the Discussion Paper.

Isolux Concesiones' comments on specific parts of the Discussion Paper are set out below. As well, since Isolux Corsán is not a licensed Ontario transmitter and is new to the Ontario market, a very brief introduction on Isolux Concesiones and Grupo Isolux Corsán is included.

Introduction — Grupo Isolux Corsán and Isolux Concesiones

Isolux Concesiones is wholly owned by Grupo Isolux Corsán. Grupo Isolux Corsán is based in Spain and, through affiliates, operates nationally and internationally. Grupo Isolux Corsán's international presence is rapidly increasing. With a global profile that extends to 34 countries, the company's presence is particularly significant in Algeria, Angola, Argentina, Brazil, India, Mexico, USA and the Persian Gulf. Turnover in 2009 exceeded €3 billion (approx. $4.3 billion) and its business portfolio was valued at approximately €25.8 billion (approx. $37 billion).

Grupo Isolux Corsán's is the leading non-listed Spanish business group in the engineering, construction, concessions, industrial services and renewable energies sectors. Grupo Isolux Corsán's business activity focuses on the construction and development of all types of projects, especially concessions and integral management of "turnkey" projects (engineering, construction, manufacturing, assembly, installation, start-up and maintenance). It is specialized in the management of EPC projects in the following business areas: transport infrastructure, building, energy, telecommunication, water, oil, gas and renewable energy.

Isolux Concesiones has specific experience and expertise in the development, ownership and operation of transmission systems. Isolux Concesiones' subsidiary companies in Brazil, jointly constitute one of the largest private operators of transmission in the country. More recently, in 2008, a subsidiary of Isolux Concesiones was awarded projects in Perú to develop, build, own and operate new transmission. In 2009, Wind Energy Transmission Texas, a joint

venture 50% owned by Isolux Concesiones was similarly awarded 7 transmission projects under the Texas CREZ initiative to develop, build, own and operate new transmission lines to enable renewable wind generation.

Comments to the proposed guidelines

1. Should new entrants be required to be licensed as transmitters as a condition of participation in a designation process?

Isolux Concesiones is supportive of the proposed licensing process provided it is intended to be a relatively expedited and inexpensive written process for the purpose of ensuring that applicants satisfy basic minimum requirements to develop and construct transmission projects. If the process is intended to be more involved than this, then we believe it would more efficient to include the evaluation of applicants' capabilities as part of the transmitter designation process rather than potentially duplicating time and expense in two separate processes. We would also suggest, if the Board does decide to adopt a licensing requirement, that it be confirmed that new entrants only need to become licensed once and do not need to become licensed again for purposes of subsequent transmitter designation proceedings.

2. How long would it take to prepare transmission project development plans (i.e., how much time should be given for filing transmission project development plans after notice of the designation process has been given)?

From the moment a project is defined, it is our view that a period from 70 to 110 days would be appropriate to prepare a project development plan.

3. Are these the appropriate decision criteria? Should the decision criteria be weighted and, if so, which are the most important?

The objective of the proposed process is to select an appropriate developer for the project. It is our view, however, that the process should be more ambitious and that the selection process should provide stronger assurances with regards to the entity that will design, construct and operate the project.

Accordingly, we would recommend that the selected developer be required to amply demonstrate requisite experience and skill in the development, design, procurement, construction and operation of large scale high-voltage transmission projects.

In our view, technical capabilities in construction and design should be among the most important criteria considered, especially with regards to the objectives of cost efficiency and in-time delivery of the projects. We would propose that the OEB more heavily weight these criteria.

4. Are staff's proposals regarding the implications of plan approval reasonable?

As noted above, it is our view that the transmitter designation process should also determine the transmitter who will build, own and operate the proposed transmission line. It will, in our view, be more difficult for Ontario to attract new entrants to the transmission sector if this is not the result as, for instance, it is in Texas under the CREZ initiative. Entering new markets is a major corporate strategic decision and it entails a significant commitment of time and resources. This is particularly true in the case of transmission infrastructure projects where the investment requirements are substantial, the timelines are lengthy and Ontario is competing with other jurisdictions that have similar infrastructure needs. In these circumstances, those foreign companies with the wherewithal to develop, construct and operate high voltage transmission facilities will be less inclined to enter Ontario and devote the necessary time and resources to participating in a competitive transmitter designation process if the only outcome of winning the process is being designated to do the development work

It is also our view that further guidance should be provided to indicate the level of "need" that would have to be satisfied upon a subsequent leave to construct application. In these circumstances, the need for the proposed line is driven by government legislation/regulations and the OPA's economic connection test which has determined that the proposed line is "required and economic". Accordingly, we would suggest that the Board, in this proceeding or otherwise (e.g., transmission filing guidelines), confirm that the need for the project is based on government legislation/regulations and the OPA's economic connection test (coupled with cost and other evidence filed as part of the transmitter designation process) and that it will not be revisited as part of a subsequent leave to construct application. It is our view that further regulatory certainty on this important point will attract greater participation by potential new entrants.

5. Under what circumstances should two transmitters be designated to develop the same project and to recover the development costs from ratepayers?

It is not clear why the prospect of designating two different transmitters is being considered. It is our expectation that any of the transmitters selected to develop the project will necessarily have submitted reasonable cost proposals and that designating one transmitter gives more security both to the transmitter and the OEB as it best assures in-time project delivery and cost efficiency.

6. Are these the appropriate filing requirements to enable the Board to apply the decision criteria identified in section 3.1? If other decision criteria are being suggested, what additional filing requirements would be appropriate for other criterion or criteria?

We consider that the requirements identified in section 3.1 cover the main issues to be considered for the selection of the most suitable transmitter, and we do not believe that further requirements need to be considered at this time.