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BY EMAIL and RESS

July 23, 2010

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Deferral Account - *Green Energy and Green Economy Act, 2009*
Canadian Niagara Power Inc. ("CNPI")**

Pursuant to section 78 of the *Ontario Energy Board Act, 1998* (the "OEB Act"), we are writing to request that the Ontario Energy Board (the "Board") grant CNPI a deferral account for the purpose of recording expenses related to renewable generation connection and infrastructure investment arising from the *Green Energy and Green Economy Act, 2009* (the "GEA").

CNPI is a licensed transmitter (ET-2003-0073). CNPI's transmission system is interconnected with Hydro One Networks Inc.'s transmission system in Niagara Falls, Ontario and provides service in and around the area of Fort Erie, Ontario. CNPI's transmission system is also interconnected, through an emergency tie line, with the transmission system owned and operated by US National Grid in New York State.

CNPI intends to participate in any "designation process" implemented by the Board to determine which transmitters would have the responsibility for developing enabler facilities and major network expansions. Such facilities can be identified by the OPA's Economic Connection Test ("ECT"), and through transmission plans filed with the Board pursuant to the deemed conditions referred to in subsection 70(2.1) of the *Ontario Energy Board Act* (the "OEB Act").

CNPI understands that a designation process is not yet in place, and that the *Transmission Project Development Planning* proceeding (EB-2010-0059) is still underway. Nevertheless, because approvals for deferral accounts can take months,¹ CNPI believes that it is prudent to apply for a GEA deferral account now to ensure that, if approved, it is in place prior to the OPA's release of its ECT results, and prior to the implementation of a designation process. According to the Board Staff discussion paper in EB-2010-0059, it is expected that the OPA will begin working on its ECT by August of 2010.

¹ For example, the proceeding for Great Lakes Power Transmission LP's GEA deferral account (EB-2009-0409) lasted approximately four months.

The designation process proposed by Board Staff in EB-2010-0059 involves transmitters filing transmission project development plans in support of a request to be designated to conduct development work for a particular project. There will be costs associated with producing such plans such as work and associated discussions and consultations with affected First Nations and Metis groups (ie. pre-development work), and participating in designation proceedings. These are the type of incremental costs that CNPI anticipates recording in a GEA deferral account.

CNPI requests that the Board dispose of this proceeding without a hearing in accordance with subsection 21(4)(b) of the OEB Act, which provides:

Despite section 4.1 of the Statutory Powers Procedure Act, the Board may, in addition to its power under that section, dispose of a proceeding without a hearing if,
(a) no person requests a hearing within a reasonable time set by the Board after the Board gives notice of the right to request a hearing; or
(b) the Board determines that no person, other than the applicant, appellant or licence holder will be adversely affected in a material way by the outcome of the proceeding and the applicant, appellant or licence holder has consented to disposing of a proceeding without a hearing.

The grounds for this request are:

- No person can be adversely affected by the creation of a deferral account. A deferral account is simply an accounting mechanism to record costs.
- The dispersal of the requested deferral account will be the subject of a hearing in the future.
- CNPI acknowledges that it will be at full risk to establish the prudence of the recorded costs in a future hearing.
- The Board has recently granted GEA deferral accounts to both Hydro One (EB-2009-0416) and Great Lakes Power Transmission LP (EB-2009-0409).
- CNPI wishes to begin work promptly against the backdrop of potential significant demands for increased transmission capacity in the province.

Should the Board deny CNPI's request to dispose of this proceeding without a hearing, we request that the Board deal with this application on an expedited basis.

Sincerely,



Andrew Taylor