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BORDEN
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November 19, 2007

**Via Courier and E-mail**

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, Suite 2601
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Notice of Proposal Under Section 81 of the *Ontario Energy Board Act, 1998* as submitted by Kruger Energy Inc.**
**Board File Number EB-2007-0691**

Pursuant to Procedural Order No. 1, issued by the Ontario Energy Board (the "Board") on October 26, 2007, please find attached four copies Kruger Energy Inc.'s responses to interrogatories from Ontario Energy Board Staff, Chatham-Kent Hydro Inc., the Ontario Power Authority and Allus Power Inc.

Kruger Energy Inc. understands that Hydro One Networks Inc. ("Hydro One") has applied for late intervenor status. Kruger Energy Inc. has not received the Board's decision in this regard, but will provide a copy of material to Hydro One for information purposes.

Please do not hesitate to contact the writer should you have any questions.

Yours very truly,

**Borden Ladner Gervais LLP**

**ORIGINAL SIGNED BY ANDREW SMITH**

Andrew Smith

cc. Guy Paquette, Kruger Energy Inc. (by e-mail only)
Hon. Joe Fontana, Allus Power Inc. (by e-mail only)
Jim Hogan, Chatham-Kent Hydro Inc. (by e-mail only)
Dave Kenney, Chatham-Kent Hydro Inc. (by e-mail only)
Miriam Heinz, Ontario Power Authority (by e-mail only)
Carl Burrell, Independent Electricity System Operator (by e-mail only)
Glen MacDonald, Hydro One Networks (by e-mail only)

**KRUGER ENERGY INC.**

**NOTICE OF PROPOSAL UNDER SECTION 81 OF THE *ONTARIO ENERGY BOARD ACT, 1998***

**Index to Interrogatory Responses**



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**KRUGER ENERGY INC. ("KEI")**

**NOTICE OF PROPOSAL UNDER SECTION 81 OF THE *ONTARIO ENERGY BOARD ACT, 1998***

**ANSWERS TO OEB STAFF INTERROGATORIES**

## LOCATION OF SUBSTATION

References: (a) KEI's Preliminary Filing Requirements for a Notice of Proposal under Sections 80 and 81, dated July 16, 2007, Section 1.5.1 states:

*The Project would be located in the Municipality of Chatham-Kent, near the Bloomfield Business Park, and the connection would be to the 230kv lines between the Chatham TS and the Lauzon TS.*

(b) KEI Submission, dated November 5, 2007, Section titled "Background Information" states:

*The Project would be located within the Bloomfield Business Park, and would connect to the 230 kV lines between Chatham TS and Lauzon TS.*

Question: 1. What is the location of the KEI Project? Reference (a) indicates that location is near the Bloomfield Business Park while Reference (b) indicates that the location is within the Bloomfield Business Park.

**Response**

The planned location of the KEI Project, the proposed substation (the "Substation"), is within the Bloomfield Business Park. More specifically, the planned location of the Substation is between Seventh and Eighth Line, west of Bloomfield Road. Lot 16 as identified in the attached Bloomfield Business Park Lot Map (Tab 4A), has been identified as the preferred site to date.

**CONSTRUCTION OF A 100 MVA SUBSTATION FOR FUTURE GENERATION**

References: (c) KEI Response to Allus Power Inc. Submission, dated September 11, 2007, Section titled "Competition" states:

> *KEI will allow other projects unrelated to KEI to access the Substation, provided those proponents are willing to contribute to the costs KEI incurs in construction, and the on-going reasonable costs of operation and provided KEI is able to connect its contemplated generation project(s). Finally KEI's objective is to make a value based transfer of the Substation back to Chatham Kent Hydro if Chatham Kent Hydro is amenable.*

(d) KEI Submission, dated November 5, 2007, Section titled "Proposed Cooperative Development and Operation of Project with Partners" states:

> *Further to its Notice of Proposal, in which KEI recognized an opportunity for developers of generation facilities, unrelated to KEI, to connect their facilities to the Project, KEI is in the negotiation process of a Memorandum of Understanding with Aim PowerGen Corporation pursuant to which both parties would agree to share in the costs of development, construction and operation of the Project and would be able to connect generation facilities they own or control up to their proportionate share of the Project's total capacity. If the OEB approves the Proposal, the Memorandum of Understanding expressly contemplates the addition of other parties into similar agreements. KEI wishes to note again that it is not opposed to the involvement of other parties in this Project nor to the subsequent connection of unrelated generation facilities to the Project on commercially reasonable terms after it has been constructed.*

Question: 2. What is the basis/rationale for KEI's decision to size the substation for 100 MVA (i.e., why did KEI choose to build a substation with a capacity of 100 MVA)?location is within the Bloomfield Business Park.

**Response**

When sizing the Substation, KEI considered the following factors:

- Number and size of renewable energy projects known to KEI within proximity to Bloomfield Business Park, as discussed during a meeting with Chatham-Kent Hydro ("C-K Hydro") and various proponents on July 5, 2007
- Minimum size to ensure technical and economic feasibility of interconnection to 230 kV circuit, understanding that generation connection proponents would have

to contribute to the costs of construction (each project would have to support a portion of these costs).

- Maximum size to respect voltage performance and current limits on existing transmission system.

KEI is not opposed to considering an expansion of the Substation to accommodate additional future projects which may wish to connect.

Question: 3. What criteria does KEI plan to use to determine which generation projects (KEI, KEI affiliates, other) will be connected to the substation?

**Response**

The process by which generation customers will be allotted the transformation capacity of the Substation will be similar to the "queuing" process established by Hydro One Networks Inc. ("Hydro One"); that is, a "first-come, first served" basis. However, proponents will have to demonstrate a "readiness" for construction (land control, access to turbines or any other electricity producing equipment, financial and technical capacity), such that the capacity does not get allocated to projects with minimal chances of being implemented. As outlined in KEI's November 5, 2007 filing, KEI is in the process of negotiating a Memorandum of Understanding ("MOU") with AIM PowerGen ("AIM") on the basis that AIM will have a generation facility(ies) that will demonstrate a readiness for connection. The terms of the MOU state that AIM will be able to utilize a certain portion of the Substation for its projects. It is contemplated that those whose proposed generation facilities meet the criteria for connection as previously described, may also become parties to the MOU.

Question: 4. What does KEI mean by the "reasonable costs of operation" noted in Reference (c) and the "commercially reasonable terms" noted in Reference (d)? Will these be the actual costs of construction and operation? If not, how will these costs and terms differ from actual costs?

**Response**

These will be the actual costs of construction and operation, and will account for the initial investment and related costs incurred by KEI and its potential partners in constructing and operating the Substation. KEI takes the position that with respect to the operation of the Substation it will be exempt from distributor and transmitter licensing and as such will transmit and distribute electricity for a price no greater than required to recover all reasonable costs.

Question: 5. What justification does KEI have to support that a transmission licence would not be required for this project?

**Response**

KEI takes the position that it would be exempt under the *Ontario Energy Board Act, 1998* O. Reg. 161/99. Specifically KEI claims an exemption from transmitter licensing requirements under Clause 4.0.2(1)(a) and/or 4.0.2(1)(d).

> 4.0.2 (1) Clause 57 (b) of the Act and the other provisions of the Act listed in subsection (2) do not apply to a transmitter that transmits electricity for a price, if any, that is no greater than that required to recover all reasonable costs if,
>
> (a) the transmitter owns or operates a transmission system that is entirely or partially located on land on which one or more of the types of buildings or facilities described in subsection 4.0.1 (1) is also located;
> …
> (d) the transmitter is a generator and transmits electricity only for,
>
> (i) the purpose of conveying it into the IMO-controlled grid,
>
> (ii) the purpose of transmitting electricity during,
>
> (A) planned outages as defined in the market rules that have been approved by the IMO in accordance with the market rules,
>
> (B) forced outages as defined in the market rules, or
>
> (C) emergencies as defined in the market rules, or
>
> (iii) the purpose described in clause (b), if the transmission system owned or operated by the transmitter was in existence on January 1, 2002 and, since that day has been used, if at all, solely for the purposes described in clause (e); or
> …

KEI takes the position that it will qualify within these exemptions.

**IDENTIFICATION OF NEED FOR SUBSTATION**

References: (e) KEI Response to Allus Power Inc. Submission, dated September 11, 2007, Section titled "Consultation with Chatham-Kent Hydro" states:

*With respect to this Notice of Proposal, KEI has had discussions with Chatham Kent Hydro regarding the proposed Substation. Officials at Chatham Kent Hydro identified a need for a new substation in order to address current grid constraints. On the basis of these discussions and in an attempt to accelerate construction of the necessary interconnection asset, KEI decided to seek approval for the Substation.*

(f) KEI Submission, dated November 5, 2007, Section titled "The Project is Being Proposed in Response to an Identified Need in the Market" states:

*For example, there is currently a shortfall of distributed generation connection capacity apparent in the market. This can be evidence by the letters received by KEI with respect to our Standard Offer Program projects in the region, which we have also enclosed hereto as Exhibits 2 and 3 respectively.*

(g) KEI Submission, dated November 5, 2007, Exhibits 2 and 3

*The exhibits are correspondence from Hydro One Networks Inc. noting limitations in distribution circuits, specifically at Kent TS. Hydro One Networks Inc. advised KEI that its Standard Offer Program projects could not move forward at this time due to the limitation.*

(h) KEI Submission, dated November 5, 2007, Section titled "Conclusion" states:

*KEI has filed its Notice of Proposal in an effort to ease transmission constraints that have been identified within the OEB licenced service territory of Chatham-Kent Hydro Inc.*

Question: 6. Describe the grid constraints identified by officials at Chatham-Kent Hydro in Reference (e). Were the constraints identified on the Chatham-Kent Hydro distribution system?

**Response**

The identification of distribution system grid constraints by C-K Hydro was a general comment made by C-K Hydro officials pursuant to comments that they had received from various

generation proponents who had been seeking to connect generation projects to the distribution system within the C-K Hydro service area.

Question: 7. Explain the relationship between the grid constraints identified by officials at Chatham-Kent Hydro in Reference (e) and the limitations in distribution circuits identified by Hydro One Networks Inc. in Reference (g).

**Response**: These are one in the same.

Question: 8. Describe how the proposed 100 MVA substation connected to the 230 kV transmission system addresses grid constraints identified by officials at Chatham-Kent Hydro in Reference (e) or a shortfall of distribution generation connection capacity noted in Reference (f).

**Response**

The Substation addresses the grid constraints referenced in that projects in the area which cannot connect to existing substation facilities (for reasons similar to those referenced in the Hydro One letter to KEI) could potentially connect to the Substation.

Question: 9. Describe the transmission constraints identified within the service territory of the licensed distributor, Chatham-Kent Hydro Inc. (Reference (h)).

**Response**

See response to 6. Constraints are within the distribution system (under 50 kV), including transmission substations which are necessary to transport and transform generated electricity to the transmission system (over 50 kV).

Question: 10. How does the 100 MVA substation ease the transmission constraints noted in Reference (h)?

**Response**

See response to 8.

Question: 11. Has KEI prepared a line drawing for the project? If yes, please provide a copy.

**Response**

The preparation of the line drawing is ongoing.

Question: 12. Has KEI initiated a System Impact Assessment with the Independent Electricity System Operator? If yes, please provide a copy of the current System Impact Assessment document.

**Response**

No. This is planned for January 2008.

Question: 13. Has KEI initiated a Transmission Customer Impact Assessment with Hydro One Networks Inc.? If yes, please provide a copy of the current Customer Impact Assessment document.

**Response**

No. This is planned for January 2008.

Question: 14. According to KEI's notice of proposal and submission, the facility will be connected to a transmission line. All of KEI's submissions regarding constraints seem to be related to distribution lines. Have the Independent Electricity System Operator or Hydro One Networks Inc. identified any transmission constraints or limitations in the 230 kV transmission system between the Chatham TS and the Lauzon TS? The assistance of the Independent Electricity System Operator and Hydro One Networks Inc. will be required to answer this interrogatory.

**Response**

Other than those constraints identified in Appendix L (entitled Restricted subzones) of the Ministry of Energy's Final Request for Proposals for up to 1000 MW of Renewable Supply from Renewable Generating Facilities with contract capacity between 20.0 MW and 200.0 MW inclusive ("Renewables RFP II") and those constraints identified in the publicly available System Impact Assessments on the IESO website, KEI is not aware of any transmission constraints or limitations on the 230 kV transmission system between the Chatham TS and the Lauzon TS. KEI has made the inquiry of Hydro One and the IESO and will provide their responses once they are received.

For clarity, the KEI submission describes grid constraints related to the interconnection of distributed generation projects (i.e. those planned for connection at 50,000 volts or below). The Substation will have a transmission (high) voltage component (to interconnect to the 230kV transmission line) and a distribution (medium) voltage level component (34.5 or 27.6 kV) to accept feeders from distributed generation projects.

Question: 15. Will the construction of the KEI 100 MVA substation limit the access of other parties to the 230 kV transmission lines between the Chatham TS and the Lauzon TS? How much available capacity is there on the 230 kV transmission lines between the Chatham TS and the Lauzon TS? The assistance of the Independent Electricity System Operator and Hydro One Networks Inc. will be required to answer this interrogatory.

**Response**

Based on the constraints identified in Appendix L (entitled Restricted subzones) of the Renewables RFP II , and those constraints identified in the publicly available System Impact Assessments on the IESO website, KEI estimates that the available capacity on the 230 kV transmission system between the Chatham TS and the Lauzon TS is approximately 400 MW. KEI has made the inquiry of Hydro One and the IESO and will provide their responses once they are received.

**KRUGER ENERGY INC. ("KEI")**

**NOTICE OF PROPOSAL UNDER SECTION 81 OF THE *ONTARIO ENERGY BOARD ACT, 1998***

**ANSWERS TO CHATHAM-KENT HYDRO INTERROGATORIES**

**Question 1**

References: Section 1.5.1 (General Minimum Filing Requirements form)

Question: a. What is the specific location of the proposed station

b. What is the size of the property and will it sustain future growth of the station to accommodate all developers and future CK H customers.

c. Clarify the secondary voltage as the November 5, 2007 filing indicates 1 transformer with both 34.5 KV and 27 KV secondary.

**Response**

a. The planned location of the proposed Substation is between Seventh and Eighth Line, west of Bloomfield Road. Lot 16 in the attached Bloomfield Business Park Lot Map (Tab 4A) has been identified as the preferred site to date.

b. The size of the contemplated property is 1.42 hectares (3.51 acres). The property will sustain future growth of the Substation. KEI expects that growth of the Substation could accommodate future C-K Hydro customers and developers. Without knowing the complete list of all developers active in the region, it is difficult to confirm that the property will allow growth of the Substation to accommodate "all developers". However, KEI does expect that given the size of the property, future growth would be possible to accommodate the number of projects that could be reasonably developed in the area. Based on KEI's analysis, projects outside of an 8 to 10 km radius would be difficult to connect as feeder costs would be prohibitive.

c. KEI understands that C-K Hydro operates a 27.6 kV system. As indicated in KEI's Letter of Evidence, the proposed Substation is for generation connection customers. The secondary voltage would be determined based on engineering analysis, taking both voltages into consideration, to ensure system optimization for the generators and C-K Hydro.

**Question 2**

References: Section 2.2: No submission has been made by Kruger on this section pertaining to reliability. CK H's questions pertaining to reliability are as follows:

Questions:

a. Will the proposal affect the adequacy of the 27,600 volt distribution system

b. Will the proposal respond to distribution system contingencies

c. When will the IESO Preliminary System Impact Assessment Report be completed and will CK H receive a copy of the assessment.

**Response**

a. The adequacy of the existing distribution system would be determined through a Connection Impact Assessment by Hydro One.

b. Distribution System contingencies would be determined through a Connection Impact Assessment with Hydro One. KEI will follow the Connection Impact Assessment Recommendations provided by Hydro One. KEI is working on the required application, and its filing is expected in January 2008.

c. The IESO System Impact Assessment has not been completed. KEI is working on the required application, and its filing is expected in January 2008. KEI estimates that the IESO System Impact Assessment will be completed in the second or third quarter of 2008. This estimate is based on the IESO's standard time for completion. C-K Hydro will be provided a copy of the assessment.

**Question 3**

References: Section 3.1.1: As no description or proposed location of the distribution collector system has been provided, CK H has the following questions:

Questions:

a. What voltage, how many feeders and what is the location of the distribution collector system?

b. Will Kruger commit to not compete for existing or new distribution load customers located within the service territory of CK H

c. How many collector lines will be egressing from the station and what right of ways are proposed to accommodate them?

d. Will there be any requirement by CK H to relocate existing distribution plant to facilitate construction of collector lines.

**Response**

a. As the 34.5 and 27.6 kV voltages are standard for medium voltage equipment, it is assumed that one of these will be the voltage for the individual project feeders. The number and location of the feeders will be a function of the future projects that may wish to connect to the Substation. The current working assumption is that 3 or 4 feeders would carry power to the Substation.

b. With respect to the Project outlined in the Section 81 Notice of Proposal, KEI would commit to not compete for any existing or new distribution load customers located within the service territory of C-K Hydro.

c. The number and location of the feeders will be a function of the future projects that may wish to connect to the Substation. The current working assumption is that 3 or 4 feeders would carry power to the Substation. The municipal right of ways running along Seventh Line and Eighth Line are proposed to accommodate the collector lines.

d There will be no requirement of C-K Hydro to relocate existing distribution plant in order to facilitate the construction of collector lines.

**Question 4**

Questions: Kruger has indicated in their submission on November 5, 2007 that they will consider making a value based transfer of the facility to CK H. This may be seriously considered by CK H, but more detail on the facility would be required to ensure it would include the specifications needed to supply future

**Response**

KEI respectfully requests that C-K Hydro state the details and specifications which would be required or taken into consideration in order to make such a determination. It is KEI's intention to develop the Substation in collaboration with C-K Hydro in order to ensure compatibility with C-K Hydro's distribution system specifications.

**Question 5**

Questions: CK H customers and any stranded transmission asset issues with Hydro One can be successfully resolved.

**Response**

KEI takes note of this confirmation.

In addition, KEI confirms that it will work closely with C-K Hydro in the conception, design and building phases of the Substation. Working in cooperation with C-K Hydro will allow KEI to design in accordance with C-K Hydro's specifications. Ultimately such coordination would assist in facilitating an eventual transfer of the Substation.

**KRUGER ENERGY INC. ("KEI")**

**NOTICE OF PROPOSAL UNDER SECTION 81 OF THE *ONTARIO ENERGY BOARD ACT, 1998***

**ANSWERS TO ONTARIO POWER AUTHORITY INTERROGATORIES**

**Proposed Cooperative Development and Operation of Project with Partners**

References: *"KEI wishes to note again that it is not opposed to the involvement of other parties in this Project nor to the subsequent connection of unrelated generation facilities to this Project, on commercially reasonable terms."*

Question: 1. Please comment on the process by which generation customers will be allotted the transformation capacity of this project, and how it is consistent with the principles of non-discriminatory access.

**Response**

The process by which generation customers will be allotted the transformation capacity of the Substation will be similar to the "queuing" process established by Hydro One; that is, a "first-come, first served" basis. However, proponents will have to demonstrate a "readiness" for construction (land control, access to turbines or any other electricity producing equipment, financial and technical capacity), such that the capacity does not get allocated to projects with minimal chances of being implemented. As indicated in interrogatory response 3 of the Board Staff Interrogatories, pursuant to entering into an MOU, AIM will have an opportunity to connect an amount of generation. While KEI has outlined its proposed process for evaluating projects for connection access, based on the regulations, KEI as an unlicensed transmitter/distributor it is not subject to the requirement for non-discriminatory access.

Question: 2. Please explain how the connected customers would be charged for services provided by this project.

**Response**

Generation facility owners/customers would be charged for services at a price no greater than that required to recover all reasonable costs.

**The Project is Being Proposed in Response to an Identified Need in the Market**

References: *"If the Project is approved and ultimately constructed, KEI anticipates that it would ultimately make a value based transfer of the Project to Chatham-Kent Hydro Inc. if Chatham-Kent Hydro Inc. is amenable to acquiring the Project on this basis."*

Question: 3. In the event that Kruger Energy is unable to transfer these assets to Chatham-Kent Hydro Inc., how does Kruger intend to operate this system?

**Response**

C-K Hydro in its November 9, 2007 filing at pages 2 and 3, points 4 and 5, second paragraph, stated that "C-K Hydro is in support of the concept of a "value based transfer" of the Project to C-K Hydro at some point in time." In its November 9, 2007 filing, C-K Hydro, while stating that it would need more detail before agreeing to the transfer, acknowledged that the Substation could be of great benefit to the reliability and quality of electricity to serve industrial growth in the Bloomfield Business Park. In the event that KEI is not able to transfer these assets, KEI and its partners in the Project would operate this system according to all applicable regulations and rules.

Question: 4. Under the circumstances proposed in Question 3, above, would Kruger seek to become a licensed distributor?

**Response**

KEI does not intend to become a licensed distributor. As per its filing, KEI anticipates that it would make a value based transfer of the Project to C-K Hydro. Furthermore, KEI takes the position that it would be exempt from distributor licencing requirements under the *Ontario Energy Board Act, 1998*, O. Reg. 161/99. Clause 4.0.1(b). Clause 4.0.1(b) provides that

> 4.0.1 (1) Clause 57 (a) and sections 71, 72, 78, 80 and 86 of the Act do not apply to a distributor who distributes electricity for a price no greater than that required to recover all reasonable costs,
> …
> (b) with respect to a distribution system owned or operated by the distributor that is entirely located on land owned or leased by the distributor;

Question: 5. Under the circumstances proposed in Question 3, above, who would own and operate the connection feeders to customers?

**Response**

The owners of the generation facilities would own and operate the connection feeders to the Substation.

Question: 6. Would load customers be permitted to connect to this project?

KEI anticipates that it would make a value based transfer of the Project to C-K Hydro. C-K Hydro could then evaluate whether it would be technically feasible to connect load customers to the Substation. This could be done by a Connection Impact Assessment. As stated in the answers to C-K Hydro interrogatory No. 3(b), KEI has confirmed that with respect to the Substation, KEI will commit to not compete for existing or new distribution load customers within the service territory of C-K Hydro.

**KRUGER ENERGY INC. ("KEI")**

**NOTICE OF PROPOSAL UNDER SECTION 81 OF THE *ONTARIO ENERGY BOARD ACT, 1998***

**ANSWERS TO ALLUS POWER INC. INTERROGATORIES**

**Question 1**

Question: "In their submission, they have indicated that others would be able to access the station yet no one has contacted me at Allus Power."

**Response**

KEI had initially focused on parties identified by various proponents during a meeting with C-K Hydro on July 5th, 2007 as having proposed concrete projects in the area, demonstrating a readiness to construct, a high probability of implementing generation production, and an interest in participating and connecting their renewable energy projects.

Allus Power Inc. ("Allus Power") was not one of those entities identified and KEI has no knowledge of projects that Allus Power would have in the area. Allus Power indicated in its letter to the Board of September 5, 2007 at page 3 that "A more fair and balanced process would be to involve a neutral third party as the developer/operator of the proposed facility in partnership with various generators. Allus Power would certainly be in favour of participating in this type of co-operative approach." However, the November 12, 2007 letter to the Board of Allus Power is the first time KEI has heard that Allus Power is interested in participating in the Substation as contemplated being developed by KEI. KEI invites Allus Power to advise how they would intend to participate and to describe the nature and details of their renewable energy project which they would propose to connect to the Substation.

Furthermore, KEI is not aware of any reason why Allus Power could not pursue a similar yet separate project on its own initiative.

**Question 2**

Question: "KEI states they have reached an agreement with AIM but this is not the case. If this is the case, then why only them and not the dozens of others who are prepared to build renewable energy projects."

**Response**

KEI did not make the statement that it had "reached an agreement" but rather KEI in its November 5, 2007 letter to the Board at page 2 stated that "KEI is in the negotiation process of a Memorandum of Understanding with AIM PowerGen Corporation…" AIM was one of the parties identified in the July 5, 2007 meeting with C-K Hydro as having a prospective renewable energy project which would require connection. From a commercial standpoint, AIM was the first to engage in discussions with KEI with respect to the Substation. The Memorandum of Understanding, as indicated in KEI's November 5, 2007 letter to the Board, does contemplate the addition of other parties. Again, KEI is not aware of any reasons which would prevent Allus Power from building a similar project on its own initiative.

**Question 3**

Question: Does KEI really want to become a distributor of power and as such what would the impacts be to the overall system? We believe that this proposal in its present form will in fact diminish the capacity and not enhance it and we would like to hear from KEI, which would augment the real capacity issues in the area.

**Response**

KEI has not represented that it wants to become a distributor of power. The impact of the Substation on the overall system would increase stability and strength in the area, and as further expressed by C-K Hydro in their interrogatories filed November 9, 2007, a transformer station project such as the Substation would augment the intertie capability into the transmission system.

**Question 4**

Question: Is this the best solution to solve the systems challenges? We are prepared to contribute and collaborate with all who want to achieve a total solution for all. Is the KEI proposed project for the benefit of the community or for the benefit of one corporation wanting to satisfy its own agenda primarily. Their proposal in its present form would force all other power generators to access a transformer station which is located too far and at what cost to the projects? And ultimately to the consumer. As opposed to seeking a system wide solution which would be fair to all generators and consumers.

**Response**

The Substation is not meant to resolve all interconnection problems in the area. KEI's purpose in building the Substation would be to add 100 MW of real capacity. The location selection for the Substation represents the most appropriate location based on information from several developers as to where they are planning to locate projects.

**Question 5**

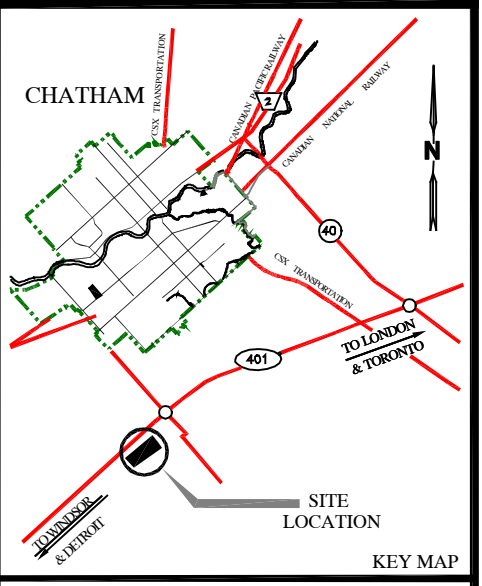
Questions: Last, we continue to believe that an oral hearing be granted so that all stakeholders can engage in a truly meaningful discussion and if KEI was interested in really working with all as they state why have they made no attempt to contact Allus Power and why have they really not engaged Chatham-Kent Hydro in a serious manner.

**Response**

KEI takes the view that written hearings are the most efficient means of dealing with this Notice of Application for review. Allus Power has failed to demonstrate why a written hearing is insufficient to deal with the discrete issue the Board is asked to consider in the review process. The relevant information which the Board is to consider can be adequately presented and tested through a written hearing. The record will show that KEI has engaged in serious discussions with C-K Hydro. C-K Hydro, an intervenor with a key interest in the proceeding, has also agreed that an oral hearing is not necessary.

REF No.

# CH19 ZONING MAP




KEY MAP

## ZONING LEGEND

- M4 - PRESTIGE INDUSTRIAL
- M5 - LIGHT INDUSTRIAL
- C - CONSERVATION

HIGHWAY 401

SEVENTH LINE

STREET A

STREET B

POND

WADDICK DRAIN

1 — 3.69 ha. (9.11 ac)
2 — 4.05 ha. (10.00 ac)
3 — 2.02 ha. (5.00 ac)
4 — 0.89 ha. (2.21 ac)
5 — 1.47 ha. (3.63 ac)
6 — 1.88 ha. (4.64 ac)
7 — 1.88 ha. (4.64 ac)
8 — 3.69 ha. (9.11 ac)
9 — 2.35 ha. (5.80 ac)
10 — 2.00 ha. (4.93 ac)
11 — 2.43 ha. (6.00 ac)
12 — 2.35 ha. (5.80 ac) (NET)
13 — 1.52 ha. (3.75 ac) (NET)
14 — 2.38 ha. (5.88 ac) (NET)
15 — 2.24 ha. (5.53 ac) (NET)
16 — 1.42 ha. (3.51 ac) (NET)
17 — 1.98 ha. (4.89 ac) (NET)

(1.25 ha. Conserv.)
(0.80 ha. Conserv.)
(1.15 ha. Conserv.)

50 0 50 100 150 200
SCALE (metres)

CORPORATION OF THE MUNICIPALITY OF
CHATHAM - KENT
ECONOMIC DEVELOPMENT DEPARTMENT

**Chatham, Bloomfield Business Park**

ZONING

| | |
|---|---|
| DRAWN J.P.W. | SCALE AS SHOWN |
| CHECKED . | DATE JAN. 2005 |
| SHEET NO. 1 OF 1 SHEETS | REVISED DATE . |