

# Invenergy Canada

**November 24, 2007**

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

By email:

**Attn: Kirsten Walli, Board Secretary**

**Subject: EB-2007-0691 – Kruger Energy**

Dear Ms. Walli:

Thank you for granting intervenor status in you letter dated November 21, subject to objections. We have received the Applicant's objection letter dated November 23.

We accept the record as it now stands and we intend to limit our interrogatories, if you permit, to the issue of the merits of the proposal as it could adversely affect the development and maintenance of a competitive market.

We set out below our position having reviewed the (partial) record available to us.

Section 1.5.1 of the Proponent's Preliminary Filing Requirement states:

"The Project consists of the construction and operation of a 100 MVA substation which will connect potential future generation project(s) of KEI or an affiliate of KEI to the IESO-controlled grid."

The Board's interrogatories dated Nov 12 quotes an Applicant submission dated Nov 5 (the "Submission") (we have not had sight of the Applicant's submission of this date):

"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." (Our emphasis.)

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These two positions conflict with each other. On the one hand, the Proponent is going to keep all the capacity of the Project to itself, in the other case, the Proponent is going to Partner with another party interested to take, together, all the capacity of the Project.

As quoted further in the Board's interrogatories, the Submission states that "the Proposal ...expressly contemplates the addition of other parties into similar agreements". If the capacity of the Project has already been fully subscribed by the Applicant, or the Applicant and AIM PowerGen Corporation, it is unclear to us what Project capacity can be offered to third parties.

In both cases, the Proposal would appear not to aid in the development of a competitive market for access by generators to the distribution or transmission grids in Ontario, especially in the area of south-west Ontario centered around Chatham-Kent, an area rich in potential wind, CHP, tri-generation, and (towards Sarnia) gas generation. As we have stated in our request for intervention dated November 20, our company has a large number of frustrated generation projects unable to connect to the Hydro One distribution circuits in the Chatham-Kent area. In no way does the Project attempt to aid in others' attempts to gain competitive access to the distribution and/or transmission grid, despite assertions by the Applicant that it "remains committed to working together with all developers in the Chatham-Kent area".

We feel a competitive market for generator connections in the region could be fostered by the relevant LDCs offering to construct new connection systems and offering then to the generation market on a freely competitive basis. We are concerned that the Applicant's objective "to make a value based transfer of the Substation back to Chatham Kent Hydro if Chatham Kent Hydro is amenable" (quoted from Board interrogatories dated November 12) will divert the local LDC from the examination of other alternatives more in line with the development of a competitive market for generation connections.

In any case, we would petition for the proposal of this nature to be sized in the order of 250-350 MVA, given our knowledge of our own and other frustrated distribution connected projects in the area (for example, there are currently 280 MVA of projects 'below the red line' at Kent TS, presumably AIM PowerGen and the Applicant together 100 MVA, leaving 180 MVA of connection applications remaining frustrated (including ours) were the Applicant's Project to proceed and able to secure SOC contracts for 100 MVA). We wish to participate in the questions and answers following from the interrogatory questions posed by Board staff to Hydro One and the IESO on this question of appropriate Project sizing.

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With regard to the complaint raised in the Proponent's letter dated November 23, related to our late intervention request delaying the proceedings: we are prepared to comply with the timetable set out in the Procedural Order 1 dated October 26; namely we will submit evidence (this letter) to the Board and all Intervenors by November 26, 2007.

We do not seek costs for our participation.

Yours sincerely,

Mark Bell  
Director, Canada