

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act*,  
1998, S.O. 1998, c.15, Schedule B;

**AND IN THE MATTER OF** an application under section  
74 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c.  
15, Schedule B to amend Hydro One Networks Inc.'s  
electricity distribution licence.

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**Final Argument On Behalf Of**  
**Energy Probe Research Foundation**

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**October 30, 2010**

**Final Argument On Behalf Of  
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**How these Matters came before the Board**

- 1. On June 30, 2010 Hydro One Networks Inc. (the “Applicant” or “Hydro One”), filed an Application seeking an order of the Board amending Hydro One’s electricity distribution licence (ED-2003-0043) to allow exemptions from certain sections of the Distribution System Code (“DSC”) and the Board’s October 21, 2009 Notice of Amendments to the DSC.**
- 2. The Board issued a Notice of Application and Hearing on July 30, 2010. Energy Probe filed a Notice of Intervention on August 10, 2010, as a full time intervenor.**
- 3. Procedural Order No. 1 was issued on August 25, 2010. The Order provided a schedule for the filing and response to interrogatories, and for the Oral Hearing. There was no provision for either a technical conference or a settlement conference.**

**Argument Overview**

- 4. In its Argument, Energy Probe will not seek to explore all outstanding Issues before the Board, but will be examining those Issues of concern to Energy Probe where we believe we can be of most assistance to the Board.**

## **Part A – Treatment of Costs to Mitigate Unforeseen Technical Issues**

5. The Oral Hearing was held on October 6, 2010. Energy Probe wishes to thank the counsel for the Association of Power Producers of Ontario (“APPrO”), Ian Mondrow, and board counsel, Kristi Sebalj, for clarifying the Applicant’s prefiled evidence through cross examination of Hydro One’s Witness Panel and obtaining an explanation of the relief sought in this proceeding.

6. As Energy Probe now understands, the Applicant, in Part A of its Application, seeks to move responsibility for certain costs arising from technical difficulties encountered in the process of the connection of renewable generation to the Applicant’s distribution system from the generators to Ontario electricity ratepayers.

7. If this is accomplished, the Applicant will have achieved its objective of obtaining fair treatment for certain generation proponents, who for reasons beyond their control, may find their projects to no longer be financially feasible within the subsidies provided by the Government of Ontario. Mitigation will have been achieved by moving the costs to the ultimate customers of generators, the ratepayers.

8. There are three categories of technical issues outlined by the Applicant:

- excessive voltage fluctuations caused by generator connection at greater distance from a transformer station, referred to as Feeder Distance Limitations;
- over-voltage conditions caused by generators using a step-up transformer with a Delta-Y winding configuration, referred to as Delta-Y Transformers; and
- the inability to sustain reverse flow in some transformers with dual secondary windings, referred to as Dual Secondary Winding Transformers.

**9. The Applicant's estimate of the cost to mitigate the technical issues in Part A of its application range from a low of \$48 million to a high of some \$91.5 million.**

**10. Hydro One states that these costs are the result of events which are out of the control of the generators and out of the control of the distributor. As a result, it is postulated, "generation proponents may be financially harmed or disadvantaged by certain rules in the Distribution System Code or by the way in which the Distribution System Code has been applied." <sup>1</sup>**

**11. It may be too obvious for the Applicant to note that these events are out of the control of ratepayers.**

**12. Energy Probe suggests that the submission of the Applicant that these costs were outside the control of the generators is not technically correct.**

**13. By the amendments to the Distribution System Code which came into force on October 21, 2009, the responsibility for investments made to facilitate the connection of a renewable energy generation project was moved from the generator seeking connection to the distributor that owns operates the system.**

**14. Those amendments to the Distribution System Code enabled the distributor to recover certain costs from the provincial ratepayers so that its own ratepayers were not unduly burdened.**

**15. The Board was explicit when the amendments came into force on October 21, 2009, that generators wishing to qualify under the amended Distribution System Code would need to relinquish their guaranteed allocation on the distribution system.**

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<sup>1</sup> Hydro One Networks Argument, October 20, 2010, Page 2, last paragraph.

16. The generators on whose behalf Hydro One is seeking relief, applied to connect to the Hydro One distribution system before the date the amendments came into force, October 21, 2009. They did not relinquish their guaranteed allocation on the distribution system.

17. Energy Probe submits that they do not qualify for the relief being sought and the request of the Applicant that the costs in question be misidentified as expansions for purposes of the application of the Distribution System Code does not qualify for consideration under the principle of just and reasonable rates.

18. It is the submission of Energy Probe that the relief sought under Part A of the Application should be denied by the Board for the reasons presented above, among others.

## **Part B – Connection Timelines for Specific Large Generators**

19. While Energy Probe does not oppose relief in respect of allowing additional time for the connection process involving large generators, Energy Probe takes no position on the manner in which the Board might grant such relief.

## **Costs**

20. Energy Probe submits that it participated responsibly in this proceeding. Energy Probe requests the Board award 100% of its reasonably incurred costs.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED**

**October 30, 2010**

**Energy Probe Research Foundation**