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OSEA INTERROGATORY 2

QUESTION

Strategic Objective #1

Reference Exhibit B, Tab 1, Schedule 1, Page 3 of 10

2. With respect to the statement “options and requirements determined through this work will be assessed against a number of factors, including policy Directives, economics, adequacy, reliability, and environmental performance”, does the OPA categorize Ministerial directives as policy directives? If so, does this mean that the options and requirements are not subject to other government policy that is delivered other than through Ministerial Directive? With respect to economics, what are the parameters for assessment? Will a price for carbon be factored in the analysis? What about health and environmental impacts of generation and transmission?

RESPONSE

By policy directives, the OPA means Ministerial directives issued under the *Electricity Act, 1998*. In developing supply option requirements and assessments, the OPA is required to comply with Ministerial directives. Other statements of Government policy may also be relevant to the OPA's planning work.

The OPA expects to receive input in the consultation on the IPSP on economic assessment, carbon pricing and the impacts of generation and transmission.

OSEA INTERROGATORY 3

QUESTION

Strategic Objective #1

3. Why are the transmission elements of the Green Energy and Green Economy Act (the "GEA") not included as evaluation elements for transmission priorities and options? We refer you to the provisions contained in Section 10 of the GEA, as excerpted below.

DEEMED CONDITIONS OF LICENCES, TRANSMITTERS AND DISTRIBUTORS

Every licence issued to a transmitter or distributor shall be deemed to contain the following conditions: The licensee is required to provide, in accordance with such rules as may be prescribed by regulation and in the manner mandated by the market rules or by the Board, priority connection access to its transmission system or distribution system for renewable energy generation facilities that meet the requirements prescribed by regulation made under subsection 26 (1.1) of the Electricity Act, 1998. The licensee is required to prepare plans, in the manner and at the times mandated by the Board or as prescribed by regulation and to file them with the Board for approval for, i. the expansion or reinforcement of the licensee's transmission system or distribution system to accommodate the connection of renewable energy generation facilities, and ii. the development and implementation of the smart grid in relation to the licensee's transmission system or distribution system.

The licensee is required, in accordance with a plan referred to in paragraph 2 that has been approved by the Board or in such other manner and at such other times as mandated by the Board or prescribed by regulation, to expand or reinforce its transmission system or distribution system to accommodate the connection of renewable energy generation facilities, and to make investments for the development and implementation of the smart grid in relation to the licensee's transmission system or distribution system.

RESPONSE

The OPA is unclear as to how OSEA sees that the provisions of the Act are to be used as evaluation elements. Initiative #4 under Strategic Objective 1 describes the transmission planning efforts required to meet the IPSP Directive's goals in the development of the 2011 IPSP. The transmission elements of the GEA are captured in Initiative #6, through performance of the "TAT", "DAT" and Economic Connection Tests. These tests are unique to the FIT standard offer program, for the purposes of implementing renewable energy development policy.

1 **OSEA INTERROGATORY 4**

2 **QUESTION**

3 **Strategic Objective #1**

4 **Reference Exhibit B, Tab 1, Schedule 1, Page 6 of 10**

5 4. Please file the criteria for assessments such as transformer station tests, circuit tests
6 and area tests. If such information is available please provide similar criteria for tests
7 used in any other relevant jurisdictions.

8 **RESPONSE**

9 The criteria for the Transmission Availability Test ("TAT") are based on assessing the ability
10 to accommodate a FIT application project at a given point in the Ontario electricity system.
11 This process includes standard transmission assessment tools and methods, such as
12 power flow modeling. Equipment data reflecting the operating capability and safety
13 thresholds of specific system assets is provided to the OPA by asset owners (transmitters
14 and LDCs). At the bulk network level, consideration is given to maintaining a generally
15 uncongested system.

16 Ontario's FIT program is the first major standard offer program in North America and
17 therefore the application of these standard methods to this program is believed to be
18 unique.

OSEA INTERROGATORY 5

QUESTION

Strategic Objective #1

Reference Exhibit B, Tab 1, Schedule 1, Page 9 of 10

5. Please file the planning report that describes the status and outlook for electricity demand, conservation, generation and transmission.

RESPONSE

Please see the response to Board Staff Interrogatory 2, at Exhibit I-1-2.

OSEA INTERROGATORY 6

QUESTION

Strategic Objective 3 (Procurement)

6. With respect to the statement: "In October 2009, the OPA launched the Feed-In-Tariff Program which is a crucial element of the Green Energy Act. Since then, it has experienced an extremely high uptake that exceeded the OPA's expectations." What were the OPA's expectations of the uptake and what was the source of those expectations? How did this compare to its expectations under RESOP?

RESPONSE

The FIT and microFIT programs were designed as open programs in alignment with the objectives set out in the Minister's Directive of September 24, 2009. The programs are proponent-driven therefore the OPA cannot predict the projected program take-up with a specific level of certainty.

The RESOP was also designed as an open program.

OSEA INTERROGATORY 7

QUESTION

Strategic Objective #3

Reference Exhibit B, Tab 3, Schedule 1, Page 2 of 23

7. With respect to the statements: "As of the third quarter of 2010, the OPA had 15,938 MW under contract. Over 9,000 MW are in commercial operation, with the remainder under various stages of development and construction. How many of each are the result of procurement processes completed by the Ministry of Energy in advance of the creation of the OPA? How many MW of capacity under contract are under a FIT, MicroFIT or, their predecessor RESOP? How many MW of FIT, MicroFIT or, their predecessor RESOP are currently in commercial operations operating? How do the metrics for managing these contracts relate to the assessment of performance of OPA executive and management?

RESPONSE

Prior to the creation of the OPA, the Ministry of Energy initiated three procurement processes, namely Renewable Energy Supply ("RES") I, RES II and Clean Energy Supply ("CES") initiatives. RES I contracts were executed by the Ontario Electricity Financial Corporation and the contracts were later assigned to the OPA. RES II and CES contracts were executed by the OPA. Under these initiatives, a total of 3,105 MW had been procured. All of the procured capacity, except 300 MW, is in commercial operation.

A breakdown of contracts, facilities and capacities can be found in Exhibit B-3-1, Appendix A. Within the 15,938-MW under contract, there are 2,511.9 MW FIT, 8.7 MW microFIT and 976.9 MW RESOP contracts. Out of these capacities, 7.6 MW of FIT, 8.7 MW of microFIT and 328.1 MW of RESOP contracts are in commercial operation.

The efficiency metrics outline the OPA's objectives regarding the renewable supply contracted under FIT and microFIT, the In-Service capacity under contract, and all other generation contracted by the OPA. OPA Management reviews performance relative to established targets on a quarterly basis and reports its progress in meeting objectives to its Executive and Board of Directors.

OSEA INTERROGATORY 8

QUESTION

Strategic Objective #3

Reference Exhibit B, Tab 3, Schedule 1, Page 18 of 23

8. Although the Minister's Directive on August 18, 2005 called for a clean energy standard offer, the discussion in this section of the OPA evidence restricts consideration of a standard offer to combined heat and power. However, there are other clean energy technologies that could be addressed through a standard offer for Feed in Tariff, such as solar thermal (both for water and air), ground source heat pumps (for homes, buildings or subdivision or district energy) and even conservation (as long as it was performance based conservation). What is the reason for limiting this approach to combined heat and power?

RESPONSE

The Minister's Directive dated August 18, 2005 directed the OPA to procure renewable energy generation which does not include solar thermal for air and water heating, ground source heat pumps, or conservation. These are not electricity generation projects.

This directive was twice superseded by subsequent Minister's directives regarding the Clean Energy Standard Offer Program ("CESOP"). The most recent directive was dated November 23, 2010 which specifically requests that the OPA procure small combined heat and power ("CHP") projects under a Clean Energy Supply standard offer program. This instruction limits the OPA to procuring CHP projects.

The November 23rd directive also states that the projects should provide heat and electricity. Therefore, energy efficiency projects such as solar thermal for air and water heating, ground source heat pumps, or conservation that do not generate electricity would not be included in the resources the OPA was directed to procure.

The other superceding directive dated June 14, 2007, which instructs the OPA to develop "a standard offer program for small clean and renewable generators", would also exclude the technologies suggested above.

