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BY COURIER

February 23, 2011

Ms. Kirsten Walli
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**EB-2010-0324 Application of TransCanada Power Transmission (Ontario) LP for a
Transmission Licence – Intervenor Submission of Hydro One Networks**

Hydro One Networks (Hydro One) is providing the following submission with respect to the Transmission licence application by TransCanada Power Transmission (Ontario) LP (TPT).

Hydro One Networks acknowledges the significant experience of the TransCanada group of companies in developing, owning and operating utility infrastructure in North America, and in setting up a compliance structure to address the multi-jurisdictional requirements of its various commercial and regulated businesses. Nonetheless, Hydro One shares the concern of Board Staff with respect to TPT's request for a permanent and broad exemption from Affiliate Relationships Code (ARC) sections 2.2.2 and 2.2.3, and supports Staff's submission in that regard.

Furthermore, Hydro One submits that TransCanada's request for a temporary blanket exemption from the ARC, first raised in TPT's response to OEB Staff Interrogatory #4, is similarly problematic because of its broad scope and proposed duration. With respect to the duration, TPT proposes that the temporary exemption would remain in effect over the interim period between the time TPT obtained a transmission licence and the time that it either received a designation or actually owned or operated a transmission system.

As such, Hydro One notes that the blanket exemption would be in effect during the designation process for a project. This would mean that TPT would be exempt from ARC requirements after it was in

receipt of potentially confidential and commercially sensitive technical and connection information that is required to be provided by incumbent transmitters to all bidders as part of the designation process.

This in turn would appear to mean, based on Hydro One's understanding of TPT's office-sharing arrangements, as described in its response to Staff Interrogatory #2 (p. 3, 3rd para.), that inadvertently or otherwise, personnel of TPT's commercial or regulated affiliates, currently sharing space in the Toronto office with TPT personnel, could have access to that confidential information, contrary to ARC requirements.

Hydro One therefore suggests that if the Board were inclined to grant TPT's request for a temporary exemption, whether broadly or narrowly cast, said exemption should expire at the outset of the designation process, prior to the receipt by TPT of any confidential bidding information, rather than at the end of the process when the designation is granted. This would preclude the possibility of such information being shared between TPT and its affiliates.

All of which is respectfully submitted.

Sincerely,

ORIGINAL SIGNED BY ANDREW SKALSKI

Andrew Skalski