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Delivered by Email & Courier

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2701
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: AltaLink Ontario L.P. ("AltaLink")
Transmission Licence Application and Relevant Exemptions**

AltaLink Ontario, L.P. by way of its general partner AltaLink Ontario Management Ltd. ("AltaLink") is applying to the Ontario Energy Board (the "Board") pursuant to Section 60 of the *Ontario Energy Board Act, 1998* (the "OEB Act") for an Electricity Transmission Licence under Section 57(b) of the OEB Act. We are counsel to AltaLink in this matter.

1. About AltaLink

AltaLink is a newly formed Ontario entity that has been created to participate in transmission development in Ontario including the Board's designation process under the Board's policy framework for transmission project development plans (EB-2010-0059) (the "Framework"). As is more fully detailed in the attached application ("Application"), AltaLink and its affiliates have the organization, experience, technical and financial capability to plan, develop, construct, own, operate and maintain electricity transmission facilities in Ontario.

AltaLink is an affiliate of AltaLink, L.P. which, through its General Partner, AltaLink Management Ltd. is a Transmission Facility Owner which owns and operates regulated electricity transmission facilities in Alberta. Accordingly, AltaLink is very familiar and well versed in the regulation of transmission and its responsibilities to the regulator, customers and other stakeholders. AltaLink, L.P. owns and operates approximately 12,000 kilometres of transmission lines forming part of Alberta's high voltage electricity transmission system. AltaLink, L.P.'s transmission facilities are used to supply most major urban centres in Alberta and approximately 85% of Alberta's population. AltaLink, L.P. also owns and operates the facilities which interconnect its network with the transmission system in British Columbia. The territory served by AltaLink, L.P. includes 13 First Nations reserves and is largely included within First Nations traditional territory. AltaLink, L.P. has developed a very strong working relationship with First Nations in Alberta which will serve as the foundation and assist in developing similar relationships in Ontario.

AltaLink is also an affiliate of SNC-Lavalin (SNC), a leading provider of engineering, procurement, construction, commissioning and related services for power facilities and infrastructure, with the combined resources of more than 1,000 employees in the field of power transmission and distribution across Canada. SNC-Lavalin has planned, designed and constructed over 90,000 kilometres of transmission and distribution lines and some 1,500 substations. It provides a full range of services including planning and feasibility studies, engineering, procurement, construction and project management. Its transmission and distribution division has experience working with voltages up to 800kV AC and +/- 600kV DC. Its expertise includes overhead and underground transmission lines, high-voltage substations, facility protection and control, telecommunication networks, customized control systems, remote terminal units, substation and distribution automation, and generation and industrial system interconnection. In addition to its close working relationship with AltaLink, L.P. on high-voltage transmission projects in Alberta, SNC-Lavalin has also completed several assignments covering planning, design, construction and project management for high-voltage transmission facilities in Ontario.

2. The Lexi Decision Test

On August 10, 2009, the Board issued its Decision denying an application by Lexi Transmission Corporation (“Lexi”) for an electricity transmission licence (EB-2009-0164) (the “Lexi Decision”).

In the Lexi Decision, the Board defined the following two tests for transmission license applications, to be satisfied by the applicant:

- (a) the applicant must have a specific project which underpins the application; and
- (b) in the absence of a specific project, the applicant must be engaged in transmission activity elsewhere and have the necessary technical and financial expertise to undertake transmission activity in Ontario.

(a) The first test is not relevant in light of the Framework

AltaLink submits that the first test under the Lexi Decision is not relevant for applicants applying under the Board’s new policy Framework. The Board adopted a new policy direction subsequent to the date of the Lexi Decision the goal of which is to facilitate the timely development of the Ontario transmission system. Under the Framework, transmitters need a transmission licence from the Board to participate in the designation process. Under the Framework, an applicant is expected to obtain a transmission licence before knowing the details of the specific project that may eventually be developed. As a result, AltaLink submits that the first test under the Lexi Decision is not relevant for applicants applying under the Board’s new policy Framework.

(b) The second test is relevant and should apply to applicants under the Framework

In the Framework the Board indicated that “[t]he licensing process will allow the Board to evaluate the financial viability and technical capabilities of the new entrant transmitters.” Given this, AltaLink submits that the second test under the Lexi Decision remains relevant and appropriate, and should be applied by the Board in assessing new applications under the Framework.

For the reasons summarized above and as more fully detailed in the Application, AltaLink submits that AltaLink, L.P.'s extensive transmission experience in Alberta and SNC's transmission and distribution activities across Canada together combine to ensure AltaLink has the necessary technical expertise and financial depth to plan, develop, construct, own, operate and maintain electricity transmission facilities in Ontario.

3. Request for a Temporary Exemption

One of the issues raised by the Board in the Framework was whether some of the requirements in the transmission licence may not apply unless a transmitter has assets in Ontario. In this respect the Board noted "[i]f a new entrant transmitter feels that there are particular requirements that should not apply to them, it may raise those issues as part of its application process."

AltaLink submits that its Electricity Transmission Licence should be amended to provide a temporary exemption to licence conditions that are not applicable at this time because AltaLink does not own or operate any transmission assets in Ontario (the "**Temporary Exemption**"). The Temporary Exemption should only be effective until the date AltaLink is designated by the Board to undertake development work in Ontario or the date AltaLink otherwise owns or operates transmission assets in Ontario (the "**Designation Date**").

AltaLink submits it should not be, nor can be, obligated to comply with licence conditions that assume or presuppose that a transmitter already owns or operates transmission assets prior to the Designation Date. By way of several illustrative examples, AltaLink submits that:

1. AltaLink should not be obligated to develop connection procedures compliant with Ontario law, submit those procedures to the Board for approval, and publish the approved procedures on its website pursuant to the obligation under Section 6.1.3 of the *Transmission System Code* ("TSC"), at least until the Designation Date.
2. AltaLink should not be obligated to enter into an Operating Agreement with the IESO for the direction by the IESO of the operation of the licensee's transmission system pursuant to the obligation under Section 6.1 of the licence, at least until the Designation Date.
3. AltaLink should not be obligated to comply with the Board's *Electricity Reporting and Record Keeping Requirements* ("RRR") and other record keeping and reporting requirements, such as those found at Section 6.9 of the TSC, at least until the Designation Date.
4. AltaLink should not be obligated to develop, file with the Board for approval, and publish on its website Board approved performance standards as is required under Section 4.5 of the TSC, at least until the Designation Date.

Similarly, AltaLink submits that it should not be obligated to comply with the Board's *Affiliate Relationship Code for Electricity Transmitters and Distributors* ("ARC"), at least until the Designation Date. Prior to the Designation Date, AltaLink is not truly acting as a regulated monopoly, it is one of many licenced transmitters participating in the Board's designation process, and unless designated AltaLink's costs are to the account of its shareholder and not ratepayers. AltaLink's involvement in the Ontario electricity market is contingent, and until the

Designation Date there is no risk of customer impacts or anti-competitive monopoly behaviours, both of which the ARC is intended to address.

By proposing the Temporary Exemption, AltaLink is not seeking special treatment if it becomes a designated transmitter that owns or operates transmission assets in Ontario. No exemptions from the standard transmission licence would apply in this circumstance – the Temporary Exemption would “fall away”. For instance, subsequent to the Designation Date, AltaLink is seeking no special treatment in respect of ARC compliance. AltaLink is very familiar with ARC requirements as it complies with similar affiliate relationship requirements under Alberta regulation.

Instead, AltaLink is asking the Board to grant a practical Temporary Exemption on specific Electricity Transmission Licence obligations to reflect the reality that AltaLink does not currently own or operate transmission assets in Ontario and, as a result, AltaLink would find it impossible and impractical to comply with those obligations.

AltaLink acknowledges that not all of the Electricity Transmission Licence provisions should be subject to the Temporary Exemption. For example, AltaLink acknowledges that the Temporary Exemption should not apply to the licence provisions pertaining to definitions, interpretation, the separation of business activities, the provision of information to the Board, restrictions on the provision of consumer, retailer, wholesaler or generator information, the term of the licence, restrictions on transferring the licence, the ability of the Board to amend the licence, the administration of licence fees, rules around communications with the Board, and obligations to maintain copies of the licence available for inspection (Sections 1, 2, 11 and 13-20 of the Board's template Electricity Transmission Licence). Aside from these specific provisions, AltaLink submits that the Temporary Exemption should apply.

The obligation to provide non-discriminatory access, the obligation to connect, and the obligation to maintain system integrity, as well as the obligations imposed under the TSC and RRR assume that a transmitter already has assets in Ontario. This is simply not true for AltaLink.

AltaLink submits that the Temporary Exemption should be broadly worded so that it will expire and fall away not only if a transmitter is designated and is granted leave to construct under the Framework but also if the transmitter's activities change or evolve as the market develops. AltaLink expressly included the words “or the date AltaLink otherwise owns or operates transmission assets in Ontario” in the Temporary Exemption to ensure the exemption would “fall away” if AltaLink's role in the Ontario market evolves.

4. Confidentiality

AltaLink requests that certain information contained in its Application, and marked “CONFIDENTIAL”, be held in confidence pursuant to Rule 10 and Section 5 of the Board's *Rules of Practice and Procedure* and *Practice Directions*, respectively. These items contain information which is not otherwise publicly available, and in order to avoid breaching pre-existing confidentiality arrangements, AltaLink is requesting that the Board hold the following items in confidence:

1. Key Individual information contained in section B, item 6 of the Application, with the exception of the names and positions held of key individuals;
2. Corporate organization chart referenced in Section B, item 3 and attached as “Attachment 1” to the Application; and
3. Consolidated financial statements for AltaLink Investments, L.P. referenced in Section B, item 7 and attached as “Attachment 2” to the Application.

5. Notice

We request that the Board direct all correspondence with respect to this Application to the attention of the following:

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VP, Corporate Development & Business Partnerships
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And to:

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Finally, we attach the Board’s filing fee in the amount of \$1000.00.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Original signed by J. Mark Rodger

J. Mark Rodger

JMR/jv

Encl.

Copy to: Duane Lyons, AltaLink
Steve Hodgkinson, AltaLink
Nolan Hindmarsh, AltaLink