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BY EMAIL

July 22, 2011

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

Dear Ms. Walli:

**Re: Board Staff Submission
Electricity Transmission Licence Application EB-2011-0126
AltaLink Ontario Management Ltd. on behalf of AltaLink Ontario L.P.**

Please find enclosed Board Staff's Submission for the above mentioned proceeding.

Please forward this submission along with this cover letter to the applicant and all intervenors in this proceeding.

Yours truly,

Original signed by

Irina Kuznetsova
Case Manager

Attachment



ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION

Electricity Transmission Licence Application

**AltaLink Ontario Management Ltd. on behalf
of AltaLink Ontario L.P.**

EB-2011-0126

July 20, 2011

AltaLink Ontario Management Ltd. on behalf of AltaLink Ontario L.P. ("AltaLink") filed an application with the Ontario Energy Board, received on April 29, 2011, under section 60 of the *Ontario Energy Board Act, 1998*. AltaLink stated that it is making this application in order to participate in any upcoming Board transmitter designation process for new transmission investment in Ontario.

The Board issued a Notice of Application and Hearing on May 16, 2011. Procedural Order No. 1 was issued on June 2, 2011, providing for interrogatories and submissions.

Board staff and Hydro One Networks Inc. ("HONI") filed interrogatories on June 24, 2011 and AltaLink filed its interrogatory responses on July 8, 2011.

This submission is being provided by Board staff following a review of the application and evidence filed in this proceeding.

STAFF SUBMISSION

The Board Policy Framework for Transmission Project Development Plans [EB-2010-0059] issued on August 26, 2010 contemplates that the Board will evaluate the financial viability and technical capabilities of new entrant transmitters during the licensing process. In reviewing a licence application, Board staff assesses an applicant's technical capability, financial viability and its conduct. Based on the evidence provided in the AltaLink application and in its responses to Board Staff and HONI's Interrogatories, Board staff submits that AltaLink meets the technical and financial requirements for a transmission licence.

In the cover letter accompanying its application AltaLink requested a temporary exemption from the Board's *Affiliate Relationships Code for Electricity Distributors and Transmitters* ("ARC"), *Transmission System Code* ("TSC"), *Electricity Reporting and Record Keeping Requirements* ("RRR") as well as some licence conditions that are not applicable at this time because AltaLink does not own and/or operate any transmission assets in Ontario.

In response to Board staff's interrogatory No. 3 and HONI's interrogatory No. 2 AltaLink amended its request for temporary exemptions from the ARC and requested a temporary exemption only from section 2.3 of the ARC until the Designation Date stating that it will be necessary for AltaLink to retain services of its affiliates to assist in

developing and filing a Transmission Project Development Plan. In its April 29, 2011 cover letter AltaLink defined the Designation Date as "...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." In Board staff's view the Board has already stated its position with respect to compliance with applicable codes, rules and licence conditions by transmitters licensed to participate in the Board transmitter designation process. In the recent decision of the Board with respect to the exemptions sought by TransCanada Power Transmission (Ontario) L.P. the Board denied the exemptions and stated that

The Board is generally very reluctant to grant exemptions to its Code provisions. The Codes have been developed according to specific statutory provisions and safeguards, and are generally the product of a highly transparent consultation process involving a wide range of interests. Exemptions, while appropriate in special circumstances, have the tendency to undermine the Codes and the process under which they were created. In particular, the Board is increasingly indisposed to permitting applicants to "contract out" of Code compliance, except in the clearest case where the risk of harm is slight.¹

Accordingly, in Board staff's view, the exemption request should be denied.

All of which is respectfully submitted.

¹ June 22, 2011 Decision and Order on the application by TransCanada Power Transmission (Ontario) L.P. for an electricity transmission licence, page 9.