

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Sch. B, as amended* (the “**OEB Act**”);

**AND IN THE MATTER** of an application by Grand Renewable Wind LP for an Order or Orders granting Leave to Construct new Transmission Facilities within Haldimand County, Ontario.

**APPLICANT RESPONSE TO**  
**INDEPENDENT ELECTRICITY SYSTEM OPERATION (IESO) INTERROGATORIES**

**Interrogatory # 1 - Affiliates and Ownership Structure**

***Questions/Requests:***

- (a) Please explain in detail the relationship between the “yet-to-be-formed special purpose [entity]” and the Applicant, SRE and Pattern LP.

The Applicant is owned by two limited partners each holding 49.99% interest, respectively, being Samsung Renewable Energy Inc. (“SRE”) and Pattern Grand LP Holdings LP (“Pattern LP”), as well as its general partner, Grand Renewable Wind GP Inc., which holds a 0.02% interest.

The “yet-to-be formed special purpose entity” was recently formed on July 26, 2011 as Grand Renewable Solar, LP. The ownership structure of Grand Renewable Solar LP is attached hereto as Schedule ‘A’.

As is evidenced from the ownership structure, Grand Renewable Solar LP is wholly owned by SRE. Grand Renewable Solar LP is therefore affiliated with the Applicant.

Pattern LP does not have any ownership interest in Grand Renewable Solar LP. Pattern LP is only partnering with the Applicant to develop the Wind Project.

- (b) Please confirm that the owner and operator of the proposed Solar Project will be a separately licensed generator.

Grand Renewable Solar LP will be a separately licensed generator.

- (c) Please update the corporate chart shown in Exhibit A/Tab 3/Schedule 1/Page 1, or provide a new chart, to show the corporate ownership structure of the Solar Project.

Please see IESO IRR #1(a).

- (d) Please show the corporate owner and operator for the Proposed Facility, Wind Project and Solar Project as follows:

Facility	Owner(s)	Operator
230 kV Transmission Line	Applicant	Applicant will subcontract the operations of the Transmission Line.
Collector Station	Solar Collector Station: Applicant, with the exception that Grand Renewable Solar LP will own the circuits related to the Solar Project.  Wind Collector Station: Applicant	The Applicant will oversee the operation of the Collector Station. Grand Renewable Solar LP will contribute its pro rata share of operating costs.

Facility	Owner(s)	Operator
Transition Stations	Applicant	Applicant will subcontract
Interconnection Station	Applicant, although the Grand Renewable Solar LP will contribute its pro rata share of the construction costs.	Applicant will subcontract. Note that the subcontractor for the Transmission Line, Transition Stations and Interconnection Station will likely be a single entity. The Applicant will advise the IESO of the chosen subcontractor once it has been determined.
Wind Project	Applicant	Applicant will subcontract.
Solar Project	Grand Renewable Solar LP	Grand Renewable Solar LP will subcontract O&M to selected EPC contractor.

**Interrogatory # 2 – Transmission Power and Non-Discriminatory Access**

**Questions/Requests:**

- (a) Please clarify whether it is the Applicant's position that, as part of this section 92 application and review, it is necessary for the Board to determine if the proposal satisfies fair and non-discriminatory access principles and will not adversely affect the development and maintenance of a competitive market, pursuant to the requirements of Sections 26 of the Electricity Act, 1998 and 81 of the Ontario Energy Board Act, 1998.

Section 26 of the *Electricity Act, 1998* provides as follows:

*Non-discriminatory access*

*26.(1) A transmitter or distributor shall provide generators, retailers and consumers with non-discriminatory access to its transmission or distribution systems in Ontario in accordance with its licence. [Emphasis ours]*

*Priority access re renewable energy generation facilities*

*(1.1) Despite subsection (1), a transmitter or distributor shall provide, in accordance with its licence, priority connection access to its transmission system or distribution system for a renewable energy generation facility that meets the requirements prescribed by regulation.*

Ontario Regulation 160/99 provides that this section does not apply to persons who are exempted from transmission licensing requirements under *Ontario Regulation 161/99*. that exemption applies here (see response to Board staff IR 10).

Section 26(1) thus only applies to licensed transmitters, which in the present circumstances would be Hydro One Networks Inc., the owner of the bulk transmission system to which the GREP will connect. Furthermore, Section 26(1.1) clearly enunciates the government's policy to promote the connection of renewable resources to the IESO-controlled grid. Taken together, Section 26(1) and Section 26(1.1) provide a clear mandate for those involved in the energy sector, including the IESO, to promote the use of renewable energy resources in the province.

In addition to the above principles, the Board's mandate in a leave to construct application is limited by section 96(2) of the OEB Act:

*96(2) In an application under section 92, the Board shall only consider the following when, under subsection (1), it considers whether the construction, expansion or reinforcement of the electricity transmission line or electricity distribution line, or the making of the interconnection, is in the public interest:*

- (i) The interests of consumers with respect to prices and the reliability and quality of electricity service.

- (ii) Where applicable and in a manner consistent with the policies of the Government of Ontario, the promotion of the use of renewable energy sources.

The Board's mandate is further defined according to Section 1(1)(5) of the OEB Act, which states:

*1. (1) The Board, in carrying out its responsibilities under this or any other Act in relation to electricity, shall be guided by the following objectives:*

....

*(5) To promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.*

The Applicant will be submitting a notice under Section 81 of the OEB Act along with its application for a generator licence. Currently section 81 is not applicable since the prohibition pertains to the construction of a transmission line or the ownership of an existing line, neither of which situation currently exists. The Applicant therefore has a window to submit notice under Section 81 and will ensure to do so in advance of construction.

- (b) Were the Board to determine that the Applicant is exempted from the need to obtain a transmitter license, please discuss how the cost of service for transmitting electricity from the Solar Project to the IESO-controlled grid or from the grid to the Solar Project will be established, and specifically what process and factors will be used to ensure that the price or rate charged will be fair and non-discriminatory or no greater than that required to recover all reasonable costs.

It is not clear what statutory provision the question assumes in its reference to a standard of "fair and non-discriminatory" in the context of unlicensed transmitters. The requirement to maintain the licence exemption in *Ontario Regulation 161/99* is that the Applicant only recover its costs. The Board has addressed the issue of ensuring that a transmitter or distributor only recovers its costs in several instances. This has not proven to be a challenge, particularly, as here, where the arrangements are made between two independent businesses.

In this case, the Applicant will not charge Grand Renewable Solar LP for the use of the Facility. Grand Renewable Solar LP will be contributing to the cost of construction of the Facility. Grand Renewable Solar LP will also pay its pro rata share of the operations and maintenance costs associated with the Facility, including any transmission charges that need to be paid to third parties. The detailed commercial arrangement between the affiliates (the Applicant and Grand Renewable Solar LP) has not been finalized. However, the Applicant would be prepared to provide the Board with a detailed description and accounting procedure prior to construction as a condition of the leave to construct approval.

**Interrogatory # 3 - Transmission System Code Obligations and Responsibilities**

***Questions/Requests:***

Should the Board grant an exemption from the requirement to obtain a transmitter licence:

**Solar Project**

- (a) Will the Solar Project be a transmission “customer” of Grand Renewable Wind LP? If not, who will the Solar Project be a customer of?

Please see Board Staff IRR# 10(i).

- (b) Will Grand Renewable Wind’s proposed transmission facilities be used to transmit electricity to the Solar Project to provide “station” or “back-feed” services to the Solar Project during the development and commissioning phase or at any other time?

No.

**General**

- (c) Will the relationship and/or transactions between Grand Renewable as owner-operator of the proposed transmission facilities and the Solar Project (or any other generation or load customer connected to the facilities) be governed by the Transmission System Code (TSC) including but not limited to the following sections of the TSC:

- Chapter 4.0 (Standards of Business Practice and Conduct);
- Chapter 5.0 (Requirements for Operations and Maintenance);
- Chapter 7.0 (Compliance, Inspection, Testing and Monitoring);
- Chapter 8.0 (General Technical Requirements);
- Chapter 10.0 (Protection System Requirements);
- Chapter 12.0 (Dispute Resolution); and
- All Applicable Appendices.

The Applicant is required to comply with applicable requirements from the TSC, IESO Market Rules and standards and criteria as part of the conditions of the SIA.<sup>1</sup> Regardless of whether Grand Renewable Solar LP has a connection agreement with Hydro One Networks Inc., it will comply with all safety standards and codes. Furthermore, it is intended that both Grand Renewable Solar LP and the Applicant will become market participants pursuant to the IESO Market Rules. The Applicant and Grand Renewable Solar LP intend to include the topics covered in the applicable sections in the TSC in their connection agreement.

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<sup>1</sup> SIA, p. 8, “General Requirements”.

With respect to the reference to “other generation or load customer connected to the facility” in the question, the Applicant has two observations.

First, the scenario is entirely hypothetical because there are no other generation or load customers that are contemplated to be connected to the facility. As an unlicensed transmitter, the Applicant would be in the same position as other unlicensed transmitters and distributors in the province.

Second, the Applicant will be required to continue to comply with law. As a result, if it took on activities that required it to be licensed and thus meet codes that are incorporated as licence conditions, then it will ensure that it remains in compliance with all legal requirements.

- (d) If not, how will the relationship and/or transactions between Grand Renewable as owner-operator of the proposed transmission facilities and the Solar Project (or any other generation or load customer connected to the facilities) in respect of the foregoing areas be addressed?

Through a connection agreement entered into between the Applicant and Grand Renewable Solar LP. Please see Board Staff IRR# 10(i).

**Interrogatory # 4 –Transmission System and Customer Impacts**

***Questions/Requests:***

- (a) Please confirm that the SIA and CIA were submitted to the IESO and Hydro One (and assessed by the IESO and Hydro One) without identifying the fact that the Wind Project and the Solar Project may be owned and operated by different entities. Assuming this is correct:
- (i) What steps will be taken to unbundle and allocate the connection obligations and other requirements contained in the SIA and CIA that are applicable to each of Grand Renewable Wind LP (i.e., the owner-operator of the transmitter/wind generator) and the owner-operator of the Solar Project (i.e., the generator customer)?

The IESO, Hydro One Networks Inc. and both the Grand Renewable Wind LP and Grand Renewable Solar LP are in the process of determining how to unbundle the costs as this project is unique in the nature of its connection to the transmission system.

- (ii) When will the process for unbundling and re-allocating the applicable connection obligations and requirements contained in the SIA and CIA be commenced?

The unbundling and cost-allocation to the various development entities will be completed within approximately 6 months.



SCHEDULE "A"

Grand Renewable Wind LP & Grand Renewable Solar LP

Ownership Structure

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