

Hydro One Networks Inc.

8th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5700
Fax: (416) 345-5870
Cell: (416) 258-9383
Susan.E.Frank@HydroOne.com

Susan Frank

Vice President and Chief Regulatory Officer
Regulatory Affairs



BY COURIER

September 23, 2011

Ms. Kirsten Walli
Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON
M4P 1E4

Dear Ms. Walli:

EB-2011-0063 – Grand Renewable Wind S92 Application – Hydro One Submission

I am attaching two (2) paper copies of Hydro One Networks' submission addressing the three questions listed in Procedural Order 3 of the above-mentioned proceeding.

A copy of this submission has been filed in text-searchable electronic form through the Ontario Energy Board's Regulatory Electronic Submission System and the confirmation slip is also enclosed.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

Attach.

c. EB-2011-0063 Applicant and Intervenors (email only)

HYDRO ONE NETWORKS INC.
SUBMISSION
EB-2011-0063
GRAND RENEWABLE WIND LP SECTION 92 APPLICATION

Hydro One is pleased to offer the following comments in response to Procedural Order 3 in the above-noted application of Grand Renewable Wind LP (GRW).

In the Procedural Order, the Board asked for comments with respect to the following questions:

1. *What are the responsibilities, if any, of the Applicant to provide access to its proposed Transmission Facilities?*
2. *Are broader transmission planning issues (i.e., beyond the Transmission Facilities proposed in the Application) relevant considerations in this proceeding? What responsibilities does the Applicant have, if any, with respect to broader transmission planning issues?*
3. *Does the fact that the proposed facilities will be located largely within a municipal right of way have any bearing on the Applicant's obligation regarding future requests for connection?*
4. *Does section 96(2) permit the Board to consider the impact of the proposed Transmission Facilities on the reliability of the current or future distribution system owned and operated by HCHI?*

General Comments

Hydro One believes that the Board's questions are all useful and timely ones to address; however, as indicated in Hydro One's earlier comments filed on August 29, 2011 regarding the scope of the proceeding, given their policy-related nature most if not all of them would be perhaps better addressed in the Board's current Regional Planning proceeding (EB-2011-0043) than in this section 92 application. That would allow more time for consideration of the issues and identification of policy options, including any required legislative changes, compared with the necessarily more compressed timelines

1 of a leave proceeding where potential hardship on the proponent arising from delays to its
2 schedule must be a key consideration.

3
4 Hydro One suggests that in order to avoid potential adverse impacts, any changes to the
5 policy and planning environment that could arise from an examination of the 4 questions
6 posed by the Board should be applied prospectively and not to current proponents that are
7 already engaged in the planning and approvals process. That approach (prospective
8 adoption) would again suggest that the Regional Planning proceeding or some other
9 generic forum would be a more appropriate venue for review as it would give the
10 industry the necessary time to plan and adjust schedules in order to incorporate any new
11 planning requirements that are identified.

12
13 Specific Comments

14 Hydro One's specific comments on the 4 questions follow:

- 15
16 *1. What are the responsibilities, if any, of the Applicant to provide access to its*
17 *proposed Transmission Facilities?*
18

19 A similar issue -- of access to distribution facilities, arose, but was not decided in the
20 Plateau Wind Inc. proceeding (EB-2010-0253). Plateau is a generator that was seeking to
21 build a connection line from its project to the IESO grid using, in part, municipal road
22 allowance. It asserted its right to use the road allowance as a distributor under section
23 41(1) of the Electricity Act. The municipality in turn argued that if it was indeed a
24 distributor (which the municipality disputed) Plateau was obligated to provide access to
25 its line under the provisions of Section 26(1) of the Electricity Act. That section requires
26 a transmitter or distributor to provide generators, retailers and consumers with non-
27 discriminatory access to its transmission or distribution system in accordance with its
28 licence. While not ruling on the section 26(1) access issue, the Board found that as a
29 generator operating its own distribution system, Plateau fell under the licensing
30 exemption provisions of O/Reg. 161/99, section 4.0.1(1) (d). As a result of that Board
31 finding, it would appear that section 26(1) does not apply in the case of generators that

1 are building distribution systems strictly for their own use, given that non-discriminatory
2 access must be provided in accordance with a licence, and no licence is required for such
3 generators who are also distributors. Similarly, distributors or transmitters are not
4 included among the groups to whom non-discriminatory access must be provided under
5 section 26(1). Hence access by distributors or transmitters to generator-owned
6 distribution or transmission systems would appear to be at this time not achievable under
7 the current legislative scheme and legislative changes are apparently required, if such
8 access were to be a desired outcome. Although Question 1 focuses on access to
9 transmission assets, the issues raised by both the Plateau and this proceeding require the
10 kind of exploration and examination that could be addressed in the context of the
11 Regional Planning proceeding or another generic forum.

12
13 *2. Are broader transmission planning issues (i.e., beyond the Transmission*
14 *Facilities proposed in the Application) relevant considerations in this*
15 *proceeding? What responsibilities does the Applicant have, if any, with respect to*
16 *broader transmission planning issues?*

17
18 Hydro One believes that broader transmission planning issues such as the need for
19 transmission system optimization and the provision of open access, as discussed above,
20 are very relevant in the current environment while the Green Energy Act-related build-
21 out of transmission and distribution systems is occurring. However as noted previously,
22 a section 92 proceeding is likely not the best place to address those longer-term issues.
23 Similarly, in response to the second question above, under the current legislative scheme
24 generator applicants building dedicated transmission or distribution lines appear to have
25 few responsibilities in regard to broader transmission planning issues. For this to change,
26 which Hydro One believes would be a desirable outcome in order to allow for a rational
27 and efficient build-out to occur, changes to the legislative scheme would be required.
28 Again, these are better identified through a generic forum than in a section 92 proceeding,
29 in Hydro One's submission.

1 3. *Does the fact that the proposed facilities will be located largely within a*
2 *municipal right of way have any bearing on the Applicant's obligation regarding*
3 *future requests for connection?*
4

5 As noted in the comments to Question 1 above, under the current legislative scheme
6 generators appear to be under no obligations with respect to providing connection access
7 to their non-licensed distribution or transmission systems, regardless of whether those
8 systems are located on municipal road allowance. In Hydro One's view, this situation is
9 inefficient given that public space is scarce and optimal use of it should be encouraged in
10 locating transmission and distribution infrastructure that benefits all. Use of public space
11 by a private operator pre-empts or makes more expensive the use of that space by an
12 open-access provider. For these reasons, Hydro One believes that requiring open access
13 on all lines that utilize municipal road allowance is something that should be discussed in
14 a planning forum like the Regional Planning proceeding or similar generic proceeding,
15 and the necessary planning and legislative changes identified. Again, however,
16 implementation of any changes is likely best done on a prospective basis with
17 grandfathering of existing and planned lines, not through this section 92 proceeding.

18
19 4. *Does section 96(2) permit the Board to consider the impact of the proposed*
20 *Transmission Facilities on the reliability of the current or future distribution*
21 *system owned and operated by HCHI?*
22

23 Under section 96(2), the Board is required to consider "*The interests of consumers with*
24 *respect to prices and the reliability and quality of electricity service*" when it is assessing
25 whether the construction of transmission facilities is in the public interest. GRW, in
26 paragraph 60 of its Argument-in-Chief states that "The issue here is whether the proposed
27 Facility has an impact on distribution reliability. The fact that a distributor may also have
28 a need for its own facility is not relevant to that consideration". Given that GRW's
29 proposed transmission facilities will connect to the IESO grid and serve essentially all
30 consumers in the province, including those who are customers of HCHI's distribution
31 system, current and future, it would appear that the Board can consider the impact on
32 HCHI's system and its consumers from the proposed facilities. This consideration is not
33 limited just to reliability but also to price and quality of service under section 96(2), and

1 as Hydro One noted in its August 29th letter regarding the scope of this section 92
2 hearing, it is apparent from HCHI's position that there could well be a price impact on
3 HCHI consumers if HCHI is not provided access to GRW's line. This is due to the
4 requirement that would arise on HCHI's part to build more expensive alternative facilities
5 than it would otherwise have to build. In Hydro One's view, this is precisely the kind of
6 inefficient result that should be avoided where possible.

7

8 All of which is respectfully submitted.