

BY RESS AND COURIER

September 23, 2011

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

Dear Ms. Walli:

Re: Leave to Construct Application by Grand Renewable Wind, LP (EB-2011-0063)

Pursuant to the Ontario Energy Board's (the "Board") Procedural Order No. 3, please accept this letter as the Independent Electricity System Operator's (the "IESO") submissions on the application by Grand Renewable Wind, LP ("Grand" or "Applicant") for an order of the Board granting leave to construct approximately 19 km of 230 kV single circuit transmission line and related facilities to connect the proposed Grand wind project and Grand Renewable Solar LP project to the IESO-controlled grid.

The IESO's submissions will be confined to matters regarding clarification of the IESO's mandate, the scope of issues relevant to this proceeding, and the unbundling and re-allocation of the applicable obligations and responsibilities contained in the System Impact Assessment (SIA) report between the respective wind and solar plant owner.

IESO's Mandate

The IESO's statutory objects and requirements of its licence and Market Rules mandate it to, among other things, operate the IESO-controlled grid and the IESO-administered markets to "promote the purposes of the *Electricity Act*".¹

One of the fundamental purposes of the *Act*, codified by section 26 (and more precisely prescribed in the IESO's licence),² is to provide generators, retailers and consumers with non-discriminatory access to the transmission system. Contrary to the Applicant's August 24, 2011 submissions, the IESO's jurisdiction is not solely limited to matters concerning reliability and

¹ *Electricity Act*, sections 5(1)(c), (g) and 26;

² IESO Licence, (EI-2008-0096), Sections 9 and 15.

the IESO has therefore not over-stepped its statutory mandate by asking interrogatory questions concerning the Applicant's proposed transmission facilities and access to those facilities.³

Scope of Proceeding

The Applicant states that by operation of law (i.e., section 4.0.2(1)(d), O. Reg. 161/99), it is exempt from the obligation to obtain a transmitter licence and that it is not necessary to request a determination on this matter by the Board in this or any other proceeding.

Irrespective of whether the Applicant does or does not qualify for an exemption, it is the IESO's view that it would be advantageous to have this matter clarified sooner rather than later. As the result of the Green Energy Act and Feed-in Tariff program, it is widely expected that there will be more generators who seek leave to construct, own and operate transmission facilities for the purpose of conveying electricity from their generation plant into the IESO-controlled grid; some of these transmission facilities may be designed for or may serve ancillary purposes. It would therefore be helpful to have clearer direction on the circumstances under which such generator/transmitter entities may be exempt from the obligation to obtain a transmission licence (and the corresponding obligations and responsibilities under the Market Rules, Transmission System Code, etc).

The absence of a determination as to whether the Applicant is exempt from the obligation to become a licensed transmitter (and therefore, exempt from certain requirements in the Market Rules and TSC that apply only to licensed transmitters) creates inefficiencies in the way the IESO interacts with the Applicant (and other like generator-transmitters). For example, the acceptability of certain metering configurations that have been proposed by the Applicant depends on whether or not the Applicant is a licensed transmitter. To the extent that the licensing issue has not been decided, the IESO is not able to comment on the suitability of the proposed metering configuration options. Presumably, this same uncertainty as to whether the Applicant (and other like generator-transmitters) are bound by certain provisions of the TSC may create inefficiencies and difficulties in the Applicant's (and other like generator-transmitters') dealings with HONI and other generation or load customers. For these reasons, it is the IESO's position that it would be helpful to clarify this issue.

Unbundling Obligations and Responsibilities Associated with the Wind and Solar Projects

The information provided by the Applicant in response to the IESO's (and other parties') interrogatories has been useful in clarifying certain matters relating to the Applicant's plans for unbundling and re-allocating the connection obligations and other requirements contained in the SIA, given that the wind project and the solar project will be owned by different entities. The IESO would like to take this opportunity however to clarify one issue that was addressed in the Applicant's submission. In its Argument in Chief, Grand noted that "[t]he Board may also take it under advisement that the unique metering configuration for the Project has been developed in conjunction with the IESO, and therefore meets the IESO's approval."⁴ As noted above, the IESO is not able to approve a specific metering configuration because the licensing

³ Letter from Applicant's counsel dated August 24, 2011, p. 3.

⁴ Applicant's Argument in Chief, September 16, 2011, page 8, para. 27

issue has not been decided. The IESO's approval of the metering configuration will be granted during the Facility Registration and Market Entry process.

Based on the Applicant's answer to the interrogatories and its commitment to engage in ongoing discussions, the IESO believes that issues with respect to unbundling and metering configuration can be adequately addressed.

Yours truly,

Original signed by

Carl Burrell
Senior Regulatory Analyst
Regulatory and Government Affairs
Independent Electricity System Operator

Encl.

cc: All Intervenors
Mr. Jeong Tack Lee, Grand Renewable Wind LP (By Email)
Ms. Kristyn Annis, Counsel to Grand Renewable Wind LP (By Email)
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