

EB-2011-0043

Ontario Energy Board

Renewed Regulatory Framework for Electricity:

Regional Planning for Electricity Infrastructure

Ontario Power Authority Comments

April 20, 2012



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Background

On December 17, 2010, the Ontario Energy Board (“Board”) initiated its consultation process to develop a Renewed Regulatory Framework for Electricity (“RRFE”). The overarching objective of the RRFE is to encourage and facilitate greater efficiency through a focus on performance-based outcomes, while considering the total bill impact on consumers and ensuring that utilities have the ability to make necessary investments and earn fair returns.

The framework is divided into five initiatives: Distribution Network Investment Planning (EB-2010-0377); Approaches to Mitigation for Electricity Transmitters and Distributors (EB-2010-0378); Defining and Measuring Performance of Electricity Transmitters and Distributors (EB-2010-0379); Developing Guidance for the Implementation of Smart Grid in Ontario (EB-2011-0004); and Regional Planning for Electricity Infrastructure (EB-2011-0043).

As part of its Regional Planning initiative, on April 1, 2011, the Ontario Energy Board (“Board”) initiated a consultation process aimed at promoting the cost-effective development of electricity infrastructure through coordinated planning on a regional basis. The Ontario Power Authority (“OPA”) participated in, and presented at the Board’s consultation events around this initiative, including the Regional Planning Stakeholder Meeting on May 12, 2011, the Executive Roundtable with Agencies & Transmitters on February 29, 2012 and the Stakeholder Conference on March 28-30, 2012. Two OPA documents were published on the OEB web page related to this initiative: a paper, titled, “The OPA’s Regional Planning Process” and a presentation, titled, “OPA Perspectives on Regional Planning”.

OPA Comments

Regional Planning Process

The OPA supports the development of a more formalized approach to regional planning involving the OPA, Local Distribution Companies, transmitters and others as appropriate.

The OPA has been carrying out regional planning since its inception in 2005 and has worked on over a half dozen regional planning studies including Northern York Region, Windsor-Essex and Kitchener-Waterloo-Cambridge-Guelph.

It is beneficial for the OPA to be involved in regional planning because:

- The OPA does not own assets and therefore is not tied to a particular outcome;
- The OPA provides a balanced viewpoint which allows for the consideration of conservation, local generation, transmission, and distribution solutions;
- The OPA, together with other parties participating in regional planning, is able to support broader engagement discussions with stakeholders, First Nations and Métis;
- It allows for alignment between regional studies and the OPA’s broader province-wide planning activities – even without an approved IPSP, the OPA is still able to draw from its bulk planning work to help inform regional plans; and
- It allows for government policy to be integrated into plans and solutions.

1 Currently, regional plans are carried out under a less formal structure, where distributors and
2 transmitters work with the OPA voluntarily. The OPA supports a shift to a more formal process
3 which promotes the cost-effective development of electricity infrastructure through
4 coordinated planning on a regional basis, under the Board's RRFE.

5 The OPA believes that the planning process needs to be flexible in order to accommodate the
6 specific needs of a region. For example, a study in northern Ontario may look quite different
7 from a study in southern Ontario. In some cases, during the early study stages, it may be
8 necessary to obtain information from parties beyond the immediate study team in order to
9 have a complete view of a region's needs, or a study may require consideration of broader
10 objectives or needs.

11 During the course of the study, parties will lead or contribute in their areas of respective
12 expertise, in addition to contributing to the identification, formulation and evaluation of overall
13 options. Once preliminary options are drafted, they are brought to local communities,
14 including First Nations and Métis communities, for discussion and input. The OPA believes that
15 having distributors take a leadership role in the engagement of their local communities during
16 the consultation phase of a regional plan would significantly contribute to the effectiveness and
17 efficiency of the process.

18 The OPA's province-wide planning process has the ability to provide a broad system context to
19 regional plans, especially if planned system-based generation resources can address local
20 needs, but, in general, the regional planning process can operate separately from the province-
21 wide planning process.

22 The OPA expects that regional plans will play a significant role in supporting a variety of
23 regulatory submissions, including capital plans, development work, Leave to Construct
24 applications and rate applications. The OPA also expects that plans will be filed with the OEB
25 and posted on participating party web sites for information and reference. Formalized regional
26 plans would also provide a reference point upon which updates could be made as needed,
27 when new information might become available.

28 **Planning Horizons**

29 *The OPA recommends that a 20-year planning horizon be used, consistent with the OPA's*
30 *timelines for the broader province-wide planning process.*

31 The OPA currently uses a 20-year planning horizon that includes three timeframes:

- 32 • Near-term (0-5 years);
- 33 • Medium-term (5-10 years); and
- 34 • Long-term (10-20+ years).

35 The OPA would like to clarify that the near-term timeframe is not the only driver of immediate
36 decisions and actions. Immediate decisions and actions can also be required for solutions to
37 meet medium-term and long-term needs.

1 Immediate actions may be required to maintain optionality for medium-term solutions such as
2 new transmission lines or strategic conservation programs. For example, development work on
3 a new transmission line may need to be initiated immediately so that the option is available in
4 the medium-term.

5 Immediate actions may also be required for long-term solutions, such as developing new
6 transmission lines on a new corridor. The immediate actions for such long-term solutions may
7 require the reservation of right of way space within a Regional and / or Municipal Official Plan.
8 They may also require immediate coordination with other organizations, such as the Ministry of
9 Transportation, to assist in the development of linear corridors or purchases of land if future
10 availability is expected to be constrained. Such coordination is consistent with Planning policy
11 outlined within the provincial Policy Statement.

12 **Defining Regions**

13 *The OPA recommends flexibility in defining regions, and that regions be defined based on*
14 *electrical needs.*

15 The OPA believes that regions cannot be defined by predetermined geographical, political or
16 LDC boundaries. Rather, regions should be defined based on electrical needs in any given area.
17 These needs are determined by proactive screening by the OPA, in conjunction with the IESO,
18 transmitters and distributors.

19 The OPA has already temporarily defined some regions for its planning studies. Rather than
20 defining regions in advance, the OPA recommends that regions be defined in a flexible manner
21 only when there is an expectation of electrical need.

22 **OPA Involvement in Distribution and Transmission Connection Activities**

23 *The OPA would become involved in distributors' and/or transmitters' plans when broader*
24 *regional solutions exist, or when a number of potential regional options are available.*

25 The OPA recognizes that distributors and transmitters conduct ongoing connection activities
26 where adequate upstream capability is known to exist. Distributors, transmitters and other
27 stakeholders would be expected to inform the OPA of these connection activities and provide
28 the OPA with data for planning purposes. The OPA expects to provide written comments
29 where appropriate, similar to the current Green Energy Act plan process with distributors.

30 The OPA would then ensure that no broader regional solutions or issues exist. Where regional
31 issues do exist or potential regional options are available, the OPA would become involved in
32 the planning process.

1 How does the OPA get involved?

- 2 • The OPA initiates the development of regional plans;
- 3 • The OPA initiates the development of regional plans based on IESO-identified concerns;
- 4 • LDCs request that the OPA develop regional plans; or
- 5 • Transmitters request that the OPA develop regional plans.

6 **Cost Allocation**

7 *The OPA concurs with the cost allocation issues identified in Board staff's Regional Planning*
8 *discussion paper and is willing to support discussions around cost allocation issues.*

9 The OPA is pleased that the Board is taking steps to remedy current cost allocation issues as
10 identified in the Regional Planning Stakeholder Meeting on May 12, 2011 and the Board Staff's
11 discussion paper on Regional Planning. The OPA is willing to support any future discussions
12 around cost allocation issues.

13 The OPA appreciates the opportunity to provide its comments in this matter, and looks forward
14 to participating further as required.