

**EB-2011-0140**

**Proceeding to Designate a  
Transmitter to Carry Out  
Development Work for the  
East-West Tie Line**

**- Phase 1 -**

**Ontario Power Authority  
Reply Submission**

**May 18, 2012**



1 **Introduction**

2 On May 7, 2012 the Ontario Power Authority (the “OPA”) filed its submission with the Ontario  
3 Energy Board (the “Board”) pertaining to the Board-approved issues list for phase 1 of this  
4 proceeding.

5 The OPA’s phase 1 reply submission provides comments on a number of other parties’  
6 submissions, many of which pertain to information provided by the OPA because of its role in  
7 this proceeding.

8 **First Nations and Métis Participation / Consultation**

9 *Issue #2: Should the Board add the criterion of First Nations and Métis participation? If yes, how*  
10 *will that criterion be assessed?*

11 *Issue #3: Should the Board add the criterion of the ability to carry out the procedural aspects of*  
12 *First Nations and Métis consultation? If yes, how will that criterion be assessed?*

13 *Issue #4: What is the effect of the Minister’s letter to the Board dated March 29, 2011 on the*  
14 *above two questions?*

15 In its phase 1 submission, the Ojibways of Pic River First Nation (“PRFN”) stated:

16 *“PRFN recognizes that it is not the Board’s responsibility to identify potentially*  
17 *affected aboriginal communities; however, PRFN submits that given the*  
18 *importance of consultation to the process, the Board would want to ensure the*  
19 *accuracy of this list. It would therefore be of assistance in this process if a*  
20 *response to Chief Michano’s letter was obtained through the OPA or otherwise,*  
21 *and an accurate list provided.”*

22 In reply to this statement by PRFN, the OPA submits that it is not in a position to comment on  
23 the accuracy of the list of First Nations and Métis communities as the OPA received the list from  
24 the Crown through a letter dated May 31, 2011. The OPA was not involved in the development  
25 of the list.

1 **Project In-Service Date**

2 *Issue #7: What additions, deletions or changes should be made to the Filing Requirements*  
3 *(G-2010-0059)?*

4 In its phase 1 submission, TransCanada Power Transmission (Ontario) L.P. (“TPT”) stated:

5 *“A more useful piece of information would be the basis for the construction and*  
6 *operation estimates that support the reference case (the “Reference Case”) costs*  
7 *of the Project (which may have been developed by Hydro One Networks Inc.; if*  
8 *this is incorrect, the OPA may advise).”*

9 In reply to this statement by TPT, the OPA submits that the cost identified in the Reference Case  
10 is a high level cost used for conceptual planning. The purpose of development work is for the  
11 designated transmitter to refine this conceptual cost. The \$600M cost is broken down into a  
12 line portion and a station portion. The line portion of the cost is based on typical transmission  
13 line costs. This cost can be found in the OPA's response to Board Staff Interrogatory 41 (IPSP -  
14 EB-2007-0707, Exhibit I-1-41). The cost was updated to consider inflation and other studies. As  
15 a result, a per unit cost of \$1.2M per km for a double-circuit 230 kV line was assumed. Further,  
16 the OPA assumed about \$100M for station and other work, thus bringing the total cost of the  
17 project to approximately \$600M.

18 In its phase 1 submission, TPT also stated:

19 *“The IESO and the OPA have put some materials on the public record that address*  
20 *reliability and need. However, it appears that the OPA has additional relevant*  
21 *material respecting need. Need in this case is defined as “economic” as opposed*  
22 *to “reliability” in the sense that the system costs of expanding the transmission*  
23 *line are less than the system costs of generation. However, the OPA has not*  
24 *provided any detailed breakdown for these numbers nor an indication of the*  
25 *relative value of various in-service dates. This information would be of assistance*  
26 *in developing and evaluating alternative plans and should be provided on the*  
27 *public record.”*

28 In reply to this statement by TPT, the OPA submits that it does not have additional relevant  
29 material respecting need.

1 In reply to TPT's request for an indication of the relative value of various in-service dates, the  
2 OPA submits that it is up to applicants to address appropriate and potential in service dates in  
3 their applications. This view is also supported by two other transmitters, Upper Canada  
4 Transmission, Inc. ("UCT") and Iacon Transmission, Inc., in their phase 1 submissions.

5 In its phase 1 submission, the OPA proposed that transmitters be required to file plans with a  
6 reference in-service date of 2017, but that transmitters also have the option of submitting plans  
7 with in-service dates of 2018 and/or 2019. The OPA submits that it is unable to provide value  
8 analyses on various in-service dates at this time due to a number of uncertainties in future  
9 system parameters. The OPA can provide general examples of economic, reliability and  
10 operational value that an early in-service date could bring, but transmitters' plans will need to  
11 be justified in the long term. As well, any benefits accruing from an earlier in-service date are  
12 fundamentally linked to the associated costs, and so this information would need to be  
13 assessed together in determining whether the earlier in-service date is of value.

14 Examples of economic value could take the form of more efficient use of existing generation on  
15 the system, reductions in congestion costs, or reductions in transmission system losses.  
16 Reliability examples of the value of an early in-service date could include the transition to  
17 higher levels of system standards or the addition of supply points that mitigate risks in adverse  
18 system conditions. Examples of operational value could be the simplification of reserve  
19 requirements in the Northwest, the simplification of outage management, or the minimization  
20 of the use of special protection schemes.

## 21 **Other**

22 In its phase 1 submission, AltaLink Ontario L.P. ("AltaLink") stated:

23 *On April 18, 2012 the Government of Ontario announced its proposal to merge*  
24 *the Ontario Power Authority (the "OPA") and the Independent Electricity System*  
25 *Operator (the "IESO") into a single organization. On April 26, 2012 the Ontario*  
26 *Minister of Energy introduced Bill 75, the Ontario Electricity System Operator Act,*  
27 *2012 ("Bill 75") for first reading. Bill 75 was debated in the legislature on May 3,*  
28 *2012.*

29 *The IESO and the OPA are registered intervenors in this proceeding, and have an*  
30 *important role to play in this designation process which is based at least in part*  
31 *on the OPA Report and the IESO Feasibility Study that were included with the*  
32 *Board's August 22, 2011 letter to registered transmitters.*

1 *AltaLink would request that the IESO and the OPA comment in reply on the*  
2 *anticipated affect of Bill 75 on this designation process and any future leave-to-*  
3 *construct application for the East-West Tie transmission line. In particular:*

- 4 • *Will the newly merged entity be bound by and support the preliminary*  
5 *assessment of need made by the OPA for this designation proceeding?*
- 6 • *Will the newly merged entity undertake the OPA's delegated responsibility*  
7 *regarding the duty to consult First Nations and Métis prior to designation as*  
8 *set out in the May 31, 2011 letter?*
- 9 • *Will the newly merged entity continue to be responsible for preparing*  
10 *feasibility studies for each option other than the Reference Option?*
- 11 • *Will the newly merged entity be responsible for assessing the need for the*  
12 *East-West Tie line as part of any future leave to construct proceeding?*

13 Although much is still uncertain at this time, as Bill 75 is currently before the Legislature, the  
14 OPA expects that its role in the East-West Tie process will continue as described in the OPA's  
15 phase 1 submission. The OPA anticipates that the role of the newly merged entity would be a  
16 combination of both the OPA and IESO's roles, as described in both organizations' phase 1  
17 submissions. To support this, the OPA would like to point out that many of the OPA's current  
18 organizational objectives, as established through previous legislation, remain unchanged in the  
19 proposed legislation of Bill 75. The objectives currently outlined in Bill 75 which are relevant to  
20 the OPA's role in the East-West Tie designation process include its objectives:

21 *(k) to forecast electricity demand and the adequacy and reliability of electricity*  
22 *resources for Ontario for the short term, medium term and long term;*

23 *(l) to conduct independent planning for electricity generation, demand*  
24 *management, conservation and transmission;[...]*

25 *(n) to engage in activities in support of system-wide goals for the amount of*  
26 *electricity to be produced from different energy sources;[...]*

1           *(r) to collect and make public information relating to the short-term, medium-*  
2           *term and long-term electricity needs of Ontario and the adequacy and reliability*  
3           *of the integrated power system to meet those needs.*<sup>1</sup>

4 Again, the OPA expects that its responsibilities in the East-West Tie process, and the  
5 responsibilities of the IESO, will continue as outlined in both the OPA's and IESO's phase 1  
6 submissions.

7 In its phase 1 submission, School Energy Coalition ("SEC") stated:

8           *"It also may be useful for the OPA and IESO to provide their Phase 2 written*  
9           *submissions in advance of all other parties, and at the same time as Board Staff."*

10 In response to SEC's statement, the OPA submits that it would be willing to provide its phase 2  
11 submission in advance of all other parties, and at the same time as Board staff, if intervenors  
12 feel that this is important. However, the OPA would like to point out that it also benefits from  
13 reviewing Board staff's submissions before filing its own, and that this practice enables the OPA  
14 to file more comprehensive, high-quality submissions.

15 The OPA appreciates the opportunity to provide its reply submissions in this matter, and looks  
16 forward to participating further in this designation process.

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<sup>1</sup> [http://www.ontla.on.ca/bills/bills-files/40\\_Parliament/Session1/b075.pdf](http://www.ontla.on.ca/bills/bills-files/40_Parliament/Session1/b075.pdf)