

**BOARD STAFF QUESTIONS – TECHNICAL CONFERENCE
KRUGER ENERGY INC.
NOTICE OF PROPOSAL UNDER SECTION 81 OF THE *ONTARIO ENERGY
BOARD ACT, 1998*
BOARD FILE NUMBER EB-2007-0691**

Issue A): Capacity of the 230 kV transmission system in the vicinity of the Chatham TS and the Lauzon TS

Kruger Energy Inc. (“KEI”)

1. On November 5, 2007, KEI stated that it “has filed its Notice of Proposal in an effort to ease transmission constraints that have been identified within the OEB licenced (*sic*) service territory of Chatham-Kent Hydro Inc.” The following clarifications are sought from KEI.
 - i) What is the location and nature of the transmission constraints?
 - ii) How does the proposed substation ease transmission constraints?
2. On November 19, 2007, KEI stated that “the impact of the Substation on the overall system would increase stability and strength in the area.” Clarification is sought from KEI. Please explain in detail how the proposed substation increases stability and strength in the area.
3. Can KEI explain why building a substation with no specific generation project to connect to it is consistent with development and maintenance of a competitive market when other market participants have identified generation projects before sizing and developing distribution and transmission assets?

Independent Electricity System Operator (“IESO”)

4. On November 26, 2007, the IESO noted “significant and ever increasing demand on the transmission system, particularly in the area of the current proposal by Kruger.” The following clarifications are sought from the IESO.
 - i) What is the capacity of the transmission system in the subject area?
 - ii) What IESO identified system limits or restrictions are there currently in the transmission system in the subject area? Are further system limits or restrictions anticipated?
 - iii) If the KEI substation is connected to the transmission system in the subject area, would it limit future access to the 230 kV lines by other persons (e.g., generators, distributors, transmitters, or loads) by reason of:

- a) electrical capacity;
 - b) loading;
 - c) physical space requirements or location; or
 - d) any other reason?
- iv) If KEI connects the substation to the transmission system with no generation attached to the substation, would there be an allocation of connection rights and capacity by the IESO? If yes, and in the event of limited transmission system capacity in the subject area, how would the IESO meet its obligation to take reasonable steps to ensure non-discriminatory access to the IESO controlled grid? In this case, how would a generator in an advanced stage of construction be accommodated in the subject area?
5. Is it possible for the IESO to make the determination in A(4)(iii) above in the absence of generation equipment specifications? If yes, what is the outcome? If no, is it possible for the IESO to complete a feasibility assessment with respect to A(4)(iii) above assuming generation project scenarios? If yes, what is the outcome?
6. On November 26, 2007, the IESO stated that the SIA and CIA “would be of value to the Board in determining whether such a proposal will in fact have any adverse impacts on the development and maintenance of the IESO administered market.” Clarification is sought from the IESO and Hydro One. What are the specific outcomes of the SIA and CIA that would assist the Board in determining whether the proposed substation has an adverse affect on the development and maintenance of a competitive market? Is it possible for the IESO and Hydro One to make such an assessment?

Issue B): Future Operation of the Proposed Substation

Kruger Energy Inc.

1. On September 11, 2007, KEI stated that it “will allow other projects unrelated to KEI to access the Substation, provided those proponents are willing to contribute to the costs KEI incurs in construction, and the on-going reasonable costs of operation and provided KEI is able to connect its contemplated generation project(s).” Clarification is sought from KEI.
- i) Does KEI propose to connect KEI and KEI affiliated generation facilities before other generation projects?
 - ii) Will KEI retain capacity for itself on the substation in anticipation of future KEI or KEI affiliated generation projects, rather than making it available to other generation projects that are in a more advanced stage of construction and connection readiness?

2. On November 19, 2007, KEI stated that “the process by which generation customers will be allotted the transformation capacity of the Substation will be similar to the 'queuing' process established by Hydro One Networks Inc.; that is 'first come, first served' basis.” KEI is asked to explain in more detail how the proposed process will be similar and dissimilar to the Hydro One process.
3. On November 5, 2007, KEI advised the Board that it “is in the negotiation process of a Memorandum of Understanding with Aim PowerGen.” Clarification is sought from KEI.
 - i) Is the negotiation consistent with the proposed queuing process noted in B(2) above?
 - ii) Does KEI propose to connect KEI, KEI affiliated, and AIM PowerGen generation facilities before other generation projects?
 - iii) Will KEI retain capacity for itself on the substation in anticipation of future KEI, KEI affiliated, or AIM PowerGen generation projects, rather than making it available to other generation projects that are in a more advanced stage of construction and connection readiness?
 - iv) How is the negotiation and the proposed Memorandum of Understanding consistent with development and maintenance of a competitive market?