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February 19, 2013

File #57695

Ontario Energy Board  
2300 Yonge Street  
Suite 2700  
Toronto ON M4P 1E4

**Attention:** Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Regional Infrastructure Planning – Planning Process Working  
Group Draft Report to the Board - Board File No. EB-2011-0043

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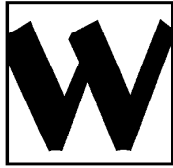
We are solicitors representing the Coalition of The Corporation of the City of Thunder Bay (the “City”), the Northwestern Ontario Municipal Association (“NOMA”) and the Northwestern Ontario Associated Chamber of Commerce (“NOACC”), (hereinafter the “NOACC Coalition” or the “Coalition”). In response to the Ontario Energy Board (the “OEB” or the “Board”) email dated February 5, 2013, the members of the Coalition wish to comment on the draft Planning Process Working Group Report to the Board.

### **Basic Concern of NOACC Coalition**

The concern that the NOACC Coalition has with the draft Planning Process Working Group Report to the Board (Planning Process Report) is that while it no doubt addresses well the issues and concerns where a dense power system supply system already exists it does not address the actual planning needs of the Northwest Region.

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### **The Fundamental Need of the Northwest Regional Planning**

NOACC Coalition relies on the principle that power system reliability is comprised of both adequacy and security. The Planning Process Report focuses on load forecasting and the applicability of wires solutions where load forecasting points to gaps in the adequacy of supply of power. Where the Report addresses generation it does so as a possible component in regional planning after a deficiency has become apparent. Even then it appears that a wires solution will be assumed to be the optimal response.

While this may be a satisfactory analytical process for the dense grid of the southern region of the province it is not sufficient for the Northwest Region. There appears to be no consideration of regional planning that starts with a regional needs assessment.

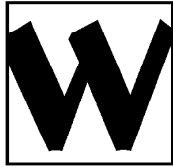
### **Needs Assessment Planning for the Northwest Region**

In briefest terms the power system planned for the Northwest Region must take into account security as well as adequacy of the power supply. It must also take into account something the industry calls dynamic harmony. In these respects the following must be considered:

#### **1. Dispatchable Generation:**

A supply mix for the Northwest Region, if it is to be secure, must have dispatchable generating capacity sufficient to match the largest supply. Admittedly this is a variation of the NERC standard of adequacy of available supply; i.e. NERC system security requires a gross-up in the amount of available supply that matches the capacity of the largest generator. The point, however, is that for the supply of power in the Northwest Region to be considered secure accommodation must be made for the fact that if the thermal generators in the City of Thunder Bay and the Township of Atikokan are not available for generation in the Northwest Region the nearest dispatchable generator is some 1,400 kilometres away in transmission lines to Toronto over an East West transmission tie (about to be upgraded). This would be akin to taking the nuclear and gas generators out of commission in southern Ontario and relying solely on a transmission supply from hydraulic generation in northern Quebec.

If security of power supply is to be provided for in the Regional Infrastructure Planning for the Northwest Region it must not be assumed that wires are the only solution. If security is given its proper weighting in the regional planning for the northwest region it will be acknowledged that the weakest link in the power supply system is not the traditional generator (hydraulic, or thermal) but the wires.



It is understood that the RRFE is a Board consultation process with a view to amending the Transmission System Code and the Distribution System Code. That should not prevent the Board from requiring, however, that in fact there be an infrastructure plan for the Northwest Region in place at the outset that demonstrates that the power system needs, especially those particular to the Northwest Region, have been investigated, assessed and addressed. Only then can the Board consider the rates or leave to construct applications on an informed basis.

## 2. Dynamic Harmony:

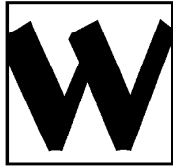
Proportional load attributable to residential use of power in the Northwest Region has, historically, and will likely always be, in the future, substantively smaller than the proportional load attributable to industrial use. This has held true even during the catastrophic restructuring of the paper mills and saw mills in the Northwest Region.

The significance of this fact is in the importance of dynamic harmony of power supply for industrial customers in the Northwest Region. It is acknowledged that dynamic harmony is not a significant component of the NERC standards. Presumably this is because diminished dynamic harmony has little to do with the regional stability of the various independent grids tied together in north-eastern continental America. Deficiency in dynamic harmony in the Ontario grid will not collapse either the Ontario grid or any of its neighbouring grids in abutting jurisdictions.

That said, appreciation must be had that a deficiency in dynamic harmony of power supply has significantly greater impact on, for example, a paper mill than, for example, an automotive assembly plant. The proportional differences in magnitude in the two operations starts with the fact that the automotive assembly plant will represent a load of 10 to 15 MW at most but the paper Mill will be a load in the order of ten to twenty times that amount – equivalent to the load represented by all of downtown Toronto.

If a fluctuation occurs in the dynamic harmony of supply to an automotive assembly plant it may trip mechanisms that shut the assembly lines down. The fix is as basic as pressing a re-set button to re-start the line, with relatively minor downtime or lost production.

The same fluctuation occurring in the dynamic harmony of supply to a paper mill, however, would trip a set of protective computers that would shut the entire paper making machine down in an orderly manner to minimize damage to the machine. Before describing the re-start it needs to be appreciated that a paper making machine is of such a size that the building housing it would be equivalent to something in the order of the combined volume of the office building in which the OEB has its headquarters at Yonge and Eglinton, laid on its side, plus one of equal size along side it and then third one of equal size split lengthwise with each half laid on top of those. The paper making machine inside that housing is itself massive. It is in continuous operation with wet pulp



being introduced at one end and rolls of finished paper, each roll about the size of a Smart Car, coming out the other end. Before pressing the re-start button, therefore, the entire machine needs to be cleaned out – a process that requires one to one and half shifts of downtime, with consequent lost production never to be regained. If unplanned shutdowns are frequent enough head offices in Montreal, Vancouver, Atlanta or Delhi are left wondering if the next large capital investment might be better made in a jurisdiction that understands the industry's power supply needs.

In short, whether or not it is required in NERC standards the Regional Infrastructure Planning process in for the Northwest Region must be attentive to the large industrial need for power supply with a relatively high level of dynamic harmony.

3. The Board's Mandate:

The Board Report of October 2012 indicates in its Introduction that:

“Regional infrastructure planning will be undertaken where warranted.” (P. 3)

The Board also cited its own mandate:

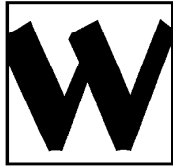
“In developing the policies in this Report, the Board has been guided by its objectives in relation to electricity, as listed in section 1(1) of the *Ontario Energy Board Act, 1998* (the “OEB Act”). These objectives are:

1. To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.

...” (Introduction P. 4; underlining added)

The draft Planning Process Working Group Report to the Board sets out processes for requirements planning that would provide for wires solutions to system deficiencies that become apparent in the “Needs Screening” process set out in Part 2 of Appendix 1, and then only after the perceived need has been “Triggered” as noted in Part 1 of Appendix 1, presumably at the time of a rate or a leave to construct application before the Board. This is requirements-based planning, not needs-based planning.

With every respect to the excellent work that has gone into the Planning Process Report, the NOACC Coalition submits that, with regard to the Northwest Region at least, the planning process set out in the Report is materially defective unless it includes needs based planning at the outset; that would be a process that has the Board expecting to see a credible regional plan in place that begins with and is based on investigation, assessment and addressing of actual needs of the region, including but not limited to the two noted above, before the actual regional plan gets formulated.



The regional planning needed in the Northwest Region must be planning designed to find out and address the region's needs in the first place, not just considered as a process for *ad hoc* fixing of problems that can arise along the way. It is difficult to understand how the OEB can fulfill objective #1 in its mandate under the Act of "adequacy, reliability and quality of electricity service" in any other way.

4. The Whole of the Northwest Region:

Appendix 3 of the Planning Process Report sets out the planning region for the Northwest Region. The area identified represents only the lower one third of the actual land mass that is comprised in the Northwest Region.

Given the Board's mandate in objective #1 under the Act (set out above) the Planning Process Report needs to address a planning process that includes the two thirds of the land mass of the region that does not yet have "wires". The other two thirds does have "consumers" and they have just as much right to the Board's attention to their "adequacy, reliability and quality of electricity service" as those who at this point do have "wires".

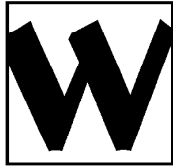
As it happens apparently Bell Aliant will in the summer of this year, 2013, complete the installation of hundreds of kilometres of buried fibre optic cable up through virtually all of the First Nation reserve communities in the west and central portions of this upper two thirds of the Northwest Region. What has been achieved for First Nation access to the newest of utilities (fibre optic wires) should not be considered inapt for one of the older utilities (electricity). The absence in Appendix 3 of the entire upper two thirds of the IESO planning region in the Regional Zone Maps sends a message to the First Nations of Northwestern Ontario that is not at all appropriate.

While it is entirely understandable that the regional planning needs to divide the IESO region of the Northwest into sub regions, the one shown in Appendix 3 certainly being one of them, the Planning Process Report needs either to include the rest of the Northwest Region or provide a suitable explanation as to how the infrastructure planning needs of that part of the Northwest Region, First Nations in particular, are being otherwise addressed by the RRFE Regional Planning consultation initiative.

5. A Knowledgeable Transmitter:

In its Board Report the OEB indicated that,

"In due course, the Board will provide further guidance regarding how the policies in this Report may be applied to transmitters." (Introduction P. 5)



The Board Report also indicates in its conclusions as to the role of the Working Group Report on regional infrastructure planning that:

“• The Board expects regional infrastructure planning to be more structured, and therefore lead responsibility must be assigned. The Board believes that there is merit in having this responsibility lie with the appropriate transmitter.” (s. 3.2.2 The Board’s Conclusion p.40; underlining added)

The Planning Process Report notes in Appendix 4 that Hydro One Networks is one of the Distributors. The “appropriate transmitter” for the purposes of the Northwest region, or possibly its sub regions appears to be the subject for a later Board Report. The NOACC Coalition looks forward to having an opportunity to have stakeholder input as to the selection process with a view to having a transmitter capable and committed to investigating, assessing and addressing the needs of the entire Northwest Region.

Should there be any questions or concerns, please contact the undersigned or Mr. Melchiorre should further information or clarification be required.

Respectfully submitted,

Yours very truly,

WEILER, MALONEY, NELSON

Per:

John A. Cyr,  
Counsel in this instance for  
City of Thunder Bay and  
The City’s coalition with the NOACC and NOMA

JAC/dl