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BY E-MAIL

February 28, 2013

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: K2 Wind Ontario Limited Partnership
Leave to Construct Application
Board File Number EB-2012-0458**

Pursuant to Procedural Order No. 1 issued on February 19, 2013, please find attached Board staff interrogatories in the above proceeding.

The Applicant served Board staff with updated evidence on February 28, 2013. Board staff reserve the right to ask supplemental interrogatories upon review of the information.

Yours truly,

Original Signed By

Leila Azaïez
Case manager

c. All parties



Board Staff Interrogatories

K2 Wind Ontario Limited Partnership

**Application for Leave to Construct
Transmission Line and Associated facilities
EB-2012-0458**

February 28, 2013

Note 1:

K2 Wind Ontario Limited Partnership is referred to as “K2 Wind” or the “Applicant” in this document.

Note 2:

Board staff request that K2 Wind seek the assistance, as and when appropriate, from other parties in order to provide complete and accurate responses, including, but not limited to:

- The Ontario Power Authority (“OPA”)
- Hydro One Networks Inc. (“HONI”);
- The Independent Electricity System Operator (“IESO”); and
- Local Distribution Companies.

Note 3:

Where the Applicant is of the view that answers may contain information of confidential nature, such material may be filed in accordance with the Board's *Practice Direction on Confidential Filings*.

Bd. Staff Interrogatory 1: Need for the Project**Reference:**

- a. Exh. H/ Tab 1/ Sch. 1/ p.1-2/ Project Description Report
- b. Exh. B/ Tab 2/ Sch. 1/ Ownership Structure Chart
- c. Exh. B/ Tab 1/ Sch. 1/ § 5
- d. Exh. B/ Tab 1/ Sch. 1/ § 7 & 8
- e. Section 96(2) of the OEB Act

Preamble:

Reference (a) states in part that:

“Prior to the establishment of the K2 Wind Ontario Limited Partnership, Capital Power (Ontario) Limited Partnership (Capital Power) was developing the Kingsbridge II Wind Power Project in the Project Study Area. Upon the establishment of the K2 Wind Ontario Limited Partnership (K2 Wind or “the Partnership”), Capital Power transferred Project assets to K2 Wind, as well as all Project materials and previous communications, along with input received while Capital Power was developing the former Kingsbridge II Wind Power Project.”

The corporate structure at reference (b) shows that SRE Wind GP Holdings Inc. owns 50% of the shares in K2 Wind Ontario Inc.

Reference (c) states in part that:

“By Unanimous Shareholders’ Agreement, the shareholders of K2 Wind Ontario have agreed that following completion of the K2 Wind Power Project, SRE Wind GP Holdings Inc. will transfer a portion of its shares to Capital Power Generation Services Inc. and Pattern K2 GP Holdings Inc. for nominal consideration, so that the shareholders will then hold shares in the general partner in proportion to their interests (including interests held by affiliates) in the Applicant.”

Reference (d) mentions the Green Energy Investment Agreement (GEIA) between Samsung C&T Corp. and Korean Electric Power Corp. and the Province of Ontario. The reference also indicates that the applicant signed a Power Purchase Agreement with the OPA on August 3, 2011.

Section 96(2) of the Act provides that in considering the public interest concerning the proposed transmission facilities, the Board can consider “where applicable and in a manner consistent with the policies of the Government of Ontario, the promotion of the use of renewable energy sources.”

Question/Request:

- i. Along with assets mentioned at reference (a), did Capital power also transfer its Power Purchase Agreement (“PPA”) to K2 Wind?
- ii. Please submit a copy of the Power Purchase Agreement related to this project, and where applicable, include all relevant amendments to the OPA’s original PPA.
- iii. Please clarify the relationship between the K2 Wind project and the GEIA.
- iv. Please confirm that the transfer of shares discussed at reference (c) is in conformity with the GEIA and its covenants and section 96(2). Please substantiate your answer.
- v. Please indicate which entities are described in the quote “including interests held by affiliates”.
- vi. Please confirm that K2 Wind recognizes that this application is based upon current information and that any change may require notifying the Board.
- vii. Please indicate whether and when K2 Wind intends to apply for a generation license.

Bd. Staff Interrogatory 2: Connecting Other Generation

Preamble:

Board staff note that the K2 Wind Project is in a “wind rich” part of the province, where other renewable generation projects can materialize. Synergies may exist for electricity infrastructure amongst various existing and future projects. As such, other renewable generation facilities could be sited that may wish to connect to the K2 transmission line.

Question/Request:

- i. Is the Applicant aware of any existing or future projects requiring transmission infrastructure in the vicinity of this project?
- ii. As a privately owned transmission line, does K2 Wind see the possibility of accommodating additional connections?
- iii. On what basis would K2 Wind expect to entertain such connection requests and, where appropriate, facilitate such connections?
- iv. Does K2 Wind intend to apply for a transmission licence?

Bd. Staff Interrogatory 3: Permits and Project Schedule**Reference:**

- a. Exh. C/ Tab 2/ Sch. 1/p. 2/ Gantt Chart
- b. Exh. H/ Tab 2/ Sch. 1/ Table: Key Permits and Approvals
- c. Filing Requirements for Transmission and Distribution Applications/ Chapter 4/p.14/Project Planning¹

Preamble:

Some necessary approvals such as the environmental assessment (REA) and system impact assessments (SIA & CIA) are included in the Gantt chart mentioned at reference (a). However, other permits tabulated at reference (b) do not include any timeline.

Reference (c) points to the need to provide the Board with time estimates for construction and service dates, including but not limited to the critical path and time frame for the completion of construction and operational start-up of the proposed facilities.

¹ May 17, 2012 version

Question/Request:

- i. If applicable, specify which permits/approvals are necessary prior to the commencement of construction of transmission facilities and whether any of the permits/approvals are interdependent.
- ii. Please provide an updated table indicating the current status and the timeline for obtaining each permit or approval cited at reference (b).
- iii. If milestones noted in the Gantt chart have changed, please file an updated chart.
- iv. Based on the OPA contractual terms, when is the contracted capacity required to reach the market? Is there any flexibility in this projected date?
- v. In line with reference (c), if delays in obtaining some of these permits/approvals are foreseen, please discuss the impact of these delays (if any) on the project schedule, and impact on the OPA contract terms (if any).

Bd. Staff Interrogatory 4: General Organizational Capability**Reference:**

Exh. B/ Tab 1/ Sch. 1/ § 2-4

Preamble:

With respect to the Applicant's experience, the reference discusses the experience of the three partners in acquiring, developing, operating, and maintaining renewable generation, and manufacturing solar and wind equipment, but does not give further information on constructing, operating and maintaining transmission facilities.

Question/Request:

- i. What is the Applicant's experience in constructing and operating a transmission infrastructure in Ontario or in other jurisdictions in Canada?

- ii. Please indicate what corporate organizational capabilities exist to complete the applied-for transmission facilities. Where applicable, please provide information on:
 - o Project Management;
 - o Design and Construction;
 - o Operation and Maintenance; and
 - o Examples of similar projects that have been undertaken.
- iii. Please indicate what human resources, if any, will be pooled from any of the three participating partners and assigned to the project? Please specify the percentage time committed solely to the transmission aspect of this project.

Bd. Staff Interrogatory 5: Project Management

Reference:

Exh. H/ Tab 1/ Sch. 1/ Project Description Report/ Appendix B (p.3)

Preamble:

Board staff note that in assessing the quality of service, additional operational detail may be beneficial.

The Project Description Report at the reference mentions in the context of the environmental assessment an “Emergency Response and Communications Plan” that would be developed by K2 Wind and/or the operation and maintenance contractor.

Question/Request

- i. Please indicate whether the Applicant intends to make use of contractors for the transmission facilities. If so, please tabulate the various functions covered by these third party contractors for construction, operation and maintenance activities and please provide a summary of their experience in regards to their area of expertise.

- ii. Please confirm that K2 Wind will retain ultimate responsibility and accountability for the quality and the reliability of the electricity service provided by the proposed transmission facilities.
- iii. Please indicate whether the Emergency Response and Communications Plan establishes protocols to ensure that local stakeholders, (ie. municipality, first responders and the public) are kept informed during emergency situations involving the transmission facilities. Would potential contractors have any responsibilities under this emergency plan?
- iv. Please file a human resource plan/organizational chart to illustrate the transmission project organizational structure, and where applicable distinguish contracted from project personnel.

Bd. Staff Interrogatory 6: Industry Standards and Codes

Reference:

- a. Exh. E/ Tab 1/ Sch. 1/ p.1/ Facilities Overview
- b. Exh. E/ Tab 6/ Sch. 1/ Table of Applicable Codes, Standards and Regulations

Preamble:

With respect to technical and safety specifications and standards, reference (a) generally notes that the proposed transmission facilities would meet all applicable codes, standards and regulations referenced at (b), and requirements stipulated in the final SIA Report and Addendum, as amended.

With respect to the transmission line, the Applicant mentions at reference (a) that the line will cross two streams and three roads, and further notes that the line will cross under a stream as well under Lanesville Lane.

Question/Request:

- i. Please identify any concerns K2 Wind may have regarding the mentioned crossings during construction and/or the operation and maintenance of the

- transmission facilities. If so, what measures have been taken to alleviate or mitigate such concerns?
- ii. Please indicate the nature (e.g. overhead transmission/distribution lines, underground cables, water pipes, railway lines, etc...) of any other existing facilities in the right-of-way which might affect construction and or maintenance. If applicable, please identify proposed approaches to mitigate possible disruption to such facilities.

Bd. Staff Interrogatory 7: Alternatives Considered

Reference:

Exh. B/ Tab 1/Sch. 1/ § 25

Preamble:

At the reference, the Applicant states that:

“The Project Description Report described two transmission line routes: a preferred route and an alternate route. Both routes have similar environmental and technical characteristics. K2 Wind has decided to pursue the preferred route for the K2 Transmission Line since this route is adjacent to a larger number of Project participants.”

“Project participants” is defined as “landowners who have entered into land agreements with K2 Wind”.

In order for this transmission line to be energized, Board staff note that the construction of essential transmission infrastructure by rate regulated entity Hydro One is required.

Question/Request:

- i. Please identify the alternate transmission project options that were considered and provide reasons why these were disqualified. Please include the relevant assumptions and selection criteria.
- ii. Please explain why the proposed transmission project is the optimal one.

Bd. Staff Interrogatory 8: Land Matters**Reference:**

- a. Exh. B/ Tab 1/ Sch. 1/ § 29
- b. Exh. F/ Tab 1/ Sch. 1/ p.1
- c. Exh. F/ Tab 2/ Sch. 2/ Option to Purchase Land for Substation with Extension Letter
- d. ACW Letter of Comment of February 7, 2013 re Ontario Energy Board Application
- e. Exh. F/ Tab 1/ Sch. 1/ Table F-1

Preamble:

Reference (a) relates to the relief sought by the Applicant in relation to the various forms of land agreements.

Reference (b) states in part that:

“Both the K2 Substation and the Hydro One Switching Station will be situated on 40 hectares of land owned by K2 Wind, [...]. K2 Wind has entered into an Option to Purchase Agreement in respect of the subject property. The form of this agreement, as well as the form of the Purchase Agreement, are included at Exhibit F, Tab 2, Schedules 2.”

Reference (d) shows that the Ashfield-Colborne-Wawanosh (ACW) Township has a different interpretation of the status of negotiations as respects the Road-Use Agreement than the Applicant.

Question/Request:

- i. Please state the useful life of the transmission project and the wind generation farm.
- ii. With respect to (a), please confirm that K2 Wind seeks approval of the forms of land agreements contained in exhibit F, tab 2, schedules 1 & 2 as well as those contained in exhibit F, tab 3, schedules 1 & 2.
- iii. The form of the purchase agreement provided at reference (c) has been executed by Capital Power. Please update the Board on the status of the

- lands affected in this proceeding that are also subject to this purchase agreement.
- iv. If applicable, please file a revised form of the purchase agreement.
 - v. With respect to the Road-Use Agreement with ACW Township, is K2 Wind still pursuing negotiations or relying on section 41(1) of the Electricity Act?
 - vi. Has the Applicant offered and/or provided any legal compensation to landowners to cover legal costs for those who wished to have their form of land agreement reviewed by a legal consultant, or counsel? If not, would it be prepared to do so for the acquisition of any outstanding land rights?
 - vii. In addition to directly affected landowners, please identify adjacent landowners.
 - viii. Please indicate whether access during construction, and at other times such as maintenance, will require additional land rights. If additional land rights are required, how will K2 Wind address this?
 - ix. What is the minimum setback from residential property lines and residential buildings along the transmission line?
 - x. Please update Table F-1, and include a detailed list of all affected lands with the size of the easement for the land interest required, a legal description of the land (pin, lot and concession number), the status of negotiations, and the term of the agreement for the land interest (over the life of the project, over the useful life of the equipment, etc...).

Bd. Staff Interrogatory 9: Letters of Comment

Reference:

- a. All Letters of Comment from ACW Residents
- b. Letter of Comment from Ross McKittrick dated February 19, 2013

Preamble:

Several letters of comment (> 100) were received pointing to safety concerns, and contain the following language:

"I also object to the proposed 230 KV transmission line being buried on a public road allowance. There are enormous safety risks from such a high voltage line being located on public land and under municipal drains. This is a risk to which the public should not be exposed."

Question/Request:

- i. Has K2 replied to any of the letters of comment at references (a) and (b)? If so, please file copies with the Board.
- ii. With respect to reference (a), has K2 Wind identified and addressed any of the mentioned safety concerns? If applicable, what steps would K2 Wind take to alleviate such concerns?
- iii. Some matters contained in the letters of comment clearly fall outside of the scope of this proceeding, has K2 Wind facilitated awareness with respect to the environmental assessment (REA) process? If so, please file related evidence.

Bd. Staff Interrogatory 10: Stranded Assets & Decommissioning

Reference:

Exh. B/ Tab 1/ Sch. 1/ § 23

Preamble:

The Decommissioning Plan Report forms part of the Renewable Energy Approval (REA) package that K2 Wind submitted in November 2012.

Question/Request:

- i. Please acknowledge K2 Wind's responsibility for removing transmission and related facilities if construction does not proceed or is interrupted due to unforeseen events such as the inability to acquire or secure rights over the necessary lands or a force majeure event?
- ii. Are guarantees in place or funds set aside for this purpose? Please provide details of this funding availability.

- iii. Please confirm that decommissioning costs are the responsibility of the Applicant.
- iv. Please submit a copy of the Decommissioning Plan Report.

Bd. Staff Interrogatory 11: Switching Station, Interconnection Station and Cost Responsibility

Reference:

- a. Exh. F/ Tab 1/ Sch. 1/ Land Rights Overview
- b. Exh. G/ Tab 1/ Sch. 1/ Interconnection Overview

Preamble:

Reference (a) states in parts that:

Both the K2 Substation and the Hydro One Switching Station will be situated on 40 hectares of land owned by K2 Wind [...]. K2 Wind intends to sever and sell a portion of this property to Hydro One for the purpose of constructing and operating the Switching Station.

Question/Request:

- i. What is the status of the agreement for the land required for the Hydro One Switching Station?
- ii. Please clarify who will be responsible for the maintenance and security of the Hydro One new transmission infrastructure related to this project before the land is severed and thereafter. Please submit a copy of any agreement that is currently in place.
- iii. Please submit the Connection Cost Recovery Agreement, when finalized.
- iv. Please confirm that K2 Wind is responsible for the total cost of the facilities proposed in this application and that such facilities will have no impact on transmission rates in Ontario.

Bd. Staff Interrogatory 12: System Impact Assessment (SIA) & Customer Impact Assessment (CIA)

Reference:

- a. Exh. G/Tab 1/ Sch. 1/ p.1
- b. Exh. G/Tab 7/ Sch. 1/ p.1-5 / SIA Report 2nd Addendum
- c. Exh. G/Tab 6/ Sch. 1/ p.10/ CIA Report 2nd Addendum/ Conclusions and Recommendations
- d. Exh. G/Tab 2, 3 & 4/ SIA Report, CIA Report, and SIA Report Addendum

Preamble:

At reference (a) K2 Wind states that “the process by which the Proposed Facilities will be connected to the transmission facilities of Hydro One is well underway.”

At reference (b), the SIA in the section entitled “IESO Requirements for Connection” lays out numerous requirements for K2 Wind and Hydro One.

At reference (c), Hydro One states that:

“All customers are required to check to ensure that the equipment and grounding system at their stations/facilities meet the expected increase in fault level.”

The initial SIA, CIA, and SIA Addendum at reference (d) may contain general requirements which still apply.

Question/Request:

- i. Please confirm that K2 Wind will fulfill the Connection Applicant Requirements listed at reference (a).
- ii. Please update the Board on any progress K2 Wind is aware of that Hydro One has made relative to the feasibility and operability of the transmission line.
- iii. With respect to reference (c), please provide evidence that the necessary confirmation has been received from affected customers.
- iv. For each of the specific and the general requirements at reference (d):

- Confirm that K2 Wind will fulfill all of the requirements which still apply.
- Otherwise, if the requirements listed are not relevant for the new configuration, indicate why they are not required.

Bd. Staff Interrogatory 13: Renewable Energy Approval (REA)

Reference:

- a. Exh. B/ Tab 1/ Sch. 1/ § 23
- b. Exh. H/ Tab 1/ Sch. 1

Preamble:

In the pre-filed evidence, the Applicant states that a decision from the Ministry of the Environment (MOE) in relation to the Renewable Energy Approval (REA) application is expected in mid-2013.

Question/Request:

- i. Please indicate whether there have been any objections to the granting of the REA and if so by which parties? Is the timeline for a decision on the REA maintained?
- ii. Please confirm that K2 Wind understands that should the REA decision result in a material alteration to the route of the transmission line as proposed in this application, any Board decision and order would be predicated on the original route and would therefore no longer be valid.
- iii. Upon completion of the environmental assessment, please file a copy of the REA approval along with a copy of the REA documentation (may be filed in electronic form).

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