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BY COURIER

September 2, 2014

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON, M4P 1E4

Dear Ms. Walli:

EB-2014-0022 – Suncor Energy Products Inc. s92 Application for Leave to Construct Transmission Facilities – Hydro One Networks' Submission

In response to the Board's Procedural Order No.5 issued August 15, 2014, please find attached Hydro One Networks' submission regarding an application by Suncor Energy Products Inc. for an order or orders granting leave to construct transmission facilities to connect Suncor's Cedar Point II Wind Energy Project to the IESO-controlled grid, and for an order approving the forms of agreements that have been or will be offered to affected landowners.

An electronic copy of the submission has been filed using the Board's Regulatory Electronic Submission System.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

cc. All parties (via email)

Encls.

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S. O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an application by Suncor Energy
Products Inc. for an Order granting leave to construct a new
transmission line and associated facilities.

SUBMISSION OF HYDRO ONE NETWORKS INC.

BACKGROUND

Suncor Energy Products Inc. (“Suncor”) filed an application with the Ontario Energy Board (the “Board”), dated January 21, 2014, under sections 92, 96(2), 97 and 101 of the *Ontario Energy Board Act, 1998* (“the Act”). The Application is for an order of the Board for leave to construct approximately 15 kilometres of 115 kilovolts electricity transmission line and associated facilities (the “Transmission Facilities”) to connect Suncor’s Cedar Point II Wind Energy Project to the IESO-controlled grid, and for an order approving the forms of agreements that have been or will be offered to affected landowners. Pursuant to the Board’s Notice of Application, the Distribution Business of Hydro One Networks Inc. (“Hydro One”) filed an intervention request letter with the Board on March 13, 2014; and the Board’s Procedural Order No. 1 granted intervenor status to Hydro One.

As a distributor, Hydro One is obliged by the *Electricity Act, 1998*, to connect and serve customers in its service area, while meeting certain requirements respecting service quality, reliability and cost. Hydro One must meet these and other obligations even when its customers reside on the other side of the road, behind high-voltage transmission lines. The increasing need of electricity ‘generator-transmitters’ and distributors to share the same rights-of-way, therefore, also implies the need to share certain responsibilities and incremental costs fairly.

Suncor's proposed transmission facilities will result in a number of crossovers of Hydro One's distribution facilities. The resulting presence of two entities with electricity infrastructure on adjacent rights-of-way requires new considerations to ensure safe, reliable and economic provision of customer service and supply. These considerations include, but are not limited to:

- response times for trouble calls,
- protocols for emergency service coordination,
- asset placement and clearance standards,
- access to infrastructure and to customers,
- general coordination of operations, and
- information provision and exchange between the parties.

Technical and operational measures to address these issues in an economic manner must be developed, and the appropriate cost sharing for these measures needs to be settled.

Legislative Context and the Board's Jurisdiction

The Application has been made, in part, under s. 92(1) of the Act, for an order of the Board for leave to construct the proposed transmission facilities.

The Board's jurisdiction to consider issues in a section 92 leave to construct case, whether such applications be for transmission lines or distribution lines, is found in subsection 96(2) of the Act, which states:

(2) In an application under section 92, the Board shall only consider the following when, under subsection (1), it considers whether the construction, expansion or reinforcement of the electricity transmission line or electricity distribution line, or the making of the interconnection, is in the public interest:

- 1. The interests of consumers with respect to prices and the reliability and quality of electricity service.*
- 2. Where applicable and in a manner consistent with the policies of the Government of Ontario, the promotion of the use of renewable energy sources.*

1 In its Decision respecting the Grand Renewable Wind LP (“GRWLP”) Application for Leave to
2 Construct (EB-2011-0063), the Board stated that *the Act* does not limit the section 96(2)
3 considerations to the transmission system or the customers thereof; as such, the consideration of
4 prices, reliability and quality of electricity service can include consideration of impacts on
5 neighbouring transmission and distribution electricity systems and the customers connected to
6 them¹.

7
8 In addition, in the Decision respecting the Summerhaven Wind LP Application (EB-2011-0027,
9 page 4), the Board noted that it is within the Board’s jurisdiction to review ‘any potential
10 negative impacts’ of the proposed transmission facilities on a distributor and, by extension, on its
11 respective ratepayers.² The Board’s phrase, ‘any potential negative impacts’, makes it clear that
12 the Board needs to consider not only existing, but also potential impacts of the proposed
13 transmission facilities on a distributor and its ratepayers.

14
15 Hydro One therefore submits that Suncor’s Argument-in-Chief dated August 25, 2014, is
16 incorrect in concluding, at paragraph 22, that the only impacts to be considered by the Board are
17 impacts on Hydro One’s transmission system or the IESO-controlled grid. On the contrary,
18 Hydro One submits that there is no authority for that proposition advanced by Suncor.

19 To address the foregoing matters, Hydro One has been working with Suncor to resolve or
20 mitigate the issues through an agreement between the parties, but the parties have not been able
21 to reach an agreement as of the date of this Submission. Specifically, the terms of the
22 negotiation include not only incremental costs that both current and future customers may incur
23 but also general and emergency coordination and protocols between Suncor and Hydro One to
24 address and mitigate any adverse impacts on Hydro One’s distribution customers in its licensed

¹ “*The Act does not specifically limit the section 96(2) considerations to the transmission system or the customers thereof. The Board therefore finds that the consideration of prices, reliability and quality of electricity service can include consideration of impacts on neighbouring transmission and distribution electricity systems and the customers connected to them.*” GWRLP Decision (page 7 of the Decision EB-2011-0063).

² “*The Board finds that it is within the Board’s jurisdiction to review any potential negative impacts of the Applicant’s proposed Transmission Facilities on HCHI’s distribution system and on HCHI’s customers*” (page 4 of the Summerhaven Decision, EB-2011-0027).

1 service area. It is important to have such operational coordination and protocols in place should
2 there be any emergency and operational issues in the subject area where Suncor's transmission
3 facilities and Hydro One's distribution facilities are co-located or located close to each other.
4 There can be no doubt that without prearranged coordination and protocols, such emergency and
5 operational matters may adversely affect Hydro One's distribution customers in terms of the
6 quality and reliability of electricity service, and prices, all of which must be considered by the
7 Board in a leave to construct application.

8
9 Limitation of System Impact Assessment (SIA) and Customer Impact Assessment (CIA)

10 In this Application, there are two impact assessments for the proposed transmission facilities,
11 namely the Customer Impact Assessment (the "CIA") in Exhibit H, Tab 3, Schedule 1 and the
12 System Impact Assessment (the "SIA") in Exhibit H, Tab 2, Schedule 1 (collectively "the
13 assessments"). As usual in a leave to construct application under section 92, the assessments
14 were carried out to see if there would be any adverse impacts on *transmission* [emphasis added]
15 customers and on the IESO-control grid as a result of the proposed transmission facilities.
16 However, as the assessments note in their disclaimer that their studies are limited to any impacts
17 on transmission customers and the IESO-controlled grid, the assessments *do not address*
18 [emphasis added] any issues and impacts on Hydro One's distribution customers in its licensed
19 service area. Therefore, there is no basis to conclude that there are no existing or potential adverse
20 impacts on distribution customers as well: neither the CIA nor the SIA was performed for the
21 purpose of looking at impacts on distributors and their customers, and it is obvious that Hydro
22 One's distribution customers can be adversely affected by the proposed transmission facilities,
23 depending on either or both of co-location and proximity of the two entities' facilities in the
24 subject area.

25
26 Hydro One therefore submits that Suncor's submission at paragraph 33 of Suncor's Argument-
27 in-Chief dated August 25, 2014, that the SIA and the CIA determined that the proposed
28 transmission facilities will not adversely impact the interests of consumers with respect to
29 reliability or quality of electricity service is simply incorrect. Furthermore, for the same reasons,
30 Hydro One submits that Suncor's submission at paragraph 32 that the proposed transmission

facilities will not affect the interests of consumers with respect to prices because the facilities will be paid for by Suncor is also incorrect in that the statement does not consider the present and potential costs visited upon Hydro One's distribution customers.

Work and Incremental Costs Arising from the Proposed Transmission Facilities

The table below illustrates a description of work and its approximate incremental cost resulting from the new transmission line.

CUSTOMER ARRANGEMENT	DESCRIPTION OF WORK	APPROXIMATE ADDED COST DUE TO THE GENERATOR'S LINE CONSTRUCTION
(1) Existing <i>Secondary</i> Overhead Service (Current Load Customer)	Secondary* overhead road crossings must be relocated from overhead service to underground in order to cross the road and the applicant's new line. *Secondary lines carry voltage no greater than 600 volts directly into the customer's property.	\$7,300 per existing secondary overhead crossing
(2) Existing <i>Primary</i> Overhead Service (Current Load Customer)	If the applicant maintains Hydro One's standard clearances or CSA standard on the current customer's primary service when building the new transmission line above existing primary service crossings, an existing customer with this arrangement will not be affected by the project.	Depending on the applicant's proposed facilities
(3) New <i>Secondary</i> Underground Service (Future Load Customer)	Utilizing a road bore, Hydro One would install secondary service underground to cross under the road and to rise on the customer side of the applicant's line.	\$5,100 ³
(4) New <i>Primary</i> Underground Service (Future Load Customer)	Utilizing a road bore, Hydro One would install primary service underground to cross under the road and to rise on the customer side of the applicant's line. This option is needed as the transmission line will not be built with any extra ground clearance to accommodate <i>future</i> primary crossings (and therefore, is not the same as case 2, above).	\$9,850 ⁴
(5) Service Upgrades for Secondary or Primary Services (Current Load Customer)	Hydro One would provide a service upgrade (e.g., a higher voltage or increased capacity) to a current customer.	Depends on Customer's Request

³ \$9,400 (Total Cost) = \$4,300 (normal situation*) + \$5,100 (incremental).

⁴ \$15,420 (Total Cost) = \$5,570 (normal situation*) + \$9,850 (incremental).

* Normal situation: In the absence of the transmission line proposed by the Applicant.

1 For example, in reference to (3) above, Hydro One receives a new service request for a
2 secondary lies-along customer that lies on the back side of the transmission line. Hydro One's
3 normal road crossing policy is to install a road crossing pole and install triplex secondary wire to
4 cross the road and then dip underground or remain overhead to go into the customer. Because of
5 the new transmission pole line on the customer side of the road, Hydro One must now dip
6 underground, obtain a road bore to cross the road and rise on a pole on the back side of the
7 transmission line or remain underground into the customers service entry. The *incremental* cost
8 of crossing the road underground vs. overhead is approximately \$5,100 which the customer will
9 have to pay in absence of a prior price arrangement with the generator or the Board's guidance in
10 terms of cost responsibility on this regard.

11
12 In reference to (4) above, similar to (3) with a new electrical service request, but now the new
13 customer cannot be fed with secondary wire due to the distance from the supply, and a private
14 primary service is required. Hydro One would likely run the primary wires underground rather
15 than having transmission poles changed to obtain proper clearance for the new primary. The cost
16 for this transmission pole(s) change option is estimated to be \$30,000 - \$40,000 per pole, which
17 is neither economical nor practical to get the new customer connected in a timely manner, given
18 that the *incremental* cost of the underground option is approximately \$9,850. In the absence of a
19 prior cost responsibility arrangement with the generator or the Board's guidance in terms of cost
20 responsibility on this regard, the customer will pay that incremental cost. It must be also noted
21 that the estimate can be much higher because of the road boring work which depends on the
22 location and the rock type in the subject area. In fact, in some instances, bores cannot be
23 achieved, which results in the requirement of having to make direct cuts to the road. If this is the
24 case, the customer may be required to pay much more than the estimated incremental cost of
25 \$9,850.

26 27 **SUBMISSION**

28 Hydro One is hopeful that an agreement will be reached between the parties, as Suncor also
29 indicated in its submission dated August 5, 2014, that it is in general agreement with the
30 principle of paying for the incremental costs required for distribution customers that are

1 impacted by Suncor's transmission line. While Suncor noted in its submission that an agreement
2 would be finalized within few weeks, the negotiations are still ongoing, and an agreement has
3 not been reached. Therefore, as Hydro One must protect its distribution customers who are now
4 and will potentially be affected by the proposed transmission facilities, Hydro One respectfully
5 requests that if the Board grants leave to construct, the Conditions of Approval include the
6 requirement that the Applicant file, in confidence, a signed agreement between the Applicant and
7 Hydro One prior to the Applicant's commencement of the construction of the proposed facilities.
8 Alternatively, Hydro One requests the Board to defer its Decision on the Application until the
9 Board has been notified that an agreement between the two parties has been reached, similar to
10 the Board's Decision (EB-2012-0442) in the Leave to Construct Application by Varna Wind,
11 Inc.⁵

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

ORIGINAL SIGNED BY MICHAEL ENGELBERG

Michael Engelberg, Counsel for Hydro One Networks Inc.

⁵ "The Board has decided to defer its decision on this application until such time that the above noted negotiations have progressed and agreements, if any, are achieved with the respective parties. The Board has therefore decided to give the Applicant and the three parties noted above an opportunity to resolve these matters, failing which the Board will address these in its decision," (Letter from Ontario Energy Board to Varna Wind Inc., respecting Board File No. EB-2012-0442, dated June 28, 2013).