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BY E-MAIL

September 17, 2014

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: Suncor Energy Products Inc.
Application for Leave to Construct Transmission Facilities
Board File No. EB-2014-0022**

Pursuant to Procedural Order No. 6 issued on September 5, 2014, please find attached Board staff interrogatories to Hydro One Networks Inc. in the above proceeding.

Yours truly,

Original Signed By

Leila Azaïez
Case Manager

c. All parties



**Board Staff Interrogatories
to Hydro One Networks Inc.**

**Application for Leave to Construct
Transmission Line and Associated facilities
EB-2014-0022**

September 17, 2014

Note 1:

- Suncor Energy Products Inc. is referred to as “Suncor” in this document; and
- Hydro One Networks Inc. is referred to as “Hydro One”.

Note 2:

The “Project” or “Transmission Facilities” in this document refers to the proposed transformer station and proposed 15 kilometre transmission line.

Note 3:

Where Hydro One 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*.

Board Staff Interrogatory 1:

Reference:

- a. Exh. H/ Tab 3/ Sch. 1/ Customer Impact Assessment
- b. Hydro One Submission dated September 10, 2014
- c. Staff IRR 5 (i) & (ii) on Cost Responsibility
- d. Staff IRR 7 (ii) on Crossings
- e. Suncor Argument-in-chief dated August 25, 2014

Preamble:

The June 8, 2012 CIA at reference (c), which is in the form of an addendum to the Suncor Cedar Point II WPP & NextEra Adelaide/Bornish/Jericho Wind Energy Centres, states in its disclaimer the following:

This Customer Impact Assessment was prepared based on information available about the connection of the proposed Suncor Energy Products Inc. –Cedar Point II Wind Power Project. It is intended to highlight significant impacts, if any, to affected transmission customers early in the project development process and thus allow an opportunity for these parties to bring forward any concerns that they may have. Subsequent changes to the required modifications or the implementation plan may affect the impacts of the proposed connection identified in Customer Impact Assessment. The results of this Customer Impact Assessment are also subject to change to accommodate the requirements of the IESO and other regulatory or municipal authority requirements.

Hydro One shall not be liable to any third party which uses the results of the Customer Impact Assessment under any circumstances whatsoever for any indirect or consequential damages, loss of profit or revenues, business interruption losses, loss of contract or loss of goodwill, special damages, punitive or exemplary damages, whether any of the said liability, loss or damages arises in contract, tort or otherwise. Any liability that Hydro One may have to Suncor Energy Products Inc. in respect of the Customer Impact Assessment is governed by the Agreement between:

1. Suncor Energy Products Inc. and Hydro One dated February 14, 2012.

The CIA concluded that no adverse impact will result from the incorporation of the Cedar Point project and further highlighted that Suncor and the other project entities need to install specified system facilities. More specifically the CIA states in part in Conclusions and Recommendations section that:

This Addendum: Customer Impact Assessment (CIA) presents results of short-circuit and voltage performance study analyses. The report has confirmed that CPWP can be incorporated into the NWECC without adverse impact on existing customers supplied from Bruce A TS and Longwood TS and in the local electrical area provided that the required facilities are installed. In addition to the facilities required by the IESO by issue of the original SIA's and their subsequent Addendums [...] and required by the original CIA, CPWP and NWECC are required to install the following facilities as part of their connection:

- Connection facilities at Parkhill CTS must have the capability to operate continuously at a maximum operating voltage of at least 570 kV.
- Fully duplicated protection and telecommunication systems must be installed as outlined in the Transmission System Code.
- SCADA facilities to allow transmission of generation facility components: i.e. status, measurement quantities & alarms, as outlined in the IESO's SIA and Hydro One's planning specification for the connection of CPWP.

Facilities to permit the above work must be provided.

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.

Hydro One submits in its September 10, 2014 submission that:

- It requires a signed agreement with Suncor;
- There are important operational considerations that have not been resolved;
- That Suncor is not a licensed distributor or transmitter and therefore would run, in the absence of an agreement with Hydro One, in an operational setting that is unclear; and
- A precedent exists where the Board deferred its decision to grant the leave to construct until concerned parties reached an agreement.

With respect to costs, it appeared from responses to the interrogatories that negotiations had in fact taken place and that Hydro One could provide some clarity. Suncor stated in response to staff interrogatories 5(i) and 5(ii) that:

- i. The CCRA with HONI requires the project proponents to pay for the full cost of the installation of the Evergreen Switching Station. Thereafter, HONI will be responsible to operate and maintain that facility, and so will be responsible for any costs associated with the facility after construction. While this cost would be expected to be recovered from the Ontario rate base, Suncor does not believe this to be a material cost. As the operator, HONI would be the best party to provide any further details on this question. The cost of the remaining transmission infrastructure is the subject of the agreement between NextEra and Suncor, and it provides for the costs of all phases (development, construction, operations, and decommissioning) to be borne by NextEra and Suncor, as applicable.
- ii. All costs related to the ongoing operation and maintenance of the Transmission Facilities will be paid for by Suncor.

In response to staff IR 7(ii), Suncor indicated that it was concerned about costs associated with crossings, and highlighted its ongoing negotiations with various actors, Hydro One was not one of them.

- ii. Suncor is concerned about costs associated with crossings, specifically requests for unreasonable heights above road travelled portions of the road or specific requests to bury transmission lines to cross infrastructure. Suncor has addressed these concerns by meeting with the owners of road allowances (Municipality of Lambton Shores, County of Lambton, and MTO) impacted by the proposed Transmission line to understand their concerns and determine their permitting processes. Suncor has also ensured conservation authorities and the Municipal staff are aware of our proposed project route and to determine what processes are required for crossing drains.

In its submission, Suncor noted at paragraphs 32, 33 and 34 that:

- The construction and operation of the proposed Transmission Facilities will not impact prices as Suncor will absorb all costs;
- That the SIA and CIA demonstrated that the proposed Transmission Facilities will not adversely impact the interests of consumers with respect to reliability or quality of service; and
- The location of transmission structures, including over crossings, has been refined based on consultations with Hydro One and Lambton County.

Question/Request:

- i. Please reconcile Suncor's submission that the interests of consumers with respect to reliability and quality of service are not negatively impacted by the proposed facilities, the conclusion contained in the CIA of June 8, 2012 indicating that no adverse effects are expected with the statement contained in Hydro One's submission that indicates that customers may be affected. Please clarify whether the original CIA conclusions hold true, otherwise please specify what the changes are.
- ii. When did the cost issue associated with the crossing transpire as an unresolved matter?
- iii. Which entity is responsible for the relocation of the overhead secondary services underground occurred? Was this discussed in the CIA or in another document filed in this application?
- iv. Please address costs after construction related to the Evergreen Switching Station.
- v. Are the forecast incremental costs solely associated with this relocation or are there other costs? If so, which ones?
- vi. This application relates to transmission infrastructure. Do the cost considerations referred to in Hydro One's submissions relate to the impact on transmission rates? If not, please explain.
- vii. Based on the Varna Wind Inc. precedent, and the fact that the cited CIA disclaimer contains safeguards, please explain why Hydro One did not build into its original CIA the necessary safeguards for the negative prospective situations highlighted in its submissions.
- viii. What would the agreement between Suncor and Hydro One address, the six crossings? Please provide evidence that the terms of a potential agreement are germane to this leave to construct application. If available please file the form of the draft agreement.

- ix. Would an agreement between Suncor and Hydro One impact any other third party, including NextEra?
- x. If there are operational and safety issues associated with distribution or transmission facilities please confirm that these fall under the Ontario Safety Authority's mandate.

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