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BY COURIER

October 17, 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. s. 92 Application for Leave to Construct Transmission Facilities – Hydro One Networks Inc.'s Argument

In response to the Board's Procedural Order No. 7 issued October 2, 2014, please find attached Hydro One Networks' argument 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 this submission has been filed using the Board's Regulatory Electronic Submission System.

Sincerely,

ORIGINAL SIGNED BY SUSAN FRANK

Susan Frank

cc. Intervenor

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 requests leave to construct approximately 15 kilometres of a 115-kilovolt electricity transmission line and associated facilities to connect Suncor’s Cedar Point II Wind Energy Project to the IESO-controlled grid, and approval of the forms of agreements offered to affected landowners. Pursuant to the Board’s Notice of Application, the Distribution business of Hydro One Networks Inc. (“Hydro One Distribution”) requested and was granted intervenor status as a distributor.

Pursuant to the Board’s Procedural Order No. 5 issued on August 15, 2014, Hydro One Distribution filed a submission on September 2, 2014, in which Hydro One Distribution stated that the resulting presence of two entities with electricity infrastructure on adjacent rights-of-way requires new considerations to ensure the safe, reliable and economical provision of customer service and supply. The considerations named in the September 2nd submission include not only the appropriate cost-sharing arrangement between Hydro One Distribution and Suncor, but also operational and technical measures, all of which would be addressed in the Perpendicular Crossing Operational Agreement and Emergency Services Agreement, currently under

negotiation. Specifically, the subject matter of the negotiation must include not only incremental costs that both current and future customers may incur, but also operational and emergency coordination and protocols between the two parties to mitigate any adverse impacts on Hydro One Distribution's customers in its licensed service area. Such operational coordination and protocols are crucial in addressing any emergency or other issues in the subject area where the two parties' facilities are located close to each other.

In its September 2nd submission, Hydro One Distribution submitted that the Board's jurisdiction to consider issues in a Section 92 leave to construct case, whether such application be for transmission or distribution lines, is not limited to the transmission system at issue or the customers thereof. Specifically, the Board's Decision respecting the Grand Renewable Wind LP Application for Leave to Construct (EB-2011-0063), noted that the *Act* does not limit the section 96(2) considerations to the transmission systems or the customers thereof; as such, the consideration of price, reliability and quality of electricity service can include a consideration of impacts on neighbouring transmission and distribution electricity systems and the customers connected to them. Also, the Board's Decision respecting the Summerhaven Wind LP Application (EB-2011-0027) noted that it is within the Board's jurisdiction to review 'any potential negative impacts' of the proposed transmission facilities on a distributor and, by extension, on its ratepayers. The Board's phrase 'any potential negative impacts' makes it clear that the Board needs to consider not only existing, but also potential, impacts of the proposed transmission facilities on a distributor and its ratepayers.

Also, in the September 2nd submission, Hydro One Distribution submitted that the Customer Impact Assessment in Exhibit H, Tab 3, Schedule 1, and the System Impact Assessment in Exhibit H, Tab 2, Schedule 1, are limited to any impacts on transmission customers and the IESO-controlled grid as noted in the disclaimers, and do not address any issues and impacts on Hydro One Distribution's customers in its licensed service area. There is no basis to conclude that there are no existing or potential adverse impacts on distribution customers, and it is obvious that Hydro One Distribution's customers can be adversely affected by the proposed transmission facilities depending on the proximity of the two entities' facilities in the subject area. Included

was a table of potential distribution customer service scenarios and incremental costs resulting from the distribution work needed when such a customer situated 'behind' the proposed transmission line requires an electrical connection or service upgrade.

In response to the Board's September 5th Procedural Order No. 6, Hydro One Distribution filed a submission on September 10th, explaining that the costs included in the September 2nd submission are prospective and were inserted to specifically highlight the punitive cost impact for affected distribution customers in the subject area, under the current rules. Hydro One Distribution's response to interrogatory Exhibit I, Schedule 1, Tab 6, submitted on September 24th, then explained the scenarios and related costs in more detail.

In its September 10th submission, Hydro One Distribution again stressed that negotiations between the two entities concerning the Perpendicular Crossing Operational Agreement address not just incremental costs, but also operational considerations. Unlike licensed distributors and transmitters with already-established communication channels and working relationships, Hydro One Distribution and Suncor have no pre-existing working practices. Therefore, operational considerations, which are *ongoing* rather than just one-time events, must be clearly defined and addressed to ensure the safe, reliable and economical provision of customer service and supply. More specifically, where the two entities' facilities lie in close proximity to each other, a pre-arranged working relationship established by means of an agreement would better deal with all kinds of emergency situations that can arise for either or all of Hydro One Distribution, Suncor and the public, and would also eliminate any potential confusion, risk of miscommunication and inadequate operational coordination.

Also, the September 10th submission noted that, based on a preliminary assessment, there are six crossings (specifically five primary and one secondary) which could be necessitated as a result of the proposed transmission facilities. If Suncor maintains Hydro One Distribution's clearance on the current customer's primary service, the existing five primary overheads might not be affected, but the secondary overhead road crossing must be relocated from overhead to

underground service to avoid a fault situation which could lead to a flashover, potentially causing a fire within the customer's electrical panel or home.

SUBMISSION

As Hydro One Distribution stated in response to interrogatory Exhibit I, Tab 1, Schedule 7, Suncor's proposed transmission line can and will impact certain distribution customers, but these impacts, appropriately, are not captured in the Transmission Customer Impact Assessment. As there is no other venue or vehicle to address the impacts on distribution customers, Hydro One maintains that these issues are properly considered within the scope of this Section 92 Leave to Construct proceeding, and that the Board has the necessary jurisdiction and authority to determine these matters in this proceeding .

Hydro One Distribution also submits that, as it responded to interrogatory Exhibit I, Tab 1, Schedule 8, a contractual definition of the emerging relationship between itself and Suncor will best enable prudent and effective management of the ongoing operational matters and incremental cost arrangement. It is Hydro One Distribution's view that the quality of that relationship and the satisfactory resolution of these issues are germane to this Application, since these issues impact the reliability and quality of electricity service, as well as the price to Hydro One Distribution's customers.

As Hydro One Distribution must protect its distribution customers who are now and will potentially be affected by the proposed transmission facilities, Hydro One Distribution respectfully requests that if the Board grants leave to construct, the Conditions of Approval include the requirement that Suncor file, in confidence, prior to commencing construction on the proposed facilities, a signed Perpendicular Crossing Operational Agreement and, to the extent that Suncor chooses to enter into it, a signed Emergency Services Agreement, between Suncor and Hydro One Distribution. The proposed Emergency Services Agreement addresses services which Suncor may voluntarily choose to procure from Hydro One Distribution; the terms and conditions in this agreement have been agreed to by other parties in similar circumstances. Alternatively, Hydro One Distribution requests the Board to defer its Decision on the

Application until the Board has been notified that the said agreements between the two parties (subject again, to Suncor's choice respecting the Emergency Services Agreement) have been executed, similar to the Board's Decision (EB-2012-0442) in the Leave to Construct Application by Varna Wind, Inc.¹

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

ORIGINAL SIGNED BY MICHAEL ENGLEBERG

Michael Engelberg, Counsel for Hydro One Networks Inc.

¹ *"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).