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BY E-MAIL

November 13, 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:

**Re: Board Staff Submission
Ontario Power Generation Inc.
Application for Leave to Construct Transmission Facilities
for New Post Generating Station
Board File No. EB-2014-0194**

Pursuant to Procedural Order No. 1, please find enclosed Board Staff's submission to the Applicant in this proceeding.

Yours truly,

Original signed by

Robert Caputo
Case Manager

c. All Parties in EB-2014-0194

Encl.

November 13, 2014

BOARD STAFF SUBMISSION

**ONTARIO POWER GENERATION INC.
APPLICATION FOR LEAVE TO
CONSTRUCT TRANSMISSION FACILITIES
FOR NEW POST GENERATING STATION
BOARD FILE NO. EB-2014-0194**

Ontario Power Generation Inc. (the “Applicant” or “OPG”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on June 18, 2014 under section 92 of the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, (Schedule B). OPG filed the Application on behalf of itself and Coral Rapids Power Limited Partnership (“CRP”).

OPG is seeking an order or orders granting leave to construct approximately 7 kilometers of 115 kilovolt electricity transmission line and associated facilities (the “Proposed Line”) to connect a proposed 25 megawatt New Post Creek Hydroelectric Project (“New Post Creek Project”) to an existing Hydro One transmission line west of the Abitibi River. The Board assigned the application file number EB-2014-0194.

PROCESS TO DATE

- The Board issued its Notice of Application and Written Hearing on July 28, 2014. The Notice was published and served by the Applicant as directed by the Board.
- The Independent Electricity System Operator (the “IESO”) was granted intervenor status.
- Procedural Order #1 was issued on October 9, 2014.
- Board Staff filed written interrogatories on October 23, 2014 in accordance with Procedural Order No. 1.
- The Applicant filed responses to the interrogatories on October 30, 2014.

THE BOARD'S JURISDICTION

On a leave to construct application that is filed under section 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the "Act"), section 96 of the Act states that the Board shall consider the public interest and shall only consider the following two issues when deciding if the proposed project is in the public interest:

- 1. the interests of consumers with respect to prices and the reliability and quality of electricity service; and*
- 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.*

Section 97 of the Act further states that:

In an application under section 90, 91 or 92, leave to construct shall not be granted until the applicant satisfies the Board that it has offered or will offer to each owner of land affected by the approved route or location an agreement in a form approved by the Board. 1998, c. 15, Sched. B, s. 97.

TRANSMISSION RATE IMPACT

The Applicant submitted that:

- OPG and CRP are not rate-regulated transmitters and are not seeking recovery of the cost of the Proposed Line in transmission rates;
- payments for the output of the proposed New Post Creek Project will be contractual in nature and will not be regulated by the OEB;
- The Proposed Line will be fully funded and owned by OPG and CRP as part of the New Post Creek Project;
- Negotiations with the OPA regarding a power purchase agreement are in progress. The agreement is expected to be completed by March 2015 and executed shortly thereafter;
- payments for the output of the proposed New Post Creek Project will be contractual in nature and will not be regulated by the OEB; and.

- the project to construct the Proposed Line has no impact on transmission rates.

In Board staff's view, the evidence supports OPG's conclusion that the project to construct the Proposed Line has no impact on transmission rates.

ENVIRONMENTAL ASSESSMENT

OPG submitted that:

- the New Post Creek Project is subject to the Ontario Waterpower Association ("OWA") Class Environmental Assessment for Waterpower Projects ("Class EA" or "EA") as a new project on a managed waterway;
- the Proposed Line is specifically addressed as part of the Class EA;
- The EA process was completed on May 12, 2014 with the issuance of the Statement of Completion. This is the final step in the EA process, although regulators will be further consulted regarding the various permits required for construction.

In Board staff's view, the evidence supports OPG's conclusion that the EA process was completed on May 12, 2014 with the issuance of the Statement of Completion.

LAND - RELATED MATTERS & OTHER APPROVALS

In the pre-filed evidence, the Applicant stated that the New Post Creek Project will require the deregulation of an approximately 200 hectare portion of land within the existing Little Abitibi Provincial Park and its replacement with an approximately 400 hectare park addition, to comply with the Provincial Parks and Conservation Reserves Act, 2006. Except for this, the Proposed Line is located entirely on Crown Land owned by the Province.

In response to Board staff Interrogatory 2, the Applicant submitted that all agreements and approvals relating to the deregulation of the portion of land within Little Abitibi Provincial Park are in place.

In Board staff's view, OPG has sufficiently addressed land-related matters associated with the Proposed Line.

SYSTEM IMPACT ASSESSMENT

In its pre-filed evidence, the Applicant included a System Impact Assessment Report (“SIA”) issued by the IESO on October 28, 2010. (Exh. H-1-1, Attachment 1). The SIA concluded that the proposed project will not have a material adverse effect on the reliability of the IESO-controlled grid.”

In response to Board staff Interrogatory 3, the Applicant stated that due to recent design changes for the New Post Creek project, as well as the addition of other new generation facilities and system changes to the Hydro One system, an addendum to update findings from the October 2010 SIA is in progress with the IESO. A firm date for completion of the addendum is not currently available due to the continuing finalization of the detailed technical specifications for the New Post Creek project and other possible impacts unrelated to the New Post Creek project.

The Applicant submitted that it plans to implement all of the IESO's connection requirements contained in the SIA addendum and any possible further updates to the SIA addendum.

Board staff recommends that a decision not be issued until the SIA addendum is filed by the Applicant. This is the same approach that was taken in the wpd White Pines leave to construct application (EB-2013-0339).

CUSTOMER IMPACT ASSESSMENT

In its pre-filed evidence, the Applicant included a Customer Impact Assessment Report (“CIA”) issued by the IESO on February 25, 2010. (Exh. I-1-1, Attachment 1). The CIA concluded that “the proposed project could be incorporated with minor impact to Hydro One customers”.

Due to the reconfiguration of Hydro One’s 115kV transmission circuits in the area and recent design changes to the New Post Creek project (as discussed in the SIA section above), an addendum to the February 2010 CIA to assess the impact of the project on area customers is in progress with Hydro One. As was the case with the SIA addendum, a firm date for completion of the CIA addendum is not currently available due to the continuing finalization of the detailed technical specifications for New Post Creek project and other possible impacts unrelated to the New Post Creek project.

The Applicant submitted that it plans to implement all of Hydro One's connection requirements contained in the CIA addendum and any further updates to the CIA addendum.

As with the SIA, Board staff recommends that a decision not be issued until the CIA addendum is filed by the Applicant.

All of which is respectfully submitted.