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November 26, 2014

VIA RESS AND COURIER

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

Dear Ms. Walli,

**Re: EB-2014-0194 - Ontario Power Generation - Section 92 Application for
Leave to Construct Transmission Line – New Post Creek Generating Station**

Please find attached OPG's Reply Submission for its application for an order or orders granting leave to construct a 115 kV transmission line for New Post Creek generating station.

Pursuant to the Board's Procedural Order No. 1, provided are two (2) hardcopies of OPG's Submission and one electronic copy filed through the Board's Regulatory Electronic Submission System (RESS).

Please direct any comments or questions in this matter to the undersigned.

Yours truly,

[Original Signed By]

Andrew Barrett

cc: Robert Caputo, OEB (email)
Ljuba Djurdjevic, OEB (email)
Maia Chase, IESO (email)
Fred Cass, Aird & Berlis LLP (email)
Carlton Mathias, OPG
Regulatory Affairs Records, OPG

IN THE MATTER OF section 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B:

AND IN THE MATTER OF an Application to the Ontario Energy Board by Ontario Power Generation Inc. for an Order or Orders Granting Leave to Construct a New 115 kV Transmission Line Approximately 7 km in Length for New Post Creek Generating Station.

**Reply Submission of
Ontario Power Generation Inc.**

November 26, 2014

This is the reply submission of Ontario Power Generation Inc. ("OPG"), filed in accordance with Procedural Order No. 1 issued by the Ontario Energy Board ("OEB" or "Board") on October 9, 2014.

Introduction

In their submission dated November 13, 2014, Board Staff ("Staff") agrees with OPG that the evidence supports a conclusion that:

- the Proposed Line will have no impact on transmission rates;
- that the Environmental Assessment process has been completed; and,
- that OPG has sufficiently addressed all land-related matters.

However, Staff goes on to recommend that a decision on the Application not be issued by the OEB until the System Impact Assessment ("SIA") addendum and Customer Impact Assessment ("CIA") addendum are filed by OPG. They cite the wpd White Pines leave to construct application (EB-2013-0339) as support for their recommendation (Staff Submission, p. 4).

OPG respectfully disagrees with this recommendation and submits that there are important differences between this case and the wpd White Pines Wind Incorporated ("wpd White Pines") application. As further explained in the submissions below, OPG submits that the OEB should instead approve this application conditional on OPG filing the SIA addendum and CIA addendum when they become available.

Requirement for New Transmission Line

OPG has applied pursuant to section 92 of the OEB Act for an order or orders granting leave to construct a new single circuit 115 kV transmission line, approximately 7 km in length, near the Abitibi River in the District of Cochrane, Ontario. The Proposed Line is required to accommodate the electrical power output from OPG's proposed New Post Creek Generating

Station (“New Post Creek GS”) (Ex. B-T2-S3, p.1). The Proposed Line is part of a larger project to construct New Post Creek GS, to be constructed by a partnership between OPG and Coral Rapids Power Limited Partnership (“Coral Rapids Power” or “CRP”), with CRP being wholly owned by the Taykwa Tagamou Nation (Ex. B-T1-S2, p.1).

On November 23, 2010, the Ontario Government released a Long Term Energy Plan, where New Post Creek was identified as a project to contribute towards Ontario’s goal of 9,000 megawatts of hydroelectric capacity by 2018. On June 26, 2013, the Ontario Minister of Energy issued a directive to the Ontario Power Authority (“OPA”) directing the OPA to enter into negotiations for a power purchase agreement with OPG to procure electricity from OPG and the Taykwa Tagamou First Nation proposed 25 megawatt New Post Creek hydroelectric generating station. Ontario’s Long-Term Energy Plan issued in December 2013 again makes reference to New Post Creek, indicating that the government directed the OPA to enter into negotiations with OPG and the Taykwa Tagamou Nation for a power purchase agreement to procure electricity from the proposed New Post Creek hydroelectric generating station, with a capacity of approximately 25 MW (Ex. B-T1-S1, p.3).

The need for the Proposed Line follows directly from the construction of the proposed New Post Creek GS. The Proposed Line is designed to accommodate the output from the generating station based on standard electrical engineering practice, and has been assessed as the preferred alternative to facilitate energy transfer from New Post Creek GS to the Hydro One transmission system (Ex. B-T4-S1, pp.1-2).

In OPG’s submission, it is clear that the line is required and is consistent with the Government’s energy plans as expressed in the Long-Term Energy Plan.

Approvals and Other Considerations

The Proposed Line requires leave to construct from the Board pursuant to Section 92 of the OEB Act (“the Act”) which is reproduced below:

Leave to construct, etc., electricity transmission or distribution line

92. (1) No person shall construct, expand or reinforce an electricity transmission line or an electricity distribution line or make an interconnection without first obtaining from the Board an order granting leave to construct, expand or reinforce such line or interconnection. 1998, c. 15, Sched. B, s. 92 (1).

Exception

(2) Subsection (1) does not apply to the relocation or reconstruction of an existing electricity transmission line or electricity distribution line or interconnection where no expansion or reinforcement is involved unless the acquisition of additional land or authority to use additional land is necessary. 1998, c. 15, Sched. B, s. 92 (2).

Section 96(1) of the Act obligates the Board to grant leave to construct where the Board finds the proposed work is in the public interest. Section 96(2) prescribes what the Board shall consider in determining the public interest: (i) the interest of consumers in respect of prices; reliability and quality of electricity service, and (ii) being consistent with the policies of the Government of Ontario in the promotion of renewable energy.

Order allowing work to be carried out

96. (1) If, after considering an application under section 90, 91 or 92 the Board is of the opinion that the construction, expansion or reinforcement of the proposed work is in the public interest, it shall make an order granting leave to carry out the work. 1998, c. 15, Sched. B, s. 96.

Applications under s. 92

(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. 2009, c. 12, Sched. D, s. 16.

In OPG's submission, the Proposed Line will serve the public interest by facilitating the delivery of additional energy from renewable sources in a financially responsible manner. It will

accommodate new electricity generation following completion of the proposed New Post Creek GS, enabling the supply of additional electricity to the IESO-controlled grid from the available water flows along New Post Creek, a renewable resource. The Proposed Line is also consistent with the policies of the Government of Ontario as noted within the Province's Long-Term Energy Plan.

The cost of the Proposed Line will be part of the overall cost of the New Post Creek Project, which will be recovered under the contract negotiated with the OPA. The cost of the Proposed Line will not have a material impact on the price of electricity given that the line, with an estimated cost of \$7.9M, represents a very small amount relative to the total amounts considered in the computation of the Global Adjustment (Ex. B-T5-S1, pp. 2-3).

As described in the Application, significant public, First Nations and government agency consultation has been completed, including that conducted as part of the provincial Class environmental assessment. In OPG's submission, there is broad support for the New Post Creek GS project in the First Nations communities and the community at large. OPG notes that no First Nations, community or government agencies chose to intervene in this proceeding, to object or express concerns about any aspect of OPG's Application.

The provincial EA process was completed on May 12, 2014 with the issuance of the Statement of Completion. Application will be made to the Ministry of Natural Resources ("MNR") for permits to construct the Proposed Line along the corridor from the new generating station to the connection point with the Hydro One 115 kV line. An Easement Agreement with the Crown will be developed as the final tenure acquisition for the line, and registered in the Land Titles Office. The contractor will complete the MNR's "Application for Work Permit" prior to commencing any work in the area of the proposed transmission line corridor. Requirements for temporary access rights and tree cutting approval will be identified in the construction planning stage, and will be included in the MNR Work Permit as required.

Status of SIA and CIA Addendums

As indicated in OPG's pre-filed evidence, a SIA to examine the effect of the proposed New Post Creek generation facility on the reliability of the IESO-controlled grid was issued by the Independent Electricity System Operator ("IESO") on October 28, 2010. That assessment

concluded that the proposed project would not have a material adverse effect on the reliability of the IESO-controlled grid (Ex. H-T1-S1). On February 25, 2010, Hydro One issued a CIA that concluded that the proposed project could be incorporated with minor impact to Hydro One customers (Ex. I-T1-S1).

As explained in OPG's response to Board Staff Interrogatory 3, due to recent changes to certain technical specifications for the turbine units and the penstock, an addendum to the October 2010 SIA is in progress. However, by letter of November 21, 2014 (see Appendix A), the IESO has indicated that it has performed the SIA addendum study and has concluded that the proposed project will not have a material adverse effect on the reliability of the IESO-controlled grid subject to certain new requirements being met. As stated in OPG's pre-filed evidence and in response to Staff Interrogatory 3(c), OPG has committed to implement all of the IESO's connection requirements contained in the SIA addendum.

In OPG's response to Board Staff Interrogatory 4, OPG indicated that due to the reconfiguration of Hydro One's 115kV transmission circuits in the area (unrelated to the New Post Creek project) and the recent design changes to the New Post Creek project, an addendum to the February 2010 CIA is in progress.

OPG and Hydro One are currently in discussions directed to finalizing the addendum to the CIA. OPG will implement all of Hydro One's connection requirements contained in the CIA addendum and is of the view that that the proposed project will be incorporated with minor impact to Hydro One customers.

As a consequence, OPG submits that the addendums to the SIA and CIA are progressing well and there is no expectation that they will result in materially different conclusions than the initial reports. Further, OPG is committed to do all of the work required under the addendum reports.

In OPG's submission, the circumstances in this application are different than the circumstances in the wpd White Pines leave to construct application (EB-2013-0339). In EB-2013-0339, the Board decided that it would not issue a decision prior to the filing of the amended SIA and CIA reports because "the need for an amended SIA is driven by a significant reconfiguration of the

project" (Letter dated September 9, 2014 in EB-2013-0339, from Kirsten Walli to Jesse Long of wpd White Pines¹).

That is not the case in this Application. In the New Post Creek proceeding, the drivers of the SIA and CIA addendums are relatively minor changes to technical specifications. The transmission line design is essentially unchanged from that considered in the initial SIA and CIA. Further, in the New Post Creek proceeding, it is known that both an SIA and CIA addendum are in progress and OPG has committed to meeting their requirements.

Conclusion

OPG respectfully submits that the Proposed Line is in the public interest in consideration of the provisions of Section 96 of the OEB Act. OPG submits that it has met the requirements of the leave to construct process and the Application should be approved under Section 92 of the OEB Act, conditional on OPG filing the SIA addendum and CIA addendum when they become available.

OPG submits that the Board can be satisfied that the completion of the addenda are not going to change the conclusions reached in the original SIA and CIA filed with the Application, and that the drivers of the addenda are not circumstances which would change those conclusions. OPG submits that conditional approval is appropriate in this case and, importantly, would enable OPG/Coral Rapids Power to continue the detailed design process with confidence that, with the exception of filing the SIA and CIA addendums, they have met the requirements of the leave to construct approval process.

Accordingly, OPG requests an Order from the OEB pursuant to section 92 of the OEB Act granting leave to construct the Proposed Line. To accommodate environmental schedule constraints on route clearing and any unforeseen events, and as originally requested in OPG's pre-filed evidence, OPG requests that the conditions of the approval include authorization for leave to construct to terminate no earlier than February 29, 2016.

¹ Re: wpd White Pines Wind Incorporated ("wpd White Pines"), Application for Leave to Construct Transmission Facilities, Board File No. EB-2013-0339, September 9, 2014, from Kirsten Walli, Board Secretary to Jesse Long, wpd White Pines Wind Inc., 3rd para.

November 21, 2014

Greg Towstego
Senior Advisor, Regulatory Affairs
Ontario Power Generation Inc.
700 University Avenue
Toronto ON, M5G 1X6

Dear Mr. Towstego:

Re: *New Post Creek Hydraulic Generation
Addendum to System Impact Assessment
CAA ID Number: 2007-294*

Thank you for the information regarding the recent design changes for the New Post Creek project. The IESO has now had the opportunity to review and assess OPG's proposed changes to the original connection application.

The IESO has assessed the project based on these changes. We have concluded that the updated project will not have a material adverse effect on the reliability of the IESO-controlled grid subject to some new requirements being met that will be outlined in an addendum. The addendum is currently being prepared and you will receive it with an updated Notice of Conditional Approval when it is completed.

If you have any questions or require further information, please contact me.

Yours truly,



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