

Hydro One Networks Inc.

7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5
www.HydroOne.com

Tel: (416) 345-5240
Oded.Hubert@HydroOne.com

Oded Hubert

Director, Regulatory Compliance
Regulatory Affairs



BY COURIER

December 11, 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 Reply Submission**

Pursuant to the hearing held on November 27, 2014, please find attached Hydro One Networks Inc.'s reply submissions regarding the operational impacts and incremental costs to Hydro One Networks Inc. and its customers, arising from Suncor's proposed transmission facilities.

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

Sincerely,

ORIGINAL SIGNED BY ODED HUBERT

Oded Hubert

cc. Intervenors

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.

REPLY OF THE INTERVENOR HYDRO ONE NETWORKS INC.
December 11, 2014

This Reply is the response of the intervenor Hydro One Networks Inc. (“Hydro One”) to the Written Submissions of the Applicant [Suncor Energy Products Inc. (“Suncor”)] and to Board Staff’s Written Submission, both of which Submissions are dated December 4, 2014.

Part I: Is it necessary for Suncor and Hydro One to enter into one or more Agreements?

Suncor has submitted that “the Board can mandate any desirable protections, whether provided by the Crossings Agreement or by the EMS [Emergency Services Agreement], by way of conditions to the order granting Suncor leave to construct.”¹ Suncor’s Submission then continues to discuss, at great length, only a few of the terms contained in the two draft Agreements.

Hydro One submits that the Board should reject Suncor’s invitation that the Board insert itself into the minutiae of the relationship between Suncor and Hydro One by issuing a Leave to Construct with lengthy, detailed conditions sufficient to include provisions necessary to define the respective obligations of the two companies to, *inter alia*: manage their relationship with each other; minimize the effect of each other’s assets on the other’s assets; provide for the

¹ Suncor’s Submission of December 4, 2014, page 3.

relocation, replacement or reconfiguration of distribution infrastructure; provide information to each other concerning the nature and location of their assets; manage their assets and the maintenance of those assets in a commercial, cooperative manner; obtain property and occupancy rights in a manner that does not obstruct or interfere with each other's assets; and respond to trouble calls that may affect each other's assets.

The draft Crossings Agreement, which Suncor has already agreed to sign, is thirteen pages in length; and the draft EMS, which Suncor has also agreed to sign subject to the parties' reaching an agreement on the indemnity clause, is nine pages in length. It is the Crossings Agreement, not the EMS, that contains all of those clauses and clauses concerning trouble calls and response times; the EMS sets out only the commercial terms, including prices, for Hydro One (as a contractual, commercial services provider) to provide services that Suncor wishes to obtain from Hydro One on a commercial basis in the event of trouble calls relating to Suncor's assets. Hydro One submits that the relationship between the two companies is commercial and ongoing and should therefore be incorporated in commercial agreements between the parties. For the Board to accept Suncor's invitation to include some of the necessary and appropriate terms, but not others, in lengthy conditions to a Leave to Construct order, would be impractical as well as inappropriate.

Regarding the need for the agreements, Suncor states that "if it [Hydro One] received a call... it would immediately call Suncor if it believed that Suncor's assets required emergency trouble work."² Suncor also acknowledges its commitment to provide "as built" maps of its asset locations, which would allow Hydro One to identify the "possibly or likely" involvement of Suncor assets immediately upon receipt of a trouble call.³ The executed agreements are the mechanism which provides Hydro One's system control operators with Suncor's contact information and with the assurance that the two parties will respond to the emergency in a timely and coordinated fashion.

² Suncor's Submission of December 4, page 6.

³ Suncor's Submission of December 4, page 7.

Suncor submits that “If it is a Suncor asset that is compromised...HONI will, in any event, secure the site until Suncor personnel arrive. While ‘securing the site’ is one of the ‘emergency services’ specified in...the EMS Agreement, it is one that HONI would provide in any event⁴.” This statement is not entirely correct. In his *viva voce* evidence, Mr. Boldt clearly stated that although Hydro One will respond “because we don’t know what we’re responding to”, Hydro One “has no obligation to stay there” if the affected assets belong to a third party⁵. For Suncor to use Mr. Boldt’s characterization of Hydro One staff as “electrical stewards” as a reason to argue that Suncor need not purchase emergency services from Hydro One by way of the EMS is presumptuous and disregarding of Hydro One’s ratepayers.

Regarding the applicability of Hydro One’s standards, Suncor submits that Hydro One has not relocated underground its secondary “base neutral” (more accurately, ‘bare’ neutral) lines that lie underneath its transmission lines along road allowances and has no standard developed for clearances for secondary lines⁶. Hydro One responds that, as stated by Mr. Boldt at the hearing, Hydro One’s high-voltage transmission lines generally do not follow narrow municipal rights-of-way but are, rather, built on transmission corridors across less-inhabited areas or fields.⁷ Accordingly, these transmission lines do not lie between Hydro One’s distribution lines and its customers and do not create the safety and reliability issues that will be created by the transmission facilities that Suncor seeks leave to build.

Part II: Should Suncor pay, or should Hydro One’s individual distribution customers and Hydro One’s pool of distribution customers pay, for the incremental and direct consequential costs of any future distribution infrastructure that consumers require during the next ten years?

The matter of Hydro One’s oral submissions and *viva voce* evidence at the hearing on November 27, 2014, differs from the subject matter discussed in Part I of this Reply (i.e., the detailed commercial and operational matters that are dealt with in the draft Crossings Agreement and

⁴ Suncor’s Submission of December 4, page 5.

⁵ Tr. Vol. 1, 62, lines 8-9 and 15, respectively.

⁶ Suncor’s Submission of December 4, page 8.

⁷ Tr. Vol.1, page 83, lines 19 -25.

EMS). The direct, incremental consequences that will, as a result of Suncor's proposed facilities, befall individual Hydro One distribution customers who need a new or upgraded service, and (in other cases) Hydro One distribution ratepayers as a whole, go beyond the commercial relationship between Suncor and Hydro One: these consequences will affect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service, interests which it is appropriate for the Board to protect.

It is for that reason that Hydro One submits that it would be appropriate for the Board to make any Leave to Construct order conditional on the requirement that the transmitter pay, for a period of ten years after Suncor constructs its transmission facilities, for the incremental costs described in the *viva voce* evidence at the hearing and on the filing of executed agreements which reflect these costs. Notably, Suncor's Submissions, despite Suncor's argument against Hydro One's evidence on the incremental costs in Exhibit K2, reinforces its (Suncor's) agreement to pay such costs for a ten-year term⁸. However, if Suncor's latest requests become reality, individual distribution customers and the pool of distribution customers will be unfairly left to absorb all of the incremental, consequential costs of any future distribution infrastructure that consumers require during the next ten years. This concern is of a different nature than the detailed commercial and operational matters which are the subject matter of Part I of this Reply. This concern is squarely within the realm of affecting prices for consumers.

Conclusions

Hydro One recognizes Board Staff's submission that "...it was made clear during the hearing that although a scenario may arise or not, none of the costs discussed and presented at Exhibit K2 were hypothetical."⁹ Hydro One also recognizes Board Staff's submission that "...the appropriate operational arrangements are included in the principle Operational Agreement [the Crossings Agreement] and the EMS Agreement."¹⁰

⁸ "Suncor has agreed to pay their incremental costs, whether incurred by HONI or by its new customers as a requirement of HONI's connection policy for a period of ten years (Transcript, page 69)." - Suncor Submission of December 4, 2014; page 10, para. 1.

⁹ Board Staff Submission of December 4, page 7.

¹⁰ Board Staff Submission of December 4, page 10.

Hydro One accepts Board Staff's submissions regarding the provisions of certain sections of the Transmission System Code and the Distribution System Code, namely that although the *principles* of the Codes apply to unlicensed market players such as Suncor, the actual Codes do not apply to Suncor as a unlicensed transmitter.¹¹

Hydro One submits that it is necessary and appropriate for the licensed entity, Hydro One in this case, to ensure that its customers and ratepayers are protected from the consequences of the matters described in Parts I and II above. Hydro One therefore respectfully requests that the Board condition any leave-to-construct approval on the filing of executed agreements that address these matters, which protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service, including the requirement that the transmitter pay for the incremental costs described in the *viva voce* evidence at the hearing.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

ORIGINAL SIGNED BY MICHAEL ENGELBERG

Michael Engelberg, Counsel for Hydro One Networks Inc.

¹¹ Board Staff Submission of December 4, pages 10 and 11.