

IESO Questions – Technical Conference
Kruger Energy Inc.
Notice of Proposal Under Section 81
of the *Ontario Energy Board Act, 1998*
Board File Number EB-2007-691

Issue A: whether the proposed substation could:

- (i) limit future access to the 230 kV lines by other persons; and**
- (ii) impose limits on the IESO operation of the lines which could restrict other persons.**

1. In the notice of proposal Kruger Energy Inc. (KEI) stated in section 1.5.1 that the “Project consists of the construction and operation of a 100 MVA substation which will connect potential future generation project(s) of KEI or an affiliate of KEI to the IESO-controlled grid.” In section 1.5.4 KEI states that the Project “may in future connect generation facilities to the IESO-controlled grid.”
 - a. Please clarify the apparent inconsistency between these statements.
 - b. Is the statement in section 1.5.4 an acknowledgement that the requested approval of the substation will enable KEI to also provide transmission services?
 - c. Is the statement in section 1.5.4 intended to reflect the requirement that any future generation project to be connected to the IESO-controlled grid will be required to comply with the Connection Assessment and Approval process?
 - d. Is the statement in section 1.5.4 an acknowledgement that the requested approval of the substation does not grant any entitlement to connect specific generation projects to the IESO-controlled grid through the substation?
 - e. Please confirm KEI’s understanding that the passage “...the impact of the proposal would not adversely affect the development and maintenance of a competitive market” is in reference to the electricity market administered by the IESO.
 - f. Please identify and discuss the information on which KEI relies in concluding that its proposal will not have an adverse impact on the development and maintenance of the electricity market in Ontario.

2. In response to Board Staff interrogatory 5 KEI claimed an exemption from transmitter licensing under O.Reg. 161/99 clause 4.0.2(1)(a) and/or 4.0.2(1)(d).
 - a. Please clarify and elaborate upon the basis of the requested exemption under 4.0.2(1)(a) and/or (d).
 - b. In relation to 4.0.2(1)(d) please confirm that in order to be eligible under this claimed exemption KEI must comply with generator regulatory and licensing requirements.
3. In response to Board Staff interrogatory 15 KEI did not answer the specific question whether the construction of the Project would limit the access of other parties to the 230 kV transmission lines between the Chatham TS and the Lauzon TS.
 - a. Please provide an updated answer to the question asked?
 - b. Is it KEI's position that approval of the Project reserves capacity on the 230 kV transmission lines described above notwithstanding the lack of any specific committed generation projects?
 - c. Is it KEI's position that the potential future generation projects contemplated in its current application may effectively reserve capacity on the 230 kV transmission lines described above without having completed the Connection Assessment and Approval process?

Issue B: the future operation of the proposed substation, including:

- (i) **the process for selecting generation projects for connection to the proposed substation; and**
 - (ii) **whether the IESO and Hydro One connection processes could be adversely affected.**
1. In its response to Allus Power Inc., dated September 11, 2007, KEI states that KEI's "objective is to make a value based transfer of the Substation back to Chatham Kent Hydro if Chatham Kent Hydro is amenable". It also stated that KEI will allow other unrelated projects to access the substation provided they contribute to the construction costs, ongoing reasonable costs, and "provided KEI is able to connect its contemplated generation project(s)."
 - a. Please clarify what is meant by a "value based transfer" in relation to the reasonable costs of constructing the substation?
 - b. Has KEI also considered transferring the substation to Hydro One and if so on what terms? If not, why not?

- c. Has Kruger also considered transferring the ownership and operation of the proposed substation to a transmission affiliate? If not, why not?
 - d. Is it contemplated that the construction costs sought to be recovered from other projects must be reasonable?
 - e. Is it intended that KEI projects will have priority access to both the substation and to the 230 kV transmission line?
 - f. What disclosure will be provided to proponents of other projects in order to allow them to assess the reasonableness of the construction and operating costs?
 - g. What role, if any, is contemplated for the OEB in relation to the contemplated “value based transfer” and determination of reasonable costs?
 - h. If KEI does not transfer the substation, what agreements, if any, does KEI propose to enter into with Hydro One and the IESO in relation to the operation of the substation?
2. In answer to Board staff interrogatory 3 KEI said that its queuing process will be similar to the process established by Hydro One.
- a. Please list all material differences in the processes.
 - b. Please confirm whether the demonstration of “readiness” requires proponents to complete the Connection Assessment and Approval process?
 - c. If a proponent’s project has a higher state of “readiness” than a contemplated KEI project will the proponent be able to secure access to the capacity of the substation in priority to the KEI project?
3. The recent Kruger Energy Port Alma Limited Partnership notice of proposal EB-2008-0028 detailed the specific generation facilities to be connected to the transmission facilities. Please explain the rationale for bringing forward the current proposal without detailing the specific generation projects which are to be connected to the transmission facilities?