



Ontario Energy Board Commission de l'énergie de l'Ontario

DECISION AND ORDER

EB-2014-0194

ONTARIO POWER GENERATION INC.

Leave to Construct Transmission Facilities

BEFORE: Cathy Spoel
Presiding Member

Ellen Fry
Member

September 24, 2015

INTRODUCTION AND SUMMARY

Ontario Power Generation Inc. (OPG) filed an application with the Ontario Energy Board (OEB) on June 18, 2014 under section 92 of the Ontario Energy Board Act, 1998, S.O. 1998, c. 15 Schedule B (the Act) for an order granting leave to construct approximately 7 km of 115 kV transmission line and associated facilities (Proposed Line) to connect a proposed 25 megawatt New Post Creek Hydroelectric Project to an existing Hydro One Networks Inc. (Hydro One) transmission line west of the Abitibi River. OPG filed the application on behalf of itself and Coral Rapids Power Limited Partnership (CRP).

On June 12, 2015, OPG filed a letter to advise the OEB that the generating station, formerly known as New Post Creek Hydroelectric Project has been renamed "Peter Sutherland Senior Generating Station" (hereinafter the Generating Project) and that, as part of OPG's agreement with CRP, OPG agreed to name the partnership "PSS Generating Station LP".

For the reasons given below, the OEB approves the application subject to certain conditions.

THE OEB'S JURISDICTION

The OEB's power to grant an applicant leave to construct transmission facilities arises from subsection 92(1) of the Act which states:

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.

In discharging its duties in this proceeding, the OEB is also bound by the provisions of section 96 of the Act, which states:

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.

(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 resources.

In addition, section 97 of the Act states:

97. 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.

THE PROCESS

The OEB issued a Notice of Application and Written Hearing on July 28, 2014. The Independent Electricity System Operator (IESO) requested and was granted intervenor status.

OEB staff filed interrogatories and a written submission. IESO did not file either.

On January 21, 2015, the OEB advised OPG that the OEB would not issue a decision in this case prior to OPG filing updated System Impact Assessment (SIA) and Customer Impact Assessment (CIA) reports and requested updates on whether the partnership agreement had been finalized and on the status of the power purchase agreement for the Generating Project.

On April 7, 2015, OPG filed the final SIA and CIA reports. On June 12, 2015, OPG filed a letter to advise the OEB that, in addition to the name changes described on page 1 of this decision, a power purchase agreement (the Revenue Agreement) between the IESO and the PSS Generating Station LP had been executed.

On August 21, 2015, in response to a request from the OEB to provide the form of agreement offered to landowners as contemplated by section 97 of the Act, OPG filed a letter indicating that the Proposed Line is located entirely on land owned by the Province of Ontario and accordingly the form of agreement for the easement will be the form used by the Ministry of Natural Resources and Forestry.

INTEREST OF CONSUMERS WITH RESPECT TO PRICES

OPG submitted that OPG and CRP are not rate-regulated transmitters and are not seeking recovery for the cost of the Proposed Line in transmission rates. The Proposed Line will be fully funded and owned by OPG and CRP as part of the Generating Project. Accordingly, OPG submitted that the Proposed Line will have no impact on transmission rates.

OEB staff agreed that the evidence supports OPG's conclusion that the project to construct the Proposed Line will have no impact on transmission rates.

OEB Finding

The OEB finds that the construction and connection of the Proposed Line will not have an impact on the price of electricity paid by Ontario consumers.

INTEREST OF CONSUMERS WITH RESPECT TO RELIABILITY AND QUALITY OF ELECTRICITY SERVICE

System Impact Assessment (SIA)

The SIA report, prepared by the IESO, assesses whether the proposed project connection to the IESO-controlled grid will have an adverse impact on the reliability of the integrated power system. OPG filed a final version of the SIA report on April 7, 2015.

The final SIA report concludes that the Generating Project, subject to the requirements specified in the SIA report, is expected to have no material adverse impact on the reliability of the integrated power system¹.

Customer Impact Assessment (CIA)

The CIA report, prepared by Hydro One, assesses the potential impacts of the proposed Generating Project on the existing transmission-connected customers in the vicinity. OPG filed a final version of the CIA report on April 7, 2015.

The final CIA report concluded that the proposed Generating Project does not adversely impact existing Hydro One customers.

OEB Findings

Based on the conclusions of the final SIA and CIA reports, the OEB is satisfied that the proposed connection will not adversely impact the interests of consumers with respect to reliability or quality of electrical service if the conditions in the final SIA and CIA reports are met.

¹ System Impact Assessment Report (Addendum), Connection Assessment & Approval Process, Final Report, Newpost Creek Hydraulic Generation, February 10, 2015, page 6.

PROMOTION OF THE USE OF RENEWABLE ENERGY RESOURCES

In its Application, OPG indicated the Proposed Line is needed to deliver electricity from the Generating Project to an existing Hydro One transmission line. OPG also stated that the Generating Project is part of the Government of Ontario's Long Term Energy Plan, issued in November 2010, and that the project would contribute towards Ontario's goal of 9,000 MW of hydroelectric capacity by 2018².

OPG referred to a directive issued on June 26, 2013, by the Ontario Minister of Energy to the former Ontario Power Authority (OPA) directing the OPA to enter into negotiations for the Revenue Agreement with OPG to procure electricity from the Generating Project³.

OPG submitted that the need for the Proposed Line follows directly from the construction of the Generating Project and that the Proposed Line is consistent with the policies of the Government of Ontario as the Generating Station is included in the Long Term Energy Plan⁴.

OEB Findings

The Long Term Energy Plan states that "hydroelectric power is clean, renewable, cost-effective and helps to contribute to clean air quality" and that it "currently makes up the vast bulk — about 90 per cent — of Ontario's total renewable energy supply" and identifies the Generating Station as one of the hydroelectric projects to be developed.⁵

Given that the Generating Station is included in the Government's Long Term Energy Plan as a source of renewable energy and that the Proposed Line is required to deliver electricity from the Generating Station to the provincial grid, the OEB finds that the Proposed Line promotes the use of renewable energy resources consistent with the policies of the Government of Ontario.

² Application, June 18, 2014, Section 92 Preliminary Filings Requirements, Page 8 of 11.

³ Application, June 18, 2014, Section 92 Preliminary Filings Requirements, Page 8 of 11.

⁴ OPG Reply Submission, November 25, 2014, Page 2 of 6.

⁵ Ontario's Long Term Energy Plan, "Building Our Clean Energy Future", November 2010, Page 26 of 86 http://www.powerauthority.on.ca/sites/default/files/page/MEI_LTEP_en_0.pdf.

LAND-RELATED MATTERS AND OTHER APPROVALS

Land and Property Matters

As indicated above, in response to a request from the OEB to provide the form of agreement offered to landowners as contemplated by section 97 of the Act, OPG filed a letter indicating that the Proposed Line is located entirely on land owned by the Province of Ontario and accordingly the form of agreement for the easement will be the form used by the Ministry of Natural Resources and Forestry.

OEB Findings

The OEB approves the form of easement agreement used by the Ministry of Natural Resources and Forestry as the agreement offered to the landowner as contemplated by section 97 of the Act.

OEB DECISION

For the reasons provided above, the OEB finds that it is in the public interest to grant OPG leave to construct the Proposed Line and grants leave to construct pursuant to section 92 of the Act. The OEB accepts the form of agreement for the Proposed Line which will be the form used by the Ministry of Natural Resources and Forestry. The OEB's decision is subject to conditions, which are fully set out in the Order below.

The OEB notes that OPG is responsible for obtaining all necessary approvals, permits, licences, certificates and easement rights required to construct, operate, and maintain the Proposed Line. The OEB notes that OPG has received approval of its Environmental Study Report for the transmission line, as defined in the Generating Project, by the Ministry of Environment⁶.

For clarity, such approvals are granted separately and apart from section 92 leave to construct applications and are not a determinative factor in the consideration of the public interests as defined in section 96 (2) of the Act.

⁶ Application, June 18, 2014, Exhibit G, Tab 2, Schedule 1, Page 2 of 5.

ORDER

THE OEB ORDERS THAT:

1. Pursuant to section 92 of the Act, the OEB grants OPG leave to construct the Proposed Line in accordance with the OEB's decision in this proceeding. The granting of this leave to construct is conditional on:
 - I. The fulfillment of the requirements of the SIA report;
 - II. The fulfillment of the requirements of the CIA report;
 - III. OPG commencing construction within 12 months of the date of the OEB's decision.

DATED at Toronto September 24, 2015

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary