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BY EMAIL

September 26, 2018

Ontario Energy Board
P.O. Box 2319
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2300 Yonge Street
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: OEB Staff Submission on Request to Stay Operation of TPL-007-2
Independent Electricity System Operator / Hydro One Networks Inc.
Application for Review of NERC Reliability Standard TPL-007-2
Ontario Energy Board: File No.: EB-2018-0119**

Pursuant to Procedural Order No. 1, please find attached OEB staff's submission on the request to stay operation of TPL-007-2, in the above referenced proceeding.

Yours truly,

Original Signed By

Michael Bell
Project Advisor, Application Policy & Climate Change

Parties to EB-2018-0119

ONTARIO ENERGY BOARD

OEB Staff Submission

Independent Electricity System Operator / Hydro One Networks Inc.

**Application for Review of NERC Reliability
Standard TPL-007-2**

EB-2018-0119

September 26, 2018

INTRODUCTION

The Independent Electricity System Operator and Hydro One Networks Inc. (collectively, the Joint Applicants) have filed an application requesting that the Ontario Energy Board (OEB) review the North American Electric Reliability Corporation's (NERC) Reliability Standard TPL-007-2 - Transmission System Planned Performance for Geomagnetic Disturbance Events (the Proposed Standard) under Section 36.2 (3) of the *Electricity Act, 1998* (the Act). The Joint Applicants also request that the OEB stay the operation of the Proposed Standard in Ontario.

NERC is responsible for electric reliability throughout North America. To account for regional variations, it divides the continent into electric control areas and frequently has standards that apply in one area but not another to take into account geography or the physical or operational nature of the local system.

The Joint Applicants do not believe that the Proposed Standard reflects the unique topology of the Canadian Shield. As a result, in addition to filing their application, they also submitted a standard authorization request (SAR) to the NERC to seek development of a variance to the Proposed Standard. The SAR has been accepted and the NERC variance development process is ongoing.

Procedural Order No. 1, issued on September 11, 2018, made provision for OEB staff, intervenors and the Joint Applicants to file submissions on the request to stay the operation of the Proposed Standard in Ontario.

SUBMISSION

OEB staff supports the Joint Applicants' request to stay the operation of the Proposed Standard in Ontario pending completion of the OEB's review¹.

Section 36.2(6) of the Act lists the following criteria to be considered in determining whether to stay the operation of a reliability standard:

- The public interest
- The merits of the application
- The possibility of irreparable harm to any person
- The impact on consumers
- The balance of convenience

¹ If the NERC SAR process results in a variance to the Proposed Standard, the Joint Applicants' application for review may become moot.

- The need to co-ordinate the implementation of the standard in Ontario with other jurisdictions
- The need to co-ordinate the review of the standard in Ontario with regulatory bodies in other jurisdictions that have reviewed, are reviewing or may review the standard and that have the authority to refer the standard back to the standards authority for further consideration
- Any other matter that may be prescribed by regulation².

In their application, the Joint Applicants address a number of these criteria. They indicate that they are requesting a stay of the Proposed Standard based on the following considerations³:

- The impact on consumers
- The need to co-ordinate the implementation of the standard in Ontario with other jurisdictions
- The need to co-ordinate the review of the standard in Ontario with regulatory bodies in other jurisdictions that have reviewed, are reviewing or may review the standard and that have the authority to refer the standard back to the standards authority for further consideration

The Joint Applicants explain that Ontario consumers could be harmed if the Joint Applicants are required to undertake expenditures to comply with the Proposed Standard prior to the outcome of the NERC SAR process that may make all or some of these expenditures unnecessary.

OEB staff notes that the Joint Applicants' objection to the Proposed Standard is that it is technically excessive and not cost effective for Ontario. The implementation period for coming into compliance with the Proposed Standard would begin as soon as it comes into effect. These expenditures needed to come into compliance could be avoided, in whole or in part, if the NERC SAR process for a variance is successful. Ultimately, ratepayers would bear these avoidable costs. In contrast, and as noted by the Joint Applicants, OEB staff is not aware of any irreparable harm that would flow from a stay.

There are other NERC Reliability Standards currently in force in Ontario that address the risk of Geomagnetic Disturbance Events that is the subject of the Proposed Standard.⁴ As a result, OEB staff submits that the balance of convenience favours the granting of the stay in this case.

² No such criteria have been prescribed.

³ EB-2018-0119 Application Pages 2-5.

⁴ NERC Reliability Standards TPL-007-1 and EOP-010-1

Another criterion that the OEB is to consider in deciding whether to grant a stay is the merits of the application. On this issue, OEB staff believes that the Joint Applicants have raised a serious issue as to whether the Proposed Standard is inconsistent with the purposes of the Act⁵ because it is technically excessive and not cost effective in Ontario. The objectives of the Act include protecting the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.⁶

For the above reasons, OEB staff supports the granting of a stay of the Proposed Standard pending the completion of the OEB's review.

All of which is respectfully submitted

⁵ Under section 36.2(7) of the Act, the OEB shall make an order revoking the operation of a reliability standard in Ontario and referring the standard back to the standards authority for further consideration where the standard (i) is inconsistent with the purposes of the Act; or (ii) unjustly discriminates against or in favour of a market participant or class of market participants.

⁶ The Act, section 1(f).