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SENT BY E-MAIL

Toronto, August 11, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., Suite 2700
PO Box 2319
Toronto, ON, M4P 1E4

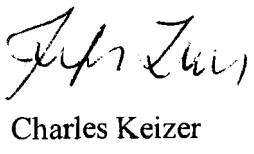
Dear Ms. Walli:

RE: Transmission Connections Cost Responsibility Review
Board File No.: EB-2008-0003

Please find enclosed the submissions of Brookfield Energy Marketing Inc. in the above-referenced matter.

Yours very truly,

Ogilvy Renault LLP



Charles Keizer

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, S.O. 1998, C. 15, Schedule B;

AND IN THE MATTER OF a consultation process to examine Ontario Energy Board policies regarding cost responsibility for generation and load connections to transmission systems.

SUBMISSIONS OF BROOKFIELD ENERGY MARKETING INC.

These are the submissions of Brookfield Energy Marketing Inc. ("Brookfield") in respect of the Ontario Energy Board's Staff discussion paper "Generation Connections – Transmission Connections Cost Responsibility Review" (EB-2008-0003).

Brookfield manages the power operations of Brookfield Renewable Power Inc. through its energy marketing platform that is responsible for all physical and financial sales of energy products across North American markets. Brookfield manages close to 1200MW of generating assets in Ontario, including 21 hydro stations located on 10 separate river systems, combined cycle gas-fired facility (Lake Superior Power) and the 189MW Prince Wind Farm – Canada's largest.

Brookfield notes that it is an indirect affiliate of Great Lakes Power Transmission Inc. ("GLPT"), an intervenor in these proceedings. However, Brookfield further notes that it operates independently of GLPT and in accordance with OEB approved protocols with respect to the separation of operation between GLPT and Brookfield. Accordingly, the position of Brookfield is that these proceedings are independent to that of GLPT and are not formulated in conjunction with GLPT.

Position of Brookfield

1. Options for Generator Cost Responsibility

Brookfield supports the "pooling option". A central feature of this option is that transmitters would assume lead responsibility for the design, development and construction of enabling facilities. The costs of responsibility would lie with the transmission ratepayer, while generators would pay for their individual connections to the enabling line.

Brookfield's support for the pooling option is premised on the following:

(a) Brookfield believes that transmission is effective if built, owned and operated by transmitters as part of a regulated rate base because:

(i) the regulated rate of return on the transmission assets is lower than a return required for a generation project;

(ii) a regulated entity is more likely to have a lower cost of capital;

(iii) transmitter owned facilities provide economies of scale and efficiencies in operation and maintenance of the facilities;

(iv) the typical OPA power purchase agreement has a term of 20 years, while transmission facilities will last and require operation and maintenance for a period much longer than 20 years; and

(v) licensed transmitters have an obligation to provide non-discriminatory access to and administration of joint-use transmission facilities.

(b) Brookfield submits that the cost responsibility should rest with the ratepayer. The cost of transmission will ultimately be incurred by the ratepayer whether as part of a regulated transmission rate or the contractual price under a procurement contract. If a generator is responsible for the costs of transmission line construction, then the economics of the intended project and consequently the bid price must include the costs of the transmission facilities and the construction and operating risks associated with transmission. As a result, the costs of enabled transmission will be subsumed within the global adjustment as part of the commodity cost and passed on to the ratepayer. Because of the efficiencies identified above, the inclusion of those costs within a regulated rate will mean that the costs paid by the ratepayer are lower than if paid through the commodity cost. In addition, the inclusion of those costs in the transmission rate will provide for a higher level of transparency and unbundling through the Board's regulatory oversight.

Because the ratepayer ultimately pays for any transmission constructed, the pooled option provides for better economic and regulatory efficiency than the hybrid or shared options.

2. Cost Neutrality and Level Playing Field

Any Code amendments must work in conjunction with OPA procurement processes to ensure that there remains cost neutrality between generators that require enabler lines and those that do not – i.e. a level playing field among potential renewable generation facilities whether located inside or outside a defined renewable cluster. There is a risk that generators located within a cluster will have an advantage over generators outside of the cluster because establishing an enabler line end point within the geographic boundary of a renewable cluster may provide a connection point to the grid that is closer than for a generator outside of a cluster. For example, an "enabler" station within a cluster may be located within two kilometres of a generator's facilities in a cluster, while the generator outside of the cluster may have a distance of 10 kilometres to the existing grid. Both generators will have to pay for the connection facilities extending from the generation facilities and the grid, but the generator within the cluster has an advantage of a lower connection cost (and thus a potentially lower bid in an RFP process) because of the existence of an enabler line endpoint sited within the cluster. The siting of the enabler line has occurred because of policy initiatives and not because of direct economic consequences. As a result, the playing field has been shifted in favour of cluster generators.

There is a clear regulatory mechanism to eliminate this risk. If the Code was amended so that all renewable generator connections (enabler and connection) were part of the transmission rate base regardless of whether they were part of a cluster, there would be no advantage arising because of the siting of an enabler facility. Brookfield submits that this form of amendment should be considered.

All of which is respectfully submitted this 11th day of August, 2008.

BROOKFIELD ENERGY MARKETING INC.

By its counsel,

per Charles Keizer

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