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August 11, 2008

VIA EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2008-0003

**Review of Cost Responsibility Policies for Connection to Electricity Transmission Systems
Comments of Energy Probe**

Pursuant to the Ontario Energy Board's cover letter, dated July 8, 2008, Energy Probe Research Foundation (Energy Probe) is hereby providing three hard copies of Comments in respect of the Board Staff Discussion Paper: *Generation Connections*. An electronic version of this submission will be forwarded to your attention in PDF format.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc. David Brown, Ontario Energy Board (By email)
Peter Faye, Counsel to Energy Probe (By email)

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EB-2008-0003

Ontario Energy Board

TRANSMISSION CONNECTION COST RESPONSIBILITY REVIEW

Board Consultation

COMMENTS OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")

August 11, 2008

TRANSMISSION CONNECTION COST RESPONSIBILITY REVIEW

Comments of Energy Probe Research Foundation

EB-2008-0003

Background

Energy Probe Research Foundation (“Energy Probe”) was represented at the initial consultation meeting on February 14, 2008 by Dr. Kimble Ainslie. At the meeting presentations were made in Session II: *Generation Connection Cost Responsibility* by a number of parties. Energy Probe notes that all but one have a financial, commercial interest in the outcome of the Review, either as a generator of power which needs to be connected to the grid or as a builder of transmission lines.

Energy Probe did review the earlier submissions to the Board, reviewed the Staff Discussion Paper: *Generation Connections* (the “Paper”) and attended the July 22nd consultation meeting.

Energy Probe is a non-profit environmental and consumer organization which promotes economic efficiency in the use of resources. Inherent in that focus on economic efficiency is an adherence to the principle of cost causality, responsibility for cost rests with those that cause the cost. Unless that the principle of cost causality is followed in the economic regulation of the power sector in Ontario, the investment decisions which must be made to develop generation and transmission assets will not be directly reflective of economic effectiveness, wherein all costs are included in decision making.

It appears to Energy Probe that the Paper developed by Board staff was thorough in examining the options for generation connection responsibility and examining the consequences arising from the choice of each option.

Response to Questions Posed by Staff's Paper

- 1. Is it appropriate to change the current policies for the provision of generation connections as it applies to enabler lines?**

It is the submission of Energy Probe that the need for the efficient, effective construction of enabler lines makes it an appropriate time to revise current policies for the provision of generation connections to facilitate infrastructure creation.

- 2. If so, do you agree with the definition of enabler lines as proposed and, in particular, that: (a) enabler facilities are those that serve multiple generation facilities with different owners; and (b) the revised policies apply only to those enabler facilities that are part of an approved IPSP?**

Energy Probe is in agreement with the proposed definition of enabler lines which specifies (a) multiple generation facilities with different owners and, (b) a revision of current policies only to apply to those enabler facilities that are part of an approved IPSP.

- 3. Do you agree with the proposed process in the Pooling, Hybrid and Shared options that once the IPSP is approved, the Board should undertake a process to designate a transmitter as responsible for the development phase of the enabler facilities? If not, what process should the Board use to ensure that development work on the enabler facilities proceeds?**

Yes, the Board is to undertake a process to designate a transmitter for the development phase.

- 4. Is the timing for the Request for Expressions of Interest and Request for Proposals relative to the stage of the development work on the enabler facilities appropriate?**

Yes.

5. **Should the costs of the enabler line be recovered from transmission ratepayers or from generators?**

Energy Probe submits that the cost of enabler lines should be borne by generators.

6. **Should the costs associated with the unsubscribed portion of the enabler facility's capacity be recovered from transmission ratepayers (as in the Pooling and Hybrid options) or should they be paid by generators (as in the Status Quo and Shared options)?**

While it would be an optimum solution to have all costs associated with enabler lines borne by generators, it appears to Energy Probe that the more practical solution is for the unsubscribed portion of the enabler facility's capacity to be recovered from transmission ratepayers. This will provide greater certainty for the transmitter to recover its costs and allow for greater certainty of regulatory outcomes.

In Conclusion

It is the concluding submission of Energy Probe that the option described by Board staff as the Hybrid Option is the better solution for the Ontario power sector.

Respectfully submitted at Toronto, Ontario this 11th day of August, 2008.

Energy Probe Research Foundation