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File No.: 081243

August 11, 2008

**VIA COURIER**

Ms. Kirsten Walli, Board Secretary  
**Ontario Energy Board**  
2300 Yonge Street, Suite 2700  
P. O. Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Transmission Connection Cost Responsibility Review –  
Board File No. EB-2008-0003**

We act as counsel to the Society of Energy Professionals.

Please find enclosed the Society of Energy Professionals' submissions in response to the Staff Discussion Paper released in the above-noted matter on July 8, 2008. Please note that we have been unable to obtain a user ID and password for the Board's RESS e-filing services in time to file these submissions electronically by today's deadline. We will file the enclosed submissions electronically as soon as we receive a user ID and password from the Board.

Yours truly,

**CAVALLUZZO HAYES SHILTON  
McINTYRE & CORNISH LLP**

Jo-Anne Pickel  
JP/fd

Encls.

cc: Rod Sheppard, Society of Energy Professionals  
Matthew Kellway, Society of Energy Professionals  
Keith Rattai, Society of Energy Professionals

## **Introduction**

1. The following are the Society of Energy Professionals' ("SEP") submissions in response to the Ontario Energy Board's Staff Discussion Paper released on July 8, 2008.

2. As described in more detail below, the SEP takes the following positions:

- (1) Substantive position: Enabler lines should be deemed network assets and the costs pooled amongst the province's ratepayers.
- (2) Procedural position: The Board should determine the issue of cost responsibility as quickly as possible in order for the issue of enabler line planning to be dealt with in an integrated manner as part of the Integrated Power System Plan ("IPSP") review.

### **(1) Network Assets and Pooling of Costs**

3. The SEP submits that enabler lines should be deemed network assets and financed through the ratepayer base. This policy outcome would be consistent with the government's goals -- and the public interest -- in expanding the province's renewable resources and strengthening the transmission system. The Supply Mix Directive sets out the government's intent that the province's use of renewable forms of energy be increased and the transmission system strengthened in order to facilitate the exploitation of renewable resources. As set out in the Supply Mix directive, there is a public interest in renewable resources and in the lines that are needed to reach them. Enabler lines are assets that will have a life of at least 40 years. Therefore, the SEP submits that the most fair and appropriate way in which to meet the government's public interest objective is to

deem enabler lines to be network assets and to pool their cost amongst all ratepayers.

**(2) Appropriate Procedure: IPSP Review**

4. The SEP submits that, once the cost responsibility for enabler lines is determined, the issue of enabler line planning should be reintegrated into the IPSP review process so that a comprehensive integrated plan can be considered by the Board as part of the IPSP review.

5. Pursuant to 25.30 (1) of the *Electricity Act, 1998*, the Ontario Power Authority ("OPA") is required to develop and submit to the Board an integrated power system plan. This plan, *inter alia*, must be

designed to assist, through effective management of electricity supply, transmission, capacity and demand, the achievement by the government of Ontario of,

- (i) its goals relating to the adequacy and reliability of electricity supply, including electricity supply from alternative energy sources and renewable energy sources... [emphasis added]

6. The IPSP is intended to be an "integrated" power system plan which addresses not only electricity supply, capacity, and demand, but also transmission. It is due to the interrelationship between supply, transmission, capacity and demand, that the government has required all of these to be addressed in an integrated plan. For the same reason, the issue enabler line planning is most appropriately dealt with in an integrated manner as part of the IPSP review, rather than treated as a separate issue using another Board process.

7. The integrity of the IPSP process would be undermined and the quality of the ultimate plan that emerges from the process impaired, if enabler line planning is carved out from the IPSP review. As noted by the Board in its January 4, 2008 letter that initiated the present consultation, the question of cost responsibility is one that has arisen in the IPSP review. According to the OPA, "transmission considerations were integrated in all steps in the planning process." (s. 2.1) However, while the OPA refers at several points to the need for transmission enhancements, the issue of transmission planning remains undeveloped in the IPSP proposal.

8. The SEP submits that, in order to properly carry out its mandate pursuant to s. 25.30(1), the OPA must fully address the issue of enabler line planning in its integrated power system plan. The OPA should present a plan for the development of enabler lines which would include matters such as the appropriate size and location of these lines and the process by which they will be developed. This would permit a fully integrated IPSP to be presented to the Board and intervenors for consideration and comment through the IPSP public hearing process. It would also ensure greater transparency and public input into how the government's transmission goals are to be met.

9. The re-integration of the enabler line planning issue into the IPSP review is key to a determination of whether or not the IPSP meets the goals contained in the Supply Mix Directive. In particular, inclusion of enabler line planning in the IPSP is critical for the determination of whether the IPSP meets the government's goal of strengthening the transmission system to:

- Enable the achievement of the supply mix goals set out in [the] directive;

- Facilitate the development of renewable energy resources such as wind power, hydroelectric power and biomass in parts of the province where the most significant development opportunities exist;
- Promote system efficiency and congestion reduction and facilitate the integration of new supply, all in a manner consistent with the need to cost effectively maintain system reliability.

10. Finally, the SEP notes that the Staff Discussion Paper appears to contemplate a transmitter designation process that would require the Board to exceed its express authority and expertise. The Discussion Paper appears to contemplate using Board processes for purposes other than those for which they were designed. The Discussion Paper appears to suggest that the Board has the expertise and authority to use existing mechanisms (e.g. the leave to construct process) as procurement processes. The SEP submits that the Board has no authority to use these mechanisms for procurement purposes. These mechanisms were not designed for, and are ill suited for, this purpose. Perhaps most importantly, the Board's expertise lies in economic regulation. As such, the Board does not possess the necessary technical expertise to make determinations as to the details related to the planning of enabler lines (e.g. sizing, location, etc.). Moreover, decisions as to the planning of the enabler lines are complex policy decisions with a public interest component that should not be determined by economic criteria alone. Accordingly, enabler line planning decisions would be most appropriately made as part of the public IPSP review process where options can be vetted and subject to input on the part of intervenors.

11. We note as a final matter that in the SEP's submission, the precise issue of who builds and owns enabler lines and if/how transmission is procured can be

determined at a later date by an appropriate authority other than the Board – e.g. by the Minister himself. As submitted above, the Board possesses neither the necessary expertise nor express or implicit authority to carry out procurement processes. It also appears that the OPA does not have the express legislative authority to procure transmission lines. In the SEP's submission, the issue of whether transmission procurement is necessary and, if so, how the process is best carried out, can be determined at a later date. These are not issues that are appropriate to determine as part of this consultation nor the IPSP review.

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