December 15, 2022

Via Email and RESS

Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON M5H 1T1
t 416.967.7474
www.ieso.ca

Ms. Nancy Marconi
Registrar
Ontario Energy Board
27th Floor, 2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Marconi:

Re: Electricity Transmission Leave to Construct Filing Requirements Update (DRAFT) – Letter of Comment
Board File No.: EB-2022-0261

The Independent Electricity System Operator (IESO) appreciates the opportunity to submit comments on the draft update to Chapter 4 of the OEB's *Filing Requirements for Electricity Transmission Applications* (the "Chapter 4 Filing Requirements", or "Document").

In its invitation to comment letter dated November 10, 2022, the OEB notes that the draft update to the Chapter 4 Filing Requirements (also dated November 10, 2022) will provide guidance on electricity transmission leave to construct applications and related matters under Part VI of the *Ontario Energy Board Act, 1998* (the Act); and that the update is based on the current legislative and OEB policy frameworks, general current practices, and expectations around filing requirements to the extent that they are in place today.

The IESO is responsible for maintaining the security and reliability of electricity supply in Ontario and for operating and directing the operations of the IESO-controlled grid. The IESO also has the mandate to ensure the adequacy and efficiency of electricity supply in the province through planning of electricity supply and forecasting demand. The IESO has provided comments on the draft update to the Chapter 4 Filing Requirements, as set out below.

4.2.1 Legislation

Section 92: Requirement for Leave to Construct and Exemptions

The IESO recommends that the terms "reinforcement", "expansion", and "interconnection" be defined for clarity within the document.

4.3 Information Required of Rate-regulated Applicants

Section 4.3 includes requirements for IESO reports that are used by the applicant as evidence to demonstrate the need for the project, the relationship between the project and regional and bulk plans, the relationship between the project and other electricity system benefits, among other reasons, as applicable. Outside of the filing requirements for leave to construct applications, the IESO suggests that there may also be process improvements with respect to leave to construct proceedings and looks forward to the appropriate forum to raise and discuss these matters with the OEB.

4.3.2.3 Evidence in Support of Need for the Project

Load Forecast
The applicant is required to provide 15 years of demand forecast information. The IESO submits that this requirement should reflect the forecast used in the relevant planning assessment that recommended the project. The rationale for this amendment is that any significant changes to the forecast would require an updated planning assessment which precedes the leave to construct application.

Relationship to regional plans and/or other bulk plans
The applicant is required to provide evidence in the form of a document prepared by the IESO, which identifies the recommended and planned transmission and non-wires projects in any regional plans and/or bulk plans which have linkages or interdependencies with the applied for transmission project. The IESO recommends that linkages or interdependencies be defined for clarity and puts forth the following definition for consideration:

- Linkages and/or interdependencies in this context refers to projects (including the applied-for transmission project) where the impact of one or more recommended and planned transmission and non-wire projects has the potential to affect the need for, or viability of, another such project.

The draft update to the document provides that an application for a project that derives from a regional plan must summarize and reference the relevant need information from the Integrated Regional Resource Plan (IRRP), where applicable, and the Regional Infrastructure Plan (RIP). The IESO submits that this information be expanded to include bulk plans.

The IESO also recommends that the word "other" be removed from the section title such that it reads as follows: *"Relationship to regional plans and/or bulk plans"*.

4.3.2.5 Analysis of Alternatives

With respect to analysis of alternatives, the draft update to the document provides as follows:

> *"Applications for leave to construct projects that derive from a regional plan must demonstrate that alternatives to address regional needs, including conservation and demand management (CDM) measures and non-wire alternatives (e.g., generation, storage, etc.), have been appropriately considered and addressed in developing the proposed project. The relevant information from the IRRP and the RIP are to be summarized and referenced in this section."*

The IESO submits that this section should also refer to relevant information from IESO bulk plans given their role in the assessment of alternatives to bulk transmission projects.

The IESO also recommends that IRRP information is summarized, where an IRRP has been developed. The regional planning process allows for a RIP to be completed without an IRRP, subject to the analysis within the Scoping Assessment carried out by the IESO. In these instances, evidence from the Scoping Assessment may be provided to demonstrate why a non-wires solution was not deemed suitable for addressing the identified need.

The IESO also recommends that the OEB clarify what "appropriately addressed" means in the context of developing the proposed project.

In terms of the criteria by which alternatives must be compared, the draft update to the document includes the following requirements:

> *"The applicant must compare the various alternatives and options in terms of cost, feasibility, timing, reliability, flexibility (in terms of staging, operability and/or other factors), risk and any other relevant criteria. Key variations of the project that were considered should also be described (such as different voltage, conductor size, operation, and tower type)."*

and,

> *"The applicant should consider both quantitative and qualitative benefits of the various options and provide evidence of these benefits. If the various options are expected to have significant qualitative benefits, the applicant should consider these benefits in ranking the options. Incorporating qualitative criteria may result in a different ranking of options compared to the ranking based only on quantitative benefits and costs. For example, an option may be compared based on its degree of disruption to property owners with grades of minimal, significant and highly disruptive."*

When assessing alternatives in regional and bulk plans, the IESO will typically consider feasibility as a first order criterion and proceed with detailed evaluation of those alternatives that are feasible. This means that alternatives that are not feasible are not typically compared on the basis of reliability, cost, and other criteria. The IESO therefore recommends that the OEB refer to this sequencing in the evaluation of the criteria. For example, the OEB could indicate that alternatives shall be feasible, and assessed on the basis of the cost, timing, reliability, flexibility, risk and any other relevant criteria. Further, the IESO recommends that the OEB further describe the types of risks and benefits (qualitative and quantitative) that should be considered in the analysis and describe whether and how these are linked to the scope of the OEB's review as per section 96(2) of the Act.

4.3.2.6 Project Costs

Regarding cost responsibility, the draft update to the document notes that:

"Cost responsibility for the project is based on the trigger (cause) of the new or modified facility (e.g., customer load increase, end-of-life asset, etc.) and the beneficiary of the project. The applicant must explain how cost responsibility for the project was determined. "

The IESO recommends that the OEB refer to the Transmission System Code for matters of cost responsibility, to ensure consistency.

4.3.2.9 Connection Projects that also Address a New Need

The OEB includes the following language with respect to a transmission network need in the updated draft document:

> *"For clarity, for the purpose of sections 6.3.18 and 6.3.18A of the TSC, a transmission network need (e.g., load restoration) must be demonstrated by the applicant and the network benefit must be quantifiable. As a consequence, if a new or modified customer connection facility would also result in ancillary benefits accruing to the transmission network that do not address a demonstrated network need, there would be no apportionment to the Network pool related to those ancillary benefits. The network benefit must also accrue directly to electricity consumers through a reduction in their electricity bill and/or an increase in reliability compared to without the new or modified connection facility (e.g., environmental benefits would not be considered in the allocation of costs)."*

The IESO recommends that the OEB further clarify the definitions of network benefits and ancillary benefits. In addition, the IESO recommends using criteria to provide an example of a transmission network need rather than using an example of a type of need i.e., "load restoration".

Section 4.3.8 Exhibit H: Regional Planning

The IESO recommends that the OEB include a similar exhibit on bulk planning. The IESO would be pleased to provide the OEB with the details of this process for consideration in the document.

Section 4.3.8.1 Integrated Regional Resource Plan

Regarding the references to the IRRP, the IESO recommends that the text be modified as follows:

> *"An Integrated Regional Resource Planning (IRRP) process is led by the IESO to determine the appropriate mix of non-wire and wires solutions to meet the needs in a region. An application for a project that derives from a regional plan must include the full IRRP report, where available. In some instances, the Needs Assessment and/or Scoping Assessment (which precede the IRRP and RIP stages in the formalized Regional Planning Process), may conclude that a need should proceed directly to a RIP without initiating an IRRP. In these instances, an IRRP may not be available for a project derived from a regional plan."*

Section 4.3.8.2 Regional Infrastructure Plan

Similar to the comments provided in Section 4.3.8.1, the IESO recommends that the text referring to the RIP be modified as follows:

> *"A Regional Infrastructure Planning (RIP) process is led by the lead transmitter to carry out a more detailed assessment of ~~the~~ wires solutions in a region ~~recommended in the IRRP~~. An application for a project that derives from a regional plan must include the full RIP report. If a RIP has been completed without an IRRP, evidence from the Needs Assessment or Scoping Assessment may be provided to demonstrate why a non-wires solution was not deemed suitable for addressing the identified need, and an IRRP not pursued."*

The IESO appreciates the opportunity to comment on the draft Chapter 4 Filing Requirements and welcomes further discussion on the foregoing recommendations and suggested revisions, to assist the OEB, as required. If you have any questions, please contact me at 416-710-0620 or by email at Beverly.Nollert@oeb.ca.

Yours truly,

Beverly Nollert
Senior Manager, Regulatory Affairs

cc: OEB Case Manager, Andrew Pietrewicz
IESO Senior Legal Counsel, Sejal Shah