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February 28, 2010

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VIA EMAIL & COURIER

Ms. Kirsten Walli <sup>2/24/3/10</sup>  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

ONTARIO ENERGY BD

Dear Ms. Walli:

**Board File No. EB-2009-0408/0409 Great Lakes Power Transmission Inc.  
Combined Hearing – Transmission Rates Application & Deferral Account Application  
Submissions of Energy Probe – Deferral Account Application**

Pursuant to Procedural Order No. 1 and Interim Rate Decision, issued January 29, 2010, please find attached two hard copies of the Submissions of Energy Probe Research Foundation (Energy Probe) in respect of the Deferral Account Application (EB-2009-0409) for the Board's consideration. An electronic version of this communication will be provided in PDF format.

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

Yours truly,

David S. MacIntosh  
Case Manager

cc: Andy McPhee, Great Lakes Power Transmission Inc. (By email)  
Charles Keizer, Torys LLP (By email)  
Peter T. Faye, Counsel to Energy Probe (By email)  
Intervenors of Record (By email)

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**Ontario Energy Board**

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

**AND IN THE MATTER OF** an Application by Great Lakes  
Power Transmission Inc. on behalf of by Great Lakes Power  
Transmission LP for a deferral account relating to renewable  
energy projects.

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**SUBMISSIONS ON BEHALF OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

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**February 26, 2010**

**GREAT LAKES POWER TRANSMISSION LP  
DEFERRAL ACCOUNT APPLICATION  
EB-2009-0409**

**ENERGY PROBE RESEARCH FOUNDATION  
SUBMISSIONS**

**How these Matters came before the Board**

1. On November 27, 2009, Great Lakes Power Transmission LP (the “Applicant” or “GLPT”), filed an Application by letter seeking approval for a deferral account for the purposes of recording capital costs, as well as operation, maintenance and administration expenses, related to renewable generation connections, system planning and infrastructure investments arising from the *Green Energy and Green Economy Act, 2009* (“GEA”).
  
2. The Board issued Notice of Applications and Combined Hearing on December 30, 2009. Energy Probe filed a Notice of Intervention on January 26, 2010.
  
3. The Board issued Procedural Order No. 1 and Interim Rate Decision on January 29, 2010 in the combined proceeding EB-2009-0408 and EB-2009-0409. Energy Probe filed Interrogatories for EB-2009-0409 on February 9, 2010; the Applicant filed its Responses on February 17, 2010.

**Submissions**

4. Energy Probe supports Board staff’s submission that the Applicant be permitted to establish a deferral account to record certain capital and OM&A costs associated with Green Energy Act expenditures. However, Energy Probe has some reservations about the amounts and timing of proposed expenditures.

5. According to the response to Energy Probe IR#6 and Board Staff IR#1, some expenditures in 2010 will be related to development of a Transmission Plan and feasibility studies for implementation of that Plan. Energy Probe accepts the Applicant's evidence for these expenditures and supports recording the estimated cost of \$300,000 as set out in the response to Board Staff IR#4(v) to the deferral account.

6. Energy Probe does not believe that the Applicant has provided sufficient evidence to support the other expenditures proposed for 2010-2012, as set out in the response to Board staff IR#4(v) specifically:

#### **East West Tie Line**

7. This project is estimated at \$16.75 M in development costs over the period. Hydro One has also requested approval for deferral account expenditures for an east west tie line in its application EB-2009-0416. The total development OM&A cost for the Nipigon x Wawa section of that line is shown in Hydro One's application as \$11.6 M.

8. The Applicant has not provided any evidence as to what its involvement in the east west tie project is or why it would need to spend \$5 M more than Hydro One for development work on the project.

9. Energy Probe submits that the Board should not approve charging any expenditures on this project to a deferral account until the Applicant has justified them. This should occur through the hearing process in the companion Application EB-2009-0408.

## **Sudbury Area by Algoma Area**

10. In EB-2008-0272 the Board approved a deferral account for Hydro One to record development OM&A expenditures related to IPSP projects. One of the projects listed in that application was “*500 kV Transmission Line – Hanmer x Mississagi*” (Exhibit C1 Tab 2 Schedule 3 page 7). This project subsequently appears in Schedule A of the Minister’s letter of September 21, 2009 as “*Sudbury Area x Algoma Area (Mississagi Transformer Station, 70 km east of Sault Ste. Marie (500 kV)*”. Energy Probe assumes that this is the same project referred to by GLPT in the present Application on page 2 as “*Sudbury Area by Algoma Area*”.

11. The Applicant refers to this project as having “*an impact on the GLPT transmission system*”. However, Energy Probe notes that the project is a 500 kV line and that GLPT does not own or operate any 500 kV facilities. It is not clear what impact the project would have on the Applicant’s 230 kV system and the Applicant has not explained why it needs to incur any development costs.

12. Hydro One’s estimated cost for development of the project is \$3.1 M according to Exhibit C1-2-3 referenced above. None of this was proposed to be spent in 2010 and the project development was expected to be complete by September 2014.

13. GLPT proposes to spend \$5.55 M on development work for the project of which \$1.05 M is scheduled for 2010. It has not explained what this work is for and why it would need to spend money on the project before Hydro One has even started its development work on the line. It has also not explained why its work would cost \$5.55 M when Hydro One’s total development cost for the line is only forecast at \$3.1 M.

14. Energy Probe submits that the Board should not approve charging any development costs for this project to a deferral account until it is satisfied that the work is both necessary and the estimated cost justified.

## **GLPT Network**

15. This category of work appears to be primarily related to renewable energy projects from the Ontario Power Authority (“OPA”) Feed-in Tariff program that are expected to require connection. The Applicant states that it needs to plan for 670 MW of potential renewable power. This number is derived from evidence filed by the OPA in the Integrated Power System Plan proceeding. Energy Probe notes that, because this proceeding was suspended by the Minister shortly after commencement of the oral hearing phase, none of the evidence has been tested. Therefore, the reliability of the renewable power potential used by GLPT to assess its likely development costs remains uncertain.

16. Energy Probe also notes that GLPT is basing its development costs on speculation that all of the FIT contract interest expressed for its service territory will translate into generation connections that will impact its system. This seems overly optimistic and should not form the basis of development work. Rather, Energy Probe recommends that the Board require GLPT to demonstrate by way of actual FIT contracts how much expressed interest is actually being translated into renewable generation projects. That should then be the basis of approving expenditures for the deferral account.

## **Summary**

17. Finally, Energy Probe notes that the rates part of these two applications will provide an opportunity to test GLPT’s evidence for transmission project development. Delaying a decision on the deferral account until after that hearing will not, in Energy Probe’s submission, prejudice the Applicant in any way but will allow the Board to make an informed decision on what costs should be approved for a deferral account.

**Costs**

**18. Energy Probe submits that it participated responsibly in this proceeding. Energy Probe requests the Board award 100% of its reasonably incurred costs.**

**ALL OF WHICH IS RESPECTFULLY SUBMITTED**

**February 26, 2010**

**Peter Faye**

**Counsel to Energy Probe Research Foundation**