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November 28, 2008

VIA MAIL AND EMAIL

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
26<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON  
M4P 1E4

Dear Ms. Walli:

**Re: Proposed Amendments to the Transmission System Code  
Board File Number: EB-2008-0003**

**Comments of the Vulnerable Energy Consumers Coalition (VECC)**

As Counsel to the Vulnerable Energy Consumer's Coalition (VECC), I am writing, per the Board's Notice of October 29, 2008 VECC's comments on the proposed amendments to the Transmission System Code to deal with the issue of "enabler facilities". VECC's comments deal with the issue of capital contributions and the need for greater clarity regarding who is required to make capital contributions and provide security deposits when a transmitter is required to construct an enabler facility and precisely how the amounts are to be determined.

**Provision for Capital Contributions and Security Deposits**

While it is not totally clear, VECC assumes that the wording of Section 6.3.10 would permit transmitters to also require a security deposit from a generator customer who is not part of the renewable resource cluster (e.g., the generation is not based on the regional renewable resource) but is seeking connection to the enabler facility. For greater clarity, the Board may wish to re-word this section.

Section 6.3.4 makes reference to “applicable generators” being required to make a capital contribution. It is not precisely clear who is captured by the term “applicable generators” when considered in the context of enabler facilities. From VECC’s reading of this section and Section 6.3.9, it includes those generators who will be connected at the time the enabler facility comes into service plus those who are anticipated to connect with the next five years regardless of whether or not they are part of the “renewable cluster”.

In contrast, Section 6.3.14A permits a transmitter constructing an enabler facility to attribute the cost of the enabler facility to generator customers whose facilities are “from time to time sited in the associated renewable cluster”. It is not clear whether the phrase from “time to time” is meant to capture all customers who connect or just those not addressed in sections 6.3.4 and 6.3.9. The distinction is important since, as discussed below, the determination of the capital contribution requirements differs. Also, it is not clear if use of the phrase “in the associated renewable cluster” will capture generators who subsequently seek connection but are not part of the renewable resource cluster (i.e., use a different generation technology). The Board may wish to clarify these points.

In VECC’s view the capital contributions (or security deposits) should be required from all generators seeking connection to the enabler line and whose capacity requirements are included in the determination of the minimum design requirements. This should apply regardless of whether or not the generator is part of the associated renewable resource cluster. Similarly, all generators subsequently seeking connection to the enabler facility should be required to make a capital contribution and such contribution should be calculated using a standard approach. VECC recognizes that the approach used may be different for those generators not anticipated at the time of construction. However, generator customers seeking connection under similar circumstances should be treated the same.

### **Amounts Payable for Capital Contributions and Security Deposits**

Based on the current wording of the sections, there appear to be a number of inconsistencies in terms of how the capital contributions will be determined.

First, Section 6.5.1A suggests that generators who are part of the renewable cluster would have their capital contribution based on the fully allocated cost of the minimum design required to meet their needs. This would suggest a pro-ration of the minimum design costs to such generators based on their relative capacities. However, Section 6.3.14A suggests that such generators would have their contribution determined based on the ratio of each generators capacity to the capacity of the enabler line required to meet their needs. Since it is unlikely that the capacity of the line (even one designed just to meet the needs of the renewable resource cluster) would precisely equal the sum of the associated generator capacities, the two sections will yield different results. In VECC’s view,

the intent should be to fully allocate to the generators anticipated as result of commitments to connect at the time of construction the cost of the minimum design needed to meet their needs and, therefore, the approach implied by section 6.5.1A is more appropriate.

The revised sections of the Code (e.g., 6.3.8A) acknowledge that there could be generators who are not part of the resource cluster (i.e., use a different generation technology) but will seek connection to the enabler facilities. Furthermore, if such generators make the appropriate commitment, then presumably their requirements would be included in the minimum design of the enabler facility. However, the current wording of Sections 6.3.8A, 6.3.14A and 6.5.1A suggests that these customers will be treated differently when it comes to the determination of their capital contribution. In VECC's view this is inappropriate. The minimum design capacity and cost should be established based on the capacity of all generators (renewable cluster associated or not) who commit to connection at the time the facility requires approval. A standard formula for determining capital contributions should be applied to all such generators and be established so as to recover the "costs" of the minimum design.

Section 6.3.14A makes reference to "the total capacity of the enabler facility that is required to meet the capacity of the associated renewable resource cluster". In the next sentence, it defines the total capacity of the enabler facility as being "its capacity at the time at which the enabler facility comes into service". These two definitions are fundamentally different since:

- The enabler facility's capacity could be designed to permit the connection of generators who are not part of the associated renewable resource cluster, and
- The enabler facility's capacity could be designed to accommodate additional generation from the resource cluster over and above that identified as committed and contributing to the "minimum design required".

In VECC's view, Section 6.5.1A can be viewed as addressing the capital contributions from generator customers whose connection requirements are included in the determination of the minimum design requirements. As result, Section 6.3.14A should be used to address the determination of capital contributions from other generators who may subsequently seek connection the enabler facility. Within this context, the total capacity of the enabler facility should be determined on the basis of the capacity at the time at which the enabler facility comes into service. If the intent is for Section 6.3.14A to apply to all generators, then there is a need to reconcile fact that its application will yield different results than what's implied by Section 6.5.1A.

Finally, in VECC's view, if circumstances develop such the enabler facility is fully utilized then the treatment of additional generators seeking connection should be governed by that portion of Section 6.3.4 dealing with modifications to existing

transmitter-owned connection facilities. The Board may wish to clarify the treatment of such generators.

Please contact Bill Harper (416-348-0193) if you have any questions or require clarification.

Thank you.

Yours truly,

Michael Buonaguro  
Counsel for VECC