

**Great Lakes Power Limited**  
**Reply Submissions**

February 23, 2007

**Introduction:**

GLPL has prepared the following submissions in response to the submissions filed by intervenors and Board staff in this proceeding. GLPL has organized these submissions as follows:

	<b>Tab</b>	<b>Page</b>
<b>I. General Submissions</b>	A	2
<b>II. Reply to Intervenor and Board Staff Submissions</b>	A	
A) Reply to Board Staff Submissions		4
B) Reply to ECAO Submissions		25
C) Reply to AMPCO Submissions		27
D) Reply to PWU Submissions		28
<b>IV. CCP with Proposed Amendments</b>		
• Clean Version	B	
• Blacklined Version	C	
<b>V. CCRA's with Proposed Amendments</b>		
• Clean Versions	D	
• Blacklined Versions	E	

**I. General:**

**i. Adoption of a Single Connection Procedure**

It was suggested by AMPCO that both GLPL and Hydro One adopt a single connection procedure. GLPL submits that this suggestion not be adopted by the Board.

The Transmission System Code (the "TSC") does not require transmitters to have the same connection procedures. The key element is an effective connection procedure that provides open and non-discriminatory access to the transmission grid is facilitated and permitted. Each transmitter's connection procedures can be different and still fulfill this purpose.

In addition, Ontario's licensed transmitters have their own unique characteristics that must be reflected in their customer connection procedures. These unique characteristics include (but are not limited to) size, internal resources, number of connection points and, vulnerability to customer default. Because of these unique characteristics, a one-size-fits-all approach would not be practical. For example, as between GLPL and Hydro One, GLPL is not as large as Hydro One and is therefore more sensitive to customer defaults. Accordingly, GLPL's Security Deposit Procedure requires a deposit that covers GLPL's maximum net exposure during the construction phase of a connection, while Hydro One's recognizes the credit-worthiness of its customers.

**ii. Status of CCRA relative to CCP**

In response to Board staff's interrogatories, GLPL filed its generator and load Connection and Cost Recovery Agreements ("CCRAs"). A number of submissions were made in this proceeding regarding the content of GLPL's CCRAs, to which GLPL has responded. As set out below, in a number of instances GLPL has proposed amendments to its CCRAs based on constructive submissions made in this proceeding.

There is no regulatory basis for including the CCRA in a transmitter's connection procedure. Section 6.1.4 of the TSC explicitly provides what must be included in a transmitter's connection procedures. That list does not include CCRAs. As well, although section 6.5.2(a) of the TSC requires a transmitter to establish in its connection procedures an economic evaluation procedure (as GLPL has), that section does not require a transmitter to include a CCRA as part of its procedures.

As the CCRA captures aspects of the TSC and the connection process, GLPL acknowledges that a CCRA must comply with the TSC. However, GLPL also submits that there are a number of commercial and project related aspects that are part of the CCRA and form no part of the TSC, but are important and unique to the project or connection in question. However, GLPL submits that the CCRA is a commercial arrangement ancillary to the Customer Connection Process ("CCP"). As a result, although GLPL's CCRAs were the subject matter of this proceeding, its CCRAs do not form part of the Board's approval of GLPL's CCP.

From a commercial perspective, a CCRA is a private contract between the transmitter and connecting customer that governs the commercial relationship between the parties. The CCRA is negotiated in confidence by the parties, and its terms and conditions may be commercially sensitive. This is particularly true for the schedules which contain commercial and project information to the CCRA. Transmitters and customers require flexibility in their ability to negotiate a CCRA against the backdrop that the CCRA is subject to the TSC. This could entail amendments from the version of the CCRAs filed in this proceeding. Of particular concern is that if the CCRA were to form part of the connection procedures, and subject to section 6.1.5, then all material amendments to the CCRA's that result from or come about in the course of negotiation would have to be approved by the Board. It is not clear what would be considered "material", but the potential for Board approval would likely affect the negotiation process because of a concern that delay would arise due to the regulatory process.

## II. Reply to Intervenor and Board Staff Submissions

### A. Board Staff

#### 1. Available Capacity

Board Staff submitted that the inclusion of a binding 5-year load forecast as part of the demonstration of need is inappropriate in light of the available capacity provisions of the TSC.

As indicated in GLPL's interrogatory response (#13 to Board Staff's interrogatories), GLPL is not seeking to bind a connecting customer to a load forecast. Rather, GLPL simply wants someone with corporate authority to provide and endorse the forecast.

To avoid any confusion regarding the issue of a binding forecast, GLPL proposes that section 4.1.3 of Procedure 2 be amended as follows:

*the customer shall provide supporting documentation for their load forecast under a cover letter signed by an officer of the customer including a letter signed by a person or persons who can bind the company or the customer's business plan approved by a person or persons who can bind the company to the forecast;*

GLPL also proposes that section 9.2.2 of Procedure 2 be amended as follows:

*...The load customer's written request shall be signed by an officer of the customer a person or persons who can bind the company to the load forecast and requested assigned capacity.*

2. Security Deposit

The purpose of section 7 of Procedure 3 is to protect GLPL in circumstances where an affiliate guarantee has been provided instead of a deposit and a "material change in financial risk" occurs, resulting in GLPL requiring a different form of security.

In response to Board staff's submission, GLPL proposes to amend section 7 as follows:

**7 ~~Additional~~ Alternative Security Deposit**

*Where an affiliate guarantee has been furnished as security, if the Connection Applicant or an affiliate of the Connection Applicant, experiences a "material change in financial risk" as defined by the Ontario Securities Act (R.S.O. 1990) as amended, the Connection Applicant must advise GLPL within five (5) business days of the change, and GLPL shall have the right to require ~~additional security and/or~~ security in a different form. The Connection Applicant will have five (5) business days to comply with GLPL's request.*

GLPL also proposes to amend CCRA section 24 (both Load and Generator) sentence as follows:

*Where an affiliate guarantee has been furnished as security, if the Generator or an affiliate of the Generator, experiences a "material change in financial risk" as defined by the Ontario Securities Act (R.S.O. 1990) as amended, the Generator must advise GLPL within five (5) business days of the change, and GLPL shall have the right to require ~~additional security and/or~~ security in a different form.*

The above changes are based on the security deposit requirements as per GLPL CCP Procedure 3 section 3.0.

3. Customer Impact

As indicated in GLPL's responses to Board staff's interrogatories #7 and #20, GLPL acknowledges that it is responsible for verifying impacted customer modifications. However, GLPL submits that the TSC does not require it to coordinate, plan and schedule the impacted customers' modifications. In fact, although the Connection Agreement places an obligation on existing customers to upgrade their facilities, the Connection Agreement fails to address how this obligation is to be enforced in a timely manner in the circumstance where a customer fails to upgrade its facilities. The consequence of an existing customer failing to upgrade its facilities is that the transmitter must refrain from connecting the connecting customer. The transmitter can enforce the Connection Agreement, however the enforcement process could trigger a dispute resolution process that would protract a timely resolution. Therefore, the party adversely affected by this is the connecting customer.

The existing customer may not upgrade its facilities for a number of reasons, one of which is economic. The connecting customer should not be completely indemnified from taking steps to cause the existing customer to upgrade its facilities. The cost should not be fully borne by other ratepayers because of costs incurred by GLPL to legally oblige the existing customer to upgrade. The Board should properly establish a regime to cause the existing customer to uphold its obligations under the TSC.

However, in order to facilitate new connections, when GLPL sends a final Customer Impact Assessment ("CIA") to an existing customer, the accompanying cover letter will set out the date by which the existing customer's modifications must be completed (two weeks before the connecting customer's initial in service date). As well, the cover letter will require the existing customer to provide GLPL with documentation regarding the upgrades by that date. The documentation will include the ESA approval where required and a detailed description of the upgrades that were undertaken. The Cover letter will

also reference section 24.3 of the Connection Agreement (for both loads and generators) which describes the existing customer's obligation to upgrade its facilities in accordance with the CIA.

If the existing customer fails to implement the required upgrades by the dates set out in the cover letter, GLPL will rely on the default provisions contained in section 19 of the Connection Agreement.

In response to Board staff's submission, GLPL proposes to amend GLPL-CCP/Step 6/ subsection 6.2.2 as follows:

*Based on the commissioning plan GLPL will inform the Connection Applicant and its commissioning agent regarding which parts of the commissioning plan that GLPL will participate in by having its staff present at the Connection Applicant's facilities to witness the commissioning. ~~GLPL will require that the Connection Applicant to submit documented proof that any impacted customers identified in the CIA have modified their equipment to mitigate the impact of the Connection Applicant's connection.~~*

GLPL also proposes to delete the following GLPL-CCP/Procedure P4/ Section 3 subsections:

*~~3.1.4 Work with the affected transmission customers to ensure all enhancements and modifications on the affected customers' electrical facilities are coordinated with the Connection Applicant's planned in-service date.~~*

*~~3.1.5 Provide documented proof to GLPL and the IESO that all enhancements or modifications at an affected customer's electrical facilities that are identified through the CIA study are in place. This must be completed prior to the in-service dates for the Connection Applicant's new or modified connection facility.~~*

GLPL also proposes to amend GLPL-CCP/Procedure P4/ subsection 3.2.3 as follows:

*Prepare a draft CIA report attached to a covering letter to customers in the vicinity of the new or modified connection that references the responsibility of the transmission customers:*

- *to identify modification on their facilities that are triggered by the proposed new or modified connection;*
- *to upgrade its facilities in accordance with section 24.3 of its Connection Agreement;*
- *to carry out those modifications two weeks prior to the connection applicant's proposed initial in-service date; and*
- *to provide the transmitter with the ESA approval (where required) and a detailed description of the upgrades that were undertaken.*

*The report should reference the IESO's SIA study and report.*

GLPL also proposes to amend GLPL-CCP/Procedure P4/ subsection 3.3.2, add new section 3.3.3 and amend old section 3.3.3 which becomes 3.3.4 as follows:

- 3.3.2 *Confirm the modifications that are required on its facilities with ~~OESA, the Connecting Customer, GLPL and the IESO~~ together with the required lead-time for such changes.*
- 3.3.3 *Upgrade its facilities affected by the new connection in accordance with section 24.3 of its connection agreement*
- 3.3.34 *Provide documented proof ~~including OESA approval if required to the Connection Applicant with a copy to GLPL and IESO~~ that all modifications on its own facilities are in place two weeks prior to the planned initial in-service date for the new or modified connection facilities. The documentation shall include ESA approval (where required) and a detailed description of the upgrades that were undertaken.*



4. Customer Impact

Section 6.2.3 of the CCP requires the submission of a covering letter signed and approved by a professional engineer confirming that the facility was designed, installed and tested to all applicable standards. According to Board staff, this requirement is duplicative of other requirements set out in the TSC. Reliability and safety are priorities for GLPL. As a result, this additional “check” was placed in the procedure to ensure a safe and reliable connection.

However, as Board staff feels confident in the adherence to the provision of the TSC by connecting customers , GLPL proposes to amend GLPL-CCP/Step 6/ subsection 6.2.3 as follows:

*The Connection Applicant and its commissioning agent perform and complete all commissioning activities on the Connection Applicant-owned facilities. At completion of these activities, the Connection Applicant’s commissioning agent completes and signs the appropriate Confirmation of Verification Evidence Report (COVER) Form provided by GLPL. ~~In addition, the Connection Applicant must provide GLPL with a covering letter signed and approved by a professional engineer licensed in the Province of Ontario to confirm that the facilities have been designed, installed and tested to meet CSA, the Transmission System Code, GLPL requirements, IESO requirements, the Market Rules, and other applicable standards. Failure to comply with the connection requirements or to pass the required commissioning and verification checks will result in non-connection of the facilities until after any outstanding issues are resolved. Both~~These documents are to be forwarded to GLPL prior to the in-service of the Connection Applicant’s facilities.*

5. Economic Evaluation

Board staff raised the issue that the application of direct and indirect overheads for connection projects is important and needs to be consistent with the TSC, and applied in a predictable manner in regard to determining transfer price and capital cost. Board staff submitted that, to be consistent with the Board Policy Decision and the intent of the TSC, any cost estimate submitted by GLPL for a job or a service to a customer must include all applicable direct and indirect overheads.

GLPL's proposed section 6 of Procedure 5 is consistent with the TSC and the Board's policy decision. Cost estimates provided by GLPL to customers will include all applicable direct and indirect overheads, and such costs will be included in the transfer price.

In order to add clarification, GLPL proposes to amend GLPL-CCP/Procedure P5/Section 6 as follows:

*6 Fully Allocated Capital Cost*

*The fully allocated capital cost to be used in the calculation of the Load Connection Applicant's capital contribution is:*

*6.1 the capital costs of any GLPL uncontestable work including GLPL overheads; plus*

*6.2 where facilities are transferred to GLPL for contestable work, the capital cost of the contestable work which will be equal to the transfer price which includes ~~plus~~ any direct costs and overheads GLPL incurred as part of providing design technical requirements and specifications and to manage the project including inspection, testing and commissioning costs ~~not~~ billed to the Load Connection Applicant.*

6. Contestability

Board staff submitted that section 5.5.4 of the CCP is not consistent with the Board Policy Decision or the intent of the TSC, as GLPL does not include the overhead components to the capital cost estimate submitted to a customer who chooses to build a connection facility and transfer ownership to GLPL.

Please refer to GLPL's submission in #5 above. In order to add clarification, GLPL proposes to amend GLPL-CCP/Procedure P6/Section 5.5.4 as follows:

*the capital cost of the contestable work will be equal to the transfer price which includes ~~plus~~ any direct costs and overheads GLPL incurred as part of providing design technical requirements and specifications and to manage the project including inspection, testing and commissioning costs ~~not~~ billed to the Connection Applicant; and*

7. Dispute Resolution

Board staff submitted that it would be in keeping with the provisions of the Connection Agreement for arbitration decisions and settlement minutes to be made public (subject to redaction of confidential information). Board staff also submits that transmitters should maintain records of all disputes and that those records should be available to the Board upon request.

In response to Board staff's submission, GLPL proposes to amend GLPL-CCP/Procedure P8 by adding the following sections in order to reflect a transmitter's disclosure obligations contained in the Connection Agreement (Section 17):

2.2.5 A copy of the minutes of settlement referred to in section 2.2.3 from which all Confidential Information has been expunged shall be made available to the public by the Transmitter.

2.6.11 A copy of the minutes of settlement referred to in section 2.6.9 from which all Confidential Information has been expunged shall be made available to the public by the Transmitter.

2.6.12 A copy of the decision of the arbitrator(s) from which all Confidential Information has been expunged shall be made available to the public by the Transmitter.

8. Dispute Resolution

Board staff submitted that the proposed CCP is unclear regarding whether joint agreement of the parties is required to submit a dispute to arbitration.

GLPL confirms that a connecting customer may unilaterally trigger arbitration under section 2.4.1 of Procedure 8 where there is not yet a contractual arrangement in place between the parties.

9. CCRA – Terms of Agreement

Board staff submitted that, to the extent that the CCRA coexists with the Connection Agreement, it should be clear that in the event of an inconsistency between the two documents on the same subject matter the Connection Agreement governs.

In response to Board staff's submission, GLPL proposes to amend CCRA Templates (Load Customer and Generator) section 47 by adding the following sentence at the end of that section:

*In the event of an inconsistency between this Agreement and a Connection Agreement between the parties, associated with the new customer connection facilities, on the same subject-matter the Connection Agreement governs.*

10. CCRA – Security Requirements

Board staff submitted that sections 10.2, 16(d) and 21.2 of the CCRA templates appear to contemplate that GLPL may delay in completing construction work contrary to section 12.1.3 of the TSC.

The intent in sections 10.2, 16 (d) and Section 21.1 was not to be inconsistent with the section 12.1.3 of the TSC.

In response to Board staff's submission, GLPL proposes to amend the following sentences of the CCRA Templates (Load Customer and Generator) as follows:

Section 10.2

*If the Load Customer does not accept the new pricing and schedule impact, GLPL will not be responsible for any delay in the Ready for Service Date as consequence thereof subject to the Code section 12.1.3.*

Section 16 (d)

*it shall provide technical specifications for the New Load Customer Facilities and the Load Customer Connection Work as required for GLPL's review. Until GLPL has accepted the technical specifications (including electrical drawings) for the New Load Customer Facilities and the Load Customer Connection Work and accepted the Load Customer's verification of those portions of the Load Customer's electrical facilities affecting GLPL's transmission system, in accordance with any of its safety and reliability obligations under the Code, GLPL shall not be bound to connect the Load Customer ~~complete the GLPL Connection Work.~~*

Section 21.1

*Notwithstanding the generality of Section 32 below, the Load Customer hereby (a) forever releases and discharges GLPL from any and all claims, demands, actions and causes of action, including for any income or profits lost or costs incurred by the Load Customer which the Load Customer may now have or hereafter may have associated with and (b) indemnifies and shall hold harmless GLPL in respect of any and all claims, demands,*

*actions and causes of action, including for any income or profits lost or costs incurred by a third party which the third party may now have or hereafter may have in respect of the Project and, associated with or arising out of GLPL not proceeding with the GLPL Connection Work within the timelines referenced in the System Impact Assessment dated (insert date), and in written communications made to GLPL by the IESO or not proceeding with the GLPL Connection Work at all subject to the Code section 12.1.3.*



11. CCRA – Security Requirements

Board staff submitted that section 24 of the CCRA contains provisions that do not appear to be consistent with the Code.

The wording in question (“in a form acceptable to GLPL” and “as selected by the [customer] and agreed to by GLPL”) is not intended to permit GLPL to require that a particular type of security be given. The intention of the wording is that the security must be what it is represented to be. For example, a properly prepared letter of credit with terms that enable it to function as security if drawn upon. In response to Board staff’s submission, GLPL proposes to amend both CCRA’s (Load Customer and Generator) section 24 as follows:

***Security Requirements***

*24. The Generator, whenever required by GLPL to do so, shall furnish security satisfactory to GLPL for the performance by the Generator of its obligations for costs documented in Schedule “D” under this Agreement. ~~The security for the purpose for which it is provided must be in a form acceptable to GLPL and may be an irrevocable letter of credit given by a bank chartered in Canada, a surety bond given by a surety company acceptable to GLPL, negotiable bonds satisfactory to GLPL or a cash deposit. An alternate form of security, if satisfactory to GLPL, would be an irrevocable corporate guarantee from a Generator’s affiliated company. The security provided shall not exceed the remaining amounts owing for costs plus GLPL Connection Work – Non-Recoverable – Network Facilities documented in Schedule “D” under this Agreement.~~*

The provision (“not in default under this Agreement”) is consistent with the TSC since a Generator in default would forfeit its deposit together with the interest. If not in default, the deposit and interest would be returned. It is an accepted tenet of contract law that a defaulting party should not benefit from its default. Notwithstanding that the Code sets out the provision of security, it is part of a contract whereby the Generator promises to fulfill its obligations subject to security being forfeited. In response to Board staff’s

submission, GLPL is not proposing to amend either the CCRA's (Load Customer and Generator) section 24.

In response to Board staff's submission regarding the wording "once all obligations are fulfilled", GLPL proposes to amend both CCRA's (Load Customer and Generator) section 24 as follows:

*Where the Generator has furnished any of the forms of security hereinbefore specified, the Generator if not in default as aforesaid shall have the right at any time to substitute for the security any other of the forms of security acceptable to GLPL. If at any time the security furnished to GLPL becomes unsatisfactory to GLPL, the Generator upon request of GLPL shall promptly furnish security, within five (5) Business Days of receipt of notice that is satisfactory to GLPL. Security held in regards to this Agreement shall be returned to the Generator once obligations are fulfilled subject to the Code sections 6.3.5 (b), 6.3.9, 6.3.10 and 6.3.11 (c).*

In response to Board staff's submission regarding the wording "deemed occurrence", GLPL proposes to amend both CCRA's (Load Customer and Generator) section 24 by deleting the words "or deemed occurrence".

12. CCRA – Connection Agreements and Transmission System Code

Board staff submitted that section 30 of the CCRA Template eliminates the element of mutual agreement in relation to amendments to the Connection Agreement that is contemplated in section 9.2 of the Connection Agreement.

In response to Board staff's submission, GLPL proposes to amend CCRA Templates (Load Customer and Generator) section 30 as follows:

*30. ~~The Parties shall make such amendments to the Connection Agreement as may be necessary to ensure compliance with the mandatory requirements of the Transmission System Code. The Connection Agreement as set forth in the Transmission System Code requires the Load Customer to execute a Connection Agreement with GLPL prior to commissioning and Initial In- Service of the New and/or modified Existing Load Customer facilities as specified in Schedule "D" as the CA Execution Date.~~*

13. CCRA – General

Board staff submitted that the "Entire Agreement" clause calls into question the application of the CCP to customers that have signed a CCRA.

The relevant section in GLPL's CCRA Templates provide:

*35. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior oral or written representations and agreements concerning the subject matter of this Agreement. Schedules "A", "B", "C" "D", "E", "F", "G", "H" and "I" attached hereto and any Exhibits referenced in those aforementioned Schedules are to be read with and form part of this Agreement.*

GLPL submits that this is a standard provision aimed at avoiding disputes about conflicts with other agreements. GLPL's CCP is a procedure, not an agreement, and is therefore unaffected by this provision.

14. CCRA – General

Board staff submitted that because the CCRA is a template agreement and that it has been the subject of this proceeding that section 38 of the CCRA Template is inappropriate.

*38. Each Party acknowledges and agrees that it has participated in the drafting of this Agreement and that no portion of this Agreement shall be interpreted less favourably to either Party because that Party or its counsel was primarily responsible for the drafting of that portion.*

As submitted in section I (ii) above, there will be parts of the CCRA that will be subject to negotiation and agreement between the parties. In any event, if the agreement is made part of the approval of the connection process, then it is an agreement imposed on both parties by the Board and as such the provision continues to apply at least to the extent that no portion should be interpreted less favourably to either Party.

15. CCRA – General

In response to Board staff's submission, GLPL proposes to add to the CCRA (Load Customer and Generator) the following sentence to section 47:

*47. This Agreement is subject to the Transmission System Code and if any provision of this Agreement is inconsistent with the Transmission System Code the said provision shall be deemed to be amended so as to comply with the Transmission System Code. This Agreement is also subject to any changes where the Board has amended the GLPL Customer Connection Procedures.*

16. CCRA – General

Board staff submitted that the dispute resolution provisions in the CCRA differ from those of the CCP and do not in all cases allow a right of the parties to seek resolution of a dispute by the Board.

Specifically, Board staff raised a concern that only one of the two circumstances that may give rise to a dispute under section 12.1.4(b) of the TSC is included in the definition of "Dispute" under the CCRA. Board staff suggested that both circumstances be included in the definition of "Dispute" under the CCRA. To that end, GLPL proposes the following amendment to its definition of "Dispute" under the CCRA:

**"Dispute"** means a dispute with respect to any matter under the Transmission System Code where either Party is alleging the other is: (i) seeking to impose a term that is inconsistent or contrary to the Ontario Energy Board Act, the Electricity Act, 1988, GLPL's transmission license, or the Transmission System Code; or (ii) refusing to include a term or condition that is required to give effect to this Code or any of the transmitter's connection procedures.

Board staff also noted that section 20.1 of the CCRA appears to apply to disputes regarding the allocation of costs, and it is not clear whether this would be incremental to the pursuit of the dispute resolution process set out in the CCP.

GLPL submits that section 20.1 of the CCRA does not give a party incremental rights to those set out in GLPL's Dispute Resolution Procedure in the CCP. Section 20.1 of the CCRA provides that the CCRA does not restrict a party's right to apply to the OEB regarding the allocation of costs and the costs under the CCRA. A party who applies to the OEB regarding a cost allocation dispute would not be able to refer the same dispute to arbitration under the CCP (this would be redundant). Section 2.4.1 of Procedure 8 of the CCP prevents this redundancy from occurring by restricting a party's right to submit a dispute to arbitration where either party chooses to bring the dispute to the OEB.

17. CCRA – Definitions

In response to Board staff's submission, GLPL proposes to amend two definitions in the CCRA Templates (Load Customer and Generator) Schedule "A": Definitions as follows:

***"GLPL Connection Work - Recoverable"** means recoverable work required for the Connection to cover the cost of work on New Load Customer Facilities and Line or Transformation Connection Facilities required to meet the Load Customer's needs and/or in exceptional circumstances Network Facilities (provided a direction is obtained from the OEB) where the costs will be allocated to the Load Customer as such Line and Transformation Connection and Network Facilities are defined in the Transmission System Code.*

***"GLPL Connection Work – Recoverable – Network Facilities"** means recoverable work required for the Connection associated with Network Facilities in exceptional circumstances (provided a direction is obtained from the OEB) as such Network Facilities are defined in the Transmission System Code*



**B. Reply to ECAO Submissions**

GLPL's customer connection process describes uncontestable work as follows:

2.1.2 Design and build (excluding design technical requirements and specifications) new transformation and/or line connection facilities to be owned by GLPL which do not utilize existing station sites or existing rights-of-way.

GLPL's rationale for proposing that facilities to be built on existing station sites or existing rights-of-way be treated as uncontestable was set out in GLPL's response to Board staff's interrogatory #26:

GLPL owns little land on which its transmission system is located. GLPL has obtained property rights from private landowners and the Crown pursuant to various agreements. These agreements pertain to GLPL and its agents. They do not apply to third parties such as load customers or the agents of load customers. Therefore, any work performed on land over which GLPL has a right-of-way must be performed by GLPL or its agents and has therefore been included in the scope of uncontestable work by GLPL.

In any event, section 6.6.2(a) of the TSC clearly contemplates that work on the Transmitter's own facilities be uncontestable if the transmitter so chooses:

6.6.2(a) A transmitter shall establish in its connection procedures referred to in section 6.1.4 and implement a contestability procedure. The contestability procedure shall establish: (a) what work can be done by the transmitter only, on its own existing facilities, including conceptual design (uncontestable work), and what other connection facility construction and design work may, at a load customer's option, be done by either the transmitter or the load customer (contestable work), provided that if the load customer intends or is required to transfer any connection facilities that it constructs to the transmitter, design work required to establish the transmitter's technical requirements and specifications in relation to a given connection project shall be uncontestable;

Based on the ECAO's submissions, it is apparent that the ECAO is concerned that GLPL's proposed policy on uncontestable work will preclude its members from performing uncontestable work.

GLPL's contestability policy is not a statement about GLPL's views on the quality of work performed by independent contractors. GLPL has used independent contractors for work in relation to its transmission lines. Under those circumstances, the independent contractors acted as GLPL's agents. Accordingly, those arrangements were compatible with the various right-of-way agreements that apply to GLPL and its agents. As an illustration, the following provision is contained in the Memorandum of Understanding between GLPL and the Crown (represented by the Minister of Natural Resources) dated January 1, 2001, regarding the use of Crown land for GLPL's facilities:

11. The Ministry acknowledges that the Company and its agents, employees, contractors and permitted assignees shall enjoy right of access, twenty four (24) hours, seven (7) days a week to the lands to enable the Company to place, construct, maintain, replace, relocate, remove, repair, or operate the installation, including but not limited to the utility network, pursuant to the utility's requirements or recommendations.

If work over GLPL's rights-of-way were contestable, independent contractors retained by connecting customers would be the agents of the connecting customers. Since GLPL's right-of-way agreements only apply to GLPL and its agents, third parties who are not agents of GLPL do not have rights to work on the rights-of-way. Therefore, the inclusion of work on rights-of-way in the scope of uncontestable work as proposed by GLPL simply reflects the contractual restrictions by which GLPL is bound.

**C. Reply to AMPCO's Submissions**

1) Customer Deposits

AMPCO submitted that GLPL should recognize a customer's credit worthiness in determining deposit requirements as proposed by Hydro One.

GLPL submits that, from a regulatory perspective, the TSC does not require transmitters to factor a customer's credit worthiness into a deposit calculation. From a practical perspective, GLPL is a much smaller utility than Hydro One. GLPL's transmission rate base is approximately 2% of Hydro One's. GLPL is therefore much more sensitive to customer defaults than Hydro One. Accordingly, GLPL's Security Deposit Procedure requires a deposit that covers GLPL's maximum net exposure during the construction phase of a connection, while Hydro One's recognizes the credit-worthiness of its customers.

2) Adoption of a Single Connection Procedure

Please refer to GLPL's submissions in Section I (i) above.

**D. Reply to PWU's Submissions**

1) Connection and Cost Recovery

The PWU submitted that GLPL's CCRA Templates should be included as an Appendix to its procedures.

Please refer to GLPL's submission at Section I (ii) above.

2) Commissioning

The PWU requested clarification in delineating the responsibilities of the various parties regarding the coordination of commissioning.

Please refer to GLPL's reply submission to Board staff's submission #3 above (at page 6).

3) Available Capacity Procedure (Load Customers)

The PWU recommended that section 4.1.2 of Procedure 2 should state the specific information needed to substantiate a load forecast.

In response to the PWU's submission, GLPL proposes that section 4.1.2 be amended as follows:

*4.1.2 The customer's five year forecast must be in line with their historical usage otherwise additional customer information must be provided re: specific expansion plans (such as a business plan);*

4) Additional Security Deposit

The PWU raised a concern regarding GLPL's additional security deposit requirement. As set out above in GLPL's reply to Board staff's submission #2 (at page 5), GLPL has

proposed amending its additional security deposit requirement. GLPL believes that its proposed amendment will satisfy the PWU's concern.

5) Customer Impact Assessment Procedure

The PWU supports an amendment to section 3.2.3 of Procedure 4 that would state that Great Lakes' covering letter would specify the connection applicant's proposed connection date and the responsibility of the existing customers to carry out the necessary modifications prior to that connection date.

GLPL has proposed an amendment to this effect as set out in its reply to Board staff's submission #3 above (at page 6).

ALL OF WHICH IS RESPECTFULLY SUBMITTED BY:

---

Charles Keizer and Andrew Taylor  
OGILVY RENAULT LLP  
3800-200 Bay Street  
Toronto, ON, M5J 2Z4