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Ontario Energy Board

CONNECTION PROCEDURES SUBMITTED BY HYDRO ONE NETWORKS INC. AND GREAT LAKES POWER LIMITED PURSUANT TO THE ONTARIO ENERGY BOARD'S TRANSMISSION SYSTEM CODE

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Ontario Power Authority Comments

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BACKGROUND

Hydro One Networks Inc. (“Hydro One”) and Great Lakes Power Limited (“Great Lakes”) have applied to the Board for review and approval of their respective connection procedures pursuant to section 6.1.5 of the Board’s Transmission System Code (”TSC”). As a result of these proceedings, Hydro One has requested a public discussion of alternative interpretations with respect to capital contributions. The Board has determined that the interpretation and application of section 6.3 of the Transmission System Code shall be conducted with input from directly interested parties who may be significantly affected in the future by these determinations.

OPA COMMENTS AND RESPONSES

Section 6.3 of the TSC deals with the issue of Cost Responsibility for New and Modified Connections. In general, the provisions of this section provide that costs attributed to new or upgraded facilities to meet the needs of load customers or generators should be allocated to the specific load customer or generator causing those costs. Section 6.3.6 provides assurance to these customers that they will not be required to pay costs beyond those for which they are responsible, which would otherwise be incurred by the transmitter to accommodate normal growth on its system.

Specifically, section 6.3.6 of the TSC states that:

> *“A transmitter shall develop and maintain plans to meet load growth and maintain the reliability and integrity of its transmission system. The transmitter shall not require a customer to make a capital contribution for a connection facility that was otherwise planned by the transmitter, except for advancement costs.”*

The OPA agrees with the principle embodied in section 6.3.6 of the TSC and generally agrees with the interpretation given to that section by Hydro One (see Hydro One’s response to Board Staff IR 37 in EB-2006-0189). However, the OPA does not agree that line connection facilities which supply one delivery point or several delivery points for one customer should always be excluded from plans developed under section 6.3.6.

In the case of LDCs, long term plans to meet reasonably anticipated load growth and maintain the reliability and integrity of the transmission system should address the need for new or upgraded line connection facilities to LDCs. The result of this would be that only in exceptional circumstances, such as a major new customer being connected to the distributor, would an LDC be required to pay a capital contribution with respect to a line connection facility. To do otherwise has the potential to result in distorted planning decisions being made to avoid significant line connection costs being imposed on small utilities. This then leads to sub-optimal results from a system perspective.

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The OPA also notes that the Distribution System Code ("DSC") may provide an incentive for a major new customer to choose to become embedded within the LDC in order to avoid making a capital contribution. The LDC would in that circumstance be required to pay a capital contribution to the transmitter but it is the OPA's understanding that the current wording of the DSC would preclude the LDC from passing on the cost of the capital contribution to the customer causing the need for such a connection investment.

The OPA wishes to thank the Board for this opportunity to provide its comments on this matter, and would be happy to provide further clarification if needed.

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