



**Woodstock Hydro Services Inc.**

16 Graham Street  
Box 245 Stn Main  
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July 9, 2007

Ms. Kirsten Walli  
Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, Ontario  
M4P 1E9

Dear Ms. Walli,

**Re: EB-2006-0189, EB-2006-0200  
Procedural Order No. 3**

***Overview:***

A robust and dependable electricity transmission system is a critical component to the economic well-being of our Province. As such, adequate and consistent planning and construction must be carried out in a manner that remains unbiased and non-subjective.

Ontario's success will in part, be leveraged by the quality of power provided in the Province and in particular, key manufacturing and employment centers that are located throughout. It is understood that specific regions will require more transmission supply as determined by economic growth, and the success of the Province will be determined by the success of these key manufacturing regions.

The concept of 'transmission pool funding' promotes the idea that although not every region will require the same level of transmission reinforcement, the Province as a whole will benefit by ensuring adequate supply is available when and where it is needed. That a 'societal benefit' is inherent through the establishment of a process that ensures adequate electricity transmission systems are put in place. That these systems are monitored, designed and built based on need, and are in no way influenced by local budget restraints or other possible economic detractors.

It is our opinion that the Hydro One interpretation of section 6.3.6 of the TRC is the correct one, and will ultimately serve the Provincial interest in maintaining an adequate transmission system, and provide the least possible risk of interference toward this goal.



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### ***Long Term Planning vs. Short Term Growth***

Even with the best of intentions, there is no way a local distribution company, nor the most optimistic of municipalities, can effectively forecast economic expansion. Woodstock is a good case in support of this point. For over a century, this region has enjoyed consistent yet modest growth as expected from a rural industrial and farming region. The recent development by Toyota Motor Company and subsequent supply chain growth are creating a dynamic that will challenge supply infrastructure at many levels.

In addition, it has been the understanding of local businesses and LDC's that the electricity transmission system was part of a greater network, and that network was managed and expanded as part of the greater Provincial grid system. Local regions plan for distribution expansion and in fact, it has been our understanding that we are not in the business of planning for transmission network expansions.

A 'tipping point' can be created at virtually any time in the event a large industrial customer moves into an area. To assess capital contribution based on legacy uses, such as local municipalities vs. new and significant users of electricity introduces a dynamic that will potentially undermine new network investment – essentially, the will or the financial capacity to contribute may just not be there.

The decision to defer investment into essential transmission network upgrades, if shifted to local authorities, will lead to random and inconsistent system improvements. As described earlier, this in turn, may compromise Provincial growth and undermine what could have been societal benefit on many different levels.

A more reasonable and practical approach is to plan for and provide expansion based on the pooling of network assets.

### ***Who is ultimately responsible?***

As is the case with any critical infrastructure, we need to be clear who is ultimately responsible for the integrity of the transmission network. Is this responsibility understood to be localized distribution companies, or municipalities? Do we look to large business owners should the system ultimately fail? As the 'keeper of the gate' for the transmission system in the Province, we would expect Hydro One Networks will raise their collective hands when asked the question. How then, can we assume Hydro One (or any other agency for that matter) will be accountable, if they are no longer empowered exclusively to plan, fund, design and in most cases, construct the system?

If we allow localized control (via economic and budgeting decisions, for better or worse) and influence over our Provincial transmission network, we lessen the integrity of the whole system, as it no longer becomes a system designed as a whole, but rather, parts of a whole based on local desire and affordability.



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Hydro One Networks should be empowered to ensure adequate funding, planning and expansion of the transmission network and this should be achieved by removing the 'wild-card' of localized capital funding and deferrals of expansion for reasons of the same.

***Bringing Stability and Confidence to an otherwise uncertain environment:***

The electricity market in the Province of Ontario is undergoing significant change. Skeptics argue we have created a culture of uncertainty and unnecessary risk during the last decade; optimists argue that change is necessary to ensure a strong and secure supply of power and by extension, a robust economy.

De-regulation of the electricity market at the commodity and local distribution company level will undoubtedly create a better and more responsive electricity environment, given time to mature. But we should strive to ensure the transmission supply system does not fall victim to volatility. Opening transmission expansion investment to the throes of localized will do nothing to garner confidence. Transmission design and investment needs to be seen by investors as a whole, stable and secure part of our electricity supply chain.

***Conclusions:***

We appreciate the opportunity to submit our concerns and opinions on behalf of our customers in Woodstock and as rate-payers within the Province of Ontario. We believe a secure and soundly predictable electricity network supply system can only be ensured by holding Hydro One Networks accountable for the system, and this can only be accomplished by empowering them to complete the task with clarity of mandate and regulatory environment.

Sincerely,

Jay Heaman  
Manager, Engineering, Growth & Conservation  
Woodstock Hydro Services Inc.

C: Hydro One Networks Inc.