

ONTARIOPOWER GENERATION

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January 26, 2007

VIA COURIER AND FACSIMILE

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli: 

**Re: Hydro One Networks Inc. and Great Lakes Power Limited Review of
Connection Procedures Pursuant to the Ontario Energy Board's
Transmission System Code
Board File No. EB-2006-0189, EB-2006-0200**

Submission of Ontario Power Generation Inc.

Please find enclosed nine hard copies and an electronic copy of Ontario Power Generation Inc.'s submission in connection with the above referenced proceeding. This proceeding deals with the proposed transmission connection procedures of Hydro One Networks Inc. and Great Lakes Power Ltd.

If there are any questions, please do not hesitate to contact me at (416) 592-4463 or Tony Petrella at 416-592-3036.

Yours truly,



Andrew Barrett

Encl.

January 26, 2007

EB-2006-0189
EB-2006-0200

IN THE MATTER OF section 6.1.5 of the Ontario Energy Board's Transmission System Code;

AND IN THE MATTER OF an application by Hydro One Networks Inc. for the review and approval of connection procedures;

AND IN THE MATTER OF an application by Great Lakes Power Limited for the review and approval of connection procedures.

Submission of
Ontario Power Generation Inc. ("OPG")

January 26, 2007

Submission of Ontario Power Generation Inc. ("OPG")

OPG supports the Board's decision to review Hydro One Network Inc.'s (Hydro One) proposed transmission connection procedures. The issues in this proceeding are of importance to OPG since it is considering a number of generation projects which may need to be connected to the transmission system in a timely fashion. In addition, since OPG relies on the transmission system to deliver its production to customers, the reconnection procedure is of interest to OPG.

In general, OPG submits that the proposed transmission connection procedures reasonably balance the interests of the transmitter, in relation to the management, operation and reliability of the transmission system, and the interests of the connected customers. However, in three areas OPG has concerns. Its submission focuses on these three areas;

- 1) the security deposit procedure,
- 2) the reconnection procedure, and
- 3) the template for the Generation Facility Connection and Cost Recovery Agreement.

1) Security Deposit Procedure

OPG is concerned that Hydro One's proposed security deposit procedure establishes onerous and unnecessary prudential requirements without the support of appropriate study or analysis (Table 1, Page 22). Imposing onerous security deposits on generation and load project proponents can be viewed as an additional barrier to project development, causing the overall cost to consumers to increase, and unnecessarily reducing liquidity in the market.

Hydro One acknowledged in its response to OPG's Interrogatory #4 that no formal studies were done to establish security deposit requirements.

"Table 1 was derived using the IESO's prudential requirements framework adapted for Hydro One's requirements, based on internal assessments by Hydro One staff. No formal studies were used."