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VIA COURIER AND EMAIL

File 15162

Ontario Energy Board
P.O. Box 2319,
27th Floor
2300 Yonge Street
Toronto, Ontario M4P 1E4

Attention: Peter H. O'Dell, Assistant Board Secretary

Dear Mr. O'Dell:

**Re: Transmission Connection Procedures Submitted by Hydro One Networks Inc. and Great lakes Power Limited
RP-2006-0189 and RP-2006-0200**

We act as counsel to Power Workers' Union in connection with the above-noted proceedings.

Enclosed please find nine hard copies of the PWU's submissions, as requested by the Board's Procedural Order. An electronic copy will be forwarded under separate cover by e-mail addressed to Boardsec@oeb.gov.on.ca.

We trust this is satisfactory.

Yours very truly,
PALIARE ROLAND ROSENBERG ROTHSTEIN LLP

Richard P. Stephenson

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RP-2006-0189
RP-2006-0200

**Power Workers' Union
Submission to the Ontario Energy Board on
Transmission Connection Procedures submitted by
Hydro One Networks Inc.
and
Great Lakes Power Limited**

January 24, 2007

INTRODUCTION

The Ontario Energy Board (the "Board") issued the revised Transmission System Code (the "Code") on July 25, 2006 (RP-2004-0220). Section 6.1.5 of the Code requires transmitters to file connection procedures for review and approval by the Board. The connection procedures are designed to facilitate processing requests to connect new or modify existing connections to a transmitter's transmission system. On August 18, 2006, Hydro One Networks Inc. ("Hydro One") filed its connection procedures with the Board. On August 21, 2006, Great Lakes Power Limited ("Great Lakes") filed its connection procedures with the Board.

On September 16, 2006 the Board issued a "Notice of Applications and Combined Hearing", noting that the two applications were likely to raise similar issues and that persons interested in one application may well have an interest in the other. The Power Workers' Union (the "PWU") participated in proceeding RP-2004-0220 and was granted intervenor status in this proceeding, which the Board indicated it intended to conduct by way of written hearing. The following are the PWU's submissions on the applicants' transmission connection procedures.

HYDRO ONE'S TRANSMISSION CONNECTION PROCEDURES

Section 2.2 Available Capacity Procedure

Step 2.2 Identify contracted capacity for each customer

"For each customer that has a signed contract (e.g. CCRA) with Hydro One for capacity at a connection facility, the customer will be deemed to have contracted capacity"

The CCRA (Connection and Cost Recovery Agreement) between the transmitter and the customer is referenced in various instances in the procedures. This document governs the legal rights and obligations of both parties and is therefore of critical importance. Accordingly, the PWU submits that Hydro One's standard templates for this agreement, which it provided with two interrogatory responses,¹ should be included as an Appendix to its procedures.

Step 4.3 Assess capacity needs of each customer applicant

"The required information for confirming customer need for available capacity is as follows:

[...]

- **The customer must provide supporting documentation for its load forecast. Supporting documentation could be a letter from a senior manager or the customer's business plan"**

The PWU recommends that the procedure state the specific information needed to substantiate a load forecast, so customers have a better understanding of the expectations. These requirements may include development or expansion plans as well as any other justifications for assumptions in the customer's business plan which support load growth projections that differ from recent historical growth rates.

¹ Hydro One responses to interrogatories OEB Staff #1 and Ontario Power Generation #3

Section 2.5 Economic Evaluation Procedure

True-Up Procedure for Load Customers

“Where a customer has not notified Hydro One or the OEB of its intention to bypass and the trueup calculation shows that the customer has transferred assigned capacity from an existing connection facility already serving the customer to a new connection facility, the customer’s actual load will be reduced in proportion to the amount transferred. The updated load forecast will be lower than the initial load forecast and hence will not generate the initial forecast connection rate revenue. Hydro One will then require the customer to remit a payment to make up the shortfall, adjusted appropriately to reflect the time value of money and net of any previous true-up payments made..”

Hydro One agreed with OEB Staff² that the reference to a notice could be removed. Further, Hydro One clarified that the intent of this paragraph is to address bypass in the true-up calculation for the new connection facility which is the subject of the economic evaluation, regardless of who owns the new facility. Accordingly, Hydro One suggested the following revised wording for this paragraph:

“Where analysis shows that the customer has transferred assigned capacity from an existing Hydro One owned connection facility already serving the customer to the new connection facility, which is the subject of the economic evaluation, the customer’s actual load for true-up purposes, will be reduced in proportion to the amount transferred. The updated load forecast will also be reduced to eliminate any transferred load. If there is a shortfall, Hydro One will then require the customer to remit a payment to make up the shortfall, adjusted appropriately to reflect the time value of money and net of any previous true-up payments made”.

The PWU submits this revision is appropriate and more precise, and therefore Hydro One’s procedures should be amended accordingly.

Section 2.8 Dispute Resolution Procedure

Discovery of Facts

“Hydro One shall provide the customer with a date on which it will provide a formal offer to settle the dispute. Hydro One will prepare a formal offer to settle and forward it to the customer in accordance with the timeline agreed by the parties.”

² Hydro One response to OEB Staff interrogatory #21

Hydro One stated that the apparent inconsistency between the above two sentences could be resolved by revising the first sentence as follows:³

“The parties will mutually agree on a date on which Hydro One will provide the customer with a formal offer to settle the dispute.”

The PWU believes that the proposed revision is more consistent with a collaborative approach between Hydro One and the customer, and thus supports the amendment.

GREAT LAKES' TRANSMISSION CONNECTION PROCEDURES

CCP Step 4: Connection and Cost Recovery

Section 4.1 Introduction

This step involves negotiating a Connection and Cost Recovery Agreement (CCRA) to expedite critical path project work, [...]

The CCRA between the transmitter and the customer is referenced in various instances in the procedures. This document governs the legal rights and obligations of both parties and is therefore of critical importance. Accordingly, the PWU recommends that Great Lakes' standard templates for this agreement, which it provided with two interrogatory responses,⁴ be included as an Appendix to its procedures.

CCP Step 6: Commissioning

6.2.2 [...] 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.

³ Hydro One response to OEB Staff interrogatory #32,

⁴ Hydro One responses to interrogatories OEB Staff #1 and Ontario Power Generation #7

Board staff suggested that it was inappropriate for Great Lakes to place the onus on the connecting customer for the verification of other customers' equipment modifications. In response,⁵ Great Lakes stated:

"GLPL agrees that it is responsible for verifying compliance based on review of the ESA connection approval and/or documentation of the modifications provided by the impacted customer. Subsection 6.2.2 does not shift this responsibility to the connecting customer. Rather, subsection 6.2.2 places the obligation on the connecting customer to provide that documentation to GLPL so that GLPL can perform its verification. One of the purposes of subsection 6.2.2 is to place the obligation on the connecting customer to coordinate, plan and schedule the impacted customers' upgrades base on the connecting customer's in-service dates as outlined in GLPL's CCP Procedures - P4 Customer Impact Assessment (CIA) Procedure subsections 3.1.4 and 3.1.5."

The PWU submits this clarification is of significant importance in delineating the responsibilities of the various parties, and therefore section 6.2.2 should be amended to be consistent with the Great Lakes' above response.

Procedure P2: Available Capacity Procedure (Load Customers)

4.1.2 The customer's five year forecast must be in line with their historical usage otherwise additional information must be provided re: specific expansion plans;

The PWU recommends that the procedure state the specific information needed to substantiate a load forecast, so customers have a better understanding of the expectations. These requirements may include development or expansion plans as well as any other justifications for assumptions in the customer's business plan which support load growth projections that differ from recent historical growth rates.

Procedure P3: Security Deposit Procedure

Section 7 Additional Security Deposit

⁵ Great Lakes response to OEB Staff interrogatory #7

"If the Connection Applicant or an affiliate of the Connection Applicant, experiences a "material change in financial risk" [...] GLPL shall have the right to require additional security and/or security in a different form. [...]"

As pointed out by Board staff,⁶ it is not clear whether the additional security deposit could exceed the cost Great Lakes could incur. In the view of the PWU, it is reasonable to limit the total security deposit to Great Lakes' total estimated cost for connection, and therefore the following sentence should be added to the end of this paragraph:

"The aggregate amount of security deposits required from the Connection Applicant shall not exceed the amount prescribed in section 3.1 (for Load Customers) or section 3.2 (for Generation Customers)."

Procedure P4: Customer Impact Assessment (CIA) Procedure

Section 3.2 Responsibilities of GLPL

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

Board staff suggested it would be appropriate for Great Lakes to inform existing customers of their responsibility, not only to identify necessary modifications, but also to carry out those modifications prior to the connection applicant's proposed connection date. In its response⁷, Great Lakes stated their covering letter would include this information.

The PWU supports an amendment to the above section to 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.

⁶ OEB Staff interrogatory #18

⁷ Great Lakes response to OEB Staff interrogatory #20

Section 3.3 Responsibilities of Other Transmission Customers

- 3.2.3 Confirm the modifications that are required on its facilities with the Connecting Customer, GLPL and the IESO together with the required lead-time for such changes.
- 3.3.3 Provide documented proof to the Connection Applicant with a copy to GLPL and IESO that all modifications on its own facilities are in place prior to the planned in-service date for the new or modified connection facilities.

Board staff suggested adding the OESA to the list of parties identified in the above sections, noting that section 6.4.5 of the TSC requires the transmitter to provide the OESA with copies of CIA reports. In its response,⁸ Great Lakes acknowledged the OESA's jurisdiction over the customer's facilities and proposed the following revisions to its procedures:

- 3.3.2 Confirm the modifications that are required on its facilities with the *OESA*, Connecting Customer, GLPL and the IESO together with the required lead-time for such changes.
- 3.3.3 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 prior to the planned in-service date for the new or modified connection facilities.

The PWU agrees that the changes proposed by Great Lakes are appropriate to address this issue and therefore supports the recommended amendment to Great Lakes procedures accordingly.

Section 4 CIA Study and Report

[...] GLPL will conduct the CIA to determine the expected technical impact on the following as appropriate:

- a. short circuit levels at the customer connection/delivery point;
- b. supply voltage levels at the customer connection/delivery point;
- c. adequacy/capacity of supply facilities at the customer connection/delivery point; and
- d. reliability of the supply at the customer connection/delivery point.

⁸ Great Lakes response to OEB staff interrogatory #20

Board staff suggested the language in this section should specify that the evaluation of items (a) through (d) are for every impacted existing customer as well as for the connecting customer. In its response,⁹ Great Lakes noted that the CIA pertains to impacts on existing customers and thus proposed the following amendment to the first sentence above:

GLPL will conduct the CIA to determine the expected technical impact *on its existing customers* on the following as appropriate:

The PWU agrees that the amendment proposed by Great Lakes provides appropriate clarify and therefore supports its inclusion in the procedures.

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⁹ Great Lakes response to OEB staff interrogatory #22