

GEC initial response to the OPA's comments on the Board Staff IPSP Process Discussion Paper

Our comments are listed using the same references to the Board's paper as utilized in the OPA comment:

Part II, Section D, p. 7

We agree with the OPA that the Board's primary consideration should be societal cost, not price, however we do not agree with the OPA's numerous assertions that it should not be required to estimate price impacts. Price is a primary determinant of matters such as natural take up of cogeneration and the OPA is the only entity in a position to iteratively evaluate price for different Plan scenarios. The Board's need to assess the procurement plan will require some price context.

Part III, Section B, Subsection 1, p. 10

Here the OPA seeks to avoid detailed scrutiny of procurement activities that will commence in the near term where a contract is not executed. For example, the OPA has mused that it might seek regulatory approvals for nuclear plants to advance that process prior to a contract being consummated with a project proponent. The approach advocated in the OPA comments would shield that initiative from greater scrutiny despite the fact that large investments of public money may be involved at the early stages and *de facto* political commitments will be made. OPA's artificial distinction would risk bringing the OEB's review into disrespect and would oust timely public review of potentially major commitments. Clearly, the level of detail of review that is appropriate will vary depending upon the procurement strategy and timing, but OPA's suggestion that only a general review is appropriate when major effort may be undertaken in the near term simply due to the deferral of a formal contract execution is inappropriate.

Part III, Section C, Subsection 3, p. 17, para. (vii)

OPA appears to consider fuel costs as solely a gas issue. Recent escalation of nuclear fuel costs evidences the need for a broad consideration of these risks.

Delay risk is a critical matter that may not be possible to assess on a project by project basis but must be considered for competing categories such as cogeneration versus nuclear.

Part III, Section C, Subsection 3, p. 17, para. (ix)

OPA resists consideration of the question of procurement approach for particular projects. However, the achievability and acceptability and risks and costs of options and projects may well be significantly impacted by the choice of procurement approach.

Part III, Section E, p.22

The OPA suggests that requiring a comparison of plans is not needed for the Board to determine whether the plan meets the statutory tests. However, OPA acknowledges that it is part of the OPA's task to weigh alternatives. OPA's suggestion that the Board can intelligently pass judgment on the plan without considering alternatives mixes and plans and how the OPA has weighed alternatives is unsupportable. The Board would be left with a yes/no decision without adequate ability to understand what a denial of approval means and without any alternative available for approval. Given the OPA's observation that time is of the essence, the OPA in effect seeks to put a gun to the Board's head.

Part II, Section B, Subsection 1, p. 29

The OPA seeks to interpret the OEB's review of the procurement process to exclude consideration of guiding principles such as avoidance of risks to customers. The OPA's suggestion would in effect limit the OEB's review to the mechanics of procurement which could not be the intent of the legislation. Since the legislative scheme calls for OPA to seek approval of a process which would then empower it to enter into binding contracts, the legislative intent is surely to have the Board consider what general rules and policies should apply to procurement contracts.

We trust these comments will assist the Board and its staff in their consideration of these matters.

All of which is respectfully submitted this 7th day of November, 2006.

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