

Kirsten Walli, Board Secretary  
Ontario Energy Board  
2300 Yonge St. 27<sup>th</sup> Floor  
Toronto Ontario M4P 1E4

Dec. 13, 2007

**Re: EB 2007-0707 OPA's IPSP**

Dear Ms. Walli:

Attached is a listing of issues prepared by the Ontario Federation of Agriculture pertaining to the IPSP.

The issues are grouped into four categories as follows:

- A Transparent discussion of imports
- B Effectiveness – Is the plan likely to work
- C Prudence – Does the plan deal with risks wisely
- D Cost effectiveness – Is the plan likely to provide value for money in the provision of conservation, load shifting and new generation?

The OFA will be happy to expand on these issues and link them to similar issues put forward by other parties once discussion of issues starts on Jan. 14<sup>th</sup>, 2008.

Thank you for your attention.

Sincerely,

Ted Cowan  
Ontario Federation of Agriculture

c.c. Mike Lyle, OPA  
George Vegh,

## Views of the Ontario Federation of Agriculture With Respect to ISSUES Pertaining to the IPSP

The Ontario Federation of Agriculture has been interested in the development of the IPSP from early days. In early 2006, OFA commented on the draft supply mix plan under the Environmental Bill of Rights. These comments on issues with or in the IPSP start by quoting what OFA felt were issues or shortcomings in the draft Supply Mix plan. OFA's view of issues then and is quoted from OFA's comments made during the Environmental Bill of Rights comment period and follows immediately below.

### **A Shortcomings in the Supply Mix Report**

*The Supply Mix report is not perfect. The report would be improved if it were more direct and complete in addressing the following considerations:*

- 1 *power imports should be treated using the term imports rather than as an unnamed part of the category "procurement plans".*
- 2 *The year 2015 to 2025 time frame chosen for the report overlooks the emerging short term supply problems, overlooks the 40 to 70 year plus life span of most power investments and focuses on past approaches to the mid-term problems that are addressed.*
- 3 *The report has no review of what the emerging customer mix will be and how customers over the next 5 to 50 years may use power differently*
- 4 *The report has no review of emerging load shifting and generation possibilities, so it assumes a static technology*
- 5 *The report does not address the finances needed to sustain or grow conservation, load shifting, new generation or the present system*
- 6 *The report does not itemize technical suggestions, so there is no sense of how many units of various kinds are needed to achieve particular goals (eg. Number of nuclear units or wind mills needed to generate power needed, number of fluorescent light bulbs or solar hot water units needed to save the same amount of power, or reasonable combinations)*
- 7 *The report does not indicate how long it takes to implement various technologies, so there is no sense of when things with short lead times can or should be built as opposed to things with longer lead times*
- 8 *The report does not provide a clear sense of the life cycle costs of options*
- 9 *The report does not address shortcomings in the market for power or social and development goals that government may wish to address via the supply of power and which in turn modify views on adequacy of supply*
- 10 *The report does not discuss Ontario's capital and labour capacity to construct or maintain power plants, power lines, or to install smart meters, or otherwise implement a plan, or the need to opt for measures which put less strain on labour and/or capital markets.*

The list above sets out OFA's concerns with the Supply Mix Report from 2006.

## Issues or Concerns With Respect to the Integrated System Plan

For OFA an issue here is any matter that conceivably would make the IPSP less than desirably effective, or unduly costly, or likely to produce undesirable impacts on some or all of Ontario's residents or businesses or aspects of the plan that leave important inputs to the needed work assumed rather than detailed as to how key events would come to pass as a result of the plan.

OFA's concerns are grouped around concerns with respect to effectiveness, short and long term cost for consumers, prudence (most acceptable balance of risks), planning for the needed inputs such as scarce technical resources, labour, finance,

### A Transparent discussion of imports

- 1 The plan does not treat imports as a separate category. This downplays requirements for import related investments in lines and inter-ties and that the long term cost of power and availability of power at particular times in the future should reflect these investments. Because of the importance of self-sufficiency in power to Ontario's economy, imports should be discussed specifically as such without treating them as a sub-set of other purchased power.

### B Effectiveness

**Is the plan likely to work?** That is will following the suggested courses of actions lead to the desired outcomes and are all the suggestions physically doable.

Several issues arise -

- a) Is the implicit assumption that Ontario will have adequate power supply in the period from 2008 until 2014 when the plan commences reasonable? If not the plan is handicapped from the outset and economic conditions that prevail will alter greatly from any base case.
- b) Are some suggestions mutually exclusive (eg. Rely on access to same lines, dependent on agreements with First Nations that are still at 'early days'.)
- c) Does the plan work on 'average', but not for each part of Ontario? i.e. Does the plan adequately address the needs of sub-regions of the province as well as total needs?

- d) Are key inputs to implement the plan also planned for and will they be available in adequate quantities and quality when needed? For example, construction crews, pipe fitters, high voltage electricians, nuclear safety, specialists, conservation advisers, stainless steel, transformers, thyristors, cranes, tunneling equipment, ...
- e) Are key institutions and circumstances aligned to support the plan effectively? For example is OPG or some other entity ready and able to design, build and operate various large generators that are called for. Is the conservation bureau or some other entity ready and able to design, finance, implement the world's largest electricity conservation program? Is any entity ready to provide liquidity and investment for the required programs? The issue is that the plan must discuss the readiness of key public institutions to play their needed roles and the changes they may have to make to get ready.

## **C        Is it prudent?**

Several issues arise-

- a) Does the plan reasonably address potential circumstances that may lead to falling behind in implementation and losing investment or getting so far ahead that Ontario builds inefficiently large surpluses in capacity?
- b) Is the impact on the heavy construction sector known and are the probable trade offs between investment in electricity supply and investments in other sectors appreciated?
- c) Do key aspects or proposals rely on the unreasonable or improbable acceleration of resolution to long standing concerns with respect to native entitlements, treatment of the environment, handling of nuclear wastes, uptake of conservation measures, development of new energy use or saving technologies, such as to call into question the prospects of achieving the aims?
- d) Are alternatives to building new transmission such as relocating industrial loads from transmission constricted areas to rural or smaller urban areas considered?
- e) Is reliance entirely on markets to provide key inputs a prudent approach
- f) The plan anticipates several periods of intense construction. Is there any appreciation of the impacts these periods of extreme utilization of the construction sector will have on consumer costs for plumbing, home construction, etc
- g) The plan assumes a satisfactory starting position and that all goes well at each stage. Fall back positions are needed.

## **D**                    **Is it cost effective?**

The plan does not address the cost of power from various sources and does not provide any indication of what power prices might be going into, at various stages of and upon completion of the plan.

- (a)    The plan should provide estimates of the cost of power from the various proposed assets or strategies and an ongoing assessment of the overall cost of power (long term and immediate) as different assets or strategies are brought into (or out of) the supply mix according to the expected contributions of each of the assets or strategies. These estimates should reflect a reasonably expected pattern of increasing asset utilization prior to new additions to the fleet and a pattern of costs that reflects shifting costs for conservation and load shifting etc. commensurate with suitable technical shifts in supply.
- (b)    The plan should identify groups of customers that are power cost sensitive and estimate the impacts of various conservation and load shifting strategies, changes to the generation fleet on these 'most sensitive' identified customer groups in terms of the employment, output, profitability, ability to continue in business.
- (c)    The plan has no aspect to improve liquidity for investment either by paying the existing debt or by planning for a levy on power that would provide in whole or in part for financing replacement power supplies, load shifting and conservation.