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SENT BY E-MAIL

Toronto, December 13, 2007

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., Suite 2700
PO Box 2319
Toronto, ON, M4P 1E4

Dear Ms. Walli:

RE: EB-2007-0707

I have been retained as counsel to the Ontario Waterpower Association (the "OWA") in the above-referenced matter. Please add my name to the list of intervenors and forward all correspondence to me at:

Andrew Taylor
Ogilvy Renault LLP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3800
P.O. Box 84
Toronto, ON, M5J 2Z4

We have attached the OWA's submissions on the proposed Issues List.

Yours very truly,



Andrew Taylor
AT/mej

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December 13, 2007

Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor, Suite 2701
Toronto, Ontario
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Re: Integrated Power System Plan Issues List – File EB-2007-0707

These are the submissions of the Ontario Waterpower Association (OWA) in response to the request for input to the proposed Issues List prepared by the Ontario Energy Board for the Integrated Power System Plan (IPSP) and Procurement Process. At the outset, it is important to observe that the IPSP is designed to implement provincial direction with respect to, in the case of waterpower, the government's renewable energy objectives. As you will be aware, the plan identifies almost 3,000 MW of waterpower to be constructed by 2025, and considerably more capacity currently constrained by existing policy. Given the system's need for new flexible generation to replace coal, it is the OWA's that the acceleration of the incorporation of waterpower resources will significantly advance the plan's multiple objectives.

As outlined in the Notice of Application for Approval published on October 31, 2007, the Ontario Power Authority (OPA) was required to comply with the *Electricity Act*, the government's Supply Mix Directive (June 2006) and the Integrated Power System Plan Regulation (Reg. 424/04) in the preparation of the IPSP. Issues in scope therefore are specifically defined by the prescriptions of the *Act*, *Directive* and *Regulation*. These submissions have been prepared in accordance with the OEB's separation of the proposed Issues List into two main parts: (1) the IPSP; and (2) Procurement.

Part 1: The IPSP

The OWA submits that, for the most part, the issues proposed are in direct alignment with the Directive issued by the Minister of Energy and/or the requirements of regulation 424/04. The following observations are offered primarily for clarification.

Regulation 424/04: Environmental Assessment

The OWA submits that at Issue 1, Paragraph 7, the last bullet should specifically set out the criteria from subsection 2(2) of Regulation 424/04. As it is currently drafted, the last bullet of Paragraph 7 only includes a reference to "subsection 8(2)". It should also be noted that the reference to "subsection 8(2)" is incorrect and should be changed to "subsection 2(2)" if the Board does not specifically include the criteria set out the subsection 2(2).

In the absence of this inclusion, it may be suggested that it is within the scope of the IPSP Hearing to consider the potential benefits and impacts of each and every project, rather than the plan's compliance with the province's overall social, environmental and economic

objectives, as articulated in the Supply Mix Directive. Note that for waterpower projects the OWA has prepared and filed with the Minister of Environment a Class Environmental Assessment for Waterpower Projects focused specifically on the considerations of direct relevance to the sector. Note also that "electricity project" is defined to include not only generation facilities, but transmission and distribution (e.g. "enabling lines" – a critical requirement to expedite new waterpower production).

Economic Prudence and Cost Effectiveness

The OWA agrees with the OPA's approach to the determination of relative priority in terms of compliance with the Directive and in consideration of the necessary transmission enhancements. The IPSP Hearing should provide the opportunity to identify and address the required improvements to the policy and regulatory frameworks upon which the assumptions for implementation timeframes are premised.

Part 2: The Procurement Process

Section 25.31(2) of the *Electricity Act* requires that:

"The OPA's procurement processes must provide for simpler procurement processes for electricity supply or capacity to be generated using alternative energy sources or renewable energy sources, or both, where the supply or capacity or the generation facility or unit satisfies the prescribed conditions".

This requirement is not specifically referenced in the proposed Issues List under procurement and should be identified as a separate Issue to be considered and may be expected to involve consideration of the infrastructure required to facilitate such supply. Specifically, the OWA submits that the following issue be added:

"Do the OPA's proposed procurement processes provide for simpler procurement processes for electricity supply or capacity to be generated using alternative energy sources or renewable energy sources, or both, where the supply or capacity or the generation facility or unit satisfies the prescribed conditions?"

Thank you for the opportunity to provide these submissions. The OWA looks forward to participating in the Hearing process.

Sincerely;



Paul Norris
President
Ontario Waterpower Association

c.c. OWA Board of Directors
Mr. Andrew Taylor, Ogilvy Renault LLP