

IN THE MATTER of sections 25.30 and 25.31 of the *Electricity Act, 1998*;

AND IN THE MATTER OF an Application by the Ontario Power Authority for review and approval of its integrated power system plan and approval of its proposed procurement process.

**ISSUES LIST SUBMISSIONS
OF THE
SCHOOL ENERGY COALITION**

1. These are the submissions of the School Energy Coalition (“SEC”) with respect to the issues to be considered by the Ontario Energy Board in its review of the Integrated Power System Plan filed by the Ontario Power Authority.
2. As will be clear from our comments below, we do not believe that the list of issues provided by OPA to the Board in its application is useful. We have not in these submissions provided a replacement list, but we have suggested a number of issues that should be included in a new and more comprehensive list to be prepared by the Board during this process.

Overall Approach of the Board

3. ***Setting the Ground Rules.*** This is the first substantive step in a new and untested process, and there seems to be universal agreement amongst all stakeholders that the process will have to evolve over time. We strongly agree with the Board’s decision to have an issues phase at the front end of this review, because it is of great importance that the scope of the review, and at an even higher level the role of the Board, be made very clear. Unless the Board, at the end of this initial phase, makes a strong and unequivocal statement to all parties “This is what we plan to do here, and this is how we plan to do it”, we fear that the review of the IPSP itself, and subsequent reviews of updated plans, will become a running battle between interest groups, each pushing to change the nature of the process for their own benefit.
4. In saying this, we realize that there is a temptation to try to find a role and scope that everyone – all stakeholders - can live with. Frankly, we do not believe this is realistic. The Board will be aware of the widely held belief amongst stakeholders that, no matter what the Board decides at this issues phase, someone will be taking it to court, complaining that it is too narrow, too broad, doesn’t contain their pet issue, or whatever. Whether or not that is true, in our view the IPSP review process needs the Board to take a strong stand, or its value in the

planning process will be minimized. If that means the Board's stand is challenged in court, we believe this is precisely the type of rare situation in which a court challenge could be a good thing. It could give the Board and stakeholders the opportunity to put to rest any contested aspects of the Board's jurisdiction in this, and ensure that future reviews are both more efficient and more productive.

5. ***The Board's Role.*** Having said that we think the Board should take a strong stand, we also believe that the stand should include a clear statement of what the Board thinks its role should be. While the Board has already done so prior to the IPSP application being filed, it is apparent from both the application and other statements by stakeholders that they have widely different views as to what the Board is supposed to do here.
6. There are some stakeholders who believe that the Board's role relating to the IPSP is largely clerical, making check marks on a list to confirm compliance with government directives or legislative requirements. The Board's responsibility to exercise substantive judgment, and policy direction, is, in the minds of those stakeholders, tightly circumscribed by the government's decision to make those judgment calls, and decide on policy, itself.
7. There is no question that the government has provided more guidance to the OPA and the Board in this process than was provided to Ontario Hydro and the regulators in the context of the Demand/Supply Plan almost two decades ago. Indeed, it is probably because of the somewhat uncontrolled nature of the DSP review that the government sought to ensure this plan and review is more focused.
8. That having been said, in our view the government did not hand over public review responsibility for the IPSP to the Board so that it could make check marks on a list. The Board's value in this process, in our submission, is two-fold:
 - a) The Board is expected to use its knowledge of the energy sector, and its considerable policy expertise in energy matters, to exercise independent judgment as to whether the IPSP "works", in a practical and policy sense. Does this mean second-guessing the judgment calls of the OPA in developing the plan? Yes, absolutely. This is a supervisory role, and should be seen as such.
 - b) The Board, as it often does, is expected by the government to provide a thorough public airing of the issues inherent in the IPSP, so that not only are all views and ideas on the table, but all interests have a full opportunity to be heard, and the debate is completely transparent. This means, necessarily, that the Board should opt for a broader rather than narrower scope of review, so that legitimate interests are not excluded by exclusion of the issues that concern them. The Board's review of the IPSP would be a failure if the result is that important interests are forced, through their exclusion, to seek other routes – political, media, etc. – to express their concerns.
9. We therefore believe that the Board should do the following in this issues phase.

- a) First, the comprehensive issues list to be created should be consistent with the broad role we have expressed above.
 - b) Second, the Board should state what it believes to be its role – as set forth above – in so many words, so that all parties understand the paradigm underlying the next phase.
10. ***Scope of the Review.*** As noted earlier, we do not believe the issues list proffered by OPA is useful in this process, because it is unduly narrow. Instead, the issues list should be formulated to ensure that each piece of the demand/supply puzzle is thoroughly aired.
11. By way of example, the first issue offered by OPA is
- “Does the IPSP define programs and actions which aim to reduce projected peak demand by 1,350 MW by 2010, and by an additional 3,600 MW by 2025?”
12. With the greatest of respect to the OPA, this issue is not instructive. You do not need a hearing to determine if programs that aim to achieve these results are included in the plan. They are. Hearing over. Thanks for your assistance, Board.
13. Here, instead, is a sample of a set of issues that could be included to address this subject area:
- a) What is the maximum amount by which projected peak demand can be reduced in each of years 2010 and 2025 (and perhaps the other years in the plan as well)?
 - b) What options are available to the OPA, to the government, and to other parties to achieve peak demand reductions, and what are the costs and benefits (economic, social, environmental and other) inherent in each of those options?
 - c) What new technologies, government actions, or other exogenous factors are likely to impact on the options available, and to what extent can or should the existence of those factors be influenced by the planners?
 - d) What is the optimal mix of options to achieve the maximum peak demand reductions during the plan period?
 - e) What are the impacts of that mix on other aspects of the plan, such as generation and transmission plans?
 - f) How does the OPA’s plan for peak demand reductions compare to the optimal mix as determined on the evidence, and what are the reasons for any differences?
 - g) Should the Board i) approve the OPA’s peak demand reduction plan, ii) propose immediate or future modifications to that plan, or iii) reject that plan?

14. We will not go through all of the other issues proposed by OPA to do the same exercise, but clearly each of their issues should have a similar expansion if the Board is to implement a proper review of the IPSP.
15. In the remaining paragraphs of these submissions, we will provide specific comments on issues or aspects of issues that, in our view, need to be included. Some of these would be part of the above-mentioned expansions of the OPA issues. Others are items that, in our view, the OPA has missed in their proposed issues list altogether. All should be included in a comprehensive list arising out of this phase of the IPSP review process.

Load Forecasting Issues

16. **Methodology.** One of the significant issues that arose in the Demand/Supply Plan was problems in the load forecast, particularly the confidence bands. Among the general issues that we believe should therefore be on the list are the following:
 - a) Is the CIMS methodology the best approach to use in determining the reference forecast?
 - b) Are the economic drivers underlying the reference forecast appropriate?
 - c) Are the energy price forecasts underlying the reference forecast appropriate?
 - d) Are the assumptions of changes in energy efficiency of appliances and equipment appropriate?
 - e) Has the OPA properly accounted in its economic drivers for emerging changes in the composition of Canadian society, including declining birth rates, shifts from rural to urban, and the increasing impact of immigration on population and the economy.
 - f) Has the OPA used appropriate assumptions for the emerging shift in the Ontario manufacturing sector from high-energy-consuming to low-energy-consuming businesses?
 - g) Does the reference forecast properly consider levels of confidence, confidence bands, and/or probabilities of given load expectations?
17. **Price elasticity.** It is clear that price elasticity should be an issue in determining the reliability of the load forecast.
18. However, in addition to the general consideration of price elasticity (both own-price and cross-price), we are concerned that the Board should expressly consider whether price elasticity will change over time. The IPSP includes assumptions to that effect, and in our view those assumptions, and alternatives, need to be reviewed.

19. ***Alternative Scenarios.*** We believe that that Board should specifically look at alternative load growth examples, first to ensure the robustness of any mix of options, and second to identify indicators that would reveal that one of the alternative scenarios is starting to unfold.
20. In the context of alternative scenarios, one important variable that may need specific consideration on the issues list is Canada's position on Kyoto and its successor treaties, and in particular the potential introduction, in the near term, of a carbon trading market affecting Ontario emitters.

Reserves

21. ***Levels and Changes Over Time.*** The IPSP assumes that appropriate reserve levels change over the period of the plan, and there are rationales provided for these assumptions. It would appear to us that these assumptions and their underlying rationales are an important consideration, particularly in the timing of the coal phaseout and the expectations of new near term generation. A set of issues and sub-issues to address this should be included in the issues list.
22. ***Specific Components of the Reserve.*** In addition to overall review of reserve levels, in our view the several components of the reserve calculation should be addressed by the Board, including:
 - a) The reserve to meet NPCC requirements using the MARS program includes a number of assumptions surrounding conservation, wind, and other resource uncertainties. Those assumptions should be specifically addressed, as they affect the value and reliability of those resources.
 - b) The near-term and longer term insurance reserves include a number of assumptions about in-service (both generation and transmission) and refurbishment delays, peaking availability, and other such assumptions. Whether those assumptions are appropriate, and if so whether they remain appropriate in all scenarios, has a significant impact on the viability of the plan.
 - c) It is also, in our view, important to consider fuel availability and fuel price uncertainties in setting the reserve, particularly when significant short term capacity is based on fuels with potentially volatile markets.
 - d) While included in the above, we believe that the Board must pay special attention to forced outage assumptions, particularly for nuclear generation.
23. ***Sensitivity Analysis.*** We believe it would be worthwhile for the Board to ensure that there is express consideration of the dollar and planning implications of each change to the reserve assumptions, and the risks associated with such changes. For example, if a 2% change in reserve requirements in the near term would phase out a coal unit a year earlier, would this be a beneficial adjustment to the plan? If so, what alternatives are available as a backstop so that the additional risk can be mitigated?

Baseload, Intermediate and Peaking Requirements

24. **Capacity Factors.** We believe that the Board should pay specific attention to whether the assumed capacity factors used for specific technologies by the OPA in the developing the IPSP are reasonable and reliable.
25. **Baseload Definition.** OPA has adopted a specific definition of baseload for the purposes of the plan (comparison of nuclear to a CCGT). It is not clear why that definition is appropriate, and whether a different definition (for example, based on system load factor), would produce a higher or lower cost plan, or a materially different supply mix. This is worthy of review by the Board, and should be included on the issues list.
26. **Social Discount Rate.** It would be useful for the Board to review whether the social discount rate used by OPA in the plan in evaluating options, 4%, is appropriate.

Energy Efficiency

27. **Overall Issue.** We agree with many other parties that much of the discussion surrounding the optimization of Ontario's demand/supply balance in the coming years is about the "conservation culture". If Ontario is successful in implementing that social change, there will be a fundamental shift in energy intensity in the province. Conversely, if the initiative fails, Ontario will have a host of cost, reliability, and environmental issues associated with energy.
28. We believe that the Board's review of the IPSP should prioritize this analysis, investing the most time and resources in it relative to the rest of the plan. This is, in our view, the area of the plan that can hurt us the most if we get it wrong (whether too optimistic or too timid), and can benefit us the most if we get it right. We recommend that the Board make this part of the issues list the most detailed and comprehensive of all aspects of the review.
29. In this regard, we believe that the Board should consider whether an optimal plan should have more aggressive targets, and also whether, having adopted targets that are harder to achieve, that revised plan should include appropriate backup resources in case those targets cannot be achieved over any given period. Rather than set a cautious target (as the IPSP does), the Board should consider whether a stretch target, coupled with a fallback position, has a higher cost/benefit ratio on a probabilistic basis. Alternatively, the Board should consider whether the more aggressive target, even if potentially more expensive if too hard to achieve, is still worth the risk, whether for economic, social, environmental, or other reasons.
30. **Customer Groups.** As we have noted in earlier submissions, a key aspect of successful conservation and energy efficiency programs is a range of programs so that all customers can participate. This is not just a question of fairness. It is also particularly important if the goal is to engineer permanent social change and the adoption of the conservation culture. The Board should consider whether this portion of the IPSP ensures that all customer groups are given relatively equal opportunities to embrace the conservation culture.

31. **Lost Opportunities.** We recommend that the Board hive off and treat as a separate issue the question of lost opportunities in conservation/energy efficiency. In the context of long term planning, there is value in considering whether the short-term benefits of retrofitting a building's lighting fixtures, or the long-term benefits of making a new building LEED Platinum, is the better approach. This – a classic “turtle vs. hare” question – is not always best solved by NPV analysis. A thorough review by the Board of methods to capture all long-term opportunities could in the end have more value in achieving that conservation culture than ensuring all cost-effective short-term programs are implemented.
32. **Conservation Elasticity.** We are concerned with the lack of data, and therefore limited consideration, of the potential for declining uptake of efficiency measures. It is normal to consider this in the context of increasing unit costs of options (the “low hanging fruit” paradigm), but in our view it is also about whether consumers' resistance to changes in their comfort level will increase as efficiency measures become more aggressive. We believe that the Board should consider this issue in looking at the conservation and energy efficiency component of the IPSP.
33. **Government Actions.** It is, of course, classic energy efficiency analysis to ask whether efficiencies are best achieved by standards, incentives, market transformation, or other means. In the context of an integrated power system plan, the first of those can either be treated as a forecasting issue (“what government actions will affect load?”), or as a planning issue (“what actions should be taken by government to reduce load?”).
34. We believe that the Board should consider in this review whether some of the conservation and energy efficiency objectives of OPA would be better achieved by efficiency standards or other government actions. If so, the Board has the option of either saying so in its report on the plan (and thus communicating its view to the government and adding value in that way), or recommending to OPA that it seek government action on certain measures, rather than trying to bring them about through incentives or other means.
35. We note that government actions such as energy efficiency standards are specifically referred to in the Directive, but that component is left off the OPA's issues list.
36. **New Technologies.** The IPSP does not contemplate active promotion, either by OPA or by the government at OPA's recommendation, of new energy efficiency technology development in the province of Ontario. While we are well aware that the Ontario government has a funding arm for leading edge energy technologies (OCE – Energy), the OPA appears to have assumed that it has a limited role to play in introducing new efficiency technologies into the marketplace. It is not clear to us why this option is not fully embraced, and we believe the Board could assist all parties by reviewing this aspect of the plan.
37. **Pedagogy.** It is, in fact, unlikely that those who are involved in the IPSP today, and the people paying the energy bills today, will fully adopt the “conservation culture” en masse. Rather, it will be our children who do this, and in our view a long term plan should include plans to give children the tools to embrace efficiency more thoroughly than their parents. Ontario's 5000 publicly funded schools would be a key and willing partner in any such initiative. The Board

should consider whether the OPA should be more proactive in partnering with school boards and others to teach “conservation culture” to the next generation.

Demand Management and Demand Response

38. ***Overall Set of Issues.*** Just as we noted that the “conservation culture” is of primary importance in this plan, so too we believe that the effectiveness of demand management and demand response programs will be critical in allowing us to meet our capacity requirements without either excessive environmental risk, or high economic costs.
39. In this context, we believe the Board should treat DM/DR that reduces capacity requirements as a separate and distinct set of issues. Further, the Board should consider the extent to which DM/DR can change the system reserve requirements, either on a short or intermediate term basis.
40. We note that, at paragraph 13 above, we give some specific suggestions as to issues the Board may wish to consider in this area.

Customer-Based Generation

41. ***Role of OPA.*** As with conservation and energy efficiency, the Board should consider whether more aggressive targets for customer-based generation would be appropriate. In the same vein, the tying of those more aggressive targets to fallback plans should be considered. For this area, the Board should include in the issues list an express consideration of the appropriate role of the OPA in ensuring these targets are met. In the range from passive acceptance of market decisions, to fully directive market transformation, the OPA has a range of roles it can adopt, and the Board could assist by considering and evaluating those choices, and their impacts.
42. Related to this is the question of whether the OPA has been sufficiently creative in identifying candidates for customer-based generation. The Board may wish to review whether new technologies, or more creative procurement structures, could have the effect of expanding this option substantially.
43. ***Sources of Information.*** Specifically with respect to customer-based generation, the Board should consider whether the OPA should broaden its research into this area, looking more closely at approaches and successes in Europe and other places.
44. ***Generation Type.*** We are a little concerned, and think the Board should be as well, that OPA appears to assume that there is no distinction in customer-based generation based on generating technologies. While it is true that one technology is currently the preferred one for most customer-based generation, we do not see this as likely to continue throughout a long-term plan. Therefore, the Board should include in the issues list consideration of whether the use of different generating technologies by customers will affect the availability, value, and role of customer-based generation.

Renewable Generation

45. **Overall Issue.** Our comments on the aggressiveness of the energy efficiency targets earlier in these submissions apply equally to the aggressiveness of the renewable generation targets. Both more aggressive targets, and fallback plans, may be in the public interest. The Board should address this in its review.
46. A related question is whether the “renewable energy procurement” target, and the “renewable energy to be relied on” target, should be the same. The Board may want to consider whether OPA should be contracting for much higher levels of renewable resources, not just because they are better, but because project failures or delays could be significant. The effect of that approach may be that, if failures/delays are high, other aspects of the supply mix will fill in, but if failures/delays are low, there would be options available for further optimization (such as a faster coal phaseout).
47. **BioEnergy.** The very timid target in this area of 450 MW by 2025 cries out for a detailed review by the Board. The OPA’s assessment of resource availability in each renewable technology should be subject to a full review, but in this case we are particularly concerned that there is a material difference in likely supply availability relative to the plan.
48. **Hydroelectric.** As with each of the technologies, the Board should consider the technical potential, the practical potential, and the economic potential at various price assumptions. Hydroelectric is higher in the IPSP than the potential identified in a 1992 IPPSO study, but much lower than the known technical capacity of all potential Ontario sites. OPA’s judgment as to where it came down between these two numbers, and why, should be reviewed by the Board.
49. We believe that the Board should also review whether, and to what extent, available cost-effective hydroelectric resources may be either delayed or made more costly by policy, property rights, environmental, and other constraints? We note that, historically, even small hydro projects are often met with local and/or regional resistance, typically because of either aboriginal or environmental rights. Not only does this create uncertainty, but it has significant environmental consequences if dirtier alternatives have to be implemented or retained due to regulatory failure.
50. The biggest single issue, though, relating to hydroelectric resources is the northern Ontario potential, and the need to develop an appropriate partnership with First Nations to bring some of this potential forward. The Board should address whether the IPSP gives appropriate consideration to both that potential, and the steps required to make it happen.
51. **Wind.** The same issues – actual resource potential, and appropriateness of OPA estimate – arise with respect to wind as we already saw with respect to hydroelectric.
52. There are, however, several other sub-issues that arise with respect to wind generation, including:

- a) To what extent should the intermittent nature of wind generation be reflected in a cap or other restriction on wind generation? What research does OPA have justifying wind generation limitations? If intermittence is a problem, what other choices are available to solve that problem while retaining the highest possible value of the generation?
 - b) What is the appropriate mix of small vs. large wind projects? What are the cost, lead time, and other tradeoffs associated with that mix?
 - c) To what extent, if any, will wind generation be constrained by lack of availability of equipment? If it will, when and by how much?
 - d) What is the potential impact of carbon offset trading on the viability of wind energy in Ontario?
53. **Solar.** The IPSP does not assume a significant contribution from solar energy during the current long term plan. The Board may wish to explore a scenario in which solar does form a more material part of the plan, either because of technological advances that drive the cost of that option down, or because of environmental or other factors that cause the cost of solar to compare more favourably with other options.
54. **Geothermal.** It appears that this option is not seriously considered in the IPSP, despite its inclusion in the directive. The Board should consider whether there are circumstances in which this option could have a role.

Nuclear Generation

55. **General.** Nuclear power makes up most of the plan, just as it makes up most of the current generating capacity in the province. It should be self-evident that, having just had to write off billions of dollars of sunk capital costs just to allow the existing nuclear stations to breakeven (of course, we still have to pay those costs, just through a separate charge), the Board should approach significant new investments in nuclear energy with extreme caution. There is an old saying: “Fool me once, shame on you. Fool me twice, shame on me.” We do not have any excuse for getting it wrong a second time around.
56. Of course, OPA, OPG and others argue that we have learned from our mistakes in past nuclear planning and spending, and we won’t make them again. That may indeed be true, and if so nuclear may in fact be able to deliver capacity and energy with both a reasonable cost and a lower environmental impact. But those conclusions are not self-evident. We see the Board’s role in the IPSP as including, as a major component, a thorough review of the new claims for nuclear, and the new and existing objections to nuclear, all culminating in a dispassionate analysis of, and judgment on, whether it is prudent to rely so heavily on nuclear over the next decades.
57. **Specific Issues.** It therefore follows that we would support an issues list with a comprehensive set of nuclear-related issues, covering all aspects of the technology and its

risks. We will not provide a full list here, but we suggest that the following are some of the issues that should be considered:

- a) Are the assumptions – as to capital cost, lead time, operating life, etc. – used to cost the nuclear option appropriate, both in absolute terms and relative to the CCGT option that was the benchmark, and are uncertainties around those assumptions properly considered?
- b) Has OPA taken appropriate account of the lifecycle environmental costs and benefits of nuclear energy in assessing its use in the plan?
- c) Has OPA given appropriate consideration to the different flavours of nuclear energy, other than CANDU, in assessing the role of nuclear energy in the plan?
- d) Are the assumptions used about baseload options – availability, load following needs, annual hours of operation, etc. – appropriate, and would different assumptions produce different conclusions with respect to the amount of nuclear energy in the plan?
- e) Did OPA take sufficient account of the risk of common cause failures and the affect on the Ontario system of such an eventuality?
- f) Does the IPSP give appropriate consideration to the uncertainties inherent in high complexity projects like nuclear stations, and the impacts of those uncertainties on planning choices?
- g) Does the IPSP have appropriate fallback scenarios to ensure that the plan is still viable if nuclear generation is not available as expected, whether due to in-service delays, overruns, forced outages, or other causes?
- h) What are the risks associated with nuclear fuel price escalation, and are those risks appropriately addressed in the plan?
- i) Do the two nuclear scenarios adequately address all of the materially different scenarios affecting the nuclear option?
- j) What federal or provincial government actions, or other external, uncontrollable actions, may have a material positive or negative impact on the viability of the nuclear component of the plan, and what contingency planning, if any, should be put in place to deal with those actions as they arise?

Coal-Fired Generation

58. ***Coal Phaseout.*** The IPSP calls for the end of reliance on coal by 2012 as part of the main plan (although see below with respect to the reserve). This is a matter that has been full of uncertainty for several years, and we believe the Board needs to address whether 2012 is right, or whether it can/will be earlier or later, and whether the ramp-down rate to the end is

appropriate. This will necessarily include consideration of alternative methods of replacing coal capacity before 2012.

59. ***Coal as a Reserve.*** The plan assumes that coal facilities will remain available as reserve capacity for at least some time after 2012. This raises two issues that need to be addressed by the Board:
- a) Are the economic and environmental costs and benefits of coal facilities being kept in reserve adequately addressed in the IPSP?
 - b) If coal can be made available without material environmental damage as reserve capacity, to what extent should continuation of coal availability beyond 2014 be considered to deal with projected capacity shortfalls during that period?

Natural Gas Generation

60. ***High Efficiency.*** We believe that the Board needs to consider the full standard set of generation technology issues – assumptions, impacts, costs, availability, dispatchability, etc. - for CCGT, both to do the comparison with nuclear, and to look at CCGT on its own as an option.
61. In this regard it will be important for the Board to determine whether the OPA has interpreted the supply mix directive correctly in “high efficiency use of fuel” (OPA says this means CCGT and CHP), and “high value use” (OPA says this basically means peaking, ie. SCGT). A key aspect of this analysis will be whether the two are mutually exclusive.
62. With respect to CHP, as noted earlier we believe the Board needs to address the relatively modest expectations in the IPSP for this option, and whether appropriate programs and market interventions could result in a more significant contribution.
63. ***Single Cycle.*** The IPSP relies quite heavily on SCGT – the “airplane engine in a field” that is so often derided in the energy sector – to supply Ontario’s peaking needs. Clearly all aspects of SCGT, including economic assumptions, lead times and availability, gas supply issues, and environmental impacts, etc., have to be reviewed in some detail. One key component of this analysis should be the potential impact of climate change obligations and/or domestic carbon trading on the appropriateness of this option.
64. In particular, we note that Ontario is not currently relying in any significant way on SCGT technology for peaking requirements. This leads to the obvious question of why we need to shift to this choice. What has changed, and why have we not relied on this in the past, if it is the most cost-effective option?
65. ***Fuel Prices.*** With all natural gas options, a key analysis for the Board will be the impact on fuel prices in Ontario, and conversely any vulnerability of these options to fuel price changes. Ontario is not the only jurisdiction increasing its reliance on natural gas for electrical generation, and the overall impact of this trend may be to push natural gas prices higher. This

could be a manageable risk, but in our view that question has to be reviewed closely. In this regard, we note that, at least intuitively, it is generally more risky to rely heavily on one technology when its fuel is imported, than when it is available within the province.

Transmission

66. **General.** Ontario has vast untapped renewable resources in the northern part of the province. There are three barriers to the development of those resources. First, there are environmental impacts that may make some of them inappropriate despite their economic value. Second, Ontario has so far failed – whether through inaction, inappropriate policies, or other factors – to build a viable partnership with First Nations for the mutually beneficial development of those resources. Third, the resources are remote from load, and require significant and long term transmission infrastructure to be useful. All three of these need to be addressed by the Board.
67. **First Nations.** It is not immediately obvious that the Board’s role should include the creation of a new social contract between southern Ontario residents and northern First Nations. On the other hand, we do not believe the Board should just throw up its hands and say “We can’t do anything with northern resources and transmission until someone solves this problem”.
68. In our view, the Board should hear the views of First Nations as part of this review process, and, while not trying to fashion solutions, should assess plan components on the basis of the Board’s conclusions as to when and how the barrier of First Nations participation will be resolved.
69. While we recognize that this extends the time and scope of the proceeding beyond that which many stakeholders would prefer, we believe the alternative is to review the IPSP without any consideration of a material impact on an identifiable group that wishes to be here before the Board. From our point of view, it is hard for us to understand why you would be willing to listen to Schools (because we are impacted by the plan), but not willing to listen to First Nations (who are also impacted). Why would that be appropriate? Therefore, we think you should reject any calls to narrow the scope of the proceeding if that means effectively excluding issues of concern to First Nations.
70. **Timelines, etc.** The IPSP makes many assumptions about transmission projects, which the OPA says are based on the experience of their internal personnel. While their assumptions may be right, we think that they should be reviewed, and in particular those in the transmission business should be asked to bring before the Board evidence as to their assumptions for things like approval times, completion schedules and costs, etc.
71. **Bruce to Milton.** Many aspects of the short and medium term plans are premised on the timely approval of the Bruce to Milton line. Unless the approval arises before the IPSP proceeding (which it could, of course), in our view the Board should look at the implications of delayed approval or no approval, and whether the IPSP is viable at all without this.

Procurement Processes

72. ***Board's Role.*** Unlike the supply mix, in which the Board's role (and the OPA's planning) is circumscribed to some extent by government decisions, in the case of the OPA's procurement processes the Board's role is essentially unrestricted. It is therefore surprising that the OPA issues list contains a single issue related to this.
73. ***Specific Issues.*** In our view, the following additional issues at least should be included:
- a) The OPA process includes "initial assessments". The Board would be assisted in considering this by a review of the "initial assessments" that have already taken place with respect to the two procurements already authorized – new Gas, and Lennox.
 - b) Do the proposed procurement processes appropriately address the need for simpler procurement of supply or capacity from alternative and renewable energy sources? [see s. 25.31(2) of the Act]
 - c) Does the OPA have an appropriate process for assessing whether resource requirements should be met through the capability of IESO-administered markets or by investment by other persons independent of OPA procurement? [O Reg 426/4]
 - d) Does the IPSP identify appropriate factors for consideration with respect to the advisability of entering into procurement contracts, and the extraordinary circumstances that must exist to override those factors? [O Reg 426/4]
 - e) Does the OPA have appropriate processes in place to ensure that accessibility to procurement processes, and selection criteria, are fair and clear? [O Reg 426/4]
 - f) How will consumer interests be protected in the procurement processes?

Short Term vs. Long Term

74. We note that the structure of the IPSP is a rolling plan, so that the review process after the first time around will be simpler and easier to manage from a regulatory point of view.
75. However, we are also concerned that some parties may seek to rely on that fact in trying to make the focus of this review the near term plan, with a more limited review of the longer term component. In our view, the most important part of the IPSP review is the longer term decisions. The short term decisions are in many cases in the "fait accompli" category. The longer term choices are not.
76. While a decision today to rely on a particular generation technology ten years from now seems remote, it is one that will limit our flexibility if, three years later, we think a different approach is appropriate. In effect, the long term plan may become a self-fulfilling prophecy, simply because as time moves on other options that were available today are no longer viable. We

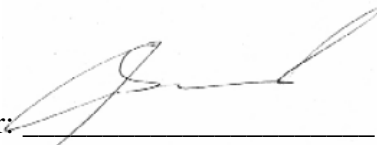
therefore urge the Board, in developing the issues list, to maintain sufficient emphasis on the long-term choices inherent in the plan.

Conclusion

77. We appreciate having been granted the opportunity to participate in the development of the IPSP issues list. We plan to participate fully in the issues hearing, and hope to be able to add value in further phases of this proceeding.

Respectfully submitted on behalf of the School Energy Coalition this 14th day of December, 2007.

SHIBLEY RIGHTON LLP

Per: 

Jay Shepherd