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Toronto, February 11, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, ON M4P 1E4

Dear Ms. Walli:

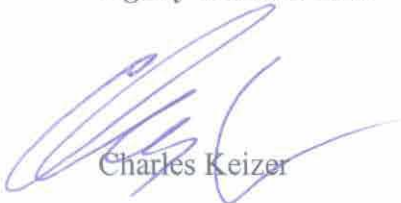
**RE: Initial Stakeholder Meeting
Transmission Connection Cost Responsibility Review
Board File Number: EB-2008-0003**

On behalf of Brookfield Power Wind Corporation ("Brookfield"), attached is the presentation of Brookfield for the Stakeholder Meeting scheduled for February 14, 2008.

If you have any questions or concerns with respect to the foregoing, please feel free to contact me.

Yours very truly,

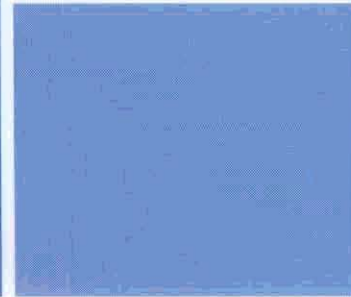
Ogilvy Renault LLP



Charles Keizer

CK/rd

Attachment



Transmission Cost Recovery Feb. 2008 – Brookfield Power

Brookfield Power



Brookfield Power

- over 100 years of experience as an owner, operator and developer of hydroelectric power facilities
- portfolio includes 160 generating facilities with over 3,900 megawatts of capacity, of which 95% is produced from renewable energy sources
- currently owner and operator of Canada's largest wind farm



Thresholds and Guiding Principles

- ▶ **It is Brookfield's position that the Board's review has two fundamental parts:**
 - threshold Considerations
 - implementation rooted in specific guiding principles

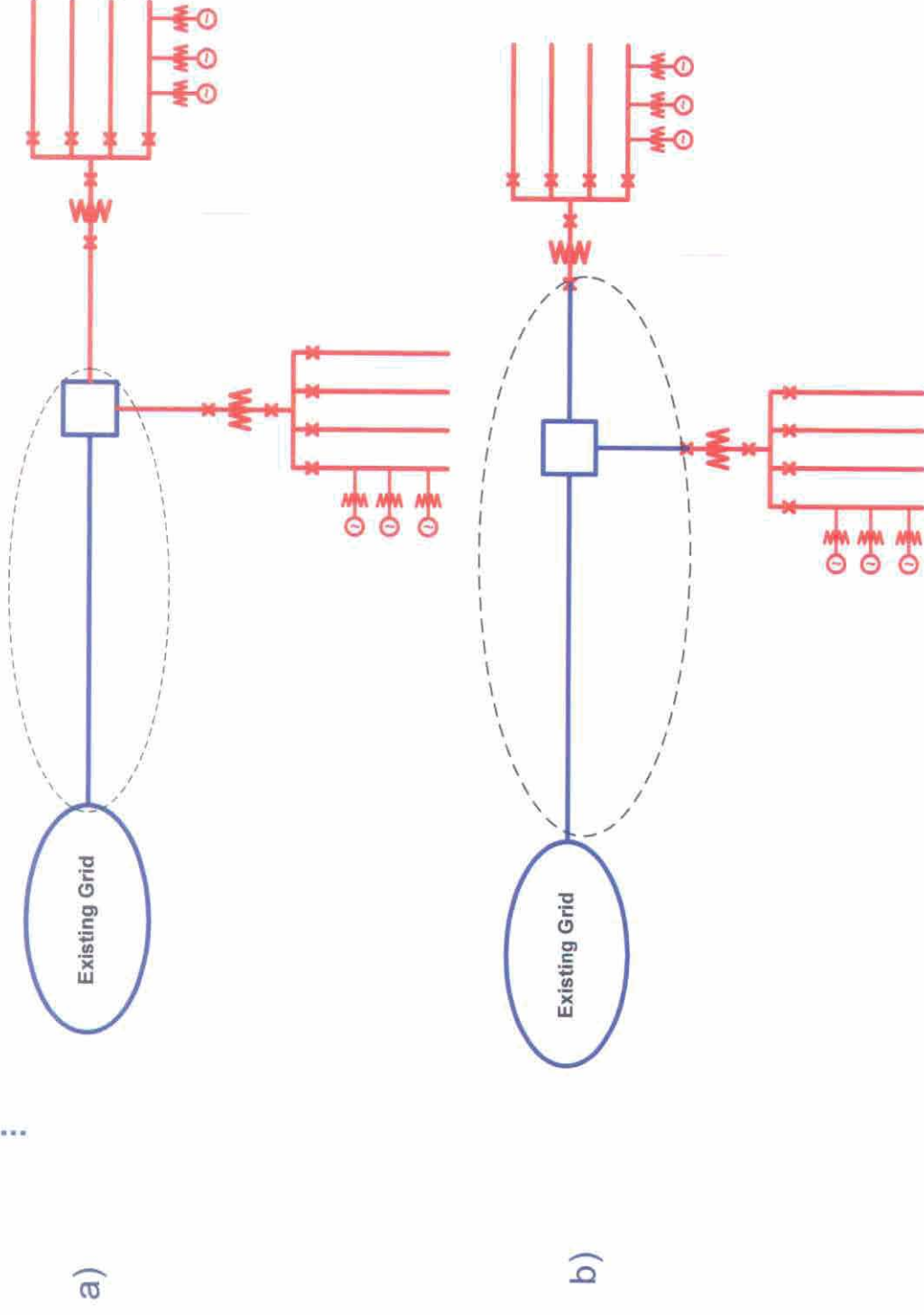


Threshold Considerations

- ▶ **Clear definition required on the configuration of an “Enabler Line” and demarcation points:**
 - (a) only the line from the high voltage grid to a switching station to which multiple connection lines feed from generators; or
 - (b) the line from the high voltage grid to the connection on the high voltage side of the generators’ main transformers, including any shared station in between



Threshold Considerations (Cont'd)



Threshold Considerations (Cont'd)

- ▶ The TSC currently assigns Cost responsibility to generators
- ▶ The degree and method of risk sharing between generators and end-use customers will need to be considered
- ▶ What is the extent of socialization?
- ▶ Will all transmission costs be socialized, inclusive of all costs associated with transmission equipment to the low voltage connection or will there, depending on the configuration, be parts fully socialized, parts socialized subject to generator contribution, and parts fully funded by generators?
- ▶ What is the timing of Implementing Socialization?



Guiding Principles

- ▶ **To assess these threshold issues and to implement code revisions, Brookfield believes that specific guiding principals should be applied. These include:**
 - degree of socialization of cost
 - cost neutrality between generators
 - minimize risk of stranding
 - integration with the OPA procurement process



Socialization of Cost

- ▶ **Cost of transmission will be borne by the end-user whether in the transmission rate or the contract price under a Procurement Contract.**
- ▶ **The issue relates to cost of development and construction and O&M.**
- ▶ **Brookfield believes that transmission is cost effective if built, owned and operated by transmitters as part of a regulated rate base**
 - regulated return on asset lower than generation project return
 - lower cost of capital
 - economies of scale and efficiencies in O&M if transmitter owned



Socialization Cost (Cont'd)

- assets life longer than wind PPA
- access to a joint use facility by and any cost recovery from generators administered by a non-discriminatory licensed entity



Cost Neutrality

- ▶ The revisions of the Code and any cost sharing between end-users and generators must result in cost neutrality as between generators that require enabler lines and those that do not
- ▶ There can be no inherent cost advantage to generators enjoying the benefit of enabler lines as a result of a Board administered process relative to generators that do not need enabler lines
- ▶ To the extent there is a cost advantage (i.e. a subsidy), then a mechanism must be established by the OPA in its procurement process to levelize the effect of the Cost advantage in an RFP process
- ▶ The configuration of an enabler line as established by the Board is directly tied to cost neutrality



Stranding

- ▶ **Stranding of assets will arise where costs are socialized and transmitters for whom the line is built do not connect to pay a portion of the cost (assuming the California method)**
- ▶ **To minimize stranding, participating generators should be qualified on the basis of criteria that could include:**
 - quality of resource potential for sites
 - scale of projects
 - ability to complete the identified projects



OPA Procurement Process

- ▶ The Board's conclusions in the review must work in tandem to the OPA's procurement process
- ▶ The mechanism to initiate an enabler line should not restrict renewable procurement to one geographic area

