Ontario Power Authority

ONTARIO POWER AUTHORITY

Initial Stakeholder Meeting February 14, 2008
Transmission Connection Cost Responsibility Review
EB-2008-0003

Generation Connection

Generation Connection

- Supply Mix Directive set a goal of 15,700 MW of renewable resources by 2025

- In planning to meet goal in an “economically prudent and cost effective” manner, the OPA has identified three remote clusters of wind resources in the IPSP:
    - Goderich area
    - Bruce Peninsula
    - Manitoulin Island

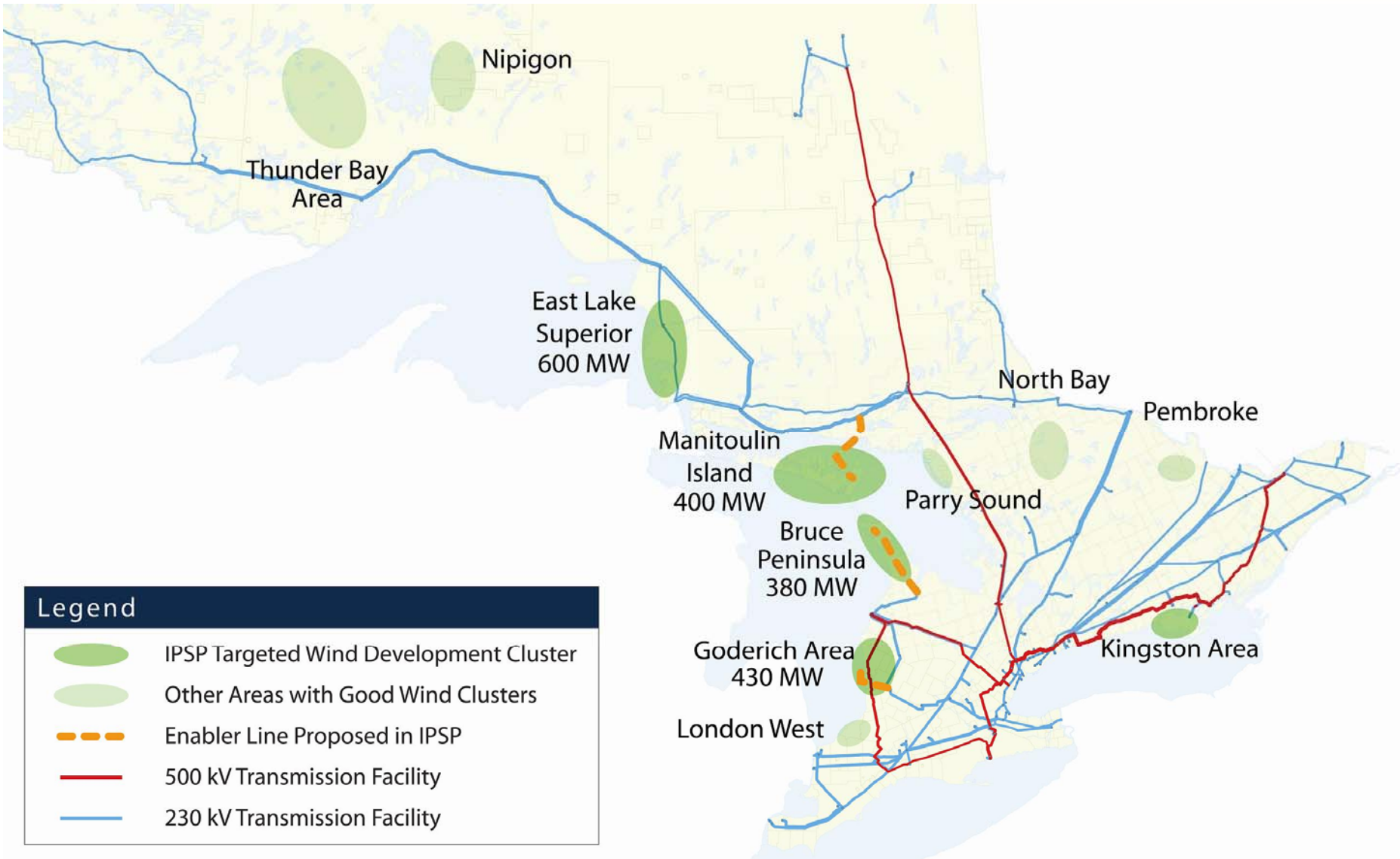
- IPSP discusses potential “enabler” lines to access these resources (Exhibit E-2-2)

The Challenge for Renewable Resources

- TSC developed with a large generator in mind
- Renewable resources have unique challenges:
  - clusters of small projects
  - located in remote areas with no access to transmission facilities
  - dedicated radial transmission lines needed to connect these resources to the grid
- Declaratory order of April 19, 2007, re California, the FERC stated:

  > Location-constrained resources present unique challenges that are not faced by other resources and that are not adequately addressed in the Commission's current interconnection policies. These resources tend to have an immobile fuel source, are small in size relative to the necessary interconnection facilities, tend to come on-line incrementally over time, and are often remotely located from loads. Location constrained resources therefore have a limited ability to minimize their interconnection costs and, moreover, these factors can, in certain circumstances, impede the development of these resources altogether.

Wind Generation Potential



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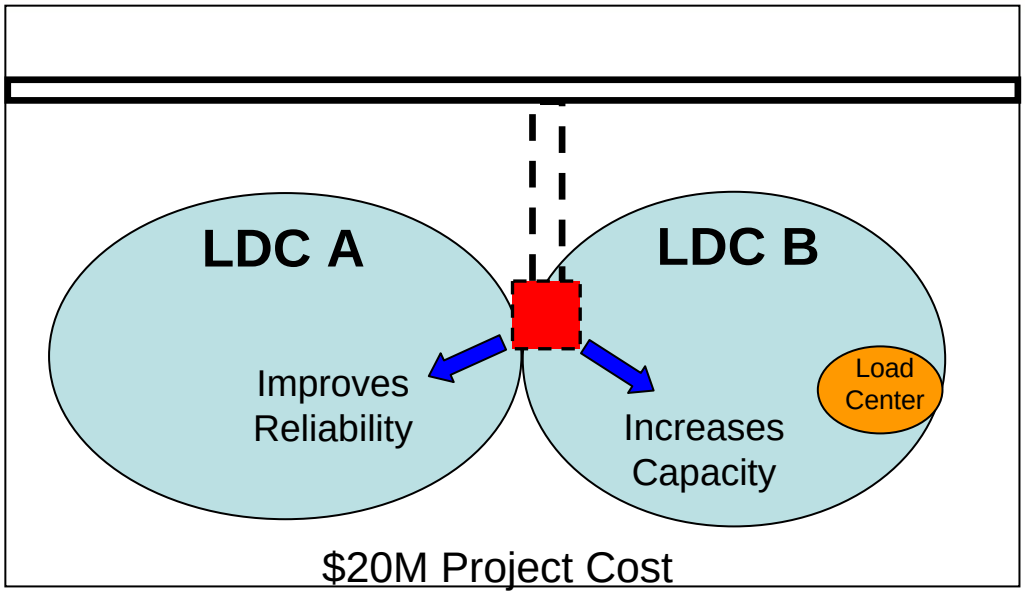
Conclusion

- OPA welcomes the consultation process
- Issue must be addressed if Government policy goals are to be met
- Many complex questions must be addressed in developing appropriate mechanism(s)
- These include required level of generator interest before construction

Load Connection

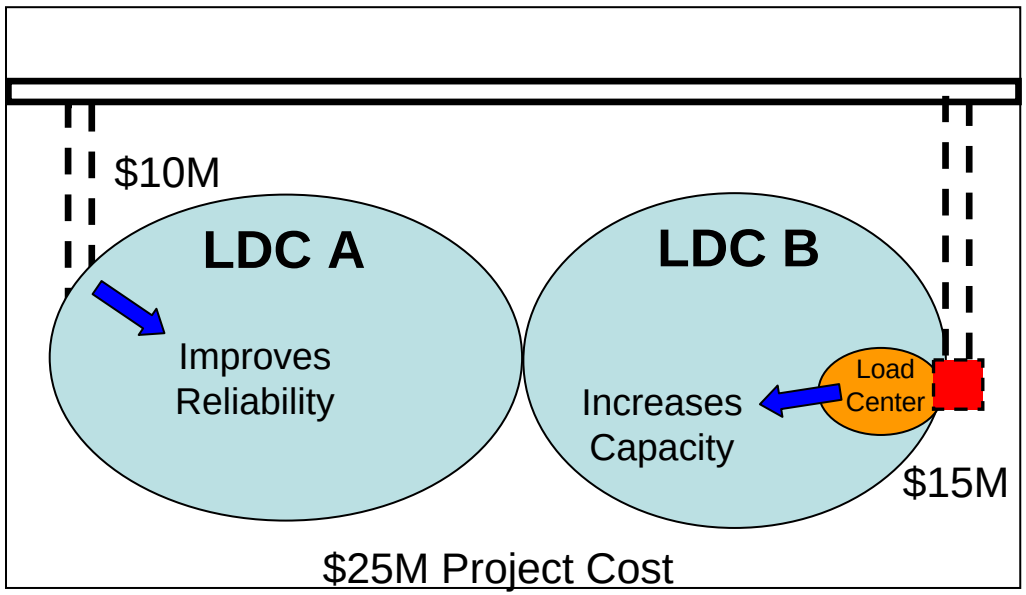
Load Connection

- Policy approach should facilitate rational transmission system planning
- Policy must recognize fundamental differences between an LDC and other types of customers
- LDC load growth is primarily a function of economic growth in the community served by the LDC
- Cost of this growth should be socialized
- Alternative approach will distort planning decisions in order to avoid unacceptable burdens on small LDCs
  - Increase in incremental solutions which may be less economic and less reliable (continuing reliance on low voltage solutions)
  - Decrease in solutions which provide broader benefits and address integrated needs



Option 1

LDC B pays $20M capital contribution



Option 2

LDC B pays $15M capital contribution

$10M Network Charge

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