

February 12<sup>th</sup>, 2008

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Dear Board Members:

**Re: Consultation Process EB-2008-0003 – Transmission Connection Cost Responsibility Review**

Schneider Power Incorporated, ("SPI"), is an independent Ontario based electrical generator and developer of renewable energy projects.

We are presenting on this consultation process with respect to solving transmission difficulties faced by stakeholders, such as our selves, in developing renewable energy projects in Ontario.

Renewable Energy and the Ontario Standard Offer Program, ("SOP").

SPI has answered and continues to answer our Government's call to develop Ontario's renewable resources; but with increasing difficulty.

Transmission access to Ontario's "renewable" resources is essentially maximised and further development of these resources requires building out transmission capacity across the Province. This particular need was, we believe, not contemplated when current cost recovery practices were developed and we congratulate the Board on recognizing this deficiency in their Transmission Connection Cost Responsibility Review.

Transmission capacity for small renewable developments, such as those envisioned by the SOP, cannot possibly be funded using the current model. Ontario's SOP envisions multiple small-scale, local generation facilities brought into operation by community organizations, first nations, small and mid-size corporate developers, such as SPI, and of course large utility stakeholders as well. It is clear to all of us that only the very largest utility stakeholders have the resources to function within current Cost Recovery practices and this unfortunate reality works against the Government's SOP and works against the development of Ontario's renewable energy resources.

Infrastructure Cost Recovery Responsibility – What Policy should it address?

As a generator our experience today with the distributor has been to hear a mantra of “protecting the tax payers” whenever the topic of cost recovery comes up. Unfortunately the distributor’s current notion of “protecting the taxpayers” ends at pushing 100% of their costs on to the first developer in the queue. This notion needs to change.

Good public policy in 2008 shall only be met by further development of Ontario’s widespread renewable resources in the limited locations they can be found. Building new transmission capacity is vital and is needed to lead the way to these often far flung resources.

Summary

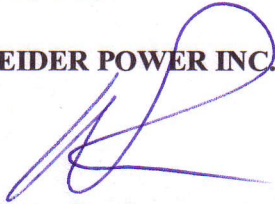
Current cost recovery practices put the entire burden on the first at queue project developer which is I believe in direct contravention of the policy objectives of the SOP.

Numerous public policy objectives shall be met by investment in transmission infrastructure and these benefits reach far beyond the stakeholder groups associated with here; indeed infrastructure upgrades serve the interests of all Ontarians. Therefore cost recovery for upgrading Ontario’s transmission infrastructure should be spread as widely as possible amongst all Ontarians to ensure that community organizations, first nations, and small and mid-size developers can fully participate in renewable energy resource development.

Yours very truly,

**SCHNEIDER POWER INC.**

Per,



**Mr. Wayne Curtis**  
Executive Vice President