

EB-2011-0055

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF a Directive issued by the
Minister of Energy to the Ontario Energy Board under
section 28.6 of the *Ontario Energy Board Act, 1998* and
approved by the Lieutenant Governor in Council on
February 9, 2011 as Order in Council No. 163/2011;

AND IN THE MATTER OF a proceeding under section 74
of the *Ontario Energy Board Act, 1998* amending the
transmission licence issued to Hydro One Networks Inc.

BEFORE: **Marika Hare**
 Board Member

(Issued February 28, 2011 and as corrected March 1, 2011)

DECISION AND ORDER

Under section 28.6(1) of the *Ontario Energy Board Act, 1998* (the “Act”), the Minister of Energy (the “Minister”) may issue directives to the Ontario Energy Board (the “Board”) requiring the Board to take such steps as are specified in the directive relating to the connection of renewable energy generation facilities to a transmitter’s transmission system or a distributor’s distribution system. As stated in section 28.6(2) of the Act, such a directive may among other things require the Board to amend the licence conditions of a transmitter to require the transmitter to take the actions specified in the directive in relation to its transmission system, including enhancing, re-enforcing or expanding that system. In accordance with section 28.6(3) of the Act, such a directive may specify whether the Board is to hold a hearing for the purposes of implementing the directive.

Under cover of a letter dated February 17, 2011, the Minister issued a directive to the Board under section 28.6 of the Act (the "Transmission Directive"). The Transmission Directive was approved by the Lieutenant Governor in Council on February 9, 2011 as Order in Council 163/2011, and requires the Board to amend the transmission licence of Hydro One Networks Inc. ("Hydro One") in relation to the development or the development and implementation of certain transmission projects "related to the reasonable expansion and upgrading of [Hydro One's] transmission system to accommodate the safe connection of renewable energy generation facilities".

Order in Council 163/2011 makes reference to the Government's Long-Term Energy Plan, specifically to those portions of the Plan that refer to priority transmission projects and to the connection of small-scale renewable energy generation facilities and more generally to "Ontario's vision of continuing to move towards a safe, modern and reliable electricity system with a balanced, clean and cost-effective supply mix delivered through a prudently expanded and maintained transmission and distribution network".

The Transmission Directive describes at a high level the transmission projects to be developed or developed and implemented by Hydro One, and requires that the scope and timing of the projects be established by Hydro One in accordance with the recommendation(s) of the Ontario Power Authority (the "OPA"). To that end, the Transmission Directive also requires that Hydro One immediately work in co-operation with the OPA. Similarly, the "Supply Mix Directive" issued by the Minister to the OPA on February 17, 2011 requires the OPA to immediately work in co-operation with Hydro One and make recommendations on the scope and timing of the transmission projects referred to in the Transmission Directive.

The Transmission Directive is attached as Appendix A to this Decision and Order. In accordance with the Transmission Directive, the Board is required to amend Hydro One's transmission licence without a hearing.

The Board believes that it is appropriate for Hydro One to report to the Board on progress towards the implementation of the conditions being added to its transmission licence today in furtherance of the Transmission Directive. The Board will, in the near future, establish reporting requirements for Hydro One in that regard under section 13 of Hydro One's licence that requires Hydro One to provide such information to the Board as the Board may from time to time require.

THE BOARD THEREFORE ORDERS THAT:

1. Section 1 of Hydro One's transmission licence ET-2003-0035 is amended by adding the following new definition immediately after the definition of "Rate Order":

"Small-scale renewable energy generation facility" means a renewable energy generation facility that is a "capacity allocation exempt small embedded generation facility" or a "micro-embedded generation facility" as those terms are defined in the Distribution System Code as it read on February 28, 2011;

2. Hydro One's transmission licence ET-2003-0035 is further amended by adding the following new conditions:

19 Expansion and Upgrading of Transmission System Further to Ministerial Directive

19.1 The Licensee shall, for the purposes of accommodating the safe connection of renewable energy generation facilities, immediately following March 1, 2011 work in co-operation with the Ontario Power Authority to establish the scope and timing of the transmission projects referred to in paragraphs 19.2 and 19.3.

19.2 The Licensee shall develop and seek approvals for the following transmission projects, the scope and timing of which shall be in accordance with the recommendations of the Ontario Power Authority made in the course of the Ontario Power Authority's transmission planning activities conducted in accordance with its objects, as well as those identified in a Directive issued to the Ontario Power Authority by the Minister of Energy on February 17, 2011 under section 25.30 of the *Electricity Act, 1998*:

- a) upgrade one or more existing transmission lines west of the City of London; and
- b) a new transmission line west of the City of London.

- 19.3 The Licensee shall develop and implement the following transmission projects, the scope and timing of which shall be in accordance with the recommendations of the Ontario Power Authority made in the course of the Ontario Power Authority's transmission planning activities conducted in accordance with its objects, as well as those identified in a Directive issued to the Ontario Power Authority by the Minister of Energy on February 17, 2011 under section 25.30 of the *Electricity Act, 1998*:
- a) one or more devices to enhance transfer capability, such as series or static var compensation or other similar devices, in Southwestern Ontario; and
 - b) increase short circuit and/or transformer capacity at up to fifteen of the Licensee's transmission stations during the forty-eight month period beginning March 1, 2011 , to enable the connection of small-scale renewable energy generation facilities.
- 19.4 Paragraph 19.3 in no way limits the obligation of the Licensee to obtain all necessary approvals for the transmission projects referred to in that paragraph.

DATED at Toronto, February 28, 2011

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

to

Decision and Order dated February 28, 2011

EB-2011-0055

Order in Council 163/2011

and

Minister of Energy's Directive to the Ontario Energy Board

[See separate document attached]

Ministry of Energy

Office of the Minister

4th Floor, Hearst Block
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6758
Fax: 416-327-6754

Ministère de l'Énergie

Bureau du ministre

4^e étage, édifice Hearst
900, rue Bay
Toronto ON M7A 2E1
Tél. : 416 327-6758
Télééc. : 416 327-6754



FEB 17 2011

MC-2011-694

Ms Cynthia Chaplin
Chair
Ontario Energy Board
PO Box 2319
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms Chaplin:

Enclosed is a copy of a Minister's Directive issued under Section 28.6 of the *Ontario Energy Board Act, 1998* approved by the Lieutenant Governor in Council on February 9th, 2011. The Directive requires the Board to amend Hydro One's transmission licence conditions, in accordance with the terms of the Directive, with the requirement that Hydro One immediately proceed with three transmission projects in Southwestern Ontario as well as transmission station work to facilitate the connection of small scale renewable generation facilities.

I would appreciate the Board proceeding to take the appropriate steps to implement the attached Directive.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad Duguid'.

Brad Duguid
Minister



Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit:

WHEREAS the Ontario Government's Long-Term Energy Plan identified five priority transmission projects recommended by the Ontario Power Authority (OPA) to proceed for accelerated development in order to accommodate new renewable electricity generation, support system reliability and enable new load growth;

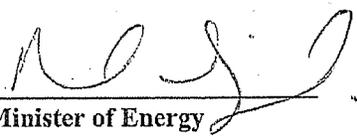
AND WHEREAS the OPA recommends three of these projects for accelerated development in Southwestern Ontario given their immediate and demonstrated importance to the cost-effective connection of renewable energy to the electricity grid;

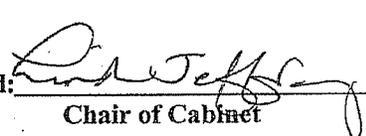
AND WHEREAS the Long-Term Energy Plan outlines Ontario's vision of continuing to move towards a safe, modern and reliable electricity system with a balanced, clean and cost-effective supply mix delivered through a prudently expanded and maintained transmission and distribution network;

AND WHEREAS the Long-Term Energy Plan commits Hydro One and others to facilitate the connection of small-scale renewable energy generation facilities by working with existing micro-Feed-in Tariff (microFIT) applicants and Feed-in Tariff (FIT) applicants who are considered to be Capacity Allocation Exempt, in areas where there are technical challenges;

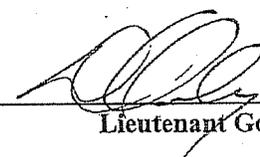
AND WHEREAS the Minister of Energy has, with the approval of the Lieutenant Governor in Council, the authority to issue Directives pursuant to section 28.6 of the *Ontario Energy Board Act, 1998*, as amended by the *Green Energy and Green Economy Act, 2009*, relating to the connection of renewable energy generation facilities to a transmitter's transmission system or a distributor's distribution system;

NOW THEREFORE the Directive attached hereto, is approved.

Recommended: 
Minister of Energy

Concurred: 
Chair of Cabinet

Approved and Ordered: FEB 09 2011
Date


Lieutenant Governor

12069

Authority Verified
Compétence vérifiée James P. H. Retob

Please print name
Nom en lettres
moulées s.v.p. James P. H. Retob

Telephone
Téléphone (416) 325-6676

Recommended by the
Management Board of Cabinet on
Recommandé par le Conseil de
gestion du gouvernement le _____

Secretary
Secrétaire _____

O.C./Décret

MINISTER'S DIRECTIVE

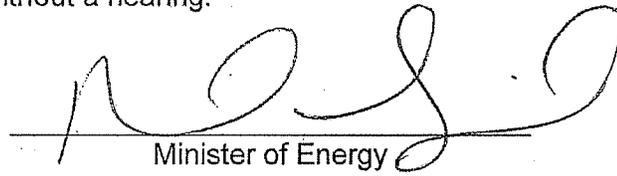
TO: THE ONTARIO ENERGY BOARD

I, Brad Duguid, hereby direct the Ontario Energy Board pursuant to section 28.6 of the *Ontario Energy Board Act, 1998* (the "Act") as follows:

1. The Board shall amend the licence conditions of Hydro One Networks Inc.'s ("Hydro One")'s transmission licence to include a requirement that Hydro One proceed to do the following related to the reasonable expansion and upgrading of the transmission system to accommodate the safe connection of renewable energy generation facilities:
 - (i) immediately develop and seek approvals for the following projects:
 - (a) Upgrading existing line(s) west of London
 - (b) A new line west of London;
 - (ii) immediately develop and implement the following projects:
 - (a) Device(s) to enhance transfer capability, such as series or static var compensation, or other similar devices, in Southwestern Ontario
 - (b) Increase short circuit and/or transformer capacity at up to fifteen (15) of the Licensee's transmission stations, to enable the connection of small-scale (capacity allocation exempt small embedded generation facility or micro-embedded generation facility as defined in the Board's Distribution System Code dated January 1, 2011) renewable energy generation facilities during the forty-eight (48) month period commencing on the date of this Licence Amendment;
 - (iii) immediately work in co-operation with the Ontario Power Authority (OPA) to establish the scope and timing of the projects identified in (i) and (ii). The scope and timing of the projects shall accord with the recommendation(s) of the OPA.

The OPA's recommendations shall be made in the course of the OPA's transmission planning activities conducted in accordance with its objects, as well as those of the OPA's transmission planning activities which are identified in a Directive to be issued by the Minister of Energy to the OPA in early 2011 pursuant to subsection 25.30(2) of the *Electricity Act, 1998* (the "Supply Mix Directive")

2. The board shall make the amendments to the transmission licence of Hydro One without a hearing.



Minister of Energy