

Ontario Energy Board

G-2010-0059

Filing Requirements:

Transmission Project Development Plans

August 26, 2010

Transmission Project Development Planning

These Filing Requirements are mandated by the Board for transmitters seeking designation to develop a transmission project in Ontario that has been identified by the Ontario Power Authority (the “OPA”) as required for connection of renewable generation sources.

Transmission Licence

Transmitters will need a transmission licence from the Board to participate in the designation process.

Existing transmitters that are already licensed by the Board will participate in the designation process under their existing licence.

New entrant transmitters will need to apply for, and obtain, a transmission licence before being able to participate in the designation process.

Notice and Invitation to File a Plan

Definitions

Enabler facilities (subject to designation and plan approval process): As defined in Board’s Transmission System Code, these are transmitter-owned connection facilities designed to connect clusters of renewable resources to the existing network.

Network expansions (subject to designation and plan approval process): Transmission work undertaken to expand the transmission network, in particular the major bulk transmission system, through construction of new network facilities. For clarity, this includes greenfield projects and new lines in existing or expanded transmission corridors.

When the Board receives the results of an Economic Connection Test (the “ECT”) from the OPA, it will issue a notice of a hearing to designate development of any enabler facilities and network expansions identified in the ECT report.

If a recently approved Integrated Power System Plan (the “IPSP”) is available, its transmission recommendations may be used for the designation process.

In the notice, the Board will invite all licensed transmitters to submit plans in the form mandated by the filing requirements. Only the transmitter that is successful in being designated will be able recover its costs of preparing a plan.

If no plans are submitted for a particular project, the Board will require the incumbent transmitter to file a plan under section 70 (2.1) of the *Ontario Energy Board Act, 1998*.

The Notice will specify a deadline for filing of plans. The period will be at least three months but may be as long as six months for larger or more complex projects.

Decision Criteria

Organization; technical capability; financial capacity; schedule; costs; landowner and other consultations; and other factors will be weighted by the Board, based on the evidence in the proceeding, taking into account the individual circumstances of the project.

The Filing Requirements below have been adopted by the Board as the manner required for transmitters filing plans seeking designation for a project identified in a Notice by the Board. The Board considers them appropriate until more experience is gained with the practice of transmission plans and the amount of information available.

The Board reminds prospective participants in the process that filing requirements are the starting point for the public record and additional information may be required as the hearing progresses.

Information that the transmitter considers to be commercially sensitive should be identified as such and confidentiality requested according to the Board's "Practice Direction on Confidential Filings".

Implications of Plan Approval

The transmitter designated for a particular project will be assured of recovery of the budgeted amount for project development. Material overages will be at risk until a future prudence review. Threshold materiality for amounts beyond the approved budget could be established in the designation order and would likely be in relation to the total budget. Should subsequent analysis by the OPA suggest that the project has ceased to be needed or is no longer economically viable, the transmitter will be entitled to appropriate wind-up costs.

The Board order of designation will have conditions such as performance milestones based on the project schedules (in particular, a deadline for application for leave to construct) and reporting requirements on progress and spending that, if not met, will result in the designation being rescinded and will put further expenditures at risk.

Under exceptional circumstances, the Board may designate two transmitters to proceed to the development phase where the Board is persuaded that:

- Two proposed projects to meet the same need cannot be directly compared since they are so significantly different

- as to route, or
- as to technology to be employed; or
- The amount saved on construction cost could be more than the cost added by the funding of a second development project.

Final project selection will take place after application for leave to construct.

Filing Requirements

Overview of the Plan and of the Applicant

Applicant Name and Licence Number

The Applicant should provide the following information:

- The Applicant's name.
- The Applicant's OEB transmission licence number.

Where information provided as part of the transmitter's licence application has changed, this must be noted.

Plan Overview

The Applicant shall provide an overview of its transmission project development plan, including:

- The number of projects in the plan, each identified by reference to the description provided in the Notice issued by the Board to initiate the designation and plan approval proceeding.
- The total costs associated with each project in the plan, broken down as follows: development; construction; and operation and maintenance.
- Where the plan contains more than one project, the methodology used by the Applicant to prioritize the projects in the plan, and the resulting prioritization.
- The Applicant's assessment of the economic efficiency of its plan.

The application shall include a statement from a senior officer that the application is complete and accurate to the best of his/her information and belief.

Organization and Applicant's Experience

The Applicant shall identify how, from an organizational perspective, it intends to undertake the project(s) in its plan.

- An overview of the organizational plan for undertaking the project(s), including any partnerships or contracting for significant work. If there are third parties that are proposed to have a major role in the development, construction, operation or

maintenance of the projects, these third parties must be identified and their role in the project(s) described.

- Participation by First Nations and Métis groups should be noted where applicable.
- An organizational chart to illustrate the information above.
- An overview of the Applicant's experience with regulatory processes, the acquisition of land use rights and landowner and other required consultations.
- The specific management team for each project must be identified, and resumes provided for key management personnel.

Transmission Project(s)

This section is generally intended to solicit information regarding the Applicant's plan for each specific project in its transmission project development plan. Where the relevant information is the same for more than one project, that fact should be noted with appropriate cross-references. In such a case, the information need not be repeated in detail.

Project Identification

The Applicant must identify the project by reference to the description provided in the Notice issued by the Board to initiate the designation and plan approval proceeding, and provide an overview of each project. For each project, the following should be provided:

- General routing, a general description of the proposed structure types (lattice, monopole, etc.) and composition (wood, steel, concrete, hybrid, etc.), conductor size and type, right-of-way width, transmission facilities with which the project will interconnect (including facilities owned by the Applicant), voltage rating, transfer capability, overall impact on any existing transmission system, and other relevant transmission facility characteristics.
- Where a primary route has not been identified, the applicant should provide a list of alternatives and an explanation of the basis and method for route analysis and decision criteria.

Technical Capability

The Applicant must demonstrate the technical capability to engineer, plan, construct, operate and maintain the project, based on experience with projects of equivalent

nature, magnitude and complexity. To that end, the following should be provided in relation to the project:

- A discussion of the type of resources, including relevant capability (in-house personnel, contractors, other transmitters, etc.) contemplated for use by the Applicant for the following: design, engineering, material and equipment procurement, licensing and permitting, construction, operation and maintenance, and project management.
- Resumes for key technical team personnel.
- The project team's relevant experience and the available resources that would be dedicated to each activity associated with developing, constructing, operating and maintaining the project, including design, engineering, material and equipment procurement, licensing and permitting, construction, operation and maintenance, and project management.
- A description of any anticipated permitting issues and a plan to mitigate them.
- A description of any technological innovation that is proposed in relation to the project.

An Applicant that does not, at the time of filing, have transmission assets in the Province of Ontario should also provide the following:

- Evidence of experience in other jurisdictions in constructing and operating similar projects in transmission.
- Evidence that the Applicant's business practices are consistent with good utility practices for the following: design, engineering, material and equipment procurement, right-of-way and other land use acquisitions, licensing and permitting, consultations, construction, operation and maintenance, and project management.
- Confirmation that the Applicant has not previously had a licence or permit revoked and is not currently under investigation by any regulatory body.

Schedule

The Applicant shall submit a project development schedule identifying major milestones and proposed dates for completing those milestones, as well as a project construction schedule identifying major construction milestones and proposed dates for completing those milestones.

In this section, the Applicant shall include the following:

- A discussion of the overall project development and construction schedules, identifying significant milestones for engineering and design, right-of-way and other land use acquisitions, material and equipment procurement, consultations, financing, construction and any other significant activities.
- The date by which the Applicant expects to file an application for leave to construct, including significant milestones supporting the development of the leave to construct application.
- The date by which the Applicant expects the project to be in service.
- A project execution Gantt chart showing major steps and milestone dates for both project development and project construction.
- Any innovative practices that the Applicant is proposing to use to accelerate the project development and/or project construction schedules.
- The major risks to achievement of the project development and/or project construction schedules, and the Applicant's strategies to mitigate or address those risks.
- Where the plan contains more than one project, a description of how the Applicant would propose to sequence the projects, how the development and construction schedules for the projects are compatible, and how the project development and project construction schedules and the resources required to achieve those schedules are consistent with the financial and human resources proposed to be made available by the Applicant.

Costs

The Applicant shall provide: (1) an estimated budget for the development of the project up to the filing of the leave to construct application; (2) an estimated budget for any further development of the project after leave to construct has been granted; (3) an estimated budget for the construction of the project; and (4) the estimated average annual cost of operating and maintaining the project.

In this section, the Applicant shall also:

- Review the estimated total development and capital costs of the project, broken down by category of cost (including permitting and licensing, engineering and design, procurement of material and equipment, construction, consultations, land use rights and interest during construction). The basis for and assumptions underlying the cost estimates should be identified.
- Break down the project development budget to provide annual schedules of development expenditures.

- If applicable, review how the project fits within the Applicant's existing transmission network and economies that can be realized given its existing transmission system and location of maintenance centers.
- Where the plan contains more than one project, discuss how the Applicant would propose to reduce costs through economies of scale and shared resources.

Financing

The Applicant must demonstrate that it has the financial capability necessary to develop, construct, operate and maintain the project. The Applicant shall demonstrate its existing financial capacity, its ability to access the debt and equity markets and the terms and conditions of any financing.

In this section, the Applicant shall provide the following:

- Evidence that it has capital resources that are sufficient to develop, finance, construct, operate and maintain the project, when considered individually and in conjunction with all other projects in the plan.
- Evidence that the financing, construction, operation, and maintenance of the project, when considered individually and in conjunction with all other projects in the plan, will not have a significant adverse effect on the Applicant's creditworthiness or financial condition.
- The Applicant's financing plan, including the estimated proportions of debt and equity and the estimated cost of debt and equity, including the use of variable and fixed cost financing, and short-term and long-term maturities.
- If the financing plan contemplates the need to raise additional debt or equity, evidence of the Applicant's ability to access the debt and equity markets and the terms and conditions applicable to the debt or equity financing.
- The Applicant's current cost of debt, and a discussion of how the project, when considered individually and in conjunction with all other projects in the plan, might impact this cost of debt.
- The identification of any alternative mechanisms (e.g., rate treatment of construction work in progress) that the Applicant is requesting or likely to request.¹

¹ See Report of the Board on The Regulatory Treatment of Infrastructure Investment in connection with the Rate-regulated Activities of Distributors and Transmitters in Ontario, http://www.oeb.gov.on.ca/OEB/Documents/EB-2009-0152/Board_Report_Infrastructure_Investment_20100115.pdf

Land Owner and Other Consultations

The Applicant must demonstrate the ability of its management team to conduct successful consultations with landowners, First Nations and Métis and other relevant parties.

In this section, the Applicant shall identify:

- An overview of the rights-of-way and other land use rights that would need to be acquired for the purposes of the development, construction, operation and maintenance of the project, and the Applicant's schedule and proposal for obtaining those rights.
- A consultation plan for the project, including:
 - Identification of the parties to be consulted;
 - A schedule for consultations with each party; and
 - The method of consultation for each party or class of party.
- A description of the project team's consultation experience, broken down by reference to each class of party to be consulted.
- A description of any significant issues anticipated in consultation and a plan for mitigation.

Additional Information

The Applicant should include any other information that it considers relevant to its plan.