Renewed Regulatory Framework ("RRF")

Stakeholder Conference
March 28 - 30, 2012
Regional Planning

• Coordination
  – Broad-Impact and complex
  – Local and less complex
• Cost Responsibility
• Planning Horizon
Cost Responsibility

• Current Issues:
  – Transmission system is gradually overloading.
  – LDC that triggers an investment typically is required to pay.
  – Geography.
  – Capacity affordability.
Cost Responsibility

- Pool funding for basic service:

  - **Network Investment**
    - **Basic Service** (consistent with the OPA’s plan)
    - **Premium Service** (service requests that exceed the requirements of the OPA’s basic plan)
      - Underground where feasible overhead option exists.
      - Steel pole towers where lattice structures are feasible.
      - Additional line distance or modifications to accommodate LDC preference.
      - Increased redundancy.
      - High voltage transformer or bus-tie breakers for DESN.
      - Extra breakers, disconnect switches or mid-span openers for increased operating flexibility.
      - Low voltage capacitor banks for primarily load power factor correction.
      - Facilities for power quality improvements beyond levels established in the TSC.
      - Upgrades to increase short circuit capabilities beyond levels established in the TSC.
      - Facilities for higher design/performance beyond levels established in the ORTAC, NPCC or NERC.

  - **Line Connection**
    - **Pool Funded (No DCF Required)**
    - **Customer Contribution (DCF Required)**
Cost Responsibility

• Why move to pool funding for basic service?
  – LDCs have an obligation to serve.
  – LDCs customer base is typically small and costs are typically large making the impact on rates prohibitive.
  – Temptation to do incremental distribution solutions that are duplicative and less economic in the long run.
Planning Horizon

• OPA lead time of 20 years to ensure that transmission right-of-ways are established ahead of or coincident to urban development
• Ensure effective coordination between gas utilities, electric utilities and municipalities
• Associated costs to establish these rights of way should be treated as current period cost despite the future-use nature of these assets.
Highway 400

- Concept/Planning started in the 1930’s
- Construction started after World War II
- Completion in 1966

Hwy 400 and Hwy 7 Interchange looking northeast
Required Code and Guideline Changes

• Changes primarily to section 6.3 of the TSC
• Changes to complementary documents such as appendices (e.g. transmission connection agreements), CCRAs and connection procedures
• Potentially, the introduction of definitions for premium and basic services