

# Ontario Power Authority Reply Submission

**EB-2013-0192**

## Proposal to Amend the Licence of the Ontario Power Authority

**July 25, 2013**



**ONTARIO**  
POWER AUTHORITY 

1 **Proposal to Amend the Licence of the Ontario Power Authority:**  
2 **Ontario Power Authority Reply Submission**

3 On June 3, 2013, the Ontario Energy Board (“Board”) issued a Notice of Proposal to amend the licence of  
4 the Ontario Power Authority (“OPA”), which included proposed amendments intended to address the  
5 OPA’s obligations in the regional planning process in Ontario.

6 On June 19, the Board issued Procedural Order No. 1 (“PO1”), which outlined the scope and schedule for  
7 this proceeding. In response to PO1, the OPA provided its written submission to the Board on July 4,  
8 and subsequently on July 18, Board staff and intervenors provided their written submissions to the  
9 Board.

10 The OPA’s reply submissions below are in response to the written submissions made by Board staff and  
11 intervenors on July 18.

12 **Reply Submissions**

13 **Comments on the Regional Planning Process**

14 In PO1, the Board provided clarity on the scope of this licence amendment proceeding, stating that “This  
15 proceeding is focused on determining the OPA’s obligations in the regional planning process in a manner  
16 that is consistent with the [Planning Process Working Group Report to the Board (“Working Group  
17 Report”)], and to determine the appropriate timelines in relation to carrying out those obligations.” The  
18 Board further clarified that any submissions on the process in the Working Group Report, including how  
19 the OPA carries out its integrated regional resource planning process, “are not within the scope of this  
20 proceeding and will therefore not be considered by the Board”.

21 The OPA respectfully submits that a number of the written submissions made by intervenors focus on  
22 the process already outlined in the Working Group Report, and fall outside of the scope of this  
23 proceeding.

24 As outlined in the Working Group Report, the regional planning process includes a Scoping Process,  
25 which culminates in a decision on the appropriate regional planning approach, and results in the  
26 initiation of either an Integrated Regional Resource Plan (“IRRP”) or a Regional Infrastructure Plan. Any  
27 intervenor submission that suggests altering or removing the Scoping Process<sup>1</sup> should be considered out  
28 of the scope of this proceeding.

29 In its written submission, Building Owners and Managers Association (“BOMA”) expresses concerns  
30 about regional planning documents being made available to the public.<sup>2</sup> The OPA submits that the  
31 Working Group Report already addresses this concern, and therefore modifications to the proposed  
32 license amendments are not required. The OPA confirms that annual reports that will be sent to the

---

<sup>1</sup> BOMA SUB pages 3-4; NOACC SUB page 3; Northwatch SUB page 4

<sup>2</sup> BOMA SUB pages 3-4

1 lead transmitter, as well as IRRPs, will be made available to the public through the OPA’s website and  
2 through its e-mail notification system.

3 In its written submission, Northwestern Ontario Associated Chambers of Commerce (“NOACC”)  
4 expresses concerns that the proposed amendments do not adequately outline the OPA’s requirements  
5 related to the development of an IRRP.<sup>3</sup> The OPA submits that the obligations outlined in the proposed  
6 licence amendments are consistent with the Working Group Report and are sufficient.

7 Northwatch, in its written submission, suggests that the planning horizons for regional planning be  
8 modified. The Working Group Report outlines a near-, mid- and long-term planning horizon for IRRPs,  
9 typically up to 20 years. The OPA submits that Northwatch’s recommendation is not within the scope of  
10 this proceeding, as it pertains to the regional planning process already outlined in the Working Group  
11 Report and not to the OPA’s timeline obligations under the proposed licence amendments.

## 12 **Definition of an Integrated Regional Resource Plan**

13 The OPA notes that Board staff and intervenors recommend amendments to the definition of an  
14 Integrated Regional Resource Plan.

15 The OPA agrees with the suggestions of Board staff and Northwatch to replace the word “conservation”  
16 with the more inclusive term “conservation and demand management” in the IRRP definition.<sup>4</sup> The OPA  
17 also agrees with Board staff’s recommendation to clarify the timeframes associated with the near-, mid-,  
18 and long-term in the IRRP definition.

19 Both Northwatch and the Ontario Energy Storage Alliance (“OESA”) recommend the inclusion of other  
20 possible electricity system investments or initiatives, in addition to those already listed, in the IRRP  
21 definition. The OPA agrees with the intent of Northwatch and the OESA to include alternatives and  
22 potential future technologies in the IRRP definition, and recommends that the broader phrase “other  
23 electricity system initiatives” be included.

24 In consideration of the amendments to the IRRP definition recommended by Board staff and  
25 intervenors, the OPA proposes a revised definition below for the Board’s consideration (insertions in  
26 bold, deletions in strikethrough and bold):

27 *“Integrated Regional Resource Plan” means a document prepared by the Licensee*  
28 *that identifies the appropriate mix of investments in one or more of **conservation and***  
29 ***demand management** ~~conservation~~, generation, transmission facilities or*  
30 *distribution facilities, **or other electricity system initiatives**, in order to address the*  
31 *electricity needs of a region in the near- **(up to 5 years)**, mid- **(5 to 10 years)**, and*  
32 *long-term **(10 to 20 years)**;*

---

<sup>3</sup> NOACC SUB page 2

<sup>4</sup> Board staff SUB page 12; Northwatch SUB page 7

## 1 **Rationale for OPA's Proposed Revisions to the Proposed Licence Amendments**

2 Integrated Regional Resource Plans are a valuable tool for maintaining a reliable and cost-effective  
3 supply of electricity to communities. IRRPs identify the electricity needs of a region, develop integrated  
4 options for meeting these needs, and evaluate the various options. Where a transmission or  
5 distribution investment or initiative is ultimately recommended, IRRPs play a critical role in evaluating  
6 and communicating the alternatives to the recommended infrastructure project. The OPA's experience  
7 in the development of regional plans shows that this is a rigorous and complex process.

8 In consideration of these complexities, the OPA recommended in its July 4 submission that IRRPs would  
9 be prepared in two forms: Interim IRRPs and IRRPs. Interim IRRPs, produced within one year, will  
10 ensure the identification and development of urgent projects to address near-term needs. Although  
11 Interim IRRPs will focus on the near-term, they will also provide mid- and long-term directional analysis  
12 that will guide the development of IRRPs.

13 The OESA, in its written submission, provides supporting comments on the OPA's suggestions to prepare  
14 the IRRP in two forms. The OESA states, "In general, the OESA supports the OPA's proposed delineation  
15 of the regional planning process into iterative five year and twenty year plans ... The OESA is supportive  
16 of this proposed approach."<sup>5</sup>

17 In addition to the rigorous evaluation of infrastructure alternatives, engagement also plays an important  
18 role in the development of IRRPs. In their written submissions, a number of intervenors submit that  
19 there is an increased need for engagement in the regional planning process.<sup>6</sup> Intervenors suggest that  
20 the proposed amendments should expressly include a requirement for engagement with municipalities,  
21 Aboriginal communities and other stakeholders (e.g. electricity storage providers). The OPA submits  
22 that the points of engagement outlined in the Working Group Report are open to any interested parties,  
23 and that it is not necessary to include a comprehensive list of interested parties in the proposed licence  
24 amendments. The OPA appreciates that comprehensive engagement will be an important component  
25 in the successful preparation and execution of regional plans.

26 As discussed in the OPA's July 4 submission, on May 6, 2013, the Minister of Energy sent a letter to the  
27 OPA and the Independent Electricity System Operator ("IESO") recognizing the importance of  
28 engagement in the development of electricity system plans. In their submission, Board staff indicates  
29 that it is their understanding "that the OPA and IESO recommendations to the Minister are intended to  
30 focus solely on the siting of new "generation"." The OPA respectfully disagrees with this assertion. The  
31 Minister's letter requests recommendations not only on the siting of large energy infrastructure  
32 projects, but also requests recommendations that "detail an approach to regional energy plans,  
33 including setting out procedures for development of such plans" and "feature transparent mechanisms  
34 for seeking input from municipalities, Aboriginal communities, and other stakeholders" in the  
35 development of regional plans.

---

<sup>5</sup> OESA SUB page 1

<sup>6</sup> BOMA SUB page 2; CME SUB page 2; Northwatch SUB page 3; NOACC SUB page 4; OESA SUB page 1; Ontario Sustainable Energy Association ("OSEA") SUB page 1

1 The OPA, together with the IESO, is currently preparing recommendations for the Minister on processes  
2 and mechanisms that will enhance engagement in regional planning. These recommendations build off  
3 of the process outlined in the Working Group Report, but are expected to include substantially  
4 enhanced engagement beyond what was originally envisioned by the Working Group. In this current  
5 context, the OPA does not anticipate being able to complete IRRPs within one year, as outlined in the  
6 Board's proposed licence amendments.

7 Consequently, the OPA is concerned that the Board's proposed amendments, written in their current  
8 form, will result in the OPA being out of compliance with its licence. As an independent obligation,  
9 section X.2.2 (b) as currently proposed requires the OPA to complete an IRRP within one year of  
10 determining that an integrated regional resource planning process is necessary for a region. If the OPA  
11 does not complete an IRRP within one year (which the OPA expects will be the majority of cases), the  
12 OPA would arguably be considered out of compliance with its licence and would be required to  
13 undertake the mitigating measures outlined in section X.2.2 (c).

14 The OPA submits that its suggested revisions to the proposed licence amendments, which allow up to  
15 two years to complete an IRRP, would reduce the likelihood that mitigating actions will be required and  
16 are more appropriate.

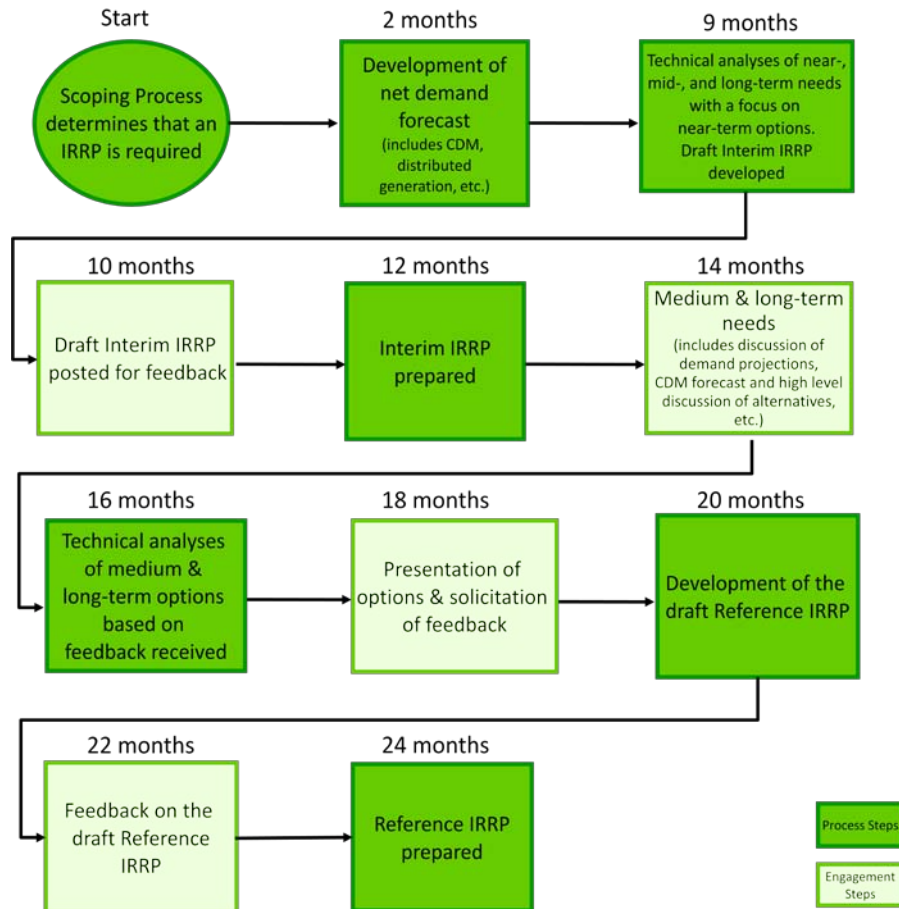
17 In its written submission, Canadian Manufactures and Exporters ("CME") provides supporting comments  
18 on the OPA's revisions to the timelines. CME states, "Having regard to the broader constituency with  
19 which the OPA is obliged to consult, the OPA's proposal to produce two (2) forms of IRRP plans and to  
20 have separate deadlines of 1 and 2 years respectively for those separate forms of such plans appear to  
21 us to be reasonable and we support their adoption."<sup>7</sup>

22 The OPA fully supports an efficient and effective regional planning process, and for this reason has  
23 recommended the aggressive two-year timeline for the completion of an IRRP, with the provision of an  
24 Interim IRRP within one year.

25 Two years are required to sufficiently complete this complex and rigorous planning process. Based on  
26 feedback received during the OPA and IESO engagement sessions held in response to the  
27 Minister's May 6 letter, the OPA envisions an iterative engagement strategy throughout the  
28 development of IRRPs, as shown in the following diagram. It is important to note that this figure  
29 provides an illustration of the process envisioned, however the timeline for specific stages may vary  
30 based on, among other things, the complexity and unique needs of the area.

---

<sup>7</sup> CME SUB page 3



1

2 **Interim IRRPs, “Reference” IRRPs and Triggers for Regional Infrastructure Plans**

3 In their submission, Board staff provides recommendations regarding the use of the words “Interim”  
 4 and “Final” to describe an IRRP.

5 The OPA agrees with the intent of Board staff to use the term “Final IRRP” to describe an IRRP that is  
 6 completed within two years of determining that an integrated regional resource planning process is  
 7 necessary for a region, and covers a near-, mid- and long-term planning horizon. For the reasons  
 8 outlined below, the OPA prefers the use of the term “Reference IRRP” to describe these long-term  
 9 plans. The OPA also agrees with Board staff that the Reference IRRP should not be subject to any major  
 10 revisions until the next planning cycle. Per the Working Group Report, this may take place a maximum  
 11 of five (5) years from the completion of a Reference IRRP, or earlier should an unanticipated event  
 12 trigger the need for major revisions to a Reference IRRP.

13 The OPA wrote in its July 4 submission that it envisions IRRPs to be “living documents”. The OPA would  
 14 like to clarify for the Board what it means by this. It is the OPA’s view that planning is an iterative and  
 15 continuous process. The moment that a plan is published it represents a snapshot in time. The OPA  
 16 believes that it is beneficial for planning processes to be flexible, and to accommodate evolving  
 17 circumstances without the need to trigger a new planning cycle. For these reasons, the OPA prefers the

1 use of the term “Reference IRRP”. In its written submission, Northwatch supports this notion by stating,  
 2 “A plan must be somewhat fluid and iterative and responsive to changed circumstances.”<sup>8</sup>

3 Consistent with the OPA’s aforementioned views on planning, the OPA anticipates that Reference IRRPs  
 4 may need to be amended from time to time to reflect changes that may occur in the region, but do not  
 5 necessitate triggering the development of a new regional plan for the area. These amendments would  
 6 be completed with the support of the regional working group, and the OPA does not expect that they  
 7 would cause significant impacts to distributor or transmitter filings before the Board.

8 The OPA also notes the concerns of Board staff regarding the triggering of Regional Infrastructure Plans,  
 9 given the two types of recommended products: Interim IRRPs and Reference IRRPs. The OPA submits  
 10 that the outcomes of these products remain entirely consistent with the process outlined in the Working  
 11 Group Report, and that the production of two IRRP products is reasonable and appropriate. As depicted  
 12 in the Regional Planning Process diagram on page 13 of the Working Group Report, the process allows  
 13 for three different pathways to trigger a Regional Infrastructure Plan. The first occurs when the Scoping  
 14 Process determines that the needs of a region are best met through a “wires only” plan, and a Regional  
 15 Infrastructure Plan is developed immediately. In cases where the Scoping Process determines that an  
 16 integrated regional resource planning process is more appropriate for the region, the second entry point  
 17 into the Regional Infrastructure Plan is when near-term wires solutions are determined to be required,  
 18 and are advanced from an IRRP (i.e. an Interim IRRP). The third occurs when wires solutions are  
 19 identified as part of an integrated, long-term plan (i.e. a Reference IRRP).

20 Given the multiple entry points into the Regional Infrastructure Plan, the OPA anticipates that an Interim  
 21 IRRP would trigger the development of the near-term components of a Regional Infrastructure Plan, so  
 22 that any required near-term transmission and/or distribution projects can proceed. The Interim IRRP  
 23 could be used to support transmitter and/or distributor applications before the Board for near-term  
 24 investments or initiatives. The OPA anticipates that a Reference IRRP will trigger the requirement for  
 25 the lead transmitter to complete a comprehensive Regional Infrastructure Plan within the six (6) month  
 26 timeline as proposed in the Transmission System Code amendments. For some regions, there may be  
 27 an opportunity for the lead transmitter to initiate regional infrastructure planning activities earlier and  
 28 in parallel with the development of the Reference IRRP.

29 **Other Issues**

30 In its written submission, Hydro One Networks Inc. (“HONI”) proposes that there be “a minimum of  
 31 15 days between the time that the OPA is obligated to provide information to the lead transmitter and  
 32 the time that the lead transmitter is obligated to confirm the status of regional planning to a licensed  
 33 distributor/transmitter.”<sup>9</sup>

34 The OPA agrees with HONI’s proposal and submits that it would address a potential discrepancy in the  
 35 timelines required for sharing of information between distributors, HONI and the OPA.

---

<sup>8</sup> Northwatch SUB page 6

<sup>9</sup> HONI SUB page 1

1 Board staff, in their written submission, suggests the following revisions to the proposed amendments:  
 2 “inform the lead transmitter of any **potential** investment in transmission and/or distribution facilities  
 3 that ~~are~~ **may be** required.”<sup>10</sup> The OPA agrees with the rationale behind Board staff’s suggested revisions  
 4 and submits that the revisions should be adopted by the Board.

5 **Proposed Revisions to Section X.2.2 (b) and (c)**

6 In addition to the OPA’s proposed revisions to the IRRP definition (on page 3 of this reply submission),  
 7 the OPA’s proposed revisions to section X.2.2 (b) and (c) are included for the Board’s consideration:

8 *(b) ~~Prepare Complete~~ an Interim Integrated Regional Resource Plan, within one year of*  
 9 *determining that an integrated regional resource planning process is necessary for a*  
 10 *region.~~7~~ The Interim Integrated Regional Resource Plan shall identify any investments*  
 11 *that are required to meet the electricity needs of the region over the next five years.*  
 12 *The Licensee shall ~~and~~ inform the lead transmitter ~~and participating distributors~~ of*  
 13 *any **potential** investment in transmission and/or distribution facilities that ~~are may be~~*  
 14 *required per the Interim Integrated Regional Resource Plan, and to meet the electricity*  
 15 *needs of the region. ~~The Licensee~~ shall provide the Interim Integrated Regional Resource*  
 16 *Plan to all licensed distributors, ~~and~~ licensed transmitters and municipalities in the*  
 17 *region and post it on its website; ~~upon completion;~~*

18 *(c) ~~Notify~~ Prepare a Reference Integrated Regional Resource Plan, within two years of*  
 19 *determining that an integrated regional resource planning process is necessary for a*  
 20 *region. The Reference Integrated Regional Resource Plan shall identify any*  
 21 *investments that are required to meet the electricity needs of the region over the next*  
 22 *twenty years. The Licensee shall inform the lead transmitter and participating*  
 23 *distributors of any **potential** investment in transmission and/or distribution facilities*  
 24 *that ~~are may be necessary~~ required per the Reference Integrated Regional Resource*  
 25 *Plan, and shall provide the Reference Integrated Regional Resource Plan to all licensed*  
 26 *distributors, licensed transmitters and municipalities in the region and post it on its*  
 27 *website; to meet the electricity needs of the region over the next five years, where the*  
 28 *Licensee has not completed an Integrated Regional Resource Plan within one year, in*  
 29 *accordance with section X.2.2(b);*

30 Below is a ‘clean’ version of the OPA’s proposed revisions to sections X.2.2 (b) and (c), for the Board’s  
 31 convenience:

32 *(b) Prepare an Interim Integrated Regional Resource Plan, within one year of determining*  
 33 *that an integrated regional resource planning process is necessary for a region. The*  
 34 *Interim Integrated Regional Resource Plan shall identify any investments that are*  
 35 *required to meet the electricity needs of the region over the next five years. The Licensee*  
 36 *shall inform the lead transmitter and participating distributors of any potential*

---

<sup>10</sup> Board staff SUB page 5



1 *investment in transmission and/or distribution facilities that may be required per the*  
2 *Interim Integrated Regional Resource Plan, and shall provide the Interim Integrated*  
3 *Regional Resource Plan to all licensed distributors, licensed transmitters and*  
4 *municipalities in the region and post it on its website;*

5 *(c) Prepare a Reference Integrated Regional Resource Plan, within two years of*  
6 *determining that an integrated regional resource planning process is necessary for a*  
7 *region. The Reference Integrated Regional Resource Plan shall identify any investments*  
8 *that are required to meet the electricity needs of the region over the next twenty years.*  
9 *The Licensee shall inform the lead transmitter and participating distributors of any*  
10 *potential investment in transmission and/or distribution facilities that may be required*  
11 *per the Reference Integrated Regional Resource Plan, and shall provide the Reference*  
12 *Integrated Regional Resource Plan to all licensed distributors, licensed transmitters and*  
13 *municipalities in the region and post it on its website;*

14 The OPA submits that these revisions would allow for more feasible timelines in the preparation of  
15 IRRPs, and would improve alignment with the enhanced engagement priorities expressed in the  
16 Minister's May 6 letter.

17 The OPA appreciates the opportunity to provide its reply submissions in this matter.