



**Ontario Energy Board**

Commission de l'énergie de l'Ontario

# **Transmission Project Development Planning**

Wind Power Standing Committee  
September 23, 2010

- Respond to unprecedented challenge to expand the transmission system
  - Over 11000 MW of renewable generation, only 4000 MW of capacity currently available.
- OPA have statutory mandate to conduct “independent planning” for transmission

# Board has many authorities related to Tx planning

- Review and approval of the IPSP
- Leave to Construct
- Licences
- TSC
- Rates



- Electricity objectives already include economic efficiency and cost effectiveness
- New objective to promote the use renewable electricity generation “including the timely expansion or reinforcement of transmission ...systems to accommodate connection” of renewables
- New objective has to be considered with the others in all matters before the Board

- Tx licensee is required to prepare plans “in the manner and at the times mandated by the Board” re: expansion or reinforcement of the transmission system to accommodate connection.
- This is in addition to the Board’s ability to add conditions to licence holder to require expansions for reliability purposes or to carry out approved IPSP.

# OPA and Tx Planning

- OPA has the “independent planning” mandate for Tx and to produce IPSP.
- While IPSP would be ideal, an approved IPSP is not imminent.
- In the meantime, OPA will carry out Economic Connection Test (ECT) that would address FIT applicants and other factors OPA considers relevant
  - 5% congestion of the system
  - Threshold project cost of \$500/kw of enabled generation
- We expect ECT to identify 3 types of investments.
  - Enhancements and reinforcements to existing network (e.g., SVCs)
  - Enablers
  - New major network expansions

- **Board Policy**
  - help transmitters to move ahead on development work in a timely manner;
  - encourage new entrants to transmission in Ontario bringing additional resources for project development; and
  - support competition in transmission in Ontario to drive economic efficiency for the benefit of ratepayers.
- **Process to designate a transmitter for projects identified in the ECT.**

# Overview of how ECT facilities would be addressed

	<b>Capacity Enhancements/ Reinforcements</b>	<b>Enabler Facilities</b>	<b>Network Expansions</b>
<b>Identified in ECT report</b>	Yes	Yes	Yes
<b>Subject to designation process</b>	No	Yes	Yes
<b>Leave to construct required</b>	Reinforcements and regional lines exceeding 2 km.	Yes when undertaken by transmitter	Yes
<b>Subject to rate recovery</b>	Yes	Unsubscribed portion	Yes

# Processes arising from the ECT

- For enablers and major new network needs identified in the ECT:
  - Board accepts ECT outputs “without prejudice” (ECT to be tested separately)
  - Board launches a hearing to designate transmitters to undertake development work
    - Transmitters must be licensed in Ontario to participate
  - Board designates a transmitter for each ECT project
    - Budgeted development amounts are recoverable.
    - Conditions might include progress reports and a expected date for filing an application for leave to construct.
  - Need for the project would be determined at Leave to Construct stage.
  - Rates recovery in due course - any Tx could apply for incentives.
- For “capacity enhancements”, incumbent transmitters should address in their next cost of service rate case.

# Designation process – decision criteria

- Corporate fitness
  - Financial wherewithal
  - Technical expertise
  - Experience
- Project plan
  - Budget
    - Development and construction
    - Timing (w/milestones)
    - Consultation
- Filing Requirements to solicit the information on the decision criteria have been issued.

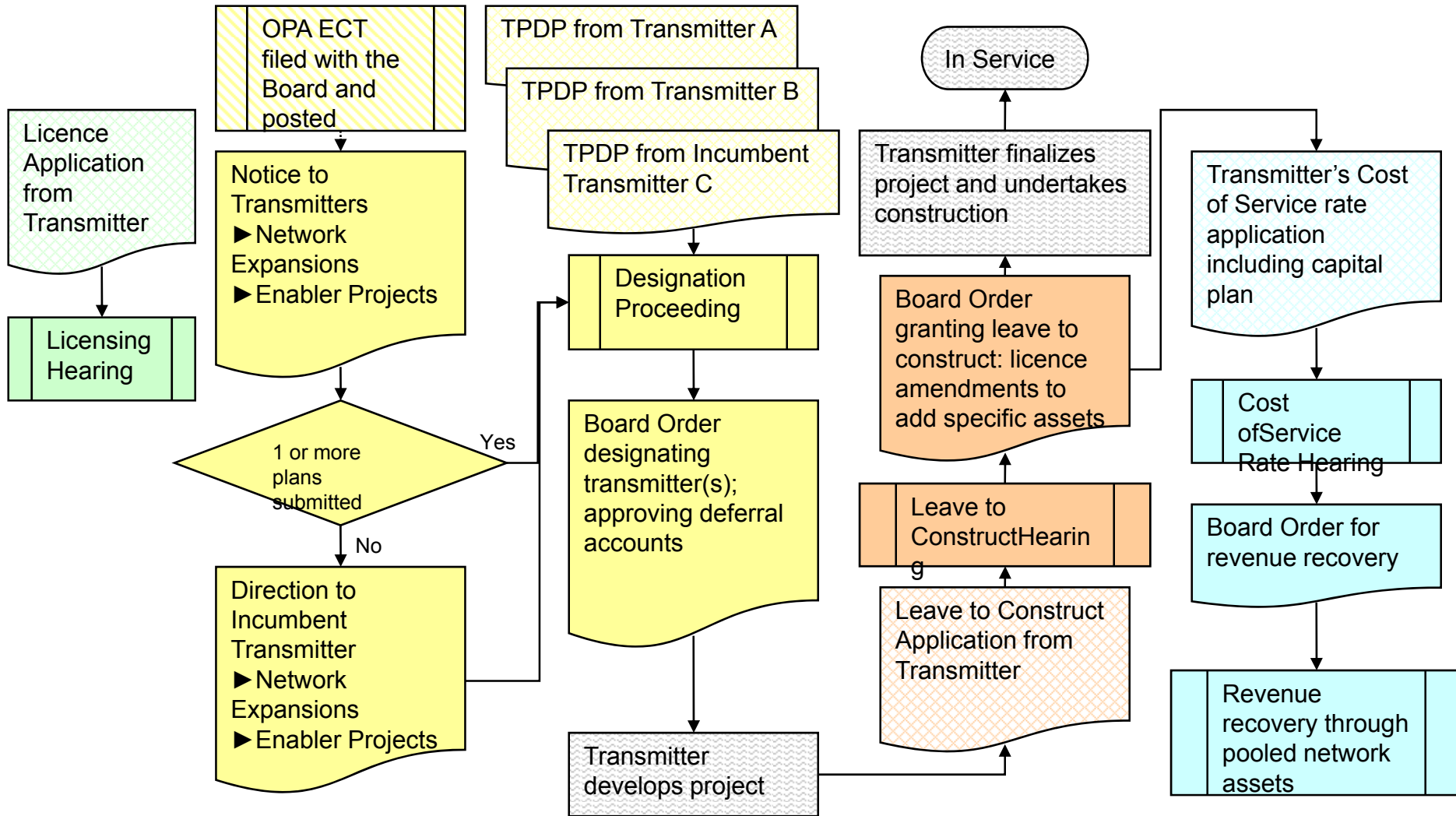
- Board Order
  - Ability to recover budgetted costs for development
    - Conditioned on meeting milestones
  - Reporting commitments
  - “Need” was not tested and therefore not demonstrated.

- “Need” will be tested subject to s.96 criteria namely
  - Price, reliability, quality of service and considering the promotion of the use of renewable sources
  - Will rely on updated ECT evidence and OPA judgment as provincial transmission planner.
- Ultimately, ECT will “need” to be tested
  - Can be done generically e.g., through IPSP or could be established through first Leave to Construct

- Through the normal process.
- Transmitter may apply and obtain “alternative” treatment.
- New transmitter may not have any end customers – but still will require a hearing to establish a revenue requirement (costs recovered through uniform transmission rates).
- Even at development stage, transmitter at risk for imprudent expenditure.

# Board processes for approving transmission projects

\*illustrative



# Questions?

- <http://www.oeb.gov.on.ca>
  - Industry | Rules and Requirements | Rules, codes, guidelines and forms
- Contact the OEB
  - Market Operations Hotline
    - [Market.Operations@oeb.gov.on.ca](mailto:Market.Operations@oeb.gov.on.ca)
    - 416-440-7604
  - Toll-free
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