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BY E-MAIL

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Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Suite 2700
Toronto, ON M4P 1E4
boardsec@oeb.gov.on.ca

Dear Ms. Walli:

Re: Proposed Amendments to the Distribution System Code and the Retail Settlement Code - Board File No: EB-2006-0226 - COMMENT

This comment is submitted with respect to the proposed first-come/first-served queuing process and the potential negative impacts some of these changes would have on advanced projects that intend to participate in the Standard Offer Program (the "SOP").

The first issue arises from the proposed amendments to Section 6.2.4.1 a. and c. respectively which state the following:

> "*a. each application for connection, including an application under section 6.2.25, will be placed in the queue on a first-come, first served basis upon completion of the connection impact assessment for the embedded generation facility;*"
>
> "*c. an applicant shall be removed from the queue if a connection cost agreement has not been signed in relation to the connection of the embedded generation facility within 12 months of the date on which the application was placed in the queue;*"

As currently proposed the above amendments would result in projects that have already received their connection impact assessment (CIA) for their embedded generation facility being removed from the queue before or shortly after the SOP is in place. For example, any project that has received its CIA 12 months or longer before the SOP is in place will be removed from the queue prior to the implementation of the SOP. Similarly, any project that has received its CIA 12 months or less before the SOP is in place will only be able to maintain its queue position for the balance of the 12 months.

The *Joint Report to the Minister of Energy: Recommendations on a Standard Offer Program for Small Generators Connected to a Distribution System* (March 17, 2006) (the "Report") recognized that "bringing a generation project into service requires coordinating schedules for multiple activities including getting connection impact assessments, environmental assessments, local approvals, equipment purchases, and construction scheduling." A number of these activities simply would not or could not be started for many projects before the SOP was in place. As such, well advanced projects may be significantly delayed or altogether cancelled if a situation is created where they are forced to undertake costly activities without assurances that they have a secure connection point for at least a 12 month period.

One possible solution to this issue would be to provide an exemption for applicants with a completed connection impact assessment by revising Section 6.2.4.1. to include the following:

> " ***for applicants with a completed connection impact assessment prior to the date of the implementation of the Standard Offer Program*** *an applicant shall be removed from the queue if a connection cost agreement has not been signed in relation to the connection of the embedded generation facility within 12 months* ***of the date on which the Standard Offer Program is implemented****;"*

The second issue and perhaps not one under the Ontario Energy Board's control relates to the proposed amendment of Section 6.2.4.1 d. which states the following:

> *"d. an applicant shall be removed from the queue if a new connection impact assessment is prepared for an embedded generation facility under section 6.2.15 and the new assessment differs in a material respect from the original connection impact assessment prepared for that facility;"*

Subject to the interpretation of "*material respect"* by the respective electricity distributor, projects that are forced to change in a marginal way the Gross Nameplate Capacity (as defined in the *Ontario Power Authority Standard Offer Program Renewable Energy Draft Program Rules* – September 7, 2006) of their project may be removed from the queue.

This is particularly troublesome for wind projects that have to base their CIA applications on wind turbine(s) from a specific wind turbine supplier. The reason for this is that from the considerable period of time the initial CIA submission is made to

the respective electricity distributor to the time a project is ready to place a wind turbine order (i.e. 18 months plus), there is a very high probability that the wind turbine that will be used in the project will change from the one originally contemplated in the CIA application. This is due to both equipment availability and the changing commercial conditions offered by wind turbine suppliers in this market. Since none of the prominent wind turbine suppliers offer wind turbines of the same capacities, this will ultimately lead to a change, although marginal, in the Gross Nameplate Capacity of the project.

For example, a CIA predicated on 6 x 1.5 MW GE (9 MW) wind turbines may have to be changed to 4 x 2.3 MW (9.2 MW) Siemens turbines or 6 x 1.65 MW (9.9 MW) Vestas turbines. The 0.2 or 0.9 MW change in Gross Nameplate Capacity from the original 9 MW to 9.2 or 9.9 MW respectively is marginal from an electrical distribution system perspective but may be considered material by some electricity distributors based on their interpretation of the above noted amendment.

To the extent that it can, without unduly complicating the process, the OEB is encouraged to clarify for electricity distributors what would constitute a new assessment differing in a *"material respect"* so that wind projects, for example, that have to change wind turbine suppliers are not as a result removed from the queue.

The promotion of renewable and distributed energy projects through the SOP is an admirable goal. It would be unfortunate if the program's potential for success were curtailed for failure to address the issues raised in this letter.

Sincerely,

José Menéndez, P.Eng.