ONTARIO POWER GENERATION

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VIA FAX and COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Ontario Power Generation Inc.'s Submission Related to the
Board's Proposed Amendments to the Distribution System
Code and the Retail Settlement Code - Board File No.:EB-2006-
0226**

Enclosed please find eight paper copies and one electronic copy of
Ontario Power Generation Inc.'s (OPG) submission related to the Board's
proposed amendments to the Distribution System Code and the Retail
Settlement Code.

OPG appreciates the opportunity to comment on the proposed
amendments to facilitate the connection of new embedded generation
facilities to distribution systems. If there are any questions with respect to
this submission, please do not hesitate to contact me.

Yours truly,

Andrew Barrett

Encl.

IN THE MATTER OF the Board's proposed amendments to the Distribution System Code and the Retail Settlement Code

Submission of

Ontario Power Generation Inc. ("OPG")

October 11, 2006

Proposed Amendments to the Distribution System Code and the Retail Settlement Code

OPG Submission

Introduction

OPG appreciates the opportunity to provide comments on the Ontario Energy Board's (Board) proposed amendments to the Distribution System Code (DSC). OPG supports the Board's efforts to clarify the roles and responsibilities of distributors and their customers, including generators like OPG. Overall, OPG commends the Board for its efforts to provide amendments that balance the interests of customer and distributors in relation to the management, operation and reliability of the distribution system. OPG also supports the Board's intention to update the technical provisions of the DSC in a timely manner.

OPG has reviewed the Board's proposed amendments and offers the following comments related to the liability and indemnification provisions of the DSC and the standard form connection agreement for embedded generation facilities 10 MW and less.

Liability and Indemnification Provisions

The proposed amendments have not addressed the issue of including two different liability standards in the DSC, found in sections 2.2 and 6.2.26. OPG submits that there should only be one standards of liability in the DSC. We recommend that section 6.2.26 be deleted for the following reasons. First, section 2.2 adequately covers potential liability for damages and is consistent with the liability provisions of the Distribution System Code. In addition, through the technical review processes of the DSC, the distributor will have many opportunities to ensure that its system is adequately protected. Maintaining section 6.2.26 in the DSC is confusing and poses a significant barrier to the development of embedded generation.

Standard Connection Agreements

OPG concurs with the Board's direction that simple standard connection agreements (with appropriate site specific schedules) should be included in the DSC for new small or mid-sized embedded generation facilities (10 MW or less). We agree that standardization will enhance transparency and minimize the cost and time for connecting new embedded

generation. With regard to existing facilities, however, OPG recommends that the Board confirm that it does not intend to require existing connection agreements to be re-executed to conform to the new connection agreement structure. OPG has spent considerable effort to negotiate DSCs for some of its smaller generation facilities and does not want to see that effort wasted.

OPG appreciates the opportunity to comment on the proposed amendments to the DSC and looks forward to participating in the next phase to address the technical provisions of the DSC. OPG urges the Board to ensure that any technical changes to the DSC facilitate the development of new generation projects in the province.