RETT Renewable Energy Task Team

October 11, 2006

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

Re: EB-2006-0226 Proposed Amendments to the Distribution System Code and the Retail Settlement Code

By e-mail: boardsec@oeb.gov.on.ca

Dear Ms. Walli, RD 11/06

The Renewable Energy task Team (RETT) is pleased to have an opportunity to comment on recently proposed amendments to the Distribution System Code and the Retail Settlement Code (EB-2006-0226).

Proposed Amendment 13 – Addition of Section 6.2.4.1 a)

Suggested change
Our suggestion would be that the current Hydro One queuing principle is adopted in the DSC with one change. Signature of a CCRA or evidence of a PPA *other than* a Standard Offer Contracts, confers a distribution queue position. Prior to this, the date of submission of a CIA application with payment sets the priority in allocation of LDC resource to assess the application.

Rationale
Given that there are two main limited resources when connecting to the Distribution system; the LDC assessment resource and the capacity on the distribution system, the allocation of both should be addressed. Early

application should be the trigger for the allocation of resources, but capacity on the distribution system should be allocated once a project is more mature.

The current Hydro One distribution capacity queuing process adds a new project to the queue once it either signs a CCRA or receives a PPA (including the Standard Offer Contract). We would remove the Standard Offer Contract as a trigger for a queue position because of the unique nature of the Standard Offer Program. It is designed to be as inclusive as possible, encouraging as many contracts to be signed as possible, without risk on either party if no generation is built. This is unlike any other PPA arrangement in that it is probable that many more contracts will be signed than projects built. In order to avoid an unrealistic stacking of projects in the system model, the Standard Offer Contract should not trigger a queue position until a project is more advanced, when it will sign a CCRA.

Proposed Amendment 13 – Addition of Section 6.2.4.1 c)

Suggested change
RETT suggests that the CIA validity period should be changed from 12 months to 24 months between receiving the Connection Impact Assessment (CIA) from the LDC & signing a CCRA. This more accurately reflects the development time of a renewable project from CIA preparation to adequate project development to sign a CCRA.

In order to make it possible for a project to sign a CCRA after only 24 months of site control and permitting, we propose that the CCRA allows the applicant to unilaterally cancel the CCRA up to specified milestones in the event that they are not granted specified provincial site control and environmental permits. These milestones would represent the point at which the LDC will start to take action to allow connection to occur (and therefore incur costs to the LDC), so that they will hold the developers CCRA payment until either that point is reached and then start to carry out the work, or they will release the CCRA payment prior to the milestone at the applicants request and remove them from the distribution queue.

Rationale
We strongly agree with the OEB's proposal to establish time limits on applications, in order to ensure that the assessment process does not become overburdened. Given the development time for a renewable project, however,

it would not be possible to finalize the electrical data required for a CCRA in 12 months.

For example, for a renewable project on Crown land, once they have secured Applicant of Record status, at which point they would submit their CIA application, the environmental review process and subsequent securing of tenure to a site can take 2-3 years or more – much of which may be out of the direct control of the proponent. As proposed, the applicant therefore would almost always have to sign a CCRA before they have received provincial environmental approval and potentially before they receive site control. In order to expend a significant amount of money by signing a CCRA before the permitting risk is within their control, the applicant should be able to recover that CCRA money if despite their best efforts the governmental agency did not issue a permit or approval. This should not affect the LDC in the event that they have started to take action to allow connection in line with the timescales agreed in the CCRA.

Proposed Amendment 13 - Section 6.2.4.1 d)

Suggested change
We propose that changes that do not adversely affect the stability of the distribution line, compared to the original application (e.g. reductions in name plate rating or turbine electrical configuration) should not be considered "material" changes.

Rationale
The RETT team believes that the term "differs in a material respect" must be closely defined if this removes an application from the resources assignment queue or cancels a CIA. For example, because of the differences in electrical configuration between wind turbine models and the name plate rating differences, the CIA initial data may change once a final turbine is selected. Due to the current market conditions for wind turbines, it is not possible three years prior to construction - at the stage when a CIA is submitted - to guarantee which model will be installed.

Yours sincerely,

Liz Cussans, Vision Quest, TransAlta's Wind Business
Philipp Andres, Sustainable Energy Link Ltd
Mike Crawley, AIM PowerGen Corporation
Paul Norris, Ontario Waterpower Association

The RETT Team