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APPRO
ASSOCIATION OF
POWER PRODUCERS
OF ONTARIO

July 20, 2007

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

Dear Ms Walli,

Re: OEB proceeding on Distributed Generation: Rates and Connection (EB-2007-0630)

APPRO requests intervenor status in the above-noted proceeding. APPRO represents the interests of a customer group as customer is defined in the Distribution System Code ("DSC"). Generators pay for connection services from distributors and may, under certain circumstances, where connections trigger network upgrades, be responsible for network upgrade costs. These costs are often significant to them, in part because, unlike distribution service costs, they are paid up-front in lump sum. APPRO has a particular and important interest in the timely and proper construction of distribution facilities in order that its members meet their current obligations pursuant to OPA contracts and otherwise.

APPRO is a non-profit organization representing electricity generators in Ontario. Our members produce nearly all the power generated in the province. Using facilities of many types including hydro-electric, natural gas-fired, nuclear and wind energy, APPRO is the leading association of its type in Canada. APPRO members collectively represent a very significant amount of capital invested in the provincial energy system, measured in the billions of dollars. In addition, our members are involved in the development of new generation, and are thereby concerned about the conditions under which any potential future generation facilities would operate. The organization currently has more than 100 members, of which 89 are corporate members. In addition to generators, our membership includes developers, equipment suppliers, service suppliers, consultants and individuals in a variety of professions and trades concerned with power generation.

The mandate of the Board in respect of electricity includes the objectives of: (i) protecting the interests of consumers with respect to prices; and (ii) facilitating the maintenance of a financially viable electricity industry. APPRO's members represent a

distinct stakeholder group of electricity generators, and other members who have an interest in the conditions under which any potential future generation facilities would operate. APPrO's interest in this proceeding is in the development of distributed generation, which will likely ultimately benefit consumers by lowering prices through increased supply, facilitating savings in distribution and transmission infrastructure, reduced line losses, and increased energy efficiency.

Further, APPrO submits that by identifying and clarifying issues with respect to rates and connection in relation to distributed generation, its participation will facilitate the maintenance of a financially viable electricity industry, which is consistent with the Board's mandate as set out in Section 1(1) of the Ontario Energy Board Act, 1998.

APPrO has previously participated in and provided valuable contributions to numerous Board proceedings, and has also previously been found eligible by the Board to receive awards of costs. The organization has always tried to present its case in a way that is mindful of the public interest, and of assistance to the Board in its deliberations. Recently APPrO has played a role in the Board's NGEIR process and in its proceeding on the IESO's 3-times ramp rate market rule amendment. With respect to distributed generation in particular, APPrO has participated in the 2006 distribution rates generic proceeding (EB 2005-0529), and the Proceeding on Hydro One Networks Inc. Application for Interim Rates for Distributed Generators (EB 2005-0528). We were active in the "Connection Directive" consultation process of 2003 and to a lesser extent the more recent process on cost allocation for electricity distributors (EB 2005-0317).

APPrO expects to seek an award for costs incurred in this proceeding, on the basis that it represents a class of customers, a large number of whom could not participate or be represented otherwise. The organization is eligible for an award of costs because, in a hearing like the present one, it represents the interests of a distinct stakeholder group, significantly affected by the outcome, which is not represented by any of the current intervenors. Although generators are not generally seen as consumers or customers of electric power services, with respect to distribution services, generators are in fact customers, and in this matter APPrO respectfully suggests it is eligible for costs pursuant to sections 3.03(a), 3.03(b) and 3.06 of the Board's Practice Direction on Cost Awards.

It is clearly in the public interest that the generators' interest be thoroughly considered in this proceeding.

APPrO's representation of its members' interest is a much more effective and efficient regulatory approach than having each of its members make their own interventions, with attendant duplication and extra costs.

The Board's Practice Direction on Cost Awards do permit the Board to make exceptions to the general rule that electricity generators should not be eligible for costs.

The Board has already made an exception to the rule when it ruled that APPrO was eligible for costs in the NGEIR proceeding, in the Hydro One Networks 2007 transmission rate proceeding and more recently in the Board's review of the IESO's 3x Ramp Rate Market Rule Amendment.

The Board should, in this case, exercise its discretion to allow APPrO an exception from the general rule. The notion that generator-customers shall not be eligible for costs

while end-use customers, is a carry-over from the historic practice in natural gas cases, but the circumstances are different in electricity. First of all, unlike the case in gas, the generators, as noted above, are customers of the regulated distribution utility in question. Gas producers are almost never customers of the Ontario gas utilities. Second, generators, like end-users of electricity, are companies carrying on business and creating direct employment in Ontario. Third, in electricity, generators and end-users are of all different sizes and financial strength and are represented by trade associations with an advocacy orientation – end-use customers, by AMPCO together with many other end-use customer groups, e.g. Schools, CCC, VECC, et al, and generator-customers, by APPrO. Given that the interests of the generator-customers and the end-use customers sometimes diverge markedly, it is inappropriate that AMPCO and several other customer groups representing industrial, institutional, commercial, and residential end-use customers are eligible for costs, while APPrO is not.

Because generators are often considered ineligible for costs, there has been in some instances an under-representation of the generator-customer interests, which are, of course, an important contributing stream to the public interest in Ontario, given the need to address the chronic underinvestment in generation and transmission capacity in the province

In the event that APPrO is not found to be eligible under the criteria set out above, APPrO claims eligibility to receive an award of costs in this proceeding on the basis that special circumstances exist that would support such a finding. APPrO's participation in this proceeding will facilitate the review of rates and connection in relation to distributed generation. APPrO's members constitute a class of participants that will be directly affected by the outcome of this proceeding, and therefore the views of APPrO and its members will be invaluable to the Board's identification of relevant issues.

For purposes of communication, we would appreciate it if you would send correspondence to the following three email addresses:

Jake.Brooks@appro.org
David.Butters@appro.org and
Tom.Brett@gowlings.com

The postal address for the first two contacts above is 25 Adelaide St. E, Suite 1602, Toronto ON, M5C 3A1. The address for Mr. Brett is c/o Gowling Lafleur Henderson LLP, 1 First Canadian Place, 100 King St. W. Ste. 1600, Toronto, ON M5X 1G5.

Thank you for your attention to this matter,

Jake Brooks



Executive Director

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