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December 13, 2007

**DELIVERED BY COURIER & E-MAIL**

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Board File No. EB-2007-0707 – Ontario Power Authority (“OPA”)  
Integrated Power System Plan and Procurement Process (“IPSP”)  
– Phase 1  
AMPCO Comments Regarding the OPA’s Proposed Issues List**

We are counsel to the Association of Major Power Consumers in Ontario (“AMPCO”), a registered intervenor in the EB-2007-0707 IPSP proceeding. AMPCO has reviewed the OPA’s proposed issues list and offers the following comments.

AMPCO submits that four categories of issues are either missing or require clarification to the issues list submitted by the Ontario Power Authority. These categories are comprised of the following topics:

1. Costs, impacts and selection of alternatives
2. Implementation risks and contingencies
3. Roles and responsibilities
4. Procurement effectiveness and alternatives

AMPCO submits that the OPA’s issues list be amended to include the following:

**Part 1 – The IPSP**

**1 Costs, Impacts and Selection of Alternatives**

- 1.1 Has the OPA satisfied the IPSP Filing Guidelines as established by the Ontario Energy Board in its report dated December 27, 2006?

Vancouver  
Toronto  
Ottawa  
Montréal  
Calgary

- 1.2 Has the OPA demonstrated that it has considered all alternative means of achieving the goals set out in the Directives and has selected the most prudent and cost effective ones?
- 1.3 Given that one of the purposes of the *Electricity Act* is “to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service”, has the OPA appropriately considered and proffered evidence pertaining to consumer’s interests with respect to prices, adequacy, reliability and quality of electricity service?
  - 1.3.1 Has the OPA adequately considered the effect of the IPSP on the price of electricity in Ontario?
  - 1.3.2 Has the OPA identified the impact of implementation of the IPSP on the global adjustment?
  - 1.3.3 Has the OPA adequately considered the consequences of the IPSP, intended or unintended, on consumers of other energy commodities such as natural gas, including price, availability, deliverability and other infrastructure impacts and costs?
- 1.4 Is the proposed portfolio of CDM programs the most cost effective and economically prudent approach to meeting the CDM requirements of the Supply mix directive for 2010?

## **2 Implementation Risks and Contingencies**

- 2.1 Has the OPA articulated plans to monitor and report on the effectiveness of its implementation of the IPSP?
- 2.2 Has the OPA adequately identified and accounted for schedule risks in the near and mid-term?
- 2.3 Has the OPA identified possible contingencies and ranges of contingencies for implementation of the IPSP in the near term and during the planning horizon?
  - 2.3.1 Has the OPA adequately considered the costs and implications of contingencies in the IPSP?

## **3 Roles and Responsibilities**

- 3.1 Has the OPA considered appropriate roles for the Ministry (i.e., as the Directives are primarily to “assist” the government in meeting targets), the IESO (i.e., as the regulations require that the first choice for securing generation etc. is via IESO-administered markets), Ontario Power

Generation, Hydro One Networks, or other electricity suppliers or consumers (i.e., since the regulations prefer investment by other persons to OPA procurement)?

## **Part II – The Procurement Process**

### **4 Procurement effectiveness and alternatives**

- 4.1 Does the procurement process comply with Ontario Regulation 426/04; specifically, in developing the procurement process has the OPA done the following:
  - 4.1.1 Made an assessment of the capability of the IESO-administered markets to meet the need for electricity supply or capacity as identified in an assessment made under section 25.29 of the Act or deliver measures that will manage electricity demand or result in the improved management of electricity demand
  - 4.1.2 Made an assessment of the likelihood that investment by other persons will meet the need for electricity supply or capacity as identified in an assessment made under section 25.29 of the Act or deliver measures that will manage electricity demand or result in the improved management of electricity demand
- 4.2 Is the OPA procurement process sufficiently transparent to assure the Board that Ontario consumers are receiving fair value?
- 4.3 Has the OPA demonstrated that its procurement process fairly apportions risk between consumers and suppliers?
- 4.4 Has the OPA properly evaluated the opportunity for non-contract mechanisms to supply needed resources?
- 4.5 Has the OPA demonstrated that its current procurement processes are achieving their intended goals?

For your information, section 25.29 of the Electricity Act and an excerpt from O.Reg. 426/04 are provided below:

#### *Electricity Act*

25.29 The OPA shall make an assessment of the adequacy and reliability of electricity resources with respect to anticipated electricity supply, capacity, reliability and demand for each assessment period prescribed by the regulations.



O. Reg. 426/04

The OPA shall not commence the procurement process under section 25.32 of the Act unless it has, in consultation with interested parties, made an assessment of the capability of the IESO-administered markets to, or the likelihood that investment by other persons will,

- (a) meet the need for electricity supply or capacity as identified in an assessment made under section 25.29 of the Act; or
- (b) deliver measures that will manage electricity demand or result in the improved management of electricity demand as described in clause 25.32 (1) (b) of the Act. O. Reg. 426/04, s. 1.

AMPCO is prepared to speak to these issues as necessary at the Issues Proceeding scheduled to commence on Monday, January 14, 2008.

Yours very truly,

**BORDEN LADNER GERVAIS LLP**

**J. Mark Rodger**  
JMR/ld

Encls.

Copy to: Adam White, AMPCO President  
George Vegh, OPA counsel