

Appendix 11

Regional Infrastructure Planning Process – OEB Staff Memorandum

This working group differs from the other working groups in relation to implementation of the Board’s conclusions in the RRFE Board Report in that the outcome will be a working group report to the Board related to developing a more structured Regional Infrastructure Planning process. As such, Board staff’s role in this process is to facilitate the working group in relation to achieving that outcome.

The RRFE Board Report concluded *“that infrastructure planning on a regional basis is required to ensure that regional issues and requirements are effectively integrated into utility planning processes...¹”*. It further set the expectation that *“Distributors and transmitters will therefore be expected to file evidence in rate and leave to construct proceedings that demonstrates that regional issues have been appropriately considered....²”*

To achieve the stated desires of the Board, this working group has been assembled to develop a more structured Regional Infrastructure Planning process. The working group’s planning process contained within their report to the Board is expected to be used by the industry to support their future rate and leave to construct applications.

The table below sets out some suggestions for the working group’s consideration in order to facilitate working group discussion. The suggestions are associated with the elements of the Regional Infrastructure Planning process that were identified in the RRFE Board Report for the working group to address (as well as some other ‘potential’ elements). For the most part, those suggestions and additional ‘potential’ elements reflect stakeholder input provided during the RRFE consultation process (e.g., increase in transparency, broader stakeholder input, consistent information from LDCs, avoid unnecessary regulatory burden, etc.).

Board’s Expectations & Key Elements	Suggestions for Working Group Consideration
Board Expectations in Board Report (p. 40)	
<ul style="list-style-type: none"> ➤ Lead responsibility must be assigned. The Board believes there is merit in having this responsibility lie with appropriate transmitter. Transmitter will work with the OPA to identify where CDM or DG options may represent potential solutions. 	
<ul style="list-style-type: none"> ➤ Predetermined regions will be identified to form foundation for process and so all LDCs will have an understanding of regions they reside in. The Board sees merit in having those predetermined regions based on electrical system boundaries and suggests that the IESO’s electrical zones be used as a starting point. 	
<ul style="list-style-type: none"> ➤ Protocols will be in place for sharing information among relevant parties. 	

¹ Renewed Regulatory Framework for Electricity 2012, Pp. 39

² Renewed Regulatory Framework for Electricity 2012, Pp. 39

Board's Expectations & Key Elements	Suggestions for Working Group Consideration
<input type="checkbox"/> LDCs will be expected to participate in regional infrastructure planning processes.	
Key Elements in Board Report (p. 52-53)	
1) Appropriate predetermined regional boundaries and criteria to be used to establish them (and how those predetermined regional boundaries are used)	<ul style="list-style-type: none"> ▪ IESO zones used as starting point by working group in relation to establishing predetermined regions ▪ Identify if regional plan(s) needed in a predetermined region based on information provided by LDCs to the transmitter (within predetermined region) ▪ Within a predetermined region, regional plan(s) developed at <i>sub-regional</i> level based on need
2) Information an LDC should be required to provide to the transmitter and frequency it should be updated	<ul style="list-style-type: none"> ▪ Information LDCs should be required to provide <ul style="list-style-type: none"> ○ Load forecast (minimum 5 year horizon) ○ LDC's most recently-approved GEA Plan ○ All relevant land use planning documents (including those indicating pace & probability future development likely to occur - long term in nature and identify expected future development; e.g., new subdivisions) ○ <i>Anything else?</i> ▪ Frequency <ul style="list-style-type: none"> ○ Updated every 5 years at a minimum <ul style="list-style-type: none"> - Consistent with distribution planning and rate plan horizon in RRFE Board Report - Also consistent with "required" updates to land use planning documents as set out in legislation
3) Circumstances under which OPA should participate (and related process)	<ul style="list-style-type: none"> ▪ Potential "optimal" solutions not limited to infrastructure in all cases ▪ Information provided to transmitter by LDCs is then provided to the OPA by the transmitter ▪ Initial meeting of transmitter and the OPA to determine whether CDM and/or DG options are viable potential solutions

Board's Expectations & Key Elements	Suggestions for Working Group Consideration
	<ul style="list-style-type: none"> ▪ If yes, OPA continues to participate in process ▪ If not, OPA does not continue to participate in process ○ Where OPA is not involved, final regional plan provided to OPA given its responsibilities related to planning the provincial transmission network ○ Following initial meeting(s) between OPA and transmitter, transmitter (and OPA, where appropriate) meet with all LDCs in a broad predetermined region to determine which LDCs have regional requirements and should therefore participate in regional planning process at <i>sub-regional</i> level
4) Appropriate evaluative criteria to compare potential solutions	<ul style="list-style-type: none"> ▪ Net present value (NPV) calculation for each option, determined in manner consistent with requirements related to leave to construct (LTC) applications where alternative investments are evaluated.³ ○ Provides objective determination of solution(s) that meet the needs of LDCs in a region at lowest overall system cost over long term ○ Criterion already adopted by the Board for purpose of assessing alternative solutions ○ <i>Other criteria?</i>
5) Form in which broader consultation should take place before Regional Plan is finalized	<ul style="list-style-type: none"> ▪ Broader consultation includes applicable municipal representatives and consumers group(s) as well as generator(s) and industrial customer(s) where applicable; e.g., generator(s) and/or industrial customer(s) that share line connection to be upgraded with LDC(s) ○ Draft regional plan includes all options considered (i.e., infrastructure upgrades, CDM and DG) and the associated analysis including assumptions (based on assessment criteria identified by working group)

³ The NPV related requirements in relation to leave to construct applications are identified in the Board's [Filing Requirements for Transmission and Distribution Applications, Chapter 5, page 35.](#)

Board's Expectations & Key Elements	Suggestions for Working Group Consideration
	<ul style="list-style-type: none"> ○ Questions and concerns regarding validity of CDM or DG assumptions addressed and resolved during broader stakeholder consultation phase of regional plan development process. Any unresolved concerns would be noted in regional plan (or accompanying documentation) filed with the Board in support of an application
Other 'potential' key elements for working group consideration	
<p>6) How should it be determined if an LDC's involvement is needed or not in the regional planning process?</p>	<ul style="list-style-type: none"> ▪ LDC involvement determined based on information provided by LDCs to transmitter. Where upgrades to line connection assets are determined to be needed to serve two or more LDCs with contiguous service areas, those LDCs involved in the regional planning process ▪ Where LDC does not require line connection upgrade or LDC requires upgrade but neighbouring LDC(s) do not, LDC not involved in the regional planning process <ul style="list-style-type: none"> ○ Avoids placing unnecessary regulatory burden on LDCs whose involvement in process is determined not be necessary
<p>7) Where transmitter determines that involvement of specific LDCs is necessary in regional planning process, should the Board "require" or "expect" those LDCs to participate?</p>	<ul style="list-style-type: none"> ▪ It may be necessary for the Board "require" LDCs to participate in the regional planning process for the following reasons: <ul style="list-style-type: none"> ○ If LDC is determined by transmitter to be integral in process but opts not to participate, the Board's objectives may not be achieved; e.g., cost-effective development of electricity infrastructure, ensuring development and implementation of smart grid is carried out on coordinated basis and smart grid investments made at system level (distribution or transmission) best serve interests of region ○ Optimal investment may not be an upstream transmission connection upgrade. Instead, it could be an investment within the distribution system that crosses LDC boundaries

Board's Expectations & Key Elements	Suggestions for Working Group Consideration
	<ul style="list-style-type: none"> ▪ It may <u>not</u> be necessary for the Board “require” LDCs to participate in the regional planning process for the following reason: <ul style="list-style-type: none"> ○ The Board set out in the Board Report that LDCs will be expected to file evidence (i.e., Regional Infrastructure Plan) in rate proceedings (i.e., application) that demonstrates regional issues have been appropriately considered and, where applicable, addressed in developing the utility's <ul style="list-style-type: none"> - capital budget or infrastructure investment proposal. That Board expectation may be adequate.
<p>8) Input on Filing Requirements related to Regional Infrastructure Planning that will feed into Board staff proposal in relation to ‘consolidated’ planning Filing Requirements</p> <ul style="list-style-type: none"> • LDCs and transmitters expected to file evidence (i.e., Regional Infrastructure Plan) in rate and leave to construct proceedings (i.e., application) that demonstrates regional issues have been appropriately considered and, where applicable, addressed in developing the utility’s capital budget or infrastructure investment proposal 	<ul style="list-style-type: none"> ▪ Where transmitter determines an LDC’s involvement is necessary, regional plan submitted as part of LDC’s rate application whether or not optimal solution(s) in plan includes infrastructure investments by LDC ▪ Where transmitter determines an LDC’s involvement in process is not necessary, LDC obtains letter from transmitter to submit as part of their rate application ▪ Any regional plan submitted in support of an application includes all options considered and associated assessment / analysis used to determine optimal solution (e.g., NPV calculation) for each option including CDM and DG; i.e., not only the option(s) determined to be optimal solution(s) <ul style="list-style-type: none"> ○ Any CDM and/or DG assumptions in regional plan would provide context for infrastructure investments proposed in application and inclusion of all options would demonstrate to the Board that all potential viable options were considered and objectively assessed in developing the regional plan
<p>9) Increase in process transparency</p>	<ul style="list-style-type: none"> ▪ All draft regional plans posted on applicable transmitter’s website at the broader stakeholder phase and subsequently replaced by final regional plans

Board's Expectations & Key Elements	Suggestions for Working Group Consideration
10) Changes to Board's regulatory instruments that may be needed to support the process	<ul style="list-style-type: none"> ▪ TBD (based on working group's ultimate recommendations related to the various elements)
Any other elements?	