



Regional Infrastructure Planning – Planning Process Working Group

Meeting Date: November 21, 2012 **Time:** 9:30 am – 4:30 pm

Location: 2300 Yonge Street, 25th Floor, West Hearing Room

Board Staff: Chris Cincar, Ashley Hayle, Andres Mand

Board staff explained that the purpose of the second Planning Process Working Group (“PPWG”) meeting was to address the following:

1. Discuss and finalize the Meeting Summary from the first meeting
2. Discuss the two action items from the previous meeting:
 - a. Alternative Predetermined Regions (Hydro One/OPA)
 - b. Draft Accountability Description for Regional Planning Steps (OPA/Hydro One)
3. Address the remaining elements set out in the Board staff Memorandum that had been circulated to the PPWG prior to the first meeting.

Discussion of Draft Meeting Summary

Board staff identified that a generator and a transmitter had provided comments on the draft meeting summary from the first meeting.

Staff explained that the generator representative had provided some text and proposed replacing a number of paragraphs. Staff noted that much of the suggested text was already included and did not include some important points in the existing text it would replace. However, staff added that some good points were identified that should be added. Those included elaborating on the “screening” element of the regional planning process and that, in relation to establishing the predetermined regions, there had been agreement that the regions should also take into account the distributor boundaries, to the extent that was possible.

In relation to the transmitter's suggested changes, Board staff noted that they agreed with all of them except for one addition that required clarification. It was related to a distributor suggestion that both 'gross' and 'net' load forecasts should be provided to the transmitter, while the OPA noted it would be better to also have the information 'unbundled'. The transmitter's addition suggested that they were agreeing with the distributor, but Board staff's recollection was that they had agreed with the OPA. The transmitter confirmed that they agreed with the OPA – along with the "gross" and "net" load forecasts, distributors should also provide additional "unbundled" supporting information underlying the forecasts where a "need" has been identified through the "screening" process.

Board staff requested that the OPA elaborate on its reference to "unbundled" information. First, the OPA emphasized the need for consistency across distributors in relation to load forecasting, as that had not been the case to date, and that there was a need to set out minimum guidelines in the PPWG's report to the Board (i.e., median forecast on a TS basis). In relation to the "unbundled" information, the OPA provided some examples such as how much of the difference between "gross" and "net" was comprised of CDM given the uncertainties related to distributors achieving their CDM targets and that the effect of CDM programs are difficult to forecast. This led to a broader discussion amongst the PPWG. The large consumer representative explained the importance of also breaking down CDM into the two components – conservation vs. demand management – as the demand management component was more important for the purpose of planning given it was the component that had an impact on reducing peak demand and that demand management had not been very successful to date in relation to achieving the targets.

In the previous meeting, there was a discussion regarding using bottom-up (distributors) vs. top-down (OPA) load forecasts. The OPA noted in this meeting that the appropriate approach was to use a combination of distributor short-term and mid-term forecasts, while the OPA should provide long term forecasts (e.g., 20 years) as distributors have challenges with those.

Board staff requested that the OPA take some time to think through the "unbundled" information that would be necessary for regional planning purposes and prepare a list for the next meeting.

ACTION ITEM: OPA TO IDENTIFY “UNBUNDLED” INFORMATION – “NET” VS. “GROSS” LOAD FORECAST – FOR PPWG DISCUSSION AT THE NEXT MEETING.

A distributor questioned the need for all of the information distributors should be providing to the transmitter that had been identified at the previous meeting, such as distribution system plans. Following further discussion, the PPWG came to agreement that all of that information was not necessary and only the “gross” and “net” load forecasts as well as the supporting “unbundled” information underlying the forecasts, where necessary, was required.

There was also discussion that a regional plan should include the risks and options to address those risks (i.e., “Plan B”) in the event something arises that prevents “Plan A” from being implemented. For example, where an optimal mix is determined and it includes new generation and, if that generation does not go forward as planned, there may be a need for additional infrastructure investment (i.e., wires). Another example is issues may arise that prevent the preferred “wires” solution from being implemented. As such, there is a need for alternative infrastructure (i.e., wires) solutions in the regional plan.

Alternative Predetermined Regions

Hydro One explained the alternative predetermined regions that they felt would be more conducive for regional planning purposes. It was noted that this was a first cut and would require further refinement as they needed to be provided within a short period of time and required input from the other PPWG members. There were three maps setting out the regions. One focused on the GTA, another on northern Ontario and the third map on the remainder of the province. In total, there were about 20 regions. With the exception of some minor changes and additions discussed below, the PPWG agreed with the proposed alternative predetermined regions.

Board staff asked what criteria was used for establishing the regions. Hydro One explained that the key considerations for establishing the regions were the following:

1. Electrical groupings based on empirical and expected inter-related impacts to local area supply capacity and local system performance, and connectivity to common bulk power system supply points;
2. Distributor and transmitter boundaries;
3. Extent of a study area and the potential number of participants with regard to manageability, efficiency and timeliness of conducting studies; and
4. Minimizing the number of regions for simplicity and better manageability of the Regional Infrastructure Planning process.

Hydro One noted that there was a need to consider the risks associated with having very large regions. For example, there are potential issues such as if one part of a large region is holding things up which would limit the flexibility to implement the regional plan. Board staff noted there was a need to take into account that these are only predetermined regions for the purpose of providing the information to the transmitter to be used in the screening process and the regional plan would be developed and implemented at the smaller sub-regional level based on the results of the screening process.

There was discussion about the other transmitters, aside from Hydro One and GLPT. It was determined that CNP would be captured in one of the regions, but another region had to be added for Five Nations. Board staff noted that Cornwall was not regulated by the Board and would not need to be involved in the development of a regional infrastructure plan since the purpose was to support rate and LTC applications. It was also noted that Cornwall was not part of the IESO controlled grid. There was also discussion of Hydro One Remote Communities and, while they were not connected to the transmission system, the PPWG felt that they still needed to be captured in a region.

Thunder Bay Hydro noted that two regions – “West of Thunder Bay” and “Thunder Bay to Wawa” – should be combined. However, this needed to be confirmed.

ACTION ITEM: THUNDER BAY HYDRO TO CONFIRM COMBINING THE THUNDER BAY RELATED REGIONS IS APPROPRIATE FOR THE NEXT MEETING.

ACTION ITEM: HYDRO ONE TO REVISE MAP TO ADD A FIRST NATIONS REGION AND COMBINE THE THUNDER BAY RELATED REGIONS FOR THE NEXT MEETING.

ACTION ITEM: HYDRO ONE TO PROVIDE LIST OF DISTRIBUTORS IN EACH REGION FOR THE NEXT MEETING.

Draft Accountability Description for Regional Planning Steps

The OPA and Hydro One walked the PPWG through the flowchart explaining each step in the regional planning process and how they were related.

The planning steps began with a “Need Screen” to be led by the transmitter with OPA involvement. The purpose of the “Need Screen” was to determine if a regional plan was needed and that would be based on information provided by the distributors (e.g., load forecast, CDM and new generation expectations, last regional plan, etc.).

The next step was to determine if there was a need for a fully **Integrated Regional Resource Plan** led by the OPA (with transmitter, distributor and customer involvement) or a more straightforward **Regional Infrastructure (i.e., Wires) Plan** led by the transmitter (with distributor, customer and OPA involvement) where a more detailed review/analysis would occur including an assessment of transmission and distribution solutions.

If it was determined an **Integrated Regional Resource Plan** was needed, it would identify the potential wires solutions at a relatively high level which would then trigger the implementation of a **Regional Infrastructure Plan**. The **Regional Infrastructure Plan** would, in turn, include a more detailed review/analysis of the wires solutions.

It was noted that when a rate or LTC application was submitted to the Board, the Integrated Regional Resource Plan should be provided as a supporting document to the Regional Infrastructure Plan, so that the Board had all of the necessary information to be able to determine if the proposed investment by the transmitter or distributor was appropriate.

It was explained there were question marks after “Stakeholdering” because there was some uncertainty whether it had been placed at the appropriate stage in the process. Following discussion amongst the PPWG, it was felt that stakeholder consultation should occur earlier in the process at the stage where it was determined whether it would be an Integrated Regional Resource Plan (Infrastructure, CDM and Generation) or a Regional Infrastructure Plan (i.e., only wires). It was noted that having the consultation

earlier in the process should make the back end easier when it is further into the regional planning process.

There was a great deal of discussion around the flowchart including timing issues and other information that should be added to the flowchart. Board staff volunteered to put together a separate document that attempted to capture that discussion.

ACTION ITEM: BOARD STAFF TO REVISE AND FLESH OUT IN MORE DETAIL ACCOUNTABILITY AND REGIONAL PLANNING STEP FLOWCHART BASED ON WG DISCUSSION FOR THE NEXT MEETING.

There was also discussion regarding the relationship between the regional infrastructure planning process and the rate application process. For example, distributors may need to submit rate applications before a regional infrastructure plan is finalized. In addition, the distributors and the transmitter involved in a regional infrastructure plan may be submitting their rate applications at much different times. In such cases, there is also the potential for one Board Panel to approve one distributor's proposed investment and another Board Panel not to approve another distributor's proposed investment in the same regional infrastructure plan. Board staff identified that this was a very useful discussion and noted that this was the reason the Board included both planning and rate related matters in the RRFE, as they were inter-related. Staff also noted that they would take this discussion back to the staff team that worked on the RRFE for an internal discussion.

Also discussed was the need for a transition plan as rate applications would need to be submitted while the initial Regional Infrastructure Plans were in the process of being developed. A consumer representative noted that there were implementation issues at the outset in relation to distributors providing CDM plans and GEA plans but now it was going relatively smoothly.

Remaining Elements: Board staff Memorandum

During the first PPWG meeting, the first five elements set out in the Board Report were addressed. The PPWG focused on the remaining elements -- "Other Potential Key Elements" -- set out in the Board staff Memorandum during this meeting. Following the PPWG discussion, the only element in the Memorandum table that still needed to be addressed is "Increased Transparency".

(6) How should it be determined if a distributor’s involvement is needed or not in the regional planning process?

There was agreement that distributor involvement in the regional infrastructure planning process would be determined based on the information provided by distributors to the transmitter. Where upgrades to line connection assets are determined to be needed to serve two or more distributors with contiguous service areas, those distributors would be involved in the regional infrastructure planning process. All of this would be determined as part of the “screening” process.

As part of this discussion, one distributor expressed the view that there was not always a need for a regional planning process involving the transmitter and the OPA. The distributor noted that regional issues can also be addressed through discussions amongst only the neighbouring distributors.

(7) Where the transmitter determines that involvement of specific distributors is necessary in regional planning process, should the Board “require” or “expect” those distributors to participate?

The PPWG agreed that distributors should be “required” by the Board to participate in the regional planning process if it is determined in the “screening” process that their involvement is necessary to achieve the Board’s objectives. While the PPWG felt that most distributors would likely not need to be required to be involved, there may be the potential for an distributor to opt not to participate. It was also noted that, if any distributors were of the view that an “expectation” was adequate (i.e., would always participate and no need for a requirement), the distributors should have no concerns regarding the Board requiring it through a code amendment.

(8) Input on Filing Requirements related to Regional Infrastructure Planning (that will feed into Board staff proposal in relation to ‘consolidated’ planning Filing Requirements)

Board staff identified that the Board Report already set out that transmitters and distributors will be required to submit a regional infrastructure plan in support of an application where their involvement was determined to be necessary and this would need to be added to the planning Filing Requirements.

There was agreement that a distributor should submit a regional infrastructure plan in support of an application whether or not optimal solution(s) in the plan included investments by the distributor and that the regional plan submitted should include all of the options that were considered and the associated analysis used to determine the optimal solution for each option including CDM and DG -- not only the option(s) determined to be optimal solution(s).

Much of PPWG's discussion focused on what distributors should be required to submit in support of an application where their involvement was determined not to be necessary. The staff Memorandum had suggested a letter from the transmitter. However, the PPWG disagreed with that approach and came to agreement that a simpler approach would be to have the Terms of Reference ("ToR") for the regional plan set out all of the distributors within a predetermined region and the ToR would identify all of the distributors that did and did not need to be involved in the development of a regional infrastructure plan. All of the applicable distributors and the transmitter would sign off on the ToR and those distributors that did not need to be involved would submit that same ToR.

Next Scheduled Meeting

November 28, 2012