

Sector Briefing Note

To: Stakeholder Advisory Committee

From: Steve Dorey – Transmitters

Date: June 3, 2009

Subject: GREEN ENERGY ACT

Item for table discussion

Implications of GEA for Transmitters

The precise impacts of the new legislation on transmitters in Ontario will depend to a large extent on still-to-be-developed regulations, codes and practices.

However, a number of impacts are clear:

1. “As a right” Connection

Subject to economic and technical feasibility, renewable energy generators will have a right to connect to the grid across the province. This is expected to lead to a large expansion of the core transmission system and to substantial investment in technology that will enhance our ability to incorporate additional renewable power, while maintaining reliability.

The extent of the investment transmitters make will depend to a substantial degree on the delineation between “shallow” connection costs, to be borne by generation proponents, and “deep” network investments in support of renewable energy development.

2. Service Guarantees

The legislation requires transmitters to complete Connection Impact Assessments within a time period to be determined by regulation. The IESO will also be required to complete System Impact Assessments within a defined period. Transmitters will need to ensure they have internal or external resources to meet these timeframes, particularly if there is an initial surge of applications and will need to coordinate closely with the IESO SIA process.

3. Smart Grid

Transmitters and distributors will be expected to develop smart grid plans and make incremental investments to increase the intelligence and responsiveness of the system. The recent Smart Grid Forum report estimated total smart grid investment by transmitters and distributors at \$360 million per year.

4. Streamlined Approvals

The legislation provides for renewable energy projects and associated transmission connections to gain planning approval through joint Ministry of Environment/Ministry of Natural Resource certificates within six months of a completed application. This does not apply to major transmission projects.

For major transmission projects, we expect some streamlining to ensure that need and alternatives to proposed projects is undertaken once, not multiple times, under OEB and MOE approvals processes.

5. Conservation

LDCs will have increased responsibility for delivering conservation programs to their customers. It is unclear what role transmitters will be expected to play with their customers.

6. Aboriginal Energy Investment

The Act provides encouragement and support for aboriginal participation in renewable energy projects and the transmission and distribution projects need to enable renewable energy.