

January 24, 2008

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OPG appreciates the opportunity to provide comments on the IESO's Embedded Generation Discussion Paper dated December 13, 2007. As a company that owns and operates a significant portfolio of electricity generation plants that are connected directly to the distribution network, we have a particular interest in this consultation. OPG has reviewed the discussion paper and offers the following general and specific comments.

General Comments

OPG supports the IESO's goal to better integrate embedded generation into the reliable and efficient operation of the IESO controlled grid (ICG). The IESO's discussion paper provides a good summary of the current requirements and the potential ICG issues relating to embedded generation. In general, OPG wishes to frame its comments within the context of facilitating both the operation of existing embedded facilities and the commissioning of new embedded generator projects. Accordingly, OPG suggests that additional evidence is needed to justify any changes related to the provision of real time data and/or new performance measures for embedded generators. Additional evaluations should also be done to establish a sound technical and economic foundation for any changes. Once this foundation is established, cost allocations should be based on the principle that the costs follow the benefits (i.e. in general, the beneficiary should be responsible for associated costs).

Anecdotally, it is assumed that, as more and more small embedded generation is installed (without the telemetry associated with larger units), the probability of reliability concerns may increase. However, some rigour must be brought to bear on this hypothesis so that unnecessary impediments to new generation sources are not unnecessarily imposed. One must not deal with the potential reliability concern associated with telemetry, protections and monitoring equipment while ignoring the reliability concern associated with creating a disincentive to new generation.

Specific Comments

With regard to the first recommendation in the discussion paper, OPG agrees that increased telemetry requirements could increase the visibility of embedded generation. However, OPG is not convinced that there is sufficient evidence to conclude that this will be a critical issue as new embedded generation comes online. Supporting evidence is needed to show that real time data is needed.

With regard to the discussion paper's reference on page 8 relating to a LDC's ability to request real time data from embedded generators, OPG believes that clarification is needed from the OEB since there appears to be some ambiguity in Section 9 of Appendix F2 of the Distribution System Code. The heading in Appendix F2, Section 9 refers to the requirements for facilities of 10 MW and higher, but the text is referring to facilities rated at greater than 250 kVA. OPG recommends that the IESO seek clarification at the OEB on the intent of Section 9 of Appendix F2.

On the second recommendation, OPG agrees that the IESO should work with stakeholders to review the Connection Assessment and Approval process to determine if a trigger level for a system impact assessment is needed due to the aggregate installed embedded generation. OPG is of the view that any changes that result from this review should only apply on a prospective basis and not be retroactive.

With regard to the third recommendation, OPG sees the potential benefits in reviewing the performance standards for LDC's in the areas of power factor requirements, reactive power control requirements and dynamic reactive power compensation requirements. Reviewing the LDC's requirements would assist the IESO in operating a reliable and efficient ICG. However, OPG has concerns with modifying performance standards for existing embedded generators. Embedded generation standards and provisions have been reviewed by the OEB as part of the Distribution System Code and have been shown to be appropriate and effective. Adding additional constraining standards could be contrary to the existing Code, could deter new generation by adding additional costs and could impact the financial viability of existing facilities.

We look forward to participating in the stakeholder meeting scheduled for January 31, 2008 to further discuss the issues. If you required any additional information or clarification on the above, please feel free to call me at 416-592-4783.

Yours truly,

Roberta Reynolds