



**STAFF REPORT  
ACTION REQUIRED**

**Update on Adjournment to Integrated Power System  
Plan Hearings**

<b>Date:</b>	<u>October 29, 2008</u>
<b>To:</b>	Executive Committee
<b>From:</b>	Deputy City Manager Richard Butts and Acting Deputy City Manager and Chief Financial Officer Cam Weldon
<b>Wards:</b>	All
<b>Reference Number:</b>	

Deleted: October 27, 2008

**SUMMARY**

On October 2<sup>nd</sup>, the Ontario Energy Board (the “Board”) directed adjournment of the Integrated Power System Plan (“IPSP”) hearing. The Board found that it would not be efficient to continue with the hearing or evidence and cross-examination thereon until such time as the Ontario Power Authority (“OPA”) files an updated IPSP in response to the Supplementary Directive issued by the Minister of Energy and Infrastructure on September 17, 2008.

The Supplemental Directive directs the OPA to submit a revised IPSP after considering new targets in the areas of conservation and demand management, renewable energy sources, distributed generation and solutions to transmission congestion.

The OPA has advised that it will file an updated IPSP by March 16, 2009, as directed by the Minister. As an interim step, the Board has directed the OPA to submit a written update on November 30, 2008, on the status of the plan update and advising of any change to the March 16 filing date.

The OPA has advised the Board that it will consult with intervenors as it conducts the resource review directed by the Minister and updates its IPSP filing.

This report recommends that the City use the IPSP hearing hiatus to pursue focussed advocacy of the City's energy sustainability goals and priorities directly with the OPA, through participation in the OPA's intervenor consultations regarding its resource review and that when the IPSP hearings resume in 2009 the City continue to advocate positions

that are supportive of and informed by the Toronto Sustainable Energy Plan recommended under a separate report.

## **RECOMMENDATIONS**

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**The Deputy City Manager, Cluster B and the Acting Deputy City Manager and Chief Financial Officer recommend that:**

1. Deputy City Manager Richard Butts and the Acting Deputy City Manager and Chief Financial Officer use the IPSP hearing hiatus to pursue focussed advocacy of the City's energy sustainability goals and priorities directly with the OPA, through participation in the OPA's intervenor consultations regarding its resource review;
2. In addition to, and consistent with, the positions and policies previously approved by Council in prior reports regarding the IPSP, the City advocate both during the OPA consultations and before the Board positions on the IPSP, as amended, that are supportive of and informed by the strategic direction of the Toronto Sustainable Energy Plan that is the subject of a separate report to the Executive Committee; and
3. the appropriate City staff be authorized to take any action necessary to give effect to the foregoing recommendations.

## **FINANCIAL IMPACT**

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There are no financial implications arising from this report. Funding for external legal and technical consulting services was approved by City Council at its meeting of July 15, 16 and 17, 2008 referred to below.

## **DECISION HISTORY**

City Council at its meeting of December 11, 12 and 13, 2007 adopted the recommendations in Ex. 15.44 titled "City Participation in Review of Provincial Integrated Power System Plan and Procurement Processes", ratifying the City's intervention and participation in the OPA's application for review and approval of the IPSP and the OPA's procurement processes.

[www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-12-11-cc15-dd.pdf](http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-12-11-cc15-dd.pdf)

City Council at its meeting of July 15, 16 and 17, 2008 adopted the recommendations in Ex. 22.3 titled "City Participation in Phase 2 Review of Provincial Integrated Power

System Plan and Procurement Processes”. Those recommendations, among other matters, authorized the City to continue to participate as an intervenor in Phase 2 of the Board review of the IPSP and OPA procurement processes (“Phase 2”), anticipated to conclude in 2009 and approved a budget for external legal and technical consulting services. They also authorized Deputy City Manager Richard Butts and the Acting Deputy City Manager and Chief Financial Officer to jointly co-ordinate the preparation and submission of the City’s submissions and representations in Phase 2 in consultation with the City Solicitor and other appropriate City officials and to instruct the City Solicitor and external legal counsel in the proceedings, including attendance, before the Board.

<http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-07-15-cc23-dd.pdf>

## **ISSUE BACKGROUND**

On September 17, 2008, the Minister of Energy and Infrastructure issued a directive, "Amendments to Supply Mix Directive Issued June 13, 2006", to the OPA under subsection 25.30(2) of the *Electricity Act, 1998* (the “Supplemental Directive”). The Supplemental Directive provides direction to the OPA to review and reconsider its targets in certain key areas of its proposed IPSP, including:

- The amount and diversity of renewable energy sources in the supply mix.
- The improvement of transmission capacity in the orange zones in northern Ontario and other parts of the province that is limiting the development of new renewable energy supply.
- The potential of converting existing coal-fired assets to biomass.
- The availability of distributed generation.
- The potential for pumped storage to contribute to the energy supply during peak times.
- The viability of accelerating the achievement of stated conservation targets, including a review of the deployment and utilization of smart meters.

The Board has adjourned the proceedings until such time as the OPA files its amended, updated or revised IPSP which is to be no later than March 16<sup>th</sup> 2009. It was felt that continuing to hear the OPA witness panels would be of little value as by virtue of the integrated nature of the IPSP much of the evidence may be updated.

The Board has required the OPA to file with the Board, and serve on the parties, a written update on its progress in updating the plan and any changes to the proposed date to filing the updated evidence. This progress report must be filed by November 30<sup>th</sup>.

The OPA has advised the Board that it will consult with intervenors as it conducts the resource review directed by the Minister and updates its IPSP filing.

## COMMENTS

### Delay

Consideration of the revised IPSP will be delayed beyond March 16<sup>th</sup> 2009. The precise extent of the delay is unknown at this time, as the Board will require the OPA's updated IPSP filing prior to making further determinations on notice requirements, and any supplementary discovery process for the updated evidence.

In the interim, City Staff continue to work with external counsel and the retained transmission consultant to refine a strategic approach for the City to take during the OPA's intervenor consultation regarding its IPSP resource review, and then upon resumption of the IPSP hearing. The City's IPSP intervention team intends to use the hearing hiatus to pursue focussed advocacy of its energy sustainability goals and priorities directly with the OPA, in an effort to contribute to the OPA's resource review and to the outcome of that review. In its adjournment ruling the Board indicated its expectation that funding for participation in the OPA's consultation would be provided by the OPA, and the OPA has confirmed its intention to provide that funding, for which the City should be eligible.

### Implications for the Toronto Sustainable Energy Plan

The hiatus in the IPSP review, and the OPA's resource review and associated intervenor consultation, all provide additional opportunities for pursuit by the City's IPSP intervention team of the goals identified in the Toronto Sustainable Energy Plan.

The proposed Toronto Sustainable Energy Plan sets forth a framework within which the City plans to achieve stated reductions in Greenhouse Gas emissions by milestone dates through to 2050 through stationary energy (gas and electricity) efficiency measures. By relying on reductions resulting from the phase out of coal electricity generation, there remains a gap to be addressed through conservation, demand management and renewable energy generation measures. There are identified a number of barriers and proposed solutions to those barriers.

The Supplemental Directive directs the OPA to submit a revised IPSP after considering new targets using resources that are key elements to achieve the goals of the proposed Toronto Sustainable Energy Plan, including conservation and demand management, renewable energy sources, distributed generation and solutions to transmission congestion. Increasing or accelerating IPSP targets may assist in the achievement of the Toronto Sustainable Energy Plan's GHG emission reduction goals in an economically efficient and financially prudent manner and may entail addressing the identified barriers.

The City's IPSP intervention team intends to use the hearing hiatus to pursue focussed advocacy of the City's energy sustainability goals and priorities directly with the OPA, through participation in the OPA's intervenor consultations regarding its resource review.

Some of the barriers identified in the proposed Toronto Sustainable Energy Plan might be addressed during this resource review process.

## CONTACTS

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Richard Butts  
Deputy City Manager, Cluster B

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Cam Weldon  
Acting Deputy City Manager and  
Chief Financial Officer