

***Electricity Statute Law Amendment Act, 2015
(Schedule 2)***

**Amendments to the *Electricity Act, 1998* and the
*Ontario Energy Board Act, 1998***

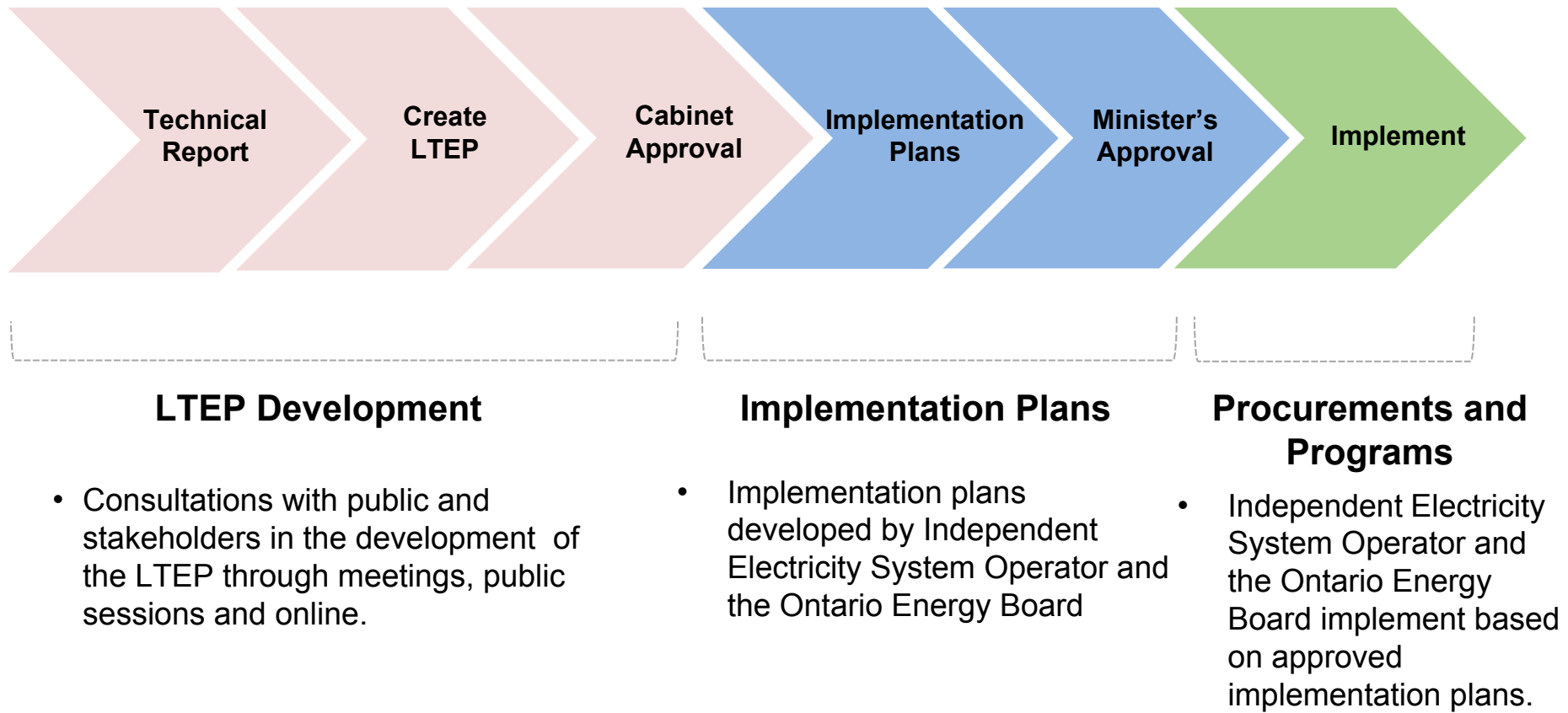
2016

Overview – Energy System Planning & Transmission

- On October 28, 2015, the Minister of Energy introduced the *Energy Statute Law Amendment Act, 2015* (Bill 135).
- Bill 135 would amend the *Electricity Act, 1998* and the *Ontario Energy Board Act, 1998* to replace the current electricity planning process, known as the Integrated Power System Plan (IPSP) process with a Long Term Energy Plan (LTEP) process and to empower the Independent Electricity System Operator (IESO) to undertake competitive selection or procurement processes for electricity transmission projects when appropriate.
- The proposed legislation would enshrine this LTEP process to ensure that energy planning is done transparently and pragmatically and that future LTEPs are developed consistent with the principles of cost-effectiveness, reliability, clean energy, community and Aboriginal engagement, and emphasis on conservation and demand management.

Summary of Proposed LTEP Framework

The Long Term Energy Planning process proposed in Bill 135 would include the following elements.



Support for Open Government

- Consistent with the Open Government initiative, when developing the LTEP, a significant level of consultation would be required with relevant stakeholders, consumers and First Nation and Métis communities.
- The Minister would be obligated to consider feedback received during the consultations in developing the LTEP.
- To ensure that the public and stakeholders are able to participate in the consultation process, the proposed legislation would require consultation to occur in a number of different manners, including:
 - Posting notice of consultations and relevant information on the Environmental Registry (e.g. LTEP discussion document);
 - Scheduling in person consultation sessions; and
 - Using online and other consultation tools.
- To support the government's Open Data initiative, the proposed legislation would require the following documents be made available to the public:
 - The IESO's technical document;
 - The LTEP; and
 - Key information such as data and cost projections used in the development of the LTEP.

LTEP Development

Technical Report by the Independent Electricity System Operator

- As the first step in the LTEP process, the Minister of Energy would request that the Independent Electricity System Operator develop and submit a technical report setting out the current status of the electricity system, including the adequacy and reliability of electricity resources.
- The technical report would create a starting point for the development of the LTEP in order to guide the consultation process.
- The report would be available to the public ahead of consultations.

Creation of LTEP and Cabinet Approval

- The Ministry of Energy leads the creation of the LTEP that would set out the government's goals and objectives with respect to specified matters.
- Consistent with the government's Open Government initiative, a significant level of consultation would be required with relevant stakeholders, consumers and First Nation and Métis communities and the Minister would be required to consider feedback received during the consultations when developing the LTEP.
- The LTEP would be subject to Cabinet approval and posted on the Ministry of Energy's website.

LTEP Implementation

Lieutenant Governor in Council (LGIC) Approved Implementation Directives

- To ensure that the government's goals and expectations outlined in the LTEP are implemented, the proposed legislation includes authority for directives, approved by the Lieutenant Governor in Council, to be sent to the Independent Electricity System Operator and the Ontario Energy Board setting out the government's requirements for implementation and directing each agency to develop respective implementation plans.

Implementation Plans

- The proposed legislation includes roles for both the Independent Electricity System Operator and the Ontario Energy Board to ensure implementation of the objectives set out in the LTEP.
- Upon receiving an implementation directive, the two agencies would develop respective implementation plans outlining frameworks on how best to implement the government's objectives and requirements.

LTEP Programs and Procurements

Implementation

- Once implementation plans are approved by the Minister of Energy, the Independent Electricity System Operator and the Ontario Energy Board would move forward with procurements and the development of programs or policies as identified in their implementation plans.

Minister's Direction Making Authority

- The Minister would be authorized to issue directions to the Independent Electricity System Operator on the following matters:
 - Implementing procedures for consulting aboriginal peoples or other persons on the planning, development or procurement of electricity supply, capacity and transmission or distribution systems;
 - Establishing programs or funding to facilitate the participation and engagement of aboriginal peoples or other persons in the electricity sector; and
 - Undertaking reviews and providing information and reports to the Minister.

Transmission: Planning and Procurement

- The proposed legislation would enable the Independent Electricity System Operator, where directed, to competitively procure transmission and enter into a contract or alternatively to competitively select a transmitter that would then apply to the Ontario Energy Board for cost recovery through rates.
- This would require the Independent Electricity System Operator to develop and implement procurement processes for transmission projects as part of its LTEP implementation plan, for Minister approval.
- The proposed legislation would also amend the *Ontario Energy Board Act, 1998* to:
 - Expand the Minister's authority, subject to Cabinet approval, to direct the Ontario Energy Board with respect to transmission systems, including designating transmitters through licence amendments.
 - Ensure that only those transmitters selected through an Independent Electricity System Operator selection process could apply to the Ontario Energy Board for leave to construct the project; and
 - Allow the Ontario Energy Board to determine if a hearing for a leave to construct application is required where a transmitter has been selected as part of an Independent Electricity System Operator-led competitive procurement process.