

Remarks of Peter Fraser  
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Panel I  
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Good morning Commissioners, staff and fellow panelists. My name is Peter Fraser and I am Vice President of Industry Operations and Performance at the Ontario Energy Board (OEB), the energy regulator of the Province of Ontario, Canada. I am speaking with you this morning as a representative of the OEB. In preparing these remarks, I have consulted with representatives of Canadian regulators and governments... our so-called Federal Provincial Territorial Working Group on Electric Reliability.

On your question on the state of reliability, let me note that we have found the NERC Reliability Report useful as an assessment of reliability and key issues and I am happy to report that Canada's electric reliability appears to be well managed at this time.

In terms of reliability issues, I'd like to direct my comments at the international nature of the standards and the ERO.

The last time I spoke to you, at the Technical Conference in June of 2014, my topics were international regulatory cooperation on standards development and cooperation among Canadian reliability enforcement agencies. Today,

I'd like to discuss these in terms of progress made and areas for future focus.

Since the Commission's previous Technical Conference in 2014, NERC's Board and leadership continues to focus on ensuring the ERO is functioning effectively as an international body through a host of outreach, educational and other activities. We wish to expressly recognize the encouraging progress that has been made in this regard over the past year including the appointment of the Director of Canadian Affairs, Laura Hussey. In particular, I note that the Trilateral Reliability Working Group made of Canadian regulators, FERC and, a representative of the new Mexican regulator is a good venue for exchange of information and views and ongoing communication with NERC.

Canadian regulator and government interest in reliability continues to be very strong. This July, the focus of the annual Energy and Mines Ministers' Conference will be energy security and reliability. It will include a paper, developed by the Federal Provincial Territorial Working Group on Electricity, specifically on electricity reliability. That paper will be public after the Conference.

Also in August, NERC will be holding its Regulators' Lunch in conjunction with its meetings in Toronto. This year, there will be an afternoon program on Cyber Security, involving both Canadian authorities and NERC staff.

Over the past year, the FPT group has provided summaries of the various provincial approaches to reliability standards. These summaries are available on the NERC website to help

NERC and FERC and industry to understand the way we do things up north. Today, I can tell you that three of the Canadian provinces adopt NERC standards after they are approved by the NERC Board of Trustees. In four other provinces and the international jurisdiction, the legislation exists, similar to FERC's own legislation, for the appropriate Governmental Authority to take a positive action to adopt standards. All of these provinces have approved new and revised standards for mandatory enforcement.

Let me make it clear that those provinces have not approved all of the new standards. The Canadian regulators are as keen as industry in reaching the "steady state" of regular, periodic review of standards. The current situation of standard "churn", where a Standard Authorization Request to begin development of a new version is issued before the ink is dry on the previous version does not encourage rapid approval in those provinces, particularly where translation is involved, for highly technical and often intentionally ambiguous standards. Most recently COM-001-2 has just been approved and, based on FERC directives, COM-001-3 is already starting development.

Now, I'd like to make two comments with regard to another NERC report – "Potential Reliability Impacts of EPA's Proposed Clean Power Plant." First, the report suggests that the restrictions on coal will move those plants off baseload and lead to many early plant retirements. I would like to remind the Commissioners that Ontario has now closed all of its coal plants and has 5380 MW of wind, biomass and solar generation in a system with a peak demand of 25000 MW. Another 3000 MW are expected within the next few years. Eliminating coal while adding

intermittent renewables has been possible by making investments in new flexible generation resources (mainly natural gas), in transmission system upgrades, and by changing the rules of our electricity market to require intermittent resources – mainly wind – to be dispatched.

Second, the report assumes a 3-fold increase in imports from Canada. We have been told that the NERC report assumes existing transmission and generation including any generation additions in current utility expansion plans. Yet as Bruce Campbell of the IESO pointed out at the NERC BOT meeting, Ontario will be decommissioning or refurbishing 8500 MW of nuclear in the 2020s. It is not clear if the NERC assumptions knew this or what models they used. Going forward, it is important that NERC undertakes broad consultation before releasing a report with significant findings.

I thank the Commission for this opportunity and look forward to any questions you might have.