

Ontario Energy Board
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Commission de l'énergie de l'Ontario
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2300, rue Yonge
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NOTICE OF REQUEST FOR CONFIRMATION OF DISTRIBUTION LICENCE EXEMPTION

BOARD FILE NO. EB-2012-0423

On October 29, 2012, TransAlta Generation Partnership (“TransAlta”) filed an electricity distribution licence application under section 60 of the *Ontario Energy Board Act, 1998* (the “Act”). As part of the application, TransAlta requested that the Board first consider the threshold question as to whether TransAlta is exempt from requiring a licence as a distributor pursuant to section 4.0.1 of Ontario Regulation 161/99 (the “Regulation”). TransAlta requests the Board’s confirmation of its position that it falls under the exemption. The Board assigned file number EB-2012-0423 to this proceeding.

TransAlta owns generation facilities at its Sarnia Regional Cogeneration Plant site and proposes to construct distribution facilities to supply new and existing load at a site immediately north owned by LANXESS Inc. (“LANXESS”). TransAlta is requesting the Board’s confirmation that it is exempt from the requirement to obtain a distribution licence to supply power to existing load at the neighboring LANXESS site or any new load located at the LANXESS or the cogeneration plant sites.

Section 57 of the Act requires that any person wishing to distribute electricity must first obtain a licence to do so from the Board. This general requirement is, however, subject to certain exemptions. The exemptions are set out in the Regulation. The relevant section of the Regulation is below:

4.0.1 (1) Clause 57 (a) and sections 71, 72, 78, 80 and 86 of the Act do not apply to a distributor who distributes electricity for a price no greater than that required to recover all reasonable costs,

(a) with respect to a distribution system owned or operated by the distributor that is entirely located on land on which one or more of the following types of building or facilities is also located:

...3. An industrial, commercial or office building.

[or]

(b) with respect to a distribution system owned or operated by the distributor that is entirely located on land owned or leased by the distributor;

Background

TransAlta owns the cogeneration plant and also purchased existing generation immediately north of the plant at the LANXESS site. TransAlta has a contractual commitment to supply electricity to LANXESS. TransAlta has determined that it is more efficient to supply electricity via a new distribution voltage connection from the cogeneration plant than to supply it from the existing older generation at the LANXESS site, as the latter requires refurbishment. TransAlta also wishes to supply additional new load (to a corporate entity unrelated to TransAlta) which may be located in the future on either the LANXESS site or the site of the cogeneration plant. The ability to supply LANXESS and the new load via a distribution connection raises the question of whether a distribution licence is required under section 57 of the Act.

TransAlta states it will not charge LANXESS or the new load for the distribution of electricity. TransAlta also states that the distribution facilities will be located on land on which only industrial buildings are located.

A map and a description of TransAlta's proposal, provided by TransAlta, are attached to this Notice as Appendix A.

The Process

The Board currently intends to dispose of this proceeding without a hearing pursuant to section 21(4)(a) of the Act. If you object to a proceeding without a hearing and want to request that the Board hold a hearing in this matter, please make your request in writing to the address provided below by **April 10, 2013**.

Written requests should be sent to:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on **April 10, 2013**. They must quote file number **EB-2012-0423** and include your name, address, telephone number and, where available, your e-mail address and fax number.

Addresses

The Board:

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Attention: Board Secretary
Filings:
<https://www.pes.ontarioenergyboard.ca/eservice>
E-mail: boardsec@ontarioenergyboard.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

The Applicant:

TransAlta Generation Partnership
1741 River Road
Box 3040
Sarnia ON N7T 8H1
Attention: Peter Smith
E-Mail: peter_smith@transalta.com
Tel: 519-464-5975
Fax: 519-464-5832

The Applicant's Counsel

Norton Rose Canada LLP
Royal Bank Plaza
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Toronto, ON M5J 2Z4
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DATED at Toronto, March 21, 2013

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

TransAlta Sarnia Electricity Connection to LANXESS

Notes to accompany site plan and connection layout.

LANXESS Inc. (“LANXESS”) presently has two 13.8kV substations which serve loads on its land West of Vidal Street, identified as locations “C” and “D” on the drawing. The LANXESS 13.8kV internal distribution system is presently at, or close to, its maximum capacity and has insufficient additional capacity to supply any new loads.

Bioamber Inc. (“Bioamber”) has purchased an area of land from LANXESS and announced its intention to build a new facility on that land. Ground breaking is expected to start in the spring of 2013 with the plant commissioned late 2014 or early 2015. In addition, another company has expressed a strong desire to also locate on the LANXESS property with a proposed construction and commissioning schedule a few months later than that of Bioamber. These two potential new facilities are identified on the drawing as “Bioamber” and “New Load 2”.

Both plants also have plans for future expansion if they are successful, and both plants deem it essential to have a reliable supply of electricity to meet their initial and potential future needs. Because of the ongoing design work and process options, neither plant has been able to provide TransAlta with a firm estimate of their initial or potential future requirements but they are known to be beyond any remaining spare capacity on the LANXESS system.

To resolve this issue and provide additional capacity for future development, TransAlta has proposed building a new 13.8kV (80-100MW) substation at either location “A” or location “B” and to supply the existing LANXESS loads and the new loads with a reliable supply from its 500MW facility. The choice of where TransAlta locates the new substation and how it interconnects with and supplies the LANXESS site will depend on the result of an electrical load study which will identify the optimum location.

Both locations and both interconnect routes will be entirely on private property. Neither will cross public land.

