

Ontario Energy Board
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Rosemarie T. Leclair
Président et Directrice Générale



BY E-MAIL

April 25, 2011

Mr. Colin Andersen
Chief Executive Officer
Ontario Power Authority
120 Adelaide Street West
Ste. 1600
Toronto ON M5H 1T1

Dear Mr. Andersen:

The Board has received a letter from the Minister of Energy dated March 29, 2011 expressing an interest in having the Ontario Energy Board undertake a designation process to select the most qualified and cost-effective transmission company to develop the East-West tie line.

The Board released a policy on August 26, 2010, for transmission project development planning to accommodate the connection of renewable energy generation facilities. The policy describes a process to designate a licensed transmitter to undertake development work on any transmission network expansions or enabler lines identified by the Ontario Power Authority (the "OPA") as necessary to connect renewable generation. The designation process is intended to allow transmitters to move ahead on development work in a timely manner; to encourage new entrants to transmission in Ontario bringing additional resources for development work; and to support competition in transmission in Ontario to drive economic efficiency for the benefit of ratepayers.

The Minister suggests that the designation process outlined in the Board's August 26 2010 policy report could be used to select the most qualified and cost-effective transmission company to develop the East-West tie line. The Board agrees and is prepared to proceed with a designation process if project planning is justified. In developing the designation policy, the Board recognized the role of the OPA as the transmission planner for the province and identified an informed, effective plan from the OPA as the trigger for starting a process.

The Board understands that the OPA provided information to the Minister for the Long-Term Energy Plan supporting the need for an East-West tie line in order to maintain long-term system reliability in Northwest Ontario. The Board, therefore, requests a report from the OPA regarding the preliminary assessment of the need for an East-West tie line. The assessment should be sufficiently robust to allow the Board to determine whether the designation process should be initiated in accordance with the Board's designation policy. Final assessment of need and therefore approval to construct a line will still require a hearing before the Board for leave to construct a transmission line.

The Board expects that the OPA's report would provide information on system reliability in relation to the East-West tie line. More specifically, the report should include such technical information as:

- the line connection points to the existing system;
- any specific routing requirements besides the connection points;
- the required carrying capacity of the line;
- any technical requirements to address the system need identified above;
and
- any available information regarding benefits of the project to ratepayers.

A report from the OPA by the end of June 2011 is required in order for the Board to decide whether undertaking a designation process for the East-West tie line is justified at this time in accordance with the objectives of the Board's policy. Earlier receipt of the OPA's report would allow the Board to move ahead expeditiously.

If the Board decides to proceed with a designation process, the Board expects the OPA will participate during the planning process and the designation proceeding by providing additional information related to project requirements and need.

Yours truly,

ORIGINAL SIGNED BY

Rosemarie T. Leclair
Chair and CEO

Enclosure

cc: The Honourable Brad Duguid, Minister of Energy