



EB-2011-0140

IN THE MATTER OF sections 70, 74 and 78 of the *Ontario Energy Board Act, 1998*, S.O.1998, c.15, (Schedule B);

AND IN THE MATTER OF a Board-initiated proceeding to designate an electricity transmitter to undertake development work for a new electricity transmission line between Northeast and Northwest Ontario: the East-West Tie Line.

BEFORE: Emad Elsayed
Member

EAST-WEST TIE LINE DESIGNATION

**DECISION AND ORDER REGARDING REPORTING BY
DESIGNATED TRANSMITTER**

January 22, 2015

In its Decision and Order dated August 7, 2013, the Ontario Energy Board named Upper Canada Transmission Inc. (UCT) as the designated transmitter for development of the East-West Tie transmission line¹. In that Decision and Order, the Board amended UCT's licence to require UCT to file monthly reports with the Board on the matters listed in Schedule 3 of the licence.

In a further Decision and Order dated September 7, 2013, the Board approved the development schedule filed by UCT on August 28, 2013, and approved a Development Cost Deferral Account for UCT. The development schedule presumed that the line needed to be in service by the first half of 2018, and indicated that a Leave to Construct ("LTC") application for the transmission line would be filed by UCT on January 28, 2015. The filing date and in-service date were consistent with the information received at that time from the Ontario Power Authority (OPA) regarding the need for the line.

The OPA wrote to the Board on September 30, 2014 to recommend that the in-service date be extended to 2020, and that the development schedule be reconsidered. The Board responded by requiring UCT and the OPA to work together to develop a revised development schedule, a revised reporting schedule and a new proposed in-service date. UCT was also asked to consider the effect on development costs of the revised development schedule.

UCT provided revised development and reporting schedules by letter dated December 19, 2014. UCT's response to the Board's direction was based on the information available to UCT as of the date of the letter. UCT indicated that it would file a further update on May 15, 2015. UCT is waiting for a decision from the appropriate governmental authorities regarding access to Pukaskwa National Park so that a route traversing the park could be considered. UCT expects this decision by April 30, 2015. UCT will continue to refine the development schedule and cost estimates while awaiting the decision.

In its December 19, 2014 letter, UCT requested three rulings from the Board.

¹ UCT, while licensed under the name Upper Canada Transmission Inc., has adopted the trade name NextBridge Infrastructure.

Approval of Revised Development Schedule

UCT asked that the revised development schedule be approved by the Board, but indicated that further revisions would be included in its May 15, 2015 filing. Given the uncertainty regarding routing and access to the national park, the Board is not prepared at this time to approve the revised development schedule proposed by UCT. The Board will await further information from UCT. However, the Board does relieve UCT from compliance with the milestones that were due for completion in January of 2015². The Board also recognizes that some milestones marked as “completed” in UCT’s reports and letter will need to be revisited.

In addition to a revised and refined development schedule, the Board will require UCT to provide answers to the questions included as Appendix A to this Decision and Order. The questions are designed to assist the Board in understanding the revised development schedule. If UCT has not received a decision regarding the Pukaskwa Park access by April 30, 2015, or for some other reason requires further time to complete its revised development schedule, UCT must request an extension for the update proposed to be filed on May 15, 2015.

Approval of Frequency of Reporting

The Board’s previous decisions and UCT’s licence require UCT to file monthly progress reports on the 15th business day of each month. The Board agrees with UCT that given the anticipated extension of the development schedule, monthly reporting may be unwarranted. The Board will require UCT to report as proposed, on the 15th business day of April, July, October and January each year of the development period, beginning in April 2015.

Set Date for Disposition of the Development Cost Deferral Account

UCT asked that the Board provide that UCT may apply to the Board for disposition of the account on or after January 1, 2018, if UCT is unable to file a LTC application for the line by that date. The Board will not make such a ruling at this time. Indeed, it is not clear why a ruling allowing an application for disposition would be required as the Board has not prohibited UCT from filing such an

² Complete EA consultation report (January 27, 2015), submit EA to Ministry (January 27, 2015) and submit leave to construct (January 28, 2015).

application. The Board would make its determination on disposition should any such application be filed. The present accounting order allows UCT to continue to record costs in the account up to the date of a LTC filing, unless the Board orders otherwise. UCT has indicated it intends to bring forward a revised development budget for approval in its May 15, 2015 filing. The Board will not consider matters related to costs and the deferral account prior to receiving this filing.

Need Assessment

The OPA, now the Independent Electricity System Operator (IESO), provided to UCT a submission dated December 19, 2014, to provide context for the revised development schedule. The submission was filed with UCT's letter of the same date. The OPA continued to recommend the East-West Tie expansion as the long-term option to address supply growth in Northwest Ontario, and supported continued investment in project development work. The OPA proposed to provide need assessment updates on December 15, 2015 and December 15, 2016, as well as a letter confirming the timing for the planned LTC application. The Board finds the timing of these proposed filings to be acceptable, and will communicate with the IESO if additional filings are required.

THE BOARD THEREFORE ORDERS THAT:

1. UCT need not comply with the following milestones in the development schedule approved by the Board in its Decision and Order dated September 26, 2013:
 - Complete Environmental Assessment Consultation Report, 27 January 2015
 - Submit Environmental Assessment to Ministry of Environment, 27 January, 2015
 - Submit Leave to Construct (LTC) application, 28 January, 2015
2. The Licence of UCT is amended to delete paragraphs 1 and 2 of Schedule 3.
3. The Board varies the reporting requirements set out in its decisions of August 7, 2013 and September 26, 2013 as follows:

UCT is required to report to the Board quarterly on the 15th business day of April, July, October and January, beginning in April 2015, on the following matters:

- i. Overall project progress: An executive summary of work progress, cost and schedule status, and any emerging issues/risks and proposed mitigation.
 - ii. Cost: Actual cost and cost variance relative to the original project budget, as well as an updated budget forecast projected out to a leave to construct application. A description of the reasons for any projected variances and mitigating measures should be provided. The report must also indicate the percentage of budgeted development costs spent as at the time of the report.
 - iii. Schedule: The milestones completed and the status of milestones in-progress. For milestones that are overdue or delayed, the reasons for the delay, the magnitude and impact of the delay on the broader development schedule and cost, and any mitigating steps that have or will be taken to complete the task.
 - iv. Risks and Issues Log: An assessment of the risks and issues, potential impact on schedule, cost or scope, as well as potential options for mitigating or eliminating the risk or issue.
3. UCT shall advise the Board immediately of any change to its governance, or any change in its financial status, that adversely affects or is likely to adversely affect the completion of the East-West Tie line.
 4. As part of its further response to be filed with the Board, UCT shall provide answers to the questions in Appendix A to this Decision and Order.
 5. The IESO shall provide updates regarding the need for the East-West Tie expansion on December 15, 2015 and December 15, 2016, and at such other times as may be required by the Board. The IESO will also provide a letter to the Board at the appropriate time confirming the timing of the LTC application.

DATED at Toronto, January 22, 2015

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A - Information Required

At the time of UCT's further response to the Board regarding the revised development schedule and reporting for the East-West Tie expansion project, UCT must provide the following information:

1. Please confirm that the revised development schedule is consistent with advice received from the IESO.
2. For each new activity in the revised development schedule, please provide an explanation as to why this activity was not included in the original development schedule, but is now required.
3. Please indicate which of the new activities, if any, were originally included in the construction phase of the project and the reason for shifting such activity to the development phase.
4. Please indicate which, if any, of the new activities are related to the consideration of a route for the line through Pukaskwa National Park.
5. For those activities previously indicated as "Completed", please describe what new work needs to be done and why.
6. If UCT chooses to seek approval for recovery of development costs in addition to those included in the Board-approved development cost budget, please:
 - Break down the incremental development costs by activity
 - Provide an explanation for the need for the incremental development costs
 - Indicate whether the incremental development costs were originally included in the budget for the construction phase of the project.