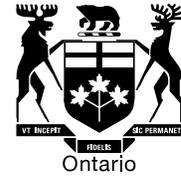


Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Rosemarie T. Leclair
Chair & CEO

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273

Rosemarie T. Leclair
Présidente et Directrice Générale



BY E-MAIL AND WEB POSTING

September 1, 2016

Mr. Bruce Campbell
President & Chief Executive Officer
Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Dear Mr. Campbell,

In a letter dated July 29, 2016, the Minister of Energy informed the Ontario Energy Board (OEB) that under the authority of section 96.1(1) of the *Ontario Energy Board Act, 1998* (OEB Act) the Lieutenant Governor in Council had made an order identifying as priority projects the construction of electricity transmission lines to Pickle Lake and extending north from Red Lake and Pickle Lake to facilitate the connection of certain named remote communities to the provincial electricity grid. The Order in Council is dated July 20, 2016.

Under cover of a second letter also dated July 29, 2016, the Minister of Energy provided the OEB with a Directive issued under section 28.6.1 of the OEB Act and approved by the Lieutenant Governor in Council requiring the OEB to amend the transmission licence issued to Wataynikaneyap Power LP to require it to develop and seek approvals for a) the construction of a new 230 kV line to Pickle Lake (the Pickle Lake project) and b) the construction of transmission lines extending north from Red Lake and Pickle Lake required to connect certain named remote First Nation communities to the provincial electricity grid (the Transmission Extension projects).

As noted in the Minister's Directive, the development of the Pickle Lake project shall be in accordance with the scope recommended by the Independent Electricity System Operator (IESO) and the development of the Transmission Extension project shall be in accordance with the scope supported by the IESO.

Given the Minister's requirement, the OEB requests a report from the IESO that details both its recommended scope for the Pickle Lake project as well as the IESO-supported scope for the Transmission Extension projects.

By reason of section 96.1 of the OEB Act, the OEB will not undertake a "needs" assessment as part of a leave to construct review of the transmission lines comprising the Pickle Lake project and the Transmission Extension projects. I would ask that the preparation of the IESO's report take into account that, although the OEB will not be assessing "need" for the project, it will still examine cost related issues as it conducts its leave to construct review, and in doing so will consider the interests of consumers with respect to price, reliability and quality of service. The OEB would also appreciate any input from the IESO that will aid in the OEB's determination of reporting requirements that may be appropriate for Wataynikaneyap Power LP with respect to budget, timing, and risks in relation to the projects in question.

It is the OEB's expectation that, when the time comes, the IESO will participate in the OEB's leave to construct process(es) relating to the Pickle Lake project and the Transmission Extension projects, and may be required to provide additional information at that time.

Please advise the OEB by September 9, 2016 of when the IESO expects to be in a position to provide its report. The OEB is aware that the IESO has already produced reports and analysis on regional electricity system needs in Northwestern Ontario, including planning for the connection of remote communities. If planning for certain projects, such as the Pickle Lake project, is further advanced relative to the planning for others, the OEB will accept the report in phases so that information that is available is provided in a timely manner. If the IESO adopts this approach, its first report should include a planned schedule for subsequent updates.

The Minister's letters, the Orders in Council and the Minister's Directive will be posted shortly on the OEB's website.

Yours truly,

Original signed by

Rosemarie T. Leclair
Chair & CEO