

ONTARIO ENERGY BOARD

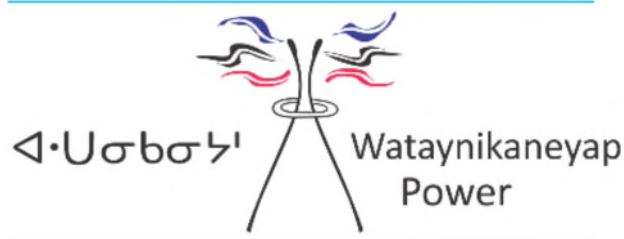
IN THE MATTER OF the *Ontario Energy Board Act, 1998*, C.S.O. 1998, c.15 (Sched. B); pursuant to section 92 of the *Ontario Energy Board Act*.

AND IN THE MATTER OF an Application by Wataynikaneyap Power GP Inc. on behalf of Wataynikaneyap Power LP, for an Order or Orders to establish a deferral account, for the purposes of recording certain costs relating to development of the Wataynikaneyap Transmission Project.

WATAYNIKANEYAP POWER LP

**Semi-Annual Report on CWIP Account
and Backup Supply Arrangements**

October 15, 2019



1. Executive Summary

Introduction

On April 1, 2019, the OEB issued a Decision and Order in EB-2018-0190 (the “Decision”), granting Wataynikaneyap Power LP (“WPLP”) leave to construct certain transmission lines and related facilities, as well as approving certain code exemptions and a cost recovery and rate framework.¹ The Decision directs WPLP to use CWIP Account 2055 to record construction costs and approved WPLP’s request to transfer the balances from its development costs deferral account to the CWIP account. In addition, the Decision establishes, as a condition of approval, that WPLP must provide the OEB with semi-annual updates on the CWIP account, as well as on the progress of backup supply arrangements for the connecting communities, with the first such report being due on October 15, 2019 and subsequent reports being required every April 15 and October 15. Reporting on the CWIP account is required until all costs related to initial construction of the transmission system are cleared from the CWIP account² and reporting on backup power is required until arrangements have been fully implemented for all connecting communities. Moreover, those reports are to be based on December 31 and June 30 cut-offs for financials, and March 31 and September 30 cut-offs for project activities.

The reports are intended to address the requirements reflected in the Decision by reporting on each of the following:

- CWIP Account – Account balances, forecasts and explanations of variances; details of government funding received
- Backup Supply Arrangements – Summary of progress, key issues and risks, and details of arrangements and timing for each community

CWIP Account

In addition to the transfer of \$69 million in development costs to March 31, 2019, WPLP has spent approximately \$3.4 million in pre-construction costs from April 1, 2019 to June 30, 2019, resulting in a CWIP account balance of approximately \$72.45 million. Section 2.1 provides details of development and preconstruction spending to date and forecasted preconstruction costs up to financial close, which is expected to occur by October 31, 2019.

On September 10, 2019, WPLP announced that it awarded its EPC contract to Valard LP, subject to financial close and notice to proceed. As a result of completing the EPC contract award, WPLP has been able to update and refine its project cost estimates. A variance analysis between the cost estimate presented in EB-2018-0190 and WPLP’s updated estimate is presented in Section 2.2.

¹ The OEB revised its Decision and Order on April 29, 2019 to distinguish the CWIP interest rates applicable to debt incurred on an arm’s length basis vs debt incurred on a non-arm’s length basis in paragraph 7 of the Order section.

² The Decision states “until the CWIP account is terminated” (Schedule B, Condition 4). WPLP’s interpretation is that in directing WPLP to use CWIP Account 2055 instead of establishing a CWIP deferral account, the CWIP account will not be “terminated”, and the intent of this requirement is to apply the reporting requirement until CWIP balances related to initial construction have been transferred from CWIP Account 2055 to in-service assets.

Consistent with WPLP's development costs deferral account reporting, this report contains details of government funding received by WPLP (see Sections 2.3 and 2.4) and details of carrying charges recorded in accordance with the decisions in EB-2016-0262 and EB-2018-0190 (see Section 2.5).

Backup Supply Arrangements

The Decision requires WPLP's reporting with respect to backup supply arrangements to provide an understanding of whether backup supply is likely to be available when, where and in the amount required, specifically in relation to the forecasted grid-connection date for each community.

As described in Section 3.1, the Backup Power Implementation Plan is currently under development, with a target of Spring 2020 to finalize the plan. Section 3.2 addresses the key issues and risks in relation to finalizing the Backup Power Implementation Plan, including with respect to timing in relation to grid-connection dates. Section 3.3 outlines the information that will be provide upon finalizing the implementation plan.

2. CWIP Account

2.1 Transfer of Development Costs

The table below describes the transfer of development costs before any third-party funding as the opening balance of the CWIP account per the Decision as well as a forecast of preconstruction costs until financial close occurs, which is expected by October 31, 2019. Preconstruction costs are grouped in the same categories as the sub-accounts established in EB-2016-0262 for consistency in reporting and comparison. These preconstruction costs are aggregated into fewer categories for the project cost forecast presented in Section 2.2.

Wataynikaneyap Power LP (WPLP)
Preconstruction Spending for the Project
For the Reporting Period - April 1, 2019 to June 30, 2019

Sub-account	Project Cost Category	March 31, 2019 Deferral Costs from EB-2016-0262*	Period Spend	Total Spend as at Reporting Date	Current Forecast Preconstruction Costs**
1	Engineering, design and procurement activity costs	\$ 10,623,959	\$ 769,423	\$ 11,393,382	\$ 13,261,041
2	Permitting and licensing costs	\$ 2,307,767	\$ 453,984	\$ 2,761,751	\$ 3,525,647
3	Environmental and regulatory approvals costs, including costs of mitigating project impacts	\$ 12,551,266	\$ 232,939	\$ 12,784,205	\$ 13,060,052
4	Land rights acquisition costs and landowner engagement/negotiation costs (excluding Aboriginal Engagement costs)	\$ 473,838	\$ 60,183	\$ 534,021	\$ 1,596,240
5	Aboriginal engagement and communication	\$ 7,995,746	\$ 687,783	\$ 8,683,529	\$ 9,871,032
6	Community and other stakeholder engagement costs (excluding landowner and Aboriginal engagement costs)	\$ 2,665,397	\$ 141,592	\$ 2,806,989	\$ 2,807,987
7	Costs for regulatory activities and filings, including legal support	\$ 2,486,156	\$ 16,873	\$ 2,503,029	\$ 2,777,164
8	Interconnection study costs	\$ 125,742	\$ -	\$ 125,742	\$ 125,742
9	Accounting, administration and project management costs	\$ 18,762,125	\$ 435,609	\$ 19,197,734	\$ 19,755,639

Wataynikaneyap Power LP (WPLP)
Preconstruction Spending for the Project
For the Reporting Period - April 1, 2019 to June 30, 2019

Sub-account	Project Cost Category	March 31, 2019 Deferral Costs from EB-2016-0262*	Period Spend	Total Spend as at Reporting Date	Current Forecast Preconstruction Costs**
10	Aboriginal land-related costs	\$ 1,270,142	\$ 17,415	\$ 1,287,557	\$ 1,270,142
11	Aboriginal participation, mitigation of project impact and local distribution planning	\$ 9,273,951	\$ 622,705	\$ 9,896,656	\$ 11,159,120
12	Contingency costs incurred in excess of budgeted costs	\$ -	\$ -	\$ -	\$ -
13	Development activity costs not reflected in other sub-accounts	\$ 475,864	\$ -	\$ 475,864	\$ 475,864
14	Start-up costs (partnership formation)	\$ -	\$ -	\$ -	\$ -
Grand Total		\$ 69,011,953	\$ 3,438,506	\$ 72,450,459	\$ 79,685,670

* Amount has been adjusted to remove the costs denied per the OEB Decision and Order in EB-2016-0262

** As of April 1, WPLP's deferral account ended and has entered pre-construction. Pre-construction reflects both development costs and pre-construction costs, however construction costs have not been reported in the current forecast. Updated costs will be reflected in the April 15, 2020 report per the OEB decision and order EB-2018-0190. The current forecast reflects expected costs up to financial close of the project.

2.2 Construction Cost Forecasts and Variances

The table below provides a comparison between the project costs considered in the Leave to Construct approval and WPLP's current estimate based on its completed EPC contract. In future semi-annual reports, the current estimate will serve as the baseline for variance analysis.

Wataynikaneyap Power LP (WPLP)
Project Cost Forecast
For the Reporting Period - April 1, 2019 to June 30, 2019

	Estimate Project Costs EB-2018-0190	Current Estimate based on EPC results	Variance between EB- 2018-0190 estimate and current estimate	Variance Analysis
EPC Contract - Transmission Line Facilities - Line to Pickle Lake	\$ 219,210,000	\$ 213,126,464	\$ 6,083,536	<p>Based on awarding of EPC contract the current estimate reflects agreed upon contract value for the Line to Pickle Lake (LTPL) and the Remote Connection Lines (RCL).</p> <p>As indicated in EB-2018-0190, WPLP's initial transmission line and substation estimates were based on cost information gathered from a variety of sources, adjusted in consideration of constructability, including the impact factors related to the remoteness and accessibility of the project location.*The results of WPLP's competitive EPC process indicate that these estimates were highly accurate for the LTPL, but not as accurate for the RCL. The constructability adjustments made in WPLP's LTC estimate reflected increasing adjustment factors moving from the southern to northern limits of the project, with similar factors applied to line segments and substations located in the same general area. Analysis of EPC costs shows that:</p> <p>(i) there is less variation in cost than anticipated between southern and northern portions of the project (i.e. WPLP's adjustment factors for southern line segments were too low);</p> <p>(ii) there is more variation than anticipated between cost per km between the area north of Pickle Lake and the area north of Red Lake (i.e. WPLP's adjustment factors for line segments north of Red Lake were too low);</p> <p>(iii) on a percentage basis, the variance for substations was significantly higher than the variance for transmission lines (i.e. WPLP's factors for stations should have been significantly higher than its adjustment factors for line segments); and</p> <p>(iv) there was less variation than anticipated across voltage levels (i.e. WPLP's 25 kV and 44 kV base cost per km estimates should have been closer to its 115 kV cost per km estimates)</p>
EPC Contract - Transmission Line Facilities - Remote Connection Lines	\$ 653,868,000	\$ 889,935,766	-\$ 236,067,766	
EPC Contract - Station Facilities - Line to Pickle Lake	\$ 32,091,000	\$ 36,234,762	-\$ 4,143,762	
EPC Contract -Station Facilities - Remote Connection Lines	\$ 165,575,000	\$ 293,482,233	-\$ 127,907,233	

Wataynikaneyap Power LP (WPLP)
Project Cost Forecast
For the Reporting Period - April 1, 2019 to June 30, 2019

	Estimate Project Costs EB-2018-0190	Current Estimate based on EPC results	Variance between EB- 2018-0190 estimate and current estimate	Variance Analysis
Other Infrastructure	\$ -	\$ 36,750,000	-\$ 36,750,000	Costs estimates associated with infrastructure beyond the scope of Section 92 of the OEB Act, such as fleet, operating centres and business systems, were not included in EB-2018-0190, but will be included in WPLP's first rate application. These costs are outside of the EPC contract.**
HONI Interconnection	\$ -	\$ 5,913,000	-\$ 5,913,000	WPLP retained allowance for incremental costs associated with the connection of WPLP facilities to HONI facilities outside of the connection costs HONI is applying to recover through rate base application.
Engineering, Design, Project/Construction Management & Procurement	\$ 90,357,000	\$ 134,274,841	-\$ 43,917,841	Current estimate includes \$18M and \$2M in insurance costs and stumpage costs respectively, which were previously forecasted under the EPC contract. Services previously budgeted for under Aboriginal engagement are being provided for under project management.
Environmental Assessments, Routing, Permitting, Regulatory & Legal	\$ 22,507,000	\$ 28,302,009	-\$ 5,795,009	Refinement of regulatory and permitting strategy and associated cost estimates.
Land Rights	\$ 23,190,000	\$ 13,810,316	\$ 9,379,684	Previous estimate included survey costs that are now included in the above EPC costs for Transmission line facilities to both Pickle Lake and Remote Connections.
Aboriginal Engagement, Stakeholder Consultation, Participation and Training	\$ 52,313,000	\$ 36,012,877	\$ 16,300,123	Services are being provided under project management which were previously estimated under consultants.
Contingency	\$ 252,400,000	\$ 145,543,622	\$ 106,856,378	Current estimate is based on Owner Engineer analysis of quantitative risks towards the owner of the project. Reduction in contingency reflects increased price certainty resulting from completion of EPC process.
Costs before AFUDC	\$ 1,511,511,000	\$ 1,833,385,890	-\$ 321,874,890	
Capitalized Interest	\$ 137,120,000	\$ 55,853,471	\$ 81,266,529	WPLP initial estimate in LTC assumed a higher interest rate by 0.5% and the in-service date for RCL was originally forecasted at the end of 2023. Current estimate based on financial modelling completed for financial close assumes multiple in-service dates for RCL based on regulatory strategy and awarded EPC contract.
Total Project Costs	\$ 1,648,631,000	\$ 1,889,239,361	-\$ 240,608,361	

* EB-2018-0190; Exh. C-8-1; pp. 2-3

** EB-2018-0190; Response to Board Staff Supplemental IR C-Staff-65

2.3 Government Funding Received

The following table provides a summary of funding received to date by WPLP's majority partner FNLP (including its predecessor Central Corridor Energy Group (CCEG)) and its indirect subsidiary OSLP for preconstruction activity related to the project. The dates on which project preconstruction costs and related funding are recorded by WPLP are summarized in Section 2.4.

First Nations Partnership - Government Funding
For the Reporting Period - April 1, 2019 to June 30, 2019

Funding Received Prior to this Reporting Period

#	Source	Entity Receiving Funding	Type	Program	Activity	Prescribed Restrictions	Total New Funding Received from Source*	Funding Expended on Regulatory Assets within Watay LP**
1	Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Strategic Partnerships Initiative	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 2,259,069	\$ 1,914,617
2	Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Build Canada Fund (BCF)	Aboriginal Engagement	Subject to the terms of the funding agreement	\$ 1,000,000	\$ 1,000,000
3	Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Community Opportunities Readiness Program (CORP)	Environmental Assessment	Subject to the terms of the funding agreement	\$ 923,744	\$ 923,806
4	Indigenous and Northern Affairs Canada (INAC)	Central Corridor Energy Group (CCEG)	Federal	Strategic Partnerships Initiative	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 1,310,689	\$ 1,310,689
5	Indigenous and Northern Affairs Canada (INAC)	Central Corridor Energy Group (CCEG)	Federal	Strategic Partnerships Initiative	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 875,000	\$ 875,000
6	Indigenous and Northern Affairs Canada (INAC)	Central Corridor Energy Group (CCEG)	Federal	Regional Program Funds	Aboriginal Engagement / Participation	Subject to the terms of the funding agreement	\$ 1,400,000	\$ 1,400,000
7	Indigenous and Northern Affairs Canada (INAC)	Central Corridor Energy Group (CCEG)	Federal	Strategic Partnerships Initiative	Aboriginal Engagement / Participation	Subject to the terms of the funding agreement	\$ 1,155,908	\$ 1,155,908
8	Indigenous and Northern Affairs Canada (INAC)	Central Corridor Energy Group (CCEG)	Federal	Lands and Economic Development Services Program	Aboriginal Engagement / Participation	Subject to the terms of the funding agreement	\$ 100,000	\$ 100,000

First Nations Partnership - Government Funding
For the Reporting Period - April 1, 2019 to June 30, 2019

Funding Received Prior to this Reporting Period

#	Source	Entity Receiving Funding	Type	Program	Activity	Prescribed Restrictions	Total New Funding Received from Source*	Funding Expended on Regulatory Assets within Watay LP**
9	FedNor	Central Corridor Energy Group (CCEG)	Federal	N/A	Aboriginal Engagement / Participation	Subject to the terms of the funding agreement	\$ 430,011	\$ 430,011
10	Independent Electricity System Operator (IESO)	Opiikapawiin Services LP (OSLP)	Provincial	Education & Capacity Building Program	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 162,875	\$ 87,617
11	Northern Ontario Heritage Fund Corporation (NOHFC)	Central Corridor Energy Group (CCEG)	Provincial	N/A	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 50,000	\$ 50,000
12	Ministry of Energy	Central Corridor Energy Group (CCEG)	Provincial	N/A	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 139,941	\$ 139,941
13	Ministry of Energy	Central Corridor Energy Group (CCEG)	Provincial	N/A	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 26,704	\$ 26,704
14	Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Strategic Partnerships Initiative	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 201,548	\$ 108,683
15	Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Build Canada Fund (BCF) ***	Aboriginal Engagement	Subject to the terms of the funding agreement	\$ 1,790,000	\$ 1,284,400
16	Independent Electricity System Operator (IESO)	Opiikapawiin Services LP (OSLP)	Provincial	Education & Capacity Building Program	Aboriginal Participation	Subject to the terms of the funding agreement	"Program previously recorded, balance moved to line 10"	N/A
17	Employment and Social Development Canada (ESDC)	Opiikapawiin Services LP (OSLP)	Federal	Aboriginal Skills & Partnership Fund (SPF)	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 1,276,283	\$ 838,184
18	Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Build Canada Fund (BCF) - Relates to item 15 above	Aboriginal Engagement	Subject to the terms of the funding agreement	"Program previously recorded, balance moved to line 15"	N/A
19	Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Strategic Partnerships Initiative	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 403,095	\$ 91,317

First Nations Partnership - Government Funding
For the Reporting Period - April 1, 2019 to June 30, 2019

Funding Received Prior to this Reporting Period

#	Source	Entity Receiving Funding	Type	Program	Activity	Prescribed Restrictions	Total New Funding Received from Source*	Funding Expended on Regulatory Assets within Watay LP**
20	Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Community Opportunities Readiness Program (CORP) - Relates to item 3 above	Environmental Assessment	Subject to the terms of the funding agreement	"Program previously recorded, balance moved to line 3"	N/A
21	Independent Electricity System Operator (IESO)	Opiikapawiin Services LP (OSLP)	Provincial	Education & Capacity Building Program - Relates to item 10 above	Aboriginal Participation	Subject to the terms of the funding agreement	"Program previously recorded, balance moved to line 10"	N/A
22	Employment and Social Development Canada (ESDC)	Opiikapawiin Services LP (OSLP)	Federal	Aboriginal Skills & Partnership Fund (SPF) - Relates to item 17 above	Aboriginal Participation	Subject to the terms of the funding agreement	"Program previously recorded, balance moved to line 17"	N/A
23	Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Strategic Partnerships Initiative	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 565,232	\$ 83,654
24	Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Build Canada Fund (BCF) - Relates to item 15 above	Aboriginal Engagement	Subject to the terms of the funding agreement	"Program previously recorded, balance moved to line 15"	N/A
25	Employment and Social Development Canada (ESDC)	Opiikapawiin Services LP (OSLP)	Federal	Aboriginal Skills & Partnership Fund (SPF) - Relates to item 17 above	Aboriginal Participation	Subject to the terms of the funding agreement	"Program previously recorded, balance moved to line 17"	N/A
26	Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Strategic Partnerships Initiative	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 690,836	\$ 100,523
27	Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Build Canada Fund (BCF) - Relates to item 15 above****	Aboriginal Engagement	Subject to the terms of the funding agreement	"Program previously recorded, balance moved to line 15"	N/A
28	Employment and Social Development Canada (ESDC)	Opiikapawiin Services LP (OSLP)	Federal	Aboriginal Skills & Partnership Fund (SPF) - Relates to item 17 above	Aboriginal Participation	Subject to the terms of the funding agreement	"Program previously recorded, balance moved to line 17"	N/A
Total							\$ 14,760,934	\$ 11,921,053

First Nations Partnership - Government Funding
For the Reporting Period - April 1, 2019 to June 30, 2019

Funding Received During the Reporting Period

#	Source	Entity Receiving Funding	Type	Program	Activity	Prescribed Restrictions	Total New Funding Received from Source***	Funding Expended on Regulatory Assets within Watay LP**
29	Employment and Social Development Canada (ESDC)	Opiikapawiin Services LP (OSLP)	Federal	Aboriginal Skills & Partnership Fund (SPF) - Relates to item 17 above	Aboriginal Participation	Subject to the terms of the funding agreement	\$ -	\$ 170,628
Total							\$ -	\$ 170,628

Summary of Funding Requests	Amount Expended on Regulatory Assets within Watay LP	
	Amount Approved	
Historical Funding Received for development deferral account	\$ 14,760,934	\$ 11,921,053
Funding Received in the Preconstruction Period	\$ -	\$ 170,628
Total	\$ 14,760,934	\$ 12,091,681

*Third party funding received to fund start up and pre November 2010 costs have not been included as the corresponding costs have been denied pursuant to OEB Decision and Order EB-2016-0262

** Funding expended on regulatory assets not recorded until invoiced to Wataynikaneyap Power LP.

***Funding from this source was approved for \$990,000, however the amount was received subsequent to previous reporting date, September 30, 2018.

****New funding received can be a continuation of a previously recorded program that had a balance expended prior to receipt of funding.

2.4 Funding Dates

Wataynikaneyap Power LP (WPLP)
First Nations Partnership - Government Funding Date Invoiced
For the Reporting Period - April 1, 2019 to June 30, 2019

Funding Received and Invoiced Prior to this Reporting Period

Date Invoiced	Amount
August 31, 2015	\$ 4,536,986
December 31, 2015	\$ 467,824
March 31, 2016	\$ 483,443
December 31, 2016	\$ 1,223,205
March 31, 2017	\$ 2,124,486
September 30, 2017	\$ 482,523
December 31, 2017	\$ 868,872
March 31, 2018	\$ 223,726
September 30, 2018	\$ 1,068,406
December 31, 2018	\$ 219,540
March 31, 2019	\$ 222,043
Total	\$ 11,921,053

Funding Received and Invoiced During the Reporting Period

Date Invoiced	Amount
June 30, 2019	\$ 170,628
Total	\$ 170,628

Summary of Funding Received and Invoiced	
Total Historical Funds Received and Invoiced	\$ 11,921,053
Current Period Funds Received and Invoiced	\$ 170,628
Total Funds Received and Invoiced	\$ 12,091,681
Total Funds per Government Funding Report	\$ 12,091,681

Note: Government funding is received by either FNLP or OSLP. The costs and related funding are not recorded in WPLP until invoiced by FNLP.

2.5 Carrying Charges

Wataynikaneyap Power LP (WPLP)
Account Interest
For the Reporting Period - April 1, 2019 to June 30, 2019

	<i>As at</i> <u>31-Mar-19</u>	<i>Additions</i> <u>04 2019 - 06 2019</u>	<i>As at</i> <u>30-Jun-19</u>
Carrying Charge Interest Income	\$2,015,112	\$0	\$2,015,112
Carrying Charge Interest Expense	(\$582,107)	\$0	(\$582,107)
Carrying Charges on Construction Costs	\$1,433,004	\$0	\$1,433,004

3. Backup Power

3.1 Progress Update

In response to interrogatories in EB-2018-0190, WPLP informed the Board that as part of finalizing the definitive documents for the Government Funding Framework, Canada, Ontario, WPLP and First Nation LP agreed to enter into a Parallel Process Agreement which outlines the process for addressing backup power needs.³ This Parallel Process Agreement was executed on July 3, 2019.

As contemplated in the Parallel Process Agreement, Indigenous Services Canada and First Nation LP have formed a Backup Power Working Group to develop a backup power plan and to secure related funding and operational commitments for the Connecting Communities that can be implemented prior to grid connection. The Backup Power Working Group has been engaging with the Connecting Communities, and has involved other stakeholders in the discussions, including Hydro One Remote Communities (H1RCI) and the Ministry of Energy, Northern Development and Mines.

Building on work completed in 2018, H1RCI is preparing an updated report outlining their requirements for backup power in all the Connecting Communities. The updated H1RCI report is expected to be completed by the end of 2019. After receiving the updated H1RCI report, the Backup Power Working Group will develop a draft Implementation Plan, which will be presented to the Connecting Communities and stakeholders. The Backup Power Working Group expects to have a final Backup Power Implementation Plan by approximately Spring 2020.

3.2 Key Issues and Risks

The issues and risks discussed in the table below are limited to those associated with the development of the Backup Power Implementation Plan as discussed in Section 3.1, as well as the timing for completing this plan in relation to the in-service dates for the Connecting Communities. Once the implementation plan is finalized, the table will be updated in future reports to focus on any key issues and risks associated with the execution of that plan.

³ EB-2018-0190; Response to Board Staff Supplemental IR 67

Development of Backup Power Implementation Plan – Issues and Risks				
<i>Item</i>	<i>Description</i>	<i>Impact</i>	<i>Actions/Mitigation</i>	<i>Requirement to Remove Risk</i>
1.	<p>Connecting Community Support In order for backup power solutions to be accepted by each Connecting Community, there must be meaningful dialog and engagement with respect to any inputs, assumptions, standards and costs underpinning the H1RCI report, as well as any potential community impacts resulting from the proposed solution.</p>	<p>Failure to secure community acceptance of backup power solutions could delay or prevent finalization of the Backup Power Implementation Plan.</p>	<ul style="list-style-type: none"> - Early and ongoing engagement with the Connecting Communities specifically focused on backup power requirements and solutions - First Nation LP is a party to the Parallel Process Agreement, and a member of the Backup Power Working Group - Terms of Reference for the Backup Power Working Group indicate intent to secure support letters from each Connecting Community 	<ul style="list-style-type: none"> - Finalize Backup Power Implementation Plan - Band Council Resolutions supporting the Backup Power Implementation Plan
2.	<p>Stakeholder Support & Commitments In addition to connecting community support, the proposed backup power solution for each community must have commitments from relevant stakeholders with respect to any required upfront investments, ongoing operational responsibilities, and cost responsibility for future operation and capital reinvestment.</p>	<p>Failure to secure funding and operational commitments for the preferred backup power solution could delay or prevent finalization of the Backup Power Implementation Plan.</p>	<ul style="list-style-type: none"> - Canada is a party to the Parallel Process Agreement, and Indigenous Services Canada is a member of the Backup Power Working Group - Early and ongoing discussion with H1RCI - H1RCI engaged to complete 2018 Backup Power Report and to prepare updated report for the working group by year end 2019 	<ul style="list-style-type: none"> - Finalize Backup Power Implementation Plan - Contractual arrangements related to Backup Power
3.	<p>Timing The Backup Power Implementation Plan should be finalized with sufficient lead time to allow for any upfront investments and system modifications to be completed prior to the grid-connection date for each Connecting Community.</p>	<p>Delays in finalizing the Backup Power Implementation Plan and/or implementing the preferred backup power solutions could result in delays to grid-connection for the Connecting Communities or reliability impacts following connection.</p>	<ul style="list-style-type: none"> - Target date for finalizing the Backup Power Implementation Plan is more than one year ahead of the earliest in-service dates for community connections - Coordination of schedules between WPLP Project Management group and Backup Power Working Group to prioritize backup power solutions based on grid-connection timelines and lead times for backup power solutions - Backup Power Working Group meets regularly to discuss scheduling and target dates 	<ul style="list-style-type: none"> - Finalize Backup Power Implementation Plan by Spring 2020.

3.3 Backup Power Solutions and Forecasted Dates by Community

As discussed in Section 3.1, WPLP expects that a Backup Power Implementation Plan will be finalized by spring 2020. It is therefore premature to provide details of the specific solutions and associated dates for each community. In future reports, upon finalizing the implementation plan, the table below will be populated with the relevant data.

Backup Power Implementation Plan – Summary by Community						
<i>Community</i>	<i>Backup Power Solution(s)</i>	<i>Capacity</i>	<i>Modifications Required</i>	<i>Target date for backup power</i>	<i>Target date for grid-connection</i>	<i>Mitigation (if dates don't align)</i>
	e.g. Use existing DGS Assets	e.g. Full-backup, possible load reductions, critical facilities only, etc.	e.g. building heating retrofits, engine block heaters, programming changes, etc.			