



EB-2007-0006

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S. O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an application by Kruger
Energy Port Alma Limited Partnership for an Order
granting leave to construct transmission facilities near the
Town of Merlin in the Municipality of Chatham-Kent.

BEFORE:

Cynthia Chaplin
Presiding Member

Pamela Nowina
Member and Vice Chair

Bill Rupert
Member

DECISION AND ORDER

Application and Proceeding

Kruger Energy Port Alma Limited Partnership (the “Applicant” or “KEPA”) filed an application with the Ontario Energy Board (the “Board”) dated January 12, 2007, under section 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the “Act”). The application was revised on February 2, 2007. The Applicant applied for an order of the Board for leave to construct approximately 12 kilometres of 230 Kilovolt (“kV”) single circuit overhead electricity transmission line between the KEPA Transformer Station (“TS”), to be located about 6 km west of the town of Merlin, to a new switching station, KEPA Junction Station (“JS”), about 24 km west of Chatham, between Chatham TS and Lauzon TS. At KEPA JS the proposed transmission line will connect with existing Hydro One Networks Inc (“HONI”) 230kV transmission lines C23Z

or C24Z. The construction of the associated facilities, KEPA TS and KEPA JS, is part of the application.

The Board assigned File No. EB-2007-0006 to this application and issued a Notice of Application dated February 22, 2007. KEPA served and published the Notice as directed by the Board. In the Notice of Application the Board indicated that it would hold either a written or an oral hearing and asked that each party to the application indicate its preference.

There were two intervenors: the Independent Electricity System Operator (“IESO”) and HONI. Neither party requested nor is either eligible for costs. The Board proceeded by way of a written hearing.

The Board issued Procedural Order No. 1 on March 27, 2007, making provision for interrogatories to be submitted by March 29, 2007, responses to be provided by April 13, 2007, and for submissions to be made by April 20, 2007, with reply submissions by April 27, 2007. Interrogatories were filed by Board staff and responses were received by the specified date. The IESO made a submission in support of the application. KEPA made no further submissions.

Evidence and Board Findings

Project Need

KEPA’s evidence indicated that it was a successful proponent in the Ontario Government’s June 17, 2005 “Request for Proposal for 1000 MW of Renewable Energy” and that it has entered into a 20-year supply contract with the Ontario Power Authority to construct and operate a 101 MW wind farm. The transmission line is needed to connect the generation facilities with the HONI transmission grid.

The Board is satisfied that the need for the transmission line and related facilities is established.

System Impact Assessment and Customer Impact Assessment

A preliminary IESO System Impact Assessment (“SIA”) for this project was included in the pre-filed evidence and a final report dated April 20, 2007 was later provided. The report concludes that the proposed project will have no negative effect on the reliability

of the grid, and also that measures must be taken to mitigate generator and connection inadequacies. The SIA includes a number of detailed recommendations and technical requirements. The recommendations relate to protection settings and information which is to be submitted. The requirements relate to the Var capability and the connection impedance of the machine and/or step-up transformer. The IESO has imposed an output restriction (limiting aggregate output to 98 MW, down from the initial 101 MW), a modification of the generator transformer step-up ratio, and the addition of static compensation to the collector bus. Further requirements relate to operational matters, settings on equipment and tests to verify equipment capability and facilities. The Applicant has committed to meeting all requirements and recommendations contained in the SIA.

The Applicant also filed a Customer Impact Assessment ("CIA") dated December 18, 2006, prepared by HONI. In this CIA, HONI confirms the IESO concerns in regard to Var requirements and operating voltage of the equipment. HONI confirms that short circuit level increases are minimal and voltage performance is satisfactory when appropriate restrictions are applied. HONI states that the project must meet ride-through capabilities and must allow for a start-up and shut-down sequencing. KEPA has committed to meeting all requirements and recommendations of the CIA.

The Board accepts the evidence of the SIA and CIA reports which conclude that the proposed project will neither have a negative impact on the reliability of the grid nor on service to other customers. The Board acknowledges KEPA's commitment to meet the requirements and recommendations of the SIA and CIA, and the Conditions of Approval will include this requirement.

Land Rights and Form of Easement Agreement

The evidence shows that Notice was properly served on the affected landowners. There were no landowner requests for intervenor status.

KEPA submitted its proposed Form of Agreement to be offered to landowners. The Board finds the Form of Agreement acceptable.

KEPA reported that option agreements have been entered into for all the lands necessary for the transmission line, and that it is in the process of dealing with one

landowner regarding the registration of the option on title. The Board concludes that there are no outstanding landowner issues.

Environmental Assessments

KEPA conducted an Environmental Screening Review (“ESR”) in accordance with the requirements of the Environmental Assessment Act. The ESR was made available for a 30-day public comment period on January 5, 2007.

Numerous requests to conduct an individual environmental assessment were received. The requests related to the wind generators and their effect on fauna. Although the Ministry of Energy has denied all the Requests to Elevate, one party has appealed that decision. The Board notes that construction of the transmission line and related facilities cannot begin until this Environmental Assessment Act process is complete.

KEPA has consulted with the local community and other stakeholders directly and in the course of conducting the environmental assessment. Evidence was filed documenting contacts and meetings with officials, community organizations and public open houses and information sessions. In particular, KEPA advised that it identified and contacted two potentially affected First Nations groups. KEPA provided evidence of its consultations with those groups and indicated that the First Nations have expressed no objection to the project. On April 5, 2007 KEPA was advised by the Ministry of the Environment that it had contacted the two First Nations groups, and neither group expressed any outstanding concerns about the project. The Board is satisfied that the Applicant has conducted its consultation with First Nations appropriately.

Project Costs and Impact upon Ratepayers

It is the Applicant’s evidence that the proposed facilities will be paid for and owned by the Applicant and the project will therefore have no impact on transmission rates in Ontario. The Board accepts this evidence.

Conclusion

Having considered all of the evidence related to the application, the Board finds the proposed project to be in the public interest.

THE BOARD ORDERS THAT:

Pursuant to section 92 of *Act*, Kruger Energy Port Alma Limited Partnership is granted leave to construct electricity transmission facilities in the Township of Chatham-Kent, as described in the first paragraph of this Order and Decision, subject to the Conditions of Approval attached as Appendix A to this Order.

ISSUED at Toronto on May 29, 2007

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX A
TO DECISION AND ORDER
BOARD FILE NO. EB-2007-0006
DATED May 29, 2007

**Conditions of Approval for
Kruger Energy Port Alma Limited Partnership
Transmission Line and associated transmission facilities (the “Project”)
EB-2007-0006**

1 General Requirements

1.1 Kruger Energy Port Alma Limited Partnership (“KEPA”) shall construct the Project and restore the Project land in accordance with its Leave to Construct application, evidence and undertakings, except as modified by this Order and these Conditions of Approval.

1.2 Unless otherwise ordered by the Board, authorization for Leave to Construct shall terminate March 31, 2008, unless construction of the Project has commenced prior to that date.

1.3 KEPA shall implement all the recommendations of the Environmental Screening Reports filed in the pre-filed evidence, and such further and other conditions which may be imposed by environmental authorities.

1.4 KEPA shall satisfy the Independent Electricity System Operator (“IESO”) requirements and recommendations as reflected in the System Impact Assessment document dated April 20, 2007, and such further and other conditions which may be imposed by the IESO.

1.5 KEPA shall satisfy the Hydro One Networks Inc. (“HONI”) requirements as reflected in the Customer Impact Assessment document dated December 18, 2006, and such further and other conditions which may be imposed by HONI.

1.6 KEPA shall advise the Board's designated representative of any proposed material change in the Project, including but not limited to material changes in the proposed route, construction techniques, construction schedule, restoration procedures, or any other material impacts of construction. KEPA shall not make a material change without prior approval of the Board or its designated representative. In the event of an emergency the Board shall be informed immediately after the fact.

1.7 KEPA shall obtain all necessary approvals, permits, licences, certificates and easement rights required to construct, operate and maintain the Project, and shall provide copies of all such written approvals, permits, licences and certificates upon the Board's request.

2 Project and Communications Requirements

2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Facilities.

2.2 KEPA shall designate a person as Project engineer and shall provide the name of the individual to the Board's designated representative. The Project engineer will be responsible for the fulfillment of the Conditions of Approval on the construction site. KEPA shall provide a copy of the Order and Conditions of Approval to the Project engineer, within ten (10) days of the Board's Order being issued.

2.3 KEPA shall develop, as soon as possible and prior to the start of construction, a detailed construction plan. The detailed construction plan shall cover all material construction activities. KEPA shall submit five (5) copies of the construction plan to the Board's designated representative at least ten (10) days prior to the commencement of construction. KEPA shall give the Board's designated representative ten (10) days written notice in advance of the commencement of construction.

2.4 KEPA shall furnish the Board's designated representative with all reasonable assistance needed to ascertain whether the work is being or has been performed in accordance with the Board's Order.

2.5 KEPA shall, in conjunction with HONI and the IESO, develop an outage plan which shall detail how proposed outages will be managed. KEPA shall provide five (5) copies of the outage plan to the Board's designated representative at least ten (10) days prior to the first outage. KEPA shall give the Board's designated representative ten (10) days written notice in advance of the commencement of outages.

2.6 KEPA shall furnish the Board's designated representative with five (5) copies of written confirmation of the completion of Project construction. This written confirmation shall be provided within one month of the completion of construction.

3 Monitoring and Reporting Requirements

3.1 Both during and for a period of twelve (12) months after the completion of construction of the Project, KEPA shall monitor the impacts of construction, and shall file five (5) copies of a monitoring report with the Board within fifteen (15) months of the completion of construction of the Project. KEPA shall attach to the monitoring report a log of all comments and complaints related to construction of the Project that have been received. The log shall record the person making the comment or complaint, the time the comment or complaint was received, the substance of each comment or complaint, the actions taken in response to each if any, and the reasons underlying such actions.

3.2 The monitoring report shall confirm KEPA's adherence to Condition 1.1 and shall include a description of the impacts noted during construction of the Project and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction of the Project. This report shall describe any outstanding concerns identified during construction of the Project and the condition of the rehabilitated Project land and the effectiveness of the mitigation measures

undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

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