

NORTHGATE MINERALS CORPORATION
LEAVE TO CONSTRUCT TRANSMISSION FACILITIES
SUBMISSIONS OF THE APPLICANT

JUNE 11, 2010

ONTARIO ENERGY BOARD

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 Northgate Minerals Corporation for an Order or Orders granting Leave to Construct new Transmission Facilities in the Town of Matachewan and Township of Cairo in the District of Timiskaming

SUBMISSIONS OF NORTHGATE MINERALS CORPORATION.

Introduction

1. Northgate Minerals Corporation ("**Northgate**" or the "**Applicant**") applied for leave to construct approximately 7kilometres of 115kV transmission line (the "**Project**") to extend from a Hydro One Networks Inc. ("**Hydro One**") decommissioned line. The point of connection is shown on the map at Exhibit A, Tab 2, Schedule 2. Hydro One is replacing approximately 47km of decommissioned 115kV transmission line (the "**Hydro One Work**") to connect the Project.
2. Northgate is redeveloping the Young-Davidson Mine (the "**Mine**") which is located northwest of the Town of Matachewan. The Mine is currently served by the 44kV system and has a load of approximately 3MW. The redevelopment of the Mine will result in a much greater load to power the equipment at the Mine with the expected load to be approximately 17.3MW.
3. Northgate has completed a System Impact Assessment ("**SIA**") with the IESO, see Exhibit B, Tab 6, Schedule 2, and a Customer Impact Assessment ("**CIA**") with Hydro One, see response to Board Staff I.R. # 6. Northgate will implement the recommendations and requirements contained in the SIA and the CIA.
4. No party expressed concerns with the technical aspects of the Project or the route selected by Northgate.
5. Northgate has indicated that it intends to turn the Project over to Hydro One after construction as set out in the Transmission System Code. Northgate has also indicated that it will apply for the necessary wholesaler license with the Ontario Energy Board and will commence the process with the IESO for participating in the market. However, if there is a change wherein the Project will not be turned over to Hydro One, Northgate will ensure the proper regulatory filings and steps are made to ensure compliance with the applicable law.

6. Environmental assessments of the Project and the Hydro One Work were completed. Permitting is in process and Northgate does not foresee any issues obtaining the required permits in the normal course.

Leave to Construct

7. The Project requires leave to construct from the Board and approval of a draft agreement to be offered to all affected landowners. Hydro One has confirmed the Hydro One Work does not require leave to construct as it comes within the exemption provided by section 92(2) of the OEB Act.

92. (1) No person shall construct, expand or reinforce an electricity transmission line or an electricity distribution line or make an interconnection without first obtaining from the Board an order granting leave to construct, expand or reinforce such line or interconnection.

(2) Subsection (1) does not apply to the relocation or reconstruction of an existing electricity transmission line or electricity distribution line or interconnection where no expansion or reinforcement is involved unless the acquisition of additional land or authority to use additional land is necessary.

8. As indicated the load at the Mine will experience approximately a six fold increase as a result of Northgate's redevelopment of the Mine. Northgate, with information provided by Hydro One, in response to Board Staff I.R. #1(ii) and (iii), confirmed the existing 44kV network was not adequate to serve the Mine and that installing a new dedicated 44kV line would not be acceptable. Aside from the Project and the Hydro One Work, there was no other electrical infrastructure in the vicinity capable of providing the service to the Mine. In addition, Northgate considered other solutions such as on-site generation, which were not feasible.
9. Therefore, the Project and the Hydro One Work are required to serve the Mine.
10. Section 96 (1) of the OEB Act requires the Board to grant leave to construct where the Board finds the proposed work is in the public interest. Section 96(2) then prescribes what the Board shall consider in determining the public interest: the interest of consumers in respect of prices; reliability and quality of electricity service, each of which are addressed below.

96(1) If, after considering an application under section 90, 91 or 92 the Board is of the opinion that the construction, expansion or reinforcement of the proposed work is in the public interest, it shall make an order granting leave to carry out the work.

(2) In an application under section 92, the Board shall only consider the following when, under subsection (1), it considers whether the construction, expansion or reinforcement of the electricity transmission line or electricity distribution line, or the making of the interconnection, is in the public interest:

1. The interests of consumers with respect to prices and the reliability and quality of electricity service.

Price

11. In Board Staff's submissions it was suggested that certain additional information be provided by Northgate with the assistance of Hydro One. Under a separate letter dated June 11, 2010, Northgate is filing the information provided by Hydro One. The financial information is being filed in accordance with the Board's *Practice Direction on Confidential Filings* published November 16, 2006. Northgate would suggest that if there are questions regarding the information provided that Board Staff be permitted to make such requests of Northgate who, if necessary, will seek additional information from Hydro One.
12. Hydro One and Northgate are working through the financial and economic issues and are committed to complying with the requirements of the Transmission System Code. Compliance with the Transmission System Code's economic requirements should be presumed to be in furtherance of the public interest.
13. In Board Proceeding EB-2010-0002, Hydro One included a reference to the K4 line at Exhibit D2, Tab 2, Schedule 2, Page 3 of 7, line D17 which is provided below (the amounts are in millions).

	2011	2012
D17 Kirkland Lake TS: Reconnect Idle K4 Line	13.3	0.2

14. Northgate is contributing the vast majority of the capital cost of the Project and the Hydro One Work through a capital contribution to Hydro One as set out in the Transmission System Code. Based upon the information provided Northgate expects that the Project or Hydro One Work will not have any significant impact on the Network Pool revenue requirement or the Line Connection Pool revenue requirement. The value of the Project and Hydro One Work that would be taken into the requirement determination is very small relative to the size of the pools.
15. Northgate is requesting the information be kept confidential because it is a private sector company operating in a competitive environment and does not wish to disclose such information to competitors. Hydro One has indicated the Hydro One work is not contestable work but that it may be comparable to similar projects which are contestable. Therefore, Northgate would also presume that Hydro One does not wish the information to be disclosed as such information may be used by competitor contractors of similar projects where the work would be considered contestable under the Transmission System Code to gain a competitive advantage.
16. Northgate understands the concern of Board Staff in regards to the level of disclosure. Northgate would note that the Transmission System Code only requires the transmitter to provide financial information to the load customer at a very high level. The lack of detailed costing may cause issues for load customers who need to be able to demonstrate for internal financial control reasons that the costs are reasonable. Where potentially millions of dollars are to be spent, the load customer should have a right to require more detail from the transmitter.

Reliability and Quality of Electricity Service

17. Board Staff I.R. #4 requested additional information regarding the impact of the Project on the reliability and quality of electricity service. No party has made any submissions that the Project does not satisfy the statutory requirements regarding reliability and quality of electricity service.
18. The Project and Hydro One Work are necessary to supply the Mine as it is redeveloped by Northgate.
19. Potential customers will be able to access the approximately 3MW of capacity on the 44kV that will be freed up with the completion of the Project and Hydro One Work.
20. Northgate noted that the Project and Hydro One Work will provide improvements to the existing customers on the 44kV by way of improved voltage regulation and that removal of the 1km customer tap and substation would provide a small improvement to the reliability of the line.
21. Northgate will implement the recommendation and requirements of the SIA and CIA to ensure such improvements and proper protections are realized.

Land Issues

22. In order to grant leave to construct, section 97 of the OEB Act requires that the Board must be satisfied that the Applicant has offered or will offer each owner of land affected an agreement in a form approved by the Board. Northgate filed a draft Agreement to Grant an Easement and Easement at Exhibit B, Tab 6, Schedule 4.
23. No comments were made nor were any interrogatories asked about the draft agreements that were provided at Exhibit B, Tab 6, Schedule 4.

97. In an application under section 90, 91 or 92, leave to construct shall not be granted until the applicant satisfies the Board that it has offered or will offer to each owner of land affected by the approved route or location an agreement in a form approved by the Board.

24. Northgate has committed to making the required offer to each affected landowner.

Environmental Issues

25. Northgate has completed the environmental assessment process required by the *Environmental Assessment Act*, R.S.O. 1990, c. E- 18 (the “**EAA**”). Northgate filed a copy of the letter to the Director of the Environmental Assessment and Approvals Branch in response to Board Staff I.R. #7. Hydro One completed an environmental assessment of the Hydro One Work.
26. The environmental assessment process is not like traditional permitting processes where an application is made and the regulatory or permitting agency issues a permit. The environmental assessment is a proponent driven process and where there are no

elevation requests under Part II of the EAA the Ministry does not issue a "permit or approval". It is only where there is an elevation request that a formal response from the Ministry of the Environment is obtained which is usually in the form of a letter. As there were no elevation requests, Northgate does not anticipate receiving anything further from the Ministry of the Environment. Northgate will comply with all environmental legal requirements applicable to the Project.

27. An excerpt from the Class Environmental Assessment Process for Minor Transmission Facilities has been appended to these submissions which provide a flowchart which provides an overview of the environmental assessment process. As can be seen from the flowchart where there is no unresolved opposition (i.e. no elevation request) the environmental report is issued and the proponent proceeds to implement the undertaking.

First Nations Consultation

28. As part of this proceeding Northgate provided notice of this Application to the Matachewan First Nation ("**MFN**"), the Temagami First Nation and the Metis Nation of Ontario. Northgate indicated that it had commenced discussions with the MFN in 2006 and had negotiated an agreement with the MFN.

Conclusion

29. Northgate submits it has satisfied the requirements for the granting of leave to construct and requests:
 - (i) the Board grant leave to construct the Project; and,
 - (ii) approve the agreements as required by section 97 of the OEB Act.

All of which is respectfully submitted.

Dated: June 11, 2010

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