EB-2010-0403

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

AND IN THE MATTER OF an application under section 60 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Schedule B for an electricity transmission licence.

ICCON TRANSMISSION INC. ("ICCON")

RESPONSES TO INTERROGATORIES

March 22, 2011

HYDRO ONE NETWORKS INC. INTERROGATORY 1

QUESTION

a) Please confirm whether any of Iccon's affiliates are Energy Service Providers for Affiliate Relationships Code (ARC) purposes, and identify those that are.

b) If a transmission licence is granted, please indicate the steps Iccon will take to ensure it is compliant with all relevant sections of the ARC.

RESPONSE

a) Iccon has listed in Appendix A of its application the most relevant affiliates and provided a description of their activities. Iccon does not currently have any affiliate in Ontario that would qualify as an Energy Service Provider.

b) Please see response to Board Staff interrogatory #1.

HYDRO ONE NETWORKS INC. INTERROGATORY 2

QUESTION

Isolux has operations in many countries throughout South America, Central America, Africa, Middle East, Southeast Asia, Europe and North America as indicated in their application.

a) Since the date of the filing of the application, please clarify whether Isolux Corsán remains an operator of transmission facilities in Brazil.

b) Is it Iccon's intention to both build and operate transmission facilities in Ontario?

Reference: Iccon application, Section 10, Information about Each Key Individual

RESPONSE

a) Isolux Corsán Concesiones ("Isolux") affiliates currently own and operate three facilities in Brazil:

- Cachoeira Paulista Transmissora de Energia (33%)*
- Vila do Conde Transmissora de Energia (33%)*
- Porto Primavera Transmissora de Energia (33%)*
- Jauru Transmissora de Energia (South Stretch) (33%)
- Interligacao Eletrica Norte (50%)

In addition to these, three other projects are currently being developed or constructed by Isolux affiliates in Brazil:

- Jauru Norte Transmissora de Energia (North Stretch) (33%)
- Linhas de Xingu Transmissora de Energia (100%)
- Linhas de Macapá Transmisroa de Energia (100%)

b) Yes, as noted in response to question 6 in the application, Iccon was incorporated for the purpose of developing, owning constructing and operating transmission facilities in Ontario.

HYDRO ONE NETWORKS INC. INTERROGATORY 3

QUESTION

In this section, the Applicant has identified key individuals that are currently engaged in electricity activities in North and South America.

a) If a transmission licence is granted, will the key individuals identified in the application be located within Ontario, and if so, when? If not, who will be the key in-province contact?

Reference: Iccon application, Section 9, Technical Capability and Experience

RESPONSE

Iccon will make decisions regarding employee relocations, staffing, training and contracting if and when it is selected as the designated transmitter for a particular project through the Board's Transmission Project Development designation process. Iccon does not expect that the specific key individuals identified in its license application will be permanently located in Ontario before it is selected as the designated transmitter for a project in Ontario. Iccon will promptly notify the Board and any appropriate market participant of any changes in the list of key contacts that may occur from time to time, before or after a transmission license is granted.

HYDRO ONE NETWORKS INC. INTERROGATORY 4

QUESTION

In the above referenced paragraphs, the Applicant indicates that it will initially rely upon the technical capabilities and experience of its affiliates to develop, build, operate and maintain the subject transmission facilities.

a) If a transmission licence is granted, other than the key individuals discussed in Question 3 above, will Iccon have staff in Ontario? If so, please describe in general terms Iccon's plans in that regard, including numbers and types of staff and timing of their hiring.

b) If yes to part a) and if Iccon intends to operate and maintain transmission facilities in Ontario, what training plans or other measures does Iccon plan to use to ensure its staff are trained in provincial transmission operating and maintenance practices and procedures?

c) If no, to part a), please describe how Iccon plans to operate and maintain transmission facilities.

RESPONSE

See response to Interrogatory #3. If Iccon is approved to own and operate transmissions facilities, it will ensure that all personnel are appropriately qualified and trained, as its affiliates have done in all other jurisdictions where they own and operate transmission facilities.

HYDRO ONE NETWORKS INC. INTERROGATORY 5

QUESTION

Please provide details regarding the experience and understanding of Iccon personnel or those of its affiliates of their obligations as a Transmission Owner and Operator in a NERC-compliant transmission system. In order to respect privacy considerations, names of personnel are not necessary in providing the response.

RESPONSE

Iccon's affiliates have global experience in a wide range of standards, rules and regulations. Specifically, Isolux Ingeniería USA, LLC currently has numerous employees who have worked on transmission and distribution projects that were designed and/or that operated under NERC reliability standards.

Additionally, when and if it is necessary to do so, Iccon will hire the necessary staff and contractors to design, construct, own and operate transmission facilities in Ontario in compliance with all applicable reliability standards, including those of NERC and NPCC.

HYDRO ONE NETWORKS INC. INTERROGATORY 6

QUESTION

Please also provide details regarding the experience and understanding of Iccon personnel or those of its affiliates of their obligations as Transmission Owner and Operator of facilities within the Northeast Power Coordinating Council (NPCC) footprint. In order to respect privacy considerations, names of personnel are not necessary in providing the response.

RESPONSE

See the response to Interrogatory #5.

HYDRO ONE NETWORKS INC. INTERROGATORY 7

QUESTION

Please indicate whether Iccon or its affiliates have any experience designing and constructing a NERC-compliant network interconnection with other transmitters and if so, please explain the administrative arrangement and describe the physical connections.

RESPONSE

See the response to Interrogatory #5. The requested explanation of the administrative arrangements and physical connection utilized by Isolux Ingeniería USA to interconnect to other transmitters is beyond the scope of this application.

HYDRO ONE NETWORKS INC. INTERROGATORY 8

QUESTION

a) For the 5 largest transmission line projects that Iccon or its affiliates have most recently developed and constructed, please indicate whether those projects were completed on schedule and on budget and if not, explain the reasons why including the amount of any material variance.

b) Please provide a listing of any complaints received during the development and construction of these projects along with their resolution.

Reference: Iccon application, Section 4 Transmission Facilities

RESPONSE

a) Since 2000, Iccon's affiliates have constructed more than 34 projects in 7 different countries, totaling more than 10,400 km of HV transmission lines. These projects entail approximately 5,300 km of 500kV line, 4,700 km of 400kV and 480 km for voltages between 220 and 275 kV, and they have all been completed on schedule and on budget.

The following are the largest recent EPC projects constructed by Iccon's affiliates:

- Serra da Mesa Transmissora de Energia ("SMTE"), 681 km of 500 kV transmission lines in Brazil. Delivered in 2008, 434 days in advance of the expected or contractual Commercial Operation Date ("COD").
- Itumbiara Transmissora de Energia ("ITE"), 814 km of 500 kV transmission lines in Brazil. Delivered in 2006, 155 days in advance of the expected or contractual COD.
- Porto Primavera Transmissora de Energia ("PPTE"), 515 km of 230 kV transmission lines in Brazil. Delivered in 2006, 96 days in advance of the expected or contractual COD.
- Vila do Conde Transmissora de Energia ("VCTE"), 201 km of 500 kV transmission lines in Brazil. Delivered in 2006, 184 days in advance of the expected or contractual COD.

- Expansion Transmissao de Energia Eletrica ("ETEE"), 588 km of 500 kV transmission lines in Brazil. Delivered in 2002, 118 days in advance of the expected or contractual COD.

All of the foregoing transmission projects were delivered on budget and started operations on or in advance of the contractual COD. The reliability record of these facilities has also exceeded the minimum standards imposed by the relevant regulators and/or the local system operator.

b) No significant complaints were received in relation to the development and construction of these projects.

HYDRO ONE NETWORKS INC. INTERROGATORY 9

QUESTION

a) Specifically with respect to the development stage for new electrical transmission facilities, please elaborate on the applicant's experience with regulatory approvals, acquisition of rights of way (including landowner and First Nations & Métis consultation), and planning and design, in Ontario or if not Ontario elsewhere within Canada.

b) Given the significant experience of Isolux Corsán in Brazil, please briefly describe the approval processes in Brazil with respect to electricity transmission development and construction, including environmental approvals and requirements for consultation with affected groups, and compare with Ontario's processes.

RESPONSE

b) As noted in the application, Iccon does not currently own or operate any transmission facilities in Ontario or elsewhere in Canada. Iccon's affiliates have extensive global experience with the development (including regulatory approvals, acquisition of rights of way and engineering) of transmission facilities.

As an example, Wind Energy Transmission Texas, LLC (WETT), an affiliate of Iccon awarded 605 km of 345 kV transmission lines and 5 substations and a licensed transmitter in ERCOT, has recently received its Certificates of Convenience and Necessity (CCN) for the projects it was awarded in 2009 under the CREZ initiative. The CCN proceeding is a proceeding similar to the leave to construct process under section 92 of the *Ontario Energy Board Act*, 1998 and it involves the performance of technical studies as well as stakeholder participation and consultation (local communities, environmental and permitting agencies, counties, etc), social and environmental studies and the corresponding routing studies. WETT has reached a unanimous settlement among all interveners in its three CCN applications.

Iccon's affiliates in Brazil have acquired extensive experience in dealing with the relevant environmental and other permitting and consultation with local and federal agencies, affected landowners and other local stakeholders during the development and construction of the projects.

c) The typical transmission development process in Brazil has substantial similarities with leave to construct and the environmental assessment processes in Ontario and includes the following steps:

- Identifying and explaining the need for, the type and kind of structures to be built, conductor size and type, the height of typical structures, together with dimensional drawings of the typical structures to be used in the project and reasons why these structures were selected (including factors such as landowner preference, engineering considerations, and costs comparisons to alternate structures);

- Specifying the right of way needed (including length and width of right of way and miles of circuit) and the area to be traversed by the line (including counties and municipalities, if any, in which the facilities are expected to be built), along with the general land use in the area; also, obtaining franchise rights, permits, or other consents from the municipalities affected by the project;

- Preparing a project schedule showing the dates of expected right-of-way acquisitions, construction of facilities, and energizing of the facilities;

- Estimating costs for various components of the project, including right of way acquisition; materials and supplies; labour and transportation (both in-house and contract); stores [??]; and engineering and administration (again, both in-house and contract);

- If required (given the nature of the project award process, this is not always required), preparing a brief description of the need for the proposed construction;

- Preparing a description of possible alternatives to the project, including an analysis of tower distribution alternatives and other technical issues (not including routing issues), with an explanation of why the proposed project is preferred vis a vis other options considered;

- Performing a routing study, including a description of the process of selecting the study area, identifying routing constraints, selecting potential line segments, and the selection of the preferred and alternate routes. The routing study is accompanied by routing maps showing the study area; routing constraints; all routes or line segments considered before selection of preferred and alternate routes; transmission facilities in the area as well as connections or any other facilities involving other utilities; habitable structures, airstrips, radio transmitters and other electronic installations; irrigated pasture or cropland; parks and recreation areas; historical and archaeological sites, and any environmentally sensitive areas;

- Drafting schematics and diagrams showing the transmission system in the proximate area of the proposed project, and showing the location and voltage of existing transmission lines and substations and proposed construction, as well as connections or any other facilities involving other utilities;

- Identifying any permits or approvals required by other governmental agencies for the construction of the proposed project and initiating the process of securing those permits;

- Considering whether it is necessary to perform a formal environmental study where further analysis of how the routing and construction of the project may impact the environment is required, including the identification of sources appropriate for the analysis of the existence or absence of sensitive environmental areas.

During the environmental study, the transmission developer typically works cooperatively with the Federal Agencies (IBAMA, FUNAI, Palmares Fundation e ICMBIo) that participate on behalf of the affected groups, including local communities and local aboriginal groups.

Prior to the commencement of the main construction activities, it is necessary to obtain two main environmental licenses – Preliminary License and Installation License.

As part of the process, and according to the local environmental laws, the developer generally holds Public Audience / Open Houses in the towns located near the possible routes of the transmission line. In these Open Houses, the developer presents the project and a description of the potential social and environmental impacts on the nearby communities and towns. The public has the opportunity to express concerns or opinions about the Project and the Federal Agencies will take this feedback into consideration at the time of approving the Preliminary License. After the Preliminary License is approved, the developer typically prepares a description of the measures proposed to mitigate the social and environmental impacts on the local communities identified in the Open Houses.

Before the Installation License is awarded, an agreement (previously approved by the corresponding Federal Agency) is typically signed with the affected local aboriginal communities in order to minimize the environmental and social impact of the projects.