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July 20, 2011

BY COURIER, EMAIL AND RESS

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> Floor, Box 2329  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Detour Gold Corporation  
Leave to Construct, Phase II  
EB-2011-0115**

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Pursuant to Procedural Order No. 2, we enclose two copies of the Submissions of Detour Gold Corporation.

The Submissions will be filed through RESS this afternoon.

Yours truly,

AIRD & BERLIS LLP



Scott A. Stoll

SAS:ct  
Enclosures

cc via email:

Edik Zwarenstein, OEB  
Ljuba Djurdevic, OEB  
Intervenors

10165059.1

## **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 Detour Gold Corporation for an Order granting leave to construct a new transmission line and associated facilities for the Detour Lake Power Project (Phase II)

### **SUBMISSIONS OF THE APPLICANT DETOUR GOLD CORPORATION**

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Counsel for the Applicant

## ONTARIO ENERGY BOARD

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

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## SUBMISSIONS OF THE APPLICANT DETOUR GOLD CORPORATION

### Introduction

1. Detour Gold Corporation ("**Detour**" or the "**Applicant**") is a publicly traded mining company with its head office in Toronto, Ontario. Detour is re-opening the Detour Lake Mine (the "**Mine**"), a gold mine that operated until the 1990s. Detour hereby applies for leave to construct the second phase ("**DLPP Phase II**") of the transmission facilities that will enable the Ontario transmission grid to supply the operational needs of the Mine.
2. The original mine was supplied by electricity from the Ontario transmission grid via a line that originated at Island Falls and travelled east to the Detour Lake Mine. The original line was decommissioned in 2002. The Mine will be an open pit mine with ore processing of up to 61,000 tonnes per day.
3. On July 20, 2010 Detour Gold filed an Application with the Ontario Energy Board (the "**Board**") for leave to construct a transmission line to serve the Mine during construction. That project was known as the Detour Lake Power Project – Phase I ("**DLPP Phase I**"). The DLPP Phase I transmission line is approximately 138km in length. The Board granted leave to construct DLPP Phase 1 on November 24, 2010. The majority of DLPP Phase I was constructed during the winter of 2011 is planned to be in operation September 2011.
4. As noted, the Application is to construct a line that is to provide electricity for the operation of the Mine which has a demand of slightly less than 95MW (Exhibit B, Tab 1, Schedule 1, page 4, I.19). DLPP Phase II includes the construction of approximately 38km of 230kV transmission line, a transformer station at the Mine; removal of the temporary connection facility at Island Falls and work to complete the connection at Pinard TS.

### The Project - DLPP Phase II

5. Detour plans to construct the transmission line immediately adjacent to the existing Hydro One easement from Island Falls to Pinard TS. The connection to the Pinard TS

will be completed pursuant to a Connection Cost Recovery Agreement (“**CCRA**”) between Detour and Hydro One Networks Inc. (“**Hydro One**”). A form of the CCRA ready for execution was provided in response to Board Staff IR#4(2), Appendix.

6. Phase II will be constructed using a single circuit 230kV wood pole transmission line from Island Falls to Pinard TS designed in conformance with Hydro One standards. The design meets or exceeds CSA C22.3 (overhead systems) and the line will also meet or exceed other situation specific standards such as those required by the *Navigable Waters Protection Act* (Exhibit B, Tab 1, Schedule 1, page 3, ll. 3-8).
7. Detour has designed the line to standards provided by Hydro One. Where specific Hydro One material standards have been provided to Detour (e.g., for wood poles), these have been used. The conductor size will be 795 MCM ACSR (Drake). End to end line losses (Pinard to Detour) are expected to be below 3%. (Exhibit B, Tab 1, Schedule 1, page 3, ll. 8-12).
8. The line is planned to be entirely an overhead transmission line, built on a right of way that will mostly be immediately adjacent to the Hydro One right of way running from Island Falls to just East of Pinard TS. The transmission line structures will utilize a wooden "H" frame design, using two wood poles connected by a steel cross-arm. The cross-arm both connects the poles and supports the insulators, while lightning shield wires (one of which will incorporate a fibre optic core) are mounted atop the poles. This is a design commonly used in the region and throughout Canada. (Exhibit B, Tab 1, Schedule 1, page 3, ll. 13-18)
9. A copy of the System Impact Assessment for DLPP Phase II completed by the IESO may be found at Response to Board Staff IR #5(2), Appendix D.
10. A copy of the Customer Impact Assessment completed by Hydro One was filed in response to Board Staff IR #6 – Appendix E.

#### **Leave to Construct**

11. The DLPP Phase II requires leave to construct from the Board and approval of the draft form of agreement to be offered to all affected landowners. Section 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B) (the “**Act**”) is reproduced below:

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.
12. Section 96 (1) of the 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.

*Purpose, Need and Timing*

13. The current transmission system is not capable of meeting the needs of the Mine. Detour considered alternative supply points from the Ontario and Quebec transmission grids and alternative fuels including diesel, natural gas, water and wind (Exhibit B, Tab 3, Schedule 1). Detour completed a review of the power supply options and concluded that the proposed project best met the needs of the mine and had an acceptable impact.
14. The Mine is to be operational in late 2012/2013 with an anticipated life of 21 years and annual gold production of 650,000 ounces (Exhibit B, Tab 1, Schedule 1, page 1, line 21).
15. Given the working conditions in the northern Ontario, Detour plans to construct the transmission line during late fall of 2011 and winter of 2012 (Exhibit B, Tab 5, Schedule 1). Completion of the connection at Pinard TS, the disconnection at Island Falls and transformer station at the Mine will be completed during 2012. Final clean up is scheduled for 2012.
16. The route chosen for this right-of-way parallels the existing Hydro One transmission system and avoids any unnecessary impacts.
17. The proposed transmission line will be used for the final stages of construction, commissioning and operation of the Mine which cannot proceed without the completion of DLPP Phase II.

*Price, Reliability and Quality of Service*

18. Detour plans to own and operate the transmission line and assets at the connection to Island Falls. Detour has no plans, at this time, to sell the line or transfer ownership to any other entity. Detour will be an unlicensed transmitter and will abide by the regulatory obligations placed upon such entities.

19. As noted in the evidence, Detour has raised approximately \$1 billion (Exhibit B, Tab 1, Schedule 1, page 1, ll. 9 - 12) for the redevelopment of the Mine and has allocated in excess of \$50 million for the construction of the required transmission facilities. Detour has completed the construction of DLPP Phase I which is planned for operation in September 2011.
20. Detour is in the process of concluding a Connection Cost Recovery Agreement with Hydro One for the connection work to complete the tie-in at Pinard TS. This agreement will be compliant with the Transmission System Code. The cost of the connection will be borne by Detour and is very small compared to the cost of the remainder of the transmission line and the Mine.
21. As the DLPP Phase I is better utilizing the existing transmission grid it expects a marginal improvement of the cost of delivery for other ratepayers. Detour's load will be relatively constant, 24 hours per day 7 days a week, and will not likely cause any impact on the price of electricity in the wholesale market. By increasing provincial demand during off-peak hours, the Detour load should help mitigate the current surplus base load generation problem in Ontario.
22. Detour will abide by the requirements of the IESO, Hydro One, the Board and any other regulatory agencies having jurisdiction over the construction and operation of the transmission line.
23. Detour filed a Draft System Impact Assessment found at Exhibit B, Tab 6, Schedule 2 by the IESO ("**Draft IESO SIA**") and a system impact assessment by Detour's consultant – AMEC (the "**AMEC SIA**") found at Exhibit B, Tab 6, Schedule 2.1. The final approved system impact assessment from the IESO (the "**Approved SIA**") was filed at Response to Board Staff IR #5(2), Appendix D.
24. The AMEC SIA, Exhibit B, Tab 6, Schedule 2.1, page 1, concluded that the DLPP Phase II will have a minimal impact on the IESO controlled grid and concluded certain requirements were needed to ensure compliance with the IESO Market Rules and the Ontario Resource and Transmission Assessment Criteria.
25. The Approved SIA, Exhibit B, Tab 6, Schedule 2, page 4, concluded the "proposed project will not materially affect the reliability of the IESO-controlled grid".
26. The Hydro One customer impact assessment, Board Staff IR #6 – Appendix E, page 3 concluded:

"The proposed connection of the Detour Gold Mine can be incorporated into the 230kV bus at Pinard TS. Hydro One customers will not be adversely impacted by this connection."
27. The Approved SIA and the Hydro One customer impact assessment confirm the DLPP Phase II is acceptable from a service quality and reliability standpoint. Detour is paying for the construction of the transmission line and will pay its required contribution under the CCRA with Hydro One. Detour is not aware of any significant risk to other ratepayers as a result of this Project.

**Land Issues**

28. In order to grant leave to construct, section 97 of the Act (see below) 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.
- 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.
29. Detour has filed a draft Agreement to Grant an Easement and Easement at Exhibit B, Tab 6, Schedule 5.
30. Detour filed a list of impacted landowners at Exhibit B, Tab 6, Schedule 4. The majority of the proposed route is on Crown land and will require a land use permit from the Ministry of Natural Resources, for which an application has been made.
31. No comments were made nor were any interrogatories asked about the draft agreements that were provided at Exhibit B, Tab 6, Schedule 5.
32. Detour has committed to making the required offer to each affected landowner and does not, at this time, foresee issues in concluding arrangements necessary for the construction and operation of the Project. Detour will acquire all necessary land rights prior to entering the land for construction.

**Environmental Issues**

33. The environmental aspects of the proposed transmission line are beyond the jurisdiction of the Board's consideration in this proceeding which the Board expressly recognized in Procedural Order No. 1.
34. Detour has completed an individual environmental assessment. A copy of the completed environmental assessment was filed in response to Board Staff IR#1(2) and 7(2) – Appendix B. The environmental assessment was approved in late 2010.
35. Detour is in the process of securing the environmental permits and does not foresee any issues regarding the issuance of such permits in due course. Detour confirmed the permit applications are underway (Response to Board Staff IR.#1). Detour secured the necessary permits for the DLPP Phase I which was similar in many ways to DLPP Phase II.

**Consultation – Public and First Nation**

36. Detour has had several meetings with government agencies, impacted parties, interested stakeholders and First Nations. Detour, in its prefiled evidence and in its response to various interrogatories, filed voluminous amounts of materials indicating that it had been having meaningful discussion with many interested parties for the past several years.



37. Detour also filed confirmation that it had entered into agreements with Wahgoshig First Nations, the Moose Cree First Nation and the Taykwa Tagamou First Nation (Exhibit B, Tab 6, Schedule 1, Appendix 1). Detour made public announcements with the First Nations as follows: Moose Cree First Nation (January 25, 2011); Wahgoshig First Nation (December 21, 2010); and Taykwa Tagamou Nation (November 25, 2010).
38. Detour is continuing to meet with First Nations, and this will continue throughout the project. Through its contractor, Detour will be employing a substantial number of First Nation workers, both on the power line construction and on the mine redevelopment.
39. Taykwa Tagamou Nation applied for intervenor status, which was not opposed, and was granted by the Board in Procedural Order No. 1. Taykwa Tagamou Nation did not actively participate in the proceeding. Detour would note that Taykwa Tagamou Nation and Wahgoshig First Nation participated actively in DLPP Phase 1.
40. Given the steps taken by Detour, the agreements noted in the evidence and lack of participation in this Proceeding, Detour submits that it has properly addressed First Nation issues.

#### **Other Approvals**

41. Owners and operators of transmission systems are required by section 57(b) of the Act to obtain a transmitter's license prior unless an exemption is provided in the regulations. Detour is exempt from the requirement to obtain a transmitter license by O. Reg. 161/99 – Definitions and Exemptions section 4.0.2(1).
42. Detour was issued a wholesaler license by the Ontario Energy Board in proceeding EW-2011-0079.
43. Detour has applied for and is in the final stages of registration to participate in the IESO market. Detour anticipates receiving authorization in the next few weeks.

#### **Conclusion**

44. The DLPP Phase II is in the public interest as the project is technically permissible and will not have an adverse impact on system reliability or quality. Further, it is expected that DLPP Phase II will have a positive impact on the price of electricity for the remainder of ratepayers. Detour will abide by the requirements of the Approved SIA and the Hydro One customer impact assessment.
45. Detour submits it has satisfied the requirements for the granting of leave to construct and requests:
  - (i) the Board grant leave to construct the DLPP Phase II; and,
  - (ii) approve the form of agreement as required by section 97 of the OEB Act.
46. As conditions of approval, Detour expects to be required to:



- (a) comply with the requirements of the IESO and Hydro One Network Inc. in making the connection;
- (b) obtain the necessary permits for the construction of the Project; and
- (c) to file post construction reports with the Board.

**All of which is respectfully submitted.**

Dated: July 20, 2011



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