



EB-2011-0115

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).

BEFORE: Paula Conboy
Presiding Member

Cynthia Chaplin
Member and Vice Chair

DECISION AND ORDER

Detour Gold Corporation ("Detour") filed an application with the Ontario Energy Board (the "Board") dated April 19, 2011 under sections 92 and 97 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B ("the Act"). Detour is seeking an order of the Board granting leave to construct a transmission line and associated facilities from Pinard TS to the Island Falls area (the "Project"), where it will connect to a previously approved transmission line supplying the Detour Lake Mine, located 180 km northeast of the Town of Cochrane. Detour also seeks an order approving the form of easement agreement provided in the application. The Board has assigned File No. EB-2011-0115 to the application.

The Board issued a Notice of Application and Written Hearing ("the Notice") on May 11, 2011. Detour served and published the Notice as directed by the Board. In the Notice, the Board indicated that it intended to proceed by way of a written hearing unless any

party satisfied the Board that there was a good reason for not proceeding by way of a written hearing.

The Taykwa Tagamou Nation (“TTN”) and the Independent Electricity System Operator (“IESO”) applied for intervenor status. TTN also requested eligibility for costs. TTN requested a written proceeding, and no other party indicated a preference for an oral hearing.

On June 8, 2011 the Board issued Procedural Order No. 1 granting intervenor status to the IESO and to TTN subject to certain conditions. The Board advised that it would proceed with a written hearing. The Procedural Order further provided for Interrogatories to be submitted by June 17, 2011 and responses by June 29, 2011, and for relevant intervenor evidence to be filed by July 8, 2011 if any party so wished.

Board staff submitted interrogatories and the Applicant provided responses by the specified date. No other party submitted interrogatories, and no intervenor evidence was submitted.

Evidence and Board Findings

Section 96(2) of the Act provides that for an application under section 92 of the Act, when determining if a proposed work is in the public interest, the Board shall only consider the interests of consumers with respect to prices and reliability and quality of electricity service, and where applicable and in a manner consistent with the policies of the Government of Ontario, the promotion of the use of renewable energy sources.

In the context of this application, the Board has considered the following matters:

- Project need
- System Impact Assessment and Customer Impact Assessment
- Land issues and form of Easement Agreement
- Environmental Assessment
- Project Costs and Impact on ratepayers

Project Need

Detour was granted leave to construct the Phase I transmission line in 2010, to allow for the initial development and construction of the Detour Gold mine in the spring of 2011 during which time it was projected that the project required approximately 20 MW of

power. In the initial application the Applicant indicated that a new application would be submitted for Phase II of the project which, if granted, would permit a 40 km extension of the 180 km Phase I line. In addition the Phase II initiative would allow for operation at 230kV and power delivery of 120 MW. The current application is generally consistent with the information provided at the Phase I stage although the power requirement has now been reduced to 100MW.

The Board has recently addressed the issue of project need in an application involving Goldcorp Canada Ltd. and Goldcorp Inc. (EB-2011-0106), in which the Board stated:

In the Board's view, the need for a project is a matter to be determined in the context of the Board's review of the interests of consumers with respect to "price". That is, if there is going to be any impact on "price" (i.e., impact on transmission rates), the Board will review the evidence of the applicant with respect to the costs for the project and any rate impacts against the evidence advanced by the applicant with respect to the need for the project. If the evidence demonstrates that the project is needed, then the Board must determine whether the price and, therefore, the rate impacts, if any, are commensurate with need. In section 92 applications, where the proponent is paying for a facility, the issue of impacts on ratepayers with regard to price does not surface¹.

Because Detour is paying for the facilities, there will be no impact on transmission rates, and therefore the Board need not examine the issue of need in detail. The Board is satisfied that the need for the Phase II transmission line is established to the extent necessary.

System Impact Assessment and Customer Impact Assessment

The Board's filing requirements for transmission and distribution applications² specify that the Applicant is required to file a System Impact Assessment ("SIA") performed by the IESO and a Customer Impact Assessment ("CIA") performed by the relevant licensed transmitter, in this case Hydro One Networks Inc.

An IESO SIA for this project dated June 8, 2011 was included in the pre-filed evidence. The Board accepts the evidence provided in the SIA report which concludes that Phase

¹ EB-2011-0106 page 7

² Filing Requirements for Transmission and Distribution Applications, November 14, 2006, Section 4.3.8 (System Impact Assessment), and Section 4.3.9 (Customer Impact Assessment)

It of the proposed project would not have a negative impact on the reliability of the grid. The SIA includes a number of detailed recommendations and technical requirements relating to protection settings and information, operational matters, settings on equipment and tests to verify equipment capability and facilities.

Detour also submitted a CIA dated June 22, 2011 which concluded that there was no adverse impact on Hydro One customers from this project.

Detour confirmed its intention to abide by the requirements identified in the IESO SIA and the Hydro One CIA. The Board will require, as part of the Conditions of Approval, that the Applicant satisfy the requirements of the SIA and the CIA e.g. installation of the required load rejection and voltage control facilities, and participation in commissioning assessment tests, as well as further requirements and conditions which may be found to be necessary.

Subject to the above-noted requirements, the Board is satisfied that the Customer Impact and System Impact Assessments support the conclusion that there will be no adverse impacts on reliability of the Grid.

Land Issues and Form of Easement Agreement

Section 97 of the Act requires that the Board be satisfied that the Applicant has offered or will offer each landowner affected by the proposed route or location an agreement in a form approved by the Board. Detour filed a draft easement agreement ("Agreement to Grant an Easement to Detour Gold Corporation") with its pre-filed evidence. The Board notes that there were no requests to vary the Draft Easement Agreement.

The evidence shows that Notice was properly served. There were no landowner requests for intervenor status. Detour commits that property rights will be obtained before entering upon the land for construction.

The Board finds the Draft Agreement to grant an Easement acceptable.

Environmental Assessment

The record of the Phase I application shows that draft and final Environmental Study Reports were made available for public review over the spring and summer of 2010 respectively. In the current application, Detour confirmed that the Environmental Assessment covered both Phase I and Phase II of the project and that it was approved in late 2010.

The Board does not have jurisdiction to determine issues related to the Environmental Assessment approval, but it is important to note that the order granting Leave to Construct will be conditioned on the implementation of the recommendations of the Environmental Assessment approval process.

Project Costs and Impact on Ratepayers

Detour's evidence and submissions are that the cost for the proposed facilities will be borne by Detour and the load will be relatively constant 24 hours per day and 7 days per week, and will improve the load factor and therefore mitigate the current surplus during off peak hours. The project will not have any adverse impact on the price of electricity in the wholesale market or on transmission rates.

The Board concludes that there will be no adverse impact on ratepayers as a result of this project.

Conclusion

Having considered all of the evidence related to the application, the Board finds the proposed project to be in the public interest in accordance with the criteria established in section 96(2) of the Act.

The Board has previously determined that TTN is eligible for an award of costs. The schedule for the cost claim process is set out below.

THE BOARD ORDERS THAT:

- 1) Pursuant to section 92 of *Act*, Detour Gold Corporation is granted leave to construct a transmission line from Pinard TS to the Island Falls area (and associated facilities), where it will connect to a previously approved transmission line supplying the Detour Lake Mine, subject to the Conditions of Approval attached as Appendix A to this Order.
- 2) TTN's cost claim shall conform with the Board's Practice Direction on Cost Awards, and shall be filed with the Board and one copy served on Detour by **Monday August 22, 2011**. Detour may file with the Board any objection to the cost claim and one copy must be served on the claimant by **Monday August 29, 2011**. TTN will have until **Friday September 2, 2011** to respond to any objections. A copy of any submissions must be filed with the Board and one copy is to be served on Detour.

All filings to the Board must quote file number EB-2011-0115, be made through the Board's web portal at www.errr.ontarioenergyboard.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available you may email your document to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All filings should be directed to the attention of the Board Secretary, and be received no later than 4:45 p.m. on the required date. Parties must also include the Case Manager, Edik Zwarenstein at edik.zwarenstein@ontarioenergyboard.ca and Board Counsel, Ljuba Djurdjevic at ljuba.djurdjevic@ontarioenergyboard.ca in all electronic correspondence related to this case.

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ISSUED at Toronto on August 12, 2011

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX A TO

Decision and Order

Conditions of Approval

Board File No: EB-2011-0115

DATED: August 12, 2011

**Conditions of Approval for the
Detour Lake Power Project (Phase II) (the "Project")
EB-2011-0115**

1 General Requirements

1.1 Detour Gold Corporation ("Detour") 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 December 31, 2012 unless construction of the Project has commenced prior to that date.

1.3 Detour shall implement all the recommendations of the Environmental Assessment Approval and any amendment thereto, and its own Environmental Screening Reports referred to in the pre-filed evidence, and such further and other conditions which may be imposed by environmental authorities.

1.4 Detour shall satisfy the Independent Electricity System Operator ("IESO") requirements and recommendations as reflected in the System Impact Assessment document dated June 8, 2011, and such further and other conditions which may be imposed by the IESO.

1.5 Detour shall satisfy the Hydro One Networks Inc. requirements as reflected in the Customer Impact Assessment document dated June 22, 2011, and such further and other conditions which may be found to be necessary.

1.6 Detour 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. Detour 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 Detour 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, Electricity Facilities and Infrastructure Applications.

2.2 Detour 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. Detour 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 Detour 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. Detour 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. Detour shall give the Board's designated representative ten (10) days written notice in advance of the commencement of construction.

2.4 Detour 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 Detour shall, in conjunction with Hydro One, Ontario Power Generation and the IESO, and other parties as required, develop an outage plan which shall detail how proposed outages will be managed. Detour 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. Detour shall give the Board's designated representative ten (10) days written notice in advance of the commencement of outages.

2.6 Detour 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, Detour 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. Detour 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 Detour'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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