



EB-2011-0056

IN THE MATTER OF section 92 of *Ontario Energy Board Act*,

AND IN THE MATTER OF an application by Ontario Power Generation Inc. for an order or orders of the Board granting leave to construct transmission facilities in the Lower Mattagami region of Ontario.

BEFORE: Cathy Spoel
Presiding Member

Karen Taylor
Member

DECISION AND ORDER

1.0 THE APPLICATION

Ontario Power Generation Inc. (the “Applicant” or “OPG”) filed an application with the Ontario Energy Board, (the “Board”) dated May 12, 2011 pursuant to section 92 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15, Schedule B (the “Act”) for an order or orders of the Board granting leave to construct a new double circuit 230 kV transmission line, approximately 3 km in length, in the Lower Mattagami region of Ontario (the “Proposed Line”).

OPG filed the application on behalf of its wholly-owned and controlled entities LM Extension Inc. and Lower Mattagami Limited Partnership (“LMLP”). LMLP is a limited partnership in which OPG has a 99.9999 per cent limited partner interest and is the general partner. LM Extension Inc. is also a limited partner of LMLP

and has a 0.0001 per cent interest. Legal title to the proposed transmission line will be held by LMLP. All three entities are collectively referred to as OPG.

The Proposed Line will extend from the Smoky Falls Generating Station ("Smoky Falls GS") to Hydro One Network Inc.'s ("HONI") transmission system (230 kV circuits L20D/L22D) alongside an existing 115 kV transmission corridor.

The planned in-service date for the Proposed Line is February 1, 2013.

The Board has assigned File No. EB-2011-0056 to this application.

2.0 THE PROCEEDING

The Board issued a Notice of Application and Hearing on June 17, 2011. The Notice was published and served by OPG as directed by the Board. The IESO applied for and was granted intervenor status in this proceeding.

No party indicated a preference for an oral hearing and the Board proceeded by way of a written hearing.

Procedural Order No.1, issued on August 15, 2011, provided for an interrogatory process and submissions by the parties. The interrogatory process was completed on September 9, 2011 and OPG filed a submission on September 16, 2011. Neither the IESO nor Board staff made submissions in this proceeding.

3.0 THE LEGISLATION & PUBLIC INTEREST TEST

The Board derives its authority to deal with applications for leave to construct under section 92 (1) of the *Act* which states:

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.

Section 96(1) of the *Act* further states that:

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.

Section 96 (2) of the *Act* provides that, for an application under section 92 of the *Act*, the Board shall only consider the following when determining if a proposed work is in the public interest:

1. *The interests of consumers with respect to prices and the reliability and quality of electricity service.*
2. *Where applicable and in a manner consistent with the policies of the Government of Ontario, the promotion of the use of renewable energy sources. 2009, c. 12, Sched. D, s. 16.*

In the context of this Application, the main issues are:

- Is there a need for the Proposed Line?
- Have appropriate alternatives been considered?
- What impact will the Proposed Line have on transmission rates?
- What impact will the Proposed Line have on reliability of supply?
- Have the Environmental Assessment and other requirements been met?
- Have the land-related matters been addressed?

Each of these issues is considered below.

4.0 EVIDENCE AND BOARD FINDINGS

4.1 Project Need and Alternatives Considered

OPG submitted that the Proposed Line is part of a larger project to increase the capacity of four generating stations owned by OPG located along the Lower Mattagami River (the “LMR Project”). The LMR Project is included in the Ontario Government’s Long Term Energy Plan released on November 23, 2010 (the “LTEP”) as a project to meet Ontario’s goal of 9,000 MW of hydroelectric capacity by 2018.

Smoky Fall GS is one of the four generating stations that is part of the LMR Project. As part of the LMR Project, the generation capacity at Smoky Falls GS will increase from the current 52 MW to 267 MW. OPG submitted that the Proposed Line is needed to accommodate the increased electricity generation at Smoky Falls GS.

OPG also submitted that the existing single circuit 115 kV S3S and S4S lines connecting Smoky Falls GS to the HONI transmission system cannot accommodate the additional generation. The maximum capacity that could be delivered from the

expanded Smoky Falls GS using the existing lines would be approximately 104 MW, resulting in a bottling of the majority of the planned additional generation.

The evidence indicates that OPG considered 5 alternatives to transmit the additional Smoky Falls GS generation to the HONI transmission system as summarized below:

Alternative 1: Do Nothing

Alternative 2: The Proposed Line

Alternative 3: Same as Alternative 2 except that this alternative includes the expansion of Little Long Substation.

Alternative 4: Build 7 km of single-circuit 230 kV line from Smoky Falls GS along a new transmission corridor to a significantly expanded Little Long Switching Station.

Alternative 5: Upgrade the existing HONI 115 kV Lines S3S and S4S.

OPG's evidence was that:

- Alternative 1 was rejected by OPG because it could not accommodate the increased electricity generation at Smoky Falls GS.
- Alternatives 3 and 4 were rejected by OPG for economic reasons, as the costs of these alternatives exceed that of the Alternative 2 - the Proposed Line.
- Alternative 5 was rejected because the existing 115 kV lines S3S and S4S are insufficient to carry the new Smoky Falls GS output and upgrading the lines was not considered technically feasible.

The Board accepts OPG's evidence that the Proposed Line is needed, that appropriate alternatives have been considered and that the proposed line is the preferred alternative to fulfill the need based on economic and technical grounds.

4.2 Impact on Transmission Rates

OPG's evidence is that the estimated cost of the Proposed Line is \$ 6.6 million. OPG submitted that as it is not a rate regulated transmitter, it is not seeking recovery of the cost of the Proposed Line through transmission rates and, therefore, the cost of the Proposed Line has no impact on transmission rates.

OPG also submitted that the costs recovered for the overall LMR Project, including the Proposed Line, will impact consumers through the Global Adjustment. OPG explained that the electricity generated by the LMR Project is sold to the OPA through a contract between OPG and the OPA and that the calculation of the Global Adjustment takes into account payments made to generators contracted to the OPA. OPG further submitted that the cost of the Proposed Line and its impact on consumers is not material as it represents about 0.26% of the overall cost for the LMR Project, which is estimated to be approximately \$2.5 billion.

The Board accepts OPG's evidence that the cost of the Proposed Line will not impact transmission rates and that the impact on consumers through the Global Adjustment will not be material.

4.3 Impact on Reliability of the IESO-Controlled Grid

4.3.1 System Impact Assessment ("SIA")

OPG filed the IESO's SIA report, dated March 31, 2010 entitled "System Impact Assessment Report: Lower Mattagami Generation Development". OPG also filed the IESO's Notification of Conditional Approval of the Connection Proposal dated March 31, 2010.

The IESO concluded that the LMR Project will not cause a material adverse impact on the reliability of the IESO-controlled grid provided the connection requirements set out in the SIA report are met.

OPG confirmed that it will fulfil the IESO's Requirements for Connection contained in the SIA report and will also ensure that the requirements specified for HONI and for OPG/ HONI will be completed on or before the connection of the Lower Mattagami generation.

4.3.2 Customer Impact Assessment ("CIA")

OPG filed HONI's CIA report, dated December 20, 2010 entitled "Customer Impact Assessment Report: Lower Mattagami Generation Connection Plan" with the Board.

In the CIA report, HONI recommends that customers connected in the area should review the fault levels at their connection points to confirm their equipment is capable of withstanding the increased fault and voltage levels.

OPG submitted that it has no direct information on the actions that customers took regarding the adequacy of their equipment. OPG stated that, based on information provided by HONI, the intention of the CIA report is to identify the impacts resulting from potential projects, and that as part of the assessment process, there is a customer review period where customers have an opportunity to comment on the assessment findings.

Area customers received a draft copy of the assessment and either provided comments that were incorporated in the final CIA or accepted the findings of the CIA. OPG is of the view that there are no outstanding requirements from HONI's CIA.

The Board accepts that there will be no impact on the IESO-controlled grid provided that the Requirements for Connections in the SIA are met. The Board directs OPG to ensure that the Requirements for Connections contained in the IESO's SIA report are met. The Board also directs OPG to ensure that the requirements of HONI's CIA are satisfied prior to energization of the Proposed Line.

4.3.3 Provincial Environmental Assessment ("EA")

OPG submitted that a Notice of Approval to Proceed and Order in Council providing approval to proceed with the LMR Project was issued by the Ministry of the Environment ("MOE") on December 15, 1994.

The EA identified the transmission line from Smoky Falls GS as a 7 km line to Little Long Sub-Station rather than the 3 km Proposed Line;

OPG filed a letter from the MOE to OPG, dated July 21, 2011, which provides official confirmation that the variance to the line route is considered minor and that no further consultation will be required.

4.3.4 Federal Environmental Assessment

OPG submitted that in 2006 it submitted a Project Description for the LMR Project to the Canadian Environmental Assessment Agency; and that an environmental

study was carried out in 2007-2009. A Comprehensive Study Report was also completed and was publicly posted for 30 day review on October 9, 2009.

OPG further submitted that on March 29, 2010, the Minister of the Environment (Canada) made an environmental decision regarding the LMR Project in which he stated that he is of the opinion that no additional information is necessary.

The Board is satisfied that relevant Environmental Assessment requirements have been met by OPG.

4.4 Aboriginal Peoples Consultations

OPG submitted that, as part of the process for consultation with Aboriginal Peoples, OPG and government agencies identified First Nations and Aboriginal organizations with a potential interest in the LMR Project. OPG states that it extended consultation opportunities to the groups identified and subsequent consultations with Aboriginal organizations took place in the period May 2007 to May 2009.

OPG believes that its consultation requirements have been fulfilled but, as part of OPG's policy, it will continue to work with the affected communities to appropriately address any additional concerns that Aboriginal Peoples may have.

In addition to the above-noted consultations, OPG stated that it has been in ongoing consultations with the Moose Cree First Nation ("MCFN") on the LMR Project since 2006. This has led OPG and MCFN to sign a Comprehensive Agreement identifying MCFN's interests associated with the LMR Project. Under the Comprehensive Agreement, MCFN has an opportunity to become an up to 25 per cent interest partner in the LMR Project.

OPG submitted that a confidential partnership agreement with the MCFN was completed and executed on September 2, 2011

OPG gave notice of this application to the affected aboriginal peoples and none intervened or made any comments on this application or raised any concerns about the adequacy of OPG's consultation with respect to the Proposed Line.

The Board is of the view that OPG's Aboriginal Peoples consultation requirements have been adequately fulfilled and notes OPG's commitment to continue to work with the affected communities to address any additional concerns that may arise.

4.5 Land - Related Matters

OPG submitted that:

- the Proposed Line will be located adjacent to the existing 115 kV lines S3S/S4S;
- approximately 1 km of the Proposed Line, out of Smoky Falls GS, will be located on OPG leased lands. The owner of the OPG leased lands is Her Majesty the Queen in the right of Ontario as represented by the Minister of Natural Resources ("MNR");
- the remaining 2 km of the Proposed Line will be located on Crown land; and
- there is no private ownership of the land required for the Proposed Line;

OPG further submitted that no approvals or permits are required to complete construction of the Proposed Line on the OPG leased lands and that certain approvals and permits from MNR will be obtained as needed.

The Board is satisfied that OPG has taken or will take appropriate measures to address any land-related matters associated with the Proposed Line.

5.0 CONCLUSION

Based on the evidence provided and the findings set out above, the Board has determined that the Project is in the public interest and that, in accordance with Section 96(1) of the *Act*, an order granting leave to construct the Project should be made.

THE BOARD THEREFORE ORDERS THAT:

Pursuant to section 92 of the *Ontario Energy Board Act*, Ontario Power Generation Inc. is granted leave to construct a new 230 kV double circuit transmission line, approximately 3 km in length, from Smoky Falls GS to the Hydro One Network Inc.'s transmission system in the Lower Mattagami region of Ontario, subject to the Conditions of Approval contained in Appendix A to this Decision and Order.

DATED at Toronto, October 28, 2011

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX A
TO BOARD DECISION AND ORDER
IN THE MATTER OF EB-2011-0056
DATED OCTOBER 28, 2011

CONDITIONS OF APPROVAL

CONDITIONS OF APPROVAL

EB-2011-0056

ONTARIO POWER GENERATION INC.

LOWER MATTAGAMI TRANSMISSION PROJECT

1.0 GENERAL REQUIREMENTS

- 1.1 Ontario Power Generation Inc. ("OPG") shall construct the Proposed Line and restore the land in accordance with its 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 has commenced prior to that date.
- 1.3 OPG shall obtain all necessary provincial and federal environmental assessment approvals and all other approvals, permits, licences, certificates and easement rights required to construct, operate and maintain the proposed facilities, and shall provide copies of all such written approvals, permits, licences and certificates upon the Board's request.
- 1.4 OPG shall satisfy the Independent Electricity System Operator ("IESO") requirements and recommendations as reflected in the System Impact Assessment Report dated March 31, 2010, and such further and other conditions which may be imposed by the IESO.
- 1.5 OPG shall satisfy the Hydro One Networks Inc. requirements as reflected in the Customer Impact Assessment document dated December 20, 2010, and such further and other conditions which may be found to be necessary.
- 1.6 OPG shall advise the Board's designated representative of any proposed material change in the Proposed Line, including but not limited to changes in: the proposed route; construction techniques; construction schedule; restoration procedures; or any other impacts of construction. OPG 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.

2.0 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 OPG 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. OPG 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 OPG 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.
- 2.4 OPG 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. OPG shall submit two (2) copies of the construction plan to the Board's designated representative at least ten (10) days prior to the commencement of construction. OPG shall give the Board's designated representative ten (10) days written notice in advance of the commencement of construction.
- 2.5 OPG shall, in conjunction with Hydro One Networks Inc., and the IESO, develop an outage plan which shall detail how proposed outages will be managed. OPG shall provide two (2) copies of the outage plan to the Board's designated representative at least ten (10) days prior to the first outage. OPG shall give the Board's designated representative ten (10) days written notice in advance of the commencement of outages.
- 2.6 OPG shall furnish the Board's designated representative with two (2) copies of written confirmation of the completion of construction. This

written confirmation shall be provided within one month of the completion of construction.

3.0 MONITORING AND REPORTING REQUIREMENTS

- 3.1 Both during and for a period of twelve (12) months after the completion of construction of the Proposed Line, OPG shall monitor the impacts of construction, and shall file two (2) copies of a monitoring report with the Board within fifteen (15) months of the completion of construction of the Proposed Line. OPG 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 OPG'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 Proposed Line. This report shall describe any outstanding concerns identified during construction of the Proposed Line, the condition of the rehabilitated 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.