



BOARD STAFF SUBMISSION

**White River Hydro LP and Gitche Animki Energy
Limited Partnership as joint venture partners**
(previously the second applicant and joint venture partner was Pic Mobert First Nation)

**LEAVE TO CONSTRUCT TRANSMISSION
FACILITIES EB-2011-0420**

March 30, 2012

A. Application and Background

White River Hydro LP and Gitchi Animki Energy Limited Partnership ¹ (the “Applicants”) have filed an application with the Ontario Energy Board (the “Board”) dated December 6, 2011 under sections 92 and 96(2) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the “Act”). The Applicants have applied for an order of the Board granting leave to construct an electricity transmission line as described below in item (i) and related facilities (“Transmission Facilities”), as described in items (ii), (iii) and (iv):

- (i) A single 115 kV electricity transmission line (the “Transmission Line”) approximately 23.5 kilometres in length, which will connect the two hydroelectric generating facilities (the Niiz Facility and the Bezbig Facility) on White River, to the Independent Electricity System Operator-controlled grid. The Transmission Line will begin at the downstream Niiz Facility, connect the Bezbig Facility and terminate at the interconnection point with Hydro One Networks’ (“Hydro One”) M2W 115 kV circuit;
- (ii) A switching station will be located adjacent to the M2W circuit;
- (iii) A switchyard located adjacent to the Niiz Facility powerhouse that will connect the Niiz Facility to the Transmission Line; and
- (iv) A switchyard located adjacent to the Bezbig Facility powerhouse that will connect the Bezbig Facility to the Transmission Line.

The Transmission Line and Transmission Facilities will be located near the community of Pic Mobert and the Town of White River.

The Application has been assigned Board File No. EB-2011-0420.

The Board issued a Notice of Application dated January 24, 2012, and directed the Applicants to serve and publish the Notice. The Board received requests for intervenor status from Pic River First Nation (“PRFN”), Innergex Renewable Energy Inc. (“Innergex”) and the Independent Electricity System Operator (“IESO”).

¹ On February 25, 2012, the Applicants advised the Board that on December 7, 2011 Pic Mobert First Nation formed Gitchi Animki Energy Limited Partnership (“GAELP”) and transferred its 35% interest in the Joint Venture. As a result, Pic Mobert First Nation, originally an applicant, holds its 35% interest in the Joint Venture indirectly via GAELP.

Following receipt of a letter dated February 22, 2012 from the Applicants, the Board issued Procedural Order No. 1 on February 23, granting intervention status to PRFN and eligibility to apply for an award of costs as well as granting intervention status to Innergex and to the IESO.

On February 28, 2012, the Board received a letter from Carol L. Godby, counsel for PRFN, asking for an extension of the deadline for interrogatory submission to March 12 from the existing deadline of March 5 as stated in Procedural Order No.1, to allow for discussions to address outstanding issues between the Applicant and PRFN.

On March 2, 2012, the Board issued Procedural Order No. 2 granting approval for the requested extension, and revised the deadlines for the remaining procedural steps in Procedural Order No.1.

On March 9, counsel for PRFN filed a letter with the Board indicating that a settlement was reached with the Applicants, and therefore is requesting that the Board accept PRFN's withdrawal as an intervenor in this proceeding. On March 13, the Board approved PRFN's request.

On March 20, the Applicants filed responses to Board staff interrogatories as directed in Procedural Order No.2, and indicated that Hydro One Networks Inc. has been asked respond to interrogatory No. 7, which it did on March 22 by way of an email sent to the office of the Board Secretary.

B. Applicants Argument In Chief

On March 26, the Applicants filed the Argument in Chief and submitted² that approval of the Transmission Facility is within the public interest, and that the price, reliability and quality of electricity will be maintained.

The Applicants further submitted that particularly, the approval of the Transmission Facility, its sole use being to connect the Project and which is being developed in part by Pic Mobert First Nation, is consistent with the promotion of the use of renewable energy sources in a manner consistent with the policies of the Government of Ontario.

² Applicants' Argument in Chief, February 26, 2011, paragraphs 33 & 34, page 7

The Applicants therefore requested that the Board approve this application as proposed by the Applicants.

C. Board staff Submission

Board staff submits that the Applicants' pre-filed evidence and the answers received to all the interrogatories clarifying key aspects of the Application, as further detailed below, have shown that the construction of the transmission line is in the public interest. In Board staff's submission the Applicants have shown that projects meets the test articulated in section 96(2) of the Act. In particular that the construction of the line is in the interests of consumers with respect to prices and the reliability and quality of electricity service, and is consistent with the promotion of the use of renewable energy sources in a manner consistent with the policies of the Government of Ontario.

Impact of Project on Transmission Rate Payers

Board staff obtained confirmation³ that the Applicants will pay for the total cost of the proposed 23.5 km 115 kV transmission line, the two switchyards and the switching station to connect to the M2W circuit owned by Hydro One Networks Inc, and that consequently, the provincial transmission rates will not be impacted.

Impact of Project on Reliability and Quality of Electricity Service

Board staff is satisfied that there are no material negative impacts on the transmission system reliability based on the System Impact Assessment ("SIA") Report⁴ by the IESO where on page 11 it stated in part that:

From the information provided, our review concludes that the proposed connection of the White River Generation Facility, subject to the requirements specified in this report, will not result in a material adverse effect on the reliability of the IESO-controlled grid.

Board staff is satisfied that the proposed project will not have any adverse impact on the transmission system owned by Hydro One or on the transmission customers in the

³ Applicants Response to Boars staff Interrogatory 5, filed March 20, 2012, page 4

⁴ Exh. B/Tab 4/Sch. 2/pp. 6-11/FinalSystem Assessment Report, February 28, 2011

vicinity of the project based on Hydro One's Customer Impact Assessment ("CIA") Report⁵, where it stated in part that:

After conducting load flow and short circuit analysis of the system, the simulation results confirm that incorporating the proposed GAN and GAB hydroelectric generation projects into Hydro One's transmission system at the proposed location will not cause any adverse impact on the system and customers.

Board staff notes that Hydro One Networks Inc.⁶ addressed what appeared to be minor errors in respect of its CIA Report.⁷

Board staff has no outstanding issues with the Applicants' leave to construct the proposed Transmission Facilities.

Minor Route Modification

Board staff notes that the evidence provided by the Applicants⁸ indicates that both the Ministry of Natural Resources ("MNR") and the Ministry of Environment ("MOE") confirmed that the minor modification in the Transmission Line route i.e., the "Niizh Portion", would only require a formal amendment to the Project Information Report/Environmental Screening Review Report ("PIR"). This evidence also indicated that the MOE did not require Applicants to issue a formal amendment to the project information report which would require the Applicants to undertake public consultations on the amended project. The noted evidence included the Addendum Report⁹ which was submitted for the PIR, an email to Laurie Brown of the MOE¹⁰ evidencing that the MOE was aware of the noted change in the route, and a copy of the relevant excerpts of the PIR report.¹¹

⁵ Exh. B/Tab 4/Sch. 3/Customer Impact Assessment ("CIA"), February 10, 2011

⁶ Response to Board staff Interrogatory 7 by Hydro One Networks Inc., received on March 22, 2012 in the form of an email addressed to the Board Secretary

⁷ Exh. B/Tab 4/Sch. 3 – CIA report/p. 11(first paragraph) & p. 10 (Table 2 and Table 3)

⁸ Applicants Response to Boars staff Interrogatory 2, filed March 20, 2012, pages 1 -2 , questions (i) and (ii)

⁹ Ibid, Schedule 'A' – ADDENDUM REPORT , submitted for the PIR

¹⁰ Ibid, Schedule 'B' – EMAIL TO MOE RE ADDENDUM REPORT

¹¹ Ibid, Schedule 'C' – EXCERPT FROM PIR

With the clarifications noted above, it is Board staff's assessment the route as filed under section 92 of the Act is the same as the one approved by the MOE.

Communication with Parties

Board staff is satisfied with the Applicants response¹² in regard to communicating the noted transmission route change to various parties.

Board staff submits that the eventual Board approved withdrawal of the intervention by PRFN is convincing evidence that its concerns regarding any land-related issues have been met.

Acceptance of the Sustainable Forest Licence holder for the White River Forest

Board staff also notes that the Applicants confirmed¹³ that White River Forest Products Limited, the Sustainable Forest Licence ("SFL") holder for the White River Forest, has no objection to the use of the Forest Services Road ROW for the Transmission Line.

The Applicants clarified further that as stated in the Application, the Road Use Agreement permits the Joint Venture to use the Forest Service Roads for developing, constructing and operating the Project and that an amendment to the Road Use Agreement was entered into between the Applicants and the SFL on January 23, 2012 which also specified that the Transmission Line will be built along the ROW in such a way as not to interfere with the SFL's forest operations.

Board staff submits that with the clarifications noted above, it is Board staff's assessment that the arrangement for constructing the modified proposal for the transmission line has the acceptance of the SFL holder.

Outstanding Permits

The evidence is that the Applicants received two permits from the MNR¹⁴ under section 14 of the *Lakes and Rivers Improvement Act* and under the *Provincial Parks and Conservation Reserves Act* to develop a project within a provincial park.

¹² Applicants Response to Boars staff Interrogatory 10, filed March 20, 2012, p.7

¹³ Applicants Response to Boars staff Interrogatory 3, filed March 20, 2012, pages 2 -3

¹⁴ Applicants Response to Boars staff Interrogatory 4, filed March 20, 2012, pages 3-4

The Applicants also filed an update¹⁵ to the status of all Permits, Licences, Authorizations and Approvals. Board staff notes that several permits and approvals remain pending, some of which would only be required in the event that certain activities take place e.g., blasting during construction.

Decommissioning Costs

The Applicants confirmed¹⁶ that they will be responsible for the decommissioning costs of the Transmission Facilities in the event of force majeure even though such an event is very unlikely. The Applicants have not set funds aside for this purpose.

All of which is respectfully submitted

¹⁵ Applicants Response to Boars staff Interrogatory 9, filed March 20, 2012, SCHEDULE D, pages 1 - 3

¹⁶ Applicants Response to Boars staff Interrogatory 6, filed March 20, 2012, page 5