Ontario Energy Board

Commission de l'énergie de l'Ontario

EB-2013-0053

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 Hydro One Networks Inc. for an order or orders pursuant to section 92 of the *Ontario Energy Board Act, 1998* for Leave to Construct upgraded electricity Transmission Line Facilities in the Kitchener-Waterloo-Cambridge-Guelph area.

BEFORE: Paula Conboy
Presiding Member

Emad Elsayed
Member

DECISION AND ORDER
September 26, 2013

DECISION

The Board approves the application by Hydro One Networks Inc. for an Order granting leave to upgrade existing electricity transmission line facilities as described in its March 8, 2013 application. This approval is subject to the Conditions of Approval attached to this Decision and Order.

APPLICATION AND PROCEEDING

Hydro One Networks Inc. ("Hydro One") filed an application on March 8, 2013, with the Ontario Energy Board (the "Board") under section 92 of the Ontario Energy Board Act,

1998 (the "Act"). The application is for an order of the Board granting leave to upgrade existing electricity transmission line facilities in the Kitchener-Waterloo-Cambridge-

Guelph (“KWCG”) area. The Board assigned the application file number EB-2013-0053.

The Project, referred to as the Guelph Area Transmission Refurbishment (“GATR”) project includes upgrading approximately 5 km of existing 115 kV transmission line to a double circuit 230 kV line. This upgrade consists of replacing 4 km of existing 115 kV double circuit wood pole line from CGE Junction to ABB Junction and 1 km of 115 kV steel pole line from ABB Junction to Campbell TS. The Project also provides for a new Optical Ground Wire over a 1.9 km section of the upgraded line.

There are also additional facilities related to the overall refurbishment, but they are not part of this application. These are:(1) Providing two 230 kV circuit breakers and creating the “Guelph North Switching Station”, to be known as Inverhaugh SS, at the location of the existing Guelph North Junction; and (2) Providing two 230 kV /115 kV autotransformers and two 115 kV circuit breakers at Cedar TS. The Board expects that the review of the costs associated with these facilities will form part of a subsequent Hydro One rate application.

Following issuance of the Notice of Application and Written Hearing on April 1, 2013, and Procedural Order No. 1 on April 26, 2013, the following parties were granted intervenor status: the Independent Electricity System Operator (“IESO”), the Ontario Power Authority (“OPA”), Cambridge and North Dumfries Hydro Inc., Guelph Hydro Electric Systems Inc., Kitchener-Wilmot Hydro Inc., Waterloo North Hydro Inc., and Environmental Defence. Environmental Defence also requested cost eligibility, and the Board granted it for matters within the scope of the Board’s jurisdiction.

Details of the various procedural steps which followed are available on the Board’s website.

THE BOARD’S JURISDICTION

This application has been brought under section 92 of the Act. That provision forms part of a series of provisions that both empower and limit the Board in its consideration of this type of application. The Board's power to grant an applicant a leave to construct transmission facilities arises from subsection 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.

In discharging its duties in this proceeding, the Board is also bound by the provisions of section 96 of the Act which states:

> 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.
> 2. Where applicable and in a manner consistent with the policies of the government of Ontario the promotion of the use of renewable energy resources.

As a result of these provisions, many aspects of any transmission application resulting from a transmission project, including the environmental impacts and the general health risks relating to electromagnetic fields are outside the Board's jurisdiction. Those matters are dealt with during the environmental assessment process administered by the Ministry of Environment and are not matters upon which the Board can express any findings or opinion.

While the Board does not have jurisdiction over the environmental approval process, its approval of leave to construct applications is contingent on the applicant obtaining all the necessary permits and approvals. The Board notes that the evidence indicated that Hydro One completed the Environmental Approval process, which confirms that the proposed route as defined for the Project has been approved.

The Act also gives the Board responsibilities for certain other matters, such as approval of the forms of land agreements to be offered to landowners whose lands are affected by the approved route or location of a proposed transmission project. Section 97 of the Act states that:

> 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.

EVIDENCE RELATED TO THE BOARD'S JURISDICTION

Project Justification

Hydro One, with the support of OPA evidence, submitted that an integrated package composed of conservation and demand management ("CDM"), distributed generation ("DG") and transmission reinforcements in the KWCG area, is needed to meet a forecast of rising demand in that area and to increase the reliability of its transmission system.

Hydro One estimates that demand in the KWCG area is expected to grow at a rate of 3% per year (2% net of conservation and DG) between 2010 and 2023. This increase in electricity demand is expected to exceed the system's load meeting capability in the South-Central Guelph, Kitchener-Guelph and Cambridge subsystems over the next 10 years. Hydro One also submits that two of the subsystems in the KWCG area currently fail to comply with the IESO's Ontario Resource and Transmission Assessment Criteria ("ORTAC") for service interruption. In Hydro One's submission, the Project will reduce the impact of supply interruptions to customers in the area and is part of an integrated solution to address the electricity needs of the area.

Environmental Defence urged the Board to reject Hydro One's application and submits that it appears that an integrated combination of CDM and small-scale, local DG alone can meet the KWCG area's electricity needs sooner, more reliably, and at a lower cost. In arriving at its conclusion, Environmental Defence took particular issue with Hydro One's load forecast and its failure to take full advantage of potential CDM and DG solutions. Environmental Defence also argued that Hydro One did not consider CDM before it considered a supply side option in accordance with the Government of Ontario's *Conservation First* white paper.

Various areas associated with the Hydro One's justification that the Project is in the public interest are addressed in the following sections, including the parties' positions and the Board findings.

Load Forecast

Hydro One relied on load forecasts provided by the local distribution companies ("LDCs") in the KWCG area in assessing the need for the Project. Hydro One argued that LDCs are best positioned to assess the expectation of future electricity demand in their service territory. Hydro One further indicated that, over the near and medium terms, the LDCs' local knowledge of the regional customer mix, expected customer

connections, and municipal/regional growth plans, are key electricity demand drivers.

Environmental Defence questioned the validity of these gross demand forecasts stating that they were overestimated, inconsistent and unverified. Environmental Defence did not file any alternate forecast for the KWCG area, but raised various issues with the Hydro One's load forecast.

Environmental Defence argued that the historical time periods selected by the LDCs to forecast load were unprecedented and arbitrary. They indicated, for example, that Cambridge and North Dumfries Hydro is forecasting that its peak day demand will grow by 3% per year between 2012 and 2030 based on the fact that its actual growth rate between 1978 and 2012 was 3% per year. However, Environmental Defence noted that the actual peak demand in the Cambridge subsystem declined by 7% between 2005 and 2012.

The four LDCs' load forecasts were based on historical long term data. The Board finds that Environmental Defence's choice of the period 2005 – 2012 to identify a weakness of the long term forecast is not defensible, as it places significant weight on the global downturn of 2008 – 2011, which is a significant contributor to the demand reduction observed for the period 2005-2012. The Board supports Hydro One's reliance on longer term trends to forecast its future load as it reduces or eliminates the impact of short term fluctuations.

Hydro One took issue with Environmental Defence's assertion that it did not undertake any independent verification of the LDC forecasts. In response to a Board staff interrogatory, Hydro One indicated that the OPA reviewed the long-term demand forecast for the KWCG area, and identified factors such as forecast GDP, population and household growth that support the demand growth trend for the area. Hydro One further explained that this analysis also factored economic forecasts for the Kitchener Census Metropolitan Area, which was obtained from an independent economic forecast service.

Hydro One, with the support of the OPA, argued that the area LDC forecasts provide the best forecast information, but recognized that there is uncertainty in any demand forecast. To address this uncertainty, the OPA conducted a sensitivity analysis that considered the impact of a higher and lower demand scenario. The results indicated that "while lower than expected demand growth may defer the supply capacity [need] in the Kitchener-Guelph 115 kV [subsystem into] in the longer term, the majority of the needs in the KWCG area will need to be addressed in the near-to-medium timeframe under the lower demand scenario".

The Board finds that Hydro One's load forecast for the KWCG area is reasonable for the purpose of justifying the need for the proposed Project.

Conservation and Demand Management

Environmental Defence argued that an integrated CDM/DG solution is potentially a more feasible alterative to the Project. Environmental Defence submitted that rather than using the distributors' CDM targets as the estimated CDM savings, Hydro One should be required to pursue all cost effective CDM opportunities (such as potential "Peaksaver" and demand response programs) in the KWCG area prior to assessing a supply side alternative. In supporting its position, Environmental Defence cited the Ontario Minister of Energy's white paper entitled *Conservation First* (July 15, 2013) which stated that "Conservation is the cleanest and least costly energy resource, and offers consumers a means to reduce their electricity bills" and that conservation solutions should be considered first. Environmental Defence argued that any remaining capacity requirement could be made up through additional DG instead of what is proposed in Hydro One's application.

Hydro One argued that the evidence shows that CDM is not a feasible solution to address all of the near- and medium- term capacity and other reliability needs of the KWCG area. Hydro One also indicated that while CDM is an important component of the integrated solution proposed for the KWCG area, the amount of additional CDM that would be required to fully address the KWCG area's near- and medium-term capacity needs is significant compared to the amount of planned CDM, especially for the South-Central Guelph and Cambridge subsystems. Hydro One also indicated that the OPA estimated that the planned and incremental CDM as a percentage of load for South –Central Guelph is 33%, which is part of the reason why incremental CDM is not a feasible alternative to the proposed Project.

The white paper contemplates stakeholder consultations to explore new CDM initiatives in order to achieve its goals. The Board expects that the Minister of Energy will subsequently provide the government's direction with respect to CDM beyond 2015. This would be consistent with the process that led to the Board's current targets for the period 2011-2014. The CDM targets set out in LDC licences are ambitious and the Board does not find it appropriate that Hydro One should be required to review its application to achieve additional CDM measures.

The Board accepts Hydro One's use of the CDM targets in the KWCG area in its load forecast. The Board also accepts Hydro One's and the OPA's view that additional conservation is not a feasible means of addressing all of the KWCG area's near- and

medium-term needs.

Distributed Generation (DG)

Cost Effectiveness

Environmental Defence indicated that, even though the OPA acknowledges that DG is a technically feasible alternative to the Project, the OPA is not implementing programs to sufficiently pursue all cost-effective DG opportunities.

In Environmental Defence's submission, DG is a more cost-effective alternative than the proposed Project based on the following:

- DG is more cost-effective when the avoided capital costs of alternative base load generation are factored into the cost-benefit analysis. If the noted avoided costs are factored in the analysis, the net cost of DG is over $200 million dollars *less* than the alternative of the Guelph transmission line plus the requisite amount of nuclear base load generation.
- The first benefit of local Combined Heat and Power ("CHP") is that it can avoid the need for a new transmission line to meet the local area's peak day needs on hot summer days. The second benefit, since CHP is a base load electricity supply option, is that it can also reduce the need for additional base load generation in the rest of Ontario, such as new or re-built nuclear generation.

Hydro One disagreed with Environmental Defence's view that DG is more cost-effective than the proposed Project and can reduce the need for additional base load generation, such as new or re-built nuclear generation in Ontario. Specifically, Hydro One indicted that:

- The analysis showed that additional DG is not cost-effective when compared to the recommended transmission reinforcements. That analysis included the value that DG resources could provide by concurrently contributing to both the local area peak capacity needs, which exist today, and those of the broader system, which are anticipated to emerge in 2018, thereby reducing the need for peaking generation elsewhere in the province.
- In addition, the noted analysis indicated that it is anticipated that the system will have sufficient generation output from the existing fleet of supply resources to meet energy needs at non-peak times (including base load energy needs). Accordingly, the analysis took into account the energy displacement and excess energy that could be produced through the operation of additional DG alternatives.

- Hydro One also indicated that the role of DG, as part of the overall supply mix in deferring the need for nuclear refurbishments and/or new-build, is a policy decision to be made by the Government of Ontario as part of the Long Term Energy Plan. As such, Hydro One disagrees with Environmental Defence's argument and submits that it is not appropriate to include any avoided capital costs associated with nuclear facilities in the economic assessment of the Project.

The Board will, therefore, not require Hydro One to include an analysis of the potential avoided capital costs associated with nuclear facilities in the economic assessment of the Project. The Board agrees with Hydro One's submission that the Government of Ontario is better placed to address the role of DG in in deferring the need for nuclear refurbishments and/or new-build.

Uncertainty of DG Potential

At the time of the application, DG projects totaling approximately 60 MW in the City of Guelph have been submitted to the OPA pursuant to its Feed-in-Tariff (FIT) Program and the Combined Heat and Power Standard Offer Program (CHPSOP). None of these projects have been contracted. In addition these programs have been under review by the OPA and the Ministry of Energy, and the Ministry has declared its intent to replace the large FIT contract award process with a competitive tender process. The Board further notes that on June 12, 2013, the Ministry of Energy issued a directive to the OPA imposing further caps on small FIT projects, and no further procurement for Large FIT projects, pending development of a competitive process.

As such, the OPA submits, there is sufficient uncertainty of whether all 60 MW of projects will ultimately receive contracts. The OPA further submitted that even if all 60 MW of potential DG is implemented, a supply capacity deficiency would still exist in South-Central Guelph starting in 2017. Under the same assumptions that the 60 MW DG potential is implemented, the OPA also indicated that the remaining capacity needs of the other subsystems in the KWCG area would not be addressed starting in 2013.

The Board finds that the uncertainty with respect to the current 60 MW of potential DG projects is sufficient to cast doubt on whether additional DG is a feasible and realistic alternative to meet the requirements of the KWCG area.

Electricity Supply Reliability Standards

Service Restoration Criteria

The evidence shows that two subsystems ("Kitchener & Cambridge (230 kV)" and the "Waterloo-Guelph (230 kV)") do not currently comply with the ORTAC service interruption criteria set by the IESO, and the Transmission System Code ("TSC").

The Project, according to Hydro One, will enable meeting these criteria.

Hydro One indicated that, in order to meet the ORTAC and TSC requirements, it is required to ensure that the transmission system supplying a local area has sufficient capability under peak demand conditions to withstand specific outages prescribed by ORTAC and, in the event of a major outage, the system must meet prescribed service interruption standards.

In Environmental Defence's submission, the combination of CDM and DG would address the ORTAC and would ultimately provide significantly more reliability to Hydro One's customers as compared to the proposed Project. In support if its position, Environmental Defence indicated that:

- The two subsystems do not meet ORTAC criteria now, and will remain so for another 3 years; the time required to build the transmission facilities
- The proposed transmission option will not completely address the ORTAC standards for the Kitchener and Cambridge subsystem

The Board accepts Hydro One's view that the proposed Project will enable meeting the service restoration requirements of the two subsystems.

Capacity Planning Criteria

Environmental Defence submitted that the OPA failed to account for the "peakiness" of the KWCG load profile by sizing the infrastructure based on peak demand, rather than average demand levels. In Environmental Defence's submission, transmission capacity needs could be greatly curtailed by focusing on a small number of peak hours with appropriate CDM programs such as "Peaksaver".

Hydro One argued that sizing infrastructure based on average demand is contrary to well-established planning standards. Hydro One also added the following to corroborate its position:

- The IESO's ORTAC establishes the planning criteria and assumptions to be used for assessing the present and future reliability of Ontario's transmission system. ORTAC is itself based on North American Electric

Reliability Corporation ("NERC") and Northeast Power Coordinating Council ("NPCC") standards.

- In accordance with ORTAC, the electricity system supplying a local area must be planned with sufficient capability under peak demand conditions to withstand specific outages prescribed by ORTAC while keeping voltages, line and equipment loading within applicable limits.

Board staff supported Hydro One's submission that the two subsystems that do not now comply with the ORTAC service interruption criteria are added justification for the proposed Project.

The Board accepts that electricity supply planning should be based on the ORTAC established by the IESO and finds that Hydro One's sizing of the infrastructure for the purposes of this application based on peak demand is appropriate.

Alternatives Considered

Hydro One provided a list of alternatives to the proposed transmission upgrade as part of the OPA's evidence.

In that evidence, options for transmission enhancement were considered including reinforcing grid connections into the area from the west, south and north. In response to a Board staff interrogatory, Hydro One provided a summary comparing the cost of three alternatives which showed that the "North" option is the least cost alternative.

Board staff supported Hydro One's conclusion regarding the preferred option. Environmental Defence did not make any specific submissions on the relative cost of the three supply alternatives.

The Board agrees that the proposed "North" option is the least cost alternative for meeting the capacity and reliability requirements for the KWCG area.

Project Classification and Categorization

Hydro One classified the proposed Project as a "development project" based on the criteria defined in the *Minimum Filing Requirements*, EB-2006-0170 ("Filing Requirements"). Justification for the "development" classification is essentially based on the fact that the proposed Project provides for a supply capacity increase to meet the needs of the three subsystems until 2024. The three subsystems are the South-Central Guelph, Kitchener-Guelph and Cambridge.

Hydro One also indicated that the proposed upgrade to 230 kV for the existing 115 kV double circuit transmission line is categorized as "non-discretionary" based on the fact

that the Project will not only enable meeting the ORTAC and TSC requirements, but also accommodate new load and relieve system elements where the load has exceeded capacity.

Board staff supported Hydro One's submissions. Environmental Defence did not make any submissions on the project classification.

The Board agrees that the project classification as "development" and its categorization as "non-discretionary" meet the criteria set out in the Board's Filing Requirements.

Project Cost, Economics, and Cost Responsibility

The pre-filed evidence complies with the Board Filing Requirements indicating an expected capital cost of $27.5 million for the proposed "Cost of Upgrade Line Work". The estimated cost of associated work at Cedar TS and estimated cost to upgrade the Guelph North Junction to a switching station and associated station work is $60.5 million. There is also an additional cost of $7.4 million that is attributable to the Hydro One Distribution advancement costs which are triggered by the Project.

The Board also notes that as part of a cost-benefit analysis, Hydro One undertook a 25-year discounted cash flow analysis assuming zero incremental load and network revenues attributable to the project. The result of the analysis is a net present value of negative $74.8 million for the proposed transmission facilities, based on a 25-year discounted cash flow analysis, which includes both the line and station work, and is provided in the noted evidence at Table 1. The discounted cash flow analysis is based on:

- the estimated initial cost of $88.1 million for the line upgrade, and the associated station facilities;
- adding assumed ongoing operating and maintenance costs; and
- subtracting the incremental revenue.

The result of the discounted cash flow analysis show that the transmission refurbishment project will have a negative net present value of $68.5 million with a profitability index ("PI") of 0.2. The noted additional cost of $7.4 million attributable to the Hydro One Distribution advancement costs resulted in the total project NPV being equal to negative $74.8 million.

Board staff supported Hydro One's assessment.

The Board agrees that the evidence supports categorizing the proposed Project as "non-discretionary". Although the PI of 0.2 is well below 1.0, it is the highest PI amongst

the technically feasible alternatives considered. This view is consistent with the Board Filing Requirements direction.

Reclassification of Line Connection Assets

Hydro One indicated that the existing 115 kV line facilities and associated stations that are being refurbished under this Project are currently classified as Line Connection assets. The new 230 kV facilities resulting from the Project will provide enhanced interconnection capability and reliability among the KWCG sub-systems. Hydro One indicated that the resulting facilities will perform a network function and as such propose that they be classified as Network assets.

Hydro One further indicated that this approach follows the general direction in the Board's "Renewed Regional Planning Framework for Electricity Distributors: A Performance-Based Approach" ("RRF") Report, released on October 18, 2012.

Board staff agreed with Hydro One's submission that the proposed approach follows the direction of the RRF Report noted above.

On August 26, 2013, the Board issued certain amendments to the TSC which will now allow the reclassification of the noted Line Connection Assets to Network Assets.

The Board approves the classification of the new 230 kV transmission facilities as Network Assets, and expects the actual transfer of the assets will take place at the next cost of service transmission rates hearing for the 2015 and 2016 test years.

Planning Process

In its submission, Environmental Defence was critical of the planning process indicating that CDM and DG were assessed in isolation rather than as an integrated alternative, and requested that the Board issue a direction or statement that, in the future, Hydro One and the OPA should comprehensively assess CDM and DG as alternatives to supply-side transmission upgrades early in the planning process such that these alternatives can be identified and adopted wherever they are the most cost-effective option.

In its reply argument, Hydro One disagreed with Environmental Defence's view that it was unreasonably delayed in assessing the KWCG area's needs and further indicated that Environmental Defence's request for a direction or statement from the Board with respect to Hydro One and OPA assessing CDM and DG early in the planning process is unwarranted. In support of its position, Hydro One indicated that the OPA and Hydro One began to assess the needs and options of the KWCG area, based on the ORTAC

criteria, as part of the 2007 Integrated Power System Plan ("IPSP"). Hydro One further outlined the steps taken since then taking into account various events that impacted the process such as the economic downturn, and ending with the broader regional planning study of the KWCG area that commenced in the summer of 2010.

The Board has recently adopted a more structured regional planning process developed by an industry working group which included KWCG. The KWCG regional plan filed in this proceeding preceded the development of this more formal process. However, the Board finds that the planning process used for the KWCG area, as explained by Hydro One, is consistent with the process established by the working group and that alternatives, including CDM and DG, were assessed early in the regional planning process before it was determined that the proposed GATR Project was part of the appropriate mix of investments.

Transmission Rate Impacts

Hydro One estimates that the proposed transmission facilities will result in a network pool rate impact of 3 cents/kwh, and an overall effect on the average residential customers' bill of 0.04%.

The Board considers the overall impact on average residential customers of 0.04% to be acceptable.

Impact of Project on Reliability and Quality of Electricity Service

System Impact Assessment ("SIA")

Hydro One filed a draft System Impact Assessment, completed by the IESO and dated February 28, 2013. The IESO concluded that there will be no negative impact from the proposed Project on the system reliability, provided that various operating measures are respected to avoid overloading certain transmission lines during peak periods.

Board staff submitted and the Board agrees that, subject to respecting the recommended operating measures noted in the SIA report, the proposed Project will not result in any material adverse impact on the reliability of electricity service.

Customer Impact Assessment ("CIA")

Hydro One filed a CIA Report on May 28, 2013. The CIA report's conclusion and recommendation indicated that the short-circuit levels observed at connection points are within the requirements of the TSC, and that Hydro One recommends that the customers review the impact of the short-circuit change on their facilities and take appropriate and timely action to address any safety/technical issues arising

from the incorporation of the transmission facilities in the Fall of 2015.

Board staff submitted and the Board agrees that the quality of electric service will not be negatively impacted by the proposed Project.

Land Matters and Forms of Agreement

The proposed Project involves upgrading existing transmission facilities on the existing corridor from Campbell TS to CGE Junction. The evidence describes the existing and required land rights, and the process for acquiring these rights. Various forms of agreement are also included in the pre-filed evidence covering the "Offer to Grant Easement", "Off-Corridor Temporary Access and Access Road", "Temporary Construction Licence Agreement for Construction staging", and "Damage Claim Agreement and Release Form".

Construction of the proposed transmission facilities will require permits for crossing of three railway spurs, from Guelph Junction Railway and Canadian National; 7 road allowance crossings in the City of Guelph; and one highway crossing owned by the Ministry of Transportation.

No party took issue with Hydro One's approach. The Board is satisfied that the procedures for acquiring the land rights are in accordance with the requirements set out in the Filing Requirements and section 97 of the Act.

THE BOARD ORDERS THAT

1. Pursuant to section 92 of the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Schedule B, Hydro One, Hydro One Networks Inc., is granted leave to upgrade electricity Transmission Line Facilities in the Kitchener-Waterloo-Cambridge-Guelph area subject to the Conditions of Approval attached as Appendix A to this Order.

2. Environmental Defence shall file with the Board no later than **October 3,** 2013 its cost claim in accordance with the Board's Practice Direction on Costs Awards.

3. Hydro One may object to the cost claims no later than **October 10, 2013** by filing its submission with the Board and delivering a copy to Environmental Defence.

4. If an objection to the cost claim of any party is filed by Hydro One Environmental Defence will have until **October 17, 2013** to file a reply submission to the Board, with a copy to Hydro One.

5. Hydro One shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote the file number EB-2013-053, be made through the Board's web portal at https://www.pes.ontarioenergyboard.ca/eservice/, 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 Guidelines found at www.ontarioenergyboard.ca. If the web portal is not available you may e-mail 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 communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

ADDRESS:

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary
Tel: 1-877-632-2727 (toll free)
Fax: 416-440-7656

ISSUED at Toronto on September 26, 2013
ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX A

CONDITIONS OF APPROVAL

Upgrade Electricity Transmission Line Facilities in the Kitchener-Waterloo-Cambridge-Guelph Area

Decision and Order
Board File No. EB-2013-0053
Dated September 26, 2013

Definitions:

(1) "Project" means the Transmission Line and associated Transmission Facilities as defined in the Decision and Order.

(2) Applicant means Hydro One Networks Inc.

1 General Requirements

1.1 The Applicant shall construct the Project and restore the Project land in accordance with the 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, 2014 unless construction of the Project has commenced prior to that date.

1.3 The Applicant shall comply with the requirements of the Environmental Assessment and Approval Process and any amendment thereto.

1.4 The Applicants shall satisfy the Independent Electricity System Operator ("IESO") requirements as reflected in the draft System Impact Assessment Report dated February 28, 2013, and such further and other conditions which may be imposed by the IESO.

1.5 The Applicant shall satisfy the Hydro One Networks Inc. requirements as reflected in Customer Impact Assessment Report dated May 28, 2013.

1.6 The Applicant 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. The Applicant 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 The Applicant shall obtain and comply with 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 The Applicant shall designate a person as Project Manager and shall provide the name of the individual to the Board's designated representative. The Project Manager will be responsible for the fulfillment of the Conditions of Approval on the construction site. The Applicant shall provide a copy of the Order and Conditions of Approval to the Project Manager, within ten (10) days of the Board's Order being issued.

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

2.4 The Applicant 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 The Applicant shall, in conjunction with the IESO, and other parties as required, develop an outage plan for the construction period which shall detail how proposed outages will be managed.

2.6 The Applicant shall furnish the Board's designated representative with two (2) 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 Construction Impacts - Reporting Requirements

3.1 Both during and for a period of twelve (12) months after the completion of construction of the Project, the Applicant shall maintain a log of all comments and complaints related to construction of the Project. 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. The Applicant shall file two (2) copies of the log with the Board within fifteen (15) months of the completion of construction of the Project.

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