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**BY E-MAIL**

April 23, 2014

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON.  
M4P 1E4

Dear Ms. Walli:

**Re: Board Staff Submission  
Rainy River Resources Ltd.  
Application for Leave to Construct Transmission Facilities  
Board File No. EB-2014-0014**

Pursuant to Procedural Order No. 1, please find enclosed Board Staff's submission in this proceeding.

Yours truly,

*Original signed by*

Robert Caputo  
Case Manager  
EB-2014-0014

c. All Parties in EB-2014-0014

Encl.

**BOARD STAFF SUBMISSION**  
**RAINY RIVER RESOURCES LTD.**  
**APPLICATION FOR LEAVE TO CONSTRUCT**  
**TRANSMISSION FACILITIES TO CONNECT**  
**A MINING FACILITY TO THE**  
**ONTARIO TRANSMISSION SYSTEM**  
**EB-2014-0014**

**BACKGROUND**

Rainy River Resources Ltd. (the “Applicant”) filed an application with the Board, dated January 13, 2014 for leave to construct approximately 17 km of 230 kV transmission line and associated facilities (the “Transmission Project”). The line would connect the Applicant’s Rainy River Mine to the provincial power grid.

**PROCESS TO DATE**

- The Board issued its Notice of Application and Written Hearing on February 7, 2014. The Notice was published and served by the Applicant as directed by the Board.
- The following parties were granted intervenor status:
  - The Independent Electricity System Operator
  - Hydro One Networks Inc.
- Procedural Order #1 was issued on March 10, 2014.
- Hydro One Networks Inc. (“Hydro One”) and Board Staff filed written interrogatories on March 25, 2014 March 26, 2014 respectively, in accordance with Procedural Order No. 1.
- The Applicant filed responses to the interrogatories on April 7, 2014.

**THE BOARD’S JURISDICTION**

On a leave to construct application that is filed under section 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the “Act”), section 96 of the Act states that the Board shall consider the public interest and shall only

consider the following two issues when deciding if the proposed project is in the public interest:

1. the interests of consumers with respect to prices and the reliability and quality of electricity service; and
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.

Section 97 of the Act further states that:

*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. 1998, c. 15, Sched. B, s. 97.*

## **TRANSMISSION RATE IMPACT**

The Applicant submitted that RRR is not a rate regulated utility and intends to finance, construct, own and operate the proposed transmission facilities. It has also confirmed that it is responsible for any Hydro One Networks Inc. ("Hydro One") costs needed to accommodate the proposed facilities, calculated in accordance with the requirements of Section 6 and Appendix 5 of the Transmission System Code and Hydro One's Capital Cost Recovery Agreement (CCRA) as approved by the Board.

In its interrogatories, Hydro One indicated that accommodation of the Applicant's proposed transmission facilities could drive higher costs that Hydro One, or a new electrical customer in the subject area, would not have otherwise incurred in the absence of the Applicant's adjacent facilities. The Applicant responded that with regard to the single proposed crossing, Hydro One has requested and the Applicant has agreed to build the transmission line span across Hwy 71 with sufficient vertical clearance that a future distribution line change to 50ft poles can be accommodated in accordance with Hydro One's standard for such installations. As such, it is unclear whether costs will be higher than "base" costs and, the Applicant stated that "it would be hoped that the costs above the "base cost" would be avoided or minimized".

The Applicant reiterated that it will meet its obligations under applicable laws and the Transmission System Code.

## **ENVIRONMENTAL ASSESSMENT**

The Applicant submitted that the Rainy River Project is undergoing a coordinated Provincial and Federal Environmental Assessment which is anticipated to conclude in November 2014. Confirmation of approval/completion of process will be provided when available.

## **LAND - RELATED MATTERS & OTHER APPROVALS**

The Applicant submitted that Option Agreements continue to be in place for two parcels, to be fully acquired. Agreements of Purchase and Sale were finalized with respect to two properties in January and one property is currently under Agreement of Purchase and Sale and proceeding with final closing. Eleven Unpatented Mining Claims are proceeding through the Lease Application process with the Ministry of Northern Development and Mines.

Where it requires easement rights to complete the Transmission Project, the Applicant has offered to each landowner the form of easement provided in Exhibit B, Tab 6, Schedule 5 in its negotiations with the landowners.

Board staff does not see any reasons for the Board not to approve the form of easement agreement filed by the Applicant.

Page 4 of the Applicant's responses to Board staff interrogatories contains a table which shows the likely outstanding permitting requirements with anticipated completion dates and status. The anticipated dates of approval range from November 2014 to January 2015.

## **SYSTEM IMPACT ASSESSMENT (SIA)**

In its pre-filed evidence, the Applicant included a System Impact Assessment Report (SIA) issued by the IESO on December 17, 2013 (Exh. B, Tab 6, Sch, 2).

The Applicant confirmed in its responses to Board staff interrogatories that it plans to implement all of the IESO's connection requirements contained in the SIA and any further updates to the SIA.

The Applicant also confirmed its understanding that Hydro One intends to fully implement the requirements as stated in the SIA.

### **CUSTOMER IMPACT ASSESSMENT (CIA)**

In its response to Board staff interrogatories, the Applicant filed a Customer Impact Assessment Report (CIA) issued by Hydro One on March 4, 2014

The Applicant submitted that there are no specific Applicant or transmitter requirements in the CIA.

### **CONDITIONS OF APPROVAL**

Board staff suggests that the typical conditions of approval attached to a Decision and Order for a leave to construct application from a non-regulated entity be applied if the Board decides to approve this application. The suggested conditions of approval are contained in Appendix A to this submission.

**All of which is respectfully submitted.**

## **APPENDIX A**

### **Proposed Conditions of Approval for Rainy River Resources Ltd. Leave to Construct a Transmission Line and Associated Facilities EB-2014-0014**

#### **Note:**

The Conditions of Approval attached to the Board's Decision and Order include references to permits and approvals by other organizations, Crown corporations, or Government Ministries that are prerequisites for the successful completion of the facilities that are the subject of this application. Notwithstanding any such references in these Conditions of Approval, the Board is not responsible for ensuring the implementation or operationalization of any of the requirements enumerated in such permits or approvals or the reports associated therewith even where such permits, approvals or associated reports are required, for any reason, to be filed with the Board.

#### **1. General Requirements**

- 1.1 The Applicant shall construct the transmission line and associated transmission facilities as defined in the Decision and Order (the "Project") in accordance with its the Leave to Construct application, evidence and undertakings, except as modified by the Board's Decision and Order and by these Conditions of Approval and in accordance with applicable laws, codes and standards.
- 1.2 Unless otherwise ordered by the Board, authorization for Leave to Construct shall terminate (*one year from date of Decision and Order*) unless construction of the Project has commenced prior to that date.
- 1.3 The Applicant shall comply with the requirements of all applicable Federal and Provincial Environmental Assessments.
- 1.4 The Applicant shall satisfy the requirements of the Independent Electricity System Operator requirements as reflected in the System Impact Assessment, Addendum and any further updates to it.

- 1.5 The Applicant shall satisfy any and all requirements of Hydro One Networks Inc. as reflected in the Customer Impact Assessment Report, Addendum and any further updates to the report.
- 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.
- 1.8 The Applicant shall obtain all necessary easements and other instruments relating to individual parcels of land before commencing construction of the Project upon those lands.
- 1.9 The Applicant shall comply with the laws of Ontario (including the laws of Canada applicable in Ontario).

## **2. Project and Communications Requirements**

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Facilities and Infrastructure.
- 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 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 The Applicant shall, in conjunction with Hydro One and the IESO, and other

parties as required, develop an outage plan for the construction period which shall detail how proposed outages will be managed.

- 2.5 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.

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