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BY COURIER

March 23, 2015

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

Dear Ms. Walli:

EB-2013-0421 – Hydro One Networks' Section 92 – Supply to Essex County Transmission Reinforcement Project, Phase 1 – Argument in Chief Submission

In accordance with Procedural Order No. 3, please find attached two (2) paper copies of Hydro One Networks Inc.'s argument-in-chief related to the Section 92 Application for the Supply to Essex County Transmission Reinforcement Project, Phase 1.

An electronic copy has been filed using the Board's Regulatory Electronic Submission System.

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON

Joanne Richardson

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 (as amended) granting leave to construct transmission line facilities in the Windsor-Essex Region, Ontario.

HYDRO ONE NETWORKS INC. SUBMISSION

On January 2, 2014, Hydro One Networks Inc. (“Hydro One”) applied to the Ontario Energy Board (“the Board”) for an Order granting leave to construct new transmission facilities (“Supply to Essex County Transmission Reinforcement “**SECTR**” Project”) in the Windsor-Essex region of southwestern Ontario. The application also proposed new cost allocation methodologies. The Board on January 28, 2015 issued Procedural Order No. 3 indicating it will proceed with the hearing in two parallel phases. This submission relates to Phase 1 of the hearing, the Leave to Construct application.

The proposed project involves building a new 230/27.6 kV Leamington TS in the Municipality of Leamington, constructing approximately 13 km of new double circuit 230 kV transmission line on a new right of way between the new Leamington TS and new taps on 230 kV circuits C21J and C22J between Chatham TS and Sandwich Junction (to be known as Leamington Junction), and installing optic ground wire on top of the new 230 kV towers serving Leamington TS and on the existing C21J/C23Z towers.

The application is driven by the need to reinforce the transmission system in the Windsor-Essex region to address transmission capacity, restoration and congestion issues in the area. The IESO’s evidence has identified near-term supply capacity and other reliability needs in the area and after exploring other alternatives recommended, “an integrated solution comprised of CDM and DG resources, and transmission investments,

including the SECTR project”¹ to meet the needs in the Windsor-Essex area over the 20 year planning horizon. Hydro One concurs with the IESO and asserts that the Project will enable ORTAC requirements to be met, will accommodate new load and will mitigate circuit overload where the load level has exceeded capacity². In response to Board Staff Interrogatory 7, the IESO clarified that the restoration capability up to 2030 even under a high growth scenario would likely be met with the proposed SECTR project and they do not anticipate that additional transmission investments would be required. The System Impact Assessment report concludes that the proposed project is expected to have no material adverse impact on the reliability of the integrated power system³.

The cost of the Project is \$77.4 million⁴ and will have negligible impact on a typical residential customer’s electricity bill (0.01%)⁵. The SECTR Project will have minimal environmental impact and has been screened-out under the *Class Environmental Assessment for Minor Transmission Facilities* which is approved by the Ontario Ministry of Environment. Hydro One will adhere to all recommendations made by the Ministry of Environment and other provincial or federal ministries, departments or agencies, and will also abide by any commitments Hydro One has made during the consultation process⁶. Hydro One engaged stakeholders and First Nations and Métis communities during the Class EA process and up until the date of filing the Application. Once the project receives all approvals, Hydro One will continue to communicate with interested parties during the design and construction phase.⁷ The SECTR Project is supported by locally impacted municipalities, local distribution companies and greenhouse growers in the area⁸.

Hydro One has indicated that permanent land rights will be required on all privately-owned properties⁹ and temporary rights will also be required during construction¹⁰.

¹ Exhibit B, Tab 1, Schedule 5, page 43

² Exhibit B, Tab 1, Schedule 4, page 5

³ Exhibit B, Tab 6, Schedule 3, page 1

⁴ Exhibit A, Tab 3, Schedule 1, page 2

⁵ Exhibit B, Tab 4, Schedule 3, page 6

⁶ Exhibit B, Tab 6, Schedule 1

⁷ Exhibit B, Tab 6, Schedules 5 and 6

⁸ Exhibit B, Tab 6, Schedule 2

⁹ Exhibit I-P1, Tab 1, Schedule 11

Hydro One currently owns the land where the Leamington TS will be located. In response to interrogatories from Comber Wind LP and Board Staff, Hydro One explained that until the final design stage is complete, site specific information such as tower height, specific clearances and where towers will be placed on each property are not available. However, as mentioned in interrogatory responses, Hydro One will use its standard clearances which are generally more stringent than CSA 22.3¹¹.

In summary, Hydro One believes that the SECTR Project is in the public interest and should be approved. The transmission solution provided in the application is cost-effective and results in minimal impact to ratepayers. The Project will assist in meeting the near-term supply and reliability needs in the Windsor-Essex region. Hydro One has consulted with appropriate parties, as indicated by the support of the IESO and local parties for this project, and believes that the environmental impact of this project is minimal. In order for Hydro One to proceed with this Project, a decision on a methodology for allocating at the distribution level, upstream customer-related investments costs is required; which is Phase 2 to this hearing.

All of which is respectfully submitted for the Board's consideration.

¹⁰ Exhibit B, Tab 6, Schedule 7

¹¹ Exhibit I-P1, Tab 2, Schedule 1