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August 26, 2016

RESS, EMAIL & COURIER

Ontario Energy Board
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto, ON M4P 1E4

Attention: Ms. K. Walli, Board Secretary

Dear Ms. Walli:

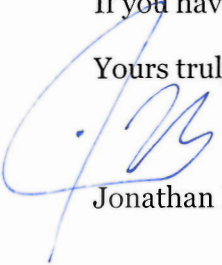
Re: Wataynikaneyap Power LP - Application for Accounting Order to Establish Deferral Account (EB-2016-0262)

We are counsel to 2472883 Ontario Limited ("Wataynikaneyap Power GP") and Wataynikaneyap Power LP ("WPLP").

Enclosed, please find two copies of an application by Wataynikaneyap Power GP on behalf of WPLP (the "Applicant") for an Accounting Order authorizing the Applicant to establish a new deferral account, to be known as the "Wataynikaneyap Power Development Deferral Account", for the purpose of recording costs incurred in relation to development of the Applicant's transmission project. The application has also been filed on RESS.

If you have any questions, please do not hesitate to contact me at the number shown above.

Yours truly,



Jonathan Myers

Enclosure

cc: Ms. Margaret Kenequanash, WPLP
Mr. Jerry Vaninetti, WPLP
Mr. Tim Lavoie, WPLP
Mr. Charles Keizer, Torys LLP

INDEX

1
2
3

| Exhibit | Tab | Contents |
|----------------|------------|--|
| 1 | | Index |
| 2 | | Application |
| 3 | | The Applicant |
| | A | Transmission Licence (ET-2015-0264) |
| 4 | | The Project |
| | A | Project Map |
| 5 | | Priority and Designation |
| | A | Orders-in-Council and Minister Directive |
| 6 | | The Proposed Deferral Account |
| | A | Development Schedule |
| | B | Forecast Development Budget |
| | C | Draft Accounting Order |
| 7 | | Reporting |

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
C.S.O. 1998, c.15 (Sched. B); pursuant to section 78 of the
Ontario Energy Board Act.

AND IN THE MATTER OF an Application by 2472883 Ontario
Limited on behalf of Wataynikaneyap Power LP, for an Order
or Orders to establish a deferral account, for the purposes of
recording certain costs relating to development of the
Wataynikaneyap Transmission Project.

APPLICATION

Introduction

1. 2472883 Ontario Limited ("Wataynikaneyap Power GP") on behalf of Wataynikaneyap Power LP ("WPLP"), the "Applicant", is hereby applying to the Ontario Energy Board (the "Board") for an Accounting Order authorizing the Applicant to establish a new deferral account, to be known as the "Wataynikaneyap Power Development Deferral Account", for the purpose of recording costs incurred in relation to development of the Wataynikaneyap Transmission Project (the "Project").
2. The Applicant is a licensed Ontario electricity transmitter (ET-2015-0264). Although the Applicant currently has no existing transmission assets in Ontario, in granting the licence the Board recognized that the licence application was underpinned by the Project. The Applicant therefore does not have Board-approved transmission rates at present.
3. The Applicant is in the process of planning and developing the Project, which consists of a new transmission system in northwestern Ontario to reinforce transmission to Pickle Lake and to connect remote First Nations communities that are currently served by diesel generation. Through anticipated amendments to its electricity transmission licence, directed by the Minister of Energy, the Applicant will be required to develop and seek approvals for the Project, which has been

1 designated by the Province of Ontario as a priority project pursuant to section 96.1 of
2 the *Ontario Energy Board Act* (the “Act”). The deferral account is intended to
3 facilitate the Applicant's future recovery of its prudently incurred investments in
4 developing the Project.

5 **Relief Sought**

6 4. The Applicant requests an order of the Board, pursuant to Section 78 of the Act,
7 authorizing it to establish a deferral account, to be known as the “Wataynikaneyap
8 Power Development Deferral Account” (the “Deferral Account”), for the purpose of
9 recording costs incurred in relation to development of the Project, including (without
10 limiting the generality of the foregoing) with respect to engineering, design,
11 procurement, permitting and licensing, environmental and regulatory approvals, land
12 rights acquisition, stakeholder consultation and Aboriginal engagement,
13 interconnection studies, Aboriginal participation including formation of the Applicant
14 and its predecessor organizations, as well as Project management and
15 administration. The proposed effective date for the Deferral Account is the date of
16 this application, being August 26, 2016. The Applicant intends to seek recovery of
17 the amounts recorded in the Deferral Account through its initial request for
18 transmission rates, or at such other time as the Applicant may request and the Board
19 may order. With respect to recording carrying charges on the balance in the Deferral
20 Account, simple interest will be calculated monthly on the opening balance in
21 accordance with the methodology approved by the Board in EB-2006-0117.¹

22 5. The Applicant requests an interim order of the Board establishing the Deferral
23 Account effective from the date of this application to enable the Applicant to record
24 costs in the proposed Deferral Account in advance of the final decision of the Board.

25 6. Notwithstanding the effective date that is established for the Deferral Account, the
26 Applicant requests authorization from the Board to record in the Deferral Account the
27 development costs incurred in relation to the Project between September 2008 and

¹ See http://www.ontarioenergyboard.ca/documents/cases/EB-2006-0117/letter_accountinginterest_281106.pdf.

1 the proposed effective date for the Deferral Account. The development activities that
2 commenced in September 2008 contributed to the Province formally recognizing the
3 Project as a priority in the 2010 Long-Term Energy Plan. These development costs
4 include costs relating to engagement with the affected communities, engagement
5 with regulators and governmental authorities, Aboriginal participation including
6 formation of the Applicant and its predecessor organizations, development of the
7 preliminary transmission line routing and technical parameters, engagement of
8 environmental and technical consultants, as well as costs incurred in obtaining
9 approval for the Environmental Assessment Terms of Reference for the Line to
10 Pickle Lake.

11 **Background**

- 12 7. The Applicant received its electricity transmission licence from the Board on
13 November 19, 2015 (ET-2015-0264). The licence was granted on the condition that
14 it does not take effect until the earlier of the date upon which the Board is satisfied
15 that the Applicant has been selected by appropriate authorities as a developer of
16 transmission assets in Ontario and the date upon which the Board amends schedule
17 1 of the licence to specify the facilities to be owned and/or operated by the Applicant.
- 18 8. On July 20, 2016 the Lieutenant Governor in Council made an Order in Council
19 pursuant to Section 96.1 of the Act declaring the construction of an electricity line
20 originating at a point between Ignace and Dryden and terminating in Pickle Lake, and
21 the construction of electricity transmission lines extending north from Pickle Lake and
22 Red Lake required to connect certain remote communities, to be a priority project.
- 23 9. On July 20, 2016 the Lieutenant Governor in Council also made an Order in Council
24 approving a Directive issued by the Minister of Energy pursuant to Section 28.6.1 of
25 the Act, which requires the Board, without holding a hearing, to amend the conditions
26 of the Applicant's electricity transmission licence to include a requirement that the
27 Applicant proceed to develop and seek approvals for a new 230 kV transmission line
28 originating at a point between Ignace and Dryden and terminating in Pickle Lake, and

1 for the transmission lines extending north from Red Lake and Pickle Lake required to
2 connect certain remote communities to the provincial electricity grid.

3 10. The Applicant understands that the Board, on its own initiative, will be taking steps to
4 amend the Applicant's transmission licence in accordance with the Directive, at
5 which time the licence will take effect.

6 11. The Project is unique in many respects, including the circumstances the Project is
7 intended to address, the size of the transmission build, the remoteness of the areas
8 to be served, the difficulties in accessing these areas, the magnitude of expected
9 Project costs, the nature of the First Nations partnership and extent of participation,
10 and the extensive scope of Aboriginal and stakeholder engagement. Due to these
11 unique challenges, significant initial planning and development activities have been
12 and continue to be needed in advance of filing an application for leave to construct
13 the planned facilities. These activities are required to ensure the Project is
14 appropriately scoped and sufficiently defined, as well as capable of being
15 implemented thereafter in a timely, efficient and cost effective manner.

16 12. The Applicant continues to consult with stakeholders, engage with Aboriginal
17 communities, and carry out other development work, with the intent of filing an
18 application (or applications) for leave to construct by approximately Q3/Q4 2017.

19 **Eligibility Criteria for Establishment of Deferral Account**

20 13. The Applicant's request meets the Board's criteria for the granting of a deferral
21 account, as set out in the Board's *Filing Requirements for Electricity Transmission*
22 *Applications* (the "Filing Requirements"). These criteria are causation, materiality,
23 and prudence.

24 a. Causation – the Board requires that the forecasted expense be clearly
25 outside the base upon which revenue requirement has been derived. The
26 Applicant's initial transmission rates have not yet been established and the
27 forecasted development costs for the Project have not otherwise been
28 brought before the Board by the Applicant. Consequently, the costs to be

1 recorded in the account are clearly outside the base upon which current
2 Uniform Transmission Rates are derived.

3 b. Materiality – the Board requires the forecasted amounts to exceed the Board-
4 defined materiality threshold and have a significant influence on the operation
5 of the transmitter, otherwise the amounts must be expensed in the normal
6 course. The Filing Requirements provide default materiality thresholds
7 ranging from \$50,000 to \$3 million, depending on a transmitter's approved
8 revenue requirement. As noted, the Applicant's revenue requirement has not
9 been determined. However, it is reasonably expected that the forecasted
10 development costs for the Project will be well in excess of the Board's highest
11 materiality threshold. Moreover, as a new transmitter the Applicant does not
12 have the means to expense any amounts in the normal course. As such, the
13 forecasted development costs are material.

14 c. Prudence – the Board requires that the nature of the costs and forecasted
15 quantum must be reasonably incurred, though final determination of
16 prudence will be made at the time of disposition. Moreover, in terms of
17 quantum, this means that an applicant must demonstrate why the option
18 selected represents a cost-effective option for ratepayers. As indicated, the
19 Project has been formally identified as a priority in successive Long Term
20 Energy Plans and is supported by various studies from the IESO. More
21 significantly, the Province has legally declared the Project to be a priority
22 under section 96.1 of the Act and has directed the Board to make it a
23 condition of the Applicant's transmission licence that the Applicant must
24 develop and seek approvals for the Project. Given this licence condition, it is
25 reasonable for the Applicant to incur these development costs and to have
26 incurred these development costs to date. The costs to be recorded are for
27 activities that are necessary for developing the Project and obtaining required
28 approvals, including putting the Applicant in a position to file an application for
29 leave to construct.

Procedural Matters

14. The Applicant requests that this matter proceed by written hearing.

15. Contact information for matters related to this application is as follows:

a. The Applicant:

Ms. Margaret Kenequanash
Director and Chair, Wataynikaneyap Power LP

Mailing Address: Wataynikaneyap Power LP
c/o Shibogama First Nations Council
P.O. Box 449
81 King St.
Sioux Lookout, Ontario P8T 1A5

Telephone: (807) 737-2662
Fax: (807) 737-1583
Email: margaretk@shibogama.on.ca

Mr. Jerry Vaninetti
Director and Vice President – Development, Wataynikaneyap Power LP

Mailing Address: Wataynikaneyap Power LP
c/o RES Group
11101 W 120th Avenue, Suite 400
Broomfield, CO, USA 80021

Telephone: (303) 439-4636
Email: Jerry.Vaninetti@res-group.com

Mr. Tim Lavoie
Vice President, Fortis-RES PM Inc.

Mailing Address: Fortis-RES PM Inc.
c/o Algoma Power
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Sault Ste. Marie, ON P6B 6J6

Telephone: (705) 914-5697
Fax: (705) 759-7633
Email: Tim.Lavoie@algomapower.com

b. The Applicant's Counsel:

Mr. Charles Keizer, Torys LLP

Mailing Address: 79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2

Telephone: (416) 865-7512
Fax: (416) 865-7380
Email: ckeizer@torys.com

Mr. Jonathan Myers, Torys LLP

Mailing Address: 79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2

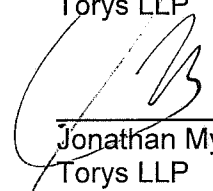
Telephone: (416) 865-7532
Fax: (416) 865-7380
Email: jmyers@torys.com

All which is respectively submitted this 26th day of August, 2016.

2472883 ONTARIO LIMITED on behalf of
WATAYNIKANEYAP POWER LP
by its counsel



Charles Keizer
Torys LLP



Jonathan Myers
Torys LLP

THE APPLICANT

The Applicant is 2472883 Ontario Limited ("Wataynikaneyap Power GP") on behalf of Wataynikaneyap Power LP ("WPLP"). Wataynikaneyap Power GP is an Ontario company and the general partner of WPLP, which is an Ontario limited partnership. Wataynikaneyap Power GP is held 51% by 2472881 Ontario Limited ("First Nation GP") and 49% by Fortis-RES GP. WPLP is held 51% by First Nation LP and 49% by Fortis-RES LP. The shares of First Nation GP and the interests of First Nation LP are held directly by 22 First Nations (the "Participating First Nations") in equal shares. The shares of Fortis-RES GP and the interests of Fortis-RES LP are held by RES Canada Transmission Holdings Inc. ("RES Canada") and FortisOntario Inc. ("FortisOntario") in equal shares. The Participating First Nations, RES Canada and FortisOntario are described below.

The Applicant received an electricity transmission licence from the Board on November 19, 2015 (ET-2015-0264), a copy of which is provided in Exhibit 3, Tab A. The licence was granted for an initial period of five years, on the condition that it would not take effect until such time as the Board is satisfied that the Applicant has been selected by appropriate authorities as a developer of transmission assets in Ontario, or the date upon which the Board amends the licence to specify the transmission facilities that it will own or operate, whichever is earlier.

As described in Exhibit 2 of this Application, the Lieutenant Governor in Council made an Order in Council on July 20, 2016 approving a Directive issued by the Minister of Energy pursuant to Section 28.6.1 of the Act, which required the Board, without holding a hearing, to amend the conditions of the Applicant's electricity transmission licence to include a requirement that the Applicant proceed to develop and seek approvals for the Project. The Applicant understands that this was communicated to the Board by letter dated July 29, 2016 and that the Board, on its own initiative, will be taking steps to amend the Applicant's transmission licence in accordance with the Directive, at which time the licence will take effect. Consequently, the Applicant will be obligated under its licence to develop and seek approvals for the Project.

Participating First Nations

The Participating First Nations, through preliminary project organizations known as the Central Corridor Energy Group (“CCEG”) and then as Wataynikaneyap Power Corporation, undertook a significant amount of development work for the Project, including extensive engagement within the affected communities, as well as with key regulators and governmental authorities. This development work also included:

- formation of the current project organization;
- development of preliminary transmission line routing;
- development of transmission system technical parameters;
- engagement of environmental and technical consultants; and
- obtaining approval from the Ministry of the Environment and Climate Change for the Environmental Assessment Terms of Reference in respect of the Line to Pickle Lake component of the Project.

With the addition of two communities since the Board issued the Applicant’s transmission licence, the Participating First Nations now consist of 22 communities, each of which holds equal interests in First Nation LP and First Nation GP. Of the 22 Participating First Nations listed below, at least 16 (as marked with an “*”) will be connected to the Applicant’s transmission system as part of the Project.²

- Lac Seul First Nation
- Bearskin Lake First Nation*
- North Caribou Lake First Nation*
- Cat Lake First Nation
- Slate Falls Nation
- Kasabonika Lake First Nation*
- Sachigo Lake First Nation*
- Kingfisher Lake First Nation*
- Wapekeka First Nation*

² Consideration is being given to the future connection of a 17th community, McDowell Lake First Nation.

- Kitchenuhmaykoosib Inninuwug*
- Wawakapewin First Nation*
- Wunnumin Lake First Nation*
- Muskrat Dam First Nation*
- Deer Lake First Nation*
- Keewaywin First Nation*
- McDowell Lake First Nation
- North Spirit Lake First Nation*
- Poplar Hill First Nation*
- Sandy Lake First Nation*
- Wabigoon Lake Ojibway Nation
- Pikangikum First Nation*
- Lac des Mille Lacs First Nation

FortisOntario Inc.

FortisOntario owns electricity transmission and distribution businesses in Ontario through its affiliates Canadian Niagara Power Inc. ("CNPI"), Algoma Power Inc. ("API") and Cornwall Electric ("CE"). FortisOntario is a subsidiary of Fortis Inc. ("Fortis"), which owns transmission and distribution businesses in Ontario, Alberta, British Columbia, Prince Edward Island, Newfoundland and Labrador, New York, Arizona, and the Caribbean. Fortis is a leader in the North American electric and gas utility business, with total assets of approximately \$29 billion and fiscal 2015 revenue of \$6.7 billion. Its regulated utilities account for approximately 96 percent of its total assets, and serve more than 3 million customers across Canada and in the United States and the Caribbean.

RES Canada Transmission Holdings Inc.

RES Canada is a wholly-owned subsidiary of Renewable Energy Systems Canada Inc. ("RES"). RES is one of the top renewable energy companies in North America, having developed and constructed over 7,500 megawatts ("MW") of wind, solar, and battery storage projects, and over 1,000 kilometres ("km") of transmission lines, throughout the U.S. and Canada. In Ontario, RES has constructed 478 MW of wind generation projects and 70 MW

1 of solar generation projects, including associated transmission lines, and recently
2 constructed and currently operates Amphora Ontario Storage, Ontario's first battery storage
3 project. RES is a wholly-owned subsidiary of Renewable Energy Systems Holdings Ltd.
4 ("RES Ltd."). Formed in the United Kingdom in 1982, RES Ltd. and its subsidiaries are
5 worldwide leaders in renewable energy, energy storage, and transmission development and
6 construction.

TAB 'A'

ELECTRICITY TRANSMISSION LICENCE



Electricity Transmission Licence

ET-2015-0264

2472883 Ontario Limited on behalf of Wataynikaneyap Power LP (Wataynikaneyap)

Original signed by

Peter Fraser

Vice President, Industry Operations & Performance

Ontario Energy Board

Date of Issuance: November 19, 2015

Effective Date: This licence shall not take effect until the earlier of the date upon which the Ontario Energy Board is satisfied that Wataynikaneyap has been selected by appropriate authorities as a developer of transmission assets in Ontario and the date upon which the Ontario Energy Board, on the application of Wataynikaneyap, amends schedule 1 of this licence to specify the facilities to be owned and/or operated by Wataynikaneyap.

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4

Commission de l'énergie de l'Ontario
C.P. 2319
2300, rue Yonge
27e étage
Toronto ON M4P 1E4

| | Table of Contents | Page No. |
|----|---|-----------------|
| 1 | Definitions | 1 |
| 2 | Interpretation | 2 |
| 3 | Authorization | 2 |
| 4 | Obligation to Comply with Legislation, Regulations and Market Rules | 2 |
| 5 | Obligation to Comply with Codes | 2 |
| 6 | Requirement to Enter into an Operating Agreement | 2 |
| 7 | Obligation to Provide Non-discriminatory Access | 3 |
| 8 | Obligation to Connect..... | 3 |
| 9 | Obligation to Maintain System Integrity | 3 |
| 10 | Transmission Rates and Charges..... | 3 |
| 11 | Separation of Business Activities | 4 |
| 12 | Expansion of Transmission System..... | 4 |
| 13 | Provision of Information to the Board..... | 4 |
| 14 | Restrictions on Provision of Information | 4 |
| 15 | Term of Licence | 5 |
| 16 | Transfer of Licence | 5 |
| 17 | Amendment of Licence | 5 |
| 18 | Fees and Assessments..... | 5 |
| 19 | Communication | 5 |
| 20 | Copies of the Licence..... | 5 |

2472883 Ontario Limited on behalf of Wataynikaneyap Power LP
Electricity Transmission Licence ET-2015-0264

SCHEDULE 1 SPECIFICATION OF TRANSMISSION FACILITIES..... 6

SCHEDULE 2 LIST OF CODE EXEMPTIONS 7

1 Definitions

In this Licence:

“Accounting Procedures Handbook” means the handbook, approved by the Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

“Act” means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

“Affiliate Relationships Code for Electricity Distributors and Transmitters” means the code, approved by the Board which, among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

“Board” means the Ontario Energy Board;

“Electricity Act” means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

“Licensee” means 2472883 Ontario Limited on behalf of Wataynikaneyap Power LP

“Market Rules” means the rules made under section 32 of the Electricity Act;

“Performance Standards” means the performance targets for the distribution and connection activities of the Licensee as established by the Board in accordance with section 83 of the Act;

“Rate Order” means an Order or Orders of the Board establishing rates the Licensee is permitted to charge;

“transmission services” means services related to the transmission of electricity and the services the Board has required transmitters to carry out for which a charge or rate has been established in the Rate Order;

“Transmission System Code” means the code approved by the Board and in effect at the relevant time, which, among other things, establishes the obligations of a transmitter with respect to the services and terms of service to be offered to customers and provides minimum technical operating standards of transmission systems;

“wholesaler” means a person that purchases electricity or ancillary services in the IESO administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IESO-administered markets or directly to another person other than a consumer.

2 Interpretation

- 2.1 In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens. Where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence to own and operate a transmission system consisting of the facilities described in Schedule 1 of this Licence, including all associated transmission equipment.

4 Obligation to Comply with Legislation, Regulations and Market Rules

- 4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.
- 4.2 The Licensee shall comply with all applicable Market Rules.

5 Obligation to Comply with Codes

- 5.1 The Licensee shall at all times comply with the following Codes (collectively the “Codes”) approved by the Board, except where the Licensee has been specifically exempted from such compliance by the Board. Any exemptions granted to the Licensee are set out in Schedule 2 of this Licence. The following Codes apply to this Licence:
- a) the Affiliate Relationships Code for Electricity Distributors and Transmitters; and
 - b) the Transmission System Code.
- 5.2 The Licensee shall:
- a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and
 - b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

6 Requirement to Enter into an Operating Agreement

- 6.1 The Licensee shall enter into an agreement (“Operating Agreement”) with the IESO providing for the direction by the IESO of the operation of the Licensee’s transmission system. Following a request made by the IESO, the Licensee and the IESO shall enter into an Operating Agreement

within a period of 90 business days, unless extended with leave of the Board. The Operating Agreement shall be filed with the Board within ten (10) business days of its completion.

- 6.2 Where there is a dispute that cannot be resolved between the parties with respect to any of the terms and conditions of the Operating Agreement, the IESO or the Licensee may apply to the Board to determine the matter.

7 Obligation to Provide Non-discriminatory Access

- 7.1 The Licensee shall, upon the request of a consumer, generator, distributor or retailer, provide such consumer, generator, distributor or retailer, as the case may be, with access to the Licensee's transmission system and shall convey electricity on behalf of such consumer, generator, distributor or retailer in accordance with the terms of this Licence, the Transmission System Code and the Market Rules.

8 Obligation to Connect

- 8.1 If a request is made for connection to the Licensee's transmission system or for a change in the capacity of an existing connection, the Licensee shall respond to the request within 30 business days.
- 8.2 The Licensee shall process connection requests in accordance with published connection procedures and participate with the customer in the IESO's Connection Assessment and approval process in accordance with the Market Rules, its Rate Order(s) and the Transmission System Code.
- 8.3 An offer of connection shall be consistent with the terms of this Licence, the Market Rules, the Rate Order, and the Transmission System Code.
- 8.4 The terms of such offer to connect shall be fair and reasonable.
- 8.5 The Licensee shall not refuse to make an offer to connect unless it is permitted to do so by the Act or any Codes, standards or rules to which the Licensee is obligated to comply with as a condition of this Licence.

9 Obligation to Maintain System Integrity

- 9.1 The Licensee shall maintain its transmission system to the standards established in the Transmission System Code and Market Rules, and have regard to any other recognized industry operating or planning standards required by the Board.

10 Transmission Rates and Charges

- 10.1 The Licensee shall not charge for the connection of customers or the transmission of electricity except in accordance with the Licensee's Rate Order(s) as approved by the Board and the Transmission System Code

11 Separation of Business Activities

- 11.1 The Licensee shall keep financial records associated with transmitting electricity separate from its financial records associated with distributing electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.

12 Expansion of Transmission System

- 12.1 The Licensee shall not construct, expand or reinforce an electricity transmission system or make an interconnection except in accordance with the Act and Regulations, the Transmission System Code and the Market Rules.

13 Provision of Information to the Board

- 13.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.
- 13.2 Without limiting the generality of paragraph 13.1, the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) business days past the date upon which such change occurs.

14 Restrictions on Provision of Information

- 14.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator, obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.
- 14.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:
- a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;
 - b) for billing, settlement or market operations purposes;
 - c) for law enforcement purposes; or
 - d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.
- 14.3 Information regarding consumers, retailers, wholesalers or generators may be disclosed where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.
- 14.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.
- 14.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information is not be used for any other purpose except the purpose for which it was disclosed.

15 Term of Licence

- 15.1 This licence shall not take effect until the earlier of the date upon which the Board is satisfied that the Licensee has been selected by appropriate authorities as a developer of transmission assets in Ontario and the date upon which the Board, on the application of the Licensee, amends schedule 1 of this licence to specify the facilities to be owned and/or operated by the Licensee. This licence expires 5 years from the date it takes effect. The term of this licence may be extended by the Board.

16 Transfer of Licence

- 16.1 In accordance with subsection 18(2) of the Act, this Licence is not transferable or assignable without leave of the Board.

17 Amendment of Licence

- 17.1 The Board may amend this Licence in accordance with section 74 of the Act or section 38 of the Electricity Act.

18 Fees and Assessments

- 18.1 The Licensee shall pay all fees charged and amounts assessed by the Board.

19 Communication

- 19.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.
- 19.2 All official communication relating to this Licence shall be in writing.
- 19.3 All written communication is to be regarded as having been given by the sender and received by the addressee:
- a) when delivered in person to the addressee by hand, by registered mail or by courier;
 - b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
 - c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

20 Copies of the Licence

- 20.1 The Licensee shall:
- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and
 - b) provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

SCHEDULE 1 SPECIFICATION OF TRANSMISSION FACILITIES

This Schedule specifies the facilities over which the Licensee is authorized to transmit electricity in accordance with paragraph 3 of this Licence.

Schedule 1 will be completed at such time as this licence takes effect: being the earlier of the date upon which the Board is satisfied that the Licensee has been selected by appropriate authorities as a developer of transmission assets in Ontario and the date upon which the Board, on the application of the Licensee, amends schedule 1 of this licence to specify the facilities to be owned and/or operated by the Licensee.

SCHEDULE 2 LIST OF CODE EXEMPTIONS

This Schedule specifies any specific Code requirements from which the Licensee has been exempted.

THE PROJECT

The Project involves the planning, development and construction of a transmission system that will provide new transmission supply to Pickle Lake and connect certain remote First Nations communities that are currently served by diesel generation.

Reinforcement of transmission to Pickle Lake will be achieved by the Applicant through development of an approximately 300 km new 230 kV single circuit overhead transmission line from a point between Dryden and Ignace to Pickle Lake, including associated stations and ancillary facilities (the "Line to Pickle Lake").

The connection of remote First Nations communities will be achieved by the Applicant through development of approximately 905 km of new 115 kV and 44 kV transmission lines north of Pickle Lake, and approximately 595 km of new 115 kV and 44 kV transmission lines north of Red Lake, including associated stations and ancillary facilities (the "Remotes Connection Lines").

A map depicting the preliminary proposed routing for the Project, including the Line to Pickle Lake and the Remotes Connection Lines, is provided in Exhibit 4, Tab A. Routing and other component descriptions are subject to refinement as the Applicant further develops the engineering, secures the necessary permitting and continues to engage with potentially impacted Aboriginal communities and non-Aboriginal stakeholders.

One unique aspect of the Project is that a discrete segment of the Remotes Connection Line running north from Red Lake to Pikangikum, approximately 90 km in length, will be developed and constructed in advance of the Line to Pickle Lake and the remainder of the Remotes Connection Lines. This segment will have a 115 kV conductor. However, it will be physically incapable of being operated at any voltage other than a distribution voltage. This is because additional infrastructure will be required to enable it to operate at a transmission voltage. As this segment has been the subject of prior development efforts by various parties, a significant portion of the planning, design, engineering and permitting has already been completed on the basis of it being solely a distribution line to serve Pikangikum. Because the Applicant will serve the Pikangikum community using this segment as a

1 distribution line, the Applicant intends to seek a distribution licence from the Board for this
2 purpose. As part of the leave to construct application encompassing the remainder of the
3 Remotes Connection Line running north from Pikangikum, the Applicant will include the
4 modifications to convert the segment from Red Lake to Pikangikum into a transmission line.
5 Development costs associated with this segment of the Project will be recorded in the
6 account sought.

7 WPLP anticipates that at least 16 remote First Nations communities, all of which are
8 Participating First Nations, will connect to its transmission system, and thereby to the
9 provincial electricity grid, upon completion of the Remotes Connection Lines. In addition,
10 the Project is expected to enable development of grid-connected renewable and clean
11 energy projects in the areas surrounding the new transmission lines, which would otherwise
12 not be feasible.

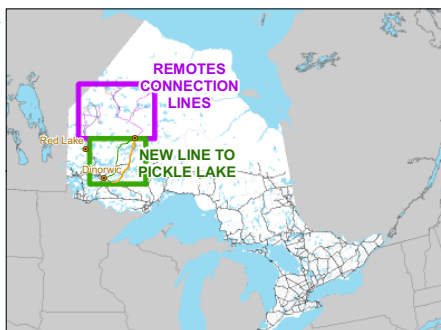
TAB 'A'

PROJECT MAP



LEGEND

- City
- Town
- Wabikwanap Power Community
- First Nation Reserve Land
- Remotes Connection Lines
 - Preliminary Proposed 2-km-wide Corridor
 - Preliminary Proposed 2-km-wide Corridor - Option A
 - Preliminary Proposed 2-km-wide Corridor - Option B
- New Line to Pickle Lake
 - Preliminary Proposed 2-km-wide Corridor
 - Preliminary Proposed 2-km-wide Corridor Option
 - Corridor Alternatives 2-km-wide Corridor
- Existing Electrical Transmission Line
- Major Roads and Highways
- Winter Roads
- Railway
- River
- Waterbody



FIGURE

PROJECT LOCATION

REFERENCE

Base Data - MNR LIO, obtained 2016, NTDB
 Transmission Routes - Provided by North Vista and SENES
 First Nation Communities from Indian and Northern Affairs Canada
 (www.aicn-inac.gc.ca)
 Produced by Golder Associates Ltd under licence from Ontario Ministry
 of Natural Resources, © Queens Printer 2016
 Projection: Transverse Mercator Datum: NAD 83
 Coordinate System: UTM Zone 15



Mississauga, Ontario
 0 25 50 100
 SCALE 1:1,300,000 KILOMETRES

PRIORITY AND DESIGNATION

The Project is being developed to meet social, environmental and economic needs. Providing diesel fuel to the remote First Nation communities and using that fuel for generating electricity to power those communities significantly limits socioeconomic development in the communities and is harmful to the environment. In addition, over the long-term, grid connection of the remote communities will cost significantly less than the continued supply and use of diesel for electricity generation. Planning and analysis has also shown that grid development to remote communities is necessary to enable renewable energy development in the Far North. As set out below, these aspects have been the focus of significant analysis and attention commencing in September 2008 by the Applicant and its predecessors, as well as by the Province of Ontario, the IESO, the former Ontario Power Authority (including through the Northwest Ontario First Nation Transmission Planning Committee), and by the Ontario Remotes Grid Connection Technical Committee (a working group comprised of representatives from Wataynikaneyap Power Corporation, the federal government and the Province of Ontario).³ The need for the Project has been legally recognized through Orders-in-Council recently made by the Lieutenant Governor of Ontario.

Orders-in-Council and Ministerial Directive

On July 20, 2016 the Lieutenant Governor in Council made an Order-in-Council pursuant to Section 96.1 of the Act declaring the following to be a priority project:

- the construction of an electricity line originating at a point between Ignace and Dryden and terminating in Pickle Lake, and
- the construction of electricity transmission lines extending north from Pickle Lake and Red Lake required to connect the Remote Communities.⁴

³ See for example the 2010 Long-Term Energy Plan; the 2013 Long-Term Energy Plan; the OPA's *Technical Report for the Connection of Remote First Nation Communities in Northwest Ontario*; and the IESO's *North of Dryden Integrated Regional Resource Plan*.

⁴ The Order-in-Council defines "Remote Communities" as being comprised of the following 16 First Nation communities: Sandy Lake, Poplar Hill, Deer Lake, North Spirit Lake, Kee-Way-Win, Kingfisher, Wawakapewin, Kasabonika Lake, Wunnumin, Wapekeka, Kitchenuhmaykoosib Inninuwug, Bearskin Lake, Muskrat Dam Lake, Sachigo Lake, North Caribou Lake and Pikangikum.

1 On July 20, 2016 the Lieutenant Governor in Council also made an Order-in-Council
2 approving a Directive issued by the Minister of Energy pursuant to Section 28.6.1 of the Act,
3 which requires the Board, without holding a hearing, to amend the conditions of the
4 Applicant's electricity transmission licence to include a requirement that the Applicant
5 proceed to develop and seek approvals for:

- 6 • a transmission line, which shall be composed of a new 230 kV line originating at a
7 point between Ignace and Dryden and terminating in Pickle Lake, the development of
8 which shall accord with the scope recommended by the Independent Electricity
9 System Operator ("IESO"), and
- 10 • the transmission lines extending north from Red Lake and Pickle Lake required to
11 connect the Remote Communities to the provincial electricity grid, the development
12 of which shall accord with the scope supported by the IESO.

13 In letters dated July 29, 2016 the Minister of Energy advised the Board of the Orders-in-
14 Council and Directive. Copies of these letters, including the Orders-in-Council and Directive,
15 are provided in Exhibit 5, Tab A. The Applicant understands that the Board, on its own
16 initiative, will be taking steps to amend the Applicant's transmission licence in accordance
17 with the Directive, at which time the licence will take effect.

18 The Order-in-Council made under Section 96.1 of the Act formally recognizes that the
19 transmission lines comprising the Project are needed as a "priority project". As a
20 consequence of this designation, pursuant to Subsection 96.1(2) of the Act, when the Board
21 considers an application for leave to construct these transmission facilities under Section 92
22 of the Act the Board will be required to accept that such facilities are needed.

TAB 'A'

ORDERS-IN-COUNCIL & MINISTERIAL DIRECTIVE

Ministry of Energy

Office of the Minister

4th Floor, Hearst Block
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6758
Fax: 416-327-6754

Ministère de l'Énergie

Bureau du ministre

4^e étage, édifice Hearst
900, rue Bay
Toronto ON M7A 2E1
Tél. : 416 327-6758
Téléc. : 416 327-6754



July 29, 2016

Ms Rosemarie Leclair
Chair and Chief Executive Officer
Ontario Energy Board
2300 Yonge Street
PO Box 2319
Toronto ON M4P 1E4

Dear Ms Leclair:

The connection of remote First Nation communities was identified as a priority project in the 2013 Long-Term Energy Plan. This project will reduce reliance on diesel generation and bring a number of environmental, social and economic benefits to these First Nation communities. Under the authority of section 96.1 (1) of the *Ontario Energy Board Act, 1998*, the Lieutenant Governor in Council made an order declaring that the construction of the Remotes Connection Project, including the Line to Pickle Lake, is needed as a priority project.

The Order in Council took effect on July 19, 2016, and is attached to this letter. Please do not hesitate to contact my office with any questions.

Sincerely,

Glenn Thibeault
Minister

Enclosure



Ontario

Order in Council
Décret

On the recommendation of the undersigned,
the Lieutenant Governor of Ontario, by and
with the advice and concurrence of the
Executive Council of Ontario, orders that:

Sur la recommandation de la personne
soussignée, la lieutenant-gouverneure de
l'Ontario, sur l'avis et avec le consentement du
Conseil exécutif de l'Ontario, décrète ce qui
suit:

WHEREAS Ontario's 2013 Long-Term Energy Plan stated that the connection of twenty one remote First Nation communities and the Line to Pickle Lake are priorities for Ontario.

AND WHEREAS Ontario considers it necessary to expand Ontario's transmission system immediately in order to connect the sixteen remote First Nation communities in Appendix A to the provincial electricity grid (collectively the "Remote Communities");

AND WHEREAS Ontario considers the establishment of a new electricity transmission line originating at a point between Ignace and Dryden and terminating in Pickle Lake, and the extension of the electricity transmission network required to connect the Remote Communities, to be priorities;

AND WHEREAS the Lieutenant Governor in Council may make an order under section 96.1 of the *Ontario Energy Board Act, 1998* (the "Act") declaring that the construction, expansion or reinforcement of an electricity transmission line specified in the order is needed as a priority project;

AND WHEREAS an order under section 96.1 of the Act requires the Ontario Energy Board, in considering an application under section 92 of the Act in respect of the electricity transmission line specified in the order, to accept that the construction, expansion or reinforcement is needed when forming its opinion under section 96 of the Act;

NOW THEREFORE it is hereby declared pursuant to section 96.1 of the Act that the construction, expansion or reinforcement of the following electricity transmission lines are needed as priority projects:

1. The construction of an electricity transmission line originating at a point between Ignace and Dryden and terminating in Pickle Lake; and
2. The construction of electricity transmission lines extending north from Pickle Lake and Red Lake required to connect the Remote Communities.

ATTENDU QUE le plan énergétique à long terme de l'Ontario de 2013 a indiqué que le branchement de vingt-et-une collectivités éloignées des Premières Nations et la ligne vers Pickle Lake constituent des priorités pour l'Ontario.

ET ATTENDU QUE l'Ontario considère qu'il est nécessaire de prolonger immédiatement le système de transport d'électricité de l'Ontario afin de brancher les seize collectivités éloignées des Premières Nations figurant à l'annexe A au réseau provincial d'électricité (collectivement appelées « collectivités éloignées »);

ET ATTENDU QUE l'Ontario considère que l'établissement d'une nouvelle ligne de transport d'électricité provenant d'un point situé entre Ignace et Dryden et se terminant à Pickle Lake, ainsi que la prolongation du réseau de transmission d'électricité requise pour assurer le branchement des collectivités éloignées sont des priorités;

ET ATTENDU QUE la lieutenant-gouverneure en conseil peut rendre une ordonnance en vertu de l'article 96.1 de la *Loi de 1998 sur la Commission de l'énergie de l'Ontario* (la « Loi ») déclarant que la construction, l'expansion ou le renforcement d'une ligne de transport d'électricité précisée dans l'ordonnance est requis à titre de projet prioritaire;


ET ATTENDU QUE une ordonnance en vertu de l'article 96.1 de la Loi exige de la Commission de l'énergie de l'Ontario, dans le cadre d'une demande en vertu de l'article 92 de la Loi concernant la ligne de transport d'électricité précisée dans l'ordonnance, qu'elle accepte que la construction, l'expansion ou le renforcement est nécessaire au moment de formuler son opinion en vertu de l'article 96 de la Loi;

POUR CES MOTIFS, il est, par les présentes, déclaré, en vertu de l'article 96.1 de la Loi, que la construction, l'expansion ou le renforcement des lignes de transport d'électricité suivantes est requis à titre de projet prioritaire :

1. La construction d'une ligne de transport d'électricité provenant d'un point situé entre Ignace et Dryden et se terminant à Pickle Lake;
2. La construction de lignes de transport d'électricité s'étendant au nord à partir de Pickle Lake et de Red Lake requises pour assurer le branchement des collectivités éloignées.



Recommended: Minister of Energy
Recommandé par: Ministre de l'Énergie



Concurred: Chair of Cabinet

Appuyé par: Le président/la présidente du Conseil des ministres,

Approved and Ordered:
Approuvé et décrété le:

JUL 20 2016



Lieutenant Governor
La lieutenant-gouverneure

Appendix A

1. Sandy Lake
2. Poplar Hill
3. Deer Lake
4. North Spirit Lake
5. Kee-Way-Win
6. Kingfisher
7. Wawakapewin
8. Kasabonika Lake
9. Wunnumin
10. Wapekeka
11. Kitchenuhmaykoosib Inninuwug
12. Bearskin Lake
13. Muskrat Dam Lake
14. Sachigo Lake
15. North Caribou Lake
16. Pikangikum

Annexe A

1. Sandy Lake
2. Poplar Hill
3. Deer Lake
4. North Spirit Lake
5. Kee-Way-Win
6. Kingfisher
7. Wawakapewin
8. Kasabonika Lake
9. Wunnumin
10. Wapekeka
11. Kitchenuhmaykoosib Inninuwug
12. Bearskin Lake
13. Muskrat Dam Lake
14. Lac Sachigo
15. North Caribou Lake
16. Pikangikum

Ministry of Energy

Office of the Minister

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Ministère de l'Énergie

Bureau du ministre

4^e étage, édifice Hearst
900, rue Bay
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Tél. : 416 327-6758
Téléc. : 416 327-6754



July 29, 2016

Ms Rosemarie Leclair
Chair and Chief Executive Officer
Ontario Energy Board
2300 Yonge Street
PO Box 2319
Toronto ON M4P 1E4

Dear Ms Leclair:

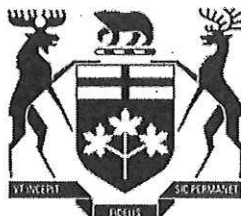
The connection of remote First Nation communities was identified as a priority project in the 2013 Long-Term Energy Plan. This project will reduce reliance on diesel generation and bring a number of environmental, social and economic benefits to these First Nation communities. Under the authority of section 28.6.1 of the *Ontario Energy Board Act*, 1998, I have, with the approval of the Lieutenant Governor in Council, issued a directive with regard to the expansion of the transmission system by developing the Remotes Connection Project and the Line to Pickle Lake.

The Directive was approved by Order-in-Council on July 19, 2016, and both the Order-in-Council and Directive are attached to this letter. Please do not hesitate to contact my office with any questions.

Sincerely,

Glenn Thibeault
Minister

Enclosures



Ontario

**Order in Council
Décret**

On the recommendation of the undersigned,
the Lieutenant Governor of Ontario, by and
with the advice and concurrence of the
Executive Council of Ontario, orders that:

Sur la recommandation de la personne
soussignée, la lieutenant-gouverneure de
l'Ontario, sur l'avis et avec le consentement du
Conseil exécutif de l'Ontario, décrète ce qui
suit:

WHEREAS Ontario's 2013 Long-Term Energy Plan stated that the connection of twenty one remote First Nation communities and the Line to Pickle Lake are priorities for Ontario.

AND WHEREAS Ontario has determined the benefit of expanding Ontario's transmission system in order to connect the sixteen remote First Nation communities in Appendix A to the provincial electricity grid (the "Remotes Connection Project");

AND WHEREAS the Remotes Connection Project will also require enhancement of the existing transmission system that includes a new transmission line originating in or at a point between Ignace and Dryden to increase supply to Pickle Lake (the Line to Pickle Lake);

AND WHEREAS the Government has determined that the Remotes Connection Project and the Line to Pickle Lake should be undertaken by a transmitter that is best positioned to connect remote First Nation communities in the most timely and cost-efficient manner that protects ratepayer interests;

AND WHEREAS the Government has determined that the preferred manner of proceeding is to require 2472883 Ontario Limited on behalf of Wataynikaneyap Power LP to undertake the development of the Line to Pickle Lake and the Remotes Connection Project, including any and all steps which are deemed to be necessary and desirable in order to seek required approvals;

AND WHEREAS the Minister of Energy has, with the approval of the Lieutenant Governor in Council, the authority to issue Directives pursuant to section 28.6.1 of the *Ontario Energy Board Act, 1998*, which relate to the construction, expansion or re-enforcement of transmission systems;

NOW THEREFORE the Directive attached hereto is approved:

ATTENDU QUE le plan énergétique à long terme de l'Ontario de 2013 a indiqué que le branchement de vingt-et-une collectivités éloignées des Premières Nations et la ligne vers Pickle Lake constituent des priorités pour l'Ontario.

ET ATTENDU QUE l'Ontario a déterminé l'avantage de prolonger le système de transport d'électricité de l'Ontario afin de brancher les seize collectivités éloignées des Premières Nations figurant à l'annexe A au réseau provincial d'électricité (« le projet de branchement des communautés éloignées »);

ET ATTENDU QUE le projet de branchement des communautés éloignées nécessitera également d'apporter des améliorations au système existant de transport d'électricité, y compris l'ajout d'une nouvelle ligne provenant d'un point entre Ignace et Dryden pour augmenter l'alimentation de Pickle Lake (la ligne vers Pickle Lake);

ET ATTENDU QUE le gouvernement a déterminé que le projet de branchement des communautés éloignées et la ligne vers Pickle Lake devraient être entrepris par le transporteur le mieux placé pour assurer le branchement des communautés éloignées des Premières Nations aussi rapidement et efficacement que possible afin d'assurer la protection des intérêts des usagers de l'électricité;

ET ATTENDU QUE le gouvernement a déterminé que la manière privilégiée pour ce faire est d'engager 2472883 Ontario Limited au nom de Wataynikaneyap Power LP pour entreprendre les travaux de la ligne de Pickle Lake et du projet de branchement des communautés éloignées, y compris toutes les étapes jugées nécessaires et souhaitables en vue de l'obtention des approbations nécessaires;

ET ATTENDU QUE le ministre de l'Énergie détient, avec l'approbation du lieutenant-gouverneur en conseil, l'autorité de publier des directives en vertu de l'article 28.6.1 de la *Loi de 1998 sur la*

Commission de l'énergie de l'Ontario liées à la construction, à l'expansion ou au renforcement des systèmes de transport d'électricité;

POUR CES MOTIFS, la directive jointe aux présentes est approuvée.



Recommended: Minister of Energy
Recommandé par: Ministre de l'Énergie




Concurred: Chair of Cabinet

Appuyé par: Le président/la présidente du Conseil des ministres,

Approved and Ordered:
Approuvé et décrété le:

JUL 20 2016



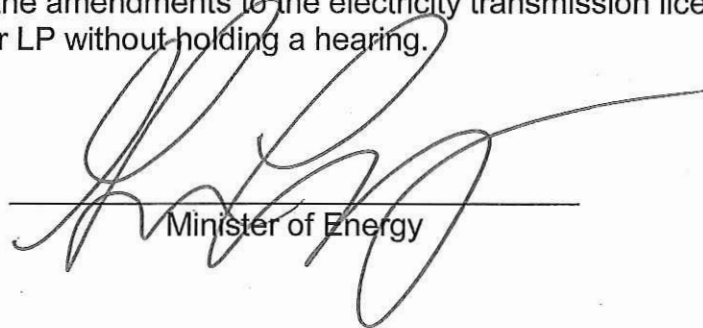
Lieutenant Governor
La lieutenante-gouverneure

MINISTER'S DIRECTIVE

TO: THE ONTARIO ENERGY BOARD

I, Glenn Thibeault, hereby direct the Ontario Energy Board ("the Board") pursuant to section 28.6.1 of the *Ontario Energy Board Act, 1998* as follows:

1. The Board shall amend the conditions of 2472883 Ontario Limited on behalf of Wataynikaneyap Power LP's ("Wataynikaneyap Power LP") electricity transmission licence to include a requirement that Wataynikaneyap Power LP proceed to do the following related to expansion of the transmission system to connect the sixteen remote First Nation communities listed in Appendix A (collectively the "Remote Communities") to the provincial electricity grid:
 - (i) Develop and seek approvals for a transmission line, which shall be composed of a new 230 kV line originating at a point between Ignace and Dryden and terminating in Pickle Lake (the "Line to Pickle Lake"). The development of the Line to Pickle Lake shall accord with the scope recommended by the Independent Electricity System Operator.
 - (ii) Develop and seek approvals for the transmission lines extending north from Red Lake and Pickle Lake required to connect the Remote Communities to the provincial electricity grid. The development of these transmission lines shall accord with the scope supported by the Independent Electricity System Operator.
2. The Board shall require that Wataynikaneyap Power LP provide such reporting to the Board as the Board may consider appropriate, with respect to budget, timing, and risks in relation to the development of the projects referred to in paragraph 1.
3. The Board shall make the amendments to the electricity transmission licence of Wataynikaneyap Power LP without holding a hearing.



Minister of Energy

Appendix A

1. Sandy Lake
2. Poplar Hill
3. Deer Lake
4. North Spirit Lake
5. Kee-Way-Win
6. Kingfisher
7. Wawakapewin
8. Kasabonika Lake
9. Wunnumin
10. Wapekeka
11. Kitchenuhmaykoosib Inninuwug
12. Bearskin Lake
13. Muskrat Dam Lake
14. Sachigo Lake
15. North Caribou Lake
16. Pikangikum

DIRECTIVE DU MINISTRE

DESTINATAIRE : COMMISSION DE L'ÉNERGIE DE L'ONTARIO

Je, Glenn Thibeault, émetts par les présentes à la Commission de l'énergie de l'Ontario (« la commission ») en vertu de l'article 28.6.1 de la *Loi de 1998 sur la Commission de l'énergie de l'Ontario* la directive suivante :

1. La commission modifiera les conditions du permis de 2472883 Ontario Limited au nom de Wataynikaneyap Power LP (« Wataynikaneyap Power LP ») pour exiger que Wataynikaneyap Power LP procède aux travaux nécessaires à l'expansion du système de transport d'électricité visant à brancher les seize collectivités éloignées des Premières Nations énumérées à l'annexe A (collectivement appelées « collectivités éloignées ») au réseau provincial d'électricité :
 - (i) Définir et soumettre les demandes d'approbation d'une ligne de transport d'électricité, laquelle sera composée d'une nouvelle ligne de 230 kV provenant d'un point situé entre Ignace et Dryden et se terminant à Pickle Lake (la « ligne vers Pickle Lake »). La mise en place de la ligne vers Pickle Lake sera conforme à la portée recommandée par la Société indépendante d'exploitation du réseau d'électricité.
 - (ii) Définir et soumettre les demandes d'approbation des lignes de transport d'électricité s'étendant au nord à partir de Red Lake et de Pickle Lake requises pour assurer le branchement des collectivités éloignées au réseau provincial d'électricité. La mise en place de ces lignes de transport sera conforme à la portée appuyée par la Société indépendante d'exploitation du réseau d'électricité.
2. La commission exigera de Wataynikaneyap Power LP qu'elle rende compte à la commission, comme la commission le juge approprié, relativement aux budgets, au calendrier et aux risques liés à la réalisation des projets énoncés au paragraphe 1.
3. La commission apportera les modifications nécessaires au permis de transport d'électricité de Wataynikaneyap Power LP sans tenir d'audience.



Ministre de l'Énergie

Annexe A

1. Sandy Lake
2. Poplar Hill
3. Deer Lake
4. North Spirit Lake
5. Kee-Way-Win
6. Kingfisher
7. Wawakapewin
8. Kasabonika Lake
9. Wunnumin
10. Wapekeka
11. Kitchenuhmaykoosib Inninuwug
12. Bearskin Lake
13. Muskrat Dam Lake
14. Lac Sachigo
15. North Caribou Lake
16. Pikangikum

THE PROPOSED DEFERRAL ACCOUNT

The Applicant is requesting the Deferral Account for the purpose of recording costs incurred in relation to development of the Project. This includes costs incurred for carrying out activities that include, but which are not limited to:

- engineering, design and procurement;
- permitting and licensing;
- environmental and regulatory approvals;
- land rights acquisition and landowner engagement;
- Aboriginal and non-Aboriginal community and stakeholder engagement;
- regulatory filings and legal support;
- interconnection studies;
- project management, accounting and administration; and
- Aboriginal participation, including formation of the Applicant and predecessor organizations.

The proposed effective date for the Deferral Account is the date of this application, being August 26, 2016.

To enable the Board in its final decision and order to establish an effective date for the Deferral Account of August 26, 2016, the Applicant is also requesting an interim order of the Board establishing the Deferral Account effective from this date.

Notwithstanding the effective date that is established for the Deferral Account, the Applicant requests authorization from the Board to record in the Deferral Account the development costs that have been incurred in relation to the Project between September 2008 and the proposed effective date for the account. The development activities that commenced in September 2008 contributed to the Province formally recognizing the Project as a priority in the 2010 Long-Term Energy Plan. These development costs include costs relating to engagement with the affected communities, engagement with regulators and governmental authorities, Aboriginal participation including formation of the Applicant and its predecessor organizations, development of the preliminary transmission line routing and technical parameters, engagement of environmental and technical consultants, as well as costs

1 incurred in obtaining approval for the Environmental Assessment Terms of Reference for the
2 Line to Pickle Lake.

3 The development costs incurred to date have been incurred in the public interest and are
4 part of the development costs for the Project. The development activities carried out thus far
5 have been undertaken in an effort to give effect to the Province's identification, initially in the
6 2010 LTEP, of a new line to Pickle Lake and the connection of remote communities as
7 priority transmission lines for Ontario.

8 The facilities comprising the Project have been identified as a priority because the remote
9 First Nation communities are not connected to the provincial electricity grid and, instead, get
10 their electricity from on-site generators that burn diesel fuel. These are increasingly
11 expensive sources of electricity that pollute the environment. For most communities, diesel
12 fuel has to be brought in on ice roads in the winter, even though the shipping season is
13 getting shorter because of warmer winters. A single community can require the equivalent
14 of more than two-dozen tankers full of diesel fuel each year. When roads are not available,
15 reliance on even more expensive airfreight is often the only option to bring in diesel fuel.
16 Power generated in this manner is not reliable and communities regularly experience power
17 outages that can continue for multiple days at all times of the year. In addition, power
18 systems in many of the remote communities have reached their capacity. With no
19 alternative sources of supply, this significantly limits not only economic development but,
20 more fundamentally, the ability to build housing and other buildings as there is no capacity
21 to connect new homes and buildings to a power supply. Consequently, there is widespread
22 overcrowding and living conditions are very poor. Also affected are other basic needs, such
23 as water quality and food supplies. As the Minister of Energy has stated, referring to the
24 Project as a "priority" project "may be too weak a term" because it is unacceptable that tens
25 of thousands of Ontario individuals and families are not connected to the transmission and
26 distribution grid, but instead depend on unreliable and high-cost diesel generation which
27 affects their quality of life, the environment and which limits social and economic
28 development.⁵

⁵ Minister of Energy, speech to the Ontario Energy Association, September 16, 2015.

1 The critical need for the Line to Pickle Lake and the Remotes Connection Lines components
2 of the Project were formally recognized in the 2010 Long-Term Energy Plan ("LTEP"). The
3 Province identified a new line to Pickle Lake as a priority transmission project on the basis
4 that it would be a crucial first step to enabling the connection of remote communities, and
5 asked the OPA to develop a plan for remote community connections. The Province
6 continued to identify the Line to Pickle Lake and the connection of remote northwestern First
7 Nation communities as priorities in the 2013 LTEP. In addition, the Applicant's planned
8 transmission facilities were recognized as a priority for Ontario in various supporting reports.
9 The *Technical Report for the Connection of Remote First Nation Communities in Northwest*
10 *Ontario* was prepared by the OPA (now part of the IESO) for the Northwest Ontario First
11 Nation Transmission Planning Committee. The report was issued in 2012 and updated on
12 August 21, 2014. It found there to be an economic case for connecting up to 21 remote
13 communities to the provincial grid based on the avoided cost of diesel alone. The IESO's
14 *North of Dryden Integrated Regional Resource Plan* was issued in draft on August 16, 2013
15 and in final form on January 27, 2015. This report confirmed the need for more capacity on
16 the system serving Red Lake and Pickle Lake, including for purposes of being able to
17 connect remote communities.

18 Accordingly, the Line to Pickle Lake and the Remotes Connection Lines components of the
19 Project have consistently been identified as priority transmission lines for Ontario at least
20 since the 2010 LTEP. With the passage of recent amendments to the Act, and the
21 subsequent issuance of the Orders-in-Council and Directive, the Province has given legal
22 effect to this recognition that the Project is a priority. The development activities of the
23 Applicant and its predecessors to date have clearly and significantly advanced these priority
24 transmission lines beyond where they would have been if the Applicant had merely waited
25 for these lines to attain such priority status under the legislation before commencing
26 development activities. Given the needs of the remote communities, this would not have
27 been an acceptable result.

28 The designation of the Project as a priority under the Act gave voice to the priority that had
29 been identified and which was seen to be in the public interest prior to the legislation being
30 amended and prior to the Order-in-Council being made under the amended legislation. In

1 fact, the Order-in-Council is largely the result of the development efforts carried out to date
2 by the Applicant and its predecessors, which have advanced the development of these
3 transmission lines. These efforts include, most notably, obtaining the Environmental
4 Assessment Terms of Reference for the Line to Pickle Lake and initiating environmental
5 assessment work for the Remotes Connection Lines, route planning and preliminary
6 transmission line engineering, engaging and bringing together over 20 First Nation
7 communities into an innovative ownership structure for the Project and then bringing into the
8 structure as partners two established transmission development companies, as well as filing
9 an application for a System Impact Assessment in respect of the Line to Pickle Lake portion
10 of the Project. As such, the development costs incurred thus far by the Applicant and its
11 predecessors should be regarded as having been incurred in the public interest and for the
12 purposes of the priority transmission lines notwithstanding that those costs were incurred
13 before the Order-in-Council was made.

14 Enabling the Applicant to record its development costs in the Deferral Account, including the
15 development costs already incurred and the development costs it incurs in relation to the
16 segment of the Remotes Connection Line running north from Red Lake to Pikangikum as
17 discussed in Exhibit 4, will facilitate recovery of the recorded costs by the Applicant through
18 transmission rates in the future. It will allow the Applicant to proceed with its development
19 work in a transparent manner. The Applicant nevertheless acknowledges that approval to
20 establish the Deferral Account does not provide assurance that the amounts recorded in the
21 account will ultimately be recovered. Rather, the prudence of the costs recorded in the
22 account will need to be established by the Applicant at such time that it seeks disposition of
23 the recorded balance.

24 The Applicant expects to seek disposition of the Deferral Account balance at such time that
25 it seeks approval for initial transmission rates for the planned transmission system, or at
26 such other time as it may request and the Board may order. If the Project does not proceed
27 to completion as a result of circumstances that are beyond its control, the Applicant expects
28 that it would be entitled to recover its prudently incurred development costs and reasonable
29 wind-up costs.

1 To assist the Board in understanding the nature of the costs to be recorded, as well as to
2 guide future reporting and monitoring related to the Project, a Development Schedule is
3 provided in Exhibit 6, Tab A. In addition, the Applicant's Forecast Development Budget is
4 described in Exhibit 6, Tab B.

5 Carrying charges will be recorded on the balance in the Deferral Account in accordance with
6 the Board's established policy for such accounts and at the interest rate prescribed by the
7 Board from time to time. Specifically, simple interest will be calculated monthly on the
8 opening balance in accordance with the methodology approved by the Board in EB-2006-
9 0117.

10 The Deferral Account balance will be updated monthly and interest applied consistent with
11 the Board-approved rate. Balances will be reported to the Board as part of the quarterly
12 reporting process in accordance with section 3.1.1 of the Board's *Reporting and Record-*
13 *keeping Requirements*.

14 A Draft Accounting Order, which includes a description of the mechanics of the Deferral
15 Account and examples of general ledger entries, is provided in Exhibit 6, Tab C.

DEVELOPMENT SCHEDULE

The following development schedule is provided to assist the Board in considering this Application, understanding the nature of the costs to be recorded, as well as for monitoring the Project. While most of the items identified in the development schedule will need to be completed for the Applicant to be in a position to file an application for leave to construct, some of the items will be carried out in parallel with the leave to construct process and are not pre-requisites to that process.

Completed Milestones

| Milestone | Date |
|---|----------------------------|
| Formation of Central Corridor Energy Group (CCEG) | Q3 2008 |
| Initiation of Environmental Assessments and Aboriginal Consultations for (a) Line to Pickle Lake and (b) Remote Connections | (a) Q1 2012 (b) Q4 2015 |
| Formation of Wataynikaneyap Power Corporation | Q2 2013 |
| Receiving Environmental Assessment Terms of Reference for Line to Pickle Lake Portion of the Project | Q1 2015 |
| Formation of Wataynikaneyap Power LP with FortisOntario / RES Canada | Q3 2015 |
| Receiving Electricity Transmission Licence from OEB | Q4 2015 |
| Submitting System Impact Assessment Application in respect of Line to Pickle Lake Portion of the Project | Q1 2016 |

Forecasted Milestones

| Milestone | Date |
|---|------------------|
| Finalizing Technical and Routing Requirements for Purposes of Leave to Construct Application | Q3 2017 |
| Receiving Final System Impact Assessment(s) and Customer Impact Assessment(s) from the IESO and Hydro One Networks Inc. | Q2 2017, Q4 2017 |
| Submitting Leave to Construct Application(s) to OEB | Q3/Q4 2017 |
| Submitting Statement of Completion to MOECC for Environmental Assessment of Remote Connections Portion of the Project | Q3 2018 |
| Finalizing Land Access Agreements and Obtaining Remaining Permit and Approval Requirements | Q2 2018 |

FORECAST DEVELOPMENT BUDGET

The Applicant is currently forecasting a total project development budget of approximately \$77 million. This amount includes development costs incurred to date, forecasted development costs, including in relation to preparing the leave to construct application(s), as well as the forecasted development costs to be incurred between the time of filing the leave to construct application and the expected date of the Board's decision on that application. These forecast amounts do not include anticipated construction costs or further development costs to be incurred during construction of the Project.

The forecast development budget includes contingencies and takes into consideration the unique nature of developing approximately 1,800 km of transmission lines in remote regions with very limited infrastructure involving at least 35 First Nation communities and Aboriginal organizations,⁶ 22 of which are Participating First Nations. It also includes complex project management, the training of Aboriginal personnel, and substantial Aboriginal participation, consultation, and engagement activities. It is expected that some portion of the development budget will be funded by government.

Of the \$77 million development budget, approximately \$20 million is budgeted for design engineering work and EPC contracting, approximately \$18 million is budgeted for activities such as Aboriginal engagement and participation as well as Aboriginal land rights acquisition, approximately \$10 million is budgeted for environmental assessments, approximately \$8 million is budgeted for project management, and approximately \$7 million is budgeted for the formation of the Applicant and predecessor organizations in a manner that provides for Aboriginal participation in the Project. The remainder, being approximately \$14 million, is budgeted for a variety of activities including but not limited to permitting, regulatory, legal, non-aboriginal stakeholder engagement and land rights acquisition and contingency.

⁶ The Applicant is required to consult with 35 First Nation communities and Aboriginal organizations as part of its environmental assessment work.

1 Since the Project's inception in 2008, approximately \$20 million has been expended on
2 development activities, which have largely focused on Aboriginal participation, including
3 formation of the Applicant and its predecessor organizations, routing studies, Aboriginal
4 engagement and consultation, and environmental assessment activities including field work.
5

DRAFT ACCOUNTING ORDER

WATAYNIKANEYAP POWER DEVELOPMENT DEFERRAL ACCOUNT

WATAYNIKANEYAP POWER LP

Accounting Entries for Wataynikaneyap Power Development

Deferral Account No. 1508

2472883 Ontario Limited, on behalf of Wataynikaneyap Power LP ("Wataynikaneyap Power"), shall establish the following deferral account: Account 1508, Other Regulatory Assets. The deferral account shall be divided into two sub-accounts:

1. Account No. 1508.001, Other Regulatory Assets: Wataynikaneyap Power Development – Line to Pickle Lake
2. Account No. 1508.002, Other Regulatory Assets: Wataynikaneyap Power Development - Remote Connections

Development costs incurred for the Wataynikaneyap Power Project, in respect of the Line to Pickle Lake and the Remotes Connection Lines components of the Project, shall be recorded in these sub-accounts from the date determined by the Board up to the effective date of the initial transmission rate order for Wataynikaneyap Power, or such other time as Wataynikaneyap Power may request and the Board may order.

The amounts recorded in Account 1508, Other Regulatory Assets, sub-accounts 1508.001 (Wataynikaneyap Power Development – Line to Pickle Lake) and 1508.002 (Wataynikaneyap Power Development - Remote Connections) shall be brought forward for disposition in a future proceeding.

Debit: Account No. 1508.001

Other Regulatory Assets: Wataynikaneyap Power Development - Line to Pickle Lake

Credit: Account No. 2205.001

1 Accounts Payable

2 OR

3 Debit: Account No. 1508.002

4 Other Regulatory Assets: Wataynikaneyap Power Development - Remote
5 Connections

6 Credit: Account No. 2205.002

7 Accounts Payable

8 To record as a debit in Account 1508.001, Other Regulatory Assets: sub-account
9 Wataynikaneyap Power Development - Line to Pickle Lake, or Account 1508.002, Other
10 Regulatory Assets: sub-account Wataynikaneyap Power Development - Remote
11 Connections, the costs incurred for development activities for the Wataynikaneyap Power
12 Project.

13 Debit: Account No. 1508.003

14 Carrying Charges on Accounts 1508.001 and 1508.002, Other Regulatory
15 Assets: sub-account Wataynikaneyap Power Development - Line to Pickle
16 Lake/Remote Connections

17 Credit: Account No. 4405.001

18 Interest and Dividend Income: Wataynikaneyap Power Development

19 To record carrying charges on the balance in Account 1508.001, Other Regulatory Assets:
20 sub-account Wataynikaneyap Power Development - Line to Pickle Lake, and Account
21 1508.002, Other Regulatory Assets: sub-account Wataynikaneyap Power Development -
22 Remote Connections. Simple interest will be computed monthly on the opening balance in
23 accounts 1508.001 and 1508.002 in accordance with the methodology approved by the
24 Board in EB-2006-0117.

REPORTING

In addition to its obligation under the *Reporting and Record-keeping Requirements* to report the Deferral Account balance on a monthly basis, the Applicant recognizes that the Directive issued by the Minister of Energy pursuant to Section 28.6.1 of the Act requires the Applicant to report to the Board as the Board may consider appropriate with respect to budget, timing and risks in relation to development of the Project. The Applicant proposes that the Board address this aspect of the Directive by requiring the Applicant, as part of its decision and order in this Application, to report to the Board on a quarterly basis, by the end of the month following the relevant quarter, beginning with the quarter after the final decision and order in this Application is made.⁷ The quarterly reports would provide (a) a summary of overall progress on the Project; (b) a summary of the Applicant's up-to-date development budget and changes in the development budget (if any); (c) a summary of the Applicant's up-to-date development schedule, changes in the development schedule (if any), indications of items that have been completed, and the status of items that are in progress; and (d) a summary of key risks and issues in relation to development of the Project and the steps taken or planned by the Applicant for mitigating those risks.

⁷ Q1 reports would be due by April 30; Q2 reports would be due by July 31; Q3 reports would be due by October 31; Q4 reports would be due by January 31.