

July 17, 2017

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 (EB-2016-0262)
– Semi-Annual Report on the Wataynikaneyap Transmission Project

Enclosed on behalf of Wataynikaneyap Power LP is the July 17, 2017 edition of the *Semi-Annual Report on the Wataynikaneyap Transmission Project*. This report is being filed in accordance with the Board's March 23, 2017 Decision and Order in the above-referenced proceeding. A copy has also been filed on RESS.

Yours truly,



Jonathan Myers

Enclosure

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

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.

WATAYNIKANEYAP POWER LP

Semi-Annual Report on the Wataynikaneyap Transmission Project

July 17, 2017



1. Executive Summary

Introduction

On March 23, 2017, the OEB issued a Decision and Order in EB-2016-0262 (the “Decision”), authorizing Wataynikaneyap Power LP (“WPLP”) to establish a deferral account to record development costs for the Wataynikaneyap Transmission Project (the “Project”). The Decision requires WPLP to file a report on the progress of the Project with the OEB on July 17, 2017 and January 15, 2018, and every July 15 and January 15 following until the project is completed.

This report is intended to address the requirements reflected in the Decision by reporting on each of the following aspects:

- Overall Project Progress – Summary of work progress, cost and schedule status, emerging issues/risks and proposed mitigation
- Cost – Up-to-date project cost forecast and description of reasons for projected variances relative to last forecast provided, as well as updates on funding received, including amounts received, the source of the funding, the activity to which the funding is directed, and any prescribed restrictions on such funding
- Schedule – Up-to-date schedule to project in-service, as well as milestones completed and status of milestones in-progress, including reasons for any delays, impacts of delays and mitigating steps to be taken.
- Risks and Issues Log – Assessment of risks and issues, potential impacts on schedule, cost or scope, as well as potential options for mitigating or eliminating risks or issues.

In addition, as required by Decision, this initial report must identify the milestones that WPLP considers appropriate for the Project. These are presented in Section 3 of the report.

All information provided in this report related to project progress, milestones and risks is current to the close of business on June 30, 2017. Cost and funding information is based on a financial cut-off of March 31, 2017. WPLP expects that the next report, due January 15, 2018, will contain financial information to September 30, 2017, and all other information current to December 31, 2017.

Overall Project Progress

Significant progress has been made in a number of project areas since the OEB’s approval of the deferral account.

As detailed in the Schedule and Milestones section below, the environmental team has advanced the environmental assessment process to achieve the critical milestone of “Submission of Draft Environmental Assessment Report” with respect to the Line to Pickle Lake. This milestone completed the final corridor analysis and identification of the preferred corridor (i.e., Dinorwic (east of Dryden) to Pickle Lake) for this component of the Project, and allows further design and lands activities to proceed with greater certainty. In parallel with this process, the engineering, environmental, and lands teams have worked collaboratively to further refine the proposed centerlines and limits of work for all segments of

the Project and corridor alternatives. The result of this process will allow for acquisition of LiDAR data for the remainder of the Project, and will allow preliminary design activities and the identification of required land rights to proceed in support of an anticipated application for Leave to Construct in Q4 of 2017.

Aboriginal engagement has also made significant progress in parallel with environmental assessment activities. A second round of community engagement on the Remotes Connection portion of the Project has been completed in the majority of communities. Also, traditional land resource use studies have been completed in most of the same communities. Efforts continue to attempt to engage a small number of outstanding communities. Early and ongoing engagement and communication has provided significant benefits as a result of the community feedback that has been received with respect to routing options, including traditional land and resource use, as well as with respect to existing winter road networks and plans for future all-weather roads. Land sharing discussions also continue with the aim of developing Land Sharing Protocols with respect to traditional lands impacted by the transmission corridors.

Government stakeholder engagement activities continue to progress on a number of fronts. WPLP has been successful in bringing together representatives of both federal and provincial governments for the purpose of negotiating a funding framework for the Project, and communicating the urgency of finalizing this framework. WPLP and various government representatives also continue to participate in a number of working groups for areas critical to the success of the Project, including funding, duty to consult, and Far North Act exemptions.

Ongoing dialogue also continues with Hydro One Networks and the IESO to address design and interconnection requirements, and environmental assessment requirements in relation to additional HONI infrastructure at interconnection points.

Cost Forecast and Variances

In the Decision, the OEB determined that costs shall be recorded in the deferral account starting November 23, 2010, and that start-up costs, even if incurred after November 23, 2010, should not be recorded in the account. As a result of this Decision, WPLP has presented an adjusted total development budget of approximately \$71.8 million in Section 2 of this report.

Total project spending to date (excluding costs prior to November 23, 2010 and start-up costs) is \$25.4 million, or 35% of the total development budget. WPLP's current total development spending forecast is \$69.8 million, excluding contingencies. WPLP notes that an amount was budgeted in sub-account #12 to account for a reasonable level of contingency costs during the development period, however all actual costs and future forecasted costs are recorded in the remaining sub-accounts as appropriate. As a result, no actual or forecast spending is provided for sub-account 12.

The table in Section 2 provides a variance analysis at the sub-account level.

Funding

A summary of government funding received between November 2010 (i.e. the effective date of the deferral account) and March 31, 2017 is provided in Section 2. Approximately \$9.5 million in funding has been received to date, with approximately \$8.8 million spent to date.

Schedule and Milestones

The tables in Section 3 of this report provide a summary of major milestones completed to date, as well as forecasted completion dates for future milestones.

The major milestone completed since the OEB's approval of the deferral account is the submission of the Draft Environmental Assessment Report in respect of the Line to Pickle Lake. This report contains an effects assessment on three corridor alternatives, and identifies the preferred corridor for this component of the Project. A notice was issued on June 30, 2017 indicating that the report was available for public viewing and that it is subject to a five week comment period.

With respect to the Remote Connections Project, an update newsletter was issued in April 2017.

WPLP anticipates submitting an application for Leave to Construct the Project in Q4 of 2017. In support of this effort, a number of additional milestones are forecasted for completion in Q3 of 2017, including:

- Receiving Final System Impact Assessment(s) and Customer Impact Assessment(s) from the IESO and Hydro One Networks;
- Project Funding Framework between Canada and Ontario; and,
- Line to Pickle Lake - Round 3-Part 2 Engagement

Risks and Issues

The tables in Section 4 of this report provide a current summary of key issues and risks, including discussion of potential impacts on Project scope, cost and/or schedule. The most critical risks in the short-term are those that are generally related to the Q3 milestones listed above. A summary of mitigation efforts completed and planned for each significant identified risk is provided in Section 4.

2. Development Costs and Funding

Wataynikaneyap Power LP (Watay LP)
Deferral Account Spending for the Project
For the Reporting Period- November 2010 to March 31, 2017

Sub-account	Project Cost Category	Forecast Deferral Costs from EB-2016-0262*	Current Forecast Deferral Costs	Variance between EB-2016-0262 Forecast and Current Forecast	Total Spend as at Reporting Date	Percent of Current Forecast Spent	Variance Analysis
1	Engineering, design and procurement activity costs	\$ 19,920,028	\$ 19,907,996	\$ 12,032	\$ 2,147,996	10.79%	No material variance
2	Permitting and licensing costs	\$ 1,850,000	\$ 1,852,350	-\$ 2,350	\$ 2,350	0.13%	No material variance
3	Environmental and regulatory approvals costs, including costs of mitigating project impacts	\$ 8,467,121	\$ 8,448,926	\$ 18,195	\$ 5,553,926	65.74%	No material variance
4	Land rights acquisition costs and landowner engagement/negotiation costs (excluding Aboriginal Engagement costs)	\$ 985,000	\$ 1,101,130	-\$ 116,130	\$ 146,677	13.32%	The forecast includes amounts for legal fees, internal labour, survey work and payment to landowners to secure the required land rights. The primary driver for the variance is legal fees and internal labour as more time is being utilized to prepare legal documents and negotiate land options to secure land rights prior to the Leave to Construct. Once the Leave to Construct has been approved the land options will be converted to land rights at a reduced cost.
5	Aboriginal engagement and communication	\$ 4,441,784	\$ 6,572,438	-\$ 2,130,654	\$ 3,499,468	53.24%	The forecast includes additional labour, travel, engagement events, and First Nation capacity funding to effectively engage and review project documentation. In addition, some costs have been reallocated between sub accounts 5, 10 and 11. .
6	Community and other stakeholder engagement costs (excluding landowner and Aboriginal engagement costs)	\$ 2,422,003	\$ 3,175,676	-\$ 753,674	\$ 1,584,307	49.89%	The increase in cost is primarily driven by increased stakeholdering related to general public and government stakeholdering activities to arrive at a government funding framework.

Wataynikaneyap Power LP (Watay LP)
Deferral Account Spending for the Project
For the Reporting Period- November 2010 to March 31, 2017

Sub-account	Project Cost Category	Forecast Deferral Costs from EB-2016-0262*	Current Forecast Deferral Costs	Variance between EB-2016-0262 Forecast and Current Forecast	Total Spend as at Reporting Date	Percent of Current Forecast Spent	Variance Analysis
7	Costs for regulatory activities and filings, including legal support	\$ 1,720,259	\$ 1,913,136	-\$ 192,877	\$ 805,636	42.11%	The forecast is based on an estimate of time to complete the Leave to Construct, establishing a revenue framework with the OEB and completing the OEB reporting requirements. The variance is primarily driven by an increase in cost in EB-2016-0262 (Deferral Account Application) and estimated time required to complete future regulatory activities.
8	Interconnection study costs	\$ 323,361	\$ 332,551	-\$ 9,189	\$ 117,551	35.35%	No material variance
9	Accounting, administration and project management costs	\$ 13,011,022	\$ 13,103,876	-\$ 92,854	\$ 7,236,376	55.22%	The balance reflected in "Deferral cost Outlined in the Deferral Application EB-2016-0262" has been adjusted to reflect cost originally estimated in the start up as these costs are more aligned with Accounting, administration and project management. No material variance
10	Aboriginal land-related costs	\$ 710,000	\$ 897,588	-\$ 187,588	\$ 80,982	9.02%	Additional labour and travel required
11	Aboriginal participation, mitigation of project impact and local distribution planning	\$ 13,468,512	\$ 11,535,202	\$ 1,933,310	\$ 3,752,058	32.53%	Lower spend than anticipated; reduced training budget forecast to reflect ESDC approved budget and timing.
12	Contingency costs incurred in excess of budgeted costs	\$ 3,498,199	\$ -	\$ 3,498,199	\$ -	N/A**	Currently \$1,516,574 of the contingency is being utilized amongst the other sub accounts
13	Development activity costs not reflected in other sub-accounts	\$ 955,227	\$ 950,024	\$ 5,203	\$ 475,024	50.00%	No material variance
14	Start-up costs (partnership formation)	\$ -	\$ -	\$ -	\$ -	N/A	Given the Decision and Order in EB-2016-0262, Wataynikaneyap Power LP does not record start up costs in the deferral account.
Grand Total		\$ 71,772,516	\$ 69,790,892	\$ 1,981,625	\$ 25,402,351	36.40%	

* Amount has been adjusted to remove the costs denied per the OEB Decision and Order in EB-2016-0262

** Sub-account 12 contains a budgeted amount of contingency on total development costs. Actual costs, even if higher than forecast, are recorded to the most relevant sub-accounts. The variances shown are therefore offset by the budgeted amount of contingency, such that the total indicated at the bottom of the variance column reflects the amount of budgeted contingency that to date is not expected to be needed.

Wataynikaneyap Power LP (Watay LP)
First Nations Partnership - Government Funding
For the Reporting Period- November 2010 to March 31, 2017

Source	Entity Receiving Funding	Type	Program	Activity	Prescribed Restrictions	Total New Funding Received from Source*	Funding Expended on Regulatory Assets within Watay LP**
Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Strategic Partnerships Initiative	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 2,259,069	\$ 1,914,617
Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Build Canada Fund (BCF)	Aboriginal Engagement	Subject to the terms of the funding agreement	\$ 1,000,000	\$ 1,000,000
Indigenous and Northern Affairs Canada (INAC)	Opiikapawiin Services LP (OSLP)	Federal	Community Opportunities Readiness Program (CORP)	Environmental Assessment	Subject to the terms of the funding agreement	\$ 650,160	\$ 374,611
Indigenous and Northern Affairs Canada (INAC)	Central Corridor Energy Group (CCEG)	Federal	Strategic Partnerships Initiative	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 1,310,689	\$ 1,310,689
Indigenous and Northern Affairs Canada (INAC)	Central Corridor Energy Group (CCEG)	Federal	Strategic Partnerships Initiative	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 875,000	\$ 875,000
Indigenous and Northern Affairs Canada (INAC)	Central Corridor Energy Group (CCEG)	Federal	Regional Program Funds	Aboriginal Engagement / Participation	Subject to the terms of the funding agreement	\$ 1,400,000	\$ 1,400,000
Indigenous and Northern Affairs Canada (INAC)	Central Corridor Energy Group (CCEG)	Federal	Strategic Partnerships Initiative	Aboriginal Engagement / Participation	Subject to the terms of the funding agreement	\$ 1,155,908	\$ 1,155,908
Indigenous and Northern Affairs Canada (INAC)	Central Corridor Energy Group (CCEG)	Federal	Lands and Economic Development Services Program	Aboriginal Engagement / Participation	Subject to the terms of the funding agreement	\$ 100,000	\$ 100,000
FedNor	Central Corridor Energy Group (CCEG)	Federal	N/A	Aboriginal Engagement / Participation	Subject to the terms of the funding agreement	\$ 430,011	\$ 430,011
Independent Electricity System Operator (IESO)	Opiikapawiin Services LP (OSLP)	Provincial	Education & Capacity Building Program	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 150,000	\$ 58,463
Northern Ontario Heritage Fund Corporation (NOHFC)	Central Corridor Energy Group (CCEG)	Provincial	N/A	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 50,000	\$ 50,000
Ministry of Energy	Central Corridor Energy Group (CCEG)	Provincial	N/A	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 139,941	\$ 139,941
Ministry of Energy	Central Corridor Energy Group (CCEG)	Provincial	N/A	Aboriginal Participation	Subject to the terms of the funding agreement	\$ 26,704	\$ 26,704
Total						\$ 9,547,481	\$ 8,835,943

*Third party funding received to fund start up and pre November 2010 costs have not been included as the corresponding costs have been denied pursuant to OEB Decision and Order EB-2016-0262.

** Funding expended on regulatory assets not recorded until spent by Wataynikaneyap Power LP.

3. Schedule and Milestones

The following tables provide a summary of major milestones completed to date, as well as forecasted completion dates for future milestones.

Item	Milestones Completed	Date
1	Formation of Central Corridor Energy Group (CCEG)	Q3 2008
2	Initiation of Environmental Assessment and Aboriginal Consultations for (a) Line to Pickle Lake and (b) Remote Connections	(a) Q1 2012 (b) Q4 2015
3	Formation of Wataynikaneyap Power corporation	Q2 2013
4	Approval of Environmental Assessment Terms of Reference for Line to Pickle Lake portion of the project	Q1 2015
5	Formation of Wataynikaneyap Power LP with FortisOntario/RES Canada	Q3 2015
6	Receiving Electricity Transmission License from OEB	Q4 2015
7	Submitting Impact Assessment Application in respect of Line to Pickle Lake Portion of the Project	Q1 2016
8	Approval of Deferral Account	Q1 2017
10	Submission of Draft EA Report (Line to Pickle Lake)	Q2 2017

Item	Milestones In Progress	Date
11	Receiving Final System Impact Assessment(s) and Customer Impact Assessment(s) from IESO and Hydro One Networks	Q3 2017
12	Project Funding Framework between Canada and Ontario	Q3 2017
13	Line to Pickle Lake - Round 3-Part 2 Engagement	Q3 2017
14	Stage 2 Archaeological Assessments complete (Line to Pickle Lake)	Q3 2017
15	Submitting Leave to Construct Application to OEB	Q4 2017

Item	Milestones In Progress	Date
16	Engineering, Procurement, Construction tender award	Q1 2018
17	Remote Communities Connections - Round 3 Engagement	Q1 2018
18	Minister's Decision on EA (Line to Pickle Lake)	Q2 2018
19	Stage 2 Archaeological Assessments complete (Remote Connections)	Q3 2018
20	Statement of Completion issued by MNRF for Environmental Assessment of Remote Connections Portion of the Project	Q3 2018
21	Leave to Construct Approval	Q4 2018
22	Financial Close	Q4 2018
23	Construction Start	Q4 2018
24	Asset Transfer Agreements between Independent Power Authority (IPA) communities and Hydro One Remote Communities	Q3 2019
25	Line to Pickle Lake in-service	Q3 2020
26	First Community Connected	Q3 2020
27	Construction Completion	Q3 2023

4. Issues and Risks

The following tables provide a current summary of key issues and risks, including discussion of potential impacts on Project scope, cost and/or schedule. For each risk, a summary of mitigation efforts completed and planned is provided, and the requirement to remove the risk has been identified.

ENGINEERING, DESIGN, PROCUREMENT, AND INTERCONNECTION				
Item	Description	Impact on Scope/Cost/Schedule	Actions/Mitigation	Requirement to Remove Risk
1.	SIA/CIA outstanding The SIA and/or CIA reports may identify interconnection requirements, capacity constraints, and/or the need for upstream transmission enhancements not previously identified	<ul style="list-style-type: none"> Any unexpected requirements arising from SIA/CIA will impact design scope and possibly impact project cost and/or schedule 	<ul style="list-style-type: none"> Early and ongoing dialogue with both IESO and HONI Preliminary design and SIA/CIA application are based on consideration of IESO feasibility study, Remote Connection Plan and North of Dryden IRRP Proposed interconnection requirements reviewed with HONI and IESO 	<ul style="list-style-type: none"> Receive Final SIA and CIA Reports
2.	Geotechnical survey Due to the size and scope of the project, completing detailed geotechnical surveys at 100% of the proposed structure locations is unlikely to be practical or cost-effective	<ul style="list-style-type: none"> Differences between design assumptions and actual subsurface conditions could require design modifications 	<ul style="list-style-type: none"> Desktop geotechnical report commissioned and received Findings of desktop report can be augmented using LiDAR data, high-resolution aerial imagery and other techniques Consider cost/benefit of completing field geotechnical surveys at priority structure locations and representative locations that are readily accessible in advance of construction 	<ul style="list-style-type: none"> Construction completion

ENGINEERING, DESIGN, PROCUREMENT, AND INTERCONNECTION				
Item	Description	Impact on Scope/Cost/Schedule	Actions/Mitigation	Requirement to Remove Risk
3.	Interdependency on EA, engagement and lands activities Changes to routing and/or design could be triggered by processes related to EA, engagement, and lands activities	<ul style="list-style-type: none"> Impact will be proportional to the overall magnitude of any required changes. 	<ul style="list-style-type: none"> Early and ongoing community engagement Significant interaction between engineering, EA, engagement and lands task leads, with coordination of efforts and processes where practical Early identification of specific concerns Prioritize design efforts on sections with least risk 	<ul style="list-style-type: none"> MOECC decision on EA (Line to Pickle Lake) MNR Statement of Completion issued (Remote Connection Lines) Engagement activities completed Land options/agreements in place (private, claims, crown and agency lands) First Nation Land Sharing Protocol Agreements (similar to Impact Benefit Agreements) Section 28(2) permits (Reserve Lands)
4.	Changes to standards and/or related regulatory requirements Standards underpinning the design and regulatory requirements governing the interconnection of the proposed project to the existing Ontario grid could be updated prior to construction	<ul style="list-style-type: none"> Impact could range from minimal (review for compliance with no changes required) to significant (requirement to redesign a significant portion of the project or repeat certain permitting activities) 	<ul style="list-style-type: none"> Thorough documentation of all standards and assumptions underpinning the design to allow efficient assessment of any updates Many aspects of the design are software-based, allowing efficient analysis of the impact resulting from changes to any assumptions or parameters 	<ul style="list-style-type: none"> Finalize connection agreements and initiate construction

ENVIRONMENTAL, PERMITTING, ENGAGEMENT, AND LAND RIGHTS				
Item	Description	Impact on Scope/Cost/Schedule	Actions/Mitigation	Requirement to Remove Risk
1.	Line to Pickle Lake Routing	<ul style="list-style-type: none"> – A change in routing would increase costs related to archaeology, field surveys, design and acquisition of land rights 	<ul style="list-style-type: none"> – Thorough evaluation of routing impacts through EA process – Ongoing discussions and attempts at engagement with various Aboriginal communities and stakeholders to resolve routing issues 	<ul style="list-style-type: none"> – MOECC decision on EA – Engagement activities completed – Land options/agreements in place (private, claims, crown and agency lands) – First Nation Land Sharing Protocol Agreements (similar to Impact Benefit Agreements)
2.	Findings during archaeology	<ul style="list-style-type: none"> – Potential for delay and minor design/routing changes if areas must be avoided 	<ul style="list-style-type: none"> – Stage 2 archaeological assessment initiated with respect to Line to Pickle Lake (Preliminary Proposed route only) – Preliminary design and land rights efforts include consideration for minor design/routing variations that may be required (e.g. LiDAR data acquisition covers wider corridor, possible adjacent land impacts considered) 	<ul style="list-style-type: none"> – Completion of stage 2 archaeological assessment
3.	Routing for Remote Connection Lines Final routing is contingent on completion of EA and engagement processes	<ul style="list-style-type: none"> – A change in routing would increase costs related to archaeology and field surveys, design and acquisition of land rights – A request for elevation would cause significant schedule delay and would increase EA costs 	<ul style="list-style-type: none"> – Early and ongoing engagement with impacted communities – Thorough evaluation of routing options and impacts through EA and engagement processes – Mitigate effects and provide accommodation to land users – Provide opportunity to review key EA documents 	<ul style="list-style-type: none"> – MNRF Statement of Completion issued (Remote Connection Lines) – Engagement activities completed – Land options/agreements in place (private, claims, crown and agency lands) – First Nation Land Sharing Protocol Agreements (similar to Impact Benefit Agreements) – Section 28(2) permits (Reserve Lands)

ENVIRONMENTAL, PERMITTING, ENGAGEMENT, AND LAND RIGHTS				
Item	Description	Impact on Scope/Cost/Schedule	Actions/Mitigation	Requirement to Remove Risk
			<ul style="list-style-type: none"> – Incorporate concerns and issues into ESR – Early and extensive engagement on EA workplan and Class EA process 	
4.	Non-Aboriginal Land rights	<ul style="list-style-type: none"> – Potential for delay and minor design/routing changes if areas must be avoided 	<ul style="list-style-type: none"> – Early and ongoing engagement with impacted land owners, claim holders, land tenure holders, MNRF and MTO 	<ul style="list-style-type: none"> – Land options/agreements in place (private, claims, crown and agency lands)
5.	Duty to Consult Wataynikaneyap has been delegated the procedural aspects of the Crown's duty to consult	<ul style="list-style-type: none"> – Failure to carry out the procedural aspects of the Crown's duty to consult could impact project schedule and budget 	<ul style="list-style-type: none"> – Indigenous Engagement Plans – Early and meaningful Indigenous engagement – Open and continuous dialogue with Crown agencies, including lead agency (Ministry of Energy) 	<ul style="list-style-type: none"> – Project approvals – Land Sharing Agreements or letters of support

ABORIGINAL PARTICIPATION, MITIGATION OF PROJECT IMPACT, AND LOCAL DISTRIBUTION PLANNING				
Item	Description	Impact on Scope/Cost/Schedule	Actions/Mitigation	Requirement to Remove Risk
1.	<p>Local Distribution Readiness</p> <p>In order to connect to the provincial grid, the local distribution companies in the remote communities need to have distribution licenses from the Ontario Energy Board (OEB) and operate in accordance with the Distribution System Code</p>	<ul style="list-style-type: none"> - A community that does not meet these requirements cannot be connected to the provincial grid - Could impact construction timelines and cost for the portion of the line dedicated to that community 	<ul style="list-style-type: none"> - Wataynikaneyap is facilitating the transition of these communities to regulated utilities - Of the 16 communities to be connected to the Ontario electrical grid through the Wataynikaneyap Transmission Project: <ul style="list-style-type: none"> - Nine (9) are already serviced by a licensed and regulated Local Distribution Company (LDC)– HORCI. These communities are already positioned to meet the requirements for connection to the grid. - Seven (7) communities operate their own Independent Power Authority (“IPA”) utilities which are not licensed or regulated to distribute power. Five (5) of these communities are in the process of transferring ownership/operation of the LDC to Hydro One Remote Communities Inc (HORCI). Two (2) communities must still make the decision to initiate this process - A 17th community (McDowell Lake), which will eventually be connected, does not currently have local 	<ul style="list-style-type: none"> - IPA community transfer of ownership / operation to a licensed local distribution company (e.g. HORCI)

			distribution service. It's connection to the grid will be dependent on the scope / timing of their community development plan	
2.	Aboriginal Participation and Benefits from the Project Aboriginal communities have clearly indicated expectation of participation on the project and sharing of benefits (e.g. training jobs, contracts, capacity building, ownership)	– Failure to demonstrate meaningful Aboriginal participation and sharing of benefits could result in loss of Aboriginal support, which could delay schedule and increase costs.	– 22 First Nations are majority owners in the project and activity involved in the management and decision making on the project – Indigenous Participation Guide (IPG) developed – Initiated Aboriginal education & training program – Initiated Aboriginal business readiness planning – Land Sharing Protocols	– Construction completion (although Aboriginal Participation and benefit sharing will be ongoing)

FINANCIAL, FUNDING, LEGAL AND REGULATORY				
Item	Description	Impact on Scope/Cost/Schedule	Actions/Mitigation	Requirement to Remove Risk
1.	Government funding framework An appropriate funding framework or cost sharing agreement between WPLP and various levels of government is required.	– The funding framework will significantly affect the economic viability of the project, the ability to realize the socioeconomic benefits of the project, as well as the allocation of cost and benefits between the provincial and federal governments and Ontario ratepayers	– Early and ongoing dialogue with various ministries and government representatives – Completion of economic and socioeconomic studies – Provision of information to government as requested	– Federal and provincial commitment to funding framework

FINANCIAL, FUNDING, LEGAL AND REGULATORY				
Item	Description	Impact on Scope/Cost/Schedule	Actions/Mitigation	Requirement to Remove Risk
2.	Cost Recovery Framework A commercially viable cost recovery framework, supported by OEB, Ministry and HORCI is required	<ul style="list-style-type: none"> – Impact the ability to attract private equity required for the investment to proceed – Impact ability to finance the project 	<ul style="list-style-type: none"> – Early and ongoing dialogue with various ministries and government representatives – Completion of economic and socioeconomic studies – Provision of information to government as requested 	<ul style="list-style-type: none"> – OEB, Ministry and HORCI agreement to an acceptable cost recovery framework

FINANCIAL, FUNDING, LEGAL AND REGULATORY				
Item	Description	Impact on Scope/Cost/Schedule	Actions/Mitigation	Requirement to Remove Risk
3.	Project financing Wataynikaneyap Power LP (Watay LP) is arranging financing for construction of the transmission assets in line with OEB approved parameters. First Nation LP (FNLP) is seeking financing for the majority of its equity interest in the project.	<ul style="list-style-type: none"> - Funding for WPLP and FNLP is required for the project to proceed - Pricing on the WPLP financing will impact cost of the project - Amortization will impact financial viability of the project 	<ul style="list-style-type: none"> - Run a competitive process with multiple lenders across a broad spectrum of financing institutions to ensure best pricing, terms and conditions can be achieved (the process has been initiated and includes Domestic and Foreign Banks and Insurance Companies). - Early and ongoing engagement with lenders on both credit facilities. (Request for Qualification process initiated and significant interest shown in both the WPLP and FNLP financing). - Do not tie funding of WPLP and FNLP financing requirements to ensure best terms and conditions at the WPLP level. (Based on results of Request for Qualifications, lenders do not require to tie the financing requirements). - Initiate Lender due diligence and preliminary approval process for both credit facilities with a goal to have lender(s) selected by Leave to Construct (process started with a goal to be completed in October 2017). 	<ul style="list-style-type: none"> - Enter into binding agreements with lenders, which (excluding customary terms & conditions) requires: <ul style="list-style-type: none"> o Establishment of the government funding framework o [Establishment of commercially viable cost recovery framework] o Approval of the Leave to Construct o Acceptable engineering designs o Acceptable engineering and construction counterparty o Acceptable land rights

FINANCIAL, FUNDING, LEGAL AND REGULATORY				
Item	Description	Impact on Scope/Cost/Schedule	Actions/Mitigation	Requirement to Remove Risk
4.	Tender pricing There is a potential for total project costs resulting from a competitive tender process to be higher than current project estimates	<ul style="list-style-type: none"> Impact on cost will only be known once tenders have been received and evaluated 	<ul style="list-style-type: none"> Project estimates have been derived from multiple sources of information and methodologies Estimated unit costs have been compared to other projects for reasonability Accuracy limitations have been identified and disclosed – estimates to be refined as the level of project development progresses Contingencies have been included in cost estimates 	<ul style="list-style-type: none"> Receipt and evaluation of tenders
5.	Timing of Leave to Construct WPLP anticipates filing an application for Leave to Construct by Q4 2017	<ul style="list-style-type: none"> Delay in filing and/or processing the LTC application could result in the anticipated Q4 2018 construction start date being delayed - a slight delay in the start date could significantly delay the in-service date of the Line to Pickle Lake due to the loss of a full winter road season 	<ul style="list-style-type: none"> Project team identified with specific roles and responsibilities Review of deliverables required to meet the OEB's filing requirements (milestones achieved, reports, drawings, etc.) Application to reinforce the urgent social need associated with the project and proposed timelines for construction Early and ongoing engagement to reduce opposition to project Government support through legislative amendments confirming the priority of and the need for the proposed project 	<ul style="list-style-type: none"> OEB decision and order granting leave to construct the proposed project by Q4 2018

FINANCIAL, FUNDING, LEGAL AND REGULATORY				
Item	Description	Impact on Scope/Cost/Schedule	Actions/Mitigation	Requirement to Remove Risk
6.	Backup Supply Planning The IESO scope incorporated into WPLP's transmission licence requires facilitation of the arrangement of backup supply, consistent with Emergency Preparedness Plans of the remote communities.	<ul style="list-style-type: none"> Though WPLP is required to facilitate the arrangement of backup supply resources, actual implementation is beyond its scope as a transmitter – as a result, cost estimates for material investment in backup facilities have not been included in project cost estimates to date A universal solution across all communities is unlikely due to differences in: <ul style="list-style-type: none"> the condition, capacity and ownership of existing diesel generators existing Emergency Preparedness Plans with respect to power outages community size, location and anticipated frequency and duration of outages critical facilities with individual backup generators community preferences with respect to ongoing use of diesel generation 	<ul style="list-style-type: none"> Ongoing engagement with various stakeholders (remote First Nation communities, IESO, HORCI, INAC, etc.) Draft work plan for backup power study completed with input from a wide range of stakeholders Request for proposal for backup power study in progress Backup power study to address reliability risks, potential solutions, and cost/benefit analysis 	<ul style="list-style-type: none"> Completion of backup power study and identification of recommended solution(s) for each community Stakeholder agreement on recommended solution(s), including commitments to funding and implementation