

Ministry of Energy

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AUG 04 2017

MC-2017-1148

Mr. Peter Gregg
President and CEO
Independent Electricity System Operator (IESO)
1600-120 Adelaide Street West
Toronto ON M5H 1T1

Dear Mr. Gregg:

I am writing with regard to the East West Tie transmission project currently under development by Upper Canada Transmission Inc. (operating as NextBridge Infrastructure).

I have been made aware that NextBridge filed an application with the Ontario Energy Board (OEB) to obtain Leave to Construct in respect of the East West Tie project. This application includes updated cost estimates for completing the project that are significantly higher than both the previous estimates by NextBridge and cost estimates used by the Independent Electricity System Operator (IESO) in its prior need assessments for the project. The scale of the cost increases is very concerning to the Ontario Government and it would be appropriate for the IESO to review all possible options to ensure that ratepayers are protected.

As you know, the Government of Ontario passed an Order-in-Council on March 4, 2016 to name the project as a priority under S.96.1 of the Ontario Energy Board Act and this action has the effect of scoping the OEB's Leave to Construct hearing. The decision to pass this Order-in-Council was based in part on the IESO's need assessments, including the last update completed in December 2015 which indicated that the transmission project was needed and the lowest cost alternative to ensuring a reliable and adequate supply of electricity in Ontario's northwest.

Given the new cost information in NextBridge's submission and the time since the previous assessment, it is prudent for the IESO to update its assessment on the basis of the latest costs and system needs. To this end, I request that the IESO prepare an updated need assessment, consistent with the scope of previous need assessments requested by the OEB, to be delivered to the Ministry by December 1, 2017.

Sincerely,


Glenn Thibeault
Minister

c: Rosemarie Leclair, Chair and CEO, Ontario Energy Board