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BY COURIER

December 7, 2017

Ms. Nancy Marconi
Manager, Supply and Infrastructure Applications
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi:

EB-2013-0421 – Hydro One Networks' Section 92 Supply to Essex County Transmission Reinforcement Project – Project Status Update

The Ontario Energy Board approved Phase 1 of the Supply to Essex County Transmission Reinforcement (SECTR) Project on July 16, 2015 which included a forecast in-service date of March 2018. On September 15, 2015 Hydro One advised the Board that the in-service date for the project would be delayed three months to June 2018.

Hydro One is advising the Board of recent change in regional load growth in the Windsor-Essex area and the impacts this growth will have on Hydro One's SECTR project.

The Windsor – Essex Regional Planning Study Team¹ recently (October 2017) completed the 'Needs Assessment' for the second cycle of regional planning for the Windsor-Essex Region. This assessment was triggered by the significant increase in forecast load, largely driven by expansion in the greenhouse sector, since the Regional Infrastructure Plan of 2015, and the OEB's approval of the SECTR project.

The impacts to the project scope of work can be categorized into two elements:

1) Impacts to Leamington TS

The Board's July, 2015 Leave to Construct approval was based on the forecast installation of 6 LV feeder positions and one LV capacitor bank. Hydro One advises the Board that due to recent

¹ The Study Team, includes representatives from Local Distribution Companies (LDCs), the Independent Electricity System Operator (IESO), and Hydro One (lead transmitter), provided inputs and any relevant information for the Windsor-Essex region regarding system reliability, capacity needs, operational issues, and major assets/facilities approaching end-of-life essential for regional planning.

significant increases in forecast load for Leamington TS, the station scope of work has increased to 12 LV feeder positions and two LV capacitor banks.

Hydro One confirms construction work on the Leamington Project is progressing well and, as outlined above, is expected to be completed within the planned budget of the original leave to construct approval, including the additional Leamington TS scope of work. The SECTR project is still expected to be completed on schedule (June 2018).

2) Impacts to Kingsville TS

In the SECTR Application Hydro One indicated that sufficient load would be transferred from Kingsville TS to Leamington TS to allow Kingsville TS to be downsized from a 4 x 42 MVA station to a 2 x 42 MVA station configuration. The recent change in regional load growth, and the updated Study Group's 'Needs Assessment' for the region clarified that Kingsville TS should **not** be downsized to a 2 x 42 MVA station but should become a 2 x 83 MVA configuration at the station as a result of the forecast increased load level.

Hydro One forecasts the total additional cost for this scope of work at Kingsville TS to be approximately \$27.0M. This will consist of two major in-service project milestones; the first 83 MVA power transformer is expected to be in service in June 2018; the second 83 MVA transformer and Low Voltage capacitor bank breaker is planned to be in-serviced by December 2021. Hydro One confirms these costs will be recovered from revenues resulting from the increase in load.

By adjusting the scope of work as described above, this will allow Hydro One to meet the additional forecast load from customers in the area without placing any restrictions on the users of the system, and enable new customers to connect.

The Study Team and Hydro One confirm that the new recommended strategy, to add additional transformation capacity to Kingsville TS, is the most cost effective compared to the alternative of replacing end of life transformers at Kingsville TS with new 'lower capacity' transformers and then subsequently needing to increase the capacity of those units when the forecast load increase arrives shortly thereafter. The Kingsville TS project scope of work, as outlined above, will not impact the original SECTR Project's in-service date of June 2018.

Hydro One confirms the additional costs resulting from the installation of two higher capacity transformers at Kingsville TS will be included in the Post Construction Financial Report for the overall SECTR Project. In addition, details and justification for that scope of work will be provided during Hydro One's next Transmission Revenue Requirement Application for the years 2019 to 2023.

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON

Joanne Richardson

Cc: Tam Wagner, IESO