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BY COURIER

January 24, 2018

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 cost for this scope of work at Kingsville TS to be approximately \$27.0M which will be recovered as part of Hydro One's sustainment program and is required to continue to service both pre-existing load, and the new forecast load. This compares to \$12.0M provided in Hydro One's SECTR evidence to replace one 42MVA transformer. (Exhibit B, Tab 4, Schedule 3, Page 3). This work will have two major in-service project milestones; the first, a 83 MVA power transformer, is expected to be in service in June 2018; and the second, a 83 MVA transformer and Low Voltage capacitor bank breaker is planned to be in-serviced by December 2021. As per 6.5.2 of the TSC, the \$6M transformer expenditures allocated to rate payers at Leamington to service the pre-existing load will no longer be applied as a cost reduction.

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.

Sincerely,

ORIGINAL SIGNED BY JOANNE RICHARDSON

Joanne Richardson

Cc: Tam Wagner, IESO