

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998;

AND IN THE MATTER OF an Application by Hydro One Networks Inc. pursuant to s. 92 of the OEB Act for an Order or Orders granting leave to construct new transmission facilities ("Lake Superior Link") in northwestern Ontario;

AND IN THE MATTER OF an Application by Hydro One Networks Inc. pursuant to s. 97 of the OEB Act for an Order granting approval of the forms of the agreement offered or to be offered to affected landowners.

**TRANSCRIPT BRIEF OF THE SCHOOL ENERGY COALITION
(Nextbridge Motion)**

Shepherd Rubenstein P.C.
2200 Yonge Street, Suite 1302
Toronto, Ontario M4S 2C6

Mark Rubenstein
Tel: 416-483-3300
Fax: 416-483-3305

Counsel for the School Energy Coalition

A



ONTARIO ENERGY BOARD

FILE NO.: EB-2017-0364

Hydro One Networks Inc.

Lake Superior Link Project

VOLUME: Technical Conference

DATE: May 16, 2018

1 that the construction cost was -- would exceed the
2 estimated construction cost in the designation process?
3 When did you first become aware of that?

4 MR. MAYERS: Once we received the bids.

5 MR. WARREN: And that would have been when?

6 MR. MAYERS: I don't recall the exact dates, but it
7 was somewhere around the first or second quarter of 2017.

8 MR. WARREN: And your evidence is that you were
9 unaware until the first or second quarter of 2017 that the
10 construction cost estimate would exceed, materially, the
11 cost that you had estimated in the designation process; is
12 that correct?

13 MR. MAYERS: In -- yeah, roundabout time frame, yes.
14 We got our cost estimates in, we began evaluating those
15 cost estimates, and when we actually reviewed the three
16 bids that we determined to be acceptable, a determination
17 was made that there was going to be some negotiating with
18 one contractor, and that negotiation lasted for quite some
19 time until we got to the December '17 actual award date.

20 MR. WARREN: My recollection of what Ms. Tidmarsh told
21 us last week, or whenever it was, was that the discussions
22 that NextBridge had had with Parks Canada resulted in a
23 firm decision in January of 2015 that NextBridge was not
24 going to be able to use the park portion of its route; is
25 that correct?

26 MR. MAYERS: I don't recall the conversation.

27 MR. WARREN: With Ms. Tidmarsh?

28 MR. MAYERS: I don't recall the dates.

1 MR. WARREN: Will you take it subject to check that
2 Ms. Tidmarsh told me that it was finally in January of 2015
3 that NextBridge knew definitively that it was not going to
4 be able to use the park route?

5 MR. MAYERS: Subject to check.

6 MR. WARREN: So when you were not able to use the park
7 route, one of the practical effects was that the NextBridge
8 route was going to have to be longer by some 43 kilometres;
9 is that right?

10 MR. MAYERS: We didn't know at that time exactly where
11 the route was going to take us. We knew that it went right
12 around the outer boundary of the park. You might have had
13 a shorter distance, but then alternative routes had to be
14 evaluated.

15 MR. WARREN: When were those alternative routes
16 evaluated?

17 MR. MAYERS: Well, we would have started probably
18 sometime thereafter. I think we originally looked at
19 alternative routes when we were working on the designation.
20 So this was -- you know, we had to go back to plan B, and
21 we began seriously looking at it then, subject to check on
22 the date that you mentioned. It would have been in that
23 first quarter of 2015.

24 MR. WARREN: And going to an alternative route that
25 was longer was going to increase the construction cost; is
26 that not fair, Mr. Mayers?

27 MR. MAYERS: Potentially. We had no idea what it
28 would to cost to have to go through the park, based on the

1 potential environmental impacts, based on whether the park
2 was going to have to charge us some significant fee or
3 otherwise.

4 So it wasn't -- just because you have a longer route
5 doesn't necessarily mean it's more expensive.

6 MR. WARREN: When did you first become aware, Mr.
7 Mayers, that the alternate route around the park was going
8 to cost more money in construction? When did you first
9 become aware of that?

10 MR. MAYERS: When we received the bids in 2017.

11 MR. WARREN: Two years later it took you to find out
12 that it was going to cost more to go around the park. Is
13 that correct, Mr. Mayers?

14 MR. MAYERS: As I said, we had not bid the project out
15 up to that point, so it was impossible for us to make a
16 determination. You seem to speculate that just because
17 there is a longer route, that it could be more expensive.
18 And that is not always the case.

19 MR. WARREN: Did you report in January of 2015 -- did
20 the staff of NextBridge report to the board of directors
21 about the decision of Parks Canada, and the fact that a
22 longer or alternative route would have to be found?

23 MR. MAYERS: I don't know the answer to that.

24 MR. WARREN: Can you undertake to find out whether you
25 did and, if so, to provide a copy of the report to the
26 board of directors on that point?

27 MR. MAYERS: Yes.

28 MS. CRNOJACKI: That would be -- someone is meddling

1 in a very soft-spoken manner, and my aging assets sometimes
2 do not allow me to hear -- and I see other nods in the
3 room, so perhaps it's not just me. So, thank you.

4 MR. WARREN: Is this a contest of aging assets?

5 MS. LEA: No, sir, you'll win. You asked for that.
6 I'm just asking you if you could please speak into the mic
7 a little bit more loudly. Thank you.

8 MR. WARREN: I've never been accused of being soft-
9 spoken, and I take some umbrage at that.

10 MS. LEA: I do apologize, sir.

11 MR. WARREN: At some point, and I don't remember the
12 chronology, witness -- you will tell me if you can't hear
13 me, right?

14 MR. MAYERS: I'm fortunate enough to be sitting close,
15 so I...

16 MR. WARREN: We all find our luck in strange ways,
17 don't we, Mr. Mayers.

18 Sometime in -- and I'm embarrassed to say I don't
19 remember the exact chronology, a decision was taken by the
20 men Minister of Energy to delay the in-service date for
21 East-West Tie, to delay it from its original date to 2020.

22 I believe that decision was taken sometime in 2015,
23 2016. Do you recall that?

24 MR. MAYERS: I recall a decision was made to delay.
25 It might have been '14 or '15.

26 MR. WARREN: Now, that delay, according to the
27 evidence which NextBridge has filed, resulted in an
28 increase in cost, and the number that I recall from the

1 SENSE WE WOULD CALL THE COST TO OPERATE THE LINE; AND
2 IF IT IS THE LATTER CATEGORY, TO SPLIT IT OUT BETWEEN
3 WHAT WOULD BE CAPITAL COSTS AND OPERATING COSTS AND
4 OM&A COSTS FROM REGULATORY PURPOSES; AND IF THERE IS A
5 THIRD CATEGORY OF COSTS THAT ARE NOT INCLUDED IN
6 EITHER YOUR APPLICATION FOR OM&A AND CAPITAL, SUCH AS
7 WHAT I WOULD CALL CAPITAL COSTS THAT YOU WOULD NEED TO
8 OPERATE THE LINE, TO PROVIDE THE FORECAST FOR THE
9 FIRST YEAR IT WILL BE IN SERVICE.

10 MR. RUBENSTEIN: And am I correct from our discussions
11 in your technical conference for your project, you have a
12 proposed in-service date of December 2020?

13 MR. MAYERS: That's correct.

14 MR. RUBENSTEIN: And that is based on getting a leave
15 to construction decision from this Board by the end of
16 July, your schedule is based on that.

17 MR. MAYERS: That's correct.

18 MR. RUBENSTEIN: And am I correct as well that the
19 project schedule has a one-month contingency built in?

20 MR. MAYERS: There is some float, as I mentioned
21 earlier, but there is not a significant amount of float in
22 the schedule.

23 MR. RUBENSTEIN: Sorry, I don't have the transcript
24 reference, but my understanding from the technical
25 conference was that there was one-month contingency built
26 into your project schedule; am I incorrect about that?

27 MR. MAYERS: If it's in the transcript then it may
28 have been Mr. Gill or Mr. Brott who mentioned that, but my

1 understanding is that we have some time in there. I don't
2 know specifically if it's a full month, but we'll say if
3 subject to check it's a month in the transcript then...

4 MR. STEVENS: I believe that that's what's indicated
5 at the bottom of the schedule table that was provided close
6 to the time of the technical conference in the leave to
7 construct proceeding. It indicates one month.

8 MR. RUBENSTEIN: All right. I don't want to tread on
9 too much ground that Mr. Warren covered, but I do have a
10 couple of questions.

11 And am I correct that with respect to the quarterly
12 updates that you provided to the Board, the first one that
13 identified the increase from the \$397 million construction
14 forecast was the April 30th quarterly update; is that
15 correct?

16 MR. MAYERS: April 30th of what year?

17 MR. RUBENSTEIN: 2017, sorry.

18 MR. MAYERS: I believe that's correct.

19 MR. RUBENSTEIN: And from your discussion today, at no
20 point previously did you conduct an updated cost forecast
21 or inform your board of directors of the possibility of an
22 increase; did I understand that?

23 MR. MAYERS: Yes.

24 MR. RUBENSTEIN: And was that with respect to a
25 specific number, so you did not have a -- an updated
26 specific capital forecast, but at any point did you update
27 your board of directors of the possibility that there would
28 be some form of increase between the designation date and

1 the April -- or the documents that went before the April
2 30th quarterly update to this Board?

3 MR. MAYERS: I'm not aware of all the reports that
4 were filed. I'm not aware exactly as to whether or not
5 those are correct statements.

6 MR. RUBENSTEIN: And as someone who's involved in this
7 project, did you at any point between the designation and
8 the documents that led up to the April 30th, 2017 quarterly
9 report think to yourself that there is a possibility that
10 there may be a material increase in costs?

11 MR. MAYERS: There's always a chance for the cost to
12 increase, but specifically, without having the due
13 diligence complete and having the bids in from the
14 construction contractor, it's almost impossible to
15 determine what the market conditions are going to be like
16 and what the cost of the project, the final cost of the
17 project, is going to be.

18 MR. RUBENSTEIN: Now, you, in response to questions
19 from Mr. Warren, you discussed, with respect to the
20 decision of the Parks Canada, that, you know, you didn't
21 know that -- just because the line may be longer doesn't
22 necessarily mean that it may cost more. Do you recall
23 those discussions?

24 MR. MAYERS: Yes.

25 MR. RUBENSTEIN: What about with respect to the
26 decision by the IESO to push out the in-service date by a
27 number of years? Did you think to yourself at that point:
28 Well, the cost may increase because of that?

1 MR. MAYERS: Generally costs don't go down, whether it
2 is commodity pricing, whether it's labour, you tend not to
3 know that -- I mean, you tend not to see -- you tend to see
4 costs increase over time.

5 MR. RUBENSTEIN: So do I take that as a yes?

6 MR. MAYERS: We clearly understood that you could have
7 some cost increase in the project for sure, and
8 specifically in delays, and I think we've discussed this in
9 the past. I think we've discussed that there is escalation
10 costs related to this, and general additional consulting
11 costs and everything else that go into the development
12 costs that were presented...

13 MR. RUBENSTEIN: I'm not talking about the development
14 costs, I'm talking about the construction costs. Because
15 of the delay did you or any member of the NextBridge team
16 discuss amongst yourself or think amongst yourselves that
17 costs may materially increase because the IESO has pushed
18 out the in-service date of the project?

19 MR. MAYERS: Yes, we knew that the costs would
20 probably increase.

21 MR. RUBENSTEIN: And at what point in time would that
22 have -- would you have thought amongst yourselves about
23 that increase?

24 MR. MAYERS: I don't recall the dates.

25 MR. RUBENSTEIN: Roughly. I mean, obviously I am not
26 asking for a specific date.

27 MR. MAYERS: Well, I would imagine that at the time we
28 got notice that there was going to be a delay. You can, as

1 you stated, you can pretty much determine that there is
2 going to be additional costs related to the project.

3 MR. RUBENSTEIN: And I'm just -- and from your comment
4 earlier, you were not aware if you then informed your board
5 of directors of that?

6 MR. MAYERS: I am not aware, no.

7 MR. RUBENSTEIN: All right. Now, with respect to your
8 reporting between NextBridge and your board, was NextBridge
9 communicating regularly, not necessarily with the board as
10 -- with the board of the project as an entity itself, but
11 with members of the board or members of the partner
12 organizations about the status of the project?

13 MR. MAYERS: I don't know the answer to that.

14 MR. RUBENSTEIN: You don't know if there was ongoing
15 discussions? Did you have ongoing discussions?

16 MR. MAYERS: I did not.

17 MR. RUBENSTEIN: Now, I read Hydro One -- this is my
18 read of Hydro One's application as essentially their value
19 proposition to the Board is we believe we can do the
20 project more cost effectively; it is cheaper for us to do
21 it than the NextBridge project. At a high-level, is that
22 how you read their...

23 MR. MAYERS: That's their assertion, yes.

24 MR. RUBENSTEIN: So I'm assuming you've read their
25 project proposal, correct? Their leave to construct
26 application?

27 MR. MAYERS: I've read parts. But no, I won't admit
28 to reading the entire document, no.

1 MS. CRNOJACKI: JT1.14.

2 UNDERTAKING NO. JT1.14: TO PROVIDE COPIES OF THE NPCC
3 STANDARDS REFERRED TO

4 MS. LEA: The whole standard, or just the section?
5 That wasn't clear to me.

6 MR. RUBENSTEIN: Well, that rough section. I don't
7 need you to file the entire -- I assume they're lengthy,
8 but more than just that paragraph.

9 All right. If I can ask you -- and I apologize in
10 advance on the pronunciation, which has happened before in
11 another proceeding and I apologized -- well, maybe you can
12 say it first and then I will.

13 MR. PIETREWICZ: Pietrewicz.

14 MR. RUBENSTEIN: I will just mumble something.

15 Could I ask you about your report? If I could turn to
16 page 2 of yours, and in the second paragraph you discuss
17 how "the IESO needs assessment is not a plug-and-play study
18 in which a different transmission configurations and in-
19 service date can be substituted without thorough
20 consideration, study and analysis." Do you see that?

21 I wonder if could you expand on that, and
22 specifically, how is a needs assessment undertaken?

23 MR. PIETREWICZ: Sure. Can you hear me, first of all?

24 MR. RUBENSTEIN: Yes.

25 MR. PIETREWICZ: What I'm trying to get at here is
26 that the IESO's so-called needs assessments, and there are
27 several of them, they consider a couple of things. They
28 look for -- they look at the requirement for electricity

1 service on a forward-looking basis in north-western
2 Ontario.

3 So number one, that's what they do. They identify a
4 need for electricity service.

5 But that's not all they do. They then compare options
6 for addressing the need. And so the options that they
7 compare in particular are -- or rather generally are a
8 transmission option. In this case, it was an expansion of
9 the existing East-West Tie compared to family of
10 alternatives, if you will, which was more akin to
11 generation-oriented options.

12 So number one, it looks out and assesses needs for
13 electricity service. Number two, it compares types of
14 options for addressing those needs.

15 And the point here about this plug-and-play word is
16 that A, it compared a particular type of transmission
17 option to a family of different types of generation
18 options. But that's the main point, that the particular
19 type of transmission option had certain characteristics.
20 It had characteristics around, you know, when would it be
21 in service. It had characteristics around what would it
22 cost, for example, and that was factored into the
23 comparison of a transmission option compared to the
24 generation options in the so-called needs analysis.

25 MR. RUBENSTEIN: So I read your -- and you talk about
26 this on page 3, that you do not recommend the IESO
27 undertaking a new needs assessment.

28 Let me ask you just as a practical question. If the

1 caveat, but I think it's in the order of months rather than
2 days or weeks. The IESO may have different views. This
3 has been my experience.

4 MR. RUBENSTEIN: If I could take you back to page 2.
5 You summarize on page 2 the findings of the needs
6 assessment. You said there's a number of bullet points.

7 MR. PIETREWICZ: Yes, I see that.

8 MR. RUBENSTEIN: If I can take you to the third one.
9 I just want to confirm this with you.

10 So I read this, and you have a better sense of how to
11 read the needs assessment report than I do with your
12 background. I take it that the capacity need in 2020 is
13 240 megawatts. Am I correct?

14 MR. PIETREWICZ: Yes, that's correct, that's what it
15 says here.

16 MR. RUBENSTEIN: And by 2022 that will -- the capacity
17 needs will exceed 260 megawatts.

18 MR. PIETREWICZ: Yes, again, that's what it says, and
19 this is an excerpt from the IESO study.

20 MR. RUBENSTEIN: So the difference of, say, a December
21 in-service date in the NextBridge proposal and an in-
22 service date at some point in 2022, let's say, is a
23 difference in -- the increase of capacity need will have
24 grown by 20 megawatts?

25 MR. PIETREWICZ: I agree with your arithmetic and I
26 agree with your point, but there is an additional
27 difference, which is, there would be a risk for a capacity
28 deficit in the year 2020 that would remain unaddressed by a

1 transmission expansion, so what you're saying is that if a
2 transmission line came in-service in 2021 instead of 2020
3 -- yes?

4 MR. RUBENSTEIN: Yes, 2020 I'd say, but, sure.

5 MR. PIETREWICZ: A, the need might grow in general by
6 a couple of megawatts, but B, the need originally
7 identified or estimated or anticipated for 2020 would be
8 unaddressed by a transmission facility and would therefore
9 need to be addressed some other way.

10 MR. RUBENSTEIN: But it would need to be addressed
11 before 2021, correct, before the in-service date of the
12 NextBridge project.

13 MR. PIETREWICZ: Potentially, yes, indeed, indeed.

14 MR. RUBENSTEIN: So all we're doing by potentially
15 moving the in-service date by one or two years, I take it,
16 is two things: One is the capacity shortfall will have
17 increased by 20 megawatts, correct?

18 MR. PIETREWICZ: Correct.

19 MR. RUBENSTEIN: And the second is a sort of inherent
20 risk to the system will have been pushed off by one further
21 year?

22 MR. PIETREWICZ: That's right, we would be exposing
23 northwestern Ontario to one additional year of supply-
24 adequacy-related risk.

25 MR. RUBENSTEIN: Now, the fact that the IESO pushed
26 out the needs for the project already to 2020, and there is
27 already a 200-megawatt capacity shortfall, what does that
28 tell us then about the real risk of pushing it out a little

1 I can't tell you exactly what the decision-making was, I
2 can't speak for them, but I imagine that it was some kind
3 of reconciliation of all these factors, including
4 understanding risks, understanding how to deal with them,
5 understanding what the cost is, and making a judgment on
6 the efficacy, the cost efficiency, of managing risks, given
7 the uncertainties.

8 MR. RUBENSTEIN: Using your expertise, is a delay of
9 the in-service date of one or, say, two years, would that
10 be an unmanageable risk for the IESO?

11 MR. PIETREWICZ: In my experience, I think there is a
12 question mark. And this is my basic point. I don't want
13 to overstate it, but I also don't want to understate it.

14 My basic point is that number one, deferring the in-
15 service of a transmission facility, say for example from
16 2020 to 2021, deferring that would indeed, in my opinion,
17 add one additional year of exposure to the northwest
18 system. It would.

19 But number two, I'm not sure -- I think there is a
20 fair degree of uncertainty in terms of the manageability of
21 that. Why? Because number one, what are these options
22 that we can use to manage an in-service delay risk or some
23 exposure risk? What is -- what are the lead times of these
24 options?

25 I mean, it's 2018 now. What we're talking about is
26 lining up something potentially for 2020, if that's of
27 course the decision. So what is the lead time of doing
28 that? What is the mechanism by which to secure that?

1 I'm not saying it's not possible. But as far as I'm
2 concerned, while strongly implied that it is manageable, I
3 don't think, in my view, that it has been demonstrated.

4 That's my main point, and the second related point is
5 that based on my, you know, admittedly rather limited
6 reading of the evidence that I've been asked to read, I'm
7 not sure to what extent any costs of managing that risk
8 have been incorporated into the analysis.

9 So there is some exposure, part A, right? There is
10 some exposure. Two, I'm not saying that it is
11 unmanageable, but I don't know. It hasn't been
12 demonstrated that it's manageable.

13 And C, I'm not sure whether the costs of managing that
14 risk have been factored into an analysis. That's my basic
15 point.

16 MR. RUBENSTEIN: As well as, I would assume, the
17 benefit. One would assume that if the Board decides to
18 delay it, then they have made the assumption that the Hydro
19 One project is cheaper.

20 MR. PIETREWICZ: Correct. I mean, it's a cost-
21 benefit; I hear you. And I'm talking right now about the
22 costs, yes.

23 MR. RUBENSTEIN: Thank you very much. Those are my
24 questions.

25 MS. LEA: Thank you very much. Mr. Stephenson?

26 **QUESTIONS BY MR. STEPHENSON:**

27 MR. STEPHENSON: Good morning, panel. My name is
28 Richard Stephenson, and I'm counsel for the Power Workers'

1 will seek will be quite voluminous, so I think a day might
2 be a bit optimistic.

3 One question about the EA. You can't start clearing
4 the land until you get EA approval; is that correct?

5 MR. MAYERS: That's correct.

6 MR. MURRAY: But you are still confident that you will
7 be able to complete the line for in-service by 2020?

8 MR. MAYERS: We are.

9 MR. MURRAY: And do you have any sort of drop-dead
10 date in terms of if the EA wasn't completed by X date we
11 would have trouble getting it in by 2020?

12 MR. MAYERS: No, we have not speculated that.

13 MR. MURRAY: But you must have some sense, like, for
14 example, I believe a lot of the clearing has to take place
15 in the winter; is that -- is the EA contingent on a lot of
16 the clearing taking place in the winter? No?

17 [Witness panel confers]

18 MR. MAYERS: Yes, it is preferable to work in the
19 winter for --

20 MR. MURRAY: But is it a condition of the EA or not?

21 MR. MAYERS: It may be.

22 MR. MURRAY: And so to the extent that you didn't
23 start in the winter, that may delay things up to a year?
24 Would that be a fair...

25 MR. MAYERS: It's possible.

26 MR. MURRAY: One more question about the timing of the
27 EA. Does NextBridge have any reason to believe that any
28 parties may file an appeal with the ERT or elsewhere for

1 2016, and then -- which the Ministry and others commented
2 on it, and provided comments to NextBridge.

3 In July of 2017, NextBridge did submit a final
4 environmental assessment. Through the review, we've
5 identified some concerns and based on that, NextBridge
6 submitted an amended environmental assessment in February
7 of 2018.

8 MR. MURRAY: And my understanding is when that was
9 submitted then, there was a period of -- was it either 30
10 or 45 days for comments, public comments on the resubmitted
11 EA. Do I have that right?

12 MR. EVERS: Yes. So on the amended environmental
13 assessment, the comment period was February 16th to March
14 29th, 2018.

15 MR. MURRAY: Did anyone provide comments on the
16 amended EA?

17 MR. EVERS: They did.

18 MR. MURRAY: Did anyone oppose the construction of the
19 EWT line in their comments?

20 MR. EVERS: Not that I'm aware of, no.

21 MR. MURRAY: If I could ask to -- once again on page
22 4, I'm now looking at the last sentence on page 4 of the
23 evidence, where it's written:

24 "Once the MOECC review and consultation is
25 complete, MOECC staff prepare a decision package
26 for the Minister of the Environment and Climate
27 Change. It is anticipated that a decision
28 package for NextBridge's East-West Tie project

1 will be prepared for the Minister in late fall
2 2018."

3 So when I see the words late fall, I interpret that to
4 mean November, or perhaps early December. Is that -- am I
5 reading that right? Is that sort of the time period we're
6 looking at?

7 MR. EVERS: Yes, likely November, December, yes.

8 MR. MURRAY: And then at this point, a package goes to
9 the Minister, a decision package?

10 MR. EVERS: Well, that's -- so the Minister's decision
11 we're anticipating for late fall 2018. But yes, before
12 that, a decision package would be provided to the Minister.

13 MR. MURRAY: Then once the Minister has the decision
14 package, how long does it take for the Minister to make a
15 decision, typically?

16 MR. EVERS: Yes, it's -- I can't make -- a can't make
17 a statement about that.

18 MR. MURRAY: I saw a reference to 13 weeks in like
19 kind of the flow chart of the various things. Is that sort
20 of a deadline in terms of the Minister --

21 MR. EVERS: It's a timeline that's prescribed in the
22 deadlines regulation. So once the comment period on the
23 Minister review closes, so that five-week period, there is
24 a 13-week period where we do issues resolution. So if
25 there's comments received on the Minister review, we
26 provide those to the proponent for review and responses.
27 And often we'll send those back to the commenters to review
28 as well.

1 And in that 13-week period, we also draft the decision
2 package. That's got -- that gets provided to the Minister.
3 So 13 weeks, yes, but again, if the Minister makes a
4 decision after that 13 weeks, it doesn't make that decision
5 invalid.

6 MR. MURRAY: I guess what I'm saying is -- that 13-
7 week kind of deadline period, does that kick in -- are we
8 talking about mid November, early December. Is it 13 weeks
9 from there?

10 MR. EVERS: The 13 weeks would be at the end of the
11 Minister review period. So if we published a Minister
12 review in the summer, there would be a five week timeline
13 for receiving comments. And after that five week timeline,
14 the 13 weeks would kick in. So that late fall is the end
15 of the 13-week timeline.

16 MR. MURRAY: The 13-week timeline. And you said you
17 couldn't speculate as to how long the Minister would take.
18 Can you give me a range, in terms of -- are these things
19 usually -- is it a week, is it two weeks? Is it a month?

20 MR. EVERS: Well, it's the Minister's decision and
21 Cabinet concurrence, so it also has to go to Cabinet for a
22 decision. So it depends on the project.

23 MS. CROSS: And the Cabinet schedule.

24 MR. MURRAY: But we wouldn't be looking at a day or
25 two. It could potentially be a month or two?

26 MS. CROSS: Yes.

27 MR. MURRAY: Could it be longer? Could it be six
28 months?

1 MR. EVERS: We've had that happen, yes.

2 MR. MURRAY: I see reference in some of the documents
3 to the Minister being asked to refer an environmental
4 assessment application to the environmental review
5 tribunal. Can you explain to me how that process works?

6 MR. EVERS: Sure. So the Minister review document
7 that is published by the Ministry outlines a process for
8 interested persons, so the Indigenous communities or the
9 public. If there is an outstanding concern that they feel
10 hasn't been addressed, they can submit a request for a
11 mediation or part or all of the environmental assessment to
12 be referred to the Environmental Review Tribunal. Once we
13 receive those requests we would do a review, but the
14 Minister ultimately makes the decision whether to refer to
15 mediation or refer to the Environmental Review Tribunal.

16 MR. MURRAY: And can you give me a sense of if that
17 request was made in the circumstance how long -- what sort
18 of impact that would have on the time lines in terms of
19 making a final decision on the EA?

20 MR. EVERS: Based on my experience, we haven't -- we
21 haven't had to review -- or send a project to mediation or
22 the Environmental Review Tribunal, based on my experience,
23 so I can't really -- I can't really comment.

24 MR. MURRAY: So I guess you answered my next question.
25 My next question was how often does this happen. So in
26 your experience this doesn't happen.

27 MR. EVERS: No.

28 MR. MURRAY: Are you aware of any parties who said

1 that they will take NextBridge either to the ERT or
2 indicate that they seek some sort of judicial intervention
3 in this matter?

4 MR. EVERS: No, no, not that I'm aware of so far.

5 MR. MURRAY: And one final question. Can NextBridge
6 kind of begin their clearing of their land without the
7 approval for the EA, or does the EA have to be granted
8 before that can be done?

9 MR. EVERS: The EA has to be granted.

10 MS. CROSS: And they would need to obtain --

11 MR. EVERS: Whatever permits.

12 MS. CROSS: -- permits from other regulators,
13 including the Ministry of Natural Resources and Forestry.

14 MR. EVERS: So the EA process is generally the first
15 process that proponents will complete, and then there is,
16 depending on the project, subsequent permits and approvals
17 that need to be obtained.

18 MR. MURRAY: One other question I have is -- I don't
19 know if you are aware, but one question the Board asked be
20 addressed in this motion is the scenario where NextBridge
21 would build the line up until both ends of the park and
22 then Hydro One would reinforce the line through the park.

23 To the extent that that scenario was to move forward,
24 can you give me a sense, in terms of, would that require a
25 whole new EA, would that be an amendment to the EA? In
26 either -- in whichever scenario it ends up being, can you
27 give me a sense of how long that would take?

28 MR. EVERS: It's complicated; it is a complex

B



ONTARIO ENERGY BOARD

FILE NO.: EB-2017-0364

Hydro One Networks Inc.

Lake Superior Link Project

VOLUME: Technical Conference

DATE: May 17, 2018

1 EAs.

2 MR. STEVENS: Okay. And what -- can you summarize
3 what they've told you in terms of their reaction to the
4 time that you are proposing?

5 MS. CROLL: So we've had numerous meetings with MOECC.
6 With respect to a declaration order, it is difficult to
7 presuppose how long that would take. Typically it is
8 shorter than an individual EA process, and we heard the
9 MOECC suggest a range of six to nine months yesterday. We
10 feel that that would be appropriate, given the six months
11 that we've suggested.

12 With respect to individual EAs, we have had verbal
13 discussions with MOECC around possible ways to expedite
14 that process, and we have had mostly verbal meeting
15 discussions. I suppose we would have to get permission
16 from MOECC to share those meeting notes.

17 MR. STEVENS: Did you get permission from MOECC to
18 share everything that you've shared up to this point?

19 MS. CROLL: I think the correspondence that's formal -
20 - sorry.

21 MS. LEA: Is the green light lit, not on Mr. Warren's
22 side, but yours. I think you share with Ms. Strachan.

23 MS. COOPER: How's that?

24 MS. LEA: I think your microphone is working. Is that
25 working for you?

26 MS. COOPER: Okay, I've got it.

27 I believe as part of the evidence that was filed,
28 there were documents, correspondence exchanged between

1 JT2.2.

2 MS. LEA: To report back.

3 MS. CRNOJACKI: To report back under advisement, if
4 the MOECC agrees that Hydro One provide a summary of their
5 comments regarding the proposed environmental assessment
6 schedule.

7 UNDERTAKING NO. JT2.2: HYDRO ONE TO PROVIDE A SUMMARY
8 OF THEIR COMMENTS REGARDING THE PROPOSED ENVIRONMENTAL
9 ASSESSMENT SCHEDULE, IF MOECC AGREES TO DISCLOSE

10 MR. STEVENS: Thank you. While we are on the topic of
11 Hydro One's planned EA process, my understanding from your
12 evidence is that you are in the process of commencing your
13 own EA process.

14 MS. CROLL: Yes.

15 MR. STEVENS: And does your own EA process rely in any
16 way on the NextBridge EA documentation and studies?

17 MS. CROLL: Yes.

18 MR. STEVENS: Can you explain how?

19 MS. CROLL: So it is our opinion that the NextBridge
20 EA studies are a public document. There are several
21 reasons for this.

22 MR. STEVENS: I'm not asking why, actually. I'm
23 asking how you are going to rely on it.

24 MS. CROLL: How we would rely on it?

25 MR. STEVENS: What parts of those documents are you
26 using; how are you coming to have those documents.

27 MS. CROLL: So those documents are a matter of public
28 record and they are available for public review, so we

1 would be referencing those documents. We wouldn't intend
2 to undertake and re-do all of the studies for the route
3 sections that are shared. We would be undertaking our own
4 studies for the sections of the route which differ.

5 But given that information has already been collected
6 and it is clear that that's for the use of the line
7 constructor, we would use that information. We're well
8 aware that relying on that information is at our own risk,
9 and we would take steps to verify that information where we
10 deemed it necessary. And we would also take steps to
11 consult along the entire route to ensure that there were no
12 additional concerns with our proposed undertaking.

13 MR. STEVENS: Okay, thank you. So is that different
14 than from what you said in your prefiled evidence? I'm at
15 tab B, schedule 1, tab 1, page 10.

16 My apologies, I meant to -- I wrote the wrong
17 reference down. Sorry, the reference I should have given
18 you was Exhibit B, tab 7, schedule 1, page 6, the key
19 assumptions.

20 As I read your second key assumption, you had been
21 requiring or expecting that NextBridge's entire EA
22 development work would be made available to Hydro One, and
23 I assumed that that included a request for all of the
24 underlying studies and data, and everything that was used
25 to build-up the EA.

26 Did I understand correctly what your initial request
27 was?

28 MS. CROLL: No, we actually didn't anticipate that all

1 the underlying studies and specifics of consultation would
2 be provided. We expected to use what was publicly
3 available in the published EA documents.

4 MR. STEVENS: I see. So your request now, in any
5 event -- or your expectation now is that you would be able
6 to print off whatever is publicly available, and use and
7 rely on that at your own risk?

8 MS. CROLL: That's correct.

9 MR. STEVENS: And you don't see any requirement to
10 obtain consent from any other party to do that?

11 MS. CROLL: No.

12 MR. STEVENS: And you're aware that you in fact don't
13 have the consent from any other -- from NextBridge or other
14 parties who contributed to the EA to do that?

15 MS. CROLL: We're aware we don't have consent. But I
16 would say that we wouldn't necessarily have to print or
17 reproduce that document. It is publicly available now. We
18 would be referencing that document.

19 MR. STEVENS: I see. Are you asking any specific
20 relief from the Ontario Energy Board to be able to do that?

21 MS. CROLL: No.

22 MR. STEVENS: Are you asking any specific relief from
23 the MOECC to be able to do that?

24 MS. CROLL: The MOECC would obviously have to support
25 that approach, but specifically we haven't asked for relief
26 at this point.

27 If we were to request a declaration order we would
28 suggest that that publicly available information would

1 reference route through Pukaskwa National Park.

2 MR. STEVENS: And what happen if Parks Canada
3 determined that they will not grant you the opportunity to
4 use quad towers on your existing route through the park?

5 MS. CROLL: So in the very unlikely case that Parks
6 Canada did not allow us to go through the park, we would
7 know that by, I would expect, late in Q4. And at that
8 point, we could complete the EA such that we could use the
9 alternate route to go around Pukaskwa.

10 MR. STEVENS: Am I right in assuming that would rely
11 almost entirely on the EA materials filed by NextBridge?

12 MS. CROLL: Yes, with the exception of the minor
13 changes that are resulting from our route, that again being
14 the footprint area of the corridor being reduced by
15 approximately 50 percent, and the change in tower design.

16 MR. STEVENS: When are you anticipating approval from
17 Parks Canada?

18 MS. CROLL: We would anticipate approval -- we expect
19 in December, so sometime in Q4, late November or December,
20 because our studies would have been done at that point and
21 we would have submitted our impact assessment and provided
22 time for review by Parks Canada.

23 MR. STEVENS: Can you remind me what your evidence
24 says? I don't remember seeing -- I remember seeing a much
25 earlier date than December, but I might be wrong on that.

26 MR. SPENCER: So it's in fact on page 5 of our May 7th
27 evidence.

28 MS. CROLL: Late 2018. I think that's consistent with

1 MS. CROLL: Yes.

2 MR. RUBENSTEIN: So I would like to know what is your
3 -- what would be the revised timeline if you were told by
4 the MOECC that you could not do that and you had to
5 essentially do all the studies and all the work yourself,
6 what would be the -- how would the schedule look in that
7 case?

8 MS. CROLL: I don't think I could comment on that. We
9 haven't looked at that scenario. It's our position that
10 those -- the NextBridge EA is a public document and can be
11 used.

12 MR. RUBENSTEIN: No, I understand that's your position
13 and you may be -- hopefully are correct.

14 But I'm just trying to understand what the worst case
15 scenario, I guess, is and how that would adjust the
16 schedule.

17 So you don't know -- you don't have a view of what the
18 revised end date of the environmental assessment would be?

19 MS. CROLL: No, I really don't.

20 MR. RUBENSTEIN: All right. Let me ask you -- I want
21 to understand what type of work is contingent on that
22 approval on the environmental assessment as we go down the
23 list.

24 So imagine that you get the approval, instead of June
25 2019, you get it in December 2019. What gets shifted?
26 Would everything be shifted the same duration? So could I
27 -- essentially you get the -- instead of June 2019, it is
28 six months later and it is December 2019. Would the new

1 in-service date be the end of June, 2021? Is that a fair
2 assumption to make?

3 MR. SPENCER: I might take the first attempt, Mr.
4 Rubenstein, and then my colleague, Ms. Croll, can elaborate
5 on further specifics.

6 So sitting in on the technical conference last week on
7 the other proceeding, it was evident that the members of
8 this proceeding are interested in different scenarios
9 around what ifs.

10 So we of course undertook that analysis to prepare for
11 today for those types of questions. Honestly, I think it's
12 prudent that anybody on a project of this size would have
13 previously done that for the hearing.

14 So to your specific question around what about the
15 impact of environmental assessment delays, if we talked
16 about a three-month delay, just as a hypothetical, the --
17 there would be no impact on schedule. We would still be
18 able to hit our year-end 2019 in advance -- sorry, a year-
19 end 2021 project completion date. And just for interest,
20 the cost would add about an extra \$1.4 million, which is
21 funded within our contingency already. So our total
22 construction cost would not change.

23 On the six-month situation, the six-month scenario of
24 receiving EA delay, there would be an incremental cost
25 impact of approximately \$5 million, again funded within our
26 established contingencies.

27 To be able to hit and maintain a year-end 2021, we
28 would have to look acceleration of some of the construction

1 activities. We have clear line of site as to what those
2 are and when we would have to mobilize on those particular
3 decisions, which would come in at a little bit of an
4 incremental cost that between Hydro One and SNC-Lavalin we
5 feel can be manages within our established contingencies.

6 So in summary, we are confident in our ability to meet
7 our completion date both with a three-month delay of EA
8 approval, as well as a six-month delay, although the six
9 month delay would eat into some of our funded contingency a
10 little bit more than we had -- we'd have to manage other
11 risks in the project even tighter.

12 MR. RUBENSTEIN: And what point in -- what amount of
13 delay causes the project to move off the December 2021 in-
14 service date?

15 MR. KARUNAKARAN: Effectively, it would require us to
16 actually commence the work such that we lost the first
17 season of clearing, right?

18 Our project, as far as the clearing activities, no
19 different. I mean, the constraints as far as the clearing
20 activities are no different whether you are looking at the
21 NextBridge project or our project. There are certain
22 environmental constraints where you have to clear the right
23 of way in the winter, right?

24 There's -- if we were to actually be delayed beyond
25 the point where you lost that first winter of clearing,
26 whilst we would look at all means of acceleration, it would
27 be extremely challenging for anybody, you know, to actually
28 recover back on that.

1 would the timeline with respect to that application change?

2 MR. SPENCER: There is no envisioned change to the
3 project. The planned completion date within that
4 application is December 2020. We are -- to your next
5 question, we are, in fact, on track to maintain that
6 schedule as of today.

7 MR. RUBENSTEIN: Well, but would you maintain it if,
8 you know, your project isn't forecast to go in-service for
9 another year? Would you maintain that same schedule?

10 MR. SPENCER: Yes, we are treating that project
11 independently from the transmission line portion.

12 MR. RUBENSTEIN: All right, let me sort of start from
13 the top here about your project here. Can you help me
14 understand: When did you first determine that you were
15 going to bring or you would consider bringing your own
16 leave to construct project --

17 MR. SPENCER: Just to clarify, we are back on 0364?

18 MR. RUBENSTEIN: Yeah, with respect to the East-West
19 Tie line.

20 MR. SPENCER: So the chronology is important, so thank
21 you for raising it. We've been, of course, since the
22 designation process interested in this project, no doubt.
23 And early in 2017 we were originally planning to file our
24 station section 92 application in the proceeding you
25 referenced. For reasons that weren't immediately clear to
26 us at the time, there were delays requested from NextBridge
27 to allow additional time. We always agreed that we would
28 submit our section 92 an applications on the same day,

1 which ultimately we did on July 31st, but early in the year
2 we were asked to slow, and hold, I should say.

3 So around that time we didn't take any active pursuit
4 of this project, but as time lapsed, we certainly became
5 attuned to the fact that there was potential that there
6 could be a substantial change that was causing the delay,
7 so in and around the end of March we, in fact, informed
8 NextBridge that -- not to share any potentially sensitive
9 or confidential information with us, as it pertained to the
10 transmission line application either on schedule or cost or
11 anything of the like, and the fact that we might be a
12 competitor. And we informed them by e-mail, and Ms.
13 Tidmarsh, who is of course very involved in the project,
14 was a recipient to that as well.

15 You know, months proceed. On July 31st, once the
16 leave to construct application was submitted to the Board
17 for the, you know, the sum total of development
18 construction of 777 million, we knew that any of the
19 feasibility studies we had conducted up to that point, we
20 knew we certainly had an application that we felt compelled
21 to bring forward to the Board for consideration.

22 MR. RUBENSTEIN: All right.

23 MR. SPENCER: September 14th we in fact submitted a
24 letter to the IESO, who by that point had already been
25 under the Minister's direction to revisit the need of the
26 project, just to make sure it was, in fact, the right
27 investment for Ontario. Ultimately, we filed our leave to
28 construct application in February 2015 -- sorry, February

1 2018, consistent with the work we had done over the
2 preceding months to be in a position of readiness to offer
3 substantial value both in capital savings and in ongoing
4 maintenance cost for ratepayers of Ontario.

5 MR. RUBENSTEIN: All right. Let me break that down.
6 So as I take it, something triggered your view in, I
7 believe it was -- maybe I misread this -- March of 2018,
8 and that you may want to bring a competing application --

9 MR. KARUNAKARAN: 2017. 2017

10 MR. RUBENSTEIN: Oh, 2017, that you may bring a
11 competing application unless you informed NextBridge to not
12 share any confidential information.

13 MR. SPENCER: That is correct.

14 MR. RUBENSTEIN: Can you provide the correspondence
15 that you provided to NextBridge?

16 MR. SPENCER: We can do that via undertaking, yes.

17 MS. CRNOJACKI: Okay, that is JT2.18, Hydro One to
18 provide correspondence with NextBridge where they informed
19 them about planning to file the application for LSL.

20 **UNDERTAKING NO. JT2.18: HYDRO ONE TO PROVIDE**
21 **CORRESPONDENCE WITH NEXTBRIDGE WHERE THEY INFORMED**
22 **THEM ABOUT PLANNING TO FILE THE APPLICATION FOR LSL.**

23 MR. RUBENSTEIN: What triggered -- can you help me
24 understand what triggered that view at that time?

25 MR. SPENCER: As I previously mentioned, there was a
26 delay that we just honestly didn't understand what the
27 causal factors were, and I think through last week's
28 technical conference and testimony of -- from the

1 NextBridge panel, I think all participants now have a more
2 clear understanding of their time, but we did of course
3 undertake some preliminary feasibility studies, revisiting
4 our assumptions previously made in the designation process,
5 putting on a new hat and looking at things through new
6 lenses, and this was around the same time that we formed a
7 conversation with SNC-Lavalin to understand what could
8 potentially be possible here.

9 MR. RUBENSTEIN: I'm not entirely clear what -- you
10 mentioned there was a delay and you thought because there
11 was a delay something must be up? Is...

12 MR. SPENCER: Essentially, yes.

13 MR. RUBENSTEIN: All right. And then you did some
14 additional feasibility work updating, I guess, other work
15 that you had previously done? I mean, did I get that
16 correct?

17 MR. SPENCER: A combination of work previously done in
18 years gone by, as well as bringing the joint expertise of
19 our two organizations of Hydro One and SNC-Lavalin, to see
20 if there are any new potential solutions to this
21 transmission project.

22 MR. RUBENSTEIN: Can you help me understand -- I'm not
23 an engineer and I don't work for Hydro One -- when you are
24 talking about feasibility studies, what are we actually
25 talking about? What type of work were you undertaking?

26 MR. SPENCER: I mean, we both have a strong
27 engineering character as part of our organizational
28 culture, and so bringing a combination of the engineering

1 I don't recall where I was -- in your applications, I
2 believe, at Exhibit B -- I apologize, B, tab 11, schedule 1
3 -- no, that's the schedule. I'm sorry, B7.

4 MR. SPENCER: Tab 7?

5 MR. RUBENSTEIN: Schedule 1, page 5. Maybe we can
6 just sort of have that in the background for this
7 discussion.

8 I want to understand how you derived this budget. Can
9 you help me understand what -- how you came up with the
10 construction cost budget?

11 MR. SPENCER: Sure. I'll discuss from a general
12 sense, and ask Mr. Karunakaran to speak to the specifics.

13 But 85 percent of these costs are in fact part of our
14 fixed price contract with SNC-Lavalin. So, you know,
15 construction, site clearing and prep, material, project
16 management, engineering, most of those items are in fact
17 all within the scope of the SNC-Lavalin.

18 So we worked together with them to define the
19 requirements for the project, and then SNC-Lavalin
20 developed the specific detail of these underlying line
21 items, and specifically the ones I mentioned around
22 construction, site clearing, remediation material and
23 others.

24 MR. RUBENSTEIN: And the contract with -- well, let me
25 back up.

26 How did you -- how did the partnership with SNC-
27 Lavalin begin? Was there an RFP, RFQ, some sort of
28 competitive process, or through some other basis?

1 MR. SPENCER: So SNC-Lavalin is one of our pre-
2 qualified engineering partners and EPC partners.
3 Specifically on EPC, we have two. The other firm was
4 conflicted on this particular case because they've worked
5 previously with NextBridge, so they did not -- were unable
6 to participate with us, but we worked directly with SNC-
7 Lavalin on this project.

8 MR. RUBENSTEIN: And I understand from the schedule
9 that you don't actually have a -- or you weren't scheduled
10 to have a signed contract at this point. What is the
11 status of the contract with SNC-Lavalin?

12 MR. KARUNAKARAN: So we do have a memorandum of
13 understanding between the two parties, and through the
14 development of the works that we've been doing and the
15 development of the estimate and the offer, we've negotiated
16 an EPC contract as well and that's in an executable
17 version.

18 MR. RUBENSTEIN: So you signed -- I missed that last
19 Part. So you actually have an executed EPC contract?

20 MR. KARUNAKARAN: It is not executed. It is an
21 executable version.

22 MR. SPENCER: We would only execute if we were
23 successful in the section 92 proceeding.

24 MR. RUBENSTEIN: I'm trying to avoid asking for the
25 full contract; it's very detailed.

26 Is the memorandum of agreement substantially similar
27 in terms of the terms as the executable version, or is it
28 actually -- was there some...

1 have to use this route, the total cost will be this?

2 MR. KARUNAKARAN: It's being provided as an indicatory
3 position, but not as part of the fixed price.

4 MR. RUBENSTEIN: Are you -- so is Hydro One able to
5 provide what they believe the -- recognizing that there is
6 no actual contract for that amount, what the value of that
7 contract would be if you were using the NextBridge route?

8 So, in terms of your providing as an earlier
9 undertaking the budget breakdown based on making a number
10 of assumptions with respect to the NextBridge route, are
11 you able to do a similar thing to tell us what the value of
12 the contract would be?

13 MR. SPENCER: I mean, functionally the scope of the
14 EPC contract -- this is a little bit different than
15 NextBridge, but it is in fact all engineering, procurement
16 and construction activities.

17 So I would suggest that we have the ability to project
18 what that contract could look like.

19 MR. RUBENSTEIN: Can you do that?

20 MR. SPENCER: We can, yes.

21 MR. LAVAE: That would be JT2.23.

22 **UNDERTAKING NO. JT2.23 TO ESTIMATE THE VALUE OF**
23 **CONTRACT FOLLOWING THE NEXTBRIDGE ROUTE**

24 MR. RUBENSTEIN: Now, with respect to where you are
25 currently in the design process, what AACE -- I believe
26 that's the acronym -- class are you with respect to the
27 design?

28 [Witness panel confers]

1 MR. KARUNAKARAN: It's -- subject to check, it will be
2 an AACE Class 3 estimate.

3 MR. RUBENSTEIN: And based on your current schedule,
4 when would you expect to be a Class 2?

5 MR. KARUNAKARAN: Around October of this year.

6 MR. RUBENSTEIN: Thank you very much.

7 So you've obviously had an opportunity to look at the
8 NextBridge application, and you participated in their
9 technical conference, you've reviewed their application. I
10 believe at a high level I understand the position -- you
11 will be providing a variance analysis, but can you help us
12 understand why are you guys able to do it so much more
13 cost-effectively?

14 MR. SPENCER: Sure, we can speak to it, and some of
15 the details will follow in the undertaking we spoke of
16 earlier.

17 A portion of the savings are no doubt a function of
18 our optimized route through Pukaskwa, taking approximately
19 50 kilometres off the overall line length, but actually,
20 the largest differences -- I'll bucket them as follows, and
21 just to have an understanding of the NextBridge costs,
22 these are as reflected in CCC 8. But the largest portion
23 of the difference is about \$40 million of contingency, and
24 the way the Lake Superior link project is built, most of
25 our contingency is, in fact, managed within the fixed-price
26 EPC contract where, in the NextBridge case, they've moved
27 that up.

28 Now, there may as well be some contingency that is

1 with Mr. Pietrewicz -- and I apologize if he's listening in
2 for how I just pronounced that.

3 I understood from him -- I brought him to his report
4 and asked him questions, and there was some discussion
5 earlier about this today about essentially the capacity
6 shortfall. And I put to him that it appears only that the
7 difference between the in-service dates was about an
8 additional 20 megawatts of capacity shortfall.

9 And his response, in part, was there's also a risk
10 that also exists that there's -- that the system needs to
11 be able to deal with for another year.

12 And I was wondering if you could provide your
13 response, did you have any thoughts with respect to what he
14 was talking about yesterday in that regard?

15 MR. YOUNG: Well, I think what he was saying is that
16 when you are in a capacity shortfall, the system could be
17 at risk. But our perspective on that is that you have to
18 take a look at how significant is that risk. And when you
19 look at the previous studies done by the IESO, it seems to
20 indicate that with a capacity shortfall of the order of 300
21 megawatts, that the system was quite manageable to the
22 point of recommending a deferral of the in-service date for
23 two years to pursue more cost effective alternatives.

24 So from that perspective, yes, it may be a year, but
25 the risk level between 240 megawatts -- and actually 2021,
26 if you do the eyeball thing, is actually 250 megawatts.
27 For all intents and purposes, it is almost similar in terms
28 of the potential risk level.

1 We believe that overall, it's probably low risk
2 because the capacity shortfall, as we understand it, is
3 computed with a number of very conservative planning
4 assumptions, which is entirely appropriate from a planning
5 perspective when you are looking at a project for 40, 50,
6 60 years.

7 But when you're looking at a much shorter timeframe of
8 three to four years, the likelihood of all those
9 conservative factors actually showing up in that period is
10 a lot lower. And if they do show up, it's debatable as to
11 potentially what that shortfall might be in that period.

12 MR. RUBENSTEIN: So he seemed to -- and I accept this
13 that either one year or if it's two years, whatever the gap
14 between the two projects projected in-service dates will
15 be, that there will be a cost because the IESO will have to
16 procure other resources or manage...

17 MR. YOUNG: Only if the shortfall actually shows up.

18 MR. RUBENSTEIN: Let's just assume that the numbers
19 are correct and the shortfall does, there would be some
20 other costs to the system.

21 Can you help us ballpark? What are we talking about
22 in terms of the additional cost to the system in those
23 years? What is the magnitude we are talking about here?

24 MR. YOUNG: Unfortunately, I can only talk in
25 generalities. I don't have line of site to the forecasts
26 and resources, and what their cost might be.

27 What I would say is that the cost difference would be
28 the difference in the cost for the replacement generation.

1 So if you didn't have the east-west tie available at that
2 level, and you couldn't -- in order to supply the
3 northwest, and you needed it, so in lieu of the generation
4 that might have been elsewhere in the province of Ontario
5 to supply the northwest, you may -- just as an example,
6 let's say you needed to procure it from Manitoba, then it
7 would be the price difference in that resource, whatever
8 that is for the amount of time for which you might be
9 deficient.

10 MR. RUBENSTEIN: Are we talking about a few million
11 dollars, tens of millions of dollars, a hundred million
12 dollars?

13 MR. YOUNG: It would all depend on the energy, right,
14 and Hydro One doesn't have the information or the models to
15 provide that kind of forecasting.

16 MR. RUBENSTEIN: If I turn to your evidence at page 20
17 -- sorry, this is the motion evidence, page 20, and you
18 were brought to this. This is a table showing the
19 incremental capacity requirements.

20 So is it fair if I read this table, in your view, to
21 say 2024 is the real drop-dead period. Something needs to
22 be in place by that at the latest, because we see this big
23 jump in the capacity price based on the forecast here at
24 that point.

25 Is that a fair assumption for me to make, in your
26 view?

27 MR. YOUNG: Well, certainly it is a more significant
28 increase in the capacity shortfall, and that coincides with

1 your project timeline? Is there a time for your project
2 for the IESO to do another run at the needs assessment to
3 take into account your projects proposed -- your proposed
4 project?

5 MR. SPENCER: Independent of the potentially requested
6 IESO needs assessment, our forecasted leave to construct
7 approval date is in October of 2018. So if there was no
8 substantial change to that, we could still target a year
9 end 2021 date, and just remind you earlier of the four
10 months' float we had spoke to in our schedule.

11 MR. RUBENSTEIN: So you can move four months with
12 respect to the leave to construct -- well, let's -- we
13 talked earlier about the environmental assessment delays
14 and how that pushed off the project, what the implications
15 in regard to -- depending on delays.

16 With respect to leave to construct, when is
17 essentially the latest leave to construct date that you can
18 have without the project -- with the project coming in-
19 service as proposed?

20 [Witness panel confers]

21 MR. SPENCER: Just consulted with my colleague here,
22 and subject to verification, but we think approximately a
23 three-month timeline would still be manageable, so that
24 would -- just to be clear, November, December -- so that
25 would be approximately -- yes, that would be an approval in
26 December 2018.

27 MR. RUBENSTEIN: And lastly, I mean, there is a lot of
28 discussion about the December 2021. That's your forecast

1 MR. ADAMSON: So the Ministry of the Environment and
2 Climate Change has never suggested that that's a realistic
3 timeline. You said it's never even been discussed.

4 MS. CROLL: That's correct. So to be clear, they've
5 never suggested it wasn't realistic. We just provided them
6 with our schedule recently.

7 MR. ADAMSON: And similarly, June 2019 has never been
8 discussed with the Ministry of the Environment and Climate
9 Change as a timeframe for a declaration order?

10 MS. CROLL: We talked about typical timing of
11 declaration orders and at a meeting, we suggested that six
12 months might be a reasonable timeline. It was difficult at
13 that point for ministry staff to presuppose how long the
14 minister might take to make that decision.

15 They did not suggest that it was unreasonable. But to
16 your point, they didn't agree that it was appropriate. It
17 as very difficult to determine.

18 MR. ADAMSON: So the consistent message -- and correct
19 me if I'm wrong -- has been what I took Mr. Evers to say
20 and Ms. Cross to say yesterday, that in a non-emergency
21 situation, if an adequate basis for issuing a declaration
22 order is provided to the ministry, a typical timeline would
23 be six to nine months. Does that sound right?

24 MS. CROLL: Yes. And we're suggesting six months.

25 MR. ADAMSON: Those are all my questions, thank you.

26 MS. LEA: Thank you, Mr. Adamson. Mr. Garner?

27 MR. GARNER: Thank you, Ms. Lea. It is getting late
28 in the day. I'm trying to go quickly, so please don't take

