



**HEARST FOREST  
MANAGEMENT INC.**

1589 Highway 11 West P.O. Box 746 Hearst Ontario P0L 1N0

May 28, 2018

Attn: Ms. Kirsten Walli, Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON, M4P 1E4

Dear Ms. Kirsten Walli,

Subject: Board File No. EB-2018-0098 - Hydro One Networks Inc. Kapuskasing Area Reinforcement Project

Hydro One has submitted a reference application to the Ontario Energy Board (OEB) to upgrade a segment of an existing transmission line in the Kapuskasing area. The rationale for this upgrade is an assumed uncertainty of continued operations of the Calstock facility and subsequent grid operability issues that may be created. Hearst Forest Management Inc. wishes to bring to your attention the benefits provided by the Calstock Project to the local economy, the environment and regional forest sector as the OEB assesses Hydro One's application.

Increasing capacity of circuit H9K could lead to the closure of a facility that provides an essential service to the forestry sector by processing industrial wood waste generated by the area mills at a low-cost. Closure of the facility could also lead to an increase in methane emissions due to wood waste no longer diverted from landfills to the Calstock facility while also limiting future opportunities to process wood waste material from remediation of legacy bark piles throughout the region. Such a decision would signal a departure from provincial climate change objectives currently supported by utilizing renewable biomass and waste heat generated from the compressors in the facility.

The proposed ratepayer funded project would replace an existing dispatchable renewable energy facility currently contributing to the region's socio-economic sustainability under the presumption of the outcome of the pending design of the Independent Electricity System Operator's (IESO's) planned Capacity Auction and other Market Renewal efforts. While consideration of uncertainty to the outcome of the auction may be warranted, so is consideration for the 20 direct jobs supported by the Calstock facility and the nearly \$5,000,000 injected annually in local businesses. A proposal for transmission line work and related facilities that would cost ratepayers \$21.1 million simply to replace the grid operability currently being provided by the Calstock facility should include an environmental and socio-economic impact assessment of its closure.

Thank you for your consideration of our request that OEB ensure that the full benefits of the Calstock facility are considered in this process, and the cost comparison of all alternatives be properly vetted.

Sincerely yours,

Desneiges Larose  
General Manager, Hearst Forest Management Inc.

