



Lisa (Elisabeth) DeMarco  
Senior Partner  
5 Hazelton Avenue, Suite 200  
Toronto, ON M5R 2E1  
TEL +1.647.991.1190  
FAX +1.888.734.9459  
[lisa@demarcoallan.com](mailto:lisa@demarcoallan.com)

July 17, 2018

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319, 27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: EB-2017-0049**  
**Hydro One Networks Inc. application for electricity distribution rates beginning**  
**January 1, 2018 until December 31, 2022**

We are counsel to Anwaatin Inc. (**Anwaatin**) in the above-mentioned proceeding. Please find enclosed the response from Anwaatin to oral hearing Undertaking J11.4.

Yours very truly,

A handwritten signature in black ink, consisting of a stylized 'L' followed by a long, sweeping horizontal stroke that ends in an arrowhead.

Lisa (Elisabeth) DeMarco

## ANWAATIN RESPONSE TO UNDERTAKING J11.4

**Undertaking:** With reference to Exhibit K4.4 in this proceeding: (1) please discuss what impact, if any, Anwaatin believes the filing of this Settlement Proposal would have on this proceeding; (2) with reference to Anwaatin's response to Board Staff Interrogatory No. 8, wherein Board Staff asked Anwaatin to state what it is requesting that the OEB direct Hydro One to do in its decision on the Application and Anwaatin replied that it hoped to be in a position to provide the Board with further information in short order. Is Anwaatin now in a position to do this, given the filing of the Settlement Agreement [*sic*] on June 15th?

**Response:** The Settlement Proposal now marked as Exhibit K4.4 is attached as [Appendix A](#) to this undertaking response. The Settlement Proposal provides, subject to a number of conditions subsequent, for:

- Hydro One Networks Inc. (**HONI**) to undertake a pilot project to explore the feasibility of implementing non-wires distributed energy projects in and around the Anwaatin First Nations communities in order to improve reliability (the **Pilot Project**), and consider whether similar approaches may be used in remote areas of the grid experiencing poor reliability.
- HONI to fund the Pilot Project from its existing capital investment plan in an amount not to exceed \$5 million. *Anwaatin is of the view that the Pilot Project and this amount of the capital envelope dedicated to the Pilot Project is now part of the HONI evidence in this proceeding should be expressly approved by the Board in its decision in this proceeding.*
- HONI and Anwaatin to cooperate to receive further government funding to augment the HONI investment, and any additional capital investment envelope funding by HONI being subject to further review and rate recovery approval of the Board.
- The Pilot Project to proceed in two (2) phases, where:
  - In Phase 1, HONI will focus on developing energy storage facilities that may improve the reliability in HONI's F2 feeder in the Nakina area with a targeted in-service date of March 31, 2019, and consider the

technical feasibility of potential repurposed solar facilities as a source of supply to the storage facilities. A technical review of the Phase 1 project will inform the approach, design, and viability of Phase 2. *During this proceeding, HONI has provided preliminary evidence and information regarding sizing of energy storage, siting, and preliminary cost estimates that warrant the Board's consideration as an innovative approach to addressing one of the greatest reliability challenges under the Board's review.*

- In Phase 2, HONI will complete technical assessments for the WZI communities and MoCreebec Eeyoud served by HONI's F1 and F3 feeders and HONI will assess the feasibility of implementing non-wires solutions to improve reliability in these communities. HONI, Anwaatin, and the WZI and MoCreebec Eeyoud and related communities will meet to assess solar/storage solutions and decide how and if to proceed with such non-wires solutions.
- The development and implementation of an ongoing communications plan between HONI and the Anwaatin First Nations communities.
- The potential use of the Pilot Project, if successful, to facilitate reliability improvements in similarly situated communities and HONI/Indigenous community cooperation.
- In this proceeding, Anwaatin will generally request that the Board:
  - make findings related to reliability in Indigenous communities that are supported by evidence;
  - incorporate, by express reference in its decision and potentially future scorecards, the distributed energy resources reflected in Pilot Project and the communications and cooperation plan reflected in the Settlement Proposal as innovative non-wires approaches to attempt to address the reliability challenges and the disparate impact of those challenges in Indigenous communities; and

- approve the portion of HONI's proposed capital investment envelope, any applicable O&M amounts, and related evidence pertaining to the Settlement Proposal and the Pilot Project.

## **APPENDIX A**

**Hydro One Networks Inc.**

7<sup>th</sup> Floor, South Tower  
483 Bay Street  
Toronto, Ontario M5G 2P5  
www.HydroOne.com

Tel: (416) 345-5680  
Cell: (416) 568-5534  
frank.dandrea@HydroOne.com



**Frank D'Andrea**

Vice President  
Regulatory Affairs

BY COURIER

June 15, 2018

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
P.O. Box 2319  
Toronto, ON, M4P 1E4

Dear Ms. Walli,

**EB-2017-0049 - Hydro One Networks Inc.'s 2018-2022 Distribution Custom IR Application  
(the "Application") Settlement Proposal regarding Hydro One Transmission/  
Anwaatin Motion to Review and Vary (EB-2016-0160 / EB-2017-0335)**

---

Please find enclosed the Settlement Proposal between Hydro One and Anwaatin Inc. regarding EB-2017-0335 Anwaatin Inc.'s Motion to Review and Vary the Ontario Energy Board Decision in EB-2016-0160.

The Settlement Proposal was provided during the Oral Hearing on June 15<sup>th</sup>, 2018 and was entered into the evidentiary record as Exhibit K4.4.

Sincerely,

ORIGINAL SIGNED BY FRANK D'ANDREA

Frank D'Andrea

Enc.

**SETTLEMENT PROPOSAL**

**ANWAATIN INC.**

Motion to Review and Vary the Ontario Energy Board's Decision  
on Hydro One Network Inc.'s Transmission Rates in EB-2016-0160

**EB-2017-0335**

**June 15, 2018**

## Table of Contents

Section	Page
A. PREAMBLE .....	1
B. DESCRIPTION OF SETTLEMENT .....	2
1.1 The Parties.....	2
1.2 Confidentiality.....	2
1.3 Parameters of Proposed Settlement .....	3
1.4 Full Settlement of Parties.....	3
1.5 Description of Project .....	5
1.6 Other Matters .....	7



**Anwaatin Inc.  
EB-2017-0335**

**SETTLEMENT PROPOSAL**

**A. PREAMBLE**

This Settlement Proposal is filed with the Ontario Energy Board (the “**OEB**”) in connection with the Anwaatin Inc. (“**Anwaatin**”) Motion to Review and Vary the Ontario Energy Board's Decision on Hydro One Networks Inc.'s (“**HONI**”) Transmission Rates in EB-2016-0160 (the “**Decision**”) through the EB-2017-0335 proceeding (the “**Anwaatin MRV**”). It follows settlement discussions that took place after the Anwaatin MRV was argued and before the OEB rendered a decision in the Anwaatin MRV. The settlement discussions were predominantly between Anwaatin and HONI, with limited involvement of a distributed energy resource developer, Abundant Solar Inc. (“**Abundant**”), and the two intervenors in the Anwaatin MRV, (Schools Energy Coalition “**SEC**”) and Vulnerable Energy Consumers Coalition “**VECC**”) in a manner that was guided by the process contemplated in the OEB's Practice Direction on Settlement Conferences, as amended (the “**Practice Direction**”). OEB staff were also informed of the settlement discussions, but in accordance with the Practice Direction OEB Staff is neither a Party nor a signatory to this Settlement Proposal. Nonetheless, OEB Staff who were apprised of the developments in and around the settlement discussions are bound by the same confidentiality provisions that apply to all of the above-mentioned Parties and entities. The communities Anwaatin represents for the Anwaatin MRV and this Settlement Proposal (“**the Anwaatin First Nations**”) include Aroland First Nation, McCreebec Eeyoud, and Waaskiinaysay Ziibi Inc. Development Corporation (“**WZI**”), an economic development corporation representing five First Nations in the Lake Nipigon watershed: Animbiigoo Zaagiigan Anishinaabek, Bingwi Neyaashi Anishinaabek, Biinjitiwaabik Zaaging Anishinaabek, Red Rock Indian Band, and Whitesand First Nation.

This Settlement Proposal is subject to the following conditions subsequent:

- (i) Acceptance of the Settlement Proposal by the OEB in its entirety, and in a manner that allows for implementation of its terms;
- (ii) The Pilot Project satisfies the OEB and Ministry of Energy's Impact Assessment Requirements:
  - a. System Impact Assessment conducted by the IESO; and
  - b. Connection Impact Assessment conducted by HONI.
- (iii) Obtaining any approvals required by Abundant and Anwaatin/Anwaatin First Nations, if any, regarding the repurposing of existing FIT contracts if included or required to facilitate reliability as part of the Pilot Project.

- (iv) Decisions made by HONI to proceed with Phase 1 and 2 investments as described in Paragraph 1.5(c) below.

(collectively, the “**Conditions Subsequent**”).

Unless amended on the written consent of Anwaatin and HONI, all Conditions Subsequent must be fulfilled by no later than December 31, 2021, failing which this Settlement Proposal is null and void and of no further effect.

In entering this agreement, the Parties understand and agree that, pursuant to the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B) (the “Act”) the OEB has the exclusive initial jurisdiction with respect to the interpretation and enforcement of the terms hereof.

## **B. DESCRIPTION OF SETTLEMENT**

### **1.1 The Parties**

Anwaatin and HONI were the central parties to the Anwaatin MRV and are the signatories to this Settlement (“**Parties**”). Two other interveners participated in the Anwaatin MRV in a limited manner. SEC intervened in the Anwaatin MRV for the limited purpose of requesting that any cost consequences to the Decision be reviewed. VECC intervened in the Anwaatin MRV in support of Anwaatin. Abundant was involved in the settlement discussions in order to ensure that the proposed solutions were technically feasible and able to be implemented in a timely manner.

### **1.2 Confidentiality**

The Parties agree that the settlement discussions shall be subject to the rules relating to confidentiality and privilege contained in the Practice Direction. The Parties acknowledge that confidentiality in that context does not have the same meaning as confidentiality in the OEB’s Practice Direction on Confidential Filings, and the rules of that latter document do not apply. The Parties interpret the Practice Direction to mean that the documents and other information provided, the discussion of each issue, any offers and counter-offers, and the negotiations leading to settlement of each issue during the course of the settlement discussions are strictly confidential between the Parties and were undertaken on a without prejudice basis. None of the foregoing settlement discussions and processes leading to this Settlement Proposal are admissible as evidence in this or any other proceeding, or otherwise, except where the filing of such settlement information is necessary to implement the Settlement Proposal and/or resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal and subject to the direction of the OEB. In such case, only the settlement information that is necessary for the purpose of implementing and interpreting the settlement proposal shall be filed and such information shall be filed using the appropriate protections afforded under the relevant legislation and OEB instruments. These obligations shall not impede the filing of this Settlement Proposal itself or its use as evidence in subsequent proceedings including, without limitation, the EB-2017-0049 proceeding.

Further, the Parties have a positive and ongoing obligation not to disclose settlement information to persons who were not involved in the settlement discussions.

### **1.3 Parameters of Proposed Settlement**

All of the elements of this Settlement Proposal have been settled by the Parties as a package, and none of the provisions of this Settlement Proposal are severable. Numerous compromises were made by Anwaatin and HONI with respect to various matters to arrive at this Settlement Proposal. The distinct issues and elements addressed in this Settlement Proposal are inextricably interrelated, and changes in the agreed parameters are likely to have consequences in other areas of this Settlement Proposal, which may be unacceptable to one or more of the Parties. If the OEB does not accept this package in its entirety, then there is no settlement (unless HONI and Anwaatin agree in writing that any portion of the package that the OEB does accept may continue as part of a valid Settlement Proposal).

If the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but neither Anwaatin nor HONI will be obligated to accept any proposed revision. The Parties agree that Anwaatin and HONI must agree with any revised Settlement Proposal prior to its re-filing with the OEB.

None of the Parties can withdraw from this Settlement Proposal except in accordance with the terms contemplated herein (including satisfaction of the Conditions Subsequent) and with Rule 30.05 of the OEB's Rules of Practice and Procedure.

### **1.4 Full Settlement of Parties**

- a) HONI will undertake a pilot project that is intended to explore the feasibility of implementing non-wires distributed energy projects ("**Pilot Project**") in and around the Anwaatin First Nations communities as a means to improve reliability in remote and radial areas of HONI's system. The Pilot Project is intended to provide HONI with an opportunity to assess whether similar and repeatable approaches may be used in other remote areas of its system that are experiencing poor reliability conditions.
- b) HONI's investment in the Pilot Project shall not exceed \$5 million and shall be funded from HONI's distribution capital investment plan.
- c) Anwaaatin and HONI agree to work together in an effort to offset or augment this investment amount by obtaining government funding through subsidies or grant programs.
- d) The Parties acknowledge that any further funding of this initiative is dependent on (i) the feasibility of the Pilot Project and (ii) further review and approval by the OEB to increase HONI's approved capital investment envelope and recovery through rates of the additional funding requirements.

- e) Anwaatin/Anwaatin First Nations communities and Abundant plan to jointly develop and implement up to 45 MW of FIT contracted solar generation in the following repurposed locations:
- a. Longlac M2/Nakina DS: maximum size 5 MW
  - b. Moosonee: maximum size 10 MW
  - c. Longlac M1/Longlac East DS: maximum size 9 MW
  - d. Longlac TS LV bus: maximum size 10 MW
  - e. Beardmore DS: maximum size 1.1 MW
  - f. Jellicoe DS: maximum size 0.9 MW
  - g. Red Rock: maximum size 9 MW.
- f) HONI will consider the technical feasibility of having Abundant/Anwaatin First Nation solar generation be used as a source of supply to the energy storage facilities as part of the Pilot Project.
- g) HONI commits to processing all connection impact assessment applications made by Anwaatin/Anwaatin First Nations and Abundant in a timely manner, taking into account all other existing connection impact assessment applications HONI has received.
- h) The first phase of the Project will complete the technical assessment of energy storage facilities that may improve reliability in the communities served by HONI's F2 Feeder that serves the Nakina area. Energy storage facilities for Phase 1 are targeted to be in-service by March 31, 2019.
- i) The design, size and load to be served by Phase 1 facilities are matters not yet determined and will be dependent upon further technical review. HONI will continue to regularly consult with Anwaatin regarding the status of the Phase 1 design.
- j) A technical review of Phase 1 implementation is targeted for completion within six months of in-service timing. This information is intended to be used to inform the approaches, design, and viability of Phase 2.
- k) During the EB-2017-0049 proceeding, Anwaatin and HONI will provide the OEB with an update on the Project, including any preliminary information regarding sizing of energy storage, siting alternatives and preliminary cost estimates. As part of this update, Anwaatin and HONI may file this Settlement Proposal.
- l) The Project shall have no retrospective financial or cost consequences that will require revisiting the amounts assessed and determined by the Board in the EB-2016-0160 Decision.
- m) Anwaatin and HONI will consult and cooperate on any other longer-term wires and/or non-wires electricity reliability proposals and solutions affecting the Anwaatin First Nations communities and may jointly pursue other projects intended to improve reliability in other regions served by HONI.

## 1.5 Description of Project

- (a) **Phase 1** is focussed on improving reliability to the communities served by HONI's F2 Feeder situated in the Nakina region. The objective is to provide measurable improvement to the reliability of supply to these communities and as compared to the five-year historical average SAIDI and SAIFI values applicable to these communities. Anwaatin/Anwaatin First Nations, Abundant and HONI intend to achieve this objective through designing and implementing energy storage facilities in close proximity to the referenced communities and the option of having solar generation used to recharge the storage facilities in times of outages.

Anwaatin/Anwaatin First Nations, Abundant and HONI will take reasonable steps to find suitable off-reserve locations in proximity to HONI's feeder distribution facilities to site both solar generation and energy storage facilities at locations in close proximity to local community distribution load.

All constructed Phase 1 energy storage facilities will initially be owned and operated by HONI. HONI agrees to explore in good faith the possibility of Anwaatin First Nations obtaining a minority, non-operating ownership interest in the Phase 1 facilities, should the said facilities proceed to development. The valuation of this interest will be based on HONI's actual investment cost incurred to the date that such interest is acquired by Anwaatin First Nations.

HONI's design of the Phase 1 energy storage facilities will take into account, among other technical factors, historic load levels in the Aroland community. Anwaatin agrees to work with HONI in assessing ways to prioritize distribution service during times of an outage so that stored energy may be used for essential services in the communities.

HONI will consult with Anwaatin/Anwaatin First Nations and Abundant regarding design and sizing of the energy storage facilities.

Anwaatin/Anwaatin First Nations and Abundant intend to jointly develop and implement solar generation facilities in close proximity to all identified energy storage facilities so that the solar generation facilities may be used to supply the energy storage facilities at times when outages occur in the Aroland community.

The targeted timelines for Phase 1 are as follows:

- Scope of work completed and storage partner selected by July 15, 2018
- Siting locations determined and community engagement completed by July 31, 2018
- Completion of all detailed engineering and financial viability review completed by September 30, 2018
- Civil work completed by November 30, 2018

- In-service of energy storage facilities by March 31, 2019.

Anwaatin/Anwaatin First Nations and Abundant acknowledge that targeted timelines may require adjustments, given acquisition timing of requisite land rights, remoteness of worksite locations, workforce availability and the season in which construction work occurs.

- (b) **Phase 2:** is focussed on Waaskiinaysay Ziibi Inc. (an economic development corporation representing Rocky Bay First Nation, Bingwi Neyaashi Anishinaabek, Red Rock Indian Band, Whitesand First Nation, and Animbiigoo Zaagiigan Anishinaabek and other smaller First Nations along HONI's A4L transmission line) (collectively, "**WZI**").

The Phase 2 objective is complete technical assessments of potential non-wires solutions for WZI communities in order to determine whether cost-effective and technically feasible ways may be used through the use of non-wires solutions to improve reliability to levels consistent with HONI's current average SAIDI and SAIFI metrics for its northern rural distribution customers and by deploying similar approaches and measures described in Phase 1. The results of Phase 1 are intended to inform and be used in the technical assessments contemplated for Phase 2.

In Phase 2, HONI and Anwaatin will also work together to identify and evaluate critical loads in MoCreebec Eeyoud locations served by HONI's F1 and F3 feeders and assess whether cost effective and technically feasible non wire energy storage facilities could be implemented to significantly improve reliability for identified critical loads.

Anwaatin will facilitate meetings between HONI, Abundant, WZI and other smaller interested First Nations served by the A4L line in order to describe, explain, and assess solar/storage reliability solutions.

HONI's Phase 2 commitments are limited to preparing technical assessments that consider deployment of energy storage facilities in the WZI communities in the same manner as carried out for Phase 1 and which technical assessments have been filed as part of Exhibit I-6-1(c) in OEB Hearing EB-2017-0049.

Once the technical assessments for Phase 2 are completed, HONI and Anwaatin/Anwaatin First Nations, Abundant and WZI will meet and discuss all technical, operational and financial viability issues that would need to be addressed before any further steps are taken to initiate potential investments. This discussion is intended to explore possible joint development opportunities to implement energy storage and solar generation facilities so that they may be used in an effective and feasible way to provide a means of back-up supply in times of outages for small communities along the A4L route, while maintaining feeder integrity.

- (c) **Final Decisions to Proceed with Phase 1 Investments.** HONI's decision to proceed with the work execution and installation of Phase 1 is subject to: (1) investment requirements to not exceed the amounts or outcomes described in paragraph 1.4(b)-(d)

above, (2) HONI's technical review and its acceptability to HONI of the final design of the facilities, (3) the level of reliability improvement expected from Phase 1 is reasonably achievable as determined by HONI, and (4) Phase 1 facilities are expected to provide a repeatable outcome for development in other areas of HONI's system. HONI will consult with Anwaatin on the ongoing status of these conditions throughout Phase 1.


#### 1.6 Other Matters

- (a) **Ongoing HONI Communications with the Anwaatin First Nations Communities.** HONI and Anwaatin agree to develop and implement a communications plan to facilitate regular communications between them and the First Nations communities to discuss and assess the progress and success of the Pilot Project.
- (b) **Pilot for Future HONI/Indigenous Community Cooperation.** If the Pilot Project is successful, HONI and Anwaatin agree to work together and promote the Pilot Project as a potential reliability solution in other Indigenous and similarly situated communities.
- (c) **Conditions Precedent.** The final form of the Settlement Proposal is subject to the approval of the Band Councils and/or the applicable First Nation governing body(ies).
- (d) **Conditions Subsequent.** This Settlement Proposal is subject to the Conditions Subsequent listed in Part A (Preamble) above.

ACCEPTED AND AGREED TO THIS 15 DAY OF JUNE 2018



Ferio Pugliese, Executive Vice President  
Customer Care and Corporate Relations  
Hydro One Networks Inc.



Larry Sault, President and Chief Executive  
Office  
Anwaatin Inc.