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Ontario

BY E-MAIL

September 12, 2018

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Upper Canada Transmission Inc. (on behalf of NextBridge Infrastructure)
Application for Leave to Construct the East-West Tie Line Project

and

Hydro One Networks Inc.
Application for Leave to Construct the Lake Superior Link Project

OEB File Number No.: EB-2017-0182, EB-2017-0194 and EB-2017-0364

In accordance with Procedural Order No. 1 on Combined Hearing, dated August 13, 2018, please find attached OEB staff interrogatories to the Independent Electricity System Operator (IESO) in the above combined proceeding. The attached document has been forwarded to the IESO and all other registered parties to the combined proceeding.

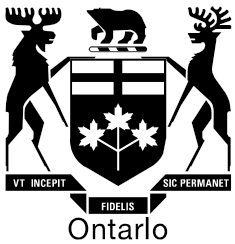
Yours truly,

Original Signed By

Zora Crnojacki
Project Advisor
Supply and Infrastructure

Attachment

cc: Parties to EB-2017-0182, EB-2017-0194 and EB-2017-0364



OEB Staff Interrogatories

The Independent Electricity System Operator (IESO)

Application for Leave to Construct the East-West Tie Line Project
and
Application for Leave to Construct the Lake Superior Link Project

EB-2017-0182, EB-2017-0194 and EB-2017-0364
(Combined Proceeding)

September 12, 2018

IESO-EWT/LSL-Staff-1
Ref: IESO's Addendum to the 2017 Updated Assessment for the Need for the East-West Tie Expansion; Reliability Impacts and the Projected System Costs of a Delay to the Project In-Service Date, dated June 29, 2018
Figure 1, Page 2

Question:

a) Please identify and describe the main drivers for the increase in the capacity requirement (MW) between:
   i. 2019 and 2020
   ii. 2022 and 2023

IESO-EWT/LSL-Staff-2
Ref: IESO's Addendum to the 2017 Updated Assessment for the Need for the East-West Tie Expansion; Reliability Impacts and the Projected System Costs of a Delay to the Project In-Service Date, dated June 29, 2018
Conclusion and Table 2, Pages 5-6

Questions:

a) Can the IESO please explain how the costs of delay to in-service dates are meant to be interpreted? For example:
   i. Would a project with an in-service date of December 2020 trigger a total delay cost of $17 million? If not, please explain in detail.
   ii. Would a project with an in-service date of December 2021 trigger a total delay cost of $17 million plus $19 million? If not, please explain in detail.
b) How does the IESO expect the costs of delay to the in-service date would be impacted, if a project was to come into service midway through the year? For example, would the IESO expect that the costs of delay are linearly distributed over the course of 12 months?
c) The IESO has stated that it does not support delaying the in-service date beyond the end of 2022, as the increased risks to system reliability and the associated cost uncertainties are unacceptable.
   i. Does this mean that in practice, the total potential costs of delay for 2023 and 2024 in Table 2 (i.e. $39 million and $45 million, respectively) are not feasible?
d) Is there a cost to the system associated with the new transmission line between Wawa and Thunder Bay not being in-service in 2019? If yes, can the IESO provide that cost as well? If not, please explain.

e) Can the IESO please confirm whether there are currently any costs to the system as a result of the new transmission line between Wawa and Thunder Bay not being in-service (for example, line losses)? If so, what does the IESO estimate these costs to be?

IESO-EWT/LSL-Staff-3
Ref: IESO's Addendum to the 2017 Updated Assessment for the Need for the East-West Tie Expansion; Reliability Impacts and the Projected System Costs of a Delay to the Project In-Service Date, dated June 29, 2018

Questions:

a) Can the IESO please explain how the costs of delay for this transmission project would ordinarily be paid for?
b) Is the normal cost treatment identified in part (a) above appropriate in the case of a delay to either NextBridge's East-West Tie or Hydro One's Lake Superior Link project in the IESO's opinion?

IESO-EWT/LSL-Staff-4
Ref: IESO's Addendum to the 2017 Updated Assessment for the Need for the East-West Tie Expansion; Reliability Impacts and the Projected System Costs of a Delay to the Project In-Service Date, dated June 29, 2018
Table 2, Page 5

Question:

a) Is the IESO able to track actual costs for the cost categories listed in Table 2 (i.e. Potential Capacity Costs, Energy Costs and Foregone Loss Savings), if a delay were to occur? Can these cost categories be tracked separately?