



Ontario Energy Board Commission de l'énergie de l'Ontario

DECISION AND ORDER

EB-2019-0088

UPPER CANADA TRANSMISSION, INC.

Electricity Transmission Licence Amendment

Further to Ministerial Directive

BY DELEGATION, BEFORE: Brian Hewson
Vice President, Consumer Protection &
Industry Performance

February 11, 2019

BACKGROUND

Under section 28.6.1(1) of the *Ontario Energy Board Act, 1998* (OEB Act), the Minister of Energy, Northern Development and Mines (Minister) may issue directives to the Ontario Energy Board (OEB) requiring the OEB to take such steps as are specified in the directive relating to the construction, expansion or reinforcement of transmission systems.

Sections 28.6(2) and 26.6(3) of the OEB Act apply with necessary modifications in respect of directives issued under section 28.6.1. As stated in section 28.6(2) of the OEB Act, such a directive may require the OEB to amend the licence conditions of a transmitter to require the transmitter to take the actions specified in the directive in relation to its transmission system, including enhancing, reinforcing or expanding that system. In accordance with section 28.6(3) of the OEB Act, such a directive may specify whether the OEB is to hold a hearing for the purposes of giving effect to the directive.

Under cover of a letter dated January 30, 2019, the OEB received a directive issued by the Minister under section 28.6.1 of the OEB Act (Transmission Directive). The Transmission Directive was approved by Order in Council No. 52/2019 dated January 30, 2019. The Transmission Directive requires the OEB to amend, without a hearing, the electricity transmission licence of Upper Canada Transmission, Inc. (UCT) to require it to:

- develop, seek approvals in respect of, and proceed with immediacy to construct, expand or reinforce the electricity transmission network in the area between Wawa and Thunder Bay composed of the high-voltage circuits connecting Wawa TS and Lakehead TS (East-West Tie Line Project)
- provide reporting to the OEB and the Independent Electricity System Operator (IESO) in relation to the East-West Tie Line Project

The Transmission Directive, Order in Council No. 52/2019 and related correspondence are available on the [OEB's website](#).

THE TRANSMISSION DIRECTIVE

The Transmission Directive requires the OEB to amend the conditions of UCT's electricity transmission licence to require it to proceed to do the following related to the construction, expansion or reinforcement of the transmission system for the East-West Tie Line Project: develop, seek approvals in respect of, and proceed with immediacy to construct, expand or reinforce the East-West Tie Line Project.

The Transmission Directive also requires the OEB to amend UCT's licence to require it to provide such reporting to the OEB and the IESO as the OEB or the IESO may, from time to time, consider appropriate with respect to the progress, timeliness, and cost-effectiveness of the construction, expansion or reinforcement activities of the East-West Tie Line Project. Such reporting is to include, at a minimum, regular reports on construction progress, budget, timing and risks in relation to the East-West Tie Line Project.

UCT's electricity transmission licence, like all OEB licences, includes a requirement to provide to the OEB such information as the OEB may require from time to time, in the manner and form determined by the OEB. By virtue of section 70(7) of the OEB Act, UCT's electricity transmission licence is also deemed to include a condition that UCT provide such reasonable information to the IESO as the IESO may require, in the manner and form specified by the IESO. Given the Transmission Directive, the OEB will include supplementary licence conditions pertaining to reporting in respect of the East-West Tie Line Project. The OEB will identify its more specific reporting requirements at a later date.

In accordance with the Transmission Directive, the OEB is required to amend UCT's electricity transmission licence as set out in the Transmission Directive without a hearing. This Decision and Order is being issued by the Delegated Authority pursuant to section 6 of the OEB Act.

IT IS ORDERED THAT:

1. Upper Canada Transmission, Inc.'s electricity transmission licence ET-2011-0222 is amended to include the following new conditions:
 - 13.1 The Licensee shall develop, seek approvals in respect of, and proceed with immediacy to construct, expand or reinforce the electricity transmission network in the area between Wawa and Thunder Bay composed of the high-voltage circuits connecting Wawa TS and Lakehead TS.
 - 13.2 For greater certainty, paragraph 13.1 in no way limits the obligation of the Licensee to obtain all necessary approvals for the transmission project referred to in that paragraph.
 - 13.3 Without limiting the generality of paragraph 14.1, the Licensee shall maintain records of and provide to the Board, in the manner and form determined by the Board, such information as the Board may from time to time require in relation to the transmission project referred to in paragraph 13.1.

- 13.4 The Licensee shall maintain records of and provide to the IESO, in the manner and form determined by the IESO, such information as the IESO may from time to time require in relation to the progress, timeliness, and cost-effectiveness of the construction, expansion or reinforcement activities pertaining to the transmission project referred to in paragraph 13.1 until such date as that project comes into service.

DATED at Toronto February 11, 2019

ONTARIO ENERGY BOARD

Original signed by

Brian Hewson
Vice President, Consumer Protection & Industry Performance



Electricity Transmission Licence

ET-2011-0222

Upper Canada Transmission, Inc.

Valid Until

August 6, 2033

Original signed by

Brian Hewson

**Vice President, Consumer Protection & Industry Performance
Ontario Energy Board**

Date of Issuance: November 25, 2011

Effective Date: August 7, 2013

Date of Amendment: November 20, 2014

Date of Amendment: January 22, 2015

Date of Amendment: February 11, 2019

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1 Definitions

In this Licence:

“**Accounting Procedures Handbook**” means the handbook, approved by the Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

“**Act**” means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

“**Affiliate Relationships Code for Electricity Distributors and Transmitters**” means the code, approved by the Board which, among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

“**Board**” means the Ontario Energy Board;

“**Electricity Act**” means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

“**Licensee**” means Upper Canada Transmission, Inc.

“**Market Rules**” means the rules made under section 32 of the Electricity Act;

“**Performance Standards**” means the performance targets for the distribution and connection activities of the Licensee as established by the Board in accordance with section 83 of the Act;

“**Rate Order**” means an Order or Orders of the Board establishing rates the Licensee is permitted to charge;

“**transmission services**” means services related to the transmission of electricity and the services the Board has required transmitters to carry out for which a charge or rate has been established in the Rate Order;

“**Transmission System Code**” means the code approved by the Board and in effect at the relevant time, which, among other things, establishes the obligations of a transmitter with respect to the services and terms of service to be offered to customers and provides minimum technical operating standards of transmission systems;

“**wholesaler**” means a person that purchases electricity or ancillary services in the IESO administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IESO-administered markets or directly to another person other than a consumer.

2 Interpretation

- 2.1 In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens. Where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence to own and operate a transmission system consisting of the facilities described in Schedule 1 of this Licence, including all associated transmission equipment.

4 Obligation to Comply with Legislation, Regulations and Market Rules

- 4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.
- 4.2 The Licensee shall comply with all applicable Market Rules.

5 Obligation to Comply with Codes

- 5.1 The Licensee shall at all times comply with the following Codes (collectively the “Codes”) approved by the Board, except where the Licensee has been specifically exempted from such compliance by the Board. Any exemptions granted to the Licensee are set out in Schedule 2 of this Licence. The following Codes apply to this Licence:
- a) the Affiliate Relationships Code for Electricity Distributors and Transmitters; and
 - b) the Transmission System Code.
- 5.2 The Licensee shall:
- a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and
 - b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

6 Requirement to Enter into an Operating Agreement

- 6.1 The Licensee shall enter into an agreement (“Operating Agreement”) with the IESO providing for the direction by the IESO of the operation of the Licensee’s transmission system. Following a request made by the IESO, the Licensee and the IESO shall enter into an Operating Agreement

within a period of 90 business days, unless extended with leave of the Board. The Operating Agreement shall be filed with the Board within ten (10) business days of its completion.

- 6.2 Where there is a dispute that cannot be resolved between the parties with respect to any of the terms and conditions of the Operating Agreement, the IESO or the Licensee may apply to the Board to determine the matter.

7 Obligation to Provide Non-discriminatory Access

- 7.1 The Licensee shall, upon the request of a consumer, generator, distributor or retailer, provide such consumer, generator, distributor or retailer, as the case may be, with access to the Licensee's transmission system and shall convey electricity on behalf of such consumer, generator, distributor or retailer in accordance with the terms of this Licence, the Transmission System Code and the Market Rules.

8 Obligation to Connect

- 8.1 If a request is made for connection to the Licensee's transmission system or for a change in the capacity of an existing connection, the Licensee shall respond to the request within 30 business days.
- 8.2 The Licensee shall process connection requests in accordance with published connection procedures and participate with the customer in the IESO's Connection Assessment and approval process in accordance with the Market Rules, its Rate Order(s) and the Transmission System Code.
- 8.3 An offer of connection shall be consistent with the terms of this Licence, the Market Rules, the Rate Order, and the Transmission System Code.
- 8.4 The terms of such offer to connect shall be fair and reasonable.
- 8.5 The Licensee shall not refuse to make an offer to connect unless it is permitted to do so by the Act or any Codes, standards or rules to which the Licensee is obligated to comply with as a condition of this Licence.

9 Obligation to Maintain System Integrity

- 9.1 The Licensee shall maintain its transmission system to the standards established in the Transmission System Code and Market Rules, and have regard to any other recognized industry operating or planning standards required by the Board.

10 Transmission Rates and Charges

- 10.1 The Licensee shall not charge for the connection of customers or the transmission of electricity except in accordance with the Licensee's Rate Order(s) as approved by the Board and the Transmission System Code

11 Separation of Business Activities

- 11.1 The Licensee shall keep financial records associated with transmitting electricity separate from its financial records associated with distributing electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.

12 Expansion of Transmission System

- 12.1 The Licensee shall not construct, expand or reinforce an electricity transmission system or make an interconnection except in accordance with the Act and Regulations, the Transmission System Code and the Market Rules.

13 Expansion of Transmission System Further to Ministerial Directive

- 13.1 The Licensee shall develop, seek approvals in respect of, and proceed with immediacy to construct, expand or reinforce the electricity transmission network in the area between Wawa and Thunder Bay composed of the high-voltage circuits connecting Wawa TS and Lakehead TS.
- 13.2 For greater certainty, paragraph 13.1 in no way limits the obligation of the Licensee to obtain all necessary approvals for the transmission project referred to in that paragraph.
- 13.3 Without limiting the generality of paragraph 14.1, the Licensee shall maintain records of and provide to the Board, in the manner and form determined by the Board, such information as the Board may from time to time require in relation to the transmission project referred to in paragraph 13.1.
- 13.4 The Licensee shall maintain records of and provide to the IESO, in the manner and form determined by the IESO, such information as the IESO may from time to time require in relation to the progress, timeliness, and cost-effectiveness of the construction, expansion or reinforcement activities pertaining to the transmission project referred to in paragraph 13.1 until such date as that project comes into service.

14 Provision of Information to the Board

- 14.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.
- 14.2 Without limiting the generality of paragraph 14.1, the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) business days past the date upon which such change occurs.

15 Restrictions on Provision of Information

- 15.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator, obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.
- 15.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:

- a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;
 - b) for billing, settlement or market operations purposes;
 - c) for law enforcement purposes; or
 - d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.
- 15.3 Information regarding consumers, retailers, wholesalers or generators may be disclosed where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.
- 15.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.
- 15.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information is not be used for any other purpose except the purpose for which it was disclosed.

16 Term of Licence

- 16.1 This Licence shall take effect on August 7, 2013 and expire on August 6, 2033. The term of this Licence may be extended by the Board.

17 Transfer of Licence

- 17.1 In accordance with subsection 18(2) of the Act, this Licence is not transferable or assignable without leave of the Board.

18 Amendment of Licence

- 18.1 The Board may amend this Licence in accordance with section 74 of the Act or section 38 of the Electricity Act.

19 Fees and Assessments

- 19.1 The Licensee shall pay all fees charged and amounts assessed by the Board.

20 Communication

- 20.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.
- 20.2 All official communication relating to this Licence shall be in writing.
- 20.3 All written communication is to be regarded as having been given by the sender and received by the addressee:
- a) when delivered in person to the addressee by hand, by registered mail or by courier;

- b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
- c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

21 Copies of the Licence

21.1 The Licensee shall:

- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

SCHEDULE 1 Specification of Transmission Facilities

This Schedule specifies the facilities over which the Licensee is authorized to transmit electricity in accordance with paragraph 3 of this Licence.

1. A 400 km (approx.) 230 kV double circuit transmission line running from Lakehead TS in Thunder Bay to Wawa TS in two segments [Lakehead TS to Marathon TS and Marathon TS to Wawa TS]. Each transmission line has a continuous thermal rating of 465 MVA and an emergency thermal rating of 600 MVA.

SCHEDULE 2 List of Code Exemptions

This Schedule specifies any specific Code requirements from which the licensee has been exempted.

SCHEDULE 3 Special Conditions

1. The Licensee is permitted to use United States Generally Accepted Accounting Principles for regulatory purposes, including regulatory accounting, regulatory filing and rate-setting applications.