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DECISION AND ORDER

EB-2020-0142 & EB-2020-0143

WATAYNIKANEYAP POWER GP INC. ON BEHALF OF WATAYNIKANEYAP POWER LP

**Application for Electricity Transmission Licence Amendment and
Electricity Distribution Licence Amendment**

BY DELEGATION, BEFORE: Brian Hewson

Vice President,

Consumer Protection & Industry Performance

August 13, 2020

INTRODUCTION AND SUMMARY

Wataynikaneyap Power GP Inc., on behalf of Wataynikaneyap Power LP (WPLP), has applied for an amendment to WPLP's electricity transmission licence ET-2015-0264 and for an amendment to WPLP's electricity distribution licence ED-2017-0236. The application was filed on May 13, 2020, under section 74 of the *Ontario Energy Board Act, 1998* (OEB Act).

The OEB finds that it is in the public interest to grant the requested amendments. As a result of this Decision and Order, WPLP's electricity transmission licence is amended such that it will be provided with a temporary exemption from sections 3.1.1 to 3.1.4 of the OEB's Electricity Reporting and Record Keeping Requirements (RRR), in respect of the 2019 to 2023 reporting periods. As well, WPLP's electricity distribution licence is amended to provide the utility with an exemption from sections 2.1 and 2.2 of the RRR.

This Decision and Order is being issued by Delegated Authority without a hearing, pursuant to section 6 of the OEB Act.

BACKGROUND

The Applicant

WPLP has been a licensed electricity transmitter since 2015, and a licensed distributor since 2017.

WPLP was formed for the purposes of developing, constructing, owning and operating a new electricity transmission system, approximately 1750 km in total length, in Northwestern Ontario (Transmission Project). When completed, WPLP's transmission system will reinforce transmission supply to the Township of Pickle Lake and enable connection to the provincial electricity grid for 16 remote First Nations communities.

As an interim step to address the urgent need for grid connection of Pikangikum First Nation, WPLP was issued an electricity distribution licence on September 28, 2017. It thereafter began construction of a distribution system consisting of an approximately 117 km 44/25 kV line between Hydro One Networks Inc.'s (Hydro One) distribution system in the Municipality of Red Lake and the local distribution system that serves

customers within the Pikangikum First Nation Reserve (Pikangikum Project). The Pikangikum Project has been operational since December 2018. The OEB issued WPLP's distribution licence for a limited five-year term, considering that the distribution system will eventually be converted to, and operated as, a transmission line at a transmission (115 kV) voltage once the Transmission Project is ready to serve the remaining First Nations communities.

The Transmission-related Exemption Request

Sections 3.1.1 to 3.1.4 of the RRR require a transmitter to report on balances of deferral and variance accounts, affiliate arrangements and contracts dollar value, audited financial statements and regulated return on equity (ROE).

WPLP's requests a temporary exemption from the requirements under these sections, considering that it currently has no transmission assets in service, has yet to apply for approval of a transmission revenue requirement, and will be constructing and placing segments of the transmission system into service over the next several years.

As stated in the application, WPLP is subject to semi-annual reporting requirements¹ during the construction phase of the Transmission Project. These reporting requirements require WPLP to, among other things, report deferral and variance accounts balances. WPLP submits that these reporting requirements are duplicative of section 3.1.1 of the RRR, which requires transmitters to provide, quarterly, balances of all deferral and variance accounts, their related sub-accounts, and associated information. With respect to the requirements of sections 3.1.2 to 3.1.4, WPLP states that filing information on affiliate transactions, audited financial statements, and regulated return on equity during the construction phase of the Transmission Project, without the additional context provided in the revenue requirement application that is yet to be filed, would be of limited value to the OEB. In addition, amounts in audited financial statements, which are primarily related to WPLP's historical development and construction costs, are already included in the utility's semi-annual reports; and, ROE calculations will not be applicable until WPLP has an approved revenue requirement.

¹ EB- 2018-0190

WPLP is requesting that this exemption apply in respect of the 2019 to 2023 reporting years, during which construction of the Transmission Project will be proceeding. WPLP expects to commence reporting under Sections 3.1.1 through 3.1.4 of the RRR in 2025, in respect of the 2024 reporting period.

The Distribution-related Exemption Request

Sections 2.1 and 2.2 of the RRR required distributors to report, annually, on information related to customer numbers, service quality requirements, system reliability, performance-based regulation, and financial metrics.

WPLP is requesting an exemption from these requirements on a permanent basis, considering the unique circumstances of WPLP as a licensed electricity distributor. More specifically, WPLP submits that its operation as a licensed distributor is temporary in nature, that it does not have approved distribution rates, nor an approved distribution revenue requirement. WPLP is both an embedded distributor in relation to Hydro One and a host distributor to its sole customer, Hydro One Remote Communities Inc. (Hydro One Remotes), which is itself a licensed embedded distributor of Hydro One. In addition, Hydro One Remotes and Hydro One settle all costs related to the supply of electricity directly with one another, without any involvement from WPLP.

Given the foregoing circumstances, WPLP submits that the requirements of sections 2.1 and 2.2 of the RRR are either not applicable, or would provide limited value to the OEB due to the fact that WPLP has no customers that are end-users. In addition, some requirements, specifically subsections 2.1.20 to 2.1.22 and 2.2.1, overlap with WPLP's reporting as a licensed electricity transmitter.

FINDINGS

The OEB finds that, based on WPLP's unique circumstances both as a transmitter and a distributor, the proposed exemptions from the RRR are reasonable and approved. The OEB also finds, however, that the exemption from the sections 2.1 and 2.2 of the RRR will be in effect for only so long as Hydro One Remotes remains the sole customer of WPLP.

IT IS ORDERED THAT:

1. Wataynikaneyap Power LP's Electricity Transmission Licence ET-2015-0264, specifically Schedule 2 "List of Code Exemptions", is amended to include an exemption from sections 3.1.1, 3.1.2, 3.1.3 and 3.1.4 of the of the Electricity Reporting and Record Keeping Requirements. This exemption applies in respect of the 2019 to 2023 reporting periods. The Licensee shall commence reporting under these sections in 2025 in respect of the 2024 reporting period.
2. Wataynikaneyap Power LP's Electricity Distribution Licence ED-2017-0236, specifically Schedule 3 "List of Code Exemptions", is amended to include an exemption from sections 2.1 and 2.2 of the of the Electricity Reporting and Record Keeping Requirements. This exemption shall cease to be in effect if, and when, Hydro One Remote Communities Inc. is no longer Wataynikaneyap Power LP's sole customer.

DATED at Toronto, August 13, 2020

ONTARIO ENERGY BOARD

Original signed by

Brian Hewson

Vice President, Consumer Protection & Industry Performance