

August 28, 2020

Jennifer Tidmarsh
President NextEra Energy Transmission Canada
NextEra Energy Canada, LP
Suite 1720, 390 Bay Street
Toronto, Ontario
M5H 2Y2

Independent Electricity System Operator

1600-120 Adelaide Street West
Toronto, ON M5H 1T1
t 416.967.7474

www.ieso.ca

Dear Ms. Tidmarsh:

Re: NextBridge July 22, 2020 letter to the IESO on the In Service Date for the East West Tie Project

On July 23, 2020, the IESO received a letter from NextBridge Infrastructure LP (“NextBridge”) requesting that the IESO advise on the risk to reliability if the in service date of the East-West Tie Line Project is delayed from Oct. 28, 2021 to March 31, 2022. This letter provides the IESO’s perspective on the reliability risks associated with an in-service date of March 31, 2022.

Background

The IESO understands that NextBridge experienced a temporary suspension of construction activities on the East-West Tie Line Project, between April 3, 2020 and May 19, 2020, due to the potential COVID-19 related impacts to the health and safety of its construction workers. As per the Ontario Energy Board’s February 11, 2019 Decision and Order, the East-West Tie Line Project is to be in-service for October 28, 2021. According to NextBridge, mitigating the schedule risk caused by the temporary suspension of construction, could result in increased costs to the project (between \$15-\$20 million). The IESO understands that NextBridge’s preference is to avoid these additional costs; however, doing so would require extending the in-service date to March 31, 2022.

IESO Perspective on Reliability Risk

In its June 2018 Addendum to the 2017 Updated Assessment for the Need for the East-West Tie Expansion, as filed in EB-2017-0182, the IESO continued to recommend an in-service date of 2020 for the East-West Tie Line Project, based on applicable planning and reliability criteria. As part of this assessment, the IESO considered a number of potential options for interim measures to address an in-service date beyond 2020 and indicated that it does not support delaying the in-service date beyond the end of 2022 as the increased risk to system reliability and cost uncertainties associated with interim measures are unacceptable beyond this timeframe. An in-service date of March 31, 2022, as described in NextBridge’s July 23, 2020 letter, is prior to that date when the IESO would consider a delay to be unacceptable.

Further, the IESO noted in its 2017 Updated Assessment for the Need for the East-West Tie Expansion, as filed in EB-2017-0182, that water conditions have a strong impact on overall supply availability in the Northwest region and the associated capacity need. Specifically, the reliability risk in the Northwest exists when the region is experiencing drought conditions and higher than expected electricity demand. Based on the time of year when drought conditions in the Northwest are likely to occur, the IESO does not expect a significant increase to system reliability risk, or costs for managing such risks, by extending the in-service date of the East-West Tie Line Project from October 28, 2021 to March 31, 2022.

To summarize, the IESO does not expect an increased risk to reliability if the project's in-service date is delayed to March 31, 2022 and, therefore, has determined that an in-service date of March 31, 2022 does not present an unacceptable risk to reliability. If the in service date is delayed beyond March 31, 2022, but before the end of 2022, there may be additional costs to manage the resulting reliability risks; however, these costs are expected to be within the costs of the measures previously identified in the IESO's 2018 Addendum. The IESO maintains that delays beyond the end of 2022 would create an unacceptable amount of increased risk and cost uncertainties as noted above and in the IESO's 2018 Addendum.

The IESO understands that the Ontario Energy Board will ultimately make the decision on project expenditures and in-service date. From the IESO's perspective, there should be a high degree of confidence that additional delays are unlikely before accepting a March 31, 2022 in-service date. The IESO also recommends that NextBridge confirm any scheduling and cost impacts associated with the Hydro One Station Upgrade Project in light of a possible extension to the in-service date of March 31, 2022.

Yours truly,



Ahmed Maria
Director, Transmission Planning
Independent Electricity System Operator (IESO)

cc: Robert Reinmuller, Hydro One Networks
Chuck Farmer, IESO
Devon Huber, IESO
Leonard Kula, IESO
IESO Records