

Hydro One Networks Inc.

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frank.dandrea@HydroOne.com



Frank D'Andrea

Vice President, Reliability Standards and Chief Regulatory Officer

CONFIDENTIAL - BY EMAIL

May 21, 2021

Ms. Christine E. Long
Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON, M4P 1E4

Dear Ms. Long:

Hydro One Networks Inc. – Notice of Intent under Section 80 of the Ontario Energy Board (OEB) Act, 1998

Hydro One Networks Inc. (“Hydro One”), a subsidiary of Hydro One Limited, is an Ontario corporation with its head office in Toronto. Hydro One is both a regulated transmitter and distributor and carries on the business, among other things, of owning and operating transmission and distribution facilities in Ontario.

Aux Energy Inc. (“Aux Energy”), an unregulated subsidiary of Hydro One Limited and an affiliate of Hydro One, is an Ontario company that provides commercial behind-the-meter energy solutions to large electricity consumers under an energy service agreement.

In accordance with Section 80 of the *Ontario Energy Board Act, 1998* and on behalf of Aux Energy, Hydro One is hereby providing notice to the Ontario Energy Board of Aux Energy’s intent to purchase an equity interest in a limited partnership that will own and operate two proposed battery energy storage system projects in Ontario.

Each of the proposed battery energy storage system facilities will be connected behind the meter of a Class A load customer, whose facilities are located in Ontario. Under the terms of an energy service agreement entered into with the load customer, the energy storage facilities will be operated in a manner that would allow for the load customer and limited partnership to share in any savings

on the load customer's electricity bill and any revenue earned from participation in the IESO-administered markets.

For further information, please refer to the attached Preliminary Filing Requirements for a Notice of Proposal under Sections 80 and 81 of the OEB Act, 1998.

Sincerely,

A handwritten signature in cursive script that reads "Frank D'Andrea". The signature is written in black ink and is positioned below the word "Sincerely,".

Frank D'Andrea

Ontario Energy Board

Preliminary Filing Requirements For a Notice of Proposal under Sections 80 and 81 Of the *Ontario Energy Board Act, 1998*

INSTRUCTIONS:

This form applies to all applicants who are providing a Notice of Proposal to the Ontario Energy Board (the OEB) under sections 80 and 81 of the *Ontario Energy Board Act, 1998* (the Act), including parties who are also, as part of the same transaction or project, applying for other orders of the OEB such as orders under sections 86 and 92 of the Act.

The OEB has established this form under section 13 of the Act. Please note that the OEB may require information that is additional or supplementary to the information filed in this form and that the filing of the form does not preclude the applicant from filing additional or supplementary information.

PART I: GENERAL MINIMUM FILING REQUIREMENTS

All applicants must complete and file the information requested in Part I.

1.1 Identification of the Parties

1.1.1 Applicant

Name of Applicant Aux Energy Inc.	File No: (OEB Use Only)	
Address of Head Office 483 Bay St 8 th Floor, South Tower Toronto – ON	Telephone Number	
	Facsimile Number	
	E-mail Address	
Name of Individual to Contact Eryn MacKinnon Sr. Regulatory Coordinator Hydro One Networks Inc.	Telephone Number 416-345-4479	
	Facsimile Number	
	E-mail Address regulatory@hydroone.com	

1.1.2 Other Parties to the Transaction or Project

If more than one attach list

Name of Other Party EDF Renewables Distributed Solutions	OEB Use Only	
Address of Head Office 15445 Innovation Dr. San Diego, CA 92128	Telephone Number +18889036926	
	Facsimile Number +18584494653	
	E-mail Address info@edf-re.com	
Name of Individual to Contact Lee Connor Associate Director – Grid Edge Asset Optimization EDF Renewables Distributed Solutions	Telephone Number +18585213396	
	Facsimile Number	
	E-mail Address Lee.Connor@edf-re.com	

1.2 Relationship between Parties to the Transaction or Project

1.2.1	Attach a list of the officers, directors and shareholders of each of the parties to the proposed transaction or project.	
	<p>Aux Energy Inc.</p> <p>Directors:</p> <p>Jason Rakochy</p> <p>Officers:</p> <p>President: Jason Rakochy Secretary: Jason Rakochy</p> <p>Shareholder:</p> <p>2486267 Ontario Inc. (100% ownership)</p>	
1.2.2	Attach a corporate chart describing the relationship between each of the parties to the proposed transaction or project and each of their respective affiliates.	See Attachment A

1.3 Description of the Businesses of Each of the Parties

1.3.1	Attach a description of the business of each of the parties to the proposed transaction or project, including each of their affiliates licenced under the OEB Act to operate in Ontario for the generation, transmission, distribution, wholesaling or retailing of electricity or providing goods and services to companies licenced under the OEB Act in Ontario ("Electricity Sector Affiliates").																										
	<p>Aux Energy Inc., which is a subsidiary of Hydro One Limited, is an Ontario company that provides commercial behind-the-meter energy solutions to large electricity consumers under an Energy Service Agreement. The table below lists the affiliates of Aux Energy Inc., which are licensed under the OEB Act to operate in Ontario:</p> <table border="1" data-bbox="298 611 1427 1005"> <thead> <tr> <th>Licensee Name</th> <th>License</th> <th>License Number</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Hydro One Networks Inc.</td> <td>Transmitter</td> <td>ET-2003-0035</td> </tr> <tr> <td>Distributor</td> <td>ED-2003-0043</td> </tr> <tr> <td>Hydro One Sault Ste. Marie Inc.</td> <td>Transmitter</td> <td>ET-2007-0649</td> </tr> <tr> <td rowspan="2">Hydro One Remote Communities Inc.</td> <td>Distributor</td> <td>ED-2003-0037</td> </tr> <tr> <td>Generator</td> <td>EG-2003-0138</td> </tr> <tr> <td>B2M Limited Partnership</td> <td>Transmitter</td> <td>ET-2013-0078</td> </tr> <tr> <td>Niagara Reinforcement Limited Partnership</td> <td>Transmitter</td> <td>ET-2018-0277</td> </tr> <tr> <td>1937680 Ontario Inc</td> <td>Distributor</td> <td>ED-2002-0504</td> </tr> </tbody> </table> <p>EDF Renewables Inc. (EDFR) is a global renewable energy service provider and has significant experience developing, building and operating utility scale renewable generation and storage technology applications. EDFR plans to double its global installed capacity to ten (10) GW of energy storage by 2035.</p> <p>EDF Distributed Solutions Inc. (EDFR DS), which is a subsidiary of EDFR, provides solar PV and battery energy storage systems (BESS) solutions for customers within distributed energy markets across the United States, Canada and Mexico. The Distributed Solutions team can create a fully integrated bundle for energy projects with solar, storage, electric vehicle charging (as part of Powerflex, Inc.) and energy management. The team provides end-to-end service from development, engineering, procurement and construction to operations, and finance. The solutions are customer focused and customized to utilities and co-ops, landowners, and institutions.</p> <p>Powerflex Inc., which is a subsidiary of EDFR, is focused on providing a combination of services related to solar, storage and electric vehicle charging stations for microgrid installations at the distribution system and behind-the-meter customer projects.</p>	Licensee Name	License	License Number	Hydro One Networks Inc.	Transmitter	ET-2003-0035	Distributor	ED-2003-0043	Hydro One Sault Ste. Marie Inc.	Transmitter	ET-2007-0649	Hydro One Remote Communities Inc.	Distributor	ED-2003-0037	Generator	EG-2003-0138	B2M Limited Partnership	Transmitter	ET-2013-0078	Niagara Reinforcement Limited Partnership	Transmitter	ET-2018-0277	1937680 Ontario Inc	Distributor	ED-2002-0504	
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1.3.2	Attach a description of the geographic territory served by each of the parties to the proposed transaction or project, including each of their Electricity Sector Affiliates, if applicable, and the geographic location of all existing generation facilities.																										

<p>Aux Energy Inc. currently does not own or operate any generation or storage facilities. The table below lists the geographic territories served by the affiliates of Aux Energy Inc., including the geographic location of any generation facilities:</p>																							
	<table border="1"> <thead> <tr> <th>Licensee</th> <th>Service Territory</th> <th>Location of Generation Facilities</th> </tr> </thead> <tbody> <tr> <td>Hydro One Networks Inc.</td> <td>Owns and operates the majority of transmission facilities serving Ontario Owns and operates distribution facilities serving various municipalities and communities across Ontario</td> <td></td> </tr> <tr> <td>Hydro One Sault Ste. Marie Inc.</td> <td>Owns and operates transmission facilities serving the Algoma District along the eastern shore of Lake Superior between the municipality of Wawa and the city of Sault Ste. Marie</td> <td></td> </tr> <tr> <td>Hydro One Remote Communities Inc.</td> <td>Owns and operates distribution facilities serving 21 isolated communities in Northern Ontario</td> <td>Owns and operates two run-of-the-river mini hydro electric generating facilities and several diesel generators that serve these communities</td> </tr> <tr> <td>B2M Limited Partnership</td> <td>Owns and operates transmission facilities associated with B560V and B561M between Bruce SS and Milton SS</td> <td></td> </tr> <tr> <td>Niagara Reinforcement Limited Partnership</td> <td>Owns and operates transmission facilities associated with Q26M and Q35M between Allanburg TS and Middleport TSM</td> <td>None</td> </tr> <tr> <td>1937680 Ontario Inc</td> <td>Owns and operates distribution facilities serving the city of Perterborough and certain surrounding locations</td> <td>None</td> </tr> </tbody> </table>	Licensee	Service Territory	Location of Generation Facilities	Hydro One Networks Inc.	Owns and operates the majority of transmission facilities serving Ontario Owns and operates distribution facilities serving various municipalities and communities across Ontario		Hydro One Sault Ste. Marie Inc.	Owns and operates transmission facilities serving the Algoma District along the eastern shore of Lake Superior between the municipality of Wawa and the city of Sault Ste. Marie		Hydro One Remote Communities Inc.	Owns and operates distribution facilities serving 21 isolated communities in Northern Ontario	Owns and operates two run-of-the-river mini hydro electric generating facilities and several diesel generators that serve these communities	B2M Limited Partnership	Owns and operates transmission facilities associated with B560V and B561M between Bruce SS and Milton SS		Niagara Reinforcement Limited Partnership	Owns and operates transmission facilities associated with Q26M and Q35M between Allanburg TS and Middleport TSM	None	1937680 Ontario Inc	Owns and operates distribution facilities serving the city of Perterborough and certain surrounding locations	None	
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<p>EDFR owns and operates both utility-scale solar and wind utility-scale across Ontario. Additionally, the company provides 3rd party Operations & Maintenance services to 25 wind and solar utility-scale projects across the province. EDFR DS does not currently operate any BESS systems in Ontario but does own and operate several distributed solar projects. By YE-2021, the company expects to complete two projects that will provide energy storage solutions for two Commercial & Industrial customers located in Southern and Eastern Ontario, respectively. Powerflex Inc. currently does not have a presence in Ontario.</p>																							
1.3.3	Attach a breakdown of the annual sales (in C\$, and in MWh) as of the most recent fiscal year end of the existing generation output among the IESO Administered Markets ("IAM"), bilateral contracts, and local distribution companies.																						
	In 2020, EDFR's generation assets produced just over 290,000 MWh and provided revenue of approximately C\$ 25 million.																						
1.3.4	Attach a list identifying all relevant OEB licences and approvals held by the parties to the proposed transaction or project and each of their Electricity Sector Affiliates, and any applications currently before the OEB, or forthcoming. Please include all OEB file numbers.																						
	There are no OEB licenses or approvals held by any of the parties (or their affiliates) that relate to the proposed transaction or the projects contemplated by the limited partnership.																						

1.4 Current Competitive Characteristics of the Market

1.4.1	Describe the generation capacity (in MW), within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, prior to the completion of the proposed transaction or project.	See Attachment B
1.4.2	Describe the generation market share based on actual MWh production as a percent of the Annual Primary Demand, within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, prior to completion of the proposed transaction or project.	
	<p>Aux Energy Inc. does not currently own or operate any generation or energy storage facilities in Ontario. The total generation output (measured in MWh) in 2020 from all generation facilities owned by Hydro One Remote Communities Inc., which is an affiliate of Aux Energy Inc., was approximately 2.4 MWh and represents a negligible percentage of the Annual Primary Demand (measured in MWh).</p> <p>In 2020, the production from EDFR's generation assets was just over 290,000 MWh or about 0.22% of the Ontario annual demand.</p>	

1.5 Description of the Proposed Transaction or Project and Impact on Competition - General

1.5.1	Attach a detailed description of the proposed transaction or project, including geographic locations of proposed new transmission or distribution systems, or new generation facilities.	
	EDFR is proposing to sell a 50% equity interest in two proposed battery energy storage projects being developed in Ontario. The first project is a 3 MW / 7 MWh facility located in Englehart, Ontario and the second project is a 4 MW / 12 MWh facility located in London, Ontario.	
1.5.2	Describe the generation capacity (in MW), within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, after the completion of the proposed transaction or project.	
	As mentioned, this is the first project being undertaken by Aux Energy Inc. The proposed projects will increase the total capacity of EDFR's generation assets from 101 MW to 108MW.	
1.5.3	Describe the generation market share based on anticipated MWh production as a percentage of the Annual Primary Demand, within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, after the completion of the proposed transaction or project.	
	The expected generation market share from the two projects, based on the anticipated production as a percentage of the Annual Primary Demand, will be negligible.	
1.5.4	Attach a short description of the impact, if any, of the proposed transaction or project on competition. If there will be no impact on competition, please state the reasons. Cite specifically the impacts of the proposal on customer choice regarding generation, energy wholesalers, and energy retailers.	
	The proposed projects will have no impact on competition because there is already a mature and competitive market for the provision of such services and there are many providers that already exist within the space. The Energy Service Agreement entered into with the target customers would not have any impact on customer choice regarding generation, energy wholesalers or energy retailers.	
1.5.5	Provide confirmation that the proposed transaction or project will have no impact on open access to the transmission or distribution system of the parties or their affiliates. If open access will be affected explain how and why.	

	<p>Aux Energy Inc.'s intent to purchase an equity interest in the Limited Partnership, which will own and operate the two proposed battery energy storage (BESS) projects in Ontario, will not have any impact on open access to the transmission or distribution system of the parties or their affiliates. In accordance with the Distribution System Code, the Limited Partnership will need to apply to the distributor, whose system the BESS projects are connecting to, for a connection impact assessment will need to follow the connection processes established by the distribution for distributed energy resource projects.</p>
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1.6 Other Information

1.6.1	<p>Attach confirmation that the parties to the proposed transaction or project are in compliance with all licence and code requirements, and will continue to be in compliance after completion of the proposed transaction or project.</p>	N/A
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PART II: SECTION 80 OF THE ACT—TRANSMITTERS AND DISTRIBUTORS ACQUIRING AN INTEREST IN GENERATORS OR CONSTRUCTING A GENERATION FACILITY

All applicants filing a Notice of Proposal under section 80 of the Act must complete and file the information requested in Part II.

2.1 Effect on Competition

2.1.2	Describe whether the proposed generation output will be primarily offered into the IAM, sold via bilateral contracts, or for own use.	
	The BESS facilities will be installed behind the meter of a customer's facility and will be deployed to provide end-use services to the customer. The parties are exploring the potential to be able to utilize the BESS facilities to provide ancillary services to the IAM.	
2.1.3	Provide a description of the generation including fuel source, technology used, maximum capacity output, typical number of hours of operation in a year, and peaking versus base-load character.	
	Both proposed BESS projects will utilize lithium-ion (LG Chem) batteries. As mentioned, the project located in Englehart, Ontario will have a capacity of 3 MW / 7 MWh while the project located in London, Ontario will have a capacity 4 MW / 12 MWh. Both projects are expected to operate for approximately 300 hours annually and will be used to reduce the customer's peak demand.	
2.1.4	Provide details on whether the generation facility is expected to sign a "must run" contract with the IESO.	No
2.1.5	Provide details of whether the generation facility is expected to serve a "load pocket", or is likely to be "constrained on" due to transmission constraints.	
	The facilities will not be serving a load pocket and will not be constrained due to transmission constraints	

2.2 System Reliability

Section 2.2 must be completed by applicants who are claiming that the proposed transaction or project is required for system reliability under section 82(2)(b) of the Act.

2.2.1	Provide reasons why the proposal is required to maintain the reliability of the transmission or distribution system. Provide supporting studies.	N/A
2.2.2	Discuss the effect of the proposal on the adequacy (ability of supply to meet demand) of supply in the relevant control area or distribution region, citing effects on capacity plus reserve levels in comparison to load forecasts.	N/A
2.2.3	Discuss the effect of the proposal on the security (ability of supply to respond to system contingencies) of supply.	N/A
2.2.4	Provide a copy of the IESO Preliminary System Impact Assessment Report, if completed, and the IESO Final System Impact Assessment Report, if completed. If the IESO is not conducting a System Impact Assessment Report, please explain.	
	An IESO System Impact Assessment may be required if the storage facilities are permitted to provide Operating Reserve to the IAM. An SIA has not yet been completed.	

PART III: SECTION 81 OF THE ACT—GENERATORS ACQUIRING AN INTEREST IN OR CONSTRUCTING A TRANSMISSION OR DISTRIBUTION SYSTEM

All applicants filing a Notice of Proposal under section 81 of the Act must complete and file the information requested in Part III.

3.1 Effect on Competition

3.1.1	Provide a description of the transmission or distribution system being acquired or constructed.	N/A
3.1.2	Provide details on whether the generation facilities owned by the acquiring company are or will be directly connected to the transmission or distribution system being acquired or constructed.	N/A
3.1.3	Provide details of whether the generation facility is expected to serve a “load pocket”, or is likely to be “constrained on” due to transmission constraints.	N/A
3.1.4	Provide details on whether the generation facilities are expected to sign a “must run” contract with the IESO.	N/A

How to Contact the Ontario Energy Board

The Ontario Energy Board is located at:

P.O. Box 2319
2300 Yonge Street, Suite 2701
Toronto, Ontario
M4P 1E4

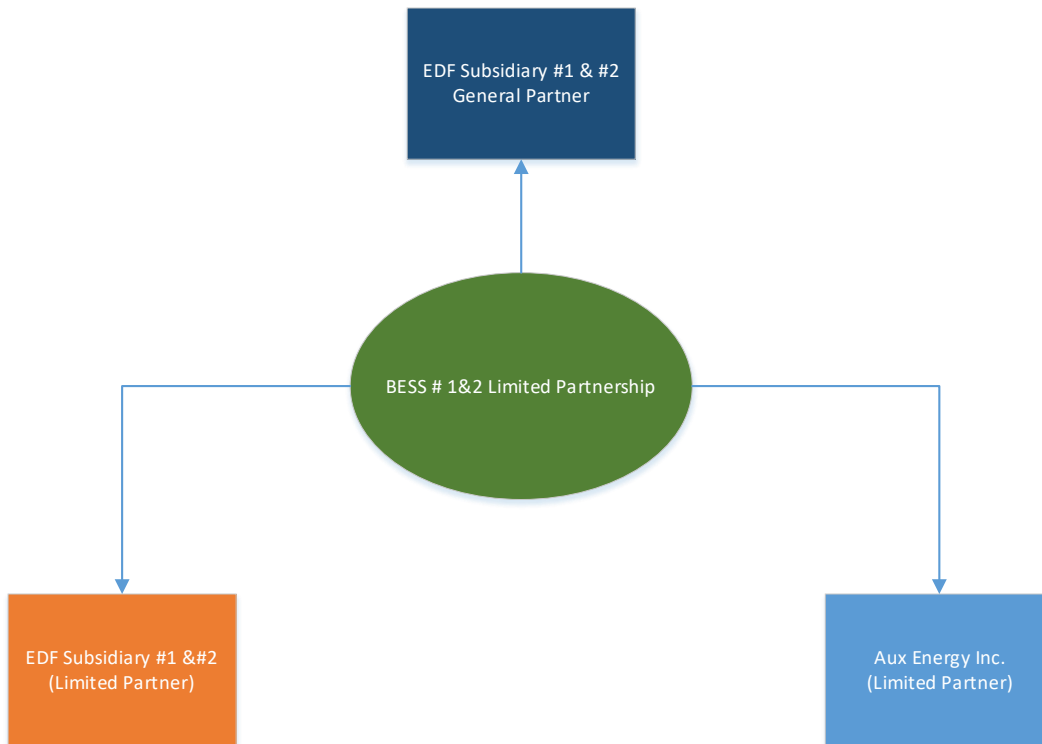
Telephone:	416-481-1967
Toll Free Number:	1-888-632-6273
Fax:	416-440-7656
Website:	http://www.oeb.ca
Registrar's e-mail address:	registrar@oeb.ca

Attachment A

Ownership Structure of Aux Energy Inc.



BESS #1 & #2 LIMITED PARTNERSHIP STRUCTURE



Attachment B

Aux Energy Inc. does not own or operate any generation or storage facilities. The table below lists the generator units owned and operated by Hydro One Remote Communities Inc, which is an affiliate of Aux Energy Inc.

LOCATION	GENSET	ENGINE MFG	PRIME RATING
ARMSTRONG	A	CUMMINS	725
ARMSTRONG	B	CUMMINS	725
ARMSTRONG	C	CUMMINS	1100
BEARSKIN	A	CAT	600
BEARSKIN	B	CAT	410
BEARSKIN	C	CAT	1000
BIG TROUT	A	CAT	635
BIG TROUT	B	CAT	1135
BIG TROUT	C	CAT (1200)	1000
BIG TROUT	T1	CUMMINS	400
BIG TROUT	E	AOC	60
BISCOTASING	A	JOHN DEERE	60
BISCOTASING	B	JOHN DEERE	96
BISCOTASING	C	JOHN DEERE	143
DEER LAKE	A	CAT	1500
DEER LAKE	B	CAT	635
DEER LAKE	C	DETROIT	1280
DEER LAKE	E	MINI-HYDEL	250
DEER LAKE	F	MINI-HYDEL	250
FORT SEVERN	A	CAT(1200)	650
FORT SEVERN	B	CAT	455
FORT SEVERN	C	CAT	1000
GULL BAY	A	CAT	450

GULL BAY	B	CAT	275
GULL BAY	C	CAT	300
HILLSPORT	A	JOHN DEERE	140
HILLSPORT	B	JOHN DEERE	140
KASABONIKA	A	CAT(1200)	1000
KASABONIKA	B	CAT(1200)	1450
KASABONIKA	C	CAT	600
KINGFISHER	A	CAT	455
KINGFISHER	B	CAT (1200)	1045
KINGFISHER	C	CAT	725
LANSDOWNE	A	CAT	275
LANSDOWNE	C	CAT	635
LANSDOWNE	D	CAT(1200)	900
MARTEN FALLS	A	CAT (1200)	650
MARTEN FALLS	B	CAT	410
MARTEN FALLS	C	CAT	250
OBA	A	JOHN DEERE	65
OBA	B	JOHN DEERE	65
OBA	C	JOHN DEERE	96
SACHIGO	A	CAT	635
SACHIGO	B	CAT	455
SACHIGO	C	CAT (1200)	1250
SANDY LAKE	G1	CAT (1200)	1250
SANDY LAKE	G2	CAT (1200)	1250
SANDY LAKE	G3	CAT (1200)	1450
SANDY LAKE	G4	CAT (1200)	1450

SULTAN	A	CUMMINS	230
SULTAN	B	CUMMINS	230
SULTAN	C	HYDEL	150
WAPEKEKA	A	CAT	820
WAPEKEKA	B	CAT	1045
WAPEKEKA	C	CAT	410
WEAGAMOW	A	CAT	600
WEAGAMOW	B	CAT	725
WEAGAMOW	C	CAT	455
WEBEQUIE	G1	CAT	480
WEBEQUIE	G2	CAT	682
WEBEQUIE	G3	CAT	1102