

BY EMAIL AND RESS

April 20, 2023

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

Dear Ms. Marconi,

EB-2019-0151 – Waasigan Transmission Line Project (“WTL”) – Bi-Annual Report

On May 5, 2020, Hydro One Networks Inc. (“Hydro One”) received a letter (the “Letter”) from the Ontario Energy Board (“OEB”) asking for Hydro One to furnish bi-annual Project reports regarding the development of the WTL Project. The Letter outlined the elements the OEB expected to be included in the reporting.

In accordance with the aforementioned letter, the attached report covers the period October 1, 2022, through March 31, 2023. Reports are to be submitted to the OEB within 15 business days of the close of the reporting period to which the WTL Project report pertains.

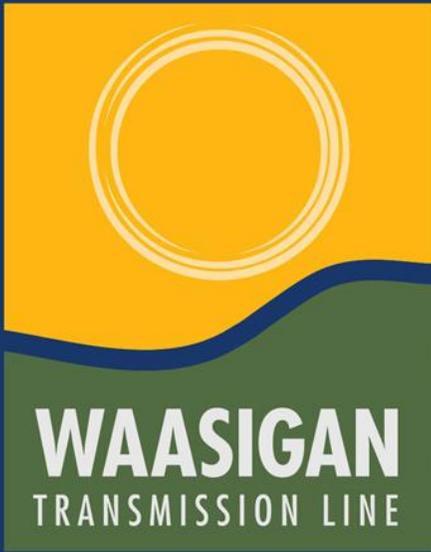
The WTL Project reporting will continue to be submitted to the OEB until such time a leave to construct application for the WTL Project is filed.

An electronic copy of the complete bi-annual report has been filed using the Board's Regulatory Electronic Submission System (RESS).

Sincerely,



Joanne Richardson



WAASIGAN TRANSMISSION LINE

Ontario Energy Board
Progress Report

October 1, 2022 to March 31, 2023



EXECUTIVE SUMMARY

The Waasigan Transmission Line Project (Project), formerly called the Northwest Bulk Transmission Line, is a priority project identified in the 2013 Long Term Energy Plan. On December 11, 2013, the Ontario Government issued an Order in Council directing Hydro One Networks Inc. (Hydro One) to undertake development activities and seek all necessary approvals for the Project. In October 2018, the Independent Electricity System Operator (IESO) confirmed that supply needs West of Thunder Bay and even North of Dryden will be met by electricity infrastructure. The IESO also recommended that Hydro One begin development work on Phases 1 and 2 of the Project as soon as possible to shorten the Project lead time required to have the assets ready to be in service to meet the electricity capacity needs when they materialize.

In a letter dated May 5, 2020, the Ontario Energy Board (OEB) requested that Hydro One prepare semi-annual reports to the OEB that update the OEB on the following matters: overall progress of the Project, Project cost, development work schedule, risks, and issues. Reports are to be filed in October for the reporting period of April 1 to September 30 and in April for the reporting period of October 1 to March 31.

On May 3, 2022, the IESO directed Hydro One to have Phase 1 in-service as close to the end of 2025 as possible. This IESO direction has provided greater definition to the Project and as such the Project milestone schedule has been adjusted accordingly. The Project continues to proceed with development work and remains on schedule. Ongoing consultation and engagement are occurring with Indigenous communities and organizations (19 Indigenous communities and 2 regional organizations), government agencies, the public and other interested parties. Work is being done to promote and advance Indigenous knowledge, training, and procurement in the development phase of the Project. Environmental field studies have been completed to support the progress towards the selection of a preferred route. Indigenous communities, municipal officials and staff, industry, businesses, and educational institutions continue to be consulted throughout all stages of the project. Via Hydro One's Early Contractor Involvement Model (a competitive procurement process), Valard Construction was the successful contractor selected in December 2022 to engineer, procure and construct the Project under a fixed price contract.

In November 2022 Hydro One engaged the nine Indigenous partners on the preliminary preferred route for the Project. In January 2023 Hydro One announced the preliminary preferred route with the intent to further engage the landowners, communities, stakeholders, government





agencies and Indigenous people on route and footprint refinements and mitigation. Hydro One continues to work with these individuals and groups to finalize the route and footprint of the Project.

Hydro One's first semi-annual report issued on October 22, 2020, forecast development phase cost of \$69M. As of March 31, 2023, the overall forecast development phase cost is estimated to remain unchanged at \$69M. Some budget category redistributions have been required to account for the level of effort required to work with landowners, communities, stakeholders, government agencies and Indigenous people on route refinement and mitigation.

The Project is being monitored continually for risks and risk mitigation is implemented as a matter of routine activity by the project team. Delays in regulatory approvals remain an active risk that Hydro One is working with regulators to manage. Should these risks have a greater impact on the Project they will be included in greater detail in subsequent progress reports.





Table of Contents

Background	1
Hydro One's OEB-Approved Affiliate Transmission Projects Regulatory Account	2
Overall Project Progress	3
Environmental Approvals.....	3
Indigenous Engagement and Consultation	4
Other Consultation	5
Engineering and Design	5
Costs.....	6
Schedule	9
Risks and Issues Log.....	11

List Tables of

Table 1: <i>Project Development Costs</i>	8
Table 2: <i>Project Schedule</i>	10
Table 3: <i>Major Risks and Issues</i>	12





Background

The Waasigan Project (Project), formerly called the Northwest Bulk Transmission Line, is a priority project identified in the 2013 Long Term Energy Plan. On December 11, 2013, the Ontario Government issued an Order in Council directing Hydro One to undertake development activities and seek all necessary approvals for the Project. In January 2014, the OEB amended Hydro One's transmission's licence to include the following condition:

The Licensee shall develop and seek approvals for the expansion or reinforcement of a portion or portions of the Licensee's electricity transmission network in the area west of Thunder Bay (the "Northwest Bulk Transmission Line Project"). The scope and timing of the Northwest Bulk Transmission Line Project shall be in accordance with the recommendations of the Ontario Power Authority.

In March 2015, the OEB approved Hydro One's request to establish the North West Bulk Transmission Line Deferral account (EB-2014-0311). Thereafter, Hydro One recorded in the account expenses related to preliminary engineering, design and Environmental Assessment (EA) work associated with the Project prior to the point from which the costs would qualify to be recorded in construction work-in-progress.

In December 2018, Hydro One requested to change the nature of the North West Bulk Transmission Line Deferral account, from a deferral account to a tracking account, and to change the name of the tracking account to the Waasigan Transmission Tracking Deferral Account. This request was a result of the October 2018 IESO letter that confirmed that supply needs west of Thunder Bay and North of Dryden will be met by electricity infrastructure. The IESO letter also recommended that Hydro One begin development work (preliminary design/engineering, cost estimation, public engagement/consultation, routing and siting and EA) on Phases 1 and 2 of the Project as soon as possible to shorten the Project lead time required to have the assets ready to be in-service to meet the electricity capacity needs when they materialize. The OEB approved these requests in September 2019.

In Hydro One's 2020-22, Transmission Rate Application¹, the OEB approved the disposition of approximately \$877k² that was recorded in the North West Bulk Transmission Line Account. This was prior to receiving the OEB's approval to change the nature, and name, of the account to a tracking account, rather than a deferral account, as outlined above. Having satisfied the capitalisation criteria, as of January 1, 2020, project costs were recorded as construction-work-in-

¹ EB-2019-0082 – Decision and Order dated April 23, 2020, Pg. 159

² Balance as at December 31, 2018





progress ("CWIP") with the account recording what are known as 'tracking'³ entries in the approved deferral account.

Having advanced development activities on the project, in particular, in the area of engagement with Indigenous communities, in alignment with Hydro One's strategy to remain as a trusted partner to Indigenous communities, the Waasigan Transmission Line will be owned by a partnership comprising Hydro One and nine Indigenous communities. The date of formation of this partnership is yet to be determined, however; in alignment with other Indigenous partnerships that Hydro One has formed, it is likely to be close to the in-service date of the transmission line.

In a letter dated May 5, 2020, the OEB requested that Hydro One prepare semi-annual reports to the OEB that updated on the following matters:

- Overall Project progress,
- Cost
- Development work schedule
- Risks and Issues Log

Reports are to be filed in October for the reporting period of April 1 to September 30 and in April for the reporting period of October 1 to March 31.

Hydro One's OEB-Approved Affiliate Transmission Projects Regulatory Account

On October 7, 2021, the OEB approved Hydro One's application for an accounting order to establish a new regulatory account, the Affiliate Transmission Projects Account (ATP Account). The ATP Account will be used for Projects where:

1. Hydro One has, or will, receive a letter from the IESO identifying transmission system needs, and/or an Order in Council or direction of the Minister of Energy (Energy) for the development or construction of a transmission line project and,
2. All or part of the transmission line project is expected to be owned by and included in the rate base of a new partnership, as a licenced transmitter, such that costs included in the ATP Account Project will not form part of Hydro One's rate base.

³ Entries that are made to track the level of costs spent on the project, however the costs are not balances that are expected to be disposed off in a rate filing, the costs are expected to be capitalised when the project is completed and added to the Rate Base of the entity who will ultimately own the assets.





Prior to the approval of the ATP Account Hydro One had OEB approval to track project costs in the Waasigan Transmission Tracking Deferral Account (WTTDA). Hydro One transferred costs, expected to form the rate base of a new partnership, previously tracked in the WTTDA to the ATP Account and continues to track subsequent Project cost expenditures in the ATP Account.

Overall Project Progress

In a letter dated May 3, 2022, the IESO directed Hydro One to have Phase 1 in-service (i.e. the 190 km double circuit 230 kV transmission line from Shuniah to Atikokan) as close to the end of 2025 as possible. The IESO stated that they would update their needs forecast for Phase 2 in the second quarter of 2023.

Between October 1, 2022, and March 31, 2023, Hydro One continued to proceed with development work on the Project, advancing EA, consultation, engineering, and design activities. The following summarises the work that was undertaken within the reporting period.

Environmental Approvals

Hydro One initiated the EA for the Project on March 8, 2022, according to the Amended Terms of Reference which was approved in February 2022. Between May and October 2022, a robust environmental field survey program was undertaken which collected data along each of the alternative transmission line routes that were approved in the Terms of Reference.

Following the field survey program the alternative routes were evaluated using an extensive analysis of Indigenous community, natural environment, socio-economic environment, and technical/cost criteria and indicators. This resulted in the identification of a preliminary preferred route in January 2023 that best balanced these criteria. Since that time, Hydro One has been working with Indigenous communities, stakeholders, and members of the public on the development of the Project footprint (i.e. routing, access, tower spotting, work sites) and assessing refinements and adjustments, as appropriate. Hydro One is anticipating a public release of the Draft EA Report for review and comment in Q2 2023. Comments received on the Draft EA Report will be considered and changes to the EA report will be reflected in the Final EA Report, as appropriate. Assuming there are no significant changes to the proposed Project footprint, Hydro One is anticipating submitting the Final EA Report to the Ministry of the Environment, Conservation and Parks (MECP) for review and decision in Q3 2023. Engagement opportunities will continue to be offered throughout the process.





Indigenous Engagement and Consultation

Hydro One has engaged proactively with potentially impacted Indigenous communities regarding EA and construction readiness activities within the period of this report. Key activities have included:

- Open Houses & Workshops – the proposed preliminary preferred route for the Waasigan Transmission Line was shared with Hydro One’s nine First Nation partners in November 2022. The process included multiple forums for information sharing including community presentations, meetings and mapping workshops. Engagement took place at the community level as well as with elders, youth and the First Nations’ own advisory groups, committees and consultants. The purpose was to receive feedback, traditional knowledge, cultural values information, and any other inputs regarding the proposed preliminary preferred route.
- In December 2022, the preliminary preferred route was officially shared with all Indigenous communities and similar workshops, meetings and engagements were hosted to share information about the proposed route and receive feedback on the proposed routing.
- Engagements have been ongoing to provide support for Indigenous Knowledge/Traditional Land and Resource Use (IK) studies to help inform decision-making on the Project. Hydro One has continued to work with interested communities to support their local IK studies and factor shared knowledge into the environmental assessment.
- Hydro One is working closely with its nine First Nations partners on all aspects of the Project’s development. Partners are included at all project tables and have a representative GLP Project Manager who is shadowing the Hydro One Project Manager to learn about all aspects of the development work.
- Hydro One works daily with the Community Engagement Coordinators for each Nation to support local outreach, engagement and communication efforts regarding Waasigan. These positions are funded through Capacity Funding Agreements with each individual Nation to support information sharing, EA activities, TK mapping, environmental monitoring and other administrative tasks.





Other Consultation

The Project team continued to engage the public, municipal officials, government agencies and elected officials across the period of this report. In January 2023, following the release of the preliminary preferred route, in-person community open houses were held in Thunder Bay, Atikokan and Dryden. These were all well-attended events.

The intent of the release of the preliminary preferred route in January 2023 was to initiate detailed engagement with the public, government agencies, stakeholders and Indigenous people on the proposed route and associated footprint. Since the release, Hydro One has received considerable input into the proposed routing and footprint. Hydro One is working closely with each individual landowner, community representatives and other stakeholders to identify and understand potential impacts. Hydro One continues to work with all to develop tailored mitigation.

The unincorporated community of Kaministiquia, approximately 40 km northwest of Thunder Bay, has expressed concern over the preliminary preferred route and footprint. Hydro One has been working closely with community representatives to understand the potential impacts of the route and footprint on the community. Several in-person meetings between community representatives, landowners and senior Hydro One representatives have been held and will continue to be held. Hydro One is confident that the community's concerns can be adequately addressed through further engagement, routing adjustments, EA commitments and Hydro One's Land Acquisition Compensation Principles.

Engineering and Design

In support of the Project's development phase activities Hydro One undertook an extensive competitive procurement process in February 2021 to engage the services of two Engineering Procurement and Construction (EPC) contractors for an Early Contractor Involvement (ECI) procurement model. The ECI model has continued to:

- Provide necessary design and engineering information into the environmental assessment and Hydro One's overall development of the Project;
- Advance preliminary identification of Project specific Indigenous and non-Indigenous employment, procurement and training opportunities and requirements through extensive meetings with Indigenous communities and organizations; and





- Identify opportunities for innovation in design, materials, and procurement early in the Project to enable the development of the best project delivery solution.

Within the period of this report the ECI procurement model has culminated with the issuance of a Request for Proposal (RFP) to select an EPC contractor to build the Project under a fixed price contract. After a competitive procurement and evaluation process Valard Construction was chosen as the EPC contractor for the Project.

Valard will continue to support Hydro One during the development phase of the Project by continuing engineering and design work. To date, preliminary engineering and design work has been brought to approximately 65% completion based on the preliminary preferred route released in January 2023. Further adjustments to the preliminary engineering and design will be required as engagement activities on the route and footprint continue throughout 2023. It is expected that preliminary engineering and design work will be at 95% completion in the next reporting period.

Hydro One continues to support the IESO with their bulk and regional planning activities. The Project team has submitted a System Impact Assessment (SIA) application to the IESO for the Project with preliminary findings expected to be available for inclusion in the next bi-annual Project report.

Real Estate

The Project Real Estate team has been active in engaging landowners on early access agreements that have been needed to support environmental field studies and preliminary engineering and design work.

Costs

Hydro One's first semi-annual report issued on October 22, 2020, estimated development phase costs to be \$69M with an accuracy of Association for the Advancement of Cost Engineering (AACE) Class 3 (-10%/+15%). Table 1 below summarizes the Project development costs for the current reporting period. As of March 31, 2023, the overall forecast development phase cost is estimated to remain unchanged at \$69M.

In May 2022 the IESO provided greater definition to the Project by directing Hydro One to have Phase 1 of the Project in-service as close to the end of 2025 as possible. This greater definition





has been factored into the current cost forecasts. The Project continues to be managed within the forecast development phase cost estimate of \$69M.

Within this reporting period cost variances have occurred as the Project development phase matures and as even greater definition is obtained on specific elements. A redistribution of \$1.5M into engineering has been made in recognition of the increased level of engineering required to work with landowners, communities, stakeholders, government agencies and Indigenous people on route and footprint refinements and mitigation.

Further redistribution of costs within the overall development budget of \$69M may be required as the Project continues to mature.





Table 1: Project Development Costs

	Actuals Spent		C Budget per Oct 22, 2020 Report (Millions)	Forecast Budget Variance					I Reasons for Change
	A Spent this Reporting Period (Millions)	B Total Spent to Date (Millions)		D Forecast Budget Change from Last Report (Millions)	E Forecast Budget Change from Last Report (%)	F Revised Total Budget (Millions)	G G = F - B Budget Remaining (Millions)	H H = G/F * 100 Budget Remaining (%)	
Real Estate	\$1.50	\$1.60	\$2.00	-\$0.4	-20%	\$1.6	\$0.0	0%	Development phase Real Estate Activities complete. Remaining budget redistributed to Engineering and Design.
Engineering and Design	\$0.90	\$7.60	\$2.00	\$1.5	20%	\$9.0	\$1.4	16%	Additional effort required to support route and footprint adjustments and mitigation work with landowners and communities.
Environmental Approvals	\$3.70	\$11.90	\$15.50	\$0.0	0%	\$15.5	\$3.6	23%	
Indigenous Consultation	\$1.40	\$10.30	\$23.00	-\$0.5	-2%	\$22.5	\$12.2	54%	Design to support route and footprint adjustments related to Indigneous community engagements.
Project Management	\$0.20	\$1.60	\$4.50	-\$0.6	-20%	\$2.4	\$0.8	33%	Project Management trending under budget, redistribution of budget to Engineering and Design.
Contingency	\$0.00	\$0.00	\$4.00	\$0.0	0%	\$4.0	\$4.0	100%	
Other Consultation	\$0.30	\$1.60	\$3.00	\$0.0	0%	\$3.0	\$1.4	47%	
Interest and Overhead	\$1.50	\$5.30	\$15.00	\$0.0	0%	\$11.0	\$5.7	52%	
Total	\$9.50	\$39.90	\$69.00	\$0.0	-	\$69.0	\$29.1	42%	



Schedule

In January 2014, Hydro One's transmission licence was amended by the OEB ordering Hydro One to work with the IESO to establish the scope and timing of the Project, and to develop and seek appropriate approvals. In 2016 and 2017, Energy and IESO reassessed the scope and schedule of the Project and reconfirmed the need for the Project to support growth and maintain reliable electricity supply in northwestern Ontario. It was determined that the Project will proceed in phases with development work for the first two phases to proceed at the same time. The phases are as follows:

- Phase One – a line from Thunder Bay to Atikokan.
- Phase Two – a line from Atikokan to Dryden; and,
- Phase Three – a line from Dryden to the Manitoba border, to enable the better integration of provincial electricity grids.

Following this, the IESO issued a letter to Hydro One dated October 24, 2018, which provided an update on the need and scope for the Project, and a recommendation for Hydro One to proceed with development work on Phases One and Two of the Project based on the timing of projected supply capacity and needs and the risk of them materializing earlier.

Since 2018, the IESO has updated the forecast and subsequently refreshed the supply capacity need dates. In a letter dated May 3, 2022⁴, the IESO directed Hydro One to have Phase One in-service as close to the end of 2025 as possible. In recognizing the risks associated with demand forecast uncertainty and the potential for large industrial projects to add significant load to the region utilizing the remaining capacity margin sooner than anticipated the IESO committed to updating their forecast for Phase Two in the second quarter of 2023.

In consideration of the above, Hydro One has adjusted the development schedule in order to place Phase One in-service as close to the end of 2025 as possible. Should any change to this schedule, including an in-service date for Phase 2, materialize it will be included in subsequent bi-annual Project reports. Table 2, below, presents the updated key milestones and schedule for completing development phase activities. The Project is on schedule to complete development work by the second quarter of 2024.

⁴ Provided at Attachment 1



Table 2: *Project Schedule*

Milestones	Schedule	Completed	Adjusted to
Notice of Commencement of Terms of Reference	April 24, 2019	April 24, 2019	
Development of route alternatives and data collection	Spring 2019 – Spring 2020	June 2020	
Draft Terms of Reference external review	June 2020	June 2020	
Proposed Terms of Reference submitted to the MECP	September/ October 2020	October 16, 2020	
MECP review and approval of the Terms of Reference	December 2020/January 2021	February 18, 2022	
Notice of Commencement of the Environmental Assessment	January 1, 2021	March 9, 2022	
Data collection on the Environmental Assessment study areas	2021 – 2022	October 2022	
Evaluation of alternative routes and determination of a preferred route.	November 2020 to May 2021	January 2023	
Consultation on the selection of the preferred route	2021 – 2022		Q4 2022 – Q2 2023
Preliminary design and engineering	2021 – 2022		2022-2023
Draft Environmental Assessment review	2022		Q2 2023
Cost Estimation	2022		Q2 2023
Leave to Construct (S92) application submission	2022		Q2 2023
Decision on Environmental Assessment by MECP	2023/2024		Q1 2024
Complete Development Work	By end of 2024		Q2 2024
Leave to Construct (S92) approval	2023/2024		End Q4 2023
IESO Required In-Service Date for Phase 1			Q4 2025



Risks and Issues Log

The Project is being monitored continually for risks and risk mitigation implemented as a matter of routine activity by the Project team. Risks are formally re-evaluated on a quarterly basis. Table 3, below, lists major development risks actively being managed. Project execution risks are being identified and will be included in Hydro One's Leave to Construct (Section 92) application that will be submitted to the OEB.

Energy issued an initial Duty to Consult (DTC) letter to Hydro One in October 2018, which was revised in April 2020. Hydro One and Energy have a Memorandum of Understanding (MOU) that outlines the DTC roles and responsibilities of the two parties regarding major projects. Hydro One meets monthly with Energy and other agencies to provide Indigenous consultation and engagement updates, to keep the Crown apprised of any potential challenges in the consultation process and to discuss how Energy and Hydro One can work together to find solutions to those challenges.

As the Project matures government agencies such as Energy, MECP, Ministry of Northern Development, Mines, Natural Resources and Forestry and other government agencies may influence the schedule and scope of the Project. Hydro One meets regularly with these agencies and provides information to keep them apprised of Project progress and to work with them to manage expectations.



Table 3: *Major Risks and Issues*

Risk Description	Likelihood of Occurrence	Impact of Risk on the Project	Mitigation
Consultation	realized; Duty to Consult list has changed	Scope, Schedule and cost	Risk remains that the scope of Indigenous and non-Indigenous consultation could change as the Project matures. Hydro One meets regularly with Energy and MECP.
Health & Safety	realized; Covid-19	retired	Alternative engagement activities, sensitive to health and safety, have been implemented and have proven to be effective. The risk has been retired at this time. Monitoring will continue.
Regulatory approvals	realized; delay to Term of Reference approval	Scope, Schedule and cost	Decisions by various Regulators may result in changes to scope, schedule and cost of the Project. This includes delays to the approval of the Terms of Reference for the environmental assessment by the MECP, delays in the review and comment on environmental field study work plans by MECP Species at Risk Branch and Ministry of Northern Development, Mines, Natural Resources and Forestry. Mitigation involves meeting with Regulators to discuss and address issues and providing sufficient time and opportunity for Regulators to undertake their reviews, comments and approvals.





<p>Real Estate</p>	<p>moderate</p>	<p>Schedule and Cost</p>	<p>With the area of the project expecting to be primarily Crown land there is a limited amount of information readily available about underlying rights holders (i.e.; mining leases). Significant effort and interaction will be needed with government agencies and industry leaders to identify the underlying rights holders.</p>
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Attachment #1

IESO Letter to Hydro One Re: Scope of Timing and Construction



May 3, 2022

Mr. Robert Reinmuller
Director, Transmission Planning
Hydro One Inc.
483 Bay Street, 13th Floor, North Tower
Toronto, Ontario M5G 2P5

Dear Robert:

As per the Ontario Government's December 2013 Order in Council ("OIC") requiring Hydro One to develop and seek approvals for the Northwest Bulk Transmission Line (the "NWBL") according to the scope and timing recommended by the Independent Electricity System Operator ("IESO"), the IESO has updated its electrical demand forecast and the resulting needs for additional supply capacity in the area west of Thunder Bay (the "Region"). The purpose of this letter is to describe the updated supply capacity needs and the IESO's recommended high-level scope and timing for the construction of the line.

Background

The NWBL was identified in the Government's 2013 and 2017 Long Term Energy Plans (the "LTEPs") as a priority project in order to:

- increase electricity supply to the region west of Thunder Bay;
- provide a means for new customers and growing loads to be served with clean and renewable sources that comprise Ontario's supply mix; and,
- enhance the potential for development and connection of renewable energy facilities.

The LTEPs divided the NWBL into three phases as shown in Figure 1:

- Phase 1 - a line from Thunder Bay to Atikokan;
- Phase 2 - a line from Atikokan to Dryden; and,
- Phase 3 - a line from Dryden to the Manitoba border through Kenora.

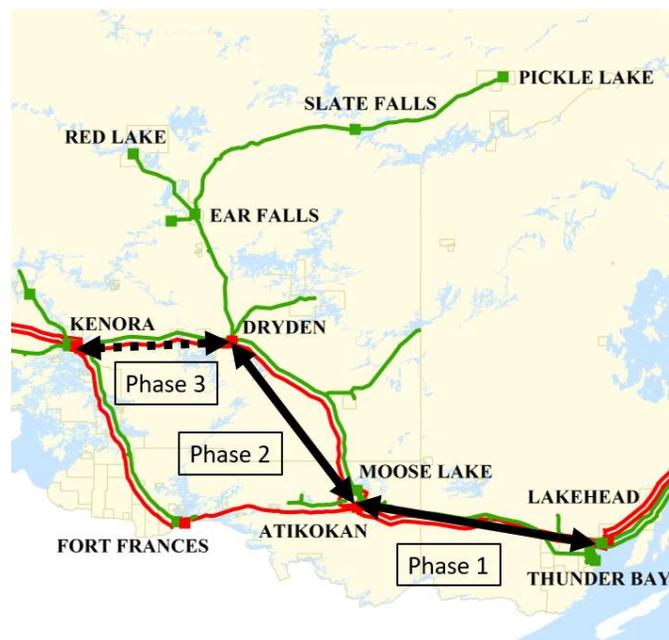


Figure 1 – West of Thunder Bay Area and NWBL Phases

Following the 2013 LTEP, the Ontario Government issued an OIC, also in 2013, that amended Hydro One’s license to develop and seek approval for the NWBL according to the scope and timing specified by the IESO.

In 2018, the IESO recommended that Hydro One commence development work (i.e., complete the Environmental Assessment) for Phase 1 and Phase 2 of the NWBL, between Thunder Bay and Atikokan, and Atikokan and Dryden, based on the timing of projected supply capacity needs and the risk of them materializing earlier. The IESO committed to ongoing monitoring to determine when construction of both Phase 1 and Phase 2 should begin and to confirm that they are the best course of action to meet the needs. Hydro One subsequently named Phase 1 and Phase 2 of the NWBL the Waasigan Transmission Line, hereafter called the “Project”.

Scope and Timing for Construction

Since 2018, the IESO has updated the forecast in the Region and subsequently refreshed the supply capacity need dates. Figure 2 below shows the updated electrical demand forecast for the Region. Mining developments continue to be the main driver for growth. The demand forecast underpinning the latest update on the need for the Project includes mining growth assumptions informed by outreach and engagement with Indigenous and municipal communities and sector stakeholders as part of the ongoing Northwest Integrated Regional Resource Plan (IRRP). The update shows that under the reference demand forecast, Phase 1 is needed from 2025 onwards and Phase 2 is needed from 2026 to 2027 and uncertain thereafter. Although the need for Phase 2 is intermittent, the IESO recognizes the risks associated with demand forecast uncertainty and the potential for large industrial projects to add significant load to the Region utilizing the remaining capacity margin sooner than anticipated.



Figure 2 – West of Thunder Bay Electrical Demand Forecast

Given the timing of the needs, the range of possible growth scenarios, and the lead time for implementing solutions, the IESO recommends a staged approach for construction of the Project. Hydro One should construct the Project to meet near-term system capacity needs with Phase 1 being placed in-service as close to the end of 2025 as possible. Phase 1 continues to be the most cost effective option to meet the Region's supply capacity needs. The IESO will continue to monitor developments in the Region and provide the targeted in-service date for Phase 2; the IESO will provide an update on the timing of the need for Phase 2 at the beginning of Q2 2023, recognizing the Project lead-time. Hydro One will be required to manage the reasonable execution timing and staging of the Project for alignment with the in-service dates indicated by the IESO.

The IESO will provide support to Hydro One in obtaining Environmental Assessment and Ontario Energy Board approvals for the Project, as required.

Sincerely,

Ahmed Maria
Director, Transmission Planning
Independent Electricity System Operator

cc: Mr. Chuck Farmer, IESO
Mr. Devon Huber, IESO