

BY EMAIL AND RESS

November 21, 2023

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

Dear Ms. Marconi,

EB-2021-0169/EB-2023-0319 – Hydro One Networks Inc. (“Hydro One”) Notification of Intention to Use the Regulatory Account for Three New Affiliate Transmission Line Projects

Background

On October 7, 2021, the Ontario Energy Board (“OEB”) approved Hydro One Networks Inc.’s (“Hydro One”) Application for an Accounting Order¹ establishing the Affiliate Transmission Project Regulatory Account (“ATP Account”, or “Account”).

On November 14, 2023, the OEB amended Hydro One’s electricity transmission licence²³ requiring Hydro One to develop and seek approvals for three new priority transmission line projects. This was in response to the Minister of Energy’s directive issued October 23, 2023⁴.

The OEB previously approved the ATP Account to be used to track expenditures on transmission line projects whereby Hydro One expects that the line project component will **not** be included in Hydro One’s future transmission rate base, and consequently is expected to be included in the rate base and future revenue requirement application(s) of a new transmission licenced utility(s).

Currently Hydro One has informed the OEB of its intentions to record activities for the following transmission line projects in the ATP Account:

1. Waasigan Transmission Line project⁵,
2. Chatham to Lakeshore Transmission Line project⁶,
3. Lambton to Chatham Transmission Line project, which has been renamed the St. Clair Transmission Line (“SCTL”) project.
4. A new 230 kilovolt (“kV”) transmission line from Lambton Transformer Station to Chatham Switching Station, including associated station facility expansions or upgrades required at the terminal stations;

¹ Attachment 1 – OEB Approval of Accounting Order for Establishment of ATP Account.

² Attachment 2 – ET-2003-0035 – Hydro One’s Transmission Licence – as Amended.

³ Attachment 3 – EB-2023-0319 OEB Decision.

⁴ Attachment 4 – Minister of Energy Directive

⁵ This project’s s.92 application is currently before the OEB for approval – EB-2023-0198.

⁶ This project has received OEB s.92 Approval EB-2022-0140.

5. A new 500 kV transmission line from Longwood Transformer Station to Lakeshore Transformer Station, including associated station facility expansions or upgrades required at the terminal stations;
6. A second new 500 kV transmission line from Longwood Transformer Station to Lakeshore Transformer Station, including associated station facility expansions or upgrades required at the terminal stations; and
7. A new 230 kV transmission line that connect the Windsor area to the Lakeshore Transformer Station, including associated station facility expansions or upgrades required at the terminal stations.

Notification

Hydro One is hereby notifying the OEB that it also intends to begin using the ATP Account for the following three projects:

1. A new 230 kilovolt (kV) transmission line from Mississagi Transformer Station to Third Line Transformer Station, including associated station facility expansions or upgrades required at the terminal stations;
2. A new 500 kV transmission line from Mississagi Transformer Station to Hanmer Transformer Station, including associated station facility expansions or upgrades required at the terminal stations; and
3. A new 230 kV transmission line from Dobbin Transformer Station to either Cherrywood Transformer Station or Clarington Transformer Station, including associated station facility expansions or upgrades required at the terminal stations.

The three projects listed below meet the criteria for inclusion in the ATP Account.

Hydro One will track costs for each of the three new priority projects being added to the ATP Account in separate sub-accounts and manage those sub-accounts in the same manner as those already approved in EB-2021-0169 and EB-2022-0142.

Sincerely,



Joanne Richardson

c/ Intervenors of record in EB-2021-0169 (electronic only)
c/ IESO

LIST OF ATTACHMENTS

1. Accounting Order to establishing the Affiliate Transmission Project Regulatory Account – OEB Decision and Order (EB-2021-0169).
2. ET-2003-0035 – Hydro One’s Transmission Licence – as Amended.
3. EB-2023-0319 - OEB Decision to amend Hydro One’s Transmission Licence requirement it to develop and seek approval of three new transmission projects.
4. Minister’s letter of direction to OEB, dated October 23, 2023, to amend Hydro One’s Transmission Licence.

Attachment 1

Accounting Order to establishing
the Affiliate Transmission Project
Regulatory Account

OEB Decision and Order
(EB-2021-0169)



DECISION AND ORDER

EB-2021-0169

HYDRO ONE NETWORKS INC.

**Application for an accounting order to establish a new regulatory
account effective May 28, 2021**

BEFORE: Pankaj Sardana
Presiding Commissioner

Emad Elsayed
Commissioner

October 7, 2021



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1 OVERVIEW

This is a Decision and Order of the Ontario Energy Board (OEB) on an application (the Application) filed by Hydro One Networks Inc. (Hydro One) under section 78.1 of the *Ontario Energy Board Act, 1998* (OEB Act) for an accounting order authorizing Hydro One to establish a new regulatory account, the Affiliate Transmission Projects Account (ATP Account). Hydro One also requested an order of the OEB to establish the ATP Account on an interim basis, effective May 28, 2021, in advance of the OEB's final decision on this matter.

Hydro One proposed that the ATP Account be used to record and track costs for transmission line projects where both of the following criteria apply:

- a) Hydro One has or will receive a letter from the Independent Electricity System Operator (IESO) identifying transmission system needs, and/or an Order in Council or direction of the Minister of Energy (the Ministry) in respect of Hydro One or its OEB Transmission Licence for the development or construction of a transmission project
- b) All or part of the project is expected to be owned by and included in the rate base of a new partnership between Hydro One and one or more partners, as a licensed transmitter, and will not form part of Hydro One's rate base¹

Hydro One proposed to use the ATP Account for the Waasigan Transmission Line, the Chatham to Lakeshore Transmission Line, and the Lambton to Chatham Transmission Line, which are projects that are currently under development, as well as for future projects that meet the above criteria.

Hydro One proposed that the ATP Account consist of two sub-accounts, the (i) ATP - Project Development, Preliminary Engineering and Planning Work deferral account (the Deferral Sub-Account), and the (ii) ATP – Project Construction Costs tracking account (the Tracking Sub-Account). Each of these sub-accounts would record costs by individual project.

Hydro One stated that the Deferral Sub-Account would “record costs related to project preparation work conducted by Hydro One prior to the point from where costs qualify to be recorded in construction work-in-progress (CWIP)....”² Hydro One also stated that costs recorded in the Deferral Sub-Account would “be maintained with interest accrued

¹ Amended Evidence, p.1.

² Amended Evidence, p.4.

until disposition, consistent with the OEB's guidelines for Deferral and Variance Accounts (DVAs)..."³ The Tracking Account would be used to track costs after a project meets Hydro One's capitalization criteria. Project costs would be capitalized in CWIP and those CWIP costs would be tracked until they are transferred to a partnership, once a project is at or near its in-service date.

A deferral account for the Waasigan Transmission Line project, which was originally called the North West Bulk Transmission Line, was established by an OEB decision issued on March 27, 2015.⁴ On September 12, 2019, the OEB issued a decision approving Hydro One's request to change the account from a deferral account to a tracking account. At the same time, the account was renamed the Waasigan Transmission Tracking Deferral Account (WTTDA).⁵

Hydro One has requested that if the ATP Account is approved, the WTTDA will be closed and any previous balances tracked in the WTTDA will be transferred to and tracked in the ATP Tracking Sub-Account, along with any future capital expenditures related to the Waasigan Transmission Line.

The OEB approves Hydro One's request to establish the ATP Account effective May 28, 2021. The OEB finds that the establishment of this account will improve transparency and regulatory efficiency and will avoid negatively impacting Hydro One's ability to plan and execute its own capital program.

³ Amended Evidence, p.4.

⁴ EB-2014-0311, Decision and Order, March 27, 2015.

⁵ EB-2019-0151, Decision and Order, September 12, 2019.

2 PROCESS

Hydro One filed the Application on May 28, 2021. The OEB issued a Notice of Hearing on June 24, 2021. The Association of Major Power Consumers in Ontario (AMPCO), Energy Probe Research Foundation (Energy Probe), the School Energy Coalition (SEC) and Power Workers' Union (PWU) applied for intervenor status.

The OEB issued Procedural Order No. 1 and Decision on Interim Order on July 12, 2021. It granted intervenor status to AMPCO, Energy Probe, SEC and PWU, confirmed that AMPCO, Energy Probe and SEC were eligible to apply for an award of costs and established the Application's procedural schedule up to and including Hydro One's filing of its reply argument. In its interim decision, the OEB found it acceptable to establish the ATP Account on an interim basis to enable Hydro One to record costs as of May 28, 2021, and in advance of a final OEB decision.

Hydro One submitted updated evidence on July 20, 2021. On July 21, 2021, the OEB issued a Decision on Issues List approving an issues list for the proceeding.

On July 22, 2021, Gwayakocchigewin Limited Partnership (GLP) wrote to the OEB requesting intervenor status. On July 26, 2021, the OEB granted GLP intervenor status.

AMPCO, Energy Probe, GLP, OEB staff, PWU and SEC submitted interrogatories by July 27, 2021, in accordance with the timeline established through Procedural Order No. 1. Hydro One's responses to all interrogatories were received by the OEB on August 11, 2021.

On August 26, 2021, Chippewas of Kettle and Stony Point First Nation (CKSPFN) wrote to the OEB requesting intervenor status. On August 27, 2021, the OEB granted CKSPFN intervenor status. CKSPFN did not file interrogatories and stated in its submission, dated August 31, 2021, that it accepted the record.

CKSPFN, Energy Probe, GLP, OEB staff, PWU and SEC filed submissions on August 31, 2021. AMPCO filed a submission on September 7, 2021.

On September 1, 2021, Hydro One wrote to the OEB requesting a five-day extension for its reply submission. On September 2, 2021, the OEB granted Hydro One's request. Hydro One filed its reply submission on the extended deadline of September 15, 2021.

3 DECISION ON THE ISSUES

This decision is structured according to the issues list approved by the OEB on July 21, 2021.

Issue 1: Is the proposed regulatory account appropriate?

Most submissions were supportive of the ATP Account. CKSPFN and GLP introduced the caveat that in addition to transmission line costs, stations costs should be included in the ATP Account. Energy Probe and SEC questioned why the ATP Account is necessary, given that the Bruce to Milton transmission line and the Niagara Reinforcement transmission line projects were developed by Hydro One and then transferred to a partnership, without the use of similar accounts.⁶ SEC was the only party to submit that the Application should be denied.

AMPCO submitted that establishing the ATP Account is appropriate and has benefits due to “the non-discretionary, material nature, span and uncertainty of the current and future transmission projects”, stating that “the account provides enhanced transparency and is an improvement over the current methodology used to track project costs.”⁷

The PWU submitted that the OEB should approve the ATP Account because it would improve transparency, improve regulatory efficiency, and increase the efficiency of project execution.

OEB staff submitted that the proposed regulatory account is appropriate but emphasized that the ability to record and track costs in the ATP Account would not guarantee cost recovery, as these costs would be subject to a prudence review at the time of disposition. OEB staff also distinguished between projects initiated by an Order in Council or direction from the Minister of Energy and projects initiated by a letter from the IESO, submitting that a letter from the IESO “does not carry the same weight” as an Order in Council or direction from the Minister of Energy, and that “Hydro One must determine whether a letter from the IESO contains sufficient information, consistent with the level of information that could be known at the time of the letter, to support a future application for leave to construct.”⁸

⁶ EB-2013-0079, Decision and Order, November 28, 2013 and EB-2018-0276, Decision and Order, September 12, 2019

⁷ AMPCO Submission, p.5.

⁸ OEB staff Submission, p.6.

As noted above, CKSPFN submitted that it had “no issue with the general approach proposed for the regulatory account, provided that the regulatory account is inclusive of both Line costs and Station costs.”⁹

Energy Probe accepted the objectives and purpose of the ATP Deferral Account but submitted that Hydro One has not established a need for the ATP account. Energy Probe noted that in the past, Hydro One has built other affiliate transmission projects without an ATP account, and in its view, nothing has changed that would justify a need for this account now.¹⁰

SEC submitted that the OEB should deny approval of the proposed ATP Account because Hydro One’s proposal is inconsistent with the existing approved transmission rate framework that is in place until the end of 2022. SEC further stated that the ATP Account is neither needed nor appropriate.¹¹

SEC disagreed with Hydro One’s evidence that the ATP Account is necessary because without the account, Hydro One must either delay initiating work on projects until it receives capital expenditure approval, or re-prioritize projects included in approved revenue requirements.

SEC noted that compared to the status quo where the ATP Account does not exist, establishing the ATP Account provides Hydro One with the benefit of potential cost recovery if a project that has costs recorded and tracked in the account is not built. SEC submitted that this benefit is small because the risk that projects which meet the account criteria will not be built is small. SEC submitted that “...it is unclear why the intention to transfer the projects requires a deferral account to protect Hydro One from the financial risk that these projects do not ultimately get constructed.”¹²

Like Energy Probe, SEC pointed out that Hydro One was able to develop, construct and transfer the Bruce to Milton and the Niagara Reinforcement projects to partnerships without the use of regulatory accounts. For these reasons, SEC submitted that the ATP Account is not necessary.

SEC submitted that while the account may offer some transparency benefits if Hydro One applies to the OEB to transfer ownership of a project to a partnership, a deferral

⁹ CKSPFN Submission, p. 1.

¹⁰ Energy Probe Submission, p. 3.

¹¹ SEC Submission, p. 1.

¹² SEC Submission, p. 4.

account is not required for transparency, and transparency is not a reason for a deferral account.

SEC noted that ATP Account projects are still Hydro One projects until a transfer of ownership is approved by the OEB. If the ATP Account is established, Hydro One will not include forecast expenditures for projects being recorded and tracked in the ATP Account in its transmission rate applications. SEC submitted that it is essential for the OEB and customers to see all of Hydro One's transmission expenditures as part of its transmission rate applications so that they can "properly consider potential tradeoffs" between transmission line expenditures and other areas of spending.¹³

Finally, SEC stated that "...the OEB should consider, by way of policy consultation or otherwise, the proper rate-making approach, for any one-asset entity before these assets go in service, and before these new entities file their initial rate applications."¹⁴

In its reply submission, Hydro One submitted that the ATP Account is appropriate and should be approved as proposed, arguing that the projects that will be subject to the ATP Account are large, complex greenfield projects that have a long time to completion, with uncertain timing and magnitude of expenditures, and that these expenditures will be outside of the base upon which Hydro One's revenue requirement is derived.

Regarding the Bruce to Milton and Niagara Reinforcement projects that were completed without the use of deferral accounts, Hydro One submitted that these were not appropriate comparisons to ATP Account projects because "both projects were undertaken with the intention that they form part of Hydro One's rate base and were at or near completion of construction when an equity interest was offered to Indigenous-owned entities."¹⁵ In contrast to these two projects, Hydro One's intention is to transfer ATP Account projects to a partnership from the outset.

Confirming the distinction made by OEB staff, Hydro One stated in its reply submission that projects initiated by an Order in Council or direction from the Minister of Energy are non-discretionary, but a letter from the IESO "does not have the same binding force as a Ministerial directive."¹⁶ In response to OEB staff concern about the threshold of analysis for an IESO letter, Hydro One noted that:

¹³ SEC Submission, p.5.

¹⁴ SEC Submission, p.5.

¹⁵ Hydro One Reply Submission, p.7.

¹⁶ Hydro One Reply Submission, p.4.

...the IESO is providing such a letter as part of its responsibility to conduct system planning in the public interest and as part of its regulatory obligations, which one can reasonably conclude that the IESO would not lightly discharge. Accordingly, such a request cannot be ignored and project planning and development activity must be undertaken with Hydro One acting prudently in that regard.¹⁷

In reply to SEC's submission that the ATP Account is not needed, Hydro One reiterated that "Hydro One attempts to manage its business planning process within approved capital envelopes" and introducing large projects that were not part of the capital expenditure budget would redirect funds away from the budgeted work and have a negative impact on those projects.¹⁸

In response to SEC's submission that all of Hydro One's transmission expenditures should be included in a single transmission rate application, Hydro One replied that this argument could be extended to imply that the OEB would need to assess all Ontario transmitters' applications at the same time, which is not OEB's practice. Hydro One submitted that:

What is relevant to the OEB's consideration for each transmitter is the transmitter's revenue requirement and the prudent and reasonable costs that underpin that revenue requirement. In this regard, the revenue requirements of other transmitters on the assessment of the reasonableness and prudence of costs is entirely irrelevant.¹⁹

In reply to SEC's comment that the OEB should consider a policy consultation, Hydro One stated that it "takes no position at this time in regard to the appropriateness of a generic proceeding."²⁰

Findings

The OEB notes that the costs that are to be recorded in this account are for projects which are the subject of an Order in Council or direction from the Minister of Energy or a letter from the IESO. These projects are expected to be fully or partially owned by, and

¹⁷ Hydro One Reply Submission, p. 4.

¹⁸ Hydro One Reply Submission, pp. 6-7.

¹⁹ Hydro One Reply Submission, p. 21.

²⁰ Hydro One Reply Submission, p. 23.

included in the rate base of, a partnership between Hydro One and one or more partners.

The key advantage of this approach is that Hydro One's financial records are separated from those involving partnerships with other entities. Hydro One does not expect to include project costs that are recorded and tracked in the ATP Account as part of its own future revenue requirement applications. Costs booked into the ATP Account will form part of a future revenue requirement application by a partnership between Hydro One and one or more partners. It is the OEB's view that this will improve transparency and regulatory efficiency.

The OEB also finds that the use of the ATP Account for what will likely be unplanned, high cost, long timeline projects will avoid having Hydro One re-prioritize its own capital program to accommodate these projects. This re-prioritization could have negative consequences for Hydro One's ability to maintain the reliability and integrity of its assets.

Regarding some parties' argument that other affiliate transmission projects were built without the need for an ATP Account (i.e., Bruce to Milton transmission line and the Niagara Reinforcement transmission line), the OEB finds the reasons provided by Hydro One in its reply submission to be persuasive (e.g., the initial intent was to have these two projects form part of Hydro One's rate base with the equity interest coming at or near the end of project construction, as opposed to planning at the outset to have the projects transferred to a New Partnership as is the general premise in this Application).

SEC's suggestion that the OEB consider a generic proceeding to consider policy aspects of rate-making treatment for single asset transmitters is beyond the scope of the current proceeding.

The OEB notes that approval to establish the ATP Account does not guarantee that incurred project costs will be recovered from ratepayers.

Based on the above, the OEB finds that the proposed ATP Account is appropriate provided that its use is limited to projects that are developed with the intention of being included in the revenue requirement of a partnership.

Issue 2: Has Hydro One complied with all the filing requirements necessary to establish an Accounting Order, including, without limitation, the eligibility criteria of causation, materiality, and prudence?

Chapter Two of the OEB's *Filing Requirements for Electricity Transmission Applications* (Filing Requirements) states that a new deferral account must satisfy the eligibility criteria of causation, materiality, and prudence.

AMPCO and Energy Probe submitted that Hydro One has complied with the eligibility criteria of causation, materiality, and prudence.

CKSPFN submitted that Hydro One “has not provided sufficient detail on its rationale and approach for choosing to separate Station costs from Line costs.”²¹

SEC submitted that the requirements set out in Chapter 2 are not a valid basis for approval of the ATP Account because the Filing Requirements are for revenue requirement applications and are not meant for mid-framework applications.²² SEC submitted that the appropriate time for Hydro One to apply for the ATP Account is when it seeks approval of its next rate framework.

OEB staff made a submission on each of the eligibility criteria. First, OEB staff submitted that the proposed ATP Account met the causation criterion because, while utilities are typically expected to live within a custom IR framework for the duration of the approved term, “the circumstances of the three projects for which Hydro One plans to use the ATP Account are exceptional, akin to Z-factor events...”²³ Likewise, OEB staff noted that Hydro One cannot foresee projects that will be the subject of a letter from the IESO and/or an Order in Council or direction of the Minister of Energy. OEB staff also submitted that because Hydro One plans to transfer projects that have costs recorded and tracked in the ATP Account to a partnership, these costs will be outside of the rate base upon which Hydro One’s revenue requirement requirements are derived.

With respect to materiality, OEB staff submitted that the materiality thresholds for each of the partnerships that are expected to own a transmission line project in the future will likely be lower than Hydro One’s materiality threshold of \$3 million and a lower threshold “is more relevant, because the intent of the ATP Account is to separate costs

²¹ CKSPFN Submission, p.1.

²² SEC Submission, p.3.

²³ OEB Staff Submission, p.8.

for projects that meet the Account Criteria from Hydro One's accounts."²⁴ Nonetheless, OEB staff submitted that the expenditures to-date that were provided by Hydro One for the three projects for which the ATP Account will initially be used indicate that costs for projects recorded and tracked in the ATP Account will exceed the partnerships' and Hydro One's materiality thresholds.

OEB staff submitted that the ATP Account met the prudence criterion, stating that it is in the public interest for transmitters to initiate development work on transmission line projects in a timely and prudent manner and that the criteria Hydro One has proposed for the ATP Account are appropriate screening criteria to identify development projects.

In its reply submission, Hydro One stated that the ATP Account satisfies the OEB eligibility criteria. Hydro One submitted that the OEB should reject SEC's submission that the Application is inconsistent with the approved 2020-2022 rate framework, stating that "SEC, in making its submissions, has ignored an essential aspect of the ATP Account – the costs in question will not form part of the rate recovery by Hydro One and is therefore outside the regulatory framework applicable to Hydro One."²⁵ With respect to the Z-factor, Hydro One stated that "The premise of Z-factor relief is that the utility seeking such relief requires rate recovery of costs incurred."²⁶ Hydro One submitted that this is not the circumstance dealt with by the ATP Account, the driver of the ATP Account being that ATP Account projects will not form part of Hydro One's transmission rate base.

In response to SEC's submission, Hydro One also noted several examples of regulatory accounts that have been established by the OEB in the middle of an approved rate-setting period, including the Waasigan Transmission Line Deferral Account.²⁷

With respect to causation, Hydro One submitted that costs recorded and tracked in the ATP Account will be outside the base upon which Hydro One's revenue requirement is derived because Hydro One does not intend to include these costs in any revenue requirement application. Hydro One submitted that the amounts recorded and tracked in the ATP Account will exceed Hydro One's materiality threshold of \$3 million. Finally, regarding prudence, Hydro One submitted that costs to be recorded and tracked are for activities that are necessary for developing, obtaining approvals, and constructing projects that "fulfill the priority and system planning needs underpinning the Minister's

²⁴ OEB Staff Submission, p.9.

²⁵ Hydro One Reply Submission, p. 17.

²⁶ Hydro One Reply Submission, p. 17.

²⁷ Hydro One Reply Submission, p. 19.

direction or IESO letter” and that ATP Account costs “will be subject to an OEB prudence review upon an application for disposition and recovery...”²⁸

Findings

Causation:

For the three projects presented in this proceeding and for similar future projects, the costs will be transferred to, and/or tracked in, the ATP Account. The development costs of the Waasigan Transmission Line project have already been separated from Hydro One’s revenue requirement and are being held in a deferral account. If the ATP Account is approved in this proceeding, the balance in that deferral account will be transferred to, and tracked in, the ATP Account.

Costs related to developing the Chatham to Lakeshore Transmission Line and the Lambton to Chatham Transmission Line would be tracked in the ATP Account. This will also be the case for future similar projects.

SEC argued that approval of the ATP Account should be denied and that the appropriate time for the OEB to consider such an account is in the context of Hydro One’s rate application such as the current Joint Rate Application (JRAP)²⁹. The OEB finds that including such an account within the JRAP proceeding or other future Hydro One rate proceedings would not be appropriate as the costs of the subject projects would ultimately form part of the rate base of another transmitter. In addition, Hydro One provided a number of examples where regulatory accounts have been established by the OEB outside of a revenue requirement application.

As a result, the forecast costs for these projects will be clearly outside of the base upon which Hydro One’s revenue requirement is derived. The OEB, therefore, finds that the proposed ATP Account meets the causation criterion.

Materiality:

Given the \$3 million materiality threshold for Hydro One and the magnitude of the project costs to be tracked in the proposed regulatory account, the OEB finds that the total development and construction costs for these types of projects to significantly exceed Hydro One’s materiality threshold.

²⁸ Hydro One Reply Submission, p. 9.

²⁹ EB-2021-0110

Prudence:

The OEB finds that Hydro One's description of what constitutes "development work" represents a prudent approach to the execution of large complex projects. This approach provides the basic information required to examine project alternatives, define the project scope, identify the necessary approval requirements, and perform preliminary engineering and planning tasks.

The OEB finds that the ATP Account meets the prudence criterion. Final determination of prudence shall be made at the time that Hydro One or the New Partnership applies for disposition of all or part of the ATP Account.

Issue 3: Is the draft accounting order filed by Hydro One, including the proposed accounting entries set out therein, appropriate?

AMPCO, Energy Probe and OEB staff submitted the draft accounting order is appropriate.

Findings

The OEB finds that the draft accounting order, including the proposed accounting entries in Appendix 1 of the Application, is appropriate.

Issue 4: Is the proposed methodology of allocation of Hydro One's direct and indirect costs to a project that is subject to the proposed account appropriate; and is the allocation methodology of common costs to Lines and Stations appropriate?

With respect to its proposed methodology for allocation of direct and indirect costs, Hydro One stated in its evidence that direct costs for a project are recorded in Hydro One's financial system using the project's respective project code and that indirect costs are applied by using Hydro One's overhead capitalization methodology that was approved by the OEB as part of Hydro One's most recent revenue requirement application.³⁰

With respect to its proposed methodology for allocating common costs to lines and stations, Hydro One's evidence stated that the costs for transmission line work and associated station work will be tracked separately for each project. Finally, Hydro One

³⁰ Exhibit I / Tab 1 / Schedule 5, p.1.

stated that costs that encompass both transmission line and station work are not expected to be material; however, when such costs do exist, Hydro One “contemplates these will be allocated using a pro-rata methodology, using actual lines and stations costs for the project as the ratio.”³¹

AMPCO and OEB staff submitted that Hydro One’s proposed methodologies for allocating direct and indirect costs and for allocating common costs to lines and stations are appropriate.

Energy Probe submitted that a clear system for identifying and allocating both Direct and Indirect project costs is required. Energy Probe asked for Hydro One to demonstrate in its reply argument that there are adequate systems in place to identify and record indirect costs throughout the ATP cycle.³²

CKSPFN and GLP took issue with Hydro One’s proposal to only include line costs in the ATP Account. CKSPFN submitted that:

Hydro One has not proposed a specific cost allocation methodology for both Lines and Stations that reflects the interests of CKSPFN and a prospective First Nation partner in the new capital assets required to operate the transmission lines, inclusive of both Line and Station assets.³³

Referencing correspondence from Hydro One to the OEB related to the WTTDA, GLP submitted that “Based on Hydro One’s filings for EB-2019-0151, transmission station work appears to be included in the EB-2019-0151 deferral account and would be transferred to the EB-2021-0169 ATP account if the Board approves the current application.”³⁴ GLP points out that while the Application states that only line costs will be captured in the ATP Account, the application also states that the sub-account for project development, preliminary engineering and planning work will record and track costs similar to the Waasigan Transmission Line Deferral Account.³⁵

Regarding whether costs for station assets are recorded and tracked in the ATP Account, GLP stated that:

³¹ Exhibit I / Tab 1 / Schedule 4.

³² Energy Probe Submission p. 4.

³³ CKSPFN Submission, p. 2.

³⁴ GLP Submission, p. 3.

³⁵ GLP Submission, p. 4.

This issue is of particular concern to GLP as there are potentially significant benefits for New Partnerships in designing and operating both transmission and station assets and having both in the New Partnership's rate base from which First Nation partners receive their equity distributions. Ratepayers as well may benefit from efficiencies of having both in the same management regime and rate base.³⁶

In terms of Hydro One's proposed pro-rata methodology for allocating costs encompassing work related to both line and station assets, GLP stated that "It is not clear to GLP how the mechanics of this approach will work in practice. This should be made clear."³⁷

In its submission, GLP requested that Hydro One "stipulate in a transparent and fact-based manner, all its rationale and justifications for any separation of transmission and station assets and the exclusion of the latter from a New Partnership."³⁸ Further, GLP requested that it be provided with the opportunity to reply to Hydro One's reply submission.

Hydro One addressed Energy Probe's concern about identifying and allocating direct and indirect costs in its reply submission with a description of its processes and policies for allocating costs to specific projects, including its common corporate costs allocation methodology.³⁹

In reply to CKSPFN and GLP, Hydro One addressed the issue of whether station costs should be included in the ATP Account, and clarified the station versus line cost allocation methodology. In response to the latter, Hydro One submitted that:

Hydro One's proposal is that common costs incurred to develop and construct these assets (such as costs related to joint public information centres) would be allocated based upon the actual costs incurred. For instance, if the actual stations costs incurred were 30% of total project costs, then 30% of indirect costs would be allocated to stations. As mentioned in Exhibit I, Tab 1, Schedule 5, all costs that are directly associated with stations or lines only, would be coded directly to that specific project code. Each project that is expected to be included

³⁶ GLP Submission, p. 4.

³⁷ GLP Submission, p. 4.

³⁸ GLP Submission, p. 4.

³⁹ Hydro One Reply Submission pp. 10-11.

in the ATP Account will have a unique project code for both station and line costs.⁴⁰

In response to the issue of whether station costs should be included in the ATP Account, Hydro One stated that the negotiation of economic benefits are outside of the scope of this proceeding.⁴¹ Hydro One also submitted that “there is no regulatory basis for tracking station costs in the ATP Account. Accordingly, the ATP Account should be approved to track solely transmission line costs as sought in the Application.”⁴²

Further, Hydro One stated that:

From a practical and operational perspective, Hydro One would like to clarify that transmission stations serve multiple transmission lines, and their operations are in support of Ontario’s entire electricity transmission system. In other words, they are not discrete to one particular transmission line. While new station assets may be required to connect a new line, the station assets inherently provide operational benefit to the overall station and to all lines egressing to the station meaning that the benefit is socialized across the entire station and not discrete to the new line subject to a partnership. There are real safety, physical security, operating and reliability considerations that are alleviated when incumbent transmitters continue to operate station facilities that comprise the integrated transmission network. As the station forms the backbone of connection and serves the broader transmission network and not just a single transmission line, Hydro One’s submissions are that from a safety, security, and operations perspective, the entire station should be owned by one entity to ensure the reliability of the integrated transmission system and maximize efficiency in operations.⁴³

In response to GLP’s request for a further reply, Hydro One submitted that a further reply is not required by GLP, because Hydro One’s position has not changed from that presented in the Application, and Hydro One’s reply submissions “are consistent with the stated policy of Hydro One and current practice.”⁴⁴ Hydro One added that if GLP is provided with a reply opportunity, Hydro One reserves its right of sur-reply.⁴⁵

⁴⁰ Hydro One Reply Submission, p. 11.

⁴¹ Hydro One Reply Submission, pp. 14 and 16.

⁴² Hydro One Reply Submission, p. 15.

⁴³ Hydro One Reply Submission, pp. 15-16.

⁴⁴ Hydro One Reply Submission, p.16.

⁴⁵ Hydro One Reply Submission, p.16.

Findings

Hydro One's proposed treatment of project costs for the projects using the ATP Account is consistent with the treatment of all of Hydro One's regulated projects including both direct and indirect costs, as well as the allocation of common transmission lines and stations costs.

The OEB finds that Hydro One's proposed cost allocation methodologies are appropriate.

Regarding the concern raised by some parties about the proposed ATP Account only including costs related to transmission line development, but not station assets, Hydro One's response supporting its position was three-fold. First, the negotiation of economic benefits with its potential partners is outside the scope of this proceeding. Second, there are practical and safety limitations associated with the fact that transmission stations serve multiple transmission lines. Third, there are safety, reliability and security risks that are mitigated by having the incumbent transmitter continue to operate station facilities.

The OEB finds that requiring Hydro One to include transmission stations in the scope of the proposed ATP Account would be inappropriate. Should Hydro One wish to include transmission station ownership in any future project development with a New Partnership, Hydro One would have to seek OEB's approval regarding the expansion of the proposed ATP Account scope.

In light of these findings, the OEB does not find it necessary to grant GLP an opportunity to reply to Hydro One's argument about this issue.

Issue 5: Are the notification and reporting requirements for the proposed regulatory account appropriate?

In its Application, Hydro One proposed to notify the OEB that it intends to begin recording and tracking costs for a project to the ATP Account by providing the following information:

- a) Project description
- b) Expected in-service date

- c) Direction provided to Hydro One to commence development activities and confirmation that the project is in accordance with the direction set forth by the Ministry and/or a letter received by Hydro One from the IESO
- d) Confirmation that project costs will be included in any revenue requirement applications
- e) Confirmation that project costs are expected to meet Hydro One's materiality threshold of \$3 million⁴⁶

Hydro One also stated that it intends to notify the OEB by letter when the status of a project changes from using the Deferral Sub-Account to using the Tracking Sub-Account.

With respect to reporting, Hydro One stated that the ATP Account will be "managed in the same manner as existing Hydro One variance, deferral and tracking accounts" with balances reported to the OEB as part of the annual reporting process.⁴⁷

AMPCO and Energy Probe submitted that the notification and reporting requirements for the proposed regulatory account are appropriate.

CKSPFN submitted that it has no issues with the notification and reporting requirements.

OEB staff submitted that the notification and reporting requirements proposed by Hydro One were appropriate; however, OEB staff suggested that the wording of item (d) be changed to "Confirmation that by the time the project enters service all or part of the project is expected to be owned by and included in the rate base of a partnership between Hydro One and one or more partners" to more closely align it with the criteria for the ATP Account.⁴⁸

In its reply submission, Hydro One accepted OEB staff's modification to the notification requirements.

⁴⁶ Amended Evidence, pp.12-13.

⁴⁷ Amended Evidence, p.13.

⁴⁸ OEB Staff Submission, p.12.

Findings

The OEB finds that the notification and reporting requirements proposed by Hydro One, in addition to those proposed by OEB staff and accepted by Hydro One, are appropriate.

Issue 6: Is the proposed manner and timing for disposition of this account appropriate?

In its evidence, Hydro One proposed that disposition of balances in the ATP Account will be requested as part of future Hydro One rate filings, or as part of partnerships' rate filings. If a project is transferred to a partnership, cost recovery will be sought as part of the rate base of the partnership. Otherwise, Hydro One would seek disposition of the account balance. In terms of timing, Hydro One stated that the disposition of the Deferral Sub-Account may be requested before an asset enters service if all pre-capitalization costs have been captured. If a project does not proceed to completion, Hydro One would seek to recover costs if these exceed the established materiality threshold.

AMPCO submitted that the proposed manner and timing for disposition of this account is appropriate. CKSPFN and OEB staff submitted that they had no issues with the proposed manner and timing for disposition of this account. OEB staff also submitted that:

...it would be undesirable for costs associated with a project that is not progressing toward completion to remain in the ATP Account indefinitely. OEB staff submits that Hydro One should be required to alert the OEB if there has been no material progress on a project for nine months. Nine months is suggested because it amounts to roughly three seasons of field work.⁴⁹

Under this issue, Energy Probe submitted that if a project resulting from a competitive bid, either from the IESO or under the Minister's Direction is cancelled, then Hydro One's shareholder should bear the responsibility for any such cancellation costs.⁵⁰

In response, Hydro One stated that:

⁴⁹ OEB Staff Submission, pp.13-14.

⁵⁰ Energy Probe Submission, p. 4.

The type of projects contemplated to be included in the ATP Account would be those that result from a directive of the Minister or a formal letter from the IESO. Hydro One has not, and will not, include costs associated with competitive transmission bids in this account. ...Consequently, with that clarification, it would appear on face that EP would agree with the proposed manner and timing for disposition of this account.⁵¹

Finally, in its reply submission Hydro One accepted OEB staff's proposed requirement that Hydro One inform the OEB if there has been no material progress on a project for nine months.

Findings

The OEB finds that Hydro One's proposed approach to disposition is appropriate. The OEB agrees with OEB staff that Hydro One should alert the OEB if there has been no material progress in a project for nine months. Hydro One agreed with this requirement.

⁵¹ Hydro One Reply Submission, p. 13.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Accounting Order attached as Schedule A to this Decision and Order is approved.
2. Intervenors shall submit their cost claims no later than **October 14, 2021**.
3. Hydro One shall file with the OEB and forward to intervenors any objections to the claimed costs no later than **October 21, 2021**.
4. Intervenors shall file with the OEB and forward to Hydro One any reply to any objections to the cost claims no later than **October 28, 2021**.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2021-0169** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [Filing Systems page](#) on the OEB's website
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance

All communications should be directed to the attention of the Registrar at the address below and be received by end of business, 4:45 p.m., on the required date.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto October 7, 2021

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar

SCHEDULE A
DECISION AND ORDER
HYDRO ONE NETWORKS INC.
EB-2021-0169
OCTOBER 7, 2021

APPENDIX 1

Hydro One Transmission Draft Accounting Order

Accounting Entries

1) Large Transmission Project Costs Deferral Account – Development, Preliminary Engineering and Planning Costs

<u>USofA #</u>	<u>Account Description</u>
Dr 4XXX	Transmission Expense
Cr 2205	Accounts Payable

To record the preliminary recognition of Hydro One's development, preliminary engineering and planning costs incurred for Affiliate Transmission Projects prior to the point where capitalization can occur.

<u>USofA #</u>	<u>Account Description</u>
Dr 1508	Other Regulatory Assets – Sub account “ATP Account – Development, Preliminary Engineering and Planning Costs”
Cr 4XXX	Transmission Expense

Where Hydro One incurs incremental costs due to Affiliate Transmission Projects, during the phase prior to the point where costs can be capitalized, this entry will record the costs for development, preliminary engineering and planning of the these Affiliate Transmission Projects in a deferral account for future disposition.

1	<u>USofA #</u>	<u>Account Description</u>
2	Dr 1508	Other Regulatory Assets – Sub account “ATP Account –
3		Development, Preliminary Engineering and Planning
4		Costs”
5	Cr 6035	Other Interest Expense

6

7 To record interest improvement on the principal balance of the “Affiliate Transmission
8 Projects Deferral Account”.

9

10 **2) Affiliate Transmission Project Construction Costs Tracking Account**

11

12 Once the project has moved into a phase where project costs can be capitalized per Hydro
13 One’s capitalization policy and where it is expected that the project will be completed
14 and placed in-service, the following accounting entries will be recorded;

15

<u>USofA #</u>	<u>Account Description</u>
Dr: 2055	Construction Work in Progress – Electric (“CWIP”)
Cr: 2205	Accounts Payable

16 To record project construction expenditures incurred by Hydro One relating to the
17 Affiliate Transmission Project.

18

<u>USofA #</u>	<u>Account Description</u>
Dr: 1508	Other Regulatory Assets – Sub account “ATP Account – Project Construction Costs”
Cr: 1508	Other Regulatory Assets – Sub account “ATP Account – Project Construction Costs – Contra Account”

To record specific CWIP costs, along with a contra-entry to enable Hydro One to track the construction costs incurred by Hydro One on Affiliate Transmission Projects where the project is expected to be in-serviced outside Hydro One's rate base post-construction completion. The regulatory account at this stage is used as a tracking account until the project is placed in-service.

Depending on how the transfer of assets is structured (i.e – via equity or cash), Hydro One will record the applicable journal entries to reflect this transfer.

<u>USofA #</u>	<u>Account Description</u>
Dr: 1605-1999 ¹⁷	Non-Current Property Plant and Equipment – Transmission Assets
Cr: 2055	Construction Work in Progress – Electric

New Partnership's entry to record the completion of project and the movement of the construction costs of the project to in-service. This will trigger interest improvement on the project to cease.

Projects Not Completed and Placed In-Service

In the event that a particular Affiliate Transmission Project that has received approval to be recorded in the ATP Account is ultimately not placed in-service, Hydro One would record the following accounting entries;

<u>USofA #</u>	<u>Account Description</u>
Dr: 1508	Other Regulatory Assets – Sub account “ATP Account – Project Construction Costs – Contra Account”
Cr: 2055	Construction Work in Progress – Electric

¹⁷ USofA account may vary

- 1 To effectively remove the construction costs for a specific project from CWIP, to the
2 ATP Account.
3 At this point, the deferral account will have a positive debit balance (the ‘Contra
4 Account’ balance is reduced to nil) and that sub-account no longer functions as a
5 ‘tracking’ account. The balance would be held in this account until Hydro One can apply
6 to the Board for disposition in a future rate rebasing application.

<u>USofA #</u>	<u>Account Description</u>
Dr: 1508	Other Regulatory Assets – Sub account “ATP Account – Project Construction Costs - Interest Improvement”
Cr: 6035	Other Interest Expense

- 7
8 To record interest improvement on the debit principal balance of the ATP Account –
9 Project Construction Costs account at the OEB’s published CWIP rate.

Attachment 2

ET-2003-0035
Hydro One's
Transmission Licence
– as Amended



Electricity Transmission Licence

ET-2003-0035

Hydro One Networks Inc.

Valid Until

October 30, 2043

Brian Hewson

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

Date of Issuance: October 31, 2023

Date of Amendment: November 14, 2023

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4

Commission de l'énergie de l'Ontario
C.P. 2319
2300, rue Yonge
27e étage
Toronto ON M4P 1E4

LIST OF AMENDMENTS

OEB File No.	Date of Amendment
EB-2002-0501	August 11, 2004
EB-2011-0055	February 28, 2011
EB-2013-0437	January 9, 2014
EB-2015-0262	November 26, 2015
EB-2015-0270	November 26, 2015
EB-2020-0309	December 23, 2020
EB-2022-0142	April 6, 2022
EB-2022-0085	May 6, 2022
EB-2023-0275	October 31, 2023 – licence renewal date
EB-2023-0319	November 14, 2023

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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 Hydro One Networks 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 Provision of Information to the Board

- 13.1 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.
- 13.2 Without limiting the generality of paragraph 13.1, 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.

14 Restrictions on Provision of Information

- 14.1 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.
- 14.2 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.
- 14.3 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.
- 14.4 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.
- 14.5 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.

15 Term of Licence

- 15.1 This Licence shall take effect on October 31, 2023 and expire on October 30, 2043. The term of this Licence may be extended by the Board.

16 Transfer of Licence

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

17 Amendment of Licence

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

18 Fees and Assessments

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

19 Expansion and Upgrading of Transmission System Further to Ministerial Directive

- 19.1 The Licensee shall, for the purposes of accommodating the safe connection of renewable energy generation facilities, immediately following February 28, 2011 work in co-operation with the Ontario Power Authority to establish the scope and timing of the transmission projects referred to in paragraphs 19.2 and 19.3.

- 19.2 The Licensee shall develop and seek approvals for the following transmission projects, the scope and timing of which shall be in accordance with the recommendations of the Ontario Power Authority made in the course of the Ontario Power Authority's transmission planning activities conducted in accordance with its objects, as well as those identified in a Directive issued to the Ontario Power Authority by the Minister of Energy on February 17, 2011 under section 25.30 of the *Electricity Act, 1998*:

- a) upgrade one or more existing transmission lines west of the City of London; and
- b) a new transmission line west of the City of London.

- 19.3 The Licensee shall develop and implement the following transmission projects, the scope and timing of which shall be in accordance with the recommendations of the Ontario Power Authority made in the course of the Ontario Power Authority's transmission planning activities conducted in accordance with its objects, as well as those identified in a Directive issued to the Ontario Power Authority by the Minister of Energy on February 17, 2011 under section 25.30 of the *Electricity Act, 1998*:

- a) one or more devices to enhance transfer capability, such as series or static var compensation or other similar devices, in Southwestern Ontario; and
- b) increase short circuit and/or transformer capacity at up to fifteen of the Licensee's transmission stations during the forty-eight month period beginning February 28, 2011 , to enable the connection of small-scale renewable energy generation facilities.

- 19.4 Paragraph 19.3 in no way limits the obligation of the Licensee to obtain all necessary approvals for the transmission projects referred to in that paragraph.
- 19.5 Immediately following January 9, 2014 the Licensee shall, for the purposes of accommodating load due to forecast demand growth over the long term, promoting the use of clean and renewable energy sources from Ontario's supply mix, and enhancing opportunities for the development and connection of new renewable generation facilities over the long term, work in co-operation with the Ontario Power Authority to establish the scope and timing of the transmission project referred to in paragraph 19.6.
- 19.6 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 made in the course of the Ontario Power Authority's transmission planning activities conducted in accordance with its statutory mandate, objects and responsibilities under the *Electricity Act, 1998*, including with any transmission planning activities identified in any direction issued, or to be issued, by the Minister of Energy to the Ontario Power Authority pursuant to Part II.2 of the *Electricity Act, 1998*.
- 19.7 The Licensee shall develop and seek approvals for a new 230 kilovolt double-circuit transmission line from the existing Chatham Switching Station to the new Lakeshore Transformer Station to be located at Leamington Junction (Chatham to Lakeshore Line), including associated station facilities to connect the Chatham to Lakeshore Line at the terminal stations. Development of the Chatham to Lakeshore Line shall accord with the project scope and timing recommended by the Independent Electricity System Operator.
- 19.8.1 The Licensee shall develop and seek approvals for the following four transmission line projects:
- a) A new 230 kilovolt (kV) transmission line from Lambton Transformer Station to Chatham Switching Station, including associated station facility expansions or upgrades required at the terminal stations;
 - b) A new 500 kV transmission line from Longwood Transformer Station to Lakeshore Transformer Station, including associated station facility expansions or upgrades required at the terminal stations;
 - c) A second new 500 kV transmission line from Longwood Transformer Station to Lakeshore Transformer Station, including associated station facility expansions or upgrades required at the terminal stations; and
 - d) A new 230 kV transmission line that connect the Windsor area to the Lakeshore Transformer Station, including associated station facility expansions or upgrades required at the terminal stations.
- 19.8.2 Development of the projects set out in condition 19.8.1 shall accord with the project scope and timing recommended by the Independent Electricity System Operator.
- 19.9.1 The Licensee shall develop and seek approval for the following three transmission line projects:

- a) A new 230 kilovolt (kV) transmission line from Mississagi Transformer Station to Third Line Transformer Station, including associated station facility expansions or upgrades required at the terminal stations;
- b) A new 500 kV transmission line from Mississagi Transformer Station to Hanmer Transformer Station, including associated station facility expansions or upgrades required at the terminal stations; and
- c) A new 230 kV transmission line from Dobbin Transformer Station to either Cherrywood Transformer Station or Clarington Transformer Station, including associated station facility expansions or upgrades required at the terminal stations.

19.9.2 The scope and timing for the development of the projects set out in condition 19.9.1, including the terminal point for the transmission line project listed in c), shall accord with the recommendations of the Independent Electricity System Operator.

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. The transmission system and facilities of Hydro One Networks Inc. are depicted in the attached diagram and include transmission lines, transformation stations and all associated facilities. Hydro One may alter this diagram from time to time and shall file it with the Board, upon receipt of which the updated diagram shall be deemed to be the specification of transmission facilities under this schedule.

SCHEDULE 2 LIST OF CODE EXEMPTIONS

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

1. The Licensee is exempted from Section 1.2.1 of Schedule E of Appendix 1 of the Transmission System Code so as to allow the Licensee:
 - to enter into a connection agreement with certain proposed customers on terms and conditions other than those set forth in the said section 1.2.1; and
 - to amend connection agreements already entered into by the licensee with customers, such that they may be amended to contain terms and conditions other than those set forth in the said section 1.2.1.
2. The modifications to the connection agreement are attached as Schedules 3 and 4 to this Licence. Schedule 3 contains changes needed to address legacy system configuration issues as well as operating concerns affecting all generating stations owned by OPG and Bruce Power. Schedule 4 contains changes needed to comply with the operational requirements of nuclear generating facilities, facilitate compliance with Power Reactor Operating Licences, issued by the Canadian Nuclear Safety Commission ("CNSC").
3. The Licensee is exempted from Sections 4.1.1 and 4.1.2 of the Transmission System Code for the purpose of entering into a Transmission Connection Agreement with Oneida Energy Storage LP for the connection of a 250 MW battery energy storage facility to its transmission system in the form approved in the OEB's Decision and Order in EB-2022-0085.

Attachment 3

EB-2023-0319 -

OEB Decision to

i) amend Hydro One's
Transmission Licence, and

ii) issue the requirement to
develop and seek approval of
three new transmission projects



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

DECISION AND ORDER

EB-2023-0319

Amending the Electricity Transmission Licence of Hydro One Networks Inc. to Require it to Develop and Seek Approvals for New Transmission Lines

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

November 14, 2023

INTRODUCTION AND SUMMARY

Further to a directive from the Minister of Energy (Minister), the Ontario Energy Board (OEB), of its own motion, is commencing this proceeding to amend the electricity transmission licence¹ of Hydro One Networks Inc. (Hydro One) to require it to develop and seek approvals for three new transmission line projects.

BACKGROUND

Under section 28.6.1 of the *Ontario Energy Board Act, 1998* (Act), the Minister may issue directives to the OEB requiring the OEB to take such steps as are specified in the directive relating to the construction, expansion or reinforcement of transmission systems. Such a directive may, among other things, 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. Such a directive may also specify whether the OEB is to hold a hearing for the purposes of implementing the directive.

The OEB received a [directive](#) under section 28.6.1 of the Act (Directive) from the Minister, which was approved by the Lieutenant Governor in Council on October 19, 2023 as Order in Council No. 1532/2023. The Directive requires the OEB to amend Hydro One's electricity transmission licence to require Hydro One to develop and seek approvals for the following three transmission line projects (collectively referred to as the Projects):

1. A new 230 kilovolt (kV) transmission line from Mississagi Transformer Station to Third Line Transformer Station, including associated station facility expansions or upgrades required at the terminal stations;
2. A new 500 kV transmission line from Mississagi Transformer Station to Hanmer Transformer Station, including associated station facility expansions or upgrades required at the terminal stations; and
3. A new 230 kV transmission line from Dobbin Transformer Station to either Cherrywood Transformer Station or Clarington Transformer Station, including associated station facility expansions or upgrades required at the terminal stations.

The Order in Council accompanying the Directive states that it is critical to expand Ontario's transmission system to provide a reliable and adequate supply of electricity to Northeastern and Eastern Ontario to support economic growth and electrification initiatives in the region.

¹ ET-2003-0035

The Directive also requires that the scope and timing for the development of the Projects accord with the recommendations of the IESO, and further directs the OEB to require that Hydro One provide such reporting to the OEB as the OEB may consider appropriate with respect to budget, timing and risks in relation to the development of the Projects.

In accordance with the Directive, the OEB is required to amend Hydro One's electricity transmission licence without a hearing.

This Decision and Order is being issued by Delegated Authority without a hearing.

DECISION

Further to the Directive, the OEB is amending Hydro One's electricity transmission licence to require it to develop and seek approvals for the Projects in accordance with the recommendations of the IESO.

With respect to reporting requirements, as an initial step, the OEB is requiring Hydro One to file a copy of any recommendations received from the IESO related to the scope and timing of the development of the Projects. Further reporting requirements to enable the OEB to monitor Hydro One's progress towards the implementation of the conditions being added to its electricity transmission licence today, including budget and risks, will be addressed at a later date.

IT IS ORDERED THAT:

1. Hydro One Networks Inc.'s electricity transmission licence ET-2003-0035 is amended by adding the following new conditions:

19.9.1 The Licensee shall develop and seek approval for the following three transmission line projects:

- a) A new 230 kilovolt (kV) transmission line from Mississagi Transformer Station to Third Line Transformer Station, including associated station facility expansions or upgrades required at the terminal stations;
- b) A new 500 kV transmission line from Mississagi Transformer Station to Hanmer Transformer Station, including associated station facility expansions or upgrades required at the terminal stations; and

- c) A new 230 kV transmission line from Dobbin Transformer Station to either Cherrywood Transformer Station or Clarington Transformer Station, including associated station facility expansions or upgrades required at the terminal stations.

19.9.2 The scope and timing for the development of the projects set out in condition 19.9.1, including the terminal point for the transmission line project listed in c), shall accord with the recommendations of the Independent Electricity System Operator.

- 2. Hydro One Networks Inc. shall, no later than December 20, 2023, file with the OEB a copy of any recommendations received from the Independent Electricity System Operator related to the scope and timing of the development of the projects.

DATED at Toronto, November 14, 2023

ONTARIO ENERGY BOARD

Brian Hewson
Vice President, Consumer Protection & Industry Performance

Attachment 4

Minister's letter of direction to
OEB - dated October 23, 2023
- to amend Hydro One's
Transmission Licence

Ministry of Energy

Office of the Minister

77 Grenville Street, 10th Floor
Toronto ON M7A 2C1
Tel.: 416-327-6758

Ministère de l'Énergie

Bureau du ministre

77, rue Grenville, 10^e étage
Toronto ON M7A 2C1
Tél. : 416-327-6758



MC-994-2023-778

October 23, 2023

Mr. Glenn O'Farrell,
Chair of the OEB Board of Directors
Ontario Energy Board
2300 Yonge St, 27 Floor
PO Box 2319
Toronto ON M4P 1E4

Dear Mr. O'Farrell:

Electricity demand in northeast and eastern Ontario is projected to grow rapidly over the next decade due to community growth, electrification initiatives and economic development, including advanced manufacturing, Algoma Steel's conversion to electric arc furnaces, and mining for critical minerals. This has underscored the need to mitigate against regulatory delays in the approval processes for critical electricity transmission projects. As we have outlined in our *Powering Ontario's Growth* plan (July 2023), expanding the transmission system is critical to maintaining Ontario's clean energy advantage.

The Independent Electricity System Operator issued a bulk planning report entitled "Need for Northeast Bulk System Reinforcements" in October 2022 and a second bulk planning report entitled "Gatineau End of Life Study" in December 2022. These studies have recommended three new transmission lines come into service no later than 2029, two in northeast Ontario and one in eastern Ontario.

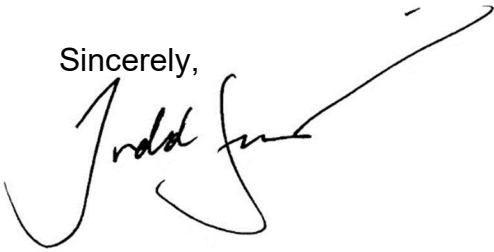
I am writing today to inform you that under the authority of section 96.1(1) of the *Ontario Energy Board Act, 1998* (the Act), the Lieutenant Governor in Council made an order declaring that the construction, expansion or reinforcement of these three transmission lines are needed as priority projects. The Order in Council, which is now effective, is attached to this letter.

...cont'd/

Furthermore, under the authority of section 28.6.1 of the Act, I am, with the approval of the Lieutenant Governor in Council pursuant to Order in Council No. 1532/2023, issuing a directive to the Ontario Energy Board (OEB) to amend Hydro One Networks Inc. (Hydro One)'s electricity transmission licence to include a requirement that it proceed to develop and seek all necessary approvals of these three priority projects. The licence amendments required by this directive will further support the timely development of these transmission lines.

Please do not hesitate to contact my office with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Todd Smith', with a long, sweeping horizontal stroke extending to the right.

The Honourable Todd Smith
Minister of Energy

c: Susanna Zagar, Chief Executive Officer, Ontario Energy Board
Jason Fitzsimmons, Deputy Minister, Ministry of Energy
David Lebeter, President and Chief Executive Officer, Hydro One Networks Inc.
Lesley Gallinger, President and Chief Executive Officer, Independent Electricity
System Operator



Ontario

**Executive Council of Ontario
Order in Council**

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

**Conseil exécutif de l'Ontario
Décret**

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS Ontario considers it critical to expand Ontario's transmission system to provide a reliable and adequate supply of electricity to support economic growth and electrification initiatives throughout Northeastern and Eastern Ontario;

AND WHEREAS Ontario considers the expansion of the electricity network in Northeastern and Eastern Ontario to support economic growth and electrification to be a priority;

AND WHEREAS the Independent Electricity System Operator, the organization responsible for ensuring the reliability of Ontario's electricity grid, has published:

1. A bulk planning report dated October 27, 2022, entitled the "Need for Northeast Bulk System Reinforcements", which recommended a new transmission line running between Sault Ste. Marie and Sudbury and a new transmission line in the Sudbury region as the appropriate solution required to meet expected demand growth and system needs; and
2. A bulk planning report dated December 8, 2022, entitled the "Gatineau Corridor End-of-Life Study" which recommended a new transmission line between the Peterborough region and the Oshawa/Pickering area as the appropriate solution to meet forecast electricity demand growth and system needs.

AND WHEREAS the Lieutenant Governor in Council may make an order under section 96.1 of the *Ontario Energy Board Act, 1998* (the "Act") declaring that the construction, expansion or reinforcement of an electricity transmission line specified in the order is needed as a priority project;

AND WHEREAS an order under section 96.1 of the Act requires the Ontario Energy Board, in considering an application under section 92 of the Act in respect of an electricity transmission line specified in the order, to accept that the construction, expansion or reinforcement is needed when forming its opinion under section 96 of the Act;

NOW THEREFORE it is hereby declared pursuant to section 96.1 of the Act that the construction, expansion or reinforcement of the following electricity transmission lines are needed as priority projects:

O.C. | Décret : 1531 / 2023

1. A new 230 kilovolt (kV) transmission line from Mississagi Transformer Station to Third Line Transformer Station, including associated station facility expansions or upgrades required at the terminal stations;
2. A new 500 kV transmission line from Mississagi Transformer Station to Hanmer Transformer Station, including associated station facility expansions or upgrades required at the terminal stations; and
3. A new 230 kV transmission line from Dobbin Transformer Station to either Cherrywood Transformer Station or Clarington Transformer Station, including associated station facility expansions or upgrades required at the terminal stations.

ATTENDU QUE l'Ontario considère qu'il est essentiel d'étendre le réseau de transport d'électricité de l'Ontario afin d'offrir un approvisionnement fiable et adéquat en électricité pour soutenir la croissance économique et les projets d'électrification dans le Nord-Est et l'Est de l'Ontario;

ET ATTENDU QUE l'Ontario considère l'extension du réseau électrique au Nord-Est et à l'Est de l'Ontario pour soutenir la croissance économique et l'électrification comme des priorités;

ET ATTENDU QUE la Société indépendante d'exploitation du réseau d'électricité (SIERE), l'organisation qui a la responsabilité de s'assurer de la fiabilité du réseau de distribution d'électricité de l'Ontario, a publié :

1. un rapport de planification d'ensemble du 27 octobre 2022, intitulé « Need for Northeast Bulk System Reinforcements », qui recommandait une nouvelle ligne de transport entre Sault Ste. Marie et Sudbury et une nouvelle ligne de transport dans la région de Sudbury à titre de solution appropriée requise pour répondre à la croissance prévue de la demande et aux besoins du réseau;
2. et un rapport de planification d'ensemble du 8 décembre 2022, intitulé « Gatineau Corridor End-of-Life Study », qui recommandait une nouvelle ligne de transport entre la région de Peterborough et celle d'Oshawa/Pickering à titre de solution appropriée pour répondre à la croissance prévue de la demande en électricité et aux besoins du réseau.

ET ATTENDU QUE le lieutenant-gouverneur en conseil peut, en vertu de l'article 96.1 de *Loi de 1998 sur la Commission de l'énergie de l'Ontario* (la « Loi »), par décret, déclarer que la construction, l'extension ou le renforcement d'une ligne de transport d'électricité précisée dans un décret est nécessaire à titre de projet prioritaire;

ET ATTENDU QU'un décret pris en vertu de l'article 96.1 de la Loi exige que la Commission de l'énergie de l'Ontario, lors de l'examen d'une requête présentée en vertu de l'article 92 de la Loi concernant une ligne de transport d'électricité précisée dans le décret, accepte le fait que la construction, l'extension ou le renforcement est nécessaire lorsqu'elle se fait une opinion dans le cadre de l'article 96;

PAR CONSÉQUENT, il est déclaré aux présentes que conformément à l'article 96.1 de La Loi, la construction, l'extension ou le renforcement des lignes de transport d'électricité ci-dessous sont nécessaires à titre de projets prioritaires :

1. Une nouvelle ligne de transport de 230 kilovolts (kV) allant du poste de transformation de Mississagi au poste de transformation de Third Line, y compris les extensions des installations des postes associés ou les mises à niveau requises aux postes d'arrivée.
2. Une nouvelle ligne de transport de 500 kV allant du poste de transformation de Mississagi au poste de transformation de Hanmer, y compris les extensions des installations des postes associés ou les mises à niveau requises aux postes d'arrivée.
3. Une nouvelle ligne de transport de 230 kV allant du poste de transformation de Dobbin au poste de transformation de Cherrywood ou au poste de transformation de Clarington, y compris les extensions des installations des postes associés ou les mises à niveau requises aux postes d'arrivée.



Recommended: Minister of Energy
Recommandé par : Le ministre de l'Énergie



Concurred: Chair of Cabinet
Appuyé par : Le président | la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le : OCT 19 2023


Lieutenant Governor
La lieutenante-gouverneure



Ontario

**Executive Council of Ontario
Order in Council**

**Conseil exécutif de l'Ontario
Décret**

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS Ontario considers it critical to expand Ontario's transmission system to provide a reliable and adequate supply of electricity to Northeastern and Eastern Ontario to support economic growth and electrification initiatives in the region;

AND WHEREAS the Independent Electricity System Operator, the organization responsible for ensuring the reliability of Ontario's electricity grid, has published:

1. A bulk planning report dated October 27, 2022, entitled the "Need for Northeast Bulk System Reinforcements", which recommended a new transmission line running between Sault Ste. Marie and Sudbury and a new transmission line in the Sudbury region as the appropriate solution required to meet expected demand growth and system needs; and
2. A bulk planning report dated December 8, 2022, entitled the "Gatineau Corridor End-of-Life Study" which recommended a new transmission line between the Peterborough region and the Oshawa/Pickering area as the appropriate solution to meet forecast electricity demand growth and system needs.

AND WHEREAS the Government has determined that the development of the transmission projects should be undertaken by a transmitter that is best positioned to ensure that the infrastructure can be developed expediently and on a timeline that supports economic growth, and that has demonstrated commitment to and progress toward advancing economic participation opportunities for Indigenous communities;

AND WHEREAS the Government has determined that the preferred manner of proceeding is to require Hydro One Networks Inc. to undertake the development of the transmission projects, including taking any and all steps that are deemed to be necessary and desirable in order to seek required approvals and fulfilling, as part of the environmental assessment process and other applicable authorizations and permits, any procedural aspects of the Crown's duty to consult potentially impacted Indigenous communities that may be delegated to it;

AND WHEREAS the Minister of Energy has, with the approval of the Lieutenant Governor in Council, the authority to issue Directives pursuant to section 28.6.1 of the *Ontario Energy Board Act, 1998*, which relate to the construction, expansion or re-enforcement of transmission systems;

NOW THEREFORE the Directive attached hereto is approved and shall be and is effective as of the date hereof.

- - - - -

ATTENDU QUE l'Ontario considère qu'il est essentiel d'étendre le réseau de transport d'électricité de l'Ontario pour offrir un approvisionnement fiable et adéquat en électricité au Nord-Est et à l'Est de l'Ontario afin de soutenir la croissance économique et les projets d'électrification dans la région;

ET ATTENDU QUE la Société indépendante d'exploitation du réseau d'électricité (SIERE), l'organisation qui a la responsabilité de s'assurer de la fiabilité du réseau de distribution d'électricité de l'Ontario, a publié :


1. un rapport de planification d'ensemble du 27 octobre 2022, intitulé « Need for Northeast Bulk System Reinforcements », qui recommandait une nouvelle ligne de transport entre Sault Ste. Marie et Sudbury et une nouvelle ligne de transport dans la région de Sudbury à titre de solution appropriée requise pour répondre à la croissance prévue de la demande et aux besoins du réseau;
2. et un rapport de planification d'ensemble du 8 décembre 2022, intitulé « Gatineau Corridor End-of-Life Study », qui recommandait une nouvelle ligne de transport entre la région de Peterborough et celle d'Oshawa/Pickering à titre de solution appropriée pour répondre à la croissance prévue de la demande en électricité et aux besoins du réseau.

ET ATTENDU QUE le gouvernement a décidé que le développement des projets de transport doit être entrepris par le transporteur le mieux placé pour s'assurer que les infrastructures peuvent être mises en place rapidement et conformément à un calendrier qui soutient la croissance économique, et qui a montré la preuve de son engagement et de ses progrès pour faire avancer les occasions de participation économique pour les communautés autochtones;

ET ATTENDU QUE le gouvernement a décidé que la meilleure façon de procéder consiste à exiger qu'Hydro One Networks Inc. entreprenne le développement des projets de transport, y compris prendre toutes les mesures qui sont jugées nécessaires et souhaitables afin d'obtenir les approbations requises et de remplir, dans le cadre du processus d'évaluation environnementale et des autres autorisations et permis applicables, les aspects procéduraux de l'obligation de la Couronne de consulter les communautés autochtones potentiellement concernées, qui peuvent lui être délégués;

ET ATTENDU QUE le ministre de l'Énergie a, avec l'approbation du lieutenant-gouverneur en conseil, le pouvoir de donner des directives conformément à l'article 28.6.1 de la *Loi de 1998 sur la Commission de l'énergie de l'Ontario*, à l'égard de la construction, de l'extension ou du renforcement des réseaux de transport;

PAR CONSÉQUENT, la directive jointe aux présentes est approuvée et entre en vigueur à la date des présentes.



Recommended: Minister of Energy
Recommandé par : Le ministre de l'Énergie



Concurred: Chair of Cabinet
Appuyé par : Le président | la présidente du Conseil des ministres

Approved and Ordered: OCT 19 2023
Approuvé et décrété le :


Lieutenant Governor
La lieutenante-gouverneure

MINISTER'S DIRECTIVE

TO: THE ONTARIO ENERGY BOARD

I, Todd Smith, Minister of Energy, hereby direct the Ontario Energy Board ("Board") pursuant to section 28.6.1 of the *Ontario Energy Board Act, 1998* as follows:

1. The Board shall amend the conditions of the electricity transmission licence of Hydro One Networks Inc. ("Hydro One") to include a requirement that Hydro One proceed to do the following related to the construction, expansion or reinforcement of its transmission system:
 - i. Develop and seek approvals for the following transmission line projects:
 1. A new 230 kilovolt (kV) transmission line from Mississagi Transformer Station to Third Line Transformer Station, including associated station facility expansions or upgrades required at the terminal stations;
 2. A new 500 kV transmission line from Mississagi Transformer Station to Hanmer Transformer Station, including associated station facility expansions or upgrades required at the terminal stations; and
 3. A new 230 kV transmission line from Dobbin Transformer Station to either Cherrywood Transformer Station or Clarington Transformer Station, including associated station facility expansions or upgrades required at the terminal stations.
 - ii. The scope and timing for the transmission line projects listed in sub-paragraph i above, including the terminal point for the transmission line project listed in clause 3 of that sub-paragraph, shall accord with the recommendations of the IESO.
2. The Board shall require that Hydro One provide such reporting to the Board as the Board may consider appropriate, with respect to budget, timing, and risks in relation to the development of the transmission line projects listed in sub-paragraph 1 i.
3. The Board shall make the amendments to Hydro One's electricity transmission licence without holding a hearing.

DIRECTIVE DU MINISTRE

DESTINATAIRES : LA COMMISSION DE L'ÉNERGIE DE L'ONTARIO

Je, Todd Smith, ministre de l'Énergie, ordonne par les présentes à la Commission de l'énergie de l'Ontario (la « Commission ») conformément à l'article 28.6.1 de la *Loi de 1998 sur la Commission de l'énergie de l'Ontario* ce qui suit :

1. La Commission est tenue de modifier les conditions du permis de transport d'électricité d'Hydro One Networks Inc. (« Hydro One ») afin d'ajouter l'exigence qu'Hydro One procède à ce qui suit dans le cadre de la construction, de l'extension ou du renforcement de son réseau de transport :
 - i. Élaborer les projets de ligne de transport ci-dessous et obtenir les approbations :
 1. Une nouvelle ligne de transport de 230 kilovolts (kV) allant du poste de transformation de Mississagi au poste de transformation de Third Line, y compris les extensions des installations des postes associés ou les mises à niveau requises aux postes d'arrivée;
 2. Une nouvelle ligne de transport de 500 kV allant du poste de transformation de Mississagi au poste de transformation de Hanmer, y compris les extensions des installations des postes associés ou les mises à niveau requises aux postes d'arrivée;
 3. Et une nouvelle ligne de transport de 230 kV allant du poste de transformation de Dobbin au poste de transformation de Cherrywood ou au poste de transformation de Clarington, y compris les extensions des installations des postes associés ou les mises à niveau requises aux postes d'arrivée;
 - ii. La portée et le calendrier des projets de ligne de transport énumérés à l'alinéa i ci-dessus, y compris le point d'arrivée du projet de ligne de transport énuméré à la clause 3 de cet alinéa, doivent concorder avec les recommandations de la SIERE.
2. La Commission exigera qu'Hydro One lui fournisse les rapports qu'elle peut considérer comme appropriés concernant le budget, le calendrier et les risques liés au développement des projets de lignes de transport énumérés à l'alinéa 1 i.
3. La Commission apportera les modifications au permis de transport d'électricité d'Hydro One sans tenir une audience.