

Hydro One Networks Inc.

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Joanne Richardson

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BY EMAIL AND RESS

July 8, 2022

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

Dear Ms. Marconi,

EB-2022-0142/EB-2021-0169 - Hydro One Networks Inc. Notification of Intention to Use the Regulatory Account for new Affiliate Transmission Line Projects in Southwestern Ontario

On October 7, 2021, the Ontario Energy Board ("OEB") approved Hydro One Networks Inc.'s ("Hydro One") Application for an Accounting Order to establishing the Affiliate Transmission Project Regulatory Account ("ATP Account", or "Account"). At the same time, the OEB approved Hydro One to record activities for the following three transmission line projects in the Account:

1. Waasigan Transmission Line project,
2. Chatham to Lakeshore Transmission Line project, and
3. Lambton to Chatham Transmission Line project, which has been renamed the St. Clair Transmission Line ("SCTL") project.

On April 4, 2022, the Minister of Energy ("Minister"), based on the Order in Council¹, gave direction to the OEB to amend Hydro One's transmission licence² to contain the requirement for Hydro One to develop and seek approvals for the following Southwestern Ontario projects ("Projects"):

1. 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;
2. 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;
3. 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
4. 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.

¹ [Order in Council](#), dated May 31, 2022

² <https://www.rds.oeb.ca/CMWebDrawer/Record/744939/File/document>

The OEB 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 licensed utility(s). Project number 1 on the list above, the Lambton Transformer Station to Chatham Switching Station transmission line project, has already received OEB approval³ to track its costs in the ATP Account.

The remaining three projects, (numbers 2, 3 and 4) as listed above, are expected to meet the criteria for inclusion in the ATP Account. Therefore, Hydro One is hereby notifying the OEB that it intends to begin using the ATP Account for the following three projects⁴:

1. 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, expected to be in-service by 2029;
2. 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, expected to be in-serve by 2035; and
3. 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, expected to be in service by 2028.

Hydro One will track costs for each of these three projects in separate sub-accounts of the ATP Account and manage those sub-accounts in the same manner as those already approved in EB-2021-0169.

Sincerely,



Joanne Richardson

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

³ EB-2021-0169 – Decision and Order dated October 7, 2021.

⁴ Please note that the in-service dates of the projects listed below is Hydro One's current expectation and is subject to change.

Attachments:

- A. Minister's letter of direction to OEB, dated April 4, 2022.
- B. OEB Letter to Hydro One, dated May 24, 2022.
- C. EB-2022-0142 – Decision and Order dated April 6, 2022. Amending the Electricity Transmission Licence of Hydro One Networks Inc. to Require it to Develop and Seek Approvals for New Transmission Lines.

April 4, 2022

Mr. Richard Dicerni
Chair
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4



Dear Mr. Dicerni:

Southwestern Ontario is experiencing significant economic growth due to a rapidly expanding greenhouse sector and interest in major new developments in automotive battery manufacturing. This has underscored the need to accelerate critical electricity transmission projects so that power is available to support this growing region.

On September 23, 2021, the Independent Electricity System Operator issued a bulk planning report entitled Need for Bulk System Reinforcements West of London, which recommended new transmission infrastructure to meet forecast electricity demand growth and identified potential future projects that may be needed depending on how growth materializes and where generation resources are located.

I am writing to you 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 three transmission lines in Southwestern Ontario are needed as priority projects. The Order in Council took effect on March 31, 2022 and is attached to this letter.

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. 875-2022, issuing a directive to the OEB to amend Hydro One Networks Inc.'s (Hydro One) electricity transmission licence to include a requirement that it proceed to develop and seek all necessary approvals for four new transmission projects in Southwestern Ontario, including two of the 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".

Todd Smith
Minister

Attachments

c: Susanna Zagar, Chief Executive Officer, OEB
Stephen Rhodes, Deputy Minister of Energy

Filed: 2022-07-08
EB-2022-0142/EB-2021-0169
Notice of Intention
Attachment B
Page 1 of 3



BY EMAIL

May 24, 2022

Ms. Joanne Richardson
Director, Major Projects and Partnerships
Hydro One Networks Inc.
483 Bay Street, 7th Floor South Tower
Toronto, ON M5G 2P5
Joanne.Richardson@HydroOne.com

Dear Ms. Richardson:

**Re: New Transmission Lines in Southwestern Ontario
Board File Number: EB-2022-0142**

This letter acknowledges receipt of your letter of April 12, 2022 in which Hydro One Networks Inc. (Hydro One) provided a copy of the Independent Electricity System Operator's (IESO's) recommendations regarding the scope and timing of four new transmission line projects, as required by the Ontario Energy Board (OEB) in its April 6, 2022 Decision and Order.

The four transmission line projects (collectively referred to as the Projects) are:

1. 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;
2. 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;
3. 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
4. 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.

Section 19.8.1 of Hydro One's licence, as amended on April 6, 2022, requires Hydro One to develop and seek approvals for the Projects.

In addition to requiring the amendment of Hydro One's licence, the Minister's Directive, dated March 31, 2022, also directed 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. This letter sets out the OEB's reporting requirements for the Projects.

Separate reports shall be provided by Hydro One for each of the four transmission line projects. Reports for a specific transmission line project shall be provided until a leave to construct application for that transmission line project is filed. The reports should be filed as follows:

- May 1 to October 31 for reporting in November
- November 1 to April 30 for reporting in May

All reports are to be filed by the 15th business day of the month following the end of each reporting period. The first set of reports should be filed on November 15, 2022.

In each report, Hydro One shall provide an update on the following matters:

- *Overall Project Progress:* An executive summary of work progress, cost and schedule status, and any emerging issues/risks and proposed mitigation.
- *Development Cost:* Development costs shall be reported in the form of the attached table. A forecast of the development cost is to be provided in the first set of reports (in column 'C' of the table) and will be used as the reference for future reports. A future hearing will examine the prudence of development costs incurred by Hydro One for the Projects.
- *Development Work Schedule:* The milestones completed and the status of milestones in-progress. The schedule and milestones for development work provided in the first report will be used as the reference for future reports. For milestones that are overdue or delayed, the reasons for delay, the magnitude and impact of the delay on broader project timelines and cost, and any mitigating steps that have or will be taken to complete the task.
- *Risks and Issues Log:* An assessment of the risks and issues with respect to project development, potential impact on schedule, cost or scope, as well as potential options for mitigating or eliminating the risk or issue.
- *Project scope and timing recommendations provided by the IESO:* If the IESO updates its scope and timing recommendations these should be included.

Any questions relating to this letter should be directed to Andrew Pietrewicz at Andrew.Pietrewicz@oeb.ca.

Yours truly,

Brian Hewson
Vice President, Consumer Protection & Industry Performance

Attachment: Project Development Cost Reporting Table

Project Development Cost Reporting Table for Use in Bi-annual Reports

All bi-annual reports should include the following table that summarizes budgeted vs. actual expenditures to date, as well as any forecast changes in budget and the revised total budget. Percentage values in the cost table should be used to two decimal places.

Project Development Cost Reporting Table

	Actuals Spent			Forecast Budget Variance					
	A Spent this Reporting Period (millions)	B Total Spent to Date (millions)	C Budget per November 15, 2022 Report (millions)	D Forecast Budget Change from Last Report (millions)	E Forecast Budget Change from Last Report (%)	F Revised Total Budget (millions)	G = F – B Budget Remaining (millions)	H = G/F *100 Budget Remaining (%)	Reasons for Change
Real Estate									
Engineering and Design									
Environmental Approvals									
Indigenous Consultation									
Project Management									
Contingency									
Other Consultation									
Interest and Overhead									
Total									

Notes on the Project Development Cost Reporting Table

- Column 'A' should reflect expenditures since the last reporting period.
- Column 'B' should reflect all expenditures to date for the specific transmission line project.
- Budgeted costs in Column 'C' should be those reported in Hydro One's first bi-annual report and are to be held fixed.



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DECISION AND ORDER

EB-2022-0142

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

April 6, 2022

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 include a requirement that it proceed to develop and seek all necessary approvals for four new transmission projects in Southwestern Ontario. Two of those projects have been declared to be needed as priority projects by Order in Council 876/2022 dated March 31, 2022.

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.

On April 4, 2022, the OEB received a Directive under section 28.6.1 of the Act (Directive) under cover of a letter from the Minister. The Directive was approved by the Lieutenant Governor in Council on March 31, 2022 as Order in Council No. 875/2022. 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 four transmission line projects (collectively referred to as the Projects):

1. 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;
2. 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;
3. 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
4. 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.

¹ ET-2003-0035

The Directive also requires that the OEB amend Hydro One's licence to include a condition that the scope and timing for the Projects accord with the recommendations of the Independent Electricity System Operator (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.

The Order in Council accompanying the Directive states that expansion of Ontario's transmission system is critical to provide a reliable and adequate supply of electricity to Southwestern Ontario to support economic growth in the region, including the rapidly growing agricultural sector and the potential for growth in the electric vehicle and broader automotive sectors.

Two of the Projects listed in the Directive (numbers 1 and 2 above) have been declared to be needed as priority projects pursuant to section 96.1 of the Act in Order in Council 876/2022 dated March 31, 2022. A third project that is also declared to be needed as a priority project - a new 230 kV electricity transmission line from the existing Chatham Switching Station to the new Lakeshore Transformer Station – was the subject of a previous Directive issued to the OEB on December 17, 2020 and the OEB amended Hydro One's transmission licence in respect of that project by Decision and Order dated December 23, 2020.

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 four Projects set out in the Directive and listed above, and to develop the Projects in accordance with the project scope and timing recommended by 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 each 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, 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:

19.8.1 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.

2. Hydro One shall, no later than April 27, 2022, 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 each of the Projects identified in paragraph 1 above.

DATED at Toronto, April 6, 2022

ONTARIO ENERGY BOARD

Original Signed By

Brian Hewson
Vice President, Consumer Protection & Industry Performance