

BY EMAIL AND RESS

June 13, 2024

Mr. Brian Hewson
Vice President, Consumer Protection
& Industry Performance
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON, M4P 1E4

Dear Mr. Hewson:

EB-2022-0085 – Hydro One Network Inc.’s Application under Section 74 of the *Ontario Energy Board Act* for an Exemption related to the Napanee Battery Energy Storage Project connecting to Hydro One’s Transmission System

Further to the Board’s decision in EB-2022-0085, Hydro One Networks Inc. (“**Hydro One**”) is:

- a) notifying the Board in accordance with its Decision and Order in EB-2006-0189 of a material change to Hydro One’s Connection and Cost Recovery Agreement (CCRA) template for load customers connecting to its transmission system who install a battery energy storage system (BESS); and
- b) applying for an exemption from the Transmission System Code (“**TSC**”) requirements in sections 4.1.1 and 4.1.2, which require a connection agreement to be in the form set out in Appendix 1 of the TSC, for the BESS Facility as defined in the Background section below. Hydro One intends to use the form of connection agreement that it filed in EB-2022-0085 (the “**TCA Storage**”) for the BESS Facility, which is similar to the BESS project that was the subject of that application.

1. BACKGROUND

Portlands Energy Centre L.P. (the “**Customer**”) is proposing to connect a 265 MW battery energy storage system in Napanee, Ontario (the “**BESS Facility**”). The BESS Facility represents a significant storage facility in Canada and is expected to have numerous spin off benefits¹ including:

- reduce greenhouse gas emissions by 0.5M tonnes per year, which is equivalent to removing approximately 5,000 cars of Ontario roads; and
- provide over 100 jobs using local employment, for materials and services some of which is from the First Nation community.

¹ The estimates and claims made here were provided by the proponent, Portlands Energy Inc.

2. CCRA FOR BESS FACILITIES

Further to the Board's Decision and Order in EB-2006-0189 and EB-2022-0085, Hydro One is notifying the Board of its intent to use a CCRA for the BESS Facility that is similar in form to the CCRA filed by Hydro One in EB-2022-0085. When the BESS Facility is in charging mode, the BESS Facility will be consuming electricity from the transmission system like a typical transmission load customer. Therefore, Hydro One will include the future revenues that will be collected from the BESS Facility from transmission rates when determining the BESS Facility's connection-related capital contribution.

In the Board's Decision and Order in EB-2006-0189, the Board provided the following direction to Hydro One and Great Lakes Power Limited ("GLPL"):

- For the reasons set out in the Decision and Order, the Board does not consider it necessary at this time to require that the CCRA templates be specifically approved by the Board. The Board does expect that Hydro One or GLPL will publish their respective CCRA templates on their respective websites and that they will notify the Board of any material changes to those templates as and when they are developed.

As was the case in EB-2022-0085, Hydro One is notifying the Board of a change, which it considers material, to Subsection 3(o) of the Standard Terms and Conditions of its CCRA for the BESS Facility:

- o) as the Storage Facility has attributes associated with a Generator as well as those associated with a load, all provisions of the TSC and the OEB-approved Connection Procedures that are specific to the connection of either a Generator (Generation Facility) or a load are deemed to apply to the Storage Provider (Storage Facility).

Hydro One intends to include the TCA Storage as a Schedule of the CCRA for the BESS Facility, as it did for the BESS project that was the subject of Hydro One's application in EB-2022-0085.

3. EXEMPTION REQUEST

Hydro One is seeking an exemption from the requirements in Section 4.1 of the TSC to use the TCA Storage for the connection of the BESS Facility to Hydro One's transmission system. Like the BESS project that was the subject of Hydro One's application in EB-2022-0085, the BESS Facility will have the characteristics of both a generator (when in discharge mode) and a load (when in charging mode). Therefore, the use of the TCA Storage (instead of the current forms of Connection Agreement set out in Appendix 1 of the TSC) is both warranted and appropriate.

The BESS Facility is expected to be energized in Q3 of 2025. Given that connection agreements are normally executed with a customer at least 30 days prior to their energization, Hydro One is aiming to execute the TCA Storage with the customer in Q2 2025. As noted in Section 2 above, Hydro One intends to include the TCA Storage as a Schedule of the CCRA with the BESS Facility.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Savulak", with a fluid, cursive style.

Jason Savulak