Transmission Connection Procedures

Issue Date: July 17, 2024

***Upper Canada Transmission 2, Inc.**, acknowledges that this document reflects the Transmission System Code to and including on August 2, 2023. The contents within are subject to change to align with any decisions or orders issued by the Ontario Energy Board, including future amendments to the Transmission System Code.*

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1. INTRODUCTION

The Ontario Energy Board (the "Board" or the "OEB") Transmission System Code ("Code") governs the procedures and requirements for connecting customers to the transmission system. Upper Canada Transmission 2, Inc. ("UCT2"), is the licensed transmitter and general partner of East West Tie LP. The East-West Tie transmission assets, operated and controlled by UCT2, are comprised of a double-circuit 230kV transmission line from the Hydro One's Wawa Transformer Station (TS) to the Lakehead TS in the Municipality of Shuniah, near Thunder Bay, Ontario, with a connection approximately mid-way at the Marathon TS. For ease of reference, we refer to this system as "The East West Tie" or "EWT".

Figure 1: Project map

This document serves as a comprehensive guide, providing detailed information on the necessary steps and criteria to ensure safe, reliable, and compliant connections. It covers a wide range of topics, including general requirements, assessment of total normal supply capacity, determination of available capacity, procedures for security deposits, customer impact assessments, and economic evaluations of new and modified connections. Additionally, the document outlines the processes for contestability, reconnection, and modification, as well as dispute resolution mechanisms. It also addresses regional infrastructure plan obligations and includes a schedule of charges and fees, along with timelines for the connection process. The emphasis throughout is on maintaining system integrity and reliability while meeting customer needs through transparency and effective communication. Adhering to these guidelines, as well as the North American Electric Reliability Corporation's ("NERC") applicable standards, is crucial for achieving successful and sustainable operations within the Independent Electric System Operator ("IESO") controlled transmission grid. This document aims to ensure that all parties involved understand and comply with the established procedures to promote a seamless and efficient connection process.

1.1 Connection Procedures

To ensure an efficient connection process, section 6.1.3 of the Code mandates that each licensed transmitter publish its OEB approved connection procedures on its website. Furthermore, section 6.1.4 of the Code specifies that the transmitter's connection procedures must include the following:

1. **General Requirements**: A detailed overview of the fundamental criteria and prerequisites necessary for initiating a connection request, ensuring that all potential customers are aware of the initial steps and basic compliance requirements.
2. **Total Normal Supply Capacity Assessment**: Procedures for assessing the total normal supply capacity, which involves evaluating the capacity of the transmission system to accommodate new connections without compromising the existing supply quality and reliability.
3. **Available Capacity Determination**: Clear guidelines on how available capacity is determined within the transmission system to ensure that new connections can be accommodated without exceeding system limits.
4. **Security Deposit Procedures**: Detailed instructions on the security deposit requirements, including the calculation, submission, and conditions under which the deposit might be refunded or forfeited, to mitigate financial risks associated with new connections.
5. **Customer Impact Assessment**: Steps for conducting a customer impact assessment to evaluate the potential effects of a new connection on existing customers and the overall transmission network performance.
6. **Economic Evaluation of New and Modified Connections**: Methodologies for performing economic evaluations of new or modified connections to determine the financial viability and system impact of proposed projects.
7. **Contestability**: Information on contestability, which outlines the conditions under which customers may undertake certain connection-related work, subject to approval and compliance with standards.
8. **Reconnection and Modification Processes**: Procedures for reconnection of previously disconnected customers and the process for modifying existing connections, ensuring that all changes are documented and approved.
9. **Dispute Resolution**: A framework for resolving disputes that may arise between customers and transmitters during the connection process, ensuring fair and transparent handling of issues.
10. **Regional Infrastructure Plan Obligations**: Requirements for alignment with regional infrastructure plans to ensure that new connections are consistent with broader regional development and capacity planning strategies.
11. **Schedule of Charges and Fees**: A comprehensive schedule of all charges and fees associated with the connection process, providing transparency and allowing customers to understand the cost implications of their connection requests.

12. **Timelines for the Connection Process**: Clearly defined timelines for each stage of the connection process, ensuring that customers have a realistic expectation of the duration from initial request to final connection.

By adhering to these procedures, transmitters can maintain safety, reliability, compliance, transparency, and effective communication throughout the customer connection process, thereby ensuring system integrity and reliability while meeting customer needs.

1.2 UCT2's Transmission Connection Process

UCT2 outlines its transmission connection process to assist connection applicants in understanding the steps involved in processing requests to connect to its transmission system or to modify existing connections. This process document consists of detailed process maps and step-by-step descriptions of each stage in the process.

The customer connection process of UCT2 operates independently from the IESO's Connection Assessment and Approval process ("CAA") although both organizations collaborate with connection applicants to facilitate application processing.

Upon receiving a connection request to the UCT2 transmission system, the customer connection process is initiated. The applicant may choose to conduct a connection feasibility study through its consultants or the IESO. This study aims to identify potential challenges and considerations related to the proposed connection, assessing its feasibility. Furthermore, it helps in determining the preferred connection alternative and arranging the facilities at the transmission point of connection. Additionally, UCT2 can be engaged, at an additional cost, to perform a connection feasibility study prior to commencing the customer connection process.

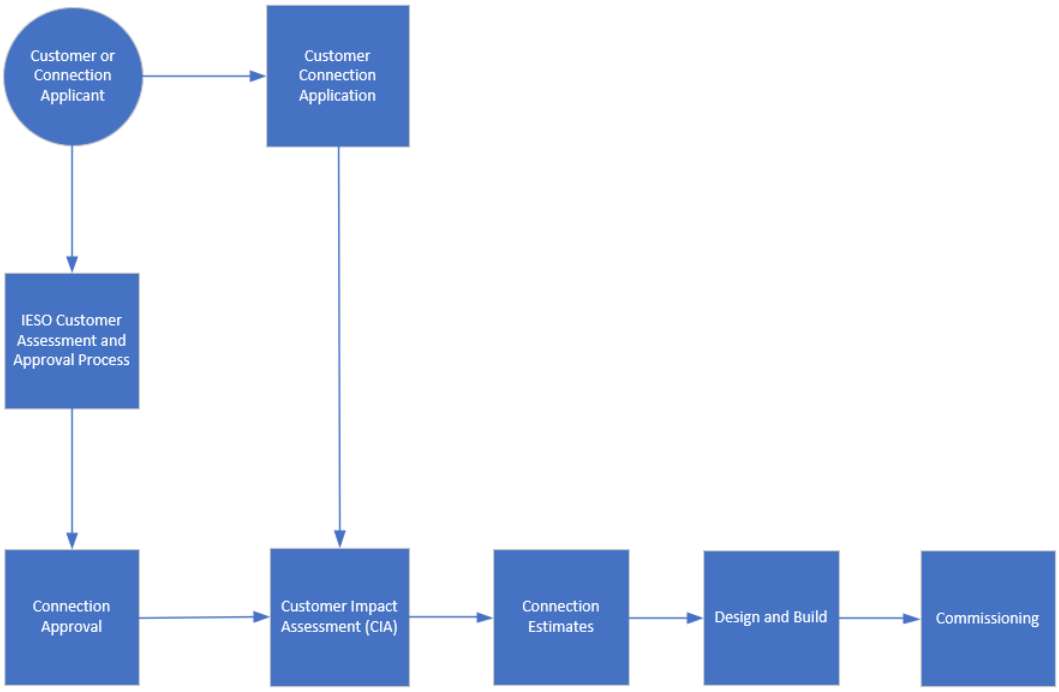

Figure 1: UCT2 Customer Connection Process

2. GENERAL REQUIREMENTS

2.1 Objective

The objective of this document is to provide a comprehensive guide for customer connections to the Ontario transmission system, in accordance with the Code. It aims to ensure the safety, reliability, compliance, transparency, and effective communication throughout the customer connection process, thereby maintaining system integrity and reliability while meeting customer needs. This document outlines the procedures and requirements for various aspects of the connection process, including capacity assessment, security deposits, impact assessments, economic evaluations, and dispute resolution, among others. Additionally, it includes a schedule of charges and fees, and timelines to facilitate a clear and structured approach to connecting to the transmission system.

2.2 Initial Assessment

To request a new or modified connection to the EWT, customers must submit the posted application form and register with both UCT2 and the IESO. One of the functions of the IESO is to coordinate joint studies for the planning of new or modifying existing transmission facilities. In accordance with the IESO's current "Market Rules for the Ontario Electricity Market", entities planning to establish or modify a connection to the IESO-controlled grid must obtain approval through the IESO's CAA. The CAA process allows the IESO to assess the impact of new or modified connections on the IESO-controlled grid on the reliability of the integrated power system. This process is described in the IESO's Market Manual 1: Connecting to Ontario's Power System Part 1.4 Connection Assessment and Approval. The CAA process is separate from, but operates concurrently with, UCT2's customer connection process, as described herein.

To request a new or modified connection to the EWT, customers must therefore follow both the IESO CAA and the UCT2 customer connection processes. Coordination of these processes is described below.

2.2.1 Step-by-Step Connection Application Process

a) Submit Application and Register:

- Customer must submit the posted application form for a new or modified connection to eastwesttie@nexteraenergy.com.
- Register with the IESO at Connection.Assessments@ieso.ca.

b) Understand Roles and Responsibilities:

- **UCT2:** as a Market Participant of IESO, UCT2 handles the customer connection process and coordinates with IESO for joint studies regarding new or modified facilities. As part of this process, UCT2 prepares a Customer Impact Assessment ("CIA") document.
- **IESO:** oversees its CAA process to ensure the reliability of the integrated power system.

c) IESO CAA Process:

- **Purpose:** to evaluate the impact of the new or modified connection on the reliability of the IESO-controlled grid. This is done by the IESO preparing a System Impact Assessment ("SIA") document.
- **Documentation:** the process is detailed in the IESO's Market Manual 1: Connecting to Ontario's Power System Part 1.4 Connection Assessment and Approval.
- **Approval:** customers must obtain IESO approval through its CAA process before a new connection or modifications to existing transmission facilities can proceed.

d) Concurrent Processes:

- **UCT2 Process:** operates concurrently with the IESO CAA process. UCT2 manages the customer's connection application and ensures compliance with the Code. Activities include the following:
    - Conduct an initial assessment to determine the technical feasibility and impact of the proposed connection on its transmission facilities.
    - A single consultation meeting will take place between UCT2 and the customer, at no expense to the customer. During this meeting, the scope of the project will be clarified, and the customer will be furnished with relevant information.
    - The assessment will also consider safety requirements, reliability measures, regulatory compliance, and communication protocols.
    - The assessment will also consider safety requirements, reliability measures, regulatory compliance, and communication protocols.
    - Negotiate and execute a connection cost recovery agreement ("CCRA") with the customer.
- **IESO CAA Process:** while UCT2 is handling the application, the IESO assesses the potential impact on the transmission system's reliability.

2.3 Connection Estimates

This part of the connection process provides the customer with preliminary cost estimates regarding the necessary UCT2 facilities for connection. It also includes a financial evaluation concerning the cost sharing arrangement or the financial contribution requirements for new transmission facilities and/or modifications required to existing transmission facilities. Any transmission system requirements specified in the IESO's SIA and UCT2 's CIA will also be part of the estimate's scope.

2.4 Connection and Cost Recovery Agreement

In this phase, UCT2's development team and the customer engage in a discussion to finalize and sign a Connection and Cost Recovery Agreement ("CCRA"). Execution of a CCRA allows UCT2 to follow its internal procedures required to allocate funds for detailed engineering work, equipment procurement, and obtaining essential project approval, permits, and licenses.

2.5 Safety Considerations

Safety considerations are a critical component of the procedures and requirements for connecting customers to the transmission system as outlined by the Code. UCT2 will assess and address any safety risks associated with the proposed connection. Safety protocols and procedures will be communicated to all parties involved in the connection process.

UCT2 ensures that its transmission facilities meet all applicable requirements including those of the Ontario Electrical Safety Authority ("ESA"). UCT2 will obtain connection authorization from the ESA, ensuring compliance with all technical standards and regulations.

UCT2 will not connect a customer's facilities or any new, modified, or replacement customer facilities unless the ESA issues the required connection authorization, certificate of inspection, or any other relevant approval or authorization. All applicable ESA authorizations, including certificates of inspection, are required before implementing new connections or modifications made to existing connection facilities. These authorizations may also apply to changes that the customer must make to its customer owned facilities.

UCT2 will require the customer to furnish test certificates, validating that their facilities (including any new or modified customer owned facilities) have successfully met all applicable testing requirements including those set out in section 5.1.2 of the Code. By prioritizing these safety considerations, the procedures for connecting customers to the transmission system can be conducted in a manner that minimizes risks and ensures the well-being of all involved.

2.6 Testing and Inspection

UCT2 may engage in, and witness the commissioning, inspection, and testing of, customer-owned connection facilities to verify that the facilities connected to the EWT do not significantly diminish or negatively impact system operations and reliability. UCT2 will recover its reasonable expenses incurred in participating in the commissioning, inspection, or testing of the customer-owned connection facilities from the customer.

2.7 Reliability Measures

UCT2 may implement appropriate reliability measures during or after the connection process in order to maintain system reliability. UCT2 will recover its reasonable costs incurred to implement such measures from the customer where such measures are required and result from the customer connection.

2.8 Compliance with Regulations

UCT2 will ensure that the customer connection complies with all applicable regulations and standards. Any permits or approvals required for the connection must be obtained before proceeding with the connection.

2.9 Transparent Communication

Throughout the customer connection process, UCT2 will maintain transparent communication with all stakeholders, including the customer, regulatory authorities, impacted Indigenous communities, and other relevant parties.

Updates on the progress of the connection, any challenges encountered, and resolution of issues will be communicated in a timely manner.

2.10 Confidentiality

UCT2 is committed to maintaining the confidentiality of information concerning customers. Confidential information will not be disclosed to any third party without the express consent of the customer to whom the information relates. In cases where obtaining consent is not feasible, UCT2 may request guidance from the Board.

2.11 Documentation and Record Keeping

All documentation related to the customer connection, including assessments, approvals, permits, and communication records, will be accurately recorded and maintained by UCT2.

Subject to confidentiality requirements and protections, records will be accessible for review and audit purposes.

2.12 Training and Awareness

Upon request, UCT2 may provide training and awareness programs to the customer regarding the safe construction and ongoing operation of the connection facilities. Customers will be informed of their roles and responsibilities required to maintain the integrity of the EWT transmission system during the connection process.

3. TOTAL NORMAL SUPPLY CAPACITY

In accordance with section 6.2.7 of the Code, "Total Normal Supply Capacity" refers to the maximum amount of electricity that can be reliably supplied to customers under normal operating conditions. This capacity is a key consideration in the process of connecting customers to the transmission system. Ensuring that the Total Normal Supply Capacity is accurately assessed and understood is crucial to avoid overloading the system, maintaining reliability, and meeting customer demand without compromising safety or quality of service. In consultation with the IESO, Hydro One and the customer, UCT2 will carefully evaluate the Total Normal Supply Capacity when assessing customer connections to ensure that the system can accommodate the additional load without causing disruptions or exceeding safety limits.

UCT2 will determine the Total Normal Supply Capacity on EWT, based on the capacity of the customer connection facilities (a transformation connection facility or a line connection facility), seasonal static ratings during summer or winter, assuming a 90% power factor, load conditions, the system configuration, and any operational constraints.

3.1 Transformer Connection Facility

A transformer connection facility refers to the infrastructure and equipment required to connect a transformer to the EWT. This connection facility plays a crucial role in stepping up or stepping down voltage levels to facilitate the efficient transmission and distribution of electricity from power generation sources to end users.

Transmission connection facilities may include both transformation connection facilities and line connection facilities. Therefore, transformer stations and line taps dedicated to serving a specific group of transmission customers are classified as transmission connection facilities. Unless specified otherwise, all references in the procedure pertain to both transformation and line connection facilities.

A transformer station refers to all transformation facilities associated with one or more transformers that work together to supply a common set of distribution feeders. A line connection facility can be a segment of a transmission line dedicated to serving one or more transformation connection facilities or any contiguous subset of that segment as determined by UCT2.

The Total Normal Supply Capacity for a transformation connection facility will be determined as follows:

- **Single transformer supply:** the Total Normal Supply Capacity will be determined by the continuous rating of the specified transformer, which corresponds to the transformer's nameplate rating with full cooling applied.
- **Dual transformer supply:** the Total Normal Supply Capacity will be determined by the 10-day limited time rating ("LTR") of the more restrictive transformer, assuming the larger one is out of service.

More than 2 transformers supplying a common bus

1. **Sum of 10-Day LTRs:** the Total Normal Supply Capacity is calculated by summing the 10-day LTRs of the "n-1" most limiting transformers. This approach assumes the loss of the largest

transformer as the worst-case scenario, ensuring system reliability even in the event of a single transformer failure.

2. **Critical Season Indication:** the capacity assessment should specify the critical season, whether it is winter or summer, as this affects the load and capacity requirements.
3. **Assumed Power Factor:** unless otherwise specified, a power factor of 90% is assumed in the calculations. This standard assumption helps in maintaining uniformity in the assessment process.
4. **Updating LTR Values:** updates to the LTR value may occur if new information emerges that impacts the calculated value. This ensures that capacity assessments remain accurate and up to date.

3.2 Line Connection Facility

A line connection facility typically refers to the infrastructure required to connect a customer's electrical system to the transmission network. This includes the necessary transmission lines and associated equipment that facilitate the electrical connection between the customer's load or generation facilities and the EWT.

- **Single circuit supply:** the Total Normal Supply Capacity is determined by the more limiting of two factors the continuous rating of the specific line or the maximum load that can be supported while maintaining acceptable voltage levels.
- **Dual Circuit Supply:** the Total Normal Supply Capacity will be determined by the more limiting of the following two factors: (i) the continuous rating of the limiting circuit or (ii) the maximum load that can be supplied with one critical line out of service while maintaining acceptable voltage levels. The standard connection configuration will be utilized to assess the Total Normal Supply Capacity. The critical season, whether winter or summer, will be specified. Unless stated otherwise, a power factor of 90% will be assumed.

3.3 Communication of Total Normal Supply Capacity

Upon request, UCT2 will communicate the Total Normal Supply Capacity on its transmission lines to potential customers and other interested parties.

The communication of Total Normal Supply Capacity will be done in a transparent and non-discriminatory manner.

3.4 Monitoring and Reporting

UCT2 will regularly monitor the utilization of Total Normal Supply Capacity on the EWT. Any significant changes in the Total Normal Supply Capacity will be promptly communicated to customers and interested parties.

Regular reviews will be conducted to ensure effectiveness and efficiency of available capacity and allocation processes once UCT2 connects a customer to the EWT. The frequency of these reviews will be coordinated with other OEB licensed transmitters to maintain consistency.

Changes, additions, and removals of facilities may necessitate updates to the Total Normal Supply Capacity at each facility. These updates will be incorporated into UCT2's available capacity process, triggering a review of the available capacities at the respective connection facilities. UCT2 retains

the authority to modify the Total Normal Supply Capacity value at a connection facility whenever new information that impacts this value becomes unknown.

4. AVAILABLE CAPACITY

In the context provided, the term "Available Capacity" refers to the assessment of the transmission system's ability to accommodate new customer connections without compromising reliability. The determination of Available Capacity is essential to ensure that adding new connections does not overload the IESO controlled grid beyond its safe operating limits. It is critical to managing the balance between supply and demand, maintaining system stability, and meeting the needs of all customers connected to the IESO controlled grid.

Procedure for Available Capacity

4.1 Definition of Available Capacity

The Available Capacity at a connection facility is determined by considering the assigned capacities for all customers at that facility and the facility's Total Normal Supply Capacity. According to the Total Normal Supply Capacity Procedure, each connection facility is classified as either a summer or winter peaking facility. Consequently, the Available Capacity is calculated based on this classification. For a summer-peaking facility, the Available Capacity is the facility's Total Normal Supply Capacity in summer minus the total assigned capacity. Similarly, for a winter-peaking facility, the Available Capacity is the facility's Total Normal Supply Capacity in winter minus the total assigned capacity.

4.2 Request for Available Capacity

Customers seeking to connect to the EWT must submit a formal request for Available Capacity to UCT2. The request should include detailed information about the customer's load requirements, proposed generation capacity (if applicable), location of connection, and expected timelines.

Given the operational nature of the EWT, UCT2, in coordination with Hydro One, will prioritize requests for Available Capacity based on the order in which they are received and the terms of the Code requirements.

4.3 Determination of Available Capacity

During this stage, in coordination with Hydro One, the remaining capacity at a connection facility that can be assigned to customers will be assessed.

a) List all customers associated with a connection facility

Within a specified connection facility, all customers utilizing the facility will be documented and acknowledged. A "customer" refers to a transmission load customer as defined in sections 2.0.18 and 2.0.40 of the Code. Hence, a customer can be a local distribution company ("LDC") or an industrial consumer presently receiving service via the connection facility. Moreover, an LDC or industrial client with forthcoming connections to the facility, even if not currently active, is also considered a customer.

b) Determine the contracted capacity for each customer

For each customer holding a signed contract (e.g., CCRA) with UCT2 for capacity at a connection facility, the customer's contracted capacity will be acknowledged. The customer's contracted capacity in a specific year refers to the load designated for that year in the load forecast linked to the

economic evaluation related to the customer's contract, measured in MW units with a presumed 90% power factor unless stated otherwise. The CCRA or the connection agreement that takes effect after the connection facilities are placed in service (“Connection Agreement”), will address the customer's contracted capacity in forthcoming years, presenting a summary of the economic evaluation outcomes for all years encompassed within the evaluation period (refer to economic evaluation procedure section 2.5). Because the CCRA ceases at the conclusion of the economic evaluation period, the customer must sign a Connection Agreement with UCT2 to ensure connection service continuity post the CCRA's expiration.

c) Gather historical load information for every customer

For customers lacking a signed contract with UCT2 for capacity at a connection facility, their assigned capacity will correspond to the highest rolling 3-month average peak load experienced at the specific facility, as stipulated in section 6.2.2 of the Code. This peak load information pertains solely to the customer's total load at that facility. UCT2 will assemble the requisite historical load information and calculate this peak load for each customer, signifying the capacity assigned based on historical usage patterns.

The historical data will comprise the customer's peak monthly loads dating back to the most recent 60-month timeframe as dictated by the Code, emphasizing normal operational circumstances, and disregarding any temporary irregularities like load transfers. This data will be presented in both MW and MVA units. In instances where metering information for line connection facilities is unavailable, UCT2 will assess historic loading on a line connection facility using data from pertinent transformation connection facilities.

Should UCT2 suspect a customer of load manipulation aimed at determining their assigned capacity, UCT2 reserves the right to request a review and potential adjustment of the assigned capacity, in accordance with section 6.2.2 of the Code.

d) Identify past capacity allocations or capacity modifications

Apart from a customer's contracted capacity in cases where a contract is in place, or the capacity assigned to a customer based on historical usage when no contract exists, any unutilized capacity assigned to a customer that remains unclaimed within a year of assignment is eligible for cancellation by UCT2. This cancellation provision applies, except when the capacity forms part of a load projection outlined in a contract such as a CCRA, as detailed in section 6.2.19 of the Code.

e) Establish the assigned capacity for each customer

By default, a customer's designated capacity at a connection facility is determined based on historical usage (refer to historical load information). Nevertheless, UCT2 retains the right to adjust this capacity resulting in an amended assigned capacity. The final assigned capacity for a customer constitutes the sum of their historical load-based assigned capacity and any adjustments specified from unclaimed or canceled available capacities under the previous applicable step (past capacity allocations or capacity modifications).

In subsequent steps and phases, a customer's "assigned capacity" refers to the ultimate capacity determined in this process. Once capacity is assigned to a customer, reassignment necessitates their explicit consent, except as outlined in the cancellation provision of past capacity allocations step.

UCT2 retains the exclusive right to assign connection facility capacity, subject to the requirements found in the Code. Customers cannot independently reassign their designated capacity. UCT2 will reasonably accommodate customer requests for capacity reassignment when a transfer or change in customer ownership occurs.

f) Total the assigned capacity for all customers

The cumulative assigned capacity at a connection facility is determined by adding up the individual assigned capacities for all customers at that location. UCT2 will consider the typical size and configuration of each customer's load, disregarding irregularities like temporary load transfers.

The cumulative assigned capacity at a connection facility is determined by adding up the individual assigned capacities for all customers at that location. UCT2 will consider the typical size and configuration of each customer's load, disregarding irregularities like temporary load transfers.

g) Acquire the total normal supply capacity of connection facility

The total normal supply capacity of a connection facility will be extracted following the Total Normal Supply Capacity Procedure and will be denoted in MW units, with a standard assumption of a 90% power factor unless specified otherwise.

h) Compute the available capacity accessible at the connection facility

The available capacity at a connection facility is computed by deducting the total assigned capacity from the facility's total normal supply capacity, expressed in MW units, with a default power factor assumption of 90%. In the case of transformation facilities, available capacity is based solely on transformer capacity. Factors such as other limitations (e.g., feeder breaker positions) may limit access to the transformers' full capacity, requiring upgrades incurring additional costs for full utilization. Moreover, the transformers maximum available capacity might be influenced by feeder configurations.

Requests for additional feeder breakers by customers do not signify an increase in contracted capacity. Customers are financially liable for the extra feeder breakers, necessitating a capital contribution covering the full installation cost of these devices.

4.4 Assessment of Available Capacity

During this stage, UCT2 will evaluate the utilization of a connection facility to ascertain if the facility is nearing capacity and to decide on the requisite courses of action.

a) Available capacity equal to or less than 25% of the total normal supply capacity:

To determine if the available capacity at a connection facility meets the stipulated criteria, UCT2 will compare it against the total normal supply capacity to ensure that a minimum of 25% of the total normal supply capacity remains available.

For this evaluation, UCT2 will deduct the aggregate of capacities from all customer applications from the available capacity at the facility. This deduction will determine if the facility has sufficient capacity to accommodate all customer requests for additional capacity without nearing capacity limits.

If the available capacity drops to or below 25% of the total normal supply capacity, indicating the facility is approaching its limits, UCT2 will execute the actions detailed in point 5 of this procedure.

Conversely, if the facility's loading is not reaching capacity, UCT2's responses will be determined by customer requests for available capacity.

4.5 Implementation of Available Capacity Assessment

The purpose of conducting the available capacity assessment is to notify all customers at a connection facility when the facility's load is nearing capacity. Customers will be given a reasonable opportunity to request any remaining available capacity. Additionally, protocols for triggering an expansion study at a facility nearing capacity will be outlined in such cases.

a) Informing customers about the remaining available capacity at the connection facility

If the load at a connection facility nears capacity, UCT2 will electronically notify (i.e. email) all customers connecting at the facility, indicating that the facility's capacity threshold is being approached and triggering the available capacity procedure. This communication will be conducted through the issuance of a Customer Notification of Available Capacity form. The form will detail the connection facility's specifics, including its summer/winter classification, total normal supply capacity, and available capacity for the current year. Prior to disclosure, UCT2 will secure the consent of each customer that the information to be disclosed will be kept confidential and not disclosed to third parties. In situations where consent cannot be obtained, UCT2 reserves the option to seek guidance from the Board.

b) Handling customer applications for available capacity

Upon being informed that UCT2's available capacity procedure has been initiated, a customer will have twenty (20) business days to determine whether to submit an application for available capacity. Any applications received after this timeframe will be treated independently and processed following the conclusion of the ongoing implementation of the available capacity procedure.

c) Evaluating the capacity requirements of each customer applicant

UCT2 evaluates each customer applicant's capacity requirements by examining the customer's historical usage, growth intentions, load projections, as well as regulatory and related concerns.

The necessary details to validate customer demand for available capacity are as follows:

- The customer is required to furnish all details outlined in the Customer Application for Available Capacity. This encompasses the customer's projection of future peak load demand.
- The customer's load forecast (covering 1 to 5 years) should align with their historical usage patterns. If not, the customer needs to present details regarding specific expansions. Additionally, the customer must supply corroborative evidence for their load forecast, which could be in the form of a senior manager's letter or the business plan.
- Moreover, the customer's expansion strategy should be consistent with their past performance, sector trends, and the broader economic outlook for Ontario. Finally, the customer must pinpoint all government and regulatory considerations associated with their request for available capacity.

4.6 Initiating Expansion Study

From time to time, UCT2 may carry out studies that consider EWT expansions in order to ensure sufficient transmission capacity is available to accommodate existing and future customer needs.

Where such studies involve existing customer connection facilities, UCT2 will electronically notify affected customers using these facilities as well as customers using adjacent facilities, in accordance with section 6.2.14 of the Code. Notice of any expansion study will also be posted on UCT2's website. Studies focused on the expansion of existing connection facilities will allow affected customers the opportunity to request load reconfigurations in the planning and study of alternative expansion designs.

When such formal requests are received, UCT2 will conduct good-faith negotiations with the customer to establish acceptable terms and conditions that would address customer needs and preferences of such reconfigurations in accordance with the Code. The expansion study process may lead to new formal customer agreements (e.g. CCRA or Connection Agreements) to support the design, construction and use of expanded connection facilities

After concluding an expansion study, UCT2 will inform all previously notified customers about the available capacity on all relevant existing and new connection facilities both before and after the expansion.

If a load customer requests UCT2 to transfer load to the proposed new connection facility, UCT2 will engage in good-faith negotiations with the customer to establish the terms and conditions for this reconfiguration. In cases where UCT2 receives multiple applications from load customers that cannot all be accommodated, UCT2 will still negotiate in good faith with all applicants to determine the terms and conditions for the reconfiguration. Subsequently, UCT2 will rearrange the load of each customer with whom it successfully negotiates these terms in proportion to their assigned or contracted capacity. (See: section 6.2.15 of the Code)

After finishing an Expansion Study, UCT2 will inform all impacted load customers about the capacity available on all relevant existing and new connection facilities pre and post the expansion, in accordance with section 6.2.16 of the Code. This notification will be conducted while adhering to the confidentiality regulations outlined in sections 4.7.1 and 6.2.27 of the Code. Prior to publicly disclosing the available capacity on a connection facility dedicated to one customer, UCT2 will seek to obtain the customer's consent. If consent cannot be obtained, UCT2 must seek guidance from the Board as per section 6.2.27 of the Code.

4.7 Implementation of Customer Assigned Capacity

UCT2 will assign capacity to each customer according to its individual requirements and on a first-come, first-served basis, unless UCT2 demonstrates that the available capacity is insufficient to meet the customer's demands. In cases where there are multiple customer applications, capacity will be distributed based on each customer's specific needs, using UCT2's criteria for assigning available capacity as required by section 6.2.12 of the Code.

a) UCT2 criteria for assigning customers capacity

- In the written request for available and/or assigned capacity, customers are required to provide all necessary data.

- If the customer's five-year forecast deviates from their historical usage, additional information, like specific expansion plans such as a business plan, must be submitted. Furthermore, customers must back their load forecasts with supporting documentation under a cover letter signed by a company officer.
- It is essential that the customer's expansion plan aligns with its historical performance, sector benchmarks, and Ontario's economic outlook. Additionally, customers must detail all relevant government and regulatory issues associated with their capacity request. These responsibilities are applicable irrespective of the necessity of implementing the available capacity procedure as per section 4.1 of this guideline (section 6.2.10 of the Code).

4.8 Capacity Monitoring and Adjustment

During this stage, continuous monitoring of the available capacity at a connection facility takes place in accordance with section 6.2.9 of the Code. This includes the ongoing observation of the facility's load and customers' utilization of their assigned capacities. Monitoring will occur regularly, and an assessment of available capacity will be conducted when necessary.

a) Record keeping for assigned capacities and available capacities

UCT2 will keep a record of each customer's assigned capacity and the available capacity at a connection facility. Customers can request and receive details regarding their assigned capacity at a connection facility and the available capacity at that particular facility from UCT2. To maintain confidentiality, only the customer's own assigned capacity will be disclosed to them.

b) Tracking the utilization of assigned capacity for individual customers

UCT2 will oversee the monthly peak loads of each customer in MW and MVA, comparing their loading with the assigned capacity.

c) Expansion or cancellation of any unutilized assigned capacity

If a load customer has been assigned available capacity that remains unused after one year from the date when capacity was initially assigned, UCT2 will revoke the assignment consistent with section 6.2.19 of the Code. This unutilized capacity will then be considered available, and UCT2 will inform all other customers connected to the facility about the cancellation. UCT2 may, under special circumstances, prolong the capacity assignment beyond the one-year timeframe upon request.

4.9 Dispute Resolution

In case of disputes related to the allocation or utilization of available capacity, UCT2 will follow the dispute resolution procedures described in section 10 of this document and in accordance with the Code.

4.10 Continuous Improvement

UCT2 will continuously strive to improve the process of determining, communicating, and allocating normal supply capacity to customers connected to its transmission lines. Customer feedback will be considered for enhancing the normal supply capacity procedures.

5. SECURITY DEPOSIT

5.1 Introduction

This Security Deposit Procedure was developed to meet the requirements of section 6.3.11 of the Code. The purpose of a security deposit is to provide UCT2 with a means to mitigate financial risk during the construction phase of a connection. UCT2 has the right under the Code to retain all or part of the security deposit when it has expended funds for a new connection to its transmission system or has made modifications to its transmission system to accommodate a customer and the customer does not connect or fails to reimburse UCT2 for funds expended on its behalf.

Glossary

Agreement: means the agreements made between the customer and UCT2 where UCT2 is required to:

a) order long-lead time equipment

b) perform engineering work; and/or

c) construct new or modified network or connection facilities,

in relation to a connection application from the customer where new or modified network or connection facilities need to be constructed. This definition includes a CCRA.

Material Change in Financial Risk: Consistent with the definitions in the *Ontario Securities Act* (R.S.O. 1990), "material change in financial risk" means a "material change" or "material fact" as defined below:

"Material change"

1. a change in the business, operations or capital of the connecting customer or its corporate parent (where a parental guarantee is being provided) that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the connecting customer or its corporate parent, or that would be considered important by a reasonable investor.

2. a decision to implement a change referred to in subclause (i) made by the board of directors or other persons acting in a similar capacity or by senior management of the connecting customer or its corporate parent who believe that confirmation of the decision by the board of directors or such other persons acting in a similar capacity is probable.

"Material fact" when used in relation to a connecting customer or its corporate parent, means a fact that would reasonably be expected to have a significant effect on the market price or value of any of its securities.

5.2 Security Deposit Policy

Requirement for Security Deposit

UCT2 may require each generator customer and load customer to provide a security deposit at or before the time of executing an Agreement.

Amount of Security Deposit

1. **Generator and Load Customer.** Table 1 prescribes the amount of security that a generator or load customer will be required to provide UCT2 with respect to new or modified connection or network facilities.

2. **Customer Requiring Capacity in the Future.** In accordance with section 6.3.9 of the Code, the amount of the capital contribution to be obtained from the current customer and the amount or value of the security deposit to be collected from the future customer shall be determined using the economic evaluation method approved by the Board as set out in section 6.5 of the Code, the load forecasts of both customers and the methodology for attributing that capital contribution as described in sections 6.3.14, 6.3.15 or 6.3.16 of the Code.

Form of Security Deposit

The customer shall provide any required security deposit in the form of cash, letter of credit or surety bond, or a combination thereof or such other form on which the customer and UCT2 may agree. If the customer has an affiliate with a good credit rating and the affiliate is willing to provide a guarantee towards the customer's indebtedness, UCT2 may consent to the use of the affiliate's credit information when determining the customer's security deposit requirements, provided that if the customer or affiliate experiences a material change in financial risk during the construction phase of the project or prior to the in-service date, the customer must advise UCT2 within five (5) business days of the change, and UCT2 shall have the right to require an additional security deposit. The additional security deposit at the customer's option may be in the form of cash, letter of credit or surety bond, or a combination thereof. The customer shall have five (5) business days to comply with UCT2's request.

Security Deposits in the Form of Cash

The Code states in section 6.3.11 that when a customer provides all or any portion of a security deposit in the form of cash, upon returning the security deposit, UCT2 shall pay interest to the customer at the following rates:

a) for the period between the date on which the security deposit was provided by the customer and the date on which the security deposit is required to be returned by UCT2, at the average over the period of the Prime Business Rate as published on the Bank of Canada website, less two percent; and

b) for the period after the date on which the security deposit is required to be returned by UCT2, the Prime Business Rate as published on the Bank of Canada website, plus two percent.

Right to Retain All or a Part of a Security Deposit

UCT2 may retain all or a part of a security deposit that has been given in relation to the construction or modification of connection or network facilities in any one or more of the following circumstances:

a) where the customer subsequently fails to connect its facilities to UCT2's new or modified connection facilities;

b) where the customer terminates an Agreement or UCT2 terminates an Agreement as a result of a breach by the Customer;

c) where the customer fails to make any payment due under the terms of an Agreement; and

d) to remedy any non-financial breach by the customer of an Agreement.

UCT2 shall not otherwise retain a security deposit given in relation to the construction or modification of network facilities unless the Board has first determined under section 6.3.5 of the Code that exceptional circumstances exist so as to reasonably require the customer to make a capital contribution for the construction or modification of network facilities.

Returning Security Deposits

UCT2 shall return security deposits in any of the following circumstances:

a) if the security deposit is in the form of cash, UCT2 shall return the security deposit to the customer, together with interest, less the amount of any capital contribution owed by the customer, once the customer's facilities are connected to UCT2's transmission facilities;

b) if the security deposit is in a form other than cash, UCT2 shall return the security deposit to the customer once the customer's facilities are connected to UCT2's transmission facilities and any capital contribution owing has been paid;

c) pursuant to section 6.3.5 of the Code, where a customer requests that UCT2 not commence with construction pending direction from the Board, UCT2 must promptly return to the customer any outstanding security deposit related to the construction of the new or modified connection, unless the customer and UCT2 agree otherwise, less any expenditures made or committed by UCT2 prior to the request.

For customers requiring capacity in the future, ("future customer") UCT2 shall return security deposits when a future customer provided security in relation to network costs and subsequently requests that UCT2 not commence with construction. The return is subject to any pending direction from the Board under section 6.3.5 of the Code, and any agreement that may be reached between customer and UCT2. Further:

a) where a security deposit is in the form of cash, UCT2 shall return the security deposit to the future customer at the time of connection of its facilities to the connection facility, together with any interest owing, less the amount of the future customer's capital contribution; and

b) where the security deposit is in a form other than cash, UCT2 shall return the security deposit to the future customer upon receipt of the future customer's capital contribution.

Additional Security Deposits

A customer may be required to provide additional security deposits at any time after UCT2 has executed an Agreement if (i) the customer is in default of a term of such Agreement and has not remedied the default within the cure period specified in the Agreement or, if no cure period is specified in the Agreement, a reasonable cure period; or (ii) if there is a material change in financial risk associated with a proposed new or modified connection. When a customer becomes aware of a material change in financial risk it must advise UCT2 of the change within five (5) business days. Failure to do so will be considered a material breach of the Agreement.

In a case where more than one customer triggers the need for a transmission upgrade, a customer may be required to provide an additional security deposit or extend the term of a security deposit after UCT2 has executed an Agreement(s) and collected initial security deposits. This would occur

when a customer's proportional share of the upgrade cost increases because of other customer projects being delayed or cancelled that would have been contributors to the upgrade as originally planned and calculated in the Agreement(s).

Table 1

Credit Rating	Security Deposit Requirement	Rationale
AAA- and above	None	Highest credit rating
BBB- to AA+ (investment grade)	25% of MNE[1]	Good credit rating
BB- to BB+ (below investment grade)	50% of MNE	Fair credit rating just below investment grade, possibly caused by temporary or cyclical factors
B+ or below, or unrated	100% of MNE	Low or no credit rating
Future Customers (Section 6.3.9 of the Code)	100% of incremental costs required to install additional capacity	Up to 5 year lead time for connection requires security deposit if customer does not connect.

[1]*Maximum Net Exposure ("MNE") is equal to UCT2's estimated connection and network costs less capital contributions. Security deposit requirements may be reduced if cost recovery is reasonably assured through confirmation by the IESO or OEB or if customer creditworthiness is established through other means than a bond rating which is acceptable to UCT2. Any adjustment to the security deposit requirements are at UCT2 sole discretion.*

Process Overview

The process for establishing security deposits integrates with the overall customer connection process and is usually done in conjunction with the development of an Agreement. In situations where it is necessary to advance work or order equipment to meet critical in-service dates, UCT2 may consider proceeding with a letter agreement requiring a security deposit for 100% of the related costs minus any advance payments made by the customer prior to signing a CCRA. The letter agreement will include a date by which the CCRA must be signed.

Customer Application

When a customer submits a connection application to UCT2, after the customer and UCT2 have agreed to the scope of the project and a CIA has been completed, UCT2 will provide the customer with an estimated cost of the work to complete the connection. Included with the estimate will be information on whether a security deposit is required and if required, the amount of the security deposit. The amount of the security deposit will be affected by the amount of contestable work the customer elects to carry out on its own or through a third party. The customer has an opportunity subsequent to receiving this information to decide if it wants to proceed with the project or not. If the customer decides to proceed, a CCRA is negotiated between the customer and UCT2.

Security Deposit Terms within a Connection and Cost Recovery Agreement

A CCRA contains the terms of the agreement between the customer and UCT2 for the construction and connection to a new or modified facility, including the terms of its financial repayment. It includes the scope of the project and the work each party is responsible for completing. The

estimated cost of work and which group is responsible for paying those costs are identified in each CCRA Agreement.

Where costs for construction or modification of connection or network facilities can be attributed to more than one customer requiring the new connection or modification, the total shared connection and network costs will be allocated on a prorated "per MW" basis as a percentage of the total capacity between the customers requiring the new or modified connection, or on such other basis as may be agreed to by the parties.

For example, assuming each requires its own dedicated connection facilities, customer A with a capacity of 50MW and customer B with a capacity of 100MW for a total of 150MW would share costs on a basis of 33% (50/150) for customer A and 66% (100/150) for customer B.

The amount of security deposit to be paid will be stipulated in the CCRA, as well as when it will be paid and the rules concerning how and when it is returned or retained by UCT2 in accordance with this document and the Code. The security deposit will normally be paid by the time the customer signs the CCRA.

Section 6.3.11 of the Code addresses customer cost responsibility for new and modified connections. The primary purposes of the security deposit are to ensure financial responsibility, cover unpaid bills or damages, mitigate non-compliance risks, encourage responsible behavior, and provide a financial buffer for unexpected expenses. The deposit acts as a safeguard for transmitters against potential non-payment or default by customers and helps maintain the financial stability of the transmission system.

Security Deposits and Progress Payments During Project Construction

During the construction phase, costs will be incurred by UCT2 on behalf of the customer. Where there is a capital contribution required, the customer will be expected to make progress payments towards the capital contribution in accordance with an agreed payment schedule in the CCRA. The progress payment schedule will typically coincide with the costs incurred for the project. The total capital contribution payable will be deducted from UCT2's estimate of the total of the network and connection costs for the new connection or upgrade for the purposes of calculating the Maximum Net Exposure ("MNE"). The MNE represents UCT2's at-risk amount during the construction phase. For the purposes of calculating the security deposit, the MNE will be a one-time only calculation and will not be adjusted on an ongoing basis unless there is a material change in the customer's financial risk. The MNE will be calculated shortly before or when the CCRA is being drafted.

The customer will provide to UCT2 its credit rating, taken from a reputable credit rating agency that is acceptable to UCT2. This credit rating will determine the amount of security deposit required in accordance with Table 1. The amount of security deposit required using Table 1 may be reduced if cost recovery is reasonably assured through confirmation by the IESO or OEB, or if customer credit-worthiness is established through means other than a bond rating, such as Altman-Z or Kaplan-Urwitz credit scores or other means. Any adjustments to the security deposit requirements are at Hydro One's sole discretion.

If a material change in the financial risk of a customer occurs, for example a credit-watch or lowered credit rating, UCT2 will have the right to request an increased security deposit. The customer is required to advise UCT2 of a material change in the customer's financial risk within five (5) business days.

Example of Security Deposit Calculation: This example is for a hypothetical customer with a BB+ credit rating with estimated network and connection costs of $20M and capital contribution of $4M. The Maximum Net Exposure (MNE) is $16M ($20M minus $4M). The security deposit requirement is 50% of the MNE which amounts to $8M. Security deposit can be provided in the form of cash, letter of credit or surety bond, as may be selected by the customer, or in such other form as the customer and the transmitter may agree.

Return of Security Deposit after Project Completion

UCT2 will return the customer's security deposit after the construction phase of the project is complete and the customer has connected its facilities to the EWT. The CCRA will provide a timeline by which the customer is expected to have its facility in-service.

Security deposits provided by future customers will be returned after their facilities are connected to UCT2's new or modified facilities.

6. CUSTOMER IMPACT ASSESSMENT

Customer Impact Assessments ("CIA") are essential to evaluate the impact of new or modified customer connections on the UCT2 and neighbouring Ontario transmitter facilities. This procedure outlines the steps to be followed by UCT2 in conducting CIAs as per section 6.4.1 of the Code.

Procedure Steps

6.1 Notification

Upon receiving a request for a new or modified customer connection ("Connection Application"), UCT2 will work closely with the IESO to ensure a smooth coordination and exchange of information throughout the CIA process.

Based on the customer's particular connection needs, the customer may also be required to submit a separate application to the IESO for its System Impact Assessment ("SIA").

UCT2 will send a notification to the customer that provides notice of the requirement for a CIA.

Once the Connection Application is received by UCT2, it will assess the provided documentation and may ask the applicant for further details or clarifications as needed. This process may involve arranging a meeting or a conference call with the customer.

Upon request, the customer applicant will furnish UCT2 with any missing information or clarifications of the submitted information.

In cases where certain details cannot be supplied, UCT2 has the authority to apply reasonably appropriate standard values in the CIA study. The customer applicant bears the responsibility of ensuring that any subsequently installed facilities possess values that meet the approval of both UCT2 and the IESO.

6.2 Data Collection and CIA Agreement

A CIA Agreement will be signed between UCT2 and the applicant to outline the scope of work for the CIA. UCT2 will determine and advise the customer applicant of the cost of conducting the CIA study, along with the invoicing and payment schedule and method details which shall be incorporated into the terms of the CIA Agreement prior to its execution. This determination will align with the Schedule of Charges & Fees or be based on an estimated cost, taking into account the complexity of the proposed connection.

UCT2 will gather necessary information related to the proposed customer connection, such as load requirements, location, technical specifications, and any other relevant data.

6.3 Impact Assessment

UCT2 will conduct a thorough assessment to determine the potential impact of the new or modified connection on its transmission lines and other affected Ontario transmitters' facilities. The CIA will consider factors such as short circuit level at the customer connection, voltage level, system reliability, safety, capacity constraints, and regulatory compliance.

6.4 Mitigation Measures

In coordination with the IESO, UCT2 will develop and propose mitigation measures to address any adverse impacts identified during the CIA and SIA processes. This may include system upgrades, load shedding strategies, or other solutions.

6.5 Consultation

UCT2 will engage with relevant stakeholders (e.g. Hydro One, other licensed transmitters and the IESO), to discuss the findings of the CIA and SIA and to propose mitigation measures.

6.6 Documentation

UCT2 will document the results of the CIA, including data collected, analyses conducted, and mitigation measures proposed and ensure that all documentation is complete and transparent.

6.7 Decision Making

Based on the findings of the CIA and stakeholder consultations, UCT2 will inform the IESO and/or the OEB, where applicable, regarding its decision to proceed with or reject the new or modified customer connection. Consideration will also be given to the overall impact on the EWT system and compliance with applicable statutes, directives, and regulations.

6.8 Reporting

UCT2 will provide a detailed report to each customer whose facilities are situated within the study area utilized for the CIA, as well as to the ESA and the OEB. Additionally, UCT2 will provide the IESO with a copy of CIA (if the proposed new or modified connection has been subject to an SIA prepared by IESO) and the final decision regarding the customer connection.

7. ECONOMIC EVALUATION OF NEW AND MODIFIED CONNECTIONS

The economic evaluation of new and modified connections is a crucial aspect of the procedures outlined in section 6.5.2 of the OEB Transmission System Code. This evaluation helps determine the cost responsibility for such connections and ensures that they are economically viable for all parties involved. UCT2 will use the methodology set out in Appendix 5 of the Code to conduct any economic evaluations and risk assessments.

Procedure for economic evaluation of new and modified connections

7.1 Initial Assessment

When a request for a new or modified connection is received, UCT2 will initiate the economic evaluation process.

In coordination with the potential new connection customer, UCT2 will gather relevant data, including costs, benefits, timing, and financial implications associated with the proposed connection.

7.2 Cost Calculation

UCT2 will calculate the costs associated with the new or modified connection, taking into account design, construction, maintenance, and operational expenses.

Costs may include equipment, labour, materials, permits, land acquisition, and any other relevant expenses.

7.3 Capital Contribution

UCT2 may require a customer capital contribution to offset the costs and expenses associated with the requested connection. This contribution will be necessary if the costs of the connection facility cannot be economically recovered through rate revenues for connection facility use. UCT2 will evaluate annual forecast connection rate revenues and any excess load beyond current capacity to calculate the customer's capital contribution using the approach and methodology outlined in section 6.5 of the Code.

7.4 Benefit Analysis

UCT2 will evaluate the potential benefits of a new or modified connection, such as increased revenue, improved system reliability, enhanced network capacity, and economic development opportunities.

Benefits should be quantified wherever possible to facilitate comparison with costs.

7.5 Financial Feasibility

In coordination with the potential new connection customer, the financial feasibility of the new or modified connection will be assessed, as outlined in Appendix 5 of the Code, by comparing the total costs with the expected benefits over the project's lifecycle.

Financial analysis will include discounted cash flow calculations ("DCF"), net present value ("NPV"), internal rate of return ("IRR"), payback period, and other financial metrics.

In accordance with the Code, UCT2 will determine the discount rate based on factors such as UCT2's current deemed debt-to-equity ratio, debt and preference share costs, and the Board-approved rate of return on equity.

7.6 Key Economic Evaluation Assumptions

Evaluation Periods

The economic evaluation periods defined in section 6.5.2(b) and Appendix 4 of the Code are as follows:

- 5 years for high-risk connections
- 10 years for medium-high-risk connections
- 15 years for medium-low-risk connections
- 25 years for low-risk connections

Actual or Estimated Capital Costs

The economic evaluation may be calculated initially using estimated costs, provided that subsequently the evaluation is re-calculated based on actual costs. Ordinarily this recalculation will occur within 180 days after the in-service date.

Connection Revenue

Revenue for transmission related connection projects is based on project load information and OEB-approved tariffs. Revenue is derived from that part of the load customer's new load that exceeds the normal supply capacity of any connection facility already serving that customer, and which will be served by a new or modified connection facility. Any customer's assigned capacity transferred from an existing connection facility already serving the customer will not be credited to the customer's new connection facility revenues. Line connection and transformation connection facilities are subject to separate economic evaluations. Historic revenues and sunk costs are excluded.

Operating, Maintenance and Administrative Costs ("OM&A")

OM&A costs are system average estimates for transformation connection and/or line connection facilities as determined and updated by UCT2.

Incremental Working Cash Requirements

Forecast incremental working cash requirements are estimated based on Hydro One's transmission lead-lag study results applied to project OM&A costs, consistent with an OEB approved working cash methodology.

Allowance for Funds Using During Construction ("AFUDC")

Project capital costs include interest during construction (AFUDC) up to the in-service date. The AFUDC rate is the standard interest capitalization rate used for all Hydro One capital projects.

Income Taxes and Net Large Corporation Tax ("LCT")

Income taxes, including large corporation tax and applicable surtaxes, and Ontario capital tax, are based on current or future enacted tax rates. Property taxes are based on a transmission system average rate.

After-tax Discount Rate Used for NPV Calculations

The project discount rate is based on UCT2's prospective capital mix, debt cost rates, income taxes, and the most recent OEB approved rate of return on common equity.

Timing of Expenditures

Project cash flows are present-valued to the in-service date (time zero). Up-front capital expenditures are treated as occurring at the beginning of the period for discounting purposes. Future capital expenditures, annual connection rate revenues and annual operating and maintenance costs are treated as occurring at the mid-point of the year in which they occur.

7.7 Customer Risk Classification and Assessment

UCT2 will identify and evaluate potential risks that could impact the economic viability of the new or modified connection.

The customer risk will be determined based on Appendix 4 of the Code (bond rating, Altman Z, or Kaplan-Urwitz score).

In order to maintain consistency with the adjacent transmitter, UCT2 will adopt the risk horizon table provided by Hydro One.

Table 1:Bond rating and Altman Z-Score risk horizon

Bond Rating*	Altman Z-Score**			Risk Classification	Risk Horizon
CCC and below	Public Industrial	Private Industrial	Private Non-Industrial	High	5 Years
B-BB	<1.81	<1.23	<1.10	Medium High	10 Years
Industrial BBB-AAA Non-Industrial BBB	1.81-2.67	1.23-2.59	1.10-2.32	Medium Low	15 Years
Non-Industrial A-AAA	>2.99	>2.90	>2.60	Low	25 Years

* As per the Dominion Bond Rating Service (DBRS) rating scale, investment grade credits are eligible for risk ratings of 15 years or more, while non-investment grade credits qualify for risk ratings of less than 15 years. Comparable ratings from other rating agencies may be considered by UCT2 if they are deemed appropriate.

** Public non-industrial entities or companies not covered by the three Altman Z scores will be evaluated using a suitable methodology chosen by UCT2. In cases where the Altman Z score is irregular, UCT2 may opt to utilize the Kaplan-Urwitz model as an alternative methodology at its discretion.

The Altman Z-Score is computed as outlined below:

- Public industrial model:

  Altman Z-Score = (1.2×X1) + (1.4 ×X2) + (3.3×X3) + (0.6 ×X4) + (0.99 ×X5)

- Private industrial Model:

  Altman Z-Score = (0.717×X1) + (0.847 ×X2) + (3.107×X3) + (0.420 ×X4) + (0.998 ×X5)

- Private non-industrial model

  Altman Z-Score = (0.717×X1) + (0.847 ×X2) + (3.107×X3) + (0.420 ×X4) + (0.998 ×X5)

Where:

- (X1): Working Capital / Total Assets
- (X2): Retained Earnings / Total Assets
- (X3): Earnings Before Interest and Taxes (EBIT) / Total Assets
- (X4): Market Capitalization / Total Liabilities
- (X5): Sales / Total Assets

Procedure for new or modified connections that are not project financed

UCT2 will confirm if bond ratings applicable to the customer are available.

If bond ratings are available, UCT2 will use them to determine the risk classification based on the bond ratings in accordance with the report prepared by PHB Hagler Bailly and entitled "Risk Assessment Methodology Options" (the "Report") which is available from the OEB's website at https://www.oeb.ca/documents/cases/RP-2004-0220/report_riskassessmentmethodology.pdf.

If bond ratings are not available, UCT2 will assess whether information is available to use either the Altman Z-score Model or the Kaplan-Urwitz Model.

UCT2 will determine the risk classification based on the customer's Altman Z-score or Kaplan-Urwitz ore in accordance with the Report.

If the risk classification from the bond rating or Altman Z-score/Kaplan-Urtwiz score methodology produces an anomalous result, UCT2 will consult with the customer and determine if a mutually agreeable risk classification outcome can be achieved. If an agreement cannot be reached, UCT2 will apply to the Board for approval to determine the customer's risk classification using an alternate methodology.

If the customer has not provided necessary information for the Altman Z-score or Kaplan-Urwitz score, UCT2 will utilize an estimate based on comparable information provided by other similarly situated customers. If no comparable information is available or if the customer's circumstances

make comparisons inappropriate, UCT2 will classify the risk associated with the proposed new or modified connection as high risk.

Procedure for new or modified connections that are project financed

UCT2 will determine the risk classification for customers intending to project finance new or modified connections in a manner similar to non-project financed connection facilities using the and using the customer's credit rating and such other relevant information noted above. If project financed facilities give rise to unique aspects affecting risk classification of the customer, UCT2 will address these features with the customer and attempt to mutually agree upon a risk classification. If no agreement can be reached, UCT2 will apply to the Board for guidance and approval to determine the customer's risk classification.

7.8 Decision Making and Reporting

Based on the economic evaluation results, UCT2 will make a recommendation on whether to proceed with each new or modified connection proposal and, if requested, report to the OEB of its recommendations on an annual basis. All recommendations will consider the overall economic feasibility, potential benefits, risks, compliance with regulations, and alignment with OEB objectives.

7.9 Economic Evaluation True-up Calculations For Load Customers

UCT2 will carry out true-up calculations, based on actual customer load at the following true-up points in circumstances where customer contributions have been required:

- for high risk connections, at the end of each year of operation, for five years;
- for medium-high risk and medium -low risk connections, at the end of each of the third, fifth and tenth year of operation; and
- for low risk connections, at the end of the fifth and tenth year of operation, and at the end of the fifteenth year of operation if actual load is 20 percent higher or lower than the initial load forecast at the end of the tenth year of operation.

UCT2 will follow the procedures found in the Code at sections 6.5.3 to 6.5.11 to calculate any true up calculation adjustments owed by or credited to the customer throughout the remainder of the economic evaluation periods noted above and based on comparisons between initial customer forecast load, actual customer load and the resulting connection rate revenues.

7.10 Stakeholder Consultation

UCT2 will engage with relevant stakeholders to gather feedback and address concerns related to the economic evaluation of the new or modified connection. Stakeholder input will be considered in the decision-making process.

7.11 Documentation and Reporting

The economic evaluation process, including cost calculations, benefit analysis, financial feasibility assessment, risk assessment, decision-making rationale, and stakeholder consultation outcomes, will be documented in detail.

7.12 Review and Update

UCT2 will participate with stakeholders in a periodic review of the economic evaluation process and such process will be updated to incorporate new information, changing circumstances, and lessons learned from previous evaluations.

Continuous improvement efforts should be made to enhance the effectiveness and efficiency of the economic evaluation process for new and modified connections.

8. CONTESTABILITY

8.1 INTRODUCTION

UCT2's Contestability Procedure has been developed to meet the requirements of section 6.6.2 of the Code. The Contestability Procedure allows UCT2 to identify to connection applicants the estimated cost of the transmission assets required to facilitate the proposed connection and to identify which transmission connection assets are contestable and can be built by the connection applicant. The customer can then elect one of three options regarding the construction and ownership of the new connection facilities:

1. The connection applicant can elect to have UCT2 construct and own all new connection facilities.
2. The connection applicant can elect to construct all of the new connection facilities identified as contestable work and transfer ownership of specific elements to UCT2. (Transfer of non-dedicated contestable connection facilities is a requirement, not an option.)
3. If the new connection facilities are dedicated connection facilities, the connection applicant can elect to construct and own the new facilities.

Data provided by UCT2 and the connecting customer, together with the specific construction and ownership options elected by the connecting customer, form the basis for a CCRA to be made between the two parties.

8.1.1 Glossary

Contestable Work:

New connection facilities that are for the sole benefit of the connecting customer(s) that do not involve:

1. The modification of or expansion of the UCT2's existing assets, or,
2. The utilization of an existing station site or an existing right-of-way over which UCT2 has ownership, easement or other land rights.

UCT2 may permit the connecting customer to terminate their lines at UCT2's assets.

Dedicated Connection Facilities:

Transmission connection facilities devoted to serving a single customer.

Detailed Estimate

Based on the completion of additional design work at the connecting customer's expense, this is an estimate prepared by UCT2 based on the specific costs included in a project and for the labour required to design, construct and manage the project. Such an estimate is summarized into the following basic groupings: Engineering, Construction, Materials, Commissioning, Project Management, Risk/Contingencies, Interest and Overheads. Estimate accuracy is usually plus or

minus 10% and it will typically take 90 days to prepare. The detailed estimate and any other estimates other than the Initial Estimate is at the customer's cost.

Initial Estimate

The Initial Estimate is the preliminary capital cost estimate prepared by UCT2 derived from the assembly of components and actual costs from previous projects that is provided to a connection applicant at UCT2's expense. It does not include detailed costs of items but comprises estimated costs for major components and areas of work. Costs will be summarized in the following areas: Engineering, Construction, Materials, Commissioning, Project Management, Risk/Contingencies, Interest and Overheads. Estimate accuracy is usually plus or minus 20% and it will typically take 45 days to prepare.

Non-Dedicated Connection Facilities

Connection facilities supplying more than one customer (load customer or generator customer).

Sole Benefit

Connection facilities that are required now and in the foreseeable future strictly for the connection of the connecting customer(s).

Transmitter's Reasonable Cost

The most accurate estimate available of the cost for the transmitter to construct the contestable work. It is the initial estimate value if agreed by both parties or the detailed estimate if one was prepared by UCT2. Costs incurred to create a detailed estimate are recoverable from the connecting customer.

Uncontestable Work

All connection facilities that are not for the sole benefit of the connecting customer and all additions, modifications and physical connection work which involves:

1. The modification or expansion of UCT2's existing assets; or,
2. The utilization of an existing station site or an existing right-of-way over which UCT2 has ownership or easement or other land rights.

8.2 CONTESTABILITY PROCEDURE

8.2.1 Connecting Customer Requires a New Connection Facility

The Contestability Procedure is initiated when a connection applicant has submitted a formal Connection Application to UCT2 and the CIA, if required, has been completed.

8.2.2 Hydro One Provides the Preliminary Estimate and Supporting Information

UCT2 provides the connecting customer with the following required information, at no cost:

a) A description of the contestable work and the uncontestable work;

b) A description of the labour and materials required for each of the contestable work and the uncontestable work;

c) An initial estimate of the capital cost of each of the contestable work and the uncontestable work based on UCT2's design, construction, operation & maintenance standards, together with an indication of the degree of accuracy of the estimate;

d) The calculation used to determine any capital contribution to be paid by the connecting customer if UCT2 constructs the connection facilities, even if no capital contribution is required;

e) The information set out in Appendix 3 of the Code and enough information in sufficient detail to allow the connecting customer to design and construct connection facilities that will meet the transmitter's system requirements. UCT2's connection requirements will have to be met if the connecting customer is to ultimately own and operate the facility; and,

f) UCT2's design, construction, operation and maintenance standards applicable to the contestable work to allow the connecting customer to proceed with detailed engineering. These requirements will have to be met if the connecting customer is to build the facilities and transfer them back to UCT2 to maintain and operate.

UCT2 will provide revisions to the above information at the connecting customer's expense, if the customer requires additional information as a result of changes to the customer's plans or wishes to obtain additional design work in order to enhance UCT2's initial estimate.

8.2.3 Connection Facility Ownership Decision

Where a connecting customer requires new connection facilities and those facilities are identified by UCT2 as contestable, the customer can elect either to construct its own connection facilities or to require UCT2 to construct them. The customer must also determine if the new connection facilities will be customer-owned or owned by UCT2 as a transmission connection asset.

If the connection facility includes uncontestable work, that portion of the work can only be constructed and owned by UCT2. The customer cannot construct or own such a connection facility. Where the connection facility includes contestable work, the connecting customer does have the right to either provide this part of the connection facility itself or to require UCT2 to provide it. Where the customer chooses to carry out the contestable work, it must carry out all of the contestable work.

At this stage, the connecting customer must also decide whether it will transfer dedicated connection facilities that it builds to UCT2 following successful construction and commissioning.

If the customer elects to have UCT2 build the connection facilities, proceed to Option 1 below. If the customer elects to build the connection facilities to transfer to UCT2, proceed to Option 2. (The customer may choose to transfer all or part of the contestable work.) If the connection facility will be customer built and owned, proceed to Option 3.

Option 1: UCT2 Builds and Owns the Connection Facility

The parties will enter into a CCRA describing the terms and conditions relating to the project scope and cost responsibilities. Once signed, this agreement will be binding and UCT2 will undertake the work and own the connection facility. A capital contribution may be required to the extent that the cost of the connection facility is not recoverable in connection rate revenues. (See section 6.5.2 of the Code and UCT2's Economic Evaluation Procedure).

UCT2 undertakes the work including the design, construction, testing, inspection and commissioning of the connection facility. Upon completion of the connection facility, UCT2 recalculates the capital contribution requirement based on UCT2's actual cost of construction including direct and indirect capitalized overheads.

Following completion of these steps, the Contestability Procedure ends.

Option 2: Customer Builds Connection Facility to Transfer to Hydro One

The parties will enter into a CCRA which includes terms and conditions applicable to the contestable work. Once the CCRA is executed by both parties, the CCRA will be binding and UCT2 will own the connecting facility when built by the customer in accordance with the terms of the CCRA and after it is transferred to UCT2. The CCRA will describe the terms and conditions with respect to any work that UCT2 is performing related to the connection facility and any work that UCT2 performs on its transmission system to accommodate the connection of the facility as well as the terms and conditions necessary for UCT2 to take ownership. A capital contribution may be required to the extent that the cost of the connection facility transferred to UCT2 is not recoverable in connection rate revenues. (See section 6.5.2 of the Code and UCT2's Economic Evaluation Procedure).

Where a connecting customer proposes to, or is obliged to, transfer any connection facilities it constructs to UCT2, UCT2 will provide, upon request and at cost as per section 6.6.2 (f) of the Code, a detailed design to allow the customer to carry out the contestable work. UCT2's design, construction, operation and maintenance standards must at all times be met in constructing the connection facility.

The connecting customer will undertake all inspection, testing and commissioning activities. UCT2 shall have the right to participate in all or any part of the inspection, commissioning, testing and witnessing at the customer's expense as per section 4.3.3 and section 6.6.2 (d) of the Code. The customer must submit a commissioning program in writing to UCT2 thirty (30) business days prior to the planned commissioning tests. UCT2 must indicate to the customer within fifteen (15) business days of receiving the program if it agrees with the proposed commissioning program and test procedures or if it requires changes in the interest of safety or maintaining the reliability

of the transmission system as outlined in Appendix 1, Schedule E, Section 1.7 of the Code. The connecting customer will transfer the connection facility to UCT2 after construction and commissioning are complete and the customer is in compliance with the CCRA.

UCT2 will pay the customer a transfer price that is the lower of the actual cost to the connecting customer or UCT2's reasonable cost to do the same work, including direct and indirect capitalized overheads, as per section 6.6.2 (g) of the Code. UCT2 will recalculate the capital contribution requirement based on the capital cost as described below, and update the CCRA accordingly.

The capital cost* is calculated as the sum of the transfer price + UCT2's project-specific costs +

a) make-ready costs on transferred assets including inspection, testing, commissioning and any other costs of incorporation +

b) capital costs of any UCT2 Uncontestable Work +

c) full direct and indirect capitalized overheads on capital costs in (a)+(b).

* *The above is a general definition only. Capital and operating costs for individual projects will be based on the estimated costs of those projects. Some of the cost elements listed above could be capital or operating costs, and not all cost elements may be applicable for each project*.

Following completion of these steps the Contestability Procedure ends.

Option 3: Customer Builds and Owns the Connection Facility

When the customer decides to design, build, own and maintain its own connection facility, the connection facility is to be designed and built in accordance with UCT2's system requirements. The parties will enter into a CCRA describing the terms and conditions relating to the project scope and cost responsibilities. Once signed, this agreement will be binding and the connecting customer will undertake the work and own the connection facility.

UCT2, as the transmitter, shall have the right to participate, at the connecting customer's expense, in the witnessing, commissioning, inspecting or testing of the customer-owned facility as these facilities can have an impact on UCT2's transmission system as per section 4.3.3 and Section 6.6.2 (d) of the Code.Section 6.6.2 of the Code provides customers with the option to provide some or all of the necessary connection facilities themselves, or have the transmitter provide them. If the customer elects to have the transmitter provide the connection facilities, customers may also elect to have any related design or construction work performed by a third party instead of the transmitter. This provides the load customer with transparency, flexibility and fairness in deciding how the connection facilities are obtained and constructed.

Following completion of these steps, the Contestability Procedure ends.

8.3 Documentation and Communication:

UCT2 will document all decisions made by the load customer regarding facility options and contestable work and communicate clearly with the load customer to ensure mutual understanding and agreement.

9. RECONNECTION AND MODIFICATION

The reconnection process outlined in section 6.10.3 of the Code is a crucial aspect of ensuring the safe and efficient operation of customer connections to the transmission system. When a disconnection occurs by customers or transmitters due to maintenance, repairs, or other reasons, the reconnection process must be carried out following specific procedures to maintain system reliability and integrity. Transmitters are responsible for reconnection processes, which may involve coordination with customers, other transmitters, and relevant stakeholders.

Procedure for Reconnection

9.1 Request for Reconnection

The customer must submit a formal request for reconnection of their facilities to UCT2 and IESO.

The request should include details such as the reason for reconnection, confirmation of compliance with safety standards, timeline, and any necessary documentation.

UCT2 will assess the reasons behind the disconnection of the customer's facilities and the steps taken. Following this review, UCT2 will share the findings with the customer and may request any further information needed to evaluate the alterations made at the customer site.

9.2 Reconnection Process

UCT2 will require that the customer's facilities meet all safety and technical standards before proceeding with the reconnection process.

UCT2 will not conduct a system study for a proposed reconnection unless it can demonstrate that the study is necessary to uphold system integrity or is mandated by the IESO.

Should a CIA study be necessary, the customer must enter into a Study Agreement with UCT2.

The customer is responsible for covering any expenses accrued by UCT2, including CIA studies or system assessment studies.

If any deficiencies are identified, the customer will be informed and given a reasonable timeframe to address any deficiencies.

Upon UCT2's confirmation that reconnecting the customer's facilities won't negatively impact the transmission system, the customer will receive written notification regarding the reconnection timing. UCT2 retains the right to engage in all or specific portions of inspection, testing, and commissioning procedures as deemed necessary by UCT2, with the customer bearing the associated costs.

9.3 Coordination and Planning

UCT2 will coordinate with the customer to determine a suitable time for the reconnection to take place.

Any necessary preparations, such as equipment readiness and safety measures, will be planned in advance between UCT2 and the customer.

The process will be conducted in a timely manner to minimize disruption to the customer operations or any negative impact on transmission facilities.

9.4 Testing and Verification

Following the reconnection, UCT2 will conduct tests to ensure that the customer's facilities are functioning correctly and safely.

Trained personnel will carry out the reconnection of the customer's facilities following established safety procedures.

Any issues identified during testing will be promptly addressed before finalizing the reconnection.

9.5 Documentation and Reporting

UCT2 will maintain detailed records of the reconnection process, including any tests conducted and outcomes.

A report summarizing the reconnection process and confirming compliance with safety standards will be provided to the customer and retained for record-keeping purposes.

9.6 Feedback and Follow-Up

The customer will be given an opportunity to provide feedback on the reconnection process and any areas for improvement.

UCT2 will follow up with the customer to ensure ongoing satisfaction and address any additional concerns that may arise.

Procedure for modification

9.7 Identify the Need for Modification

UCT2 will determine the specific reasons or requirements for the modification of its transmission facilities.

9.8 Assess Feasibility and Impact

UCT2 will evaluate the feasibility and potential impact of the proposed modification, considering factors such as technical feasibility, cost implications, environmental impact, and stakeholder considerations.

9.9 Develop a Modification Plan

UCT2 will create a detailed plan outlining the scope, timeline, and resources required for the modification project.

UCT2 will specify the desired modifications, such as reconductoring, uprating, structural reinforcements, or route changes.

UCT2 will coordinate with relevant authorities, stakeholders, and agencies to ensure compliance with local regulations and permit requirements.

9.10 Communication

UCT2 will communicate with neighbouring transmitters and customers, as well as other stakeholders who may be impacted by the modifications.

9.11 Conduct Engineering and Design

UCT2 will engage engineering professionals to design the modifications, considering factors such as structural integrity, electrical performance, material selection, and load requirements.

UCT2 will generate detailed engineering drawings, specifications, and calculations necessary for the modification.

9.12 Secure Necessary Resources and Materials

UCT2 will procure the required materials, equipment, and resources for the modification project, ensuring compliance with quality.

9.13 Testing and Verification

UCT2 may need conduct tests to ensure that its transmission facilities are functioning correctly and safely after the modification.

10. DISPUTE RESOLUTION

10.1 Introduction

UCT2's Dispute Resolution Procedure has been developed to meet the requirements found in section 12.1.1 of the Code. UCT2 is required to implement the dispute resolution procedure in the event of a dispute with a customer regarding UCT2's obligations under the *Electricity Act*, the Code or UCT2's transmission licence. This procedure includes provisions that:

a) provide for fair, timely and effective resolution of disputes;

b) set out specific steps for completion of the Dispute Resolution Procedure; and

c) establish the right of UCT2 or the customer to bring a dispute to the OEB for resolution, if it has not been resolved by the parties within 30 days.

10.2 Exceptions

This Dispute Resolution Procedure shall not apply to disputes that arise between a transmitter and a customer that are:

a) governed by the dispute resolution provisions in other agreements including their CCRA, or

b) related to the terms and conditions of a contractual arrangement that is under negotiation between Hydro One and the Customer, except where one party alleges that the other party is:

- seeking to impose a term or condition that is inconsistent with or contrary to the OEB Act, the Electricity Act, a party's license, the Code or any of UCT2's connection procedures.

- refusing to include a term or condition that is required to give effect to the Code or any of UCT2's connection procedures.

10.3 Notification of Dispute

A customer or UCT2 can notify the other party of a formal complaint by completing the Customer Dispute Notification form available on UCT2's website. UCT2 will log the date the complaint is received/initiated and track the progress of the dispute to resolution. UCT2 will appoint a representative to give the customer a single point of contact.

10.4 Acknowledgement of Dispute

UCT2 shall confirm receipt of the Customer Dispute Notification form within three (3) business days. An acknowledgement letter will provide the name and contact information of the UCT2 representative and request a meeting to review the background information related to the dispute.

10.5 Discovery of Facts

UCT2's representative will meet with the customer in person or by teleconference within ten (10) calendar days of receipt of the Customer Dispute Notification form, or within a time mutually agreeable to both parties to:

a) review the issues and information related to the customer's position in relation to the dispute.

b) discuss applicable legislation, licence provisions, the Code and UCT2's OEB approved connection procedures related to the Dispute.

c) determine if the dispute may be settled informally at this stage to the mutual satisfaction of both parties.

The UCT2 representative will document the customer's position and the customer's supporting information in the form of minutes of meeting ("Minutes") to be completed within two (2) business days of the meeting. The UCT2 representative will obtain concurrence on the contents of the Minutes from the customer and agreement on a date on which it will provide a formal offer to settle the dispute. UCT2 will prepare a formal offer to settle and forward it to the customer in accordance with the timeline agreed by the parties.

If the parties agree on terms of a formal settlement at the meeting, UCT2 will prepare a Settlement Agreement for the customer to review and both parties to sign.

10.6 Negotiate Settlement

If the customer accepts UCT2's offer to settle, UCT2 will prepare a settlement agreement for the customer to review and both parties to sign.

If the customer rejects UCT2's offer to settle, the customer or UCT2 may request a meeting or teleconference to review the offer and each other's position to determine if a settlement is possible.

If the Customer and UCT2 cannot reach a settlement at this point, the parties may choose to:

a) jointly suspend negotiations for a mutually agreeable time to review their respective positions.

b) jointly agree to follow the Dispute Resolution Procedure contained within Section 17 of the Transmission Connection Agreement ("TCA") applicable to the parties. In accordance with sections 17.5.7 and 17.5.12 of the TCA, a copy of the decision of the arbitrator(s) and minutes setting out the terms of settlement, from which all Confidential Information (as defined in the TCA) has been expunged, will be made available to the public by UCT2.

c) jointly or individually bring the dispute to the OEB for resolution.

10.7 Sign-off Settlement

Where a customer has accepted UCT2's offer to settle or the two parties have agreed on an alternate settlement, UCT2 will prepare a settlement agreement for the customer to review and both parties to sign. The settlement agreement is to be executed by the parties within seven (7) business days of reaching the settlement or within a timeframe mutually agreed to by the parties.

10.8 Failure to Honour Settlement Agreement

Where a party fails to comply with the terms of the settlement agreement, the other party shall have the right to:

a) exercise any right that it may have in the settlement agreement

b) exercise any right in law, or

c) have the right to take the matter to the OEB for resolution

Notwithstanding the foregoing, neither party may take the matter to the OEB where the parties have jointly agreed to follow the Dispute Resolution Procedure contained within Section 17 of the TCA applicable to the parties. Section 17.5.11 of the TCA specifies that where a party fails to comply with the terms of a settlement agreement reached during the course of arbitration, the other party may submit the matter to arbitration if the settlement has not been recorded in the form of an award under the *Arbitration Act, 1991*.

10.9 SUMMARY OF DISPUTE

UCT2 will prepare a summary of the dispute and related issues. Documentation related to the dispute will be retained by UCT2 and filed with the executed copy of the settlement agreement. If requested by the Board, UCT2 will file the records relating to the resolution of the dispute. Where warranted, those records may be filed with a request that they be held in confidence in accordance with the Board's "Practice Direction on Confidential Filings."

11. TRANSMISSION SYSTEM PLANS

UCT2 develops and refines plans on an ongoing basis to address load growth and maintain the reliability and integrity of its transmission system. Upon request from a customer, UCT2 will provide the customer with the relevant and most recent version of such plans that cover the applicable portions of its transmission system.

12. SCHEDULE OF CHARGES AND FEES

According to Section 6.1.4(j) of the Code, a transmitter is required to include in its connection procedures a schedule of all charges and fees that may be charged by the transmitter and that are not covered by the transmitter's Rate Order.

1. **Impact Study Fee:**
    - Description: Covers the cost of assessing the impact of the new connection on the UCT2 transmission facilities.
    - Amount: actual costs based on the complexity of the study and size of the proposed connection.
2. **Engineering and Design Fee:**
    - Description: Covers the engineering and design work required to integrate the customer's facility with the transmission system.
    - Amount: Varies based on project scope and requirements (actual costs).
3. **Construction Fee:**
    - Description: Covers the cost of physically connecting the customer's facility to the transmission line (actual costs).
    - Amount: Depends on the length of the connection, equipment needed, and labor (actual costs).
4. **Inspection and Testing Fee:**
    - Description: Covers the inspection and testing of the newly installed connection.
    - Amount: Typically based on hourly rates for field personnel (actual costs).
5. **Right-of-Way Fee:**
    - Description: If any part of the connection crosses private property or requires access to right-of-way, this fee covers the necessary agreements and permissions.
    - Amount: Varies based on land ownership and negotiations (actual costs).
6. **Meter Installation Fee:**
    - Description: Covers the installation of the revenue metering equipment necessary to measure the customer's usage.
    - Amount: (usually a fixed fee).
7. **Administrative Fee:**
    - Description: Covers administrative costs related to processing paperwork, permits, and coordination.

- Amount: (typically, a percentage of the total project cost).

8. **Miscellaneous Fees:**
    - Description: Additional fees that may apply, such as environmental impact assessments, legal fees, or special requests.
    - Amount: (varies based on specific circumstances).

13. TIMELINES FOR CONNECTION PROCESS

In addition to the fees, it is essential to establish reasonable timelines for the connection process.

Breakdown of the typical steps and estimated timeframes:

1. **Application and Initial Assessment:**
    - Description: The customer submits an application to connect to UCT2 facilities. UCT2 will review the application and assess its feasibility.
    - Estimated Time: 1 to 2 months.
2. **Impact Study and Engineering Design:**
    - Description: UCT2 conducts an impact study to evaluate the effect of the new connection on the existing infrastructure. Engineering and design work are also initiated. Estimated Time: 3 to 5 months (may vary based on project complexity).
3. **Pre-construction connection approvals:**
    - Description: UCT2 and customer come to a construction agreement (CCRA) on project details, any financial contribution, requirements, and responsibilities as per the appendix 1.
    - UCT2 will obtain necessary approvals from relevant authorities and agencies before starting construction.
    - Estimated time: Varies based on local requirements (5 to 10 months).
4. **Construction and Permitting:**
    - Description: Construction crews install the necessary equipment and physically connect the customer's facility to the UCT2 transmission lines. Permits and approvals are obtained.
    - Estimated Time: 2 to 3 years (depending on project size, supply chain, equipment delivery and weather conditions).
5. **Inspection and Testing:**
    - Description: The newly installed connection undergoes inspection and testing to ensure compliance with safety and performance standards.

- Estimated Time: 1 to 2 months.

6. **Meter Installation and Activation:**
    - Description: UCT2 installs revenue metering equipment to measure the customer's usage. Once activated, the customer can start receiving electricity.
    - Estimated Time: 2 to 4 weeks.
7. **Final Documentation and Billing Setup:**
    - Description: UCT2 will prepares final documentation, including connection certificates and billing setup.
    - Estimated Time: 2 to 4 weeks.