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

DECISION AND ORDER

EB-2023-0360

PUC (TRANSMISSION) LP

HYDRO ONE SAULT STE. MARIE LP

Application for Leave to Construct Transmission Line and Station Facilities in the City of Sault Ste. Marie and Associated Approvals

BEFORE: **Fred Cass**
Presiding Commissioner

Emad Elsayed
Commissioner

Patrick Moran
Commissioner

August 27, 2024

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1 OVERVIEW

PUC (Transmission) LP (PUC Transmission)[1] and Hydro One Sault Ste. Marie LP (HOSSM) have filed a joint application in which:

(a) PUC Transmission seeks leave to construct a new 230 kilovolt (kV) transformer station (Tagona West TS) and approximately 10 kilometers (km) of 230 kV transmission line from the Third Line TS to the proposed Tagona West TS (PUC Transmission Project); and

(b) HOSSM seeks leave to construct station facilities at Third Line TS to enable connection of the PUC Transmission Project. The proposed scope of work has three components:

- a Line Connection Component (station work to connect the PUC Transmission Project at Third Line TS and associated facilities);
- a Refurbishment Component (to replace an end-of-life transformer and related facilities at Third Line); and
- a New Transmission Line Component (preliminary work at Third Line TS required to accommodate a future priority New Transmission Line Project).

The three components are collectively referred to as the HOSSM Station Project.

HOSSM presented evidence which indicated that it is planning, developing and coordinating all three components of the HOSSM Station Project at the same time, with a view to a more efficient and cost-effective process that also maintains work crew safety.

PUC Transmission also requests approval of the forms of land use agreements offered, or to be offered, to landowners affected by the PUC Transmission Project.

[1] PUC Transmission is a newly formed Ontario limited partnership and currently does not own or operate a transmission system in Ontario. On October 21, 2021, the OEB issued a Decision and Order on a new transmission licence application approving PUC Transmission's application and noted the following:

> [T]he OEB is approving the application but will not issue the licence until PUC Transmission has received leave to construct the proposed transmission facilities from the OEB, at which time PUC Transmission will be able to file with the OEB a complete description of the facilities to be included in schedule 1 of the licence.

EB-2021-0088, Decision and Order, October 21, 2021, pages 2-3

HOSSM also seeks:

- approval of two new regulatory sub-accounts to capture costs related to station work that will facilitate the connection of the future priority New Transmission Line Project; and

- approval for an exemption from the Transmission System Code (TSC) which would require Algoma Steel Inc. to pay bypass compensation.

The OEB finds that it is in the public interest, based on an examination of the impact on consumers with respect to prices and the reliability and quality of electricity service, to grant leave to construct:

- the PUC Transmission Project; and

- the Line Connection and the New Transmission Line Components of the HOSSM Station Project.

The OEB finds that the Refurbishment Component of the HOSSM Station Project does not require leave to construct, since it is intended to replace an end-of-life asset that is not associated with the construction of a transmission line.

Regarding the New Transmission Line Component, the OEB does not normally grant leave to construct for preliminary work associated with a future project. However, given the priority assigned to this future New Transmission Line Project and the potential efficiencies and cost-effectiveness of doing this work together with other related work components at this time, the OEB is approving this preliminary work now. This approval shall not be interpreted as precedent-setting. The OEB grants leave to construct subject to an additional condition that any expenditure on this Component shall be subject to a prudence review when a leave to construct application is filed for the New Transmission Line Project. Recognizing that HOSSM is a wholly-owned subsidiary of HONI, the OEB requires HOSSM to provide HONI with all the evidence necessary to allow for a prudence review as part of HONI's pending application for leave to construct HONI's New Transmission Line Project.

Leave to construct is subject to the OEB's standard conditions of approval, attached as Schedule B to this Decision and Order.

The OEB approves the proposed forms of land use agreements offered, or to be offered, to landowners affected by the PUC Transmission Project.

The OEB approves HOSSM's request for an exemption from the bypass compensation requirements of the Transmission System Code subject to HOSSM's transmission licence being amended.

The OEB approves HOSSM's request to establish a regulatory sub-account to track capital costs associated with a future priority transmission line. The OEB does not approve HOSSM's request to establish a regulatory sub-account to track the associated revenue requirement.

2 PROCESS

PUC Transmission and HOSSM filed their joint application on January 2, 2024 under sections 92 and 97 of the Ontario Energy Board Act, 1998.[2]

The OEB issued a Notice of Hearing on January 31, 2024.

On March 28, 2024, the OEB issued Procedural Order No. 1. Batchewana First Nation (BFN) and Essar Power Canada Limited (EPC) were granted intervenor status. BFN was granted cost eligibility.

As required in Procedural Order No. 1, OEB staff filed a proposed issues list on April 12, 2024. On April 16, 2024, the OEB issued a Decision on Issues List approving the proposed issues list.

The OEB issued Procedural Order No. 2 on May 1, 2024, in which it made provision for a written interrogatory process on each of (a) the application and pre-filed evidence; and (b) confidential documents filed by BFN related to its long-term energy plans (BFN Energy Documents).

On May 2, 2024, OEB staff and EPC filed interrogatories related to the application. PUC Transmission and HOSSM provided responses on May 16, 2024. On May 9, 2024, OEB staff, PUC Transmission and EPC submitted interrogatories in relation to the BFN Energy Documents. BFN filed its responses to OEB staff's interrogatories on May 9, 2024, to EPC's interrogatories on May 17, 2024, and to PUC Transmission's interrogatories on May 27, 2024.

The OEB issued Procedural Order No. 3 on May 24, 2024, in which it made provision for written submissions. On June 7, 2024, PUC Transmission and HOSSM filed their Argument in Chief. On June 24, 2024, OEB staff filed its submission. PUC Transmission and HOSSM filed their reply submission on July 5, 2024.

[2] A revised version of the application was filed on January 26, 2024.

3 DECISION

Section 92 of the OEB Act provides that leave to construct must be obtained for the construction, expansion or reinforcement of electricity transmission lines. Section 96(2) of the OEB Act limits the scope of the OEB's review in an application under section 92 to the interests of consumers with respect to prices and the reliability and quality of electricity service.

The OEB's findings on the impact of the proposed facilities on price (which includes an analysis of need and alternatives), reliability and quality of electricity service, land matters and conditions of approval are addressed in this chapter.

Section 97 of the OEB Act states that leave shall not be granted under section 92 until the applicant satisfies the OEB that it has offered or will offer to each owner of land affected by the approved route or location an agreement in a form approved by the OEB.

3.1 Project Need and Project Alternatives

3.1.1 Project Need

The application states that the PUC Transmission Project and the HOSSM Station Project are categorized as non-discretionary development projects.[3]

The application states that the PUC Transmission Project and the HOSSM Station Project are required to provide adequate transmission supply capacity and improve system reliability to accommodate new loads in the city of Sault Ste. Marie and the surrounding area, including new load of approximately 280 MW from two new electric arc furnaces at the Algoma Steel facility which cannot be accommodated from the existing 115 kV supply at Third Line TS due to inadequate capacity; this new load can only be served by new transmission facilities connected to the Third Line TS.[4]

PUC Transmission submitted that the PUC Transmission Project will also support PUC Distribution Inc.'s (PUC Distribution's) infrastructure renewal, future BFN projects, connect new generators, and supply additional load customers that are currently being planned for the area.[5]

[3] Exhibit B Tab 1 Schedule 1, page 4
[4] Exhibit B Tab 3 Schedule 1, page 1; Exhibit B Tab 4 Schedule 1, page 1
[5] Argument in Chief, page 7 and Exhibit B Tab 3 Schedule 1, page 1; Exhibit B Tab 1 Schedule 1, page 4

The application also notes that PUC Distribution's two 115 kV transformer stations, Tarentorus TS and St. Mary TS, are near the end of useful life, and connection to the new Tagona TS at 230 kV will allow for PUC Distribution to eliminate one of the two 115 kV stations and to reconstruct the other.[6]

HOSSM stated that it is required to perform station work to connect the PUC Transmission Project at Third Line TS and associated facilities (the Line Connection Component of the HOSSM Station Project).[7]

BFN stated that it is prepared to provide conditional support to the PUC Transmission Project and the HOSSM Station Project.[8] BFN also noted that its future projects have the potential to make use of the new assets that have been proposed by PUC Transmission and HOSSM.[9]

In support of the need for the PUC Transmission Project, PUC Transmission referred to the Independent Electricity System Operator's (IESO's) October 2022 report which was developed to address the substantial load growth expected in the areas west of Sudbury to Wawa and north of Sudbury to Timmins, while maintaining the power transfer required to supply the forecasted load in the Northwest and the rest of the Northeast (Northeast Bulk System Plan).[10] The application also included a Minister's Directive and Order in Council issued by the Ontario government on October 23, 2023 declaring three transmission line projects as priorities in Northeast and Eastern Ontario.[11] PUC Transmission submitted that the PUC Transmission Project is consistent with the Northeast Bulk System Plan as it provides the "final mile" in transmission system upgrades necessary to facilitate connection of the significant load growth within Sault Ste. Marie.[12]

OEB staff submitted that the evidence demonstrates the need for the PUC Transmission Project and the corresponding Line Connection Component of the HOSSM Station Project to increase transmission supply capacity to meet the increasing power demands in Sault Ste. Marie. OEB staff agreed that the PUC Transmission Project has the potential to support PUC Distribution's infrastructure renewal, and it is also consistent with the Northeast Bulk System Plan. OEB staff also recognized that

[6] Exhibit B Tab 2 Schedule 1, page 3
[7] Exhibit C Tab 4 Schedule 1, page 1
[8] BFN's response to OEB Staff Interrogatory-1 b).
[9] BFN's response to OEB Staff Interrogatory-1
[10] IESO Report "Need for Northeast Bulk System Reinforcement"; Argument in Chief, pages 8-9
[11] https://www.oeb.ca/sites/default/files/Priority-Order-20231019.pdf; Exhibit C Tab 4 Schedule 1, Appendix B
[12] Argument in Chief, page 9

future BFN projects may make use of new assets proposed in the PUC Transmission Project and HOSSM Station Project.[13]

In the reply submission, PUC Transmission and HOSSM also expressed that they welcome the opportunity to continue to work with BFN, including on the items noted in BFN's conditional support.[14]

3.1.2 Project Alternatives

PUC Transmission Project

The application states that the significant additional load requirements of Algoma Steel's new electric arc furnaces are such that there are no viable alternatives and the only way to supply the 280 MW additional load is to construct the proposed PUC Transmission Project.[15]

PUC Transmission filed an overview map of the PUC Transmission Project which represents the final preferred route and station location that were selected through the Class Environmental Assessment (EA) process.[16] The EA compared and evaluated four route alternatives for the 230 kV transmission line and three site alternatives for the Tagona West TS, based on bio-physical environment, technical environment, and socio-economic environment criteria. The EA established the preferred route and station site selection based on the overall performance against the criteria.[17] PUC Transmission concluded that, based on the EA, the proposed 230 kV line routing and Tagona West TS location represent the best alternative to meet the need of the PUC Transmission Project.[18]

PUC Transmission stated that it considered four alternatives to the proposed project, as well as four non-wires options, which were ruled out for the reasons discussed in its interrogatory responses.[19]

PUC Transmission also considered two alternative conductor sizes for the 230 kV line: 795 MCM ACSR and 954 MCM ACSR. The latter was chosen due to its higher overall circuit loading capacity which will ultimately ensure reliable service to customers.[20]

[13] OEB Staff Submission, page 8
[14] Reply Submission, page 8
[15] Exhibit B Tab 5 Schedule 1, page 1
[16] Exhibit B Tab 2 Schedule 1 Attachment 1
[17] Exhibit B Tab 5 Schedule 1; PUC Transmission's Class Environment Assessment report
[18] Exhibit B Tab 5 Schedule 1
[19] PUC Transmission's interrogatory responses to EPC-3 a) and EPC-3 b)
[20] PUC Transmission's interrogatory response to Staff-2 a)

OEB staff took no issue with PUC Transmission's: a) conclusion that the alternatives and non-wire options considered are not viable alternatives to the PUC Transmission Project; b) proposed route for the 230 kV line and station location for Tagona West TS as established through the EA process; and c) selection of the 954 MCM ACSR conductor size.[21]

HOSSM Station Project

As noted above, only the Line Connection Component is driven by the need to connect the PUC Transmission Project. However, HOSSM proposes to perform the Refurbishment Component and the New Transmission Line Component together with the Line Connection Component in parallel at the Third Line TS. The detailed descriptions of each component are set out in the application.[22] HOSSM stated that planning, developing, and coordinating the three project components at Third Line TS at the same time, including a "common cost scope", will result in a more efficient and cost-effective process that also maintains work crew safety.[23]

HOSSM stated that it did not estimate project costs for any other combination of the HOSSM Station Project components given the cost and resources required to compile project estimates.[24]

OEB staff submitted that the Line Connection Component related to the PUC Transmission Project and the New Transmission Line Component require leave to construct, while the Refurbishment Component does not.[25]

OEB staff took no issue with HOSSM's proposal to carry out all three Components together and submitted that the proposed approach appears to be more cost-effective than doing each component separately.[26]

OEB staff noted that the proposed New Transmission Line Component work is being undertaken pursuant to the government's Order in Council directing Hydro One Networks Inc. (HONI) to develop and seek approval for three new transmission lines including a 230 kV transmission line project from Mississagi TS to Third Line TS (HONI New Transmission Line Project) and that, in November 2023, the OEB amended

[21] OEB Staff Submission, page 8
[22] Exhibit C Tab 4 Schedule 1, pages 1-7
[23] Exhibit C Tab 4 Schedule 1, page 2
[24] Argument in Chief, pages10-11
[25] OEB staff referred to an earlier decision of the OEB which noted that approval under section 92 is not required for a transformer station if it is not associated with the construction of a line which exceeds 2 km in length. EB-2013-0421, Decision on Threshold Questions (SECTR Project), December 16, 2014
[26] OEB Staff Submission, pages 8-9

HONI's transmission licence requiring it develop and seek approval for the New Transmission Line Project.[27]

OEB staff also noted that HONI has not yet submitted the leave to construct application for its proposed New Transmission Line Project and that there is a risk that the New Transmission Line Component of the HOSSM Station Project may not be suitable for meeting the requirement to connect New Transmission Line Project. However, OEB staff submitted that the proposed parallel execution strategy is reasonable, optimizing resource utilization and minimizing redundancies, thereby likely resulting in overall project efficiencies.[28]

Findings

The OEB finds that PUC Transmission has demonstrated the need for the PUC Transmission Project to serve new and increased electricity demands in Sault Ste. Marie, including the load from Algoma Steel's new electric arc furnaces and potential BFN projects. Further, the OEB finds that the HOSSM Station Project – Line Connection Component is needed to enable PUC Transmission to connect its proposed transmission facilities at HOSSM's Third Line TS.

The PUC Transmission Project is a non-discretionary development project. It is needed to connect new loads and anticipated generation and distributed energy resources within the westerly area of Sault Ste. Marie. It is also aligned with the conclusions reached in the IESO's System Impact Assessment and Northeast Bulk System Plan. The Northeast Bulk System Plan indicates that electricity demand from the industrial sector in Northeast Ontario is forecast to grow at a rapid pace over the next 10 years, with growth expected to be concentrated in the areas of Sault Ste. Marie and Timmins.

The OEB finds that PUC Transmission considered an appropriate range of alternatives to the PUC Transmission Project, including other potential facilities-based solutions, potential non-wires solutions, alternative transmission line routes and station locations, and alternative conductor sizes. These other alternatives were ruled out for several reasons including cost, system reliability, and environmental considerations. The OEB accepts the evidence that, among the alternatives considered, the PUC Transmission Project is the best approach to meet the identified need.

The OEB finds that the HOSSM Station Project – New Transmission Line Component is part of the HONI New Transmission Line Project that the government has determined

[27] Exhibit C Tab 4 Schedule 1 Appendix B and Appendix C
[28] OEB Staff Submission, page 9

by order-in-council is needed as a priority project and therefore, need does not have to be demonstrated.[29]

The OEB finds that the HOSSM Station Project – Refurbishment Component does not require leave to construct, given that it is the replacement of an end-of-life asset. To the extent that there are cost efficiencies to be gained by proceeding with this component as part of the HOSSM Station Project, the OEB encourages HOSSM to do so.

3.2 Project Costs

Overall Cost

The overall cost of the PUC Transmission Project and the HOSSM Station Project – Line Connection Component is approximately $231.98 million, which includes total capital cost of approximately $188.87 million for the PUC Transmission Project and total capital cost of $43.11 million of the HOSSM Station Project – Line Connection Component to facilitate the connection of the PUC Transmission Project.[30]

The cost allocated to each of the HOSSM Station Project's Refurbishment Component and New Transmission Line Component is $5.8 million and $24.5 million respectively.[31]

PUC Transmission Project

The estimated capital cost of the PUC Transmission Project is $188.87 million, consisting of $59.31 million for line work and $129.56 million for station work for Tagona West TS. The estimated project costs represent an Association for the Advancement of Cost Engineering (AACE) Class 3 cost estimate (-20%/+30% accuracy level).[32]

The project cost estimate includes an allowance for contingencies that may impact the final project costs upon completion. The contingency allowance is intended to cover the following key project risks:

- Cost estimating accuracy
- Approvals and permits
- Material and equipment delivery timelines
- Pricing variations[33]

[29] OEB Act s. 96.1(2)
[30] Exhibit B Tab 1 Schedule 1, page 7
[31] Exhibit C Tab 4 Schedule 1, Table 4, page 18
[32] Exhibit B Tab 6 Schedule 1, pages 1-2
[33] Exhibit B Tab 7 Schedule 1, page 1

PUC Transmission Project – Line Work

PUC Transmission cited three comparable 230 kV double-circuit line projects completed by HONI in Ontario: the Barrie Area Transmission Upgrades (BATU) Project, the Guelph Area Transmission Reinforcement (GATR) Project, and the Woodstock Area Transmission Reinforcement (WATR) Project.[34] The pre-filed evidence shows that after applying adjustments for non-comparable items and inflation, the total project costs per km for the comparator projects ranged between $3.59 million and $6.52 million, while the PUC Transmission Project's line component cost is estimated to be $5.45 million per km.[35] PUC Transmission stated that the proposed 230 kV line cost per km lies between the $3.59 million/km and $6.52 million/km costs of the comparative projects.[36]

PUC Transmission Project – Station Work

PUC Transmission cited four comparable station projects completed by HONI in Ontario: Barrie TS, St. Isidore TS, Palmerston TS Refurbishment, and Enfield TS New DESN.[37] PUC Transmission stated that the proposed Tagona West TS is similar to the cited comparable stations, with respect to the number of transformers. However, the Tagona West TS will have a substantially higher maximum transformation capacity than any of the comparable projects. Therefore, PUC Transmission used the cost per kVA of station capacity, rather than total station cost, for the comparison.[38] PUC Transmission stated that after applying adjustments for non-comparable items and inflation, the Tagona West TS station cost of $194/kVA lies between the $150/kVA and $246/kVA costs of the comparable station projects.[39]

PUC Transmission stated that it considered another comparable station project with similar transformation capacity as the Tagona West TS. That station project was part of the GATR application,[40] where the existing Cedar TS was upgraded with the addition of two 250 MVA autotransformers and associated breakers. PUC Transmission calculated the inflation adjusted cost for Cedar TS work in the amount of $98.9 million, which results in a cost of $188/kVA. PUC Transmission stated that the cost per kVA of Tagona West TS is in line with the Cedar TS cost.[41]

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[34] As noted in the application, PUC Transmission included information extracted from HONI's application for the BATU project (EB-2018-0117) which provides a summary of comparable projects completed by HONI.
[35] Table 3 at Exhibit B Tab 8 Schedule 1
[36] Exhibit B Tab 8 Schedule 1, page 4
[37] Exhibit B Tab 8 Schedule 1, page 6
[38] Exhibit B Tab 8 Schedule 1, pages 6-7
[39] Exhibit B Tab 8 Schedule 1, pages 7-8
[40] EB-2013-0053
[41] PUC Transmission's interrogatory response to Staff-11

Inflation Factors

PUC Transmission noted that the OEB-prescribed inflation factors, also known as the Input Price Index (IPI), are calculated based on data that is lagging by two years compared to the OEB-prescribed year. Thus, when determining the inflation adjustments applied to the comparative projects, PUC Transmission applied the annual OEB IPI with adjustment for the two-year lag.[42] PUC Transmission noted that this adjustment method is to ensure that historical project costs are inflated at the correct percentage for the corresponding year.[43]

OEB staff asked PUC Transmission to provide the comparable project cost results using OEB IPI without adjustment for two-year lag, for both the transmission line work and station work. Table 1 and Table 2 below summarize the results for both inflation adjustment scenarios.[44]

Table 1: PUC Transmission - Summary of Comparable Line Project Costs per km ($million/km)

	PUC 230 kV Line	BATU	WATR	GATR
OEB IPI adjusted for 2-year lag (method proposed in the application)	$5.45	$5.13	$3.59	$6.52
OEB IPI	$5.45	$4.99	$3.37	$6.06

Table 2: PUC Transmission - Summary of Comparable Station Project Costs per kVA ($/kVA)

	Tagona West TS	Barrie TS	St. Isidore TS	Palmerston TS	Enfield TS	Cedar TS
OEB IPI adjusted for 2-year lag (method proposed in the application)	$194	$150	$246	$240	$158	$188
OEB IPI	$194	$146	$231	$224	$147	n/a

HOSSM Station Project

The HOSSM Station Project is estimated to cost approximately $73.4 million, of which $43.1 million is allocated to the Line Connection Component, $5.8 million is allocated to

[42] Exhibit B Tab 8 Schedule 1, pages 2-4
[43] PUC Transmission's interrogatory response to Staff-10 e)
[44] PUC Transmission's interrogatory response to Staff-10

the Refurbishment Component, and $24.5 million is allocated to the New Transmission Line Component. The HOSSM Station Project cost was generated by completing an AACE Class 3 cost estimate, consisting of an accuracy rate of +30%/-20%.[45]

The HOSSM Station Project cost estimate includes an allowance for contingencies in recognition of the risks associated with estimating costs. The top four project schedule and budget risks are listed below. HOSSM noted that these risks are the major contributors to the total contingency suggested for the HOSSM Station Project:

- Approvals and permits
- Outage constraints
- Material delivery timelines
- Pricing variations[46]

HOSSM provided three comparable station projects constructed by HONI: Martindale TS, and two East-West Tie Station Projects – Marathon TS and Lakehead TS. The HOSSM Station Project comparable cost of $72.9 million is approximately at the mid-range of the comparable projects.[47]

HOSSM noted that the inflation adjustment factors used for the comparable projects are consistent with the inflation parameters described by PUC Transmission.[48]

Submissions

In the Argument in Chief, PUC Transmission submitted that the costs of its proposed line and station work are both within the mid-range of the comparable projects. PUC Transmission further noted that the cost per kVA of Tagona West TS is nearly identical to Cedar TS (the comparable project with similar capacity as Tagona West TS).[49]

PUC Transmission submitted that the approach of adjusting the IPI factors with a two-year lag provides for the most accurate comparison of historical costs for comparable projects with the PUC Transmission Project costs, as it will align the escalation of costs with the year in which the inflation occurred.[50]

In its submission, OEB staff calculated “Total Comparable Project Costs” values for HOSSM Station Project’s comparable projects using OEB IPI rates without timing

[45] Exhibit C Tab 4 Schedule 1, pages 11-18
[46] Exhibit C Tab 4 Schedule 1, pages 12-13
[47] Exhibit C Tab 4 Schedule 1, pages13-15; HOSSM’s interrogatory response to Staff-18
[48] Exhibit C Tab 4 Schedule 1, page 14
[49] Argument in Chief, page 12
[50] Argument in Chief, pages 12-13

adjustment, and the results of the comparison for both inflation calculation scenarios are summarized below.[51]

Table 3: HOSSM - Summary of Comparable Station Project Costs ($million)[52]

	Third Line TS	Martindale TS	Marathon TS	Lakehead TS
OEB IPI adjusted for 2-year lag (method proposed in the application)	$72.9	$58.9	$81.7	$69.6
OEB IPI	$72.9	$56.9	$80.0	$68.0

OEB staff submitted that the evidence provided by PUC Transmission and HOSSM demonstrates that the cost estimates are reasonable, and it does not oppose the estimated costs for the PUC Transmission Project and HOSSM Station Project.[53]

OEB staff noted that both applicants applied the specific approach to adjust the OEB IPI rate for a two-year time lag in calculating the escalation adjustment for comparable projects, which is not usually applied in a leave to construction application. As shown in Tables 1, 2 and 3 above, OEB staff noted that the overall status and ranking of each proposed line/station project's cost has not changed between the two inflation factor scenarios. OEB staff took no issue with the applicants' conclusions that the proposed line and station projects are within the mid-range of the comparable projects.[54]

PUC Transmission disagreed with the OEB staff's non-adjusted IPI approach and reiterated its rationale for using an adjusted OEB IPI. PUC Transmission agreed with OEB staff that the proposed line and station projects are within the mid-range of the comparable projects.[55]

Findings

The OEB finds that the estimated capital cost of the PUC Transmission Project and the HOSSM Station Project fall within a reasonable range based on the evidence provided by PUC Transmission and HOSSM in this proceeding.

The evidence upon which the OEB has relied in reaching its conclusion that these costs fall within a reasonable range includes the following:

[51] OEB Staff Submission, page 14
[52] Ibid.
[53] OEB Staff Submission, page 14
[54] OEB Staff Submission, page 14
[55] Reply Submission, page 5

- The estimated project costs for both the PUC Transmission Project and the HOSSM Station Project represent an AACE Class 3 cost estimate (-20%/+30% accuracy level).

- The cost per km of PUC Transmission's proposed line work is within the mid-range derived from three comparable 230 kV double-circuit line projects provided by PUC Transmission.

- The cost per kVA of the station work for Tagona West TS falls in the mid-range of four comparable projects provided by PUC Transmission and, further, PUC Transmission provided a fifth comparable project for which both total station cost and per kVA cost were generally in line with the estimated Tagona West TS costs.

- The estimated HOSSM Station Project cost is approximately at the mid-range of the three comparable projects provided by HOSSM.

- The cost estimates for both the PUC Transmission Project and the HOSSM Station Project include an allowance for contingencies which recognizes the risks associated with estimating costs.

3.3 Allocation of Network Investment Costs to Algoma Steel

Under section 6.3.5 of the OEB's Transmission System Code (TSC), the costs associated with network assets are typically recovered from all Ontario ratepayers since they form part of a transmission system that is shared by all users. However, in September 2022, the OEB issued a staff Bulletin (September 2022 Bulletin) that clarifies the circumstances under which regulated electricity transmitters should allocate costs associated with network facility upgrades to a load customer (or a generator) connecting to the transmission system.[56]

The September 2022 Bulletin specifically states that some assets in a network facility may serve a connection function and, in such cases, section 6.3.5 of the TSC refers to it as "exceptional circumstances" where the connecting customers should be responsible for costs that are directly related to the customer's new or modified connection to the transmission system. The September 2022 Bulletin notes that those upgraded or added network assets form the "minimum connection requirements" since those assets perform a connection function.

[56] OEB Bulletin, Allocation of Network Upgrade Costs related to Customer Connections to the Transmission System, September 29, 2022

PUC Transmission identified the following network assets related to the minimum connection facilities where PUC Transmission has allocated $55.4 million of the costs to Algoma Steel:

1) Two 115 kV breakers that connect the two 115 kV circuits that will supply power to Algoma Steel's new electric arc furnaces ($10.3 million)[57]

2) One reactive power compensating device required to protect other customers on the IESO-controlled grid from being negatively impacted by excessive voltage variations resulting from the operations of Algoma Steel's new electric arc furnaces ($45 million)[58]

PUC Transmission noted that the proposed treatment associated with the above-noted network assets is consistent with section 6.3.5 of the TSC and the guidance provided in the September 2022 Bulletin.[59]

No other network assets were identified as forming part of the minimum connection requirements to connect Algoma Steel's two 115 kV circuits, and to the best of PUC Transmission's knowledge, Algoma Steel will not be the sole beneficiary associated with the project.[60] PUC Transmission is aware of two potential new generators that plan to connect (combined capacity of 425 MW) and three potential new load customers (100 MW, 300 MW, 100 MW).[61]

The TSC sets out the rules to conduct an economic evaluation to determine if a capital contribution is required in relation to a new or modified connection facility. The economic evaluation methodology provides the mechanism for determining any cost recovery shortfall based on the present value of forecast facility costs and rate revenues. It ensures that all the applicable facility costs are recovered from the connecting customer, through rates and a capital contribution, where there is a shortfall. As such, a capital contribution is required to the extent that the cost of the connection facility is not recoverable through rate revenues.[62]PUC Transmission stated that, based on the economic evaluation, no capital contribution would be required from Algoma Steel in relation to the total connection costs of $55.4 million. PUC Transmission explained that the economic evaluation indicated a net present value (NPV) of $41.07

[57] There was also a minor related cost of $0.1 million to connect the two 115 kV circuits.
[58] Exhibit B Tab 6 Schedule 1, pages 9-10
[59] Exhibit B Tab 6 Schedule 1, page 9
[60] PUC Transmission's interrogatory response to OEB Staff-7
[61] PUC Transmission's interrogatory response to OEB Staff-1
[62] Appendix 5 of the TSC sets out the "Methodology and Assumptions for Economic Evaluations".

million based on Algoma Steel's credit rating of B- and a 10-year revenue horizon according to the TSC (i.e., "medium high risk" classification).[63]

OEB staff agreed that allocating the cost of $55.4 million associated with the two types of network assets to Algoma Steel is consistent with OEB guidance provided in the September 2022 Bulletin. OEB staff also noted that the assumptions used by PUC Transmission in the economic evaluation that resulted in no capital contribution being required from Algoma Steel appear to be appropriate.[64]

Findings

The OEB finds that allocating the cost of $55.4 million associated with the two types of network assets identified by PUC Transmission to Algoma Steel is appropriate. This is consistent with the OEB guidance provided in the September 2022 Bulletin. Further details are provided in section 3.5 (Consumer Impacts).

3.4 New Regulatory Sub-accounts

HOSSM requested approval to establish two new regulatory sub-accounts under Account 1508 – Other Regulatory Assets: the "Priority Transmission Line Project – Station Costs" (PTLPDA-Costs) and the "Priority Transmission Line Project – Station Revenue Requirement" (PTLPDA-Revenue) for the New Transmission Line Component of the HOSSM Station Project. HOSSM provided a draft accounting order with its application.[65] The proposed effective date of both sub-accounts is the date on which the application was filed (January 2, 2024).[66]

The OEB's *Filing Requirements for Electricity Transmission Applications* (Filing Requirements) set out a three-part test for the establishment of new deferral and variance accounts: Causation, Materiality, and Prudence.[67]

PTLPDA-Costs Account

The proposed PTLPDA-Costs Account is designated to monitor the capital expenditures associated with the HOSSM Station Project - New Transmission Line Component. It would initially be used as a tracking account before inclusion into rate base. Once the

[63] Exhibit B Tab 9 Schedule 1, pages 1-2 and interrogatory response to OEB Staff-13
[64] OEB Staff Submission, page 17
[65] Exhibit C Tab 4 Schedule 1, pages 20-21
[66] Exhibit C Tab 4 Schedule 1, page 25
[67] OEB Chapter 2 Filing Requirements, page 35

New Transmission Line Project is in service, as anticipated in 2029,[68] the capital expenditures will be transferred to HOSSM's or HONI's rate base.[69]

As noted above, the HOSSM Station Project - New Transmission Line Component is part of HONI's future New Transmission Line Project which has been identified by order-in-council as a priority project. However, if HONI's New Transmission Line Project does not proceed for reasons beyond HOSSM's control, the account would become a deferral account, and HOSSM would then seek recovery/disposition of those balances in a future HOSSM rates proceeding.[70]

PTLPDA-Revenue Account

The proposed PTLPDA-Revenue Account will record any post-in-service revenue requirement attributable to the New Transmission Line Project facilities that have not been included in an OEB-approved transmission rate filing. It will stay active until HOSSM secures OEB approval to incorporate these assets into rate base, which will subsequently establish a future revenue requirement for HOSSM. HOSSM noted that any revenue requirement amounts recorded in this sub-account will be subject to a prudence review by a future OEB panel and disposed according to any OEB decision thereon.[71]

HOSSM provided more details regarding the need and how the two sub-accounts meet the OEB's eligibility criteria for establishing a new regulatory account in Exhibit C Tab 4 Schedule 1 of the application.

In response to an OEB staff interrogatory asking if there was any precedent for the requested deferral account, HOSSM referred to the Waasigan Transmission Tracking Deferral Account and subsequent transfer of the Waasigan account to a new partnership.[72]

OEB staff supported HOSSM's request to establish the PTLPDA-Costs sub-account to track capital costs associated with the HOSSM Station Project - New Transmission Line Component, prior to being placed in rate base. OEB staff submitted that this account meets the criteria of causation, materiality, and prudence in accordance with the Filing Requirements.[73]

[68] HOSSM's Interrogatory Responses, OEB Staff-20 b)
[69] Exhibit C Tab 4 Schedule 1, page 20
[70] HOSSM's Interrogatory Responses, OEB Staff-23 d)
[71] Exhibit C Tab 4 Schedule 1, pages 21-22
[72] HOSSM's interrogatory response to OEB Staff-22 f) and referring to EB-2019-0151 and EB-2021-0169
[73] OEB Staff Submission, pages 19-21

OEB staff did not support HOSSM's request to establish the PTLPDA-Revenues Account to record any post-in-service revenue requirement attributable to the New Transmission Line Project's facilities. OEB staff submitted that it is premature to approve an account to record revenue requirement at this time given that there will be opportunities to incorporate the revenue requirement in HOSSM's first rate application (expected to be filed in 2026) or in HOSSM's annual rate adjustment filings.[74]

OEB staff also made two observations on the draft accounting order with respect to the PTLPDA-Costs sub-account, and asked HOSSM to update the draft accounting order in its reply submission to address the noted observations.[75] In its submission, OEB staff also noted that the draft accounting order refers to Account 2205-CWIP, which appears to be a typographical error, and the correct account is 2055-CWIP.

HOSSM updated the draft accounting order in its reply submission.[76]

HOSSM took no issue with OEB staff's position with respect to the PTLPDA-Revenues sub-account and is indifferent to this sub-account being approved by the OEB in this proceeding, or in a future HOSSM rate proceeding – one that will include the year in which HONI's new transmission line is expected to be placed in service.[77]

Findings

The OEB approves the request by HOSSM to establish the PTLPDA-Costs Account, effective December 22, 2023, as a tracking account to monitor capital expenditures for the HOSSM Station Project - New Transmission Line Component. The OEB does not approve the request by HOSSM to establish a PTLPDA-Revenue Account to record revenue requirement attributable to New Transmission Line Project facilities that are part of the HOSSM Station Project.

The OEB finds that the request to establish the PTLPDA–Costs Account meets the OEB's criteria for establishment of a new deferral or variance account, namely, causation, materiality and prudence. The OEB has reached the following determinations regarding these criteria, based on the evidence in this proceeding:

- Causation: no costs associated with the New Transmission Line Project have been included in any OEB-approved revenue requirement for either HOSSM or HONI and

[74] OEB Staff Submission, pages 21-22
[75] OEB Staff submission, page 21
[76] Reply Submission, page 6 and Appendix A
[77] Reply Submission, page 6

thus the forecast costs are outside the base upon which revenue requirement for HOSSM or HONI has been derived.

- Materiality: the capital costs included in the scope of the HOSSM Station Project that are expected to be allocated to the New Transmission Line Project have been estimated to be $24.5 million, which exceeds HOSSM's materiality threshold.

- Prudence: both as to their nature and forecasted amount, the costs to be recorded in the PTLPDA–Costs Account will be reasonably incurred and, accordingly, the prudence criterion for the establishment of the account has been met on the evidence in this case. Recognizing that HOSSM is a wholly-owned subsidiary of HONI, the OEB requires HOSSM to provide HONI with all the evidence necessary to allow for a prudence review as part of HONI's pending application for leave to construct HONI's New Transmission Line Project. The final disposition of any balance in this new account will be subject to the usual regulatory requirements at that time.

In accordance with the Filing Requirements, HOSSM filed a draft accounting order outlining the proposed entries for recording costs in the PTLPDA–Costs Account and, as an attachment to its reply argument, HOSSM filed an updated draft accounting order to incorporate changes suggested in the OEB staff submission. The OEB notes that the typographical error referred to in OEB staff's submission regarding the CWIP account number was not corrected in HOSSM's reply and updated Draft Accounting Order. The OEB has corrected the error in the Approved Accounting Order.

As requested by HOSSM, the effective date for the PTLPDA-Costs Account will be December 22, 2023, which is the date upon which this Application was filed with the OEB.

The OEB does not approve the request for establishment of the PTLPDA–Revenue Account because HOSSM has not satisfactorily explained why such an account, in addition to the PTLPDA-Costs Account, should be established at this time. HOSSM's evidence describes a situation of concern to HOSSM, in which HOSSM says that the PTLPDA-Costs Account will provide protection for HOSSM's shareholder against non-recovery of prudently incurred costs. However, if the PTLPDA–Costs Account will provide protection against non-recovery of prudently incurred costs, it is not clear from the evidence why the PTLPDA–Revenue Account is also needed or appropriate at this time.

Further, HOSSM's evidence is unclear in its reference to the "post-in-service" revenue requirement that HOSSM proposes to record in the PTLPDA–Revenue Account. In the absence of evidence to the contrary from HOSSM, it is to be expected that the HOSSM

Station Project - New Transmission Line Project assets will go into service when the New Transmission Line Project goes into service, whereas the HOSSM Station Project–Line Connection Component assets will go into service concurrently with the PUC Transmission Project. In the context of the PUC Transmission Project and the Line Connection Component of the HOSSM Station Project, HOSSM is asking the OEB to look ahead to a potential, future need to capture revenue requirement associated with the New Transmission Line Project from the time when that project goes into service up to the effective date of a subsequent OEB-approved revenue requirement. HOSSM's evidence has not explained why it will not or cannot bring forward the HOSSM Station Project – New Transmission Line Project revenue requirement in the context of a future request for approval of an account for the general purpose of recording New Transmission Line Project revenue requirement, should it transpire that such an account is needed.

The OEB has corrected the accounting order to reflect its decision not to approve the proposed PTLPDA - Revenue Account. The Approved Accounting Order, which incorporates the above two corrections is attached as Schedule C.

3.5 Consumer Impacts

PUC Transmission indicated that both the Tagona West TS and the new 230 kV line of the PUC Transmission Project are network facilities and therefore proposed that the costs of both be recovered through the network pool.[78] HOSSM stated that it will treat the cost associated to the Line Connection Component of the HOSSM Station Project consistently with the OEB's treatment of the PUC Transmission Project's line construction costs, as requested by PUC Transmission. HOSSM noted that PUC Transmission is requesting the network facility costs be included in, and recovered through, the Uniform Transmission Rates (UTRs); specifically, the network rate.[79]

PUC Transmission stated that Algoma Steel will not be the sole beneficiary of the PUC Transmission Project[80] and that the economic evaluation associated with the minimum connection facilities determined that no capital contribution will be required from Algoma Steel.[81]

PUC Transmission conducted an analysis of the network pool rate impacts for the PUC Transmission Project and the associated Line Connection Component of the HOSSM Station Project, based on a total project estimated cost of $232 million and the OEB-

[78] Exhibit B Tab 1 Schedule 1, page 6
[79] Exhibit C Tab 4 Schedule 1, page 17
[80] PUC Transmission's interrogatory response to Staff-7 c)
[81] Exhibit B Tab 9 Schedule 1, page 2

approved preliminary 2024 UTRs. PUC Transmission estimated that adding the costs to the network pool revenue requirement will lead to a negligible average increase in the network service rate over 25 years of approximately 0.04% relative to the preliminary 2024 rate of $5.76/kW. PUC Transmission noted that the network service rate is essentially unchanged from the preliminary 2024 rate, averaged over the 25-year evaluation period.[82]

PUC Transmission further noted that all costs related to the Line Connection Component of the HOSSM Station Project are to be included in HOSSM's rate base, and all costs for the PUC Transmission Project are to be included in PUC Transmission's rate base.[83]

PUC Transmission submitted that consumer rate impacts associated with the PUC Transmission Project are expected to be neutral (i.e., not a material impact). HOSSM stated that the costs of the HOSSM Station Project's common elements[84] will be included in rate pools consistent with the evidence of PUC Transmission in this regard found in Exhibit B, Tab 9, Schedule 1."[85]

OEB staff submitted that PUC Transmission's proposed allocation of project costs to the network rate pool is appropriate. OEB staff also submitted that the consumer impacts of the PUC Transmission Project with the Line Connection Component of the HOSSM Station Project are appropriate given the need for this project and the modest impact on consumers.

Findings

The OEB notes that the PUC Transmission Project is comprised of network facilities and therefore finds that PUC Transmission's proposed allocation of all project costs to the network pool is appropriate. The allocation of some network pool costs to Algoma Steel is consistent with the OEB guidance provided in the September 2022 Bulletin. PUC Transmission's conclusion that no capital contribution is required from Algoma Steel is consistent with the economic evaluation that was carried out by PUC Transmission. The OEB also finds that the transmission rate impacts projected to result from the PUC Transmission Project and the HOSSM Station Project – Line Connection Component are reasonable.

[82] Exhibit B Tab 9 Schedule 1, page 5
[83] PUC Transmission's interrogatory response to OEB Staff-15
[84] Exhibit C Tab 4 Schedule 1, Section 3.0 Common Elements, page 3
[85] Argument in Chief, page 19

3.6 Reliability and Quality of Service

The IESO completed a System Impact Assessment (SIA) for the PUC Transmission Project dated September 28, 2023.[86] The SIA final report concluded that the proposed connection of the project is expected to have no material adverse impact on the reliability of the integrated power system, provided that all requirements of the final SIA report are implemented.

HOSSM noted that the SIA report also covers the Line Connection Component of the HOSSM Station Project and the proposed configuration modification at Third Line TS.[87]

HOSSM also noted that the Third Line TS is planned to undergo further reconfiguration to accommodate the New Transmission Line Project, and a separate SIA will be required and furnished within a future section 92 application for the New Transmission Line Project.[88]

HONI issued a final Customer Impact Assessment (CIA) on November 3, 2023, which concluded that its system and area customers will not be adversely impacted by the proposed facilities provided the requirements identified in the IESO's SIA report are implemented. [89]

OEB staff took no issues with the reliability and quality of service associated with the PUC Transmission Project and the associated Line Connection Component of the HOSSM Station Project, considering the conclusions of the IESO's SIA and HONI's CIA.[90]

Findings

Based on the evidence in this proceeding, and, in particular, the conclusions reached in the IESO's System Impact Assessment (SIA) and HONI's Customer Impact Assessment (CIA), the OEB expects the PUC Transmission Project, and the associated HOSSM Station Project – Line Connection Component, to have no material adverse impact on the reliability and quality of electricity service. This finding is subject to the condition that all of the IESO's requirements set out in the SIA are met.

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[86] Exhibit F Tab 1 Schedule 1, Attachment 1; Subsequent to issuing the SIA report, Algoma Steel provided further clarification to the IESO on the nature of the power ramping capabilities of the new electric arc furnaces. The IESO issued an addendum to the SIA report and Notification of Conditional Approval on March 21, 2024, which was filed by PUC Transmission with the OEB on April 6, 2024.
[87] Argument in Chief, page 20 and HOSSM's interrogatory response to OEB Staff-24
[88] HOSSM's interrogatory response to OEB Staff-24
[89] Exhibit G Tab 1 Schedule 1, Attachment 1
[90] OEB Staff Submission, page 24

3.7 Landowner Agreements

PUC Transmission intends to acquire land rights from 46 property parcels, one railway crossing, and eight municipal roadway crossings that are directly impacted by the proposed Tagona West TS and routing of the proposed 230 kV line.[91]

PUC Transmission stated that two parcels of land are to be purchased for the Tagona West TS and no temporary workspace is required as all work will be conducted within the property, which PUC Transmission will own in fee simple. PUC Transmission further stated that commitments are in place that address the land rights requirements for 90% of the overall length of the 230 kV line route.[92]

PUC Transmission requested OEB approval of the following two agreements that it will utilize in order to obtain new land rights for the PUC Transmission Project:

- Easement Option Agreement
- Option Agreement – Fee Simple Parcel

PUC Transmission submitted that the proposed forms of agreements are consistent with those approved by the OEB in a previous leave to construct application.[93]

PUC Transmission confirmed that all impacted landowners have the option to receive independent legal advice regarding the land agreements, and that it would commit to reimbursing those landowners for reasonably incurred legal fees associated with the review and completion of the necessary land rights.[94]

HOSSM stated that it does not require new land rights, permanent or temporary, to complete the HOSSM Station Project and all of the planned modifications to existing station facilities will be completed within HOSSM's existing property which it owns in fee simple.[95]

OEB staff had no concerns with the proposed forms of agreements.

[91] Exhibit E Tab 1 Schedule 1, page 1
[92] Exhibit B Tab 1 Schedule 1, page 8
[93] PUC Transmission's interrogatory response to OEB Staff-17 and EB-2022-0140, Decision and Order issued on November 24, 2022
[94] PUC Transmission's interrogatory response to OEB Staff-16 c) and d)
[95] Exhibit C Tab 4 Schedule 1, page 10

Findings

The OEB approves the forms of land use agreements offered, or to be offered, to landowners affected by the PUC Transmission Project. The proposed forms of agreements are generally consistent with agreements that have previously been approved by the OEB in other proceedings and with the Standard Elements of Land Use Agreements set out in Appendix B to the Filing Requirements.

The OEB notes that PUC Transmission has made a commitment that impacted landowners will be afforded an opportunity to receive independent legal advice regarding the land agreements and that landowners who avail themselves of this opportunity will be reimbursed for reasonably incurred legal fees associated with the review and completion of the necessary agreements.

3.8 Other Matters: Transmission System Code Exemption Request – Bypass Compensation

A transmitter constructs a load customer's transmission connection facility based on the customer's long-term load forecast. If the load customer subsequently connects to another facility that is not owned by the transmitter to supply its existing load before the transmitter-owned connection facility reaches its end-of-life, it is considered a "bypass" since that connection becomes a stranded asset. A connection asset is typically dedicated to a customer (i.e., not shared like a network asset that benefits all ratepayers). Bypass compensation is therefore required from a load customer in certain circumstances, under the TSC, to ensure all ratepayers are not required to pay the stranded cost when a load customer bypasses a transmitter-owned connection facility.

Section 11.2.1 of the TSC sets out two scenarios where a transmitter shall require bypass compensation from a customer:

a) The customer disconnects its load facility from the transmitter's connection facilities and connects that load facility to a facility that is not owned by the transmitter and the transmitter will no longer receive connection rate revenues in relation to that disconnected connection facility; or

b) The customer, while retaining its connection to the transmitter's transmission system, also connects its load facility to a facility that is not owned by the transmitter such that the customer reduces its load served directly by the transmitter's transmission system, and the connection rate revenues in relation to that connection facility will be reduced.

In the present case, Algoma Steel has requested that its new load associated with its electric arc furnaces be supplied by HOSSM until the PUC Transmission Project is completed. The application also indicates that Algoma Steel's electric arc furnaces (and Lake Superior Power Generating Station) are connected to HOSSM's system at Clergue TS and discusses the need for HOSSM to perform work on two Remedial Action Schemes (RAS) and additional work at Clergue TS to connect Algoma Steel. Algoma Steel's total new supply needs are about 140 MW; however, Algoma Steel's electric arc furnaces will not be permitted to draw more than 30 MW from existing circuits connecting to HOSSM's Clergue TS.[96]

HOSSM is seeking an exemption from section 11.2.1 of the TSC which would require Algoma Steel to pay bypass compensation in relation to 30 MW of the new load associated with its new electric arc furnaces that will be served by HOSSM. HOSSM stated that once the PUC Transmission Project is in service, the electric arc furnaces will draw load directly from Third Line TS via PUC Transmission's circuits without the dependency on the connection at Clergue TS. HOSSM indicated that the connection of electric arc furnaces at Clergue TS is an "interim" solution until the PUC Transmission Project is completed. HOSSM further stated that it currently expects to serve Algoma Steel's 30 MW for three years after which Algoma Steel is expected to change the connection point from HOSSM's Clergue TS to PUC Transmission's Tagona West TS. HOSSM added it will continue to supply some of Algoma Steel's load (12 MW) at a different station – Patrick Street TS – after the PUC Transmission Project is in operation.[97]

HOSSM stated that the interim connection solution is the most timely, efficient and effective way of providing Algoma Steel with some of the capacity that it requires for its operations prior to the date on which the PUC Transmission Project can be in service to provide the expected load.[98]

HOSSM identified work for each RAS and other items to be done at Clergue TS, and the cost allocation to Algoma Steel in the following table:[99]

[96] Exhibit C Tab 4 Schedule 1, pages 18-19
[97] Exhibit C Tab 4 Schedule 1, pages 19-20
[98] Exhibit C Tab 4 Schedule 1, page 20
[99] HOSSM's interrogatory response to OEB Staff-21

Table 4: Reasons for RAS Investments and Cost Allocation

RAS/Station	Work	Approximate Cost ($M)	Allocation to Algoma Steel (%)	Reason
Third Line RAS (Third Line TS)	Changes to Contingency Detection and Control Actions	3.7	25%	Changes in RAS are also required for correcting existing system deficiencies
Northwest RAS (Lakehead TS)	Changes to Contingency Detection and Control Actions	1.9	16%	
Clergue TS	Perform grounding study and install additional grounding as required by the study	0.1	100%	Work triggered by Algoma Steel only

HOSSM stated that the investments are not solely related to serving the 30 MW of Algoma Steel's load; rather, after Algoma Steel shifts its load to the Tagona West TS (from Clergue TS), the RAS modifications will continue to be required under various system conditions including planned outages. HOSSM explained that the Northwest RAS and the Third Line RAS are used to trip load, generation and/or circuits during system contingencies, and the IESO's SIA identified modifications to each RAS will not only address the connection of the Algoma Steel electric arc furnaces to the HOSSM system, but they will also address "existing system deficiencies" in the region related to meeting North American Electric Reliability Corporation (NERC) planning standards.[100] As such, HOSSM apportioned the cost between Algoma Steel and the network rate pool (i.e., all ratepayers) based on the relative costs to meet the NERC standards and the cost that is caused by Algoma Steel's connection to HOSSM's transmission system.[101]

HOSSM confirmed that the sole reason for the request for an exemption from the bypass compensation requirement of the TSC is that Clergue TS will not be a permanent solution to meet Algoma Steel's needs. HOSSM also confirmed that it is requesting that the exemption remain in place if completion of Tagona West TS is delayed beyond three years.[102]

[100] Exhibit C Tab 4 Schedule 1, Appendix E
[101] Ibid.
[102] Ibid.

HOSSM submitted that it should not be required to collect bypass compensation from Algoma Steel as section 11.2.1 of the TSC would require it to do, as that change in connection point falls within the language in subsection 11.2.1(b).[103]

OEB staff clarified that section 11.2.1 of the TSC includes two scenarios and the second scenario, 11.2.1(b), would be applicable to this case as the customer (Algoma Steel) reduces its load served directly by the transmitter's (HOSSM) transmission system (via Clergue TS) and the connection rate revenues in relation to that facility will be reduced. However, in that scenario, the customer continues to retain a connection to the same transmitter's (HOSSM) transmission system (via Patrick Street TS). OEB staff noted that, in contrast, section 11.2.1(a) of the TSC involves a full disconnection scenario.[104]

OEB staff submitted that the request for an exemption from the bypass compensation requirements in the TSC is appropriate because: 1) the connection at Clergue TS is intended to be a temporary solution to meet Algoma Steel's supply needs; and 2) the investments being made to connect Algoma Steel are also needed to address broader system needs.[105]

However, OEB staff submitted that the TSC exemption should be limited to subsection 11.2.1(b) of the TSC; an exemption from section 11.2.1(a) would include Patrick Street TS, which is not necessary. OEB staff also submitted that the exemption should not be provided for an unlimited time period and, if it takes more than three years for the PUC Transmission Project to be connected, HOSSM should be required to request an extension of the exemption if it exceeds five years.[106]

OEB staff also noted that, if HOSSM's request for an exemption related to the bypass compensation requirement in the TSC is approved, HOSSM's transmission licence will need to be amended.[107] In its reply submission, HOSSM agreed that its transmission licence should be amended as part of this Decision and Order.[108]

In its reply submission, HOSSM stated that it took no issue with OEB staff's view that the exemption should be limited to subsection 11.2.1(b) of the TSC.[109]

[103] Argument in Chief, page 25
[104] OEB Staff Submission, page 27
[105] OEB Staff Submission, page 29
[106] OEB Staff Submission, pages 29-30
[107] OEB Staff Submission, page 30
[108] Reply Submission, page 7
[109] Reply Submission, page 7

HOSSM also agreed that, should the OEB approve the TSC exemption, HOSSM's transmission licence should be amended and submitted that the licence amendment should be done as part of the Decision and Order in this proceeding.[110]

In its Reply Submission, HOSSM did not respond to OEB staff's submission that the temporary exemption should not be provided for an unlimited period of time and HOSSM should be required to request an extension if Algoma Steel is still being served by HOSSM in five years. As noted above, HOSSM stated the intent was that the 30 MW of load would be shifted from HOSSM's system to PUC Transmission in three years, once its facilities come into service.

Findings

The OEB approves HOSSM's request for an exemption from the bypass compensation requirement in section 11.2.1(b) of the Transmission System Code and will allow the requested exemption for a period of five years.

The requirement to pay bypass compensation under section 11.2.1(b) is triggered when:

- a customer, while retaining its connection to a transmitter's transmission system, also connects its load facility to a generation facility or to another load facility that is not owned by the transmitter; and
- by reason of the connection to a generation facility that is not owned by the transmitter:
  - (i) the customer reduces its load served directly by the transmitter's transmission system; and
  - (ii) the transmitter's line connection or transformation connection rate revenues in relation to the customer's facility will be reduced.

HOSSM's request for an exemption from section 11.2.1(b) of the Transmission System Code arises in this case because HOSSM has put forward an interim connection solution as the most efficient and effective way of providing Algoma Steel with some of the capacity that it requires until the proposed PUC Transmission Project comes into service. More specifically, HOSSM will serve 30 MW of Algoma Steel's load on an interim basis for an expected period of three years, with the ultimate intention that the 30 MW of load will be served by PUC Transmission when its facilities come into service.

[110] Ibid.

HOSSM proposes that Algoma Steel be exempted from the requirement to pay bypass compensation to HOSSM in respect of this 30 MW of load that will be served by HOSSM through the interim connection solution.

The interim connection solution will meet Algoma Steel's needs so that Algoma Steel can proceed immediately with its plans to expand and decarbonize its operations. Even when the PUC Transmission Project comes into service, Algoma Steel will not fully disconnect from HOSSM, but will retain a connection to HOSSM's transmission system. And further, HOSSM's evidence is that investments made to connect Algoma Steel will address broader system needs such that, when Algoma Steel shifts its load from HOSSM to PUC Transmission, investments made by HOSSM to meet Algoma Steel's supply needs will not become stranded assets.

In these particular circumstances, the OEB has concluded that it is appropriate to grant the exemption requested by HOSSM, but to limit the exemption to a specific time period, because the exemption has been requested to facilitate an interim solution. To accommodate the potential for unexpected delays that could extend the time during which the interim solution will remain in place, the OEB approves the requested exemption from section 11.2.1(b) of the Transmission System Code for a period of five years.

As a result of the OEB's approval of HOSSM's exemption request, HOSSM's transmission licence has been amended and the amended licence is attached as Schedule D to this Decision and Order.

3.9 Conditions of Approval

The OEB Act permits the OEB, when making an order, to impose such conditions as it considers proper. The OEB has established a set of standard conditions of approval for transmission Leave to Construct applications.

PUC Transmission and HOSSM confirmed that they agree with the standard conditions of approval.[111]

In its submission, OEB staff proposed that the standard conditions of approval be placed on PUC Transmission and HOSSM.[112]

[111] PUC Transmission and HOSSM's interrogatory responses to OEB Staff-25
[112] OEB Staff Submission, page 30

Findings

PUC Transmission and HOSSM have confirmed that they agree with the standard conditions of approval that have been approved by the OEB in prior leave to construct applications. The OEB grants leave to construct subject to the standard conditions of approval, which are attached as Schedule B to this Decision and Order. The approval of the New Transmission Line Component of the HOSSM Station Project is also subject to an additional condition that any expenditure on that component shall be subject to a prudence review by the OEB when the application for the New Transmission Line Project is filed.

The OEB is encouraged by the willingness of PUC Transmission and HOSSM to continue working with BFN about the impacts of, if any, and opportunities created by, the PUC Transmission Project and the HOSSM Project.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. PUC (Transmission) LP is granted leave, pursuant to section 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), to construct the PUC Transmission Project as described in the application.

2. Hydro One Sault Ste. Marie LP is granted leave, pursuant to section 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), to construct the Line Connection Component and the New Transmission Line Component of the HOSSM Station Project as described in the application.

3. Leave to construct is subject to PUC (Transmission) LP and Hydro One Sault Ste. Marie LP complying with the Conditions of Approval set forth in Schedule B.

4. Hydro One Sault Ste. Marie LP shall provide HONI with all the evidence necessary to allow for a prudence review as part of HONI's pending application for leave to construct HONI's New Transmission Line Project.

5. The Ontario Energy Board approves the proposed forms of agreements that PUC (Transmission) LP has offered or will offer to each owner of land affected by the PUC Transmission Project.

6. Schedule 2 of the Electricity Transmission Licence of Hydro One Sault Ste. Marie LP is hereby amended by adding the following Paragraph 1:

   1. The Licensee is exempted from Section 11.2.1(b) of the Transmission System Code in that Algoma Steel Inc. is not required to pay bypass compensation, for a period of up to five years (when Algoma Steel Inc. changes its connection point from Hydro One Sault Ste. Marie LP's Clergue TS to PUC (Transmission) LP's Tagona West TS) in the manner approved in the OEB's Decision and Order in EB-2023-0360.

   The amended licence is attached to this Decision and Order as Schedule D.

7. Batchewana First Nation shall file with the Ontario Energy Board, and forward to PUC (Transmission) LP and Hydro One Sault Ste. Marie LP, its cost claim in accordance with the Ontario Energy Board's Practice Direction on Cost Awards by **September 10, 2024**.

8. PUC (Transmission) LP and/or Hydro One Sault Ste. Marie LP shall file with the Ontario Energy Board, and forward to Batchewana First Nation, any objections to the claimed costs by **September 17, 2024.**

9. If PUC (Transmission) LP and/or Hydro One Sault Ste. Marie LP object(s) to any intervenor costs filed by Batchewana First Nation, Batchewana First Nation shall file with the Ontario Energy Board, and forward to PUC (Transmission) LP and/or Hydro One Sault Ste. Marie LP, any responses to any objections to cost claim by **September 24, 2024.**

10. PUC (Transmission) LP and Hydro One Sault Ste. Marie LP shall pay the Ontario Energy Board's costs of and incidental to this proceeding upon receipt of the Ontario Energy Board's invoice.

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

Please quote file number, **EB-2023-0360** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the OEB's online filing portal.

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the Regulatory Electronic Submission System (RESS) Document Guidelines found at the File documents online page on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet set up an account, or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the File documents online page of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the Practice Direction on Cost Awards.

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

Email: registrar@oeb.ca
Tel: 1-877-632-2727 (Toll free)

DATED at Toronto August 27, 2024

ONTARIO ENERGY BOARD

Nancy Marconi

Digitally signed by Nancy Marconi
Date: 2024.08.27 15:17:37 -04'00'

Nancy Marconi
Registrar

SCHEDULE A

PROJECT OVERVIEW MAP

DECISION AND ORDER

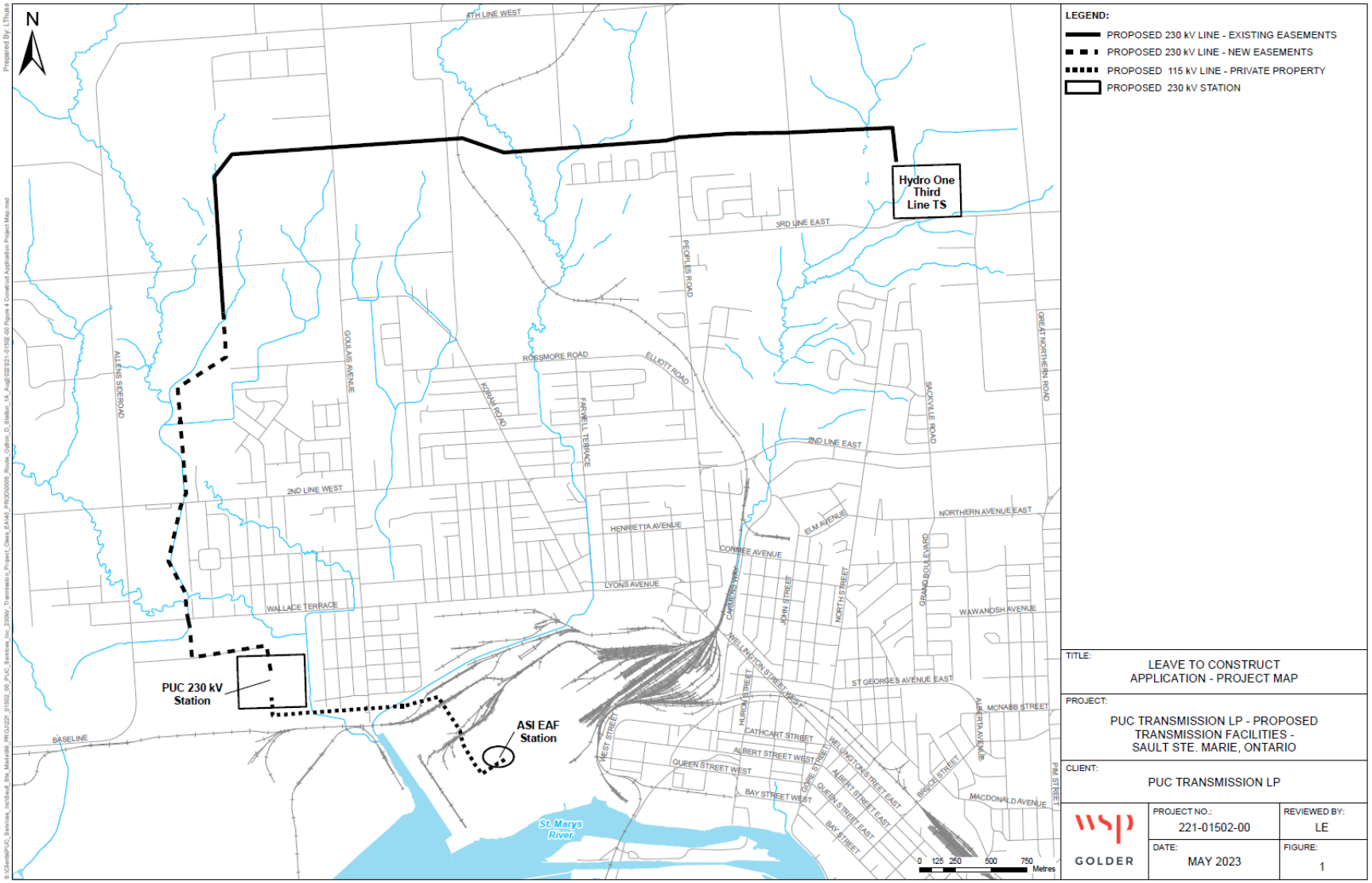
PUC (TRANSMISSION) LP

HYDRO ONE SAULT STE. MARIE LP

EB-2023-0360

AUGUST 27, 2024

SCHEDULE A: PUC TRANSMISSION PROJECT OVERVIEW MAP



LEGEND:

- PROPOSED 230 kV LINE - EXISTING EASEMENTS
- PROPOSED 230 kV LINE - NEW EASEMENTS
- PROPOSED 115 kV LINE - PRIVATE PROPERTY
- PROPOSED 230 kV STATION

TITLE:	LEAVE TO CONSTRUCT APPLICATION - PROJECT MAP
PROJECT:	PUC TRANSMISSION LP - PROPOSED TRANSMISSION FACILITIES - SAULT STE. MARIE, ONTARIO
CLIENT:	PUC TRANSMISSION LP

wsp GOLDER

PROJECT NO.: 221-01502-00	REVIEWED BY: LE
DATE: MAY 2023	FIGURE: 1

SCHEDULE B

STANDARD CONDITIONS OF APPROVAL

DECISION AND ORDER

PUC (TRANSMISSION) LP

HYDRO ONE SAULT STE. MARIE LP

EB-2023-0360

AUGUST 27, 2024

SCHEDULE B: STANDARD CONDITIONS OF APPROVAL

FOR ELECTRICITY LEAVE TO CONSTRUCT APPLICATIONS
PUC (TRANSMISSION) LP
HYDRO ONE SAULT STE. MARIE LP
EB-2023-0360

1. PUC (Transmission) LP and Hydro One Sault Ste. Marie LP shall fulfill any requirements of the SIA and the CIA, and shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the project.

2. Unless otherwise ordered by the OEB, authorization for leave to construct shall terminate 12 months from the date of the Decision and Order, unless construction has commenced prior to that date.

3. PUC (Transmission) LP and Hydro One Sault Ste. Marie LP shall advise the OEB of any proposed material change in the project, including but not limited to changes in: the proposed route, construction schedule, necessary environmental assessment approvals, and all other approvals, permits, licences, certificates and rights required to construct the project.

4. PUC (Transmission) LP and Hydro One Sault Ste. Marie LP shall submit to the OEB written confirmation of the completion of the project construction. This written confirmation shall be provided within one month of the completion of construction.

5. PUC (Transmission) LP and Hydro One Sault Ste. Marie LP shall designate one of their employees as project manager who will be the point of contact for these conditions, and shall provide the employee’s name and contact information to the OEB and to all affected landowners, and shall clearly post the project manager’s contact information in a prominent place at the construction site.

SCHEDULE C

APPROVED ACCOUNTING ORDER

DECISION AND ORDER

PUC (TRANSMISSION) LP

HYDRO ONE SAULT STE. MARIE LP

EB-2023-0360

AUGUST 27, 2024

Schedule C

Hydro One Sault Ste. Marie LP (HOSSM) –

Approved Accounting Order

The OEB has approved two new regulatory deferral sub-accounts, under the OEB-established "Account 1508, Other Regulatory Assets" control account, of the OEB's Uniform System of Accounts. These two accounts relate to station costs.

These two new regulatory 1508 sub-accounts will be named and function as follows:

Priority New Transmission Line Project – Station Costs – Account

- This sub-account will track HOSSM-incurred costs related to the New Transmission Line Project.

Priority New Transmission Line Project – Station Costs – Account – Contra-Account

- This account will be a contra-account while HOSSM management continues to believe the New Transmission Line Project will be completed. This "tracking" sub-account allows for tracking and reporting of capital attributable to the New Transmission Line Project.

The following outlines the accounting entries for this deferral account.

USofA #	Account Description
DR 1508	Other Regulatory Assets, Sub-Account "PTLPDA – Station Costs - Account"
CR 1508	Other Regulatory Assets, Sub-Account "PTLPDA – Station Costs - Account – Contra-Account"

The contra-account entries will facilitate the tracking of capital costs incurred and allocated to the New Transmission Line Project. The DR and CR entries will be identical and offset each other, such that no balance will accrue in the account while there is confidence in the need for the project, and that management believes it will be in-serviced.

USofA #	Account Description
DR 1508	Other Regulatory Assets, Sub-Account "PTLPDA – Station Costs - Account"
CR 2055	Construction Work in Progress

Should the New Transmission Line Project not proceed, for reasons beyond HOSSM management's control, the above entries record the removal of capital costs from HOSSM's 2055 - Construction Work in Progress ("CWIP") Account and become balances in the 1508 - PTLPDA – Station Costs - Account (i.e. no longer will the account, with a contra-account, be for tracking of capital costs only). These costs represent costs HOSSM would seek OEB approval and recovery in a future S.78 Application. The PTLPDA – Station Costs - Account would then record debit balances.

USofA #	Account Description
DR 17XX and 19XX	Transmission and General Plant Asset Range of Accounts
CR 2055	Construction Work in Progress

At the point where HOSSM Station Project capital costs are placed in-service and pertain to the New Transmission Line Project, the above entries recognize the transfer of those project capital costs from HOSSM's 2055 - Construction Work in Progress ("CWIP") Account to the applicable General Plant and Transmission Fixed Asset Account ranges.

SCHEDULE D

ELECTRICITY TRANSMISSION LICENCE

DECISION AND ORDER

PUC (TRANSMISSION) LP

HYDRO ONE SAULT STE. MARIE LP

EB-2023-0360

AUGUST 27, 2024

Electricity Transmission Licence

ET-2007-0649

Hydro One Sault Ste. Marie Inc. on behalf of Hydro One Sault Ste. Marie LP

Valid Until
March 11, 2028

Nancy Marconi

Digitally signed by Nancy Marconi
Date: 2024.08.27 15:18:00 -04'00'

Nancy Marconi
Registrar
Ontario Energy Board

Date of Issuance: December 24, 2007
Date of Amendment: August 27, 2024

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

Commission de lénergie de lOntario
C.P. 2319
2300, rue Yonge
27e étage
Toronto ON M4P 1E4

LIST OF AMENDMENTS

Date of Amendment

Date of Amendment: November 19, 2008
Date of Amendment: May 5, 2009
Date of Amendment: March 2, 2017
Date of Amendment: August 27, 2024

Table of Contents Page No.

Definitions

In this Licence:

1 "**Accounting Procedures Handbook**" means the handbook, approved by the Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

2 "**Act**" means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

3 "**Affiliate Relationships Code for Electricity Distributors and Transmitters**" means the code, approved by the Board which, among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

4 "**Board**" means the Ontario Energy Board;

5 "**Electricity Act**" means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

6 "**Licensee**" means Hydro One Sault Ste. Marie Inc. on behalf of Hydro One Sault Ste. Marie LP

7 "**Market Rules**" means the rules made under section 32 of the Electricity Act;

8 "**Performance Standards**" means the performance targets for the distribution and connection activities of the Licensee as established by the Board in accordance with section 83 of the Act;

9 "**Rate Order**" means an Order or Orders of the Board establishing rates the Licensee is permitted to charge;

10 "**transmission services**" means services related to the transmission of electricity and the services the Board has required transmitters to carry out for which a charge or rate has been established in the Rate Order;

11 "**Transmission System Code**" means the code approved by the Board and in effect at the relevant time, which, among other things, establishes the obligations of a transmitter with respect to the services and terms of service to be offered to customers and provides minimum technical operating standards of transmission systems;

12 "**wholesaler**" means a person that purchases electricity or ancillary services in the IESO administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IESO-administered markets or directly to another person other than a consumer.

Interpretation

In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens. Where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

Authorization

The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence to own and operate a transmission system consisting of the facilities described in Schedule 1 of this Licence, including all associated transmission equipment.

Obligation to Comply with Legislation, Regulations and Market Rules

The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.

The Licensee shall comply with all applicable Market Rules.

Obligation to Comply with Codes

The Licensee shall at all times comply with the following Codes (collectively the "Codes") approved by the Board, except where the Licensee has been specifically exempted from such compliance by the Board. Any exemptions granted to the Licensee are set out in Schedule 2 of this Licence. The following Codes apply to this Licence:

the Affiliate Relationships Code for Electricity Distributors and Transmitters; and

the Transmission System Code.

The Licensee shall:

make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and

provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

Requirement to Enter into an Operating Agreement

The Licensee shall enter into an agreement ("Operating Agreement") with the IESO providing for the direction by the IESO of the operation of the Licensee's transmission system. Following a request made by the IESO, the Licensee and the IESO shall enter into an Operating Agreement within a period of 90 business days, unless extended with leave of the Board. The Operating Agreement shall be filed with the Board within ten (10) business days of its completion.

Where there is a dispute that cannot be resolved between the parties with respect to any of the terms and conditions of the Operating Agreement, the IESO or the Licensee may apply to the Board to determine the matter.

Obligation to Provide Non-discriminatory Access

The Licensee shall, upon the request of a consumer, generator, distributor or retailer, provide such consumer, generator, distributor or retailer, as the case may be, with access to the Licensee's transmission system and shall convey electricity on behalf of such consumer, generator, distributor or retailer in accordance with the terms of this Licence, the Transmission System Code and the Market Rules.

Obligation to Connect

If a request is made for connection to the Licensee's transmission system or for a change in the capacity of an existing connection, the Licensee shall respond to the request within 30 business days.

The Licensee shall process connection requests in accordance with published connection procedures and participate with the customer in the IESO's Connection Assessment and approval process in accordance with the Market Rules, its Rate Order(s) and the Transmission System Code.

An offer of connection shall be consistent with the terms of this Licence, the Market Rules, the Rate Order, and the Transmission System Code.

The terms of such offer to connect shall be fair and reasonable.

The Licensee shall not refuse to make an offer to connect unless it is permitted to do so by the Act or any Codes, standards or rules to which the Licensee is obligated to comply with as a condition of this Licence.

Obligation to Maintain System Integrity

The Licensee shall maintain its transmission system to the standards established in the Transmission System Code and Market Rules, and have regard to any other recognized industry operating or planning standards required by the Board.

Transmission Rates and Charges

The Licensee shall not charge for the connection of customers or the transmission of electricity except in accordance with the Licensee's Rate Order(s) as approved by the Board and the Transmission System Code

Separation of Business Activities

The Licensee shall keep financial records associated with transmitting electricity separate from its financial records associated with distributing electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.

Expansion of Transmission System

The Licensee shall not construct, expand or reinforce an electricity transmission system or make an interconnection except in accordance with the Act and Regulations, the Transmission System Code and the Market Rules.

Provision of Information to the Board

The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.

Without limiting the generality of paragraph 13.1, the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) business days past the date upon which such change occurs.

Restrictions on Provision of Information

The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator, obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.

The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:

to comply with any legislative or regulatory requirements, including the conditions of this Licence;

for billing, settlement or market operations purposes;

for law enforcement purposes; or

to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.

Information regarding consumers, retailers, wholesalers or generators may be disclosed where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.

The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.

If the Licensee discloses information under this section, the Licensee shall ensure that the information is not be used for any other purpose except the purpose for which it was disclosed.

Term of Licence

The effective date of this Licence is March 12, 2008, and the Licence will expire on March 11, 2028. The term of this Licence may be extended by the Board.

Transfer of Licence

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

Amendment of Licence

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

Fees and Assessments

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

Communication

The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.

All official communication relating to this Licence shall be in writing.

All written communication is to be regarded as having been given by the sender and received by the addressee:

when delivered in person to the addressee by hand, by registered mail or by courier;

ten (10) business days after the date of posting if the communication is sent by regular mail; and

when received by facsimile transmission by the addressee, according to the sender=s transmission report.

Copies of the Licence

The Licensee shall:

make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and

provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

SCHEDULE 1 specification of transmission facilities

This Schedule specifies the facilities over which the Licensee is authorized to transmit electricity in accordance with paragraph 3 of this Licence.

1. Great Lakes Power Inc. on behalf of Great Lakes Power Transmission LP's transmission facilities consist of:

    - 318.25 circuit km of 230 kV line and associated equipment;
    - 232.37 circuit km of 115 kV line and associated equipment; and
    - 11 circuit km of 44 kV line and associated equipment which was deemed by the Board as serving a transmission function under section 84 of the Act.

SCHEDULE 2 list of code exemptions

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

1. The Licensee is exempted from Section 11.2.1(b) of the Transmission System Code in that Algoma Steel Inc. is not required to pay bypass compensation, for a period of up to five years (when Algoma Steel Inc. changes its connection point from Hydro One Sault Ste. Marie LP's Clergue TS to PUC (Transmission) LP's Tagona West TS) in the manner approved in the OEB's Decision and Order in EB-2023-0360.