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## DECISION AND ORDER

**EB-2024-0202**

**HYDRO ONE NETWORKS INC.**

Request for an exemption from sections 4.1.1 and 4.1.2 of the Transmission System Code to connect a Battery Energy Storage System in Hagersville, Ontario.

**EB-2024-0203**

**HYDRO ONE NETWORKS INC.**

Request for an exemption from sections 4.1.1 and 4.1.2 of the Transmission System Code to connect a Battery Energy Storage System in Tilbury, Ontario.

**EB-2024-0209**

**HYDRO ONE NETWORKS INC.**

Request for an exemption from sections 4.1.1 and 4.1.2 of the Transmission System Code to connect a Battery Energy Storage System in Napanee, Ontario.

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

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**August 29, 2024**

## DECISION AND ORDER

### INTRODUCTION

Hydro One Networks Inc. (Hydro One) is a licensed electricity transmitter (OEB Electricity Transmission Licence ET-2003-0035). This is a Decision and Order of the Ontario Energy Board (OEB) on the following relief sought in the applications filed by Hydro One (“the Applications”) under section 74 of the *Ontario Energy Board Act, 1998* (OEB Act):

1. On June 6, 2024,<sup>1</sup> Hydro One applied for an exemption from sections 4.1.1 and 4.1.2 of the Transmission System Code (TSC). The applicant requested this exemption for the connection of a 300 MW battery energy storage system (BESS) facility of Hagersville Battery Storage Inc. (HBSI), in Hagersville, Ontario, to Hydro One’s electricity transmission system. Hydro One has proposed to use the form of connection agreement that it filed in proceeding [EB-2022-0085](#) (the “TCA Storage”), to connect HBSI’s BESS facility, which Hydro One has stated is similar to the BESS project that was subject to the application in proceeding EB-2022-0085.
2. On June 6, 2024,<sup>2</sup> Hydro One applied for an exemption from sections 4.1.1 and 4.1.2 of the TSC. The applicant requested this exemption for the connection of an 80 MW BESS facility of Tilbury Battery Storage Inc. (TBSI), in Tilbury, Ontario, to Hydro One’s electricity transmission system. Hydro One has proposed to use the TCA Storage, to connect TBSI’s BESS facility, which Hydro One has stated is similar to the BESS project that was subject to the application in proceeding EB-2022-0085.
3. On June 13, 2024,<sup>3</sup> Hydro One applied for an exemption from sections 4.1.1 and 4.1.2 of the TSC. Hydro One filed an amendment to this application on August 22, 2024. The applicant requested this exemption for the connection of a 265 MW BESS facility,<sup>4</sup> behind Portlands Energy Centre L.P.’s (PEC LP)’s connection point, to Hydro One’s electricity transmission system. The applicant has stated that this BESS facility will be owned by Napanee BESS Inc. (NBI), which is an affiliate of PEC LP. Hydro One has proposed to use the TCA Storage, to connect the BESS facility owned by NBI, which Hydro One has stated is similar to the BESS project that was subject to the application in proceeding EB-2022-0085.

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<sup>1</sup> EB-2024-0202.

<sup>2</sup> EB-2024-0203.

<sup>3</sup> EB-2024-0209.

<sup>4</sup> In the amended application (EB-2024-0209), on August 22, 2024, Hydro One stated “In July 2024, the IESO performed an SIA for the facility and confirmed that the contracted capacity for the BESS Facility is 250 MW.”

In the Applications, Hydro One also provided notice to the OEB of a material change to Hydro One's Connection and Cost Recovery Agreement (CCRA) template for load customers who install a BESS and wish to connect to Hydro One's electricity transmission system. Hydro One provided notice of the change as contemplated in the OEB's February 12, 2008 Decision and Order in [EB-2006-0189](#) (February 12, 2008 Decision).

The OEB combined the three matters into one proceeding, pursuant to section 21(5) of the OEB Act. This Decision and Order is issued by the delegated authority, without a hearing, under section 6 of the OEB Act. For the reasons set out below, the OEB grants Hydro One's requests, in the Applications, to exempt it from sections 4.1.1 and 4.1.2 of the TSC for the connection of HBSI, TBSI and PEC LP's BESS facility, which will be owned by NBI (collectively, "BESS facilities"), and amends its electricity transmission licence accordingly.

## BACKGROUND

On May 6, 2022, the OEB granted Hydro One an exemption from sections 4.1.1 and 4.1.2 of the TSC to use its proposed TCA Storage in the case of the connection of Oneida Energy Storage LP's facility considering the unique circumstances of the energy storage project, as described in the OEB's Decision.<sup>5</sup> In its application in that proceeding, Hydro One explained that a different form of a connection agreement (i.e. the TCA Storage) was required, as Hydro One proposed to connect an energy storage facility which had the characteristics of both a generator (when the energy storage facility is in discharge mode) and a load (when the energy storage facility is in charging mode). In that Decision,<sup>6</sup> the OEB stated "If, in the future, another customer with an energy storage facility wishes to connect to the Hydro One transmission system, and Hydro One considers the use of a connection agreement that is similar to the proposed TCA Storage to be warranted, it may seek appropriate relief at that time."

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<sup>5</sup> EB-2022-0085.

<sup>6</sup> EB-2022-0085, Decision and Order, May 6, 2022, p.3.

## THE APPLICATIONS

### *TSC Exemption Request*

In the Applications, Hydro One explained that the impetus for its request, for exemptions from sections 4.1.1 and 4.1.2 of the TSC, was connecting the BESS facilities. Hydro One further explained that in its view the BESS facilities will have the characteristics of both a generator (when in discharge mode) and a load (when in charging mode), all provisions of the TSC and the OEB-approved Connection Procedures that are specific to the connection of either a generator or a load are deemed to apply to an electricity storage provider. Thus, in Hydro One's view, the use of the TCA Storage (as a schedule of the CCRA for the Customers' BESS facilities), instead of using either of the connection agreements set out in Appendix 1 of the TSC, is warranted and appropriate, in the same way as it was for the energy storage project that was the subject of EB-2022-0085.

Hydro One stated that the HBSI and TBSI's BESS facilities are expected to be energized in the second quarter of 2025 and NBI's BESS facility is expected to be energized in the third quarter of 2025. Hydro One's practice is that connection agreements are normally executed with a customer at least 30 days prior to the energization of their facility, and it is therefore proposing to execute the TCA Storage with HBSI and TBSI in the first quarter of 2025 and with NBI in the second quarter of 2025.

The OEB is aware that HBSI, TBSI and NBI were selected as storage category suppliers by the Independent Electricity System Operator (IESO) following the Expedited Long-Term RFP (E-LT1 RFP).

Sections 4.1.1 and 4.1.2 of the TSC require a transmitter to use a prescribed form of Transmission Connection Agreement when connecting a customer to its transmission system. The TSC recognizes four types of customer – the TSC defines “customer” as “a generator, consumer, distributor or unlicensed transmitter whose facilities are connected to or are intended to be connected to a transmission system.”<sup>7</sup> A “generator customer” means a customer who owns or operates a generation facility”;<sup>8</sup> and a “load customer” means a customer who owns or operates a facility other than a generation facility or a transmission system.”<sup>9</sup>

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<sup>7</sup> TSC section 2.0.18

<sup>8</sup> TSC section 2.0.32

<sup>9</sup> TSC section 2.0.40

The counterparty to the transmitter in the prescribed versions of the transmission connection agreement (TCA), appended to the TSC, is a load customer (Appendix 1A) or a generator customer (Appendix 1B). Hydro One seeks the exemption in order to use its proposed TCA Storage instead of either Appendix 1A or Appendix 1B of the TSC.

Section 4.1.1 of the TSC provides, in part, that:

Subject to section 4.1.2, a transmitter shall connect a customer's facilities and shall offer and provide transmission services to a customer subject to that customer entering into or having a connection agreement with the transmitter. Such connection agreement shall be in the form set out in the applicable version of the connection agreement set out in Appendix 1.

Section 4.1.2 provides:

A transmitter may not enter into a connection agreement on terms and conditions other than those set forth in the applicable version of the connection agreement set out in Appendix 1 or amend the terms and conditions of a connection agreement relative to the terms and conditions set forth in the applicable version of the connection agreement set out in Appendix 1 except as expressly contemplated in the applicable version of the connection agreement set out in Appendix 1 or with the prior approval of the Board.

The forms of the TCA set out in Appendix 1 reiterate the TSC prohibition on amendments without leave of the OEB<sup>10</sup>, but they provide for amendments to specified Schedules.<sup>11</sup> They also provide for the use of additional schedules upon the mutual agreement of the parties. Where additional schedules are required because a load customer owns generation facilities and the technical requirements for the generation facilities owned by the load customer are relevant to that customer's connection to the transmitter's system, Appendix 1A requires the parties to use certain schedules in Appendix 1B. Similar provisions are contained in Appendix 1B.

Hydro One in its Applications confirmed that it will include the future revenues that will be collected from the BESS facilities from transmission rates, when determining the BESS facilities' connection-related contributions, as when the BESS facilities are in charging mode, the BESS facilities will be consuming electricity from the transmission system like typical load customers. Hydro One noted this is consistent with the

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<sup>10</sup> See section 9.1 of Appendices 1A and 1B.

<sup>11</sup> See section 9.3 of Appendices 1A and 1B.

approach it took in the matter of the connection of the storage facility that was the subject of EB-2022-0085.

### Findings

The OEB approves exemptions for Hydro One to allow it to use the TCA Storage filed with the applications for the purpose of connecting the BESS facilities and amends Hydro One's licence accordingly. The OEB accepts, for the same reasons set out in the EB-2022-0085 Decision, Hydro One's position that the BESS facilities present circumstances similar to those identified in EB-2022-0085, and therefore require different terms of agreement for the purpose of connecting the BESS facilities. The OEB also agrees with Hydro One's approach regarding the treatment of the BESS facilities for connection and related cost responsibility purposes. The OEB notes that Hydro One's approach for the connection related capital contributions for the BESS facilities is consistent with the approach for the energy storage project in EB-2022-0085. The OEB also notes that there is currently a review of the treatment of energy storage facilities under the TSC (EB-2024-0126), which may inform any future consideration by the OEB of potential requirements for an agreement related to transmission connected energy storage.

### ***The CCRA Amendments***

Pursuant to the OEB's February 12, 2008 Decision, the Applications provided notice to the OEB "of a material change to Hydro One's Connection and Cost Recovery Agreement template for load customers connecting to its transmission system who install a battery energy storage system."<sup>12</sup> The OEB notes that Hydro One intends to include the TCA Storage as a schedule of the CCRA for the BESS facilities.

In the February 12, 2008 Decision, in which the OEB approved revised versions of certain transmitters' connection procedures, the OEB stated that it was not necessary to require that the template for the CCRA be specifically approved by the OEB. However, the OEB expected that Hydro One "will notify the Board of any material changes to those templates as and when they are developed."<sup>13</sup>

Hydro One has stated that the only change to its load customer CCRA that could be considered material is the inclusion of subsection 3(o) in the Standard Terms and Conditions of its CCRA for the Customers' BESS Facilities, as follows:

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<sup>12</sup> The Applications, p. 1.

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

## Findings

The OEB finds this notification to be consistent with the direction provided by the OEB in the February 12, 2008 Decision. The OEB understands that Hydro One intends to use the CCRA Storage for the purposes of connecting the BESS facilities.

## **IT IS ORDERED THAT:**

1. Hydro One Networks Inc. is exempted from sections 4.1.1 and 4.1.2 of the Transmission System Code for the purpose of entering into a Transmission Connection Agreement with Hagersville Battery Storage Inc. for the connection of a 300 MW battery energy storage system facility to Hydro One Networks Inc.'s transmission system in the form approved in the Ontario Energy Board's Decision and Order in EB-2022-0085. Schedule 2 to Hydro One Networks Inc.'s Electricity Transmission Licence is hereby amended by adding the following paragraph:

"The Licensee is exempted from Sections 4.1.1 and 4.1.2 of the Transmission System Code for the purpose of entering into a Transmission Connection Agreement with Hagersville Battery Storage Inc. for the connection of a 300 MW battery energy storage facility to its transmission system in the form approved in the Board's Decision and Order in EB-2022-0085, as stated in the Board's Decision and Order in EB-2024-0202."

2. Hydro One Networks Inc. is exempted from sections 4.1.1 and 4.1.2 of the Transmission System Code for the purpose of entering into a Transmission Connection Agreement with Tilbury Battery Storage Inc. for the connection of an 80 MW battery energy storage system facility to Hydro One Networks Inc.'s transmission system in the form approved in the Ontario Energy Board's Decision and Order in EB-2022-0085. Schedule 2 to Hydro One Networks Inc.'s Electricity Transmission Licence is hereby amended by adding the following paragraph:

"The Licensee is exempted from Sections 4.1.1 and 4.1.2 of the Transmission System Code for the purpose of entering into a Transmission Connection Agreement with Tilbury Battery Storage Inc. for the connection of an 80 MW battery energy



storage facility to its transmission system in the form approved in the Board's Decision and Order in EB-2022-0085, as stated in the Board's Decision and Order in EB-2024-0203."

3. Hydro One Networks Inc. is exempted from sections 4.1.1 and 4.1.2 of the Transmission System Code for the purpose of entering into a Transmission Connection Agreement with Portlands Energy Centre L.P. for the connection of a 265 MW battery energy storage system facility, which will be owned by Napanee BESS Inc., to Hydro One Networks Inc.'s transmission system in the form approved in the Ontario Energy Board's Decision and Order in EB-2022-0085. Schedule 2 to Hydro One Networks Inc.'s Electricity Transmission Licence is hereby amended by adding the following paragraph:

"The Licensee is exempted from Sections 4.1.1 and 4.1.2 of the Transmission System Code for the purpose of entering into a Transmission Connection Agreement with Portlands Energy Centre L.P. for the connection of a 265 MW battery energy storage facility, which will be owned by Napanee BESS Inc., to its transmission system in the form approved in the Board's Decision and Order in EB-2022-0085, as stated in the Board's Decision and Order in EB-2024-0209."

4. Hydro One Networks Inc. shall notify the Ontario Energy Board, in writing, once Transmission Connection Agreements, for the connection of the BESS facilities described in this Decision and Order and the Applications, are executed and shall further notify the OEB when each facility is connected to Hydro One Networks Inc.'s electricity transmission system.

**DATED** at Toronto August 29, 2024

**ONTARIO ENERGY BOARD**

Brian Hewson  
Vice President, Consumer Protection and Industry Performance