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

BY EMAIL

October 8, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ms. Marconi:

Re: Ontario Energy Board (OEB) Staff Submission
Leave to Construct Application – St. Clair Project
OEB File Number: EB-2024-0155

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 2.

Yours truly,

Yunusmu Digitally signed by Yunusmu Date: 2024.10.08 16:37:23 -04'00'

Muhammad Yunus, Advisor
Generation & Transmission

Encl.

cc: All parties in EB-2024-0155

ONTARIO ENERGY BOARD

OEB Staff Submission

Hydro One Networks Inc.

Leave to Construct Application – St. Clair Project

EB-2024-0155

October 8, 2024

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1. Background and Overview

1.1 Overview of the Application

On May 28, 2024, Hydro One Networks Inc. (Hydro One) applied to the Ontario Energy Board (OEB) under sections 92 of the *Ontario Energy Board Act, 1998* (OEB Act), for an order granting leave to construct approximately 64 kilometres of 230 kilovolt (kV) electricity transmission line and associated facilities in the Township of St. Clair, Municipality of Wallaceburg, and the Chatham-Kent areas (Project).

The proposed electricity transmission line would extend from Lambton Transformer Station, connecting Wallaceburg Transformer Station (TS) and terminates at Chatham Switching Station (SS). This transmission line has been designated as a priority transmission project under section 96.1 of the OEB Act by an Order in Council 876/2022.[1]

Hydro One has also applied under section 97 of the OEB Act for approval of the form of land use agreements it offers to landowners for the routing and construction of the Project.

1.2 OEB's Jurisdiction in Section 92 Applications

The criteria for the OEB's consideration of an application under section 92 is found in section 96 of the OEB Act, and section 96(2) in particular:

> **96** (1) If, after considering an application under section 90, 91 or 92 the Board is of the opinion that the construction, expansion or reinforcement of the proposed work is in the public interest, it shall make an order granting leave to carry out the work.
>
> (2) In an application under section 92, the Board shall only consider the following when, under subsection (1), it considers whether the construction, expansion or reinforcement of the electricity transmission line or electricity distribution line, or the making of the interconnection, is in the public interest:
>
> 1. The interests of consumers with respect to prices and the reliability and quality of electricity service.

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.

[1] Order in Council (OIC) dated March 31, 2022

1.3 Priority Project Designation and Hydro One Licence Conditions

By an Order in Council (OIC) dated March 31, 2022, the Lieutenant Governor in Council identified the Project as a priority transmission project under section 96.1 of the OEB Act.[2] In accordance with s.96.1(2) of the Act, having been declared to be a priority project, the OEB must accept that the Project is needed when it considers whether the Project is in the public interest.

Further, Hydro One's licence includes a condition that it develop and seek approvals for the Project. This licence condition was introduced in response to a Ministerial Directive received by the OEB on April 4, 2022,[3] and the OEB's related Decision and Order dated April 6, 2022.[4]

[2] Order in Council (OIC) dated March 31, 2022
[3] Exhibit B, Tab 3, Schedule 1, Attachment 2, pg. 1
[4] EB-2022-0142, Decision and Order, April 6, 2022

2. OEB Staff Submission

OEB staff supports Hydro One's section 92 request for leave to construct, subject to the standard conditions of approval set out in Section 2.6. OEB staff also supports Hydro One's section 97 request for approval of the forms of agreements it will offer affected landowners. OEB staff's submission is provided in further detail below.

2.1 Project Need and Alternatives

The need for the new transmission line has been determined by the Independent Electricity System Operator (IESO) in its "*Need for Bulk System Reinforcements West of London*" report published in September of 2021.[5]

The IESO's report indicated that the new transmission line is needed to provide a reliable and adequate supply of electricity to the Windsor-Essex and Chatham areas. The report stated that these regions are experiencing increasing demand due to expansion in industries such as agriculture (notably the greenhouse sector), automotive battery manufacturing, and other energy-intensive sectors. The IESO stated that this transmission line will enhance the bulk transfer capabilities and improve the deliverability of electricity in the Lambton-Sarnia area, thereby addressing both local demand growth and provincial supply challenges.

Hydro One analyzed three conductor size alternatives that would meet the supply needs in the Windsor-Essex region and surrounding Chatham area and would also be the optimal conductor size and rating, based on the expected load scenario in terms of line losses. Hydro One stated that all three alternatives were able to meet the capacity needs for the area, but based on a 50-year NPV analysis, 1443.7 kcmil ACSR/TW was selected as the preferred and recommended alternative.

Submission

OEB staff agrees that the Project is needed on the basis that, by Order in Council, the Project has been identified as a priority project in accordance with section 96.1 of the OEB Act.[6] Section 96.1(2) states that, when considering a leave to construct application for a priority project, "the Board shall accept that the construction, expansion or reinforcement is needed when forming its opinion undersection 96".

Further, an assessment of resource alternatives (i.e., non-transmission alternatives) is not required as Hydro One is mandated by virtue of its amended licence to develop and seek approvals for a new 230 kV transmission line from Lambton TS to Chatham SS, in

[5] Need for Bulk System Reinforcements West of London, IESO, September 2021
[6] Section 96.1(2) of the OEB Act provides that, "When it considers an application under section 92 in respect of the construction, expansion or reinforcement of an electricity transmission line specified in an order under subsection (1), the Board shall accept that the construction, expansion or reinforcement is needed when forming its opinion under section 96."

accordance with the project scope and timing recommended in the IESO report "*Need for Bulk System Reinforcements West of London*" report published in September of 2021.

Notwithstanding that assessment of alternatives is not required in this proceeding, the IESO report described the alternatives it considered when developing its recommendation. The main alternative considered was the construction of a new natural gas-fired simple cycle gas turbine and an energy storage facility. However, this option was found to be less cost-effective relative to the construction of a new transmission line. The IESO report indicated that the transmission option results in net present cost savings of approximately $1.2 billion compared to the generation/storage option for supplying load under reference load growth assumptions.[7]

OEB staff takes no issue with Hydro One's position that the 1443.7 kcmil conductor size is the most economical conductor size option.

2.2 Proposed Route

Hydro One filed a map showing the geographic location of the existing facilities and selected preferred route.[8]

Hydro One stated that it evaluated several route alternatives as part of its Environmental Assessment (EA) for the proposed Project. Hydro One stated that the route options were based on several criteria, including social, technical, environmental, and cost considerations. The preferred route, as outlined in the EA, utilizes existing transmission corridors for approximately 80% of its total length. Hydro One stated that this route minimizes the environmental and socioeconomic impacts associated with new transmission line construction.[9]

Hydro One stated that a weighted multi-criteria decision-making approach was undertaken in order to select a preferred route alternative. This approach included consideration of the natural environment, the socioeconomic environment, Indigenous culture, values and land use, as well as technical and cost considerations.[10]

Hydro One stated that the selected route minimizes the overall impact to the natural and socioeconomic environments compared to the other route alternatives and minimizes impacts to agricultural lands by utilizing existing transmission corridors for approximately 80% of its total length. A portion of the route involves the repurposing of an existing 115 kV transmission line corridor between Kimball Junction and Kent Junction, which will be upgraded to accommodate the new 230 kV double-circuit line.

[7] Need for Bulk System Reinforcements West of London, IESO, September 2021
[8] Exhibit B, Tab 2, Schedule 1, Attachment 1
[9] Interrogatory Response Staff-2(a), Exhibit I, Tab 1, Schedule 2, pg. 3
[10] Exhibit B, Tab 3, Schedule 1, pg. 4

Hydro One indicated that while this route is more complex and costlier to construct than other alternatives—it was selected as it maximizes the ability to utilize existing transmission corridors and results in improvements to the reliability and efficiency of the transmission system supply to the Wallaceburg area through an upgrade to the Wallaceburg TS.[11]

In addition to minimizing land use impacts, Hydro One stated that it has been actively engaging with Indigenous communities to ensure that the route avoids areas of cultural significance. Hydro One has stressed that this engagement is part of its broader commitment to working collaboratively with Indigenous governments and communities throughout the lifecycle of the project to address potential impacts on cultural and environmental resources.[12]

Submission

OEB staff submits that the map that Hydro One filed with the application satisfies the requirements of the Act[13] and issue 6.1 of the standard issues list for leave to construct applications.

OEB staff acknowledges that price is a key consideration in a section 92 application and recognizes that the route of the transmission line can have a material impact on the overall price that is passed on to consumers through rates. However, OEB staff notes that the detailed route selection is determined in the EA process, which falls under the purview of the Ministry of the Environment, Conservation and Parks. The purpose of the OEB's leave to construct review process is to consider whether the Project, as filed, is in the public interest based on the criteria established in section 96(2) of the Act. With respect to the proposed route of the Project, OEB staff has no concerns related to the interests of consumers with respect to prices and the reliability and quality of electricity service.

2.3 Project Cost

The total estimated capital cost of the Project is approximately $471.9 million, consisting of $334.5 million for line work and $137.4 million for station work. Hydro One has indicated that this cost estimate carries a confidence level consistent with a Class 3 (-20% / +30%) estimate classification under the Association for the Advancement of Cost

[11] St. Clair 230 kV Transmission Line Class Environmental Assessment, Final Environmental Study Report, pg. v-vi
[12] Exhibit B, Tab 1, Schedule 1, pg. 2
[13] Section 94 of the Act requires the applicant to file "a map showing the general location of the proposed work and the municipalities, highways, railways, utility lines and navigable waters through, under, over, upon or across which the proposed work is to pass."

Engineering (AACE) International system, reflecting a moderate level of definition for project scope, risk, and cost estimation.

Line Costs

The estimated cost for the line work is $334.5 million, covering the construction of a 230 kV double-circuit transmission line over approximately 64 kilometers. This includes all material, labor, and associated costs for installing steel lattice structures and stringing conductors. Hydro One has drawn comparisons to similar projects, such as the Supply to Essex County Transmission Project and the Woodstock Area Reinforcement Project, both of which involved constructing 230 kV transmission lines in southwestern Ontario.

As shown below, the Project's line work costs are estimated at $3.3 million per kilometer, which is within range of comparable projects such as the Chatham x Lakeshore Transmission Line ($3.2 million/km) and slightly lower than others such as the Woodstock Area Reinforcement Project ($3.8 million/km).[14] Hydro One stated that the higher end of these costs is primarily attributed to global supply chain disruptions, rising material prices, and challenging subsurface conditions.

Table 1 – Costs of Comparable Line Projects

	Woodstock Area Reinforcement	Power South Nepean Project	Chatham x Lakeshore Transmission Line	St. Clair Transmission Line
Total Adjusted Comparable Cost ($000s)	$51,706	$56,696	$159,120	$210,990
Approximate Length (km)	13.6	12.2	49	64
Unit Cost ($000s/Km)	**$3,802**	**$4,647**	**$3,247**	**$3,297**

A breakdown of the Project line costs is shown below:

Table 2 - Line Cost

	Estimated Cost ($000's)	Percentage (%)
Materials	29,913	9%
Labour	18,793	6%
Equipment Rental & Contractor Costs	125,227	37%
Sundry	5,207	2%
Contingencies	27,950	8%
Overhead	6,444	2%

[14] EB-2022-0140, Decision and Order, November 24, 2022; EB-2007-0027, Decision and Order, October 11, 2007.

Allowance for Funds Used During Construction	41,803	12%
Real Estate	79,156	24%
Total Line Work	**$334,493**	100%

Station Costs

The estimated cost for station work is $137.4 million, covering modifications and upgrades to Lambton TS and Chatham SS to accommodate the new transmission facilities. Hydro One explained that unlike line work, direct per-kilometer cost comparisons for station work are not always feasible due to unique site conditions and station configurations, which make individual station cost comparisons challenging. However, Hydro One submitted that the selected comparable projects are considered reasonable because the scope of work, such as installing new diameters, 230 kV circuit breakers, and new relay buildings, is similar to other terminal station modification projects. The station cost for the Project at Chatham SS is estimated at $34.9 million, compared to other projects such as Wawa TS at $51.7 million and Lakehead TS at $57.7 million. Hydro One stated that variances between comparators are largely due to site-specific factors, project scope, and adjustments for inflation.

Hydro One stated that the forecast capital cost of the project has increased from $76.8 million for the terminal station modification work at Lambton TS and Chatham SS in the Investment Summary Document (ISD) to $137.4 million in the current forecast. This increase was explained to be primarily due to the selection of the preferred route, including the Wallaceburg TS conversion from 115 kV to 230 kV, which was not initially accounted for in the ISD. Additionally, Hydro One stated that inflationary adjustments from 2021 to 2023 and updated industry-wide cost pressures further contributed to the higher forecast.

Table 3 - Costs of Comparable Station Projects (Chatham SS/Lambton TS)

	Chatham SS (CxL Project)	Wawa TS (EWT Project)	Lakehead TS (EWT Project)	Chatham SS (SCTL Project)	Lambton TS (SCTL Project)
Total Adjusted Comparable Cost ($000s)	$33,784	$70,882	$74,343	$34,981	$52,262

Table 4 - Costs of Comparable Station Projects (Wallaceburg TS)

	Chenaux TS	Parry Sound TS	Wallaceburg TS
Total Adjusted Comparable Cost ($000s)	$54,757	$27,772	$43,233

A breakdown of the Projects station costs is shown below:

Table 5 - Station Cost

	Estimated Cost ($000's)	Percentage (%)
Materials	29,111	21%
Labour	24,916	18%
Equipment Rental & Contractor Costs	47,691	35%
Sundry	5	0%
Contingencies	13,515	10%
Overhead	7,298	5%
Allowance for Funds Used During Construction	13,867	10%
Real Estate	978	1%
Total Station Work	**$137,381**	**100%**

Early Contractor Involvement - Engineering, Procurement, and Construction

Hydro One stated that a fixed price Engineering, Procurement and Construction (EPC) execution methodology was selected for the Project to best define and manage its scope, schedule and risk.

Hydro One also stated that it is using an Early Contractor Involvement (ECI) delivery model for the Project. The ECI delivery model engages the services of an external engineering firm and the services of EPC contractors (ECI-EPC). The ECI-EPC contractor performs many of the development functions that under the standard Hydro One EPC delivery model would be performed internally by Hydro One.

Hydro One stated that this ECI-EPC model allows for:

- Greater contractor involvement in the Project scoping, engagement with rightsholders and stakeholders, and evaluation of risks and opportunities at the early stages of project development.[15]
- Enhanced overhead capitalization methodology, which Hydro One anticipates will provide cost benefits if overhead capitalization rate is approved in a future revenue requirement application.[16]

Submission

OEB staff submits that Hydro One followed a reasonable process for developing its project cost estimate. Hydro One used a competitive procurement process to select an

[15] Interrogatory Response Staff-12(a), Exhibit I, Tab 1, Schedule 12, pg. 2-3.
[16] Interrogatory Response Staff-08(d), Exhibit I, Tab 1, Schedule 8, pg. 2.

EPC contractor and used comparative projects to evaluate the Project costs.

OEB staff submits that the comparative projects used by Hydro One are appropriate benchmarks for evaluating the costs of the Project. The inflationary adjustments applied to comparator projects by Hydro One appear reasonable to OEB staff. OEB staff notes that the line and station costs for the proposed Project are similar to those of the comparative projects, adjusting for current market conditions. Specifically, Hydro One attributes the slight increase in project costs to global supply chain challenges, rising commodity prices and the increased scope of real estate acquisitions. OEB staff finds these justifications reasonable.

OEB staff submits that while the contingency costs form a significant portion of the project costs, the allocations of 8.4% for line work and 9.8% for station work are in line with previous projects of similar size and complexity.[17]

In response to OEB staff interrogatories, Hydro One explained that their Allowance for Funds Used During Construction (AFUDC) methodology remained consistent with past practices.[18] Hydro One clarified that the AFUDC calculations in the Project are based on their embedded cost of debt, as directed by the OEB in previous regulatory decisions.[19] Hydro One stated that the AFUDC calculation was applied uniformly, regardless of the delivery model (e.g., ECI-EPC or Hydro One's standard project delivery). Hydro One emphasized that the AFUDC methodology itself has not changed, though the total interest capitalized may vary due to fluctuations in interest rates and project expenditures.

OEB staff submits that Hydro one has provided a reasonable explanation for the AFUDC costs. OEB does not take issue with the estimated costs.

OEB staff is supportive of Hydro One's ECI-EPC approach for large transmission projects since it leads to early risk identification and more accurate cost estimation. Such an approach was also used by Hydro One for the recently approved Chatham to Lakeshore line project[20] and the Waasigan transmission line project[21].

However, OEB staff notes that the use of an ECI-EPC approach requires a change to Hydro One's standard overhead capitalization methodology given that ECI-EPC projects use a reduced amount of Hydro One common corporate costs.

[17] Interrogatory Response Staff-04(b), Exhibit I, Tab 1, Schedule 4, pg. 3-4
[18] Interrogatory Response Staff-08(g), Exhibit I, Tab 1, Schedule 8, pg. 3.
[19] Interrogatory Response Staff-08(f), page 3 and referring to EB-2011-0268, Decision with Reasons, November 23, 2011
[20] EB-2022-0140, Decision and Order, November 24, 2022
[21] EB-2023-0198, Decision and Order, April 16, 2024

OEB staff submits that the overhead capitalization methodology is a rates issue and should be reviewed in the first rate application associated with the Project. This approach is consistent with the OEB's decision for the Waasigan transmission line project[22] and that being used in the current application to set the revenue requirement for the Chatham to Lakeshore line project.[23]

2.4 Consumer Impacts

Hydro One stated that the Project costs will be included in the network, line and transformation connection pools for cost classification purposes and not allocated to any individual customer, hence no customer capital contribution is required. Additionally, Hydro One stated that due to the enabled growth in the south-western Ontario area, the steady net incremental revenue will have an overall rate mitigating impact over the 25-year time horizon for the line and transformation pools.[24]

Based on a 25-year discounted cash flow analysis, the Project will have the following net present values for network, line and transformation pools, after accounting for the assumed impact on future capital cost allowance and Hydro One corporate income tax:

Table 6: Net Present Value based on Rate Pool

Pool	Initial Cost	Annual Incremental Revenue	Net Present Value
Network	$422.9M	$31.2M	($64.3M)
Line	$2.2M	$5.1M	$49.2M
Transformation	$46.8M	$17.3M	$131.9M

Hydro One estimated that the Project will decrease the typical residential customer bill by $0.14 per month or 0.09%. This amounts to a decrease of approximately $1.63 per year.

The proposed two 230 kV circuits are to be included in the Network Pool as both Lambton TS and Chatham SS are existing network stations. Facilities for connecting Wallaceburg TS to the proposed transmission line include 230 kV bus work, mid span openers, jumper connectors at the station gantry and protection, control and telecommunications and the associated costs are to be included in the Line Connection Pool. The existing Wallaceburg TS is a transformation connection asset and its conversion from a 115 kV supply to a 230 kV supply will require the replacement of two

[22] EB-2023-0198 Decision and Order, April 16, 2024
[23] EB-2024-0216 (Chatham x Lakeshore Limited Partnership 2025-2029 Transmission Revenue Requirement Application)
[24] Exhibit B, Tab 9, Schedule 1, page 4

transformers. The associated costs are to be included in the Transformation Connection Pool.

Network Pool

Over a 25-year time horizon, the 2024 OEB-approved Uniform Transmission Rate (UTR) of $5.78 per kW/month slightly increases to $5.79 per kW/month between the 2nd and 10th year then decreases to $5.78 per kW/month in the 11th to 18th year then decreases to $5.77 per kW/month in the 19th to 23rd year, and then further decreases to $5.76 per kW/month in the 24th year.

Line Connection Pool

Over a 25-year time horizon, the 2024 OEB-approved rate of $0.95 per kW/month decreases to $0.93 per kW/month.

Transformation Pool

Over a 25-year time horizon, the 2024 OEB-approved rate of $3.21 per kW/month decreases to $3.14 per kW/month then decreases to $3.13 per kW/month in the 24th year.

Submission

OEB staff submits that Hydro One's proposed allocation of Project costs to the network, line, and transformation connection rate pools is appropriate. OEB staff takes no issue with Hydro One's position that no customer capital contribution is required.

OEB staff submits that the consumer impacts of the Project are appropriate given the need for the Project and the forecasted decrease to typical residential customer bills, as Hydro One's evidence suggests.

2.5 Reliability and Quality of Service

The IESO's draft System Impact Assessment (SIA) concluded that the Project is expected to have no material adverse impact on the reliability of the integrated power system, provided that all requirements in the SIA report are implemented.[25]

Hydro One's Final Customer Impact Assessment (CIA) concluded that the addition of the St. Clair transmission line will improve the power supply reliability for customers in the region, including the beneficial impact of converting Wallaceburg TS from 115 kV

[25] Interrogatory Response Ross Firm Group-6(a), Exhibit I, Tab 5, Schedule 6, Attachment 1, Final System Impact Assessment, pg. 6

supply to 230 kV supply.[26]

Submission

OEB staff does not have any concerns about the reliability and quality of service associated with the Project, considering Hydro One's evidence and the conclusions of the IESO's SIA and Hydro One's CIA.

2.6 Land Matters

The total route length of the proposed new transmission corridor is approximately 64 km. The proposed transmission line will be sited within a corridor varying from 30 m to 46 m in width. Hydro One proposed to make use of approximately 13 km of corridor land owned by the Province with Hydro One holding a statutory easement on these lands.[27] The balance of the transmission line corridor will be on privately owned lands. However, on approximately 41 km of the privately owned lands, an existing 115 kV single-circuit transmission line will be decommissioned, removed, and replaced, with the proposed 230 kV double-circuit transmission line.

The new transmission corridor primarily passes through agricultural lands. A portion of the new transmission corridor will either be sited alongside an existing Hydro One transmission corridor or will be using the corridor land owned by the Province for approximately 20% of the route. Hydro One stated that utilizing the existing utility right-of-way is consistent with the *Ministry of Municipal Affairs and Housing Provincial Policy Statement*, *2020* under the *Planning Act*.

The Project will require Hydro One to acquire land rights related to 103 directly impacted properties, consisting of 95 privately held properties, 2 provincially held properties owned by Ontario Power Generation (OPG) and 6 railway crossings. The majority of properties will require Hydro One to acquire easement or fee simple interests, at the property owner's election. As of August 2024, Hydro One had secured 96% of the early access agreements that it requires for temporary access and concluded voluntary settlement agreements with 32% of affected landowners. Hydro One stated that, if it is unsuccessful in securing 100% of the land rights required via voluntary agreements, shortly after receiving OEB leave to construct approval, it will seek expropriation seek expropriation relief under s.99 of the OEB Act to secure the remainder of the land rights.[28]

[26] Interrogatory Responses, Exhibit I, Tab 1, Schedule 15, pg. 2
[27] *Electricity Act, 1998*, Part IX.1 (Ownership and Use of Corridor Land)
[28] Interrogatory Response Staff-14(b), Exhibit I, Tab 1, Schedule 14, pg. 2

The Project corridor will include a combination of the following land rights requirements:

- Hydro One statutory easements on Provincially owned land (no new land rights required).
- Easement or fee simple rights on private, and provincial (OPG) properties (new land rights required).
- Rail crossing agreements (new land rights required).
- Temporary access and/or construction rights on provincially owned and private properties for access roads, temporary work headquarters, laydown areas, and material storage facilities (new land rights required).

The table below lists the different land rights agreements that Hydro One stated may be required, including details on the extent to which the forms of agreement have previously been approved by the OEB in prior proceedings.[29]

Table 7: Forms of Land Rights Agreements and Prior OEB Approvals

Form of Agreement[30]	Past OEB Approval
Option to Purchase a Limited Interest – Easement	EB-2022-0140, Exhibit E, Tab 1, Schedule 1, Attachment 4
Option to Purchase – Fee Simple	EB-2022-0140, Exhibit E, Tab 1, Schedule 1, Attachment 6
Option to Purchase a Limited Interest – Easement with a Voluntary Buyout Offer	EB-2022-0140, Exhibit E, Tab 1, Schedule 1, Attachment 10
Agreement for Temporary Rights	EB-2022-0140, Exhibit E, Tab 1, Schedule 1, Attachment 2
Off Corridor Access	EB-2022-0140, Exhibit E, Tab 1, Schedule 1, Attachment 8
Crop Land Out of Production Agreement	EB-2022-0140, Exhibit E, Tab 1, Schedule 1, Attachment 9
Damage Claim Agreement/Waiver	EB-2022-0140, Exhibit E, Tab 1, Schedule 1, Attachment 3
Early Access Agreement	EB-2022-0140, Exhibit E, Tab 1, Schedule 1, Attachment 1
Compensation and Incentive Agreement – Easement	EB-2022-0140, Exhibit E, Tab 1, Schedule 1, Attachment 5
Compensation and Incentive Agreement – Fee Simple	EB-2022-0140, Exhibit E, Tab 1, Schedule 1, Attachment 7

Hydro One indicated that three (3) of the agreements have been updated since they

[29] Exhibit E, Tab 1, Schedule 1, page 6, Table 3

were approved in prior proceedings but remain materially unchanged. [31]

Submission

OEB staff has reviewed the proposed forms of agreements and has no issues or concerns. Many of the agreements are generally consistent with the agreements approved by the OEB through previous proceedings. OEB staff observes that the three agreements that were updated appear to offer more choice and compensation options to landowners. OEB staff further notes that the forms of agreement serve only as the initial offer to landowners, and may not reflect the final agreement that is agreed to between the parties.

Hydro One stated that all impacted property owners will be advised during property acquisition discussions that they have the option to receive independent legal advice and that it would commit to reimbursing those property owners for reasonably incurred legal fees associated with the review and completion of the necessary land rights.[32]

2.7 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.

Submission

OEB staff proposes that the standard conditions of approval be imposed on Hydro One. The proposed conditions have been approved by the OEB in prior leave to construct applications. Hydro One has reviewed the standard conditions of approval and has agreed to them.[33]

3. Conclusion

OEB staff submits that Hydro One's leave to construct application for the Project is in the public interest as defined by section 96(2) and should be granted subject to the conditions of approval proposed in this submission and that Hydro One's proposed forms of landowner agreements should be approved.

The Project has been identified as a priority project and is being constructed in accordance with Hydro One's licence. Further, its impacts on price, and reliability and

[31] The Early Access Agreement, Compensation and Incentive Agreement – Easement, and Compensation and Incentive Agreement – Fee Simple were updated since prior approval. Details of the updates are set out at Exhibit E, Tab 1, Schedule 1, pg. 6-7, Table 4
[32] Exhibit E, Tab 1, Schedule 1, pg. 4
[33] Exhibit B, Tab 1, Schedule 1, pg. 5

quality of service are appropriate. OEB staff further submits that the forms of agreement proposed under section 97 are appropriate and should be approved by the OEB.

~All of which is respectfully submitted~