

BY EMAIL AND RESS

January 14, 2026

Mr. Ritchie Murray
Acting Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Mr. Murray,

EB-2023-0319 – Hydro One Networks Inc.'s Northeastern and Eastern Ontario Transmission Line Projects – Bi-annual Reporting – Hydro One's Responses to OEB Staff Questions

In the Ontario Energy Board ("OEB") acknowledgement letter dated December 11, 2025 ("Letter") to Hydro One Networks Inc. ("Hydro One") regarding the recently filed bi-annual Project Development Reporting for two priority designated transmission line projects, namely the Northeast Power Line Project and the North Shore Link Project, OEB Staff sought the following clarification information:

1. Please explain the main drivers behind the cost increases.
2. Please provide a comprehensive list of the studies and activities referred to in the additional project scope.
3. Please clarify how executing these activities earlier in the project cycle helps reduce cost risks, and why this approach was not adopted during the initial development stage.
4. Hydro One notes that "these activities do not represent an increase in the total cost to deliver the Project". Please elaborate on this statement, including confirmation of the current total cost estimate for delivering the two projects.

Hydro One respectfully submits the following responses to the matters specified in the Letter.

1. Please explain the main drivers behind the cost increases.

The total development budget included in the most recent bi-annual reports does **not** reflect an increase in total project costs of either project.

The latest development budget encompasses all development activities that need to be prudently undertaken to address the needs for both projects up to construction commencement, i.e., activities that extend beyond the forecast filing date of the leave to construct application. The costs provided, therefore, extend beyond the reporting requirement imposed and thus include costs that may otherwise be normally conveyed in the "construction phase". This is not indicative of a cost increase. It is expected that absent this extended development view neither forecast would have changed from that previously provided for the period up until the forecast filing date of the leave to construct application.

Hydro One's intent with the cost disclosure is to provide the OEB with transparent detail regarding the total development budgets, and costs incurred to-date, for both projects. Hydro One appreciates the OEB Staff inquiry and that this could have been further clarified in the bi-annual reports provided and hopes that such clarity is conveyed through the balance of this response.

2. Please provide a comprehensive list of the studies and activities referred to in the additional project scope

As aforementioned, the revised development forecast now includes costs associated with development activities that will extend beyond the forecast filing date of the leave to construct application and/or advanced by the needs of the Project. The additional dollars conveyed in the latest bi-annual report supports the delivery of the following activities:

- Funding to complete Stage 2 and 3 Archaeology and other studies as required by the Ontario Heritage Act for the entire route of both projects. These activities must be completed before construction may proceed on those lands. A number of these activities can only be completed during specific seasonal timeframes and delay of the studies would endanger the required in-service dates mandated for the Projects as outlined in the OIC. Stage 2 and Stage 3 Archaeology scope and budget was not included or released in the initial project development phase budget since the preferred route had not yet been selected. Additionally, Stage 2 and 3 Archaeology requirements and budgets are defined and/or informed by Stage 1 results.
- Additional funds to support project engineering for the Owners' Engineering and Early Contractor Involvement scope for both the lines and stations scopes of work which is ultimately a reflection of progression of the projects through the overall development phase, especially given the identification of the preferred route for the NSL Project during this reporting period,
- Additional Indigenous engagement and capacity funding to support ongoing meaningful engagement and consultation as the projects progress,
- Ongoing local community engagement for the projects
- Ongoing land acquisition activities on privately held properties along the, recently identified, NSL Project's preferred line route, for activities such as land appraisals and surveys,
- Ongoing land acquisition activities for the Mississagi 500 kV transmission station, for the NEPL Project,
- Updated contingency based on a risk analysis to accommodate the development phase activities the latest forecast encompasses.

3. Please clarify how executing these activities earlier in the project cycle helps reduce cost risks, and why this approach was not adopted during the initial development stage.

There has been no change in Hydro One's approach / methodology to delivering the two projects. As noted above, the disclosed development budget cost totals now depict development activities that will extend beyond the forecast filing date of the leave to construct application for both projects ultimately enabling construction and delivery of both.

Undertaking these development activities reduces potential schedule and cost impacts of risks carried by the projects and provides superior information for decisions pertaining to the continued development of the full project estimate. For example, progressing Stage 2 and Stage 3 Archaeology and other studies as

required by the Ontario Heritage Act for the entire route of both projects reduces the risks of seasonal timeframes delaying in-service dates defined in the OIC and reduces the risk that a discovery will occur in the construction phase. Completing the activities identified in the response to Question 2 above further refines Hydro One’s understanding of potential issues and risks and informs the development of the execution plan for mitigation and/or eliminating those risks, all of which is designed to maintain appropriate project cost certainty.

These development activities will happen irrespective of whether they occur prior to, or after, the leave to construct filing date. The aim of Hydro One’s disclosure for these projects was to convey costs for all development related activities irrespective of the timing of Hydro One’s filing of each project’s leave to construct (“LtC”) application. Notably, actual development expenditures incurred to date, for both of the projects, represent only approximately 20% of the forecast development budget.¹ Actual development expenditures are forecast to remain well within the total development budget at the point of filing of either projects’ LtC applications as development activities will continue beyond the filing of the LtC application, e.g., archaeology work, indigenous consultation, community engagement, etc. The revised development budget now provides sufficient funding, in total, for all the development activities that need to be prudently undertaken to address the needs for each respective project and to facilitate construction and delivery of each project.

4. Hydro One notes that “these activities do not represent an increase in the total cost to deliver the Project”. Please elaborate on this statement, including confirmation of the current total cost estimate for delivering the two projects.

Final forecast costs to deliver the two projects are expected to be ready to be included in Hydro One’s leave to construct s.92 application for each project when filed with the OEB. As outlined above, the development budgets conveyed in the latest bi-annual report does not reflect an increase in total scope or total costs to deliver the projects. The forecast reflects the costs to complete development activities necessary to deliver the projects irrespective of whether they occur prior to, or after, each respective project’s LtC filing date.

An electronic copy of this letter has been submitted using the Board’s Regulatory Electronic Submission System.

Sincerely,



Pasquale Catalano

¹ Northeastern and Eastern Ontario Transmission Line Projects – Bi-annual Reporting for the Period May 1, 2025, to October 31, 2025 - Table 2-Project Development Costs, Pg 11 of both project’s progress reports.