

BY EMAIL AND RESS

March 6, 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-2026-0093 – Amending the Electricity Transmission Licence of Hydro One Networks Inc. (“Hydro One”) to Require it to Develop and Seek Approvals for Two New 500-kilovolt transmission lines from Essa Transformer Station to Hanmer Transformer Station – Recommendations Received from the IESO

As per the Ontario Energy Board (“OEB”) Decision and Order in this proceeding, issued February 10, 2026 (“Decision and Order”) the OEB amended Hydro One’s electricity transmission licence requiring Hydro One to develop and seek approvals for two new 500 kV single circuit transmission lines from Essa Transformer Station (“TS”) to Hanmer TS, including associated station facility expansions or upgrades required at the terminal stations. In its Decision and Order¹, the OEB required Hydro One to provide the OEB with any recommendations received from the Independent Electricity System Operator (“IESO”) related to the scope and timing for the development of the transmission line projects by no later than March 6, 2026.

The Integrated Energy Plan (“IEP”)², issued in June 2025, recognizes that Ontario’s electricity system must be able to move power efficiently between regions, especially from areas where electricity is generated, like the north, to fast-growing demand centres in the south, and that the north-south flow is constrained by transmission bottlenecks that limit system flexibility and risks driving up costs. To address these challenges, the IEP proposed advancing the Barrie to Sudbury transmission lines, including one new single circuit 500 kV line between Essa TS (in Barrie) and Hanmer TS (in Sudbury), including any associated station facilities, targeted to be in-service in 2032. The IEP reinforced the need by stating that, “[b]ecause of the critical system value to this strengthened corridor, the IESO has also recommended initiating early development work on a second 500 kV line to ensure Ontario can respond to future needs.”³

On September 25, 2025 the IESO issued its ‘Northern Ontario Bulk Study: North-South Transmission’⁴ Plan (the “Plan”) reinforcing the need for the development of the two transmission lines. The Plan stated that the

¹ EB-2026-0093 – OEB Decision and Order – Amending the Electricity Transmission Licence of Hydro One Networks Inc. to Require it to Develop and Seek Approvals for new transmission lines

<https://www.rds.oeb.ca/CMWebDrawer/Record/932557/File/document>

² Ontario’s Integrated Energy Plan, dated June 2025, p. 68.

<https://www.ontario.ca/files/2025-07/mem-energy-for-generations-en-2025-07-18.pdf>

³ Ibid.

⁴ IESO’s Northern Ontario Bulk Study: North-South Transmission dated September 25, 2025 <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/bulk-planning/nobp-north-south-transmission-reinforcement-plan.pdf>

analysis identified existing links between the northern and southern Ontario transmission system has insufficient capability to reliably supply forecast demand in Northern Ontario. The Plan recommends:

- Implementing a new single circuit 500 kV series-compensated transmission line between Hanmer TS in Sudbury and Essa TS in Barrie (estimated length of ~270 km, and in-service date of 2032).
- Preserving future transmission options by beginning early development work on a possible second new 500 kV transmission line between Essa TS and Hanmer TS.

IESO Recommendations

Scope

To address the OEB requirement defined in the Decision and Order, the IESO provided a letter to Hydro One today. The letter is attached for ease of reference outlines the following recommendations:

- *Advance the development and construction of a new single-circuit, series-compensated 500 kV transmission line between Essa TS and Hanmer TS, including all associated station facility expansions or upgrades required at the terminal stations; and*
- *Undertake necessary development activities for a second new single-circuit, series-compensated 500 kV transmission line between Essa TS and Hanmer TS, including all associated station facility expansions or upgrades required at the terminal stations, to enable readiness for a second circuit based on a future IESO in-service recommendation.*

Timing

In terms of each transmission line project's timing, the IESO supports an in-service date for the first transmission line in 2032 and though the second line is undetermined at this time, the IESO recommends:

To support the government's economic-growth objectives, Hydro One should begin activities to enable the line's timely development, including, but not limited to, supporting studies. Undertaking this work now ensures the line can be advanced quickly when the need materializes.

Hydro One will share any further updates with the OEB regarding the scope and in-service date for the Project as they progress and trusts this satisfies the reporting requirement defined in the Decision and Order.

Sincerely,



Pasquale Catalano
c/ Musab Qureshi, Manager, Generation & Transmission



Independent Electricity System Operator

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March 6, 2026

Pasquale Catalano
Director, Major Projects and Partnerships
Hydro One Networks Inc.
483 Bay Street,
Toronto, ON, M5G 2P5

Dear Mr. Catalano:

Re: EB-2026-0093 Ontario Energy Board Decision and Order – Hydro One Transmission Line Projects - Essa Transformer Station to Hanmer Transformer Station

The Independent Electricity System Operator (“IESO”) provides this letter in response to Hydro One Networks Inc.’s (“Hydro One’s”) request and the Ontario Energy Board’s (“OEB’s”) February 10, 2026, Decision and Order in EB-2026-0093, which amended Hydro One Networks Inc.’s electricity transmission licence to require it to develop and seek approval for two new 500-kilovolt transmission lines from Essa Transformer Station (“TS”) to Hanmer TS, including associated station facility expansions or upgrades required at the terminal stations in accordance with the IESO’s scope and timing recommendations.

Background

The IESO’s Northern Ontario Bulk Plan, published on September 25, 2025, outlines emerging transmission needs in Northern Ontario, including the requirement for enhanced transmission capability between Essa TS and Hanmer TS to support forecasted electricity demand growth. This enhancement is needed to reinforce bulk transfer capability into Northern Ontario and enable the future siting of new supply resources that will help meet overall system demand across the province.

To address the need for enhanced transmission capacity, the Northern Ontario Bulk Plan recommends two new single-circuit 500 kV transmission lines between Essa TS and Hanmer TS, with the near-term development of one line recommended to address emerging system needs while preserving the ability to develop a second line as future system needs require. The recommendation aligns with Hydro One’s licence as amended by the OEB through its Decision and Order in the EB-2026-0093 proceeding.

IESO Recommended Scope

Accordingly, the IESO recommends Hydro One:

- Advance the development and construction of a new single-circuit, series-compensated 500 kV transmission line between Essa TS and Hanmer TS, including all associated station facility expansions or upgrades required at the terminal stations; and
- Undertake necessary development activities for a second new single-circuit, series-compensated, 500 kV transmission line between Essa TS and Hanmer TS, including all associated station facility expansions or upgrades required at the terminal stations, to preserve readiness for this second circuit based on a future IESO in-service recommendation. The IESO continues to monitor the need for a second new line and will advise Hydro One if demand growth and system conditions indicate it is required.

Although the reference forecast places the need for the second line in the medium- to long-term, high-growth conditions linked to mining, electrification, and provincial economic priorities could shift it into the near- to medium-term. To support the government's economic-growth objectives, Hydro One should begin activities to enable the line's timely development, including, but not limited to, supporting studies. Undertaking this work now ensures the line can be advanced quickly when the need materializes.

IESO Recommended Timing

Consistent with the recommended timing identified in the Northern Ontario Bulk Plan and based on typical development timelines for major transmission in Ontario, including environmental assessment and approvals, routing, Indigenous partnership development, land and permitting, engineering, procurement, and construction, the IESO recommends an in-service date as close as possible to 2032.

Conclusion

The IESO looks forward to working closely with Hydro One to support the successful development of the Essa TS to Hanmer TS transmission line project.

Please let us know if Hydro One requires any additional information in respect of the IESO's recommendations made herein.

Sincerely, Gabriel
Adam, P.Eng

Digitally signed by
Gabriel Adam, P.Eng.
Date: 2026.03.06
16:42:32 -05'00'

Gabriel Adam, P. Eng
Director, Transmission Integration
IESO

cc: Alessia Dawes, Hydro One
Andrew Flannery, Hydro One
Kennan Ip, IESO