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

DECISION AND ORDER

EB-2026-0154

HYDRO ONE NETWORKS INC.

Application for leave to construct a new electricity transmission line between Hanmer Transformer Station, and Mississagi Transformer Station in northeastern Ontario

BEFORE: Allison Duff
Presiding Commissioner

Julia McNally
Commissioner

James Sidlofsky
Commissioner

November 19, 2026

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

Ontario

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1 OVERVIEW

This is a Decision and Order of the Ontario Energy Board (OEB) granting Hydro One Networks Inc. leave to construct approximately 205 km of 500 kV single-circuit transmission line between Hanmer transformer station in Greater Sudbury and Mississagi transformer station near Wharncliffe in the District of Algoma, to increase long-term transmission capacity. The OEB also approves the forms of land use agreements that Hydro One Networks Inc. has offered, or will offer, to affected landowners.

For the reasons provided in this Decision and Order, the OEB finds that the project is in the public interest. In reaching this conclusion, the OEB considered the interests of consumers with respect to prices, reliability and quality of electricity service, and the support of economic growth in a manner consistent with the policies of the Government of Ontario.

The OEB accepts Hydro One Networks Inc.'s cost estimate for the project of $1.85 billion and $2 million in associated removal costs. A prudence review of all costs incurred, including the use of the project contingency, may be conducted by the OEB at the appropriate future revenue requirement proceeding after the project is completed.

The OEB approves the forms of land use agreements that Hydro One Networks Inc. has offered, or will offer, to landowners affected by the routing and construction of the Project.

The leave to construct is subject to the conditions of approval attached as Schedule B to this Decision and Order.

2 CONTEXT AND PROCESS

On May 19, 2026, Hydro One Networks Inc. (Hydro One) applied for an order under section 92 of the *Ontario Energy Board Act, 1998* (OEB Act) for leave to construct electricity transmission facilities in in the City of Greater Sudbury, District of Sudbury, and District of Algoma. Hydro One proposed to construct approximately 205 km of 500 kV single-circuit transmission line between Hanmer Transformer Station (TS) in Greater Sudbury and Mississagi TS near Wharncliffe in the District of Algoma (Project). A map showing the location of the Project is attached as Schedule A to this Decision and Order.

Hydro One also applied under section 97 of the OEB Act for approval of the forms of land use agreements it has offered, or will offer, to affected landowners.

By Order in Council 1531/2023, dated October 19, 2023, the Lieutenant Governor in Council declared that the Project would be designated as a priority transmission project under section 96.1 of the OEB Act.[1] Pursuant to section 96.1(2) of the OEB Act, for a Project designated a priority transmission project, the OEB is required to accept that the transmission line is needed when forming its opinion as to whether the Project is in the public interest under section 96 of the OEB Act.

The OEB issued a Notice of Hearing on June 12, 2026, giving the public an opportunity to request to intervene. Waasmoowin GP Inc. (WGP) and Waasmoowin Opportunities and Consultation Council (WOCC) applied for intervenor status and cost eligibility. WGP and WOCC were both granted intervenor status and cost eligibility by the OEB in Procedural Order No. 1 issued on July 22, 2026.

Shortly after the interrogatory process had been completed, on August 21, 2026, Hydro One filed a letter with the OEB requesting to proceed without an argument-in-chief.

OEB staff filed its written submission on September 24, 2026, and on September 28, 2026, Hydro One filed a letter informing the OEB that it would not be filing a reply submission.

[1] Order in Council 1531/2023

3 DECISION

Section 92 of the OEB Act provides that leave of the OEB must be obtained for the construction, expansion or reinforcement of electricity transmission lines.

Under section 96(1) of the OEB Act, if the OEB finds that the construction, expansion or reinforcement of an electricity transmission line is in the public interest, it shall make an order granting leave to carry out the work.

Section 96(2) limits the scope of the OEB's review in determining whether the proposed work is in the public interest to:

1. The interests of consumers with respect to prices and the reliability and quality of electricity service.
2. Supporting economic growth in a manner consistent with the policies of the Government of Ontario.

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.

As the Project was declared a priority transmission project, section 96.1(2) of the OEB Act requires the OEB accept that construction of the Project is needed. Further, due to the Ministerial Directive in Order in Council 1532/2023, it is a condition of Hydro One's electricity transmission licence to develop and seek approvals related to the Project, therefore considerations of alternatives were not applicable in this proceeding.

The OEB's findings on the Project's costs, impacts on customers, impacts on reliability and quality of service, support for economic growth, land matters, and conditions of approval are addressed below.

3.1 Price: Project Costs

Hydro One estimated the Project's total capital cost to be approximately $1.85 billion, consisting of approximately $1.28 billion for line work and $573 million for station work. When including the $2 million of removal costs associated with the Project, the total cost of the Project is approximately $1.86 billion.

Hydro One classified the cost estimate as a Class 3 estimate under the Association for the Advancement of Cost Engineering International (AACE) estimate classification system. This represents a moderate degree of project definition related to scope, risk,

and cost estimation. OEB staff submitted that Hydro One provided sufficient information to demonstrate that the estimates of the Project cost are reasonable.

Line Costs

The estimated cost for the line component of the Project is approximately $1.28 billion, which includes the construction of the new 205 km, 500 kV single-circuit transmission line between Hanmer TS and Mississagi TS.

Hydro One provided comparisons with 500 kV transmission line projects from other Canadian jurisdictions as Hydro One stated that “no new, large-scale 500 kV transmission line projects have been constructed and placed in-service in Ontario since the Bruce to Milton Transmission Line Project in 2012”.[2]

Hydro One compared the Project's line costs to Ontario’s Bruce to Milton Transmission Line Project, the Heartland Bulk Transmission Project in Alberta, and the Interior to Lower Mainland Project in British Columbia. The Project has an estimated unit cost of approximately $3.7 million per km, which is lower than the Heartland Bulk Transmission Project ($5.2 million/km) but higher than both the Interior to Lower Mainland Project ($2.4 million/km) and the Bruce to Milton Project ($1.7 million/km).

Hydro One submitted that the variation in unit costs is attributable to prevailing market conditions affecting transmission infrastructure development. In particular, Hydro One noted that increasing electrification costs across multiple sectors along with rising electricity demand have contributed to higher transmission infrastructure costs.[3]

Station Costs

The estimated cost for the station component is approximately $573.2 million, which includes the expansion of Hanmer TS and the construction of new 500 kV facilities at Mississagi TS. Hydro One noted that direct comparisons of station costs can be challenging due to factors such as site location, construction methodology and station configuration. However, Hydro One submitted that the selected comparable projects are reasonable because they involve similar station expansion and transmission interconnection activities.

[2] Exhibit B, Tab 7, Schedule 1, p. 6
[3] Exhibit B, Tab 7, Schedule 1, p. 13

The estimated cost of the work at Hanmer TS is $64.8 million, which exceeds the adjusted costs of the comparable projects identified by Hydro One, namely Evergreen SS ($52.9 million), Ashfield SS ($59.8 million), and Bruce A TS/Bruce B SS ($62.2 million).

Similarly, the estimated cost of work at Mississagi TS is $226.9 million, which is higher than the adjusted cost of comparable projects, including Clarington TS ($189.3 million) and Essa TS ($140.3 million).

In response to interrogatories, Hydro One stated that, as with transmission line costs, differences in station costs are primarily due to broader cost pressures affecting transmission infrastructure projects. These factors include increased material and labour costs, tariffs enacted by the United States, supply chain uncertainty, and the remote location of the Project.[4]

Early Contractor Involvement (ECI) - Engineering, Procurement, and Construction (EPC)

Hydro One stated that a fixed price EPC execution methodology was selected for the Project to best define and manage its scope, schedule and risk. OEB staff supported Hydro One's ECI-EPC approach for large transmission projects stating that it leads to early risk identification and more accurate cost estimation. OEB staff highlighted that a similar approach was used by Hydro One for the Waasigan Project[5] and the St. Clair Transmission Line Project.[6]

Contingency Costs

Hydro One's cost estimate includes a contingency allowance that may impact the Project's final costs. According to Hydro One, this allowance is intended to mitigate potential cost impacts associated with several key risks including contaminated or hazardous soil, outage constraints, grounding plans, archaeological concerns, and approvals, permits and authorizations. Hydro One also provided information on the mitigation measures proposed to manage each risk.

OEB staff submitted that Hydro One adequately identified and described the risks associated with the Project and that the proposed contingency allowance is reasonable.

[4] Interrogatory Response, Staff-3 and Staff-11d
[5] EB-2023-0198, Decision and Order, April 16, 2024
[6] EB-2024-0155, Decision and Order, December 10, 2024

Findings

The OEB accepts the estimated capital cost of the Project of $1.85 billion, consisting of approximately $1.28 billion for line work and $573 million for station work. In reaching this conclusion, the OEB reviewed the evidence related to the EPC process, the comparator analysis, the project cost escalation and the IESO supplemental evidence as set out below.

Competitive EPC process

According to the evidence, Hydro One's cost estimate of $1.85 billion largely flows from the EPC process. Hydro One used a fixed price EPC execution methodology for the Project to define and manage its scope, schedule and risk. Hydro One also adopted an Early Contractor Involvement delivery model for the Project. Hydro One's evidence is that it has multiple qualified bidders, though as of the date of the filing it had short-listed bidders but not yet determined the successful bidder.

A competitive procurement process is evidence of price discovery. The OEB accepts the estimate because the estimate is based on current market-based competitive EPC pricing.

Comparator Analysis

The evidence regarding comparator line and station work projects provided benchmarks for the OEB to consider. As no new large scale 500 kV transmission projects have been constructed and placed in service in Ontario since 2012, numerous adjustments were required to enable the comparisons. In addition to inflation, the difference of 14 years required adjustments for current factors affecting costs. For example, the adjustment related to current US tariffs was $28 million for the line work and $4.7 million for the station work. Hydro One's evidence described the comparisons as reasonable because they involve similar station expansion and transmission interconnection work.

The Interrogatory responses reveal that the comparator outcomes are sensitive to Hydro One assumptions – for example, terrain adjustments and mobilization costs. The OEB notes that for the station comparisons, the Project only becomes favourable when Hydro One switches to a Uniform Transmission Revenue Requirement-based (UTRR) escalation methodology. Hydro One did not explain how UTRR measures transmission construction inflation or that it is a more appropriate escalation factor than construction-cost-based indices. When available comparators are limited and sensitive to certain assumptions, a more detailed explanation would have assisted the OEB in its assessment of Project costs.

The OEB is satisfied, however, that the Project's estimated costs provide a high-level reasonableness check as the costs were either within the range, or marginally above, the adjusted comparator costs. The OEB accepts Hydro One's explanation that differences between comparator projects are primarily due to current market and cost pressures affecting material and labour, US tariffs, uncertain supply chains, and the remote location of this Project.

Cost Escalation from $650 million to $1.85 billion

The OEB considered the difference between the cost estimate provided to the IESO and the cost estimate filed with the application. According to the IESO's 2022 report, when the Northeast Bulk Plan was developed, four combinations of options were assessed and option 2B was selected with a cost estimate of $1.25 billion to $1.53 billion. This Project was one of three transmission projects included in option 2B.

When the Project was designated as a priority project, the estimated cost was $650 million based on an AACE Class 5 estimate with a planning-level allowance of -50% to +100%. The 2026 application filed with the OEB included a Project cost of $1.85 billion based on an AACE Class 3 estimate with an allowance of -20% to +30%. Hydro One met the OEB's filing requirements in providing an AACE Class 3 estimate, indicating the Project's cost estimate has tripled and now exceeds the $1.53 billion top end of the cost range for all three transmission projects listed in the Northeast Bulk Plan 2B.

The OEB acknowledges the differences in timing between the IESO's report and the filing of the application, and the differences in purpose between an AACE Class 5 and Class 3 estimate. However, the evidence to explain why the Project cost tripled could have been more robust, to assist the OEB.

The OEB reviewed the report by Charles River Associates International (Report). The Report identified factors that drove increases in new transmission line construction costs to "contextualize" Hydro One's cost estimate of $1.85 billion. The evidence was informative, but did not apply specific cost increases to the Project. For example, the Report quantified percentage increases in wire equipment, electrical equipment and fabricated metal from 2019 to 2026, but failed to apply those increases to the Project's initial $650 million cost estimate. Such evidence, accompanied with the necessary caveats and assumptions, could have assisted the OEB by quantifying the cost differences for those cost inputs.

In its interrogatory response, Hydro One explains that the initial planning estimate did not reflect project specific costs, "namely, terrain and remote site mobilization".[7] These costs, Hydro One states, would add $480 million to the project cost relative to a southern Ontario project comparator. Hydro One has not explained which aspects of the project-specific terrain challenges were discovered after 2022 and which were already known or reasonably foreseeable at the time the planning estimate was submitted to the IESO to support the $480 million cost increase. Hydro One explained in its interrogatory responses that the increase was a result of inflation and project-specific northern challenges. The OEB finds that Hydro One has demonstrated plausible reasons why costs have increased but has not fully demonstrated why costs increased as much as they did since Order in Council 1531/2023 was issued.

IESO Supplemental Evidence

Hydro One filed supplemental evidence from the IESO, supporting the need for the line. However, the supplemental evidence did not reference the updated Project cost estimate of $1.85 billion, only the original $1.25 billion to $1.53 billion cost range for option 2B. As a result, the OEB placed little weight on the IESO's supplemental evidence as a basis to approve the application. It is not clear to the OEB what information was considered by the IESO.

3.2 Price: Customer Impacts

Hydro One stated that the costs of the Project will be classified as a network connection asset and included in the network connection pool for cost classification purposes and will not be allocated to any individual customer. Consequently, no customer capital contribution is required. Hydro One stated that Hanmer TS and Mississagi TS are network stations and that the Project directly addresses the need identified by IESO to increase transfer capability and improve reliability across northern Ontario. Accordingly, Hydro One proposed that the full cost of the Project be included in the network connection pool.

OEB staff submitted that Hydro One's proposed treatment of the Project costs is appropriate and did not express concerns with Hydro One's position that no customer capital contribution is required.

OEB staff submitted that the customer impacts of the Project are appropriate as justified by the evidence.

[7] Interrogatory Response, Staff – 3

Findings

The OEB finds that the projected customer impacts of the Project are reasonable given the need for the Project and the evidence of Hydro One. The impact of the estimated Project costs on its transmission revenue requirement is expected to increase the typical residential customer bill by $0.79 per month or 0.47%.

3.3 Reliability and Quality of Electricity Service

The IESO's Final System Impact Assessment (SIA) concluded that the Project is not expected to have any material adverse impact on the reliability of the integrated power system, provided that all requirements in the SIA are implemented.

Hydro One's Customer Impact Assessment (CIA) found that the connection of the Project will not adversely affect Hydro One's system or its area customers.

OEB staff did not have any concerns about the Project's impact on reliability and quality of service, considering the evidence and the conclusions of the SIA and CIA.

Findings

The OEB finds 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 IESO's SIA to improve service are implemented. The OEB also considered Hydro One's CIA and the other evidence related to reliability and quality of electricity service.

As such, the OEB has no concerns related to the interests of consumers with respect to prices and the reliability and quality of electricity service.

3.4 Economic Growth

The OEB's filing requirements for electricity transmission leave to construct applications provide that where an applicant claims that a project will support economic growth, it should provide evidence supporting this claim and identify the relevant economic growth policies of the Government of Ontario.[8]

In response to interrogatories, Hydro One submitted that such evidence is not required in this case because the Project was designated a priority transmission project by the Government of Ontario pursuant to section 96.1 of the OEB Act.

[8] Filing Requirements for Electricity Transmission Applications – Chapter 4: Leave to Construct and Related Matters under Part VI of the Ontario Energy Board Act, December 16, 2025, p. 17

While OEB staff did not make specific submissions regarding economic growth, it noted that the Project, as described by the IESO's *Need for Northeast Bulk System Reinforcement* report,[9] will reinforce a key portion of Ontario's transmission system that connects northern and southern Ontario.

Findings

The OEB notes that the Order in Council accompanying the Minister's Directive stated that it is critical to expand Ontario's transmission system to provide a reliable and adequate supply of electricity to Northeastern and Eastern Ontario to support economic growth and electrification initiatives.

3.5 Route Maps and Land Agreements

3.5.1 Proposed Route

OEB staff submitted that the map that Hydro One filed with the application satisfies the requirements of section 94 of the OEB Act and issue 7.2 of the standard issues list for electricity leave to construct applications.

The proposed transmission line will generally be located within Hydro One's existing transmission corridor, adjacent to the existing X74P 230 kV transmission line. Hydro One indicated that existing corridor lands and rights-of-way are being utilized wherever feasible. Hydro One further stated that the Project is consistent with the *Ministry of Municipal Affairs and Housing Provincial Planning Statement, 2024* under the *Planning Act* as it makes use of existing infrastructure and facilities. Approximately 32.2% of the route traverses private lands and 67.7% is situated on public lands.

OEB staff noted that the detailed route selection is of the Project is determined in the Environmental Assessment (EA) process, which is administered under the Ministry of the Environment, Conservation and Parks. Hydro One stated that the preferred route for the Project was identified by an EA approved in 1984 for two transmission lines between Hanmer TS and Mississagi TS.

3.5.2 Land Agreements

Hydro One stated that it has secured all privately owned land rights required for the transmission line portion of the Project. The land rights on Crown lands are expected to be secured through updates to Hydro One's existing Land Use Permit with the Ministry of Natural Resources.

[9] Exhibit H, Tab 1, Schedule 1, Attachment 1

For the proposed expansion of Mississagi TS, Hydro One requires the acquisition of land rights from one directly impacted private landowner. Hydro One advised that it has been engaging with the affected property owner since August 2024 and is seeking to negotiate a voluntary agreement. Hydro One further stated that it has secured an Early Access Agreement for the future station expansion site and intends to continue discussions with the landowner with the objective of reaching a voluntary agreement in 2026.

OEB staff reviewed the proposed forms of agreement and had no issues or concerns.

Findings

The OEB approves the proposed forms of agreements offered, or to be offered, by Hydro One to owners of land affected by the route and location of the Project. The map that Hydro One filed satisfies the requirements of section 94 of the OEB Act and issue 5.2 of the issues list for this proceeding attached to Procedural Order No.1.

3.6 Conditions of Approval

Under subsection 23(1) of the OEB Act, the OEB may impose conditions that it considers proper. The OEB's filing requirements for electricity transmission leave to construct applications set out a typical set of standard conditions of approval. These conditions are included in Schedule B. OEB staff proposed that the standard conditions of approval be placed on Hydro One and Hydro One proposed no additions or revisions.

Findings

The OEB grants leave to construct the Project subject to the standard conditions of approval that have been approved by the OEB in prior leave to construct proceedings. These standard conditions, uncontested in this proceeding, are set out in Schedule B of this Decision and Order.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Hydro One Networks Inc. is granted leave, under section 92 of the *Ontario Energy Board Act, 1998*, to construct the Project, as described in the application.

2. Leave to construct is subject to Hydro One Networks Inc. complying with the Conditions of Approval set out in Schedule B.

3. The OEB approves the proposed forms of agreements that Hydro One Networks Inc. has offered, or will offer, to each owner of land affected by the Project.

4. Hydro One Networks Inc. shall pay the OEB's costs of, and incidental to, this proceeding upon receipt of the OEB's invoice.

DATED at Toronto November 19, 2026

ONTARIO ENERGY BOARD

Ritchie Murray

Digitally signed by Ritchie Murray
Date: 2026.11.19 15:33:05 -05'00'

Ritchie Murray
Registrar

SCHEDULE A

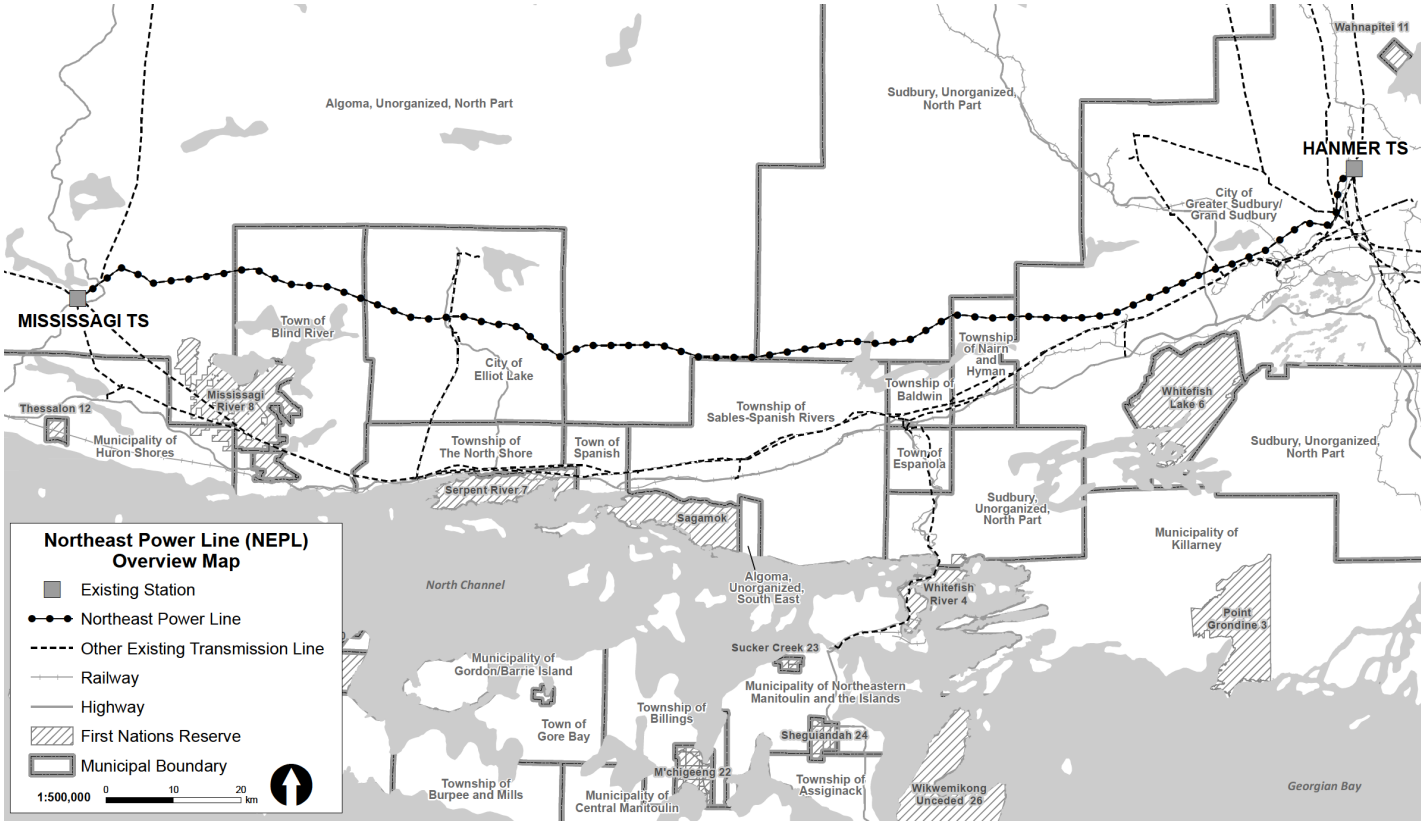
DECISION AND ORDER

NORTHEAST POWER LINE PROJECT MAP

HYDRO ONE NETWORKS INC.

EB-2026-0154

NOVEMBER 19, 2026


Northeast Power Line (NEPL)
Overview Map
Existing Station
Northeast Power Line
Other Existing Transmission Line
Railway
Highway
First Nations Reserve
Municipal Boundary
1:500,000
0
10
20
km
MISSISSAGI TS
HANMER TS
Algoma, Unorganized, North Part
Sudbury, Unorganized, North Part
Wahnapitei 11
City of Greater Sudbury/ Grand Sudbury
Town of Blind River
City of Elliot Lake
Township of Nairn and Hyman
Township of Baldwin
Township of Sables-Spanish Rivers
Whitefish Lake 6
Mississagi River 8
Thessalon 12
Municipality of Huron Shores
Township of The North Shore
Town of Spanish
Town of Espanola
Serpent River 7
Sagamok
Sudbury, Unorganized, North Part
Municipality of Killarney
North Channel
Algoma, Unorganized, South East
Whitefish River 4
Point Grondine 3
Sucker Creek 23
Municipality of Gordon/Barrie Island
Municipality of Northeastern Manitoulin and the Islands
Township of Billings
Town of Gore Bay
Shegulandah 24
M'chigeeng 22
Township of Burpee and Mills
Municipality of Central Manitoulin
Township of Assiginack
Wikwemikong Unceded 26
Georgian Bay

SCHEDULE B

DECISION AND ORDER

NORTHEAST POWER LINE CONDITIONS OF APPROVAL

HYDRO ONE NETWORKS INC.

EB-2026-0154

NOVEMBER 19, 2026

SCHEDULE B - CONDITIONS OF APPROVAL

FOR ELECTRICITY LEAVE TO CONSTRUCT APPLICATIONS

HYDRO ONE NETWORKS INC.

EB-2026-0154

1. Hydro One Networks Inc. shall fulfill all requirements of the SIA and CIA and shall obtain all approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the Project.

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

3. Hydro One Networks Inc. shall advise the OEB of any proposed material change to the Project, including changes to the proposed route, construction schedule, environmental assessment approvals, and any other approvals, permits, licences, certificates or rights required to construct the Project.

4. Hydro One Networks Inc. shall submit written confirmation to the OEB when Project construction is complete. This confirmation shall be provided within one month after construction is completed.

5. Hydro One Networks Inc. shall designate an employee as Project manager and point of contact for these conditions. Hydro One Networks Inc. shall provide the employee’s name and contact information to the OEB and all affected landowners and shall post the Project manager’s contact information prominently at the construction site.