

ONTARIO ENERGY BOARD

IN THE MATTER OF sections 70 and 78 of the *Ontario Energy Board Act, 1998*;

AND IN THE MATTER OF A Board-initiated proceeding to designate an electricity transmitter to undertake development work for a new electricity transmission line between Northeast and Northwest Ontario: the East-West Tie Line.

UPPER CANADA TRANSMISSION, INC. (NextBridge)

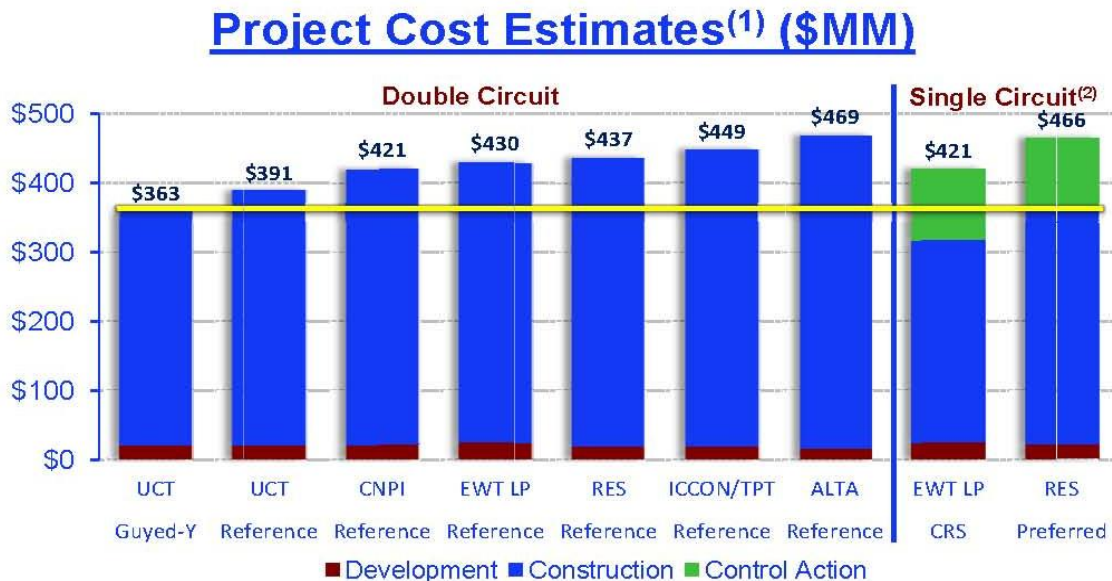
Argument in Chief

SUMMARY

1. The Board has received six comprehensive applications for designation to develop the East-West Tie Line. In aggregate the six applicants have submitted several thousands of pages of information and assertions regarding the fitness of each applicant for designation.
2. Critical review of the six applications, together with applicants' responses to the Board's interrogatories, leads to the conclusion that designating NextBridge as the developer of the East-West Tie Line provides the greatest benefit to Ontario.
3. NextBridge:
 - a) presents the lowest cost proposal;
 - b) will meet or exceed the Ontario Power Authority's (OPA) specified technical requirements;
 - c) can achieve the targeted in service date at that proposed cost;

- d) demonstrates the best overall track record of meeting combined cost and schedule from among all of the applicants; and
 - e) has brought forward a robust First Nation and Métis consultation and engagement plan based on extensive experience and proven ability to carry it out.
4. NextBridge presents the most cost effective proposal that meets or exceeds the OPA’s stated requirements. As illustrated in Figure 1, NextBridge’s Recommended Plan is \$58 million (just under 14%) less costly than the next lowest cost double circuit plan, and \$106 million (22.6%) less costly than the highest cost double circuit plan. (The single circuit proposals presented by some applicants fail to meet the OPA’s stated requirements, which will be discussed in further detail below.)

Figure 1

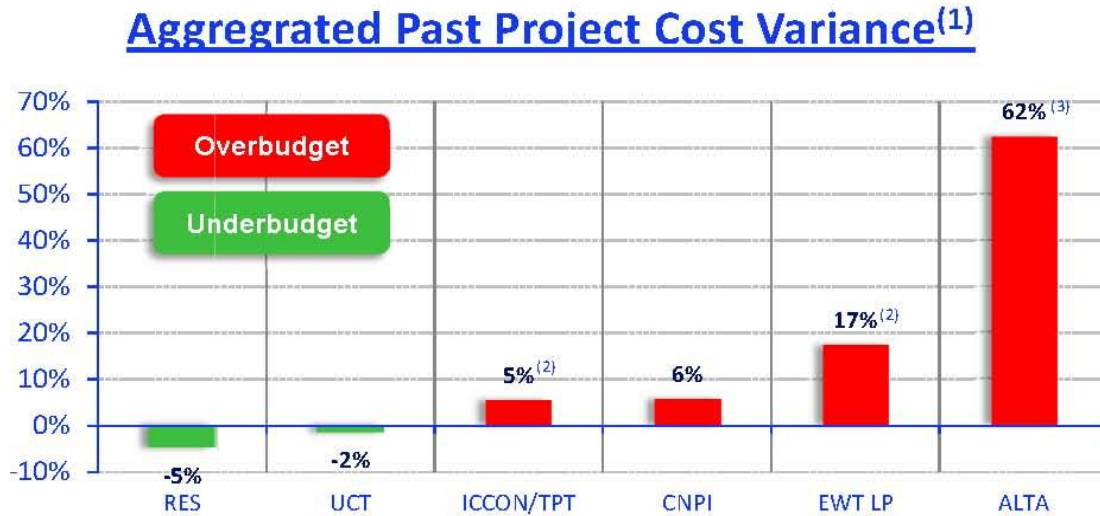


(1) Cost Estimates are as stated in Applicants’ responses to Interrogatory 26, and for comparability exclude First Nation and Métis Participation, Contingency, AFUDC, and Escalation. Pre-Designation costs are included according to Section 8.1 of corresponding applications. Substation costs are not included (series compensation, shunt requirements, etc).

(2) Includes "Discounted Value of Control Actions" of \$104 MM as estimated by EWT LP (Response to Interrogatory 5). Does not include NPV of incremental line losses resulting from a single circuit; RES’ option proposes a non-bundled conductor which would result in higher losses than the single circuit option studied by the IESO Feasibility Study August 2011.

5. Supporting this attractive cost proposal is evidence of the NextBridge partners' ability to execute projects within budget, as illustrated in Figure 2.

Figure 2



(1) Aggregated past project cost variances as calculated from Applicants' responses to Interrogatory 32.

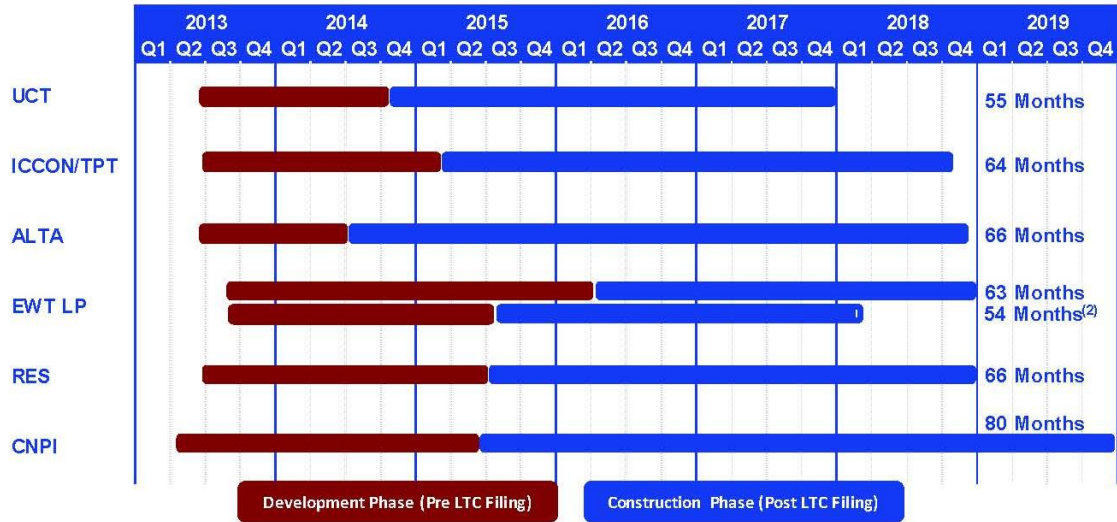
(2) WETT Project as described in EWT LP's response to Interrogatory 32 is projected to cost more than \$800 MM, higher than the \$757 MM used for this chart. Note ICCON has also included the WETT Project in its response, listed at \$757 MM.

(3) Includes only the Southwest Transmission Project due to actual costs described as "TBD" for other projects in AltaLink's response.

6. As illustrated in Figure 3, NextBridge is the only applicant that has proposed a schedule that will bring the project into service within the timeframe specified in the OPA's reference option, by the end of 2017. NextBridge's proposal does so without escalation from its filed budget in order to "expedite" the schedule.

Figure 3

Applicants' Proposed Project Schedule⁽¹⁾

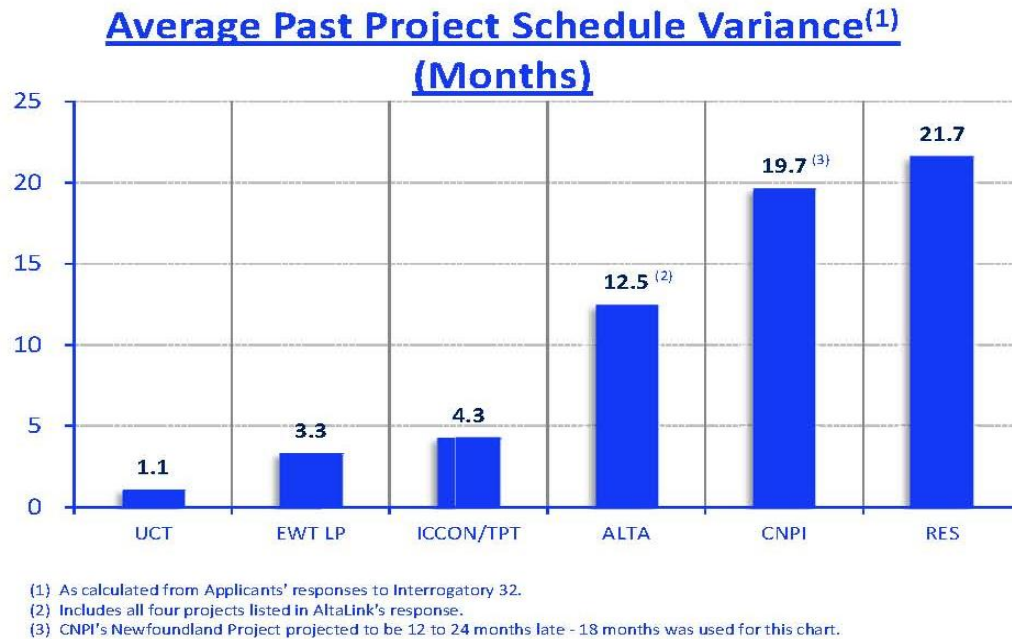


(1) As stated in Applicants' applications.

(2) BWT LPs proposed "Accelerated Schedule" is stated in its Application to have Development and Construction Phase cost implications (see Section 7.5 BWT LP Application).

7. As is the case with its track record on cost control, NextBridge has demonstrated the ability to bring projects into service on schedule. As illustrated in Figure 4, NextBridge has evidenced a significantly greater ability to meet schedule for project development and construction than is shown by any of the other applicants.

Figure 4



8. In addition, NextBridge's application stands apart in that NextBridge is the only applicant to offer true innovation for Ontario's electricity transmission sector.
9. NextBridge proposes to use Guyed-Y transmission structures for this project, while maintaining a double circuit configuration as specified in the OPA's reference plan. Guyed tower structures are the best choice for the project because they:
 - a) Are currently operating in essentially the same climate and terrain conditions as exist in northern Ontario.¹
 - b) Are significantly more flexible to work with than the steel lattice towers proposed by the other applicants, and thus more cost effective and quicker to install.
 - c) Provide a superior technical solution, addressing the specified galloping criteria and providing a structure with less susceptibility to catastrophic failure.

¹ Guyed towers are currently in service in Ontario, Quebec, British Columbia and Manitoba. See EWT and NextBridge Responses to Board Interrogatory 15 to all Applicants.

10. Guyed tower structures are not new to Ontario, though they have not been used in construction in Ontario for almost 50 years. Those installed by Ontario Hydro between January 1962 and August 1967 are still operating². (A photograph of part of one such line taken on April 5th near Orangeville Ontario is included as Attachment 1 to this Argument).
11. ***NextBridge will bring cost-efficient and reliable Guyed-Y towers to Ontario to build the new East-West Tie.***
12. Further supporting NextBridge's ability to execute the project as proposed is the comprehensive organizational structure for the project evidenced in NextBridge's application.
13. NextBridge has put forward the most developed and comprehensive organizational structure for the project, demonstrating the highest degree of preparedness for, and commitment to, the project from among all of the applicants.
14. NextBridge has specified all key functions for the project, and has chosen qualified and experienced individuals for those functions.
15. NextBridge's project team will remain in place throughout the project, ensuring both effective execution through early involvement of all functions, and ongoing accountability as the project moves from phase to phase.
16. The involvement of all key project leads, and their respective supporting teams, throughout the preparation of NextBridge's East-West Tie development proposal further supports the robustness and "constructability" of the East-West Tie plan put forward.
17. All of these NextBridge differentiators (cost, schedule, performance to schedule, performance to budget, innovation, and comprehensive project organization) are supported by:

² EWT Response to Interrogatory 15 to All Applicants.

- a) Top tier financial metrics, and resulting certain and cost effective financing for the project.
 - b) A well developed and adaptive plan for First Nation and Métis consultation and participation in the project, supported by a sound organizational structure and proven track record to carry out that consultation and achieve that participation.
 - c) Demonstrated technical capability and deep and broad experience in consulting on, planning, permitting, constructing and operating electricity transmission facilities.
 - d) A demonstrated commitment to Ontario through:
 - (i) the historical and ongoing investment of its partner organizations in the province's energy system; and
 - (ii) the benefit of direct participation of the Ontario public in the project through the financial participation in NextBridge of the Ontario Municipal Employees Retirement System (OMERS).
 - e) An efficient routing proposal for the line.
 - f) A willingness to stand behind its plan, assume risk and share benefits with the ratepayers of Ontario.
 - g) A demonstrated focus on, and commitment to, community consultation, transparency and impact management.
18. ***NextBridge submits that critical consideration of the six applications leads to the conclusion that NextBridge is the most qualified and appropriate applicant for designation to develop the East-West Tie.***

NEXTBRIDGE PROJECT PROPOSAL

19. ***NextBridge's proposal is the most developed and definitive of all the applicants and responds best to the project requirements.***

The OPA Reference Option calls for a double-circuit 230 kV line

20. The relevant design parameters of the East-West Tie are defined in the OPA's June 30, 2011 filing with the Board of a report entitled *Long Term Electricity Outlook for the Northwest and Context for the East-West Expansion* (OPA Report). The OPA Report outlines a "project scope" that it assumed for the East-West Tie.³
21. Among the assumptions made by the OPA was that the new transmission line would be a 230 kV overhead double-circuit line. The OPA stated:

A single circuit 230 kV line would likely have a similar cost to a double-circuit 230 kV line, but would have reduced operability during planned and forced outages. Therefore, the OPA believes that the double-circuit 230 kV line is preferred, but other options could be proposed to the extent that they meet the other project scope criteria outlined below.

22. The Board has adopted the OPA's "project scope", with the additional requirements from an August 18, 2011 IESO Feasibility Study⁴, as the "Reference Option" for the line.⁵ The Board has stated:

Transmitters may propose alternative solutions that meet the requirements. A transmitter proposing a solution different from the Reference Option will bear the onus of proving that the alternative is the equivalent, in terms of performance, reliability, cost etc., of the Reference Option. [Emphasis added.]

³ OPA Report, page 20.

⁴ IESO Feasibility Study: *An assessment of the westward transfer capability of various options for reinforcing the East-West Tie, August 18, 2011.*

⁵ Board letter regarding this proceeding to licenced electricity transmitters and other interested parties dated August 22, 2011.

23. The IESO's Feasibility Study evaluates a single-circuit 230 kV high-capacity solution for the East-West Tie. The IESO concludes as follows:⁶

With the East-West Tie reinforced with a single-circuit line, the criteria require that, following the loss of the new single-circuit line, control actions be implemented to prepare the system for the loss of one of the circuits on the remaining double-circuit line.

Following the loss of the new single-circuit line, the system configuration for the section affected by the fault would revert to the present arrangement, for which the transfer capability is approximately 350 MW, when respecting the loss of only a single circuit.

Since the targeted transfer capability of the reinforced East-West Tie is 650 MW, a reduction to 350 MW following the loss of the new single-circuit line would therefore require, as a control action, either the dispatch of additional generating resources totaling at least 30 MW, or a lesser amount if there were also the capability to arm load rejection of up to 150 MW in response to the second contingency. An increase in the transfers via the Interconnections with Manitoba and Minnesota would also allow the amount of generation capacity that would need to be dispatched to be reduced.

Reinforcing the East-West Tie with a new double-circuit line would therefore offer a higher level of security since, from the planning perspective, the initial loss of the two elements of the double-circuit line would provide acceptable performance, in accordance with the prevailing standards, while requiring no control actions to be taken following the initial loss of either of the double-circuit lines. [Emphasis added.]

24. The IESO work indicates that the double-circuit Reference Option has several benefits over the single-circuit option. The Board has listed these benefits in its Interrogatory 21 to all Applicants:

- a higher thermal rating (up to about 800 MW) that can be exploited for future expansion by adding more voltage control or compensation equipment;
- a higher level of reliability because of its inherent redundancy (2 circuits to one, a lower exposure to common-mode failures, more flexibility to perform line and terminal maintenance);

⁶ IESO Feasibility Study: *An assessment of the westward transfer capability of various options for reinforcing the East-West Tie*, August 18, 2011, page 31.

- less reliance on voltage control and compensation equipment, and special protection systems;
 - less electrical equipment involved and less risk of equipment failure; and
 - a higher level of operating security as described in the IESO feasibility study (excerpted from above).
25. In preparation of its East-West Tie proposal, NextBridge commissioned a transmission screening study by Pterra Electric Power Consultants.⁷ The Pterra study includes evaluation of two single-circuit options for the East-West Tie though at higher voltages than the Reference Option; 345 kV and 500 kV. The Pterra modeling confirmed that of the options reviewed, the single-circuit options entailed the lowest voltage stability limits.⁸
26. NextBridge agrees with the IESO's assessment, and notes Pterra's findings, and believes that the added capacity, reliability, and O&M flexibility of the double-circuit option provide the greatest overall benefit to the project.
27. The double-circuit option provides a higher level of post-contingency performance, and avoids potentially expensive post contingency control requirements or compensating equipment. Additional benefits of the double circuit configuration include:⁹
- the ability to phase the circuits in a manner that reduces electromagnetic field levels along the corridor;
 - increased flexibility in facilitating future intermediate stations to serve local load centres and/or provide transmission access for new generation (e.g., fuel-diverse, newer environmentally friendly generators);
 - independent control and flexibility in redispatch during forced or scheduled outage of any of the individual circuits;
 - less line losses; and

⁷ NextBridge Application, Appendix 11.

⁸ NextBridge Application, Appendix 11, page 2, second full bullet and Table 1.2.

⁹ NextBridge Response to Board Interrogatory 21 to all Applicants.

- higher load carrying capability or surge impedance loading.
28. NextBridge has concluded that there are no benefits from a single circuit option, compared with a double-circuit option, with any perceived short-term cost savings being far outweighed by long-term considerations. This conclusion is shared by most of the other applicants.¹⁰
29. RES' technical assessment of the single circuit option proposes that voltage stability at low load times is more favourable under a single circuit option. However, it is at high load times when the system is at a point where contingencies may propagate through the system and cause significant outages. It is at these times that issues such as voltage stability and transfer capacity become critically important issues. It is at these critical times (i.e. times of high load and high system stress) that a double circuit option provides more and better system response during a contingency.
30. In respect of higher total transfer capability, RES's technical assessment of the single-circuit option is correct in that the design can achieve stated OEB, OPA and IESO transfer criteria. However, the equipment proposed by RES is often used to add additional capacity to an existing system no longer meeting requirements, rather than as an original design where alternatives are available. If the additional equipment of the type proposed in the RES application were applied to a double-circuit solution for the East-West Tie, there would be increases in transfer capacity above and beyond the capacity afforded by a double-circuit option without such equipment. This would be the means of achieving the "*up to about 800 MW*" thermal rating for future expansion that the OPA has identified as a benefit of a double-circuit solution for the East-West Tie (as noted in paragraph 29, above). A double circuit option with equivalent voltage control or compensation equipment would yield better transfer capability than a single circuit option.

¹⁰ See AltaLink, CNPI, and ICCON/TPT Responses to Board Interrogatory 21 to all Applicants.

31. Like all of the other proponents except RES, and EWT in its alternative case, NextBridge has adopted a double-circuit configuration for its proposed line. While NextBridge could develop a single-circuit option, it does not recommend this approach.
32. Only RES and EWT (in its undeveloped alternative case) propose a single-circuit solution for the East-West Tie.
33. NextBridge's plan is quicker to construct than RES', and at similar costs. Once potentially expensive additional equipment or post-contingency control measures are factored in, NextBridge's plan would be less expensive to implement.
34. In respect of RES' approach to reinforcing east-west transfer capability in several stages, the proposal:
 - a) Leaves significant additional scope in the hands of Hydro One, to be developed, priced and constructed in the future at unknown time and expense.¹¹ Even RES' current estimate is high, placing the Hydro One costs of upgrades and interconnections at above \$100 million.¹²
 - b) Exposes Ontario electricity consumers to future escalations in construction input costs that outpace general inflation, which is not an unusual economic phenomenon.
 - c) Ignores the incremental costs of a start/stop approach to infrastructure development.
 - d) Entails extended construction periods and attendant repeated ecological and social disruption over the course of almost a decade.
 - e) Even accepting RES' presentation of total costs, presents a significantly higher total cost than NextBridge's proposal.
 - f) Is non-compliant with the parameters for applications in this proceeding, as it does not provide the specified reinforcement within, or anywhere near, the time frame specified. As such, the RES proposal is not comparable to those of the other applicants.

¹¹ RES Response to Board Interrogatory 5 to all Applicants.

¹² RES Response to Board Interrogatory 31 to all Applicants.

35. ***NextBridge submits that RES has not discharged the onus of demonstrating that a single-circuit alternative is equivalent, in terms of performance, reliability, cost etc., to the Reference Option, and the RES proposal should thus be rejected.***
36. EWT, in its alternative Single Circuit Cross-Rope Suspension towers case, also proposes a single-circuit option. EWT essentially suggests that further study of such an option would be advisable to determine the foregone benefits of such an option relative to a double-circuit solution, as compared to cost savings.¹³
37. Through “*high level*” calculations, EWT estimates the discounted present value of the additional control actions required to bring a single-circuit configuration to the reliability level presented by the OPA specified double-circuit solution. EWT’s evidence adds \$104 million to the costs of a single circuit solution.¹⁴
38. NextBridge has not analyzed the accuracy of EWT’s assumptions or calculations, because when this \$104 million present value is added to the \$317 million cost of EWT’s single-circuit solution, the total cost - \$421 million – exceeds UCT’s double circuit Recommended Plan costs (\$363 million) by \$58 million (14%).
39. Further, neither EWT nor RES have included costs of:
- a) Incremental Hydro One substation upgrades (which RES estimates at \$20 million); or
 - b) Incremental line losses, which could easily be double that amount again.
40. NextBridge’s double circuit solution is significantly less costly than EWT’s single-circuit proposal adjusted for reliability deficits, and the NextBridge proposal provides all of the other benefits of the double-circuit solution.

¹³ EWT Response to Board Interrogatory 5 to EWT.

¹⁴ EWT Response to Board Interrogatory 5 to EWT.

41. In any event, a single circuit line is not in fact properly proposed by EWT. The EWT application merely refers to the possibility for such a configuration, and indicates that following an “*initial consideration*” it plans to study the option.¹⁵
42. EWT’s use of a single circuit configuration would suffer from all of the shortcomings identified with respect to RES’ proposed use of this configuration, and would be more expensive than NextBridge’s compliant double-circuit solution.
43. ***EWT has not provided a properly developed single circuit proposal for consideration, has not discharged the onus of demonstrating that a single-circuit alternative is equivalent, in terms of performance, reliability, cost etc., to the Reference Option (nor that it is equivalent to the NextBridge proposal on these comparators), and EWT’s references to its plans to study such option should be disregarded by the Board as without demonstrated foundation.***

NextBridge Offers a Developed, Definitive and Innovative Proposal

44. In selecting a proponent to designate for development of the East-West Tie, the Board should favour an application that offers a technically desirable, compliant (i.e. consistent with the direction laid out by the OPA and the IESO) and definitive proposal that offers the best value to Ontario.
45. Some of the applicants - Altalink and EWT - offer a range of alternative proposals for the line, essentially indicating that the development process will dictate what project will ultimately be built. The focus of these applications is on the ability and experience of the applicant, whereas identification of the optimal line for effectively tying together the eastern and western Ontario transmission systems is deemphasized.

¹⁵ EWT Application, Summary page 10, line 21 through page 11, line 5.

46. Some of the applicants - including ICCON/TPT and CNPI - indicate that they will land on a proposal during detailed development. Again, these applications focus on the applicant, and the specific solution is deemphasized.
47. Some applicants, and in particular, Altalink, indicate a broad range of costs, with costs to be better defined depending on the route and technology ultimately decided on.
48. NextBridge submits that the provision of a definitive and mature proposal is an important consideration in determining which applicant is best suited to develop the East-West Tie. The ability of a proponent to put forward, and justify, a definitive and fully developed proposal directly illustrates the ability and qualifications of that proponent to actually develop, construct, and ultimately operate the solution.
49. The Board has recognized the need to evaluate the proposed solution as well as the applicant. In discussing what became Part 6 of the *Filing Requirements* for this proceeding, the Board stated¹⁶:

“...the other evidence to be filed under this criterion by each applicant will be compared against the plans of the other applicants to assess the relative strengths of the proposed designs. An applicant may demonstrate under this criterion the ways in which its technical design for the line provides advantages to the transmission system, local communities or transmission ratepayers, or demonstrates advantageous innovation or in some way exceeds the minimum requirements while remaining cost effective.” [Emphasis added.]

50. The Board later in the Phase 1 Decision stated¹⁷:

The Board is of the view that the filing requirements should require the applicant transmitters to provide sufficient detail to allow the Board to carry out a meaningful, thorough and accurate assessment of the applicant transmitters and their proposed plans. [Emphasis added.]

¹⁶ Phase 1 Decision and Order, Page 7, top.

¹⁷ Phase 1 Decision and Order, page 11, first full paragraph.

51. The intent of this designation process is to encourage proponents to bring forward recommendations for the project, and accept responsibility for their proposals. The onus is on the proponent to develop and design the project, not just to offer itself up as a construction contractor.
52. A proponent's failure to commit to a particular project direction at this time shows a lack of diligence in project analysis to inform the designation proposal, and/or a lack of willingness or ability to accept responsibility for shaping the project.
53. In respect of the proposals of other applicants, while some degree of flexibility is commendable, NextBridge submits that a lack of commitment to a preferred option indicates a lack of rigour in analysis of the appropriate solution for the line. Examples of this include:
- a) CNPI's limited pre-designation expenditures of only \$250,000 to \$350,000 indicating a lack of resources committed to date and a relatively raw proposal, an impression that is furthered by the deferral to a later date of additional development work and by the lack of a finalized tower design.¹⁸
 - b) RES's lack of a finalized tower design.¹⁹
 - c) EWT LP's excessively wide potential route variation, and vague openness to alternative designs, as well as its introduction in its interrogatory responses of \$63 million in its reference case and \$46 million in its single circuit case in new costs, and adjustment to O&M forecasts, all suggesting uncertainty and a lack of discipline in its project assessment.²⁰
 - d) AltaLink's wide cost range, indicating little preliminary work was done, or that AltaLink has little confidence in its cost estimates.²¹
54. In contrast to these other designation proponents, NextBridge has offered a well-defined project, developed through analysis of a range of options.
55. NextBridge retained Pterra to conduct a high level transmission screening and provide data to allow NextBridge to confirm that a double-circuit, 230 kV solution

¹⁸ CNPI Response to Board Interrogatories 6, 21, 24, and 28.

¹⁹ RES Response to Board Interrogatories 22.

²⁰ EWT LP Response to Board Interrogatories 15 20, 26, 28 and 29.

²¹ AltaLink Application, Section 8.1, Paragraph 291; AltaLink Response to Board Interrogatory 26 to all Applicants, page 3, Table 8.7-1, line 9.

as proposed in the Reference Option is indeed the most appropriate solution for the East-West Tie reinforcement.²²

56. NextBridge also commissioned an IESO feasibility study.²³ The results of this study enabled NextBridge to compare a direct current electrical solution for the East-West Tie to the Reference Option alternating current solution. The results of this feasibility study (as summarized in Figure 1 at page 3 of that study) allowed NextBridge to rule out the use of a direct current solution, and thus reinforce the superior benefits of its proposed alternating current solution.
57. NextBridge also commissioned an assessment by Burns & McDonnell²⁴ to, among other things, study its proposed use of Guyed-Y structures (as specified in figures 2, 3 and 4 of the study) for its East-West Tie solution. The resulting analysis confirmed that the Guyed-Y structures were cost-effective and well-suited to the project, taking into consideration factors such as development, land and clearing, structure material and labour requirements, climate and terrain, including installation methodology, operations and maintenance.
58. NextBridge has also completed an environmental critical-issues analysis to review necessary permits, schedules, constraints mapping, permitting costs and identification and mitigation of environmental issues and challenges. A report summarizing this analysis was created by Dillon Consulting and Northern Bioscience²⁵, who have worked on other Ontario transmission projects in the past, such as the recent Bruce to Milton Line. The report also provided routing analyses and optimization to minimize environmental, cultural and economic impacts.
59. Through this rigorous and detailed analysis and preliminary engineering, NextBridge determined a combination of technology, route and structure that provides the performance required by the Reference Option while optimizing

²² NextBridge Application, Appendix 11.

²³ NextBridge Application, Appendix 12.

²⁴ NextBridge Application, Appendix 13.

²⁵ NextBridge Application, page 50, first paragraph.

costs. Based on this evaluation NextBridge has identified a Recommended Plan, that:²⁶

- a) Adopts the Reference Plan 230 kV AC double circuit technology. This determination was made following an analysis of electrical options for the line internally by NextBridge and informed by the Pterra study.
- b) Adopts the Reference Option route, but incorporates specific, limited, contingent variants from that route should it be determined through consultation that these variant routes may be preferable. By incorporating these route variants NextBridge will assure that risks regarding crossing Pukaskwa National Park, Pays Plat First Nation Reserve and Michipoten First Nation Reserve will be mitigated, should they arise.
- c) Specifies Guyed-Y towers, following internal analysis informed by the Burns & McDonnell study. These towers result in cost savings of \$33 million, create a smaller environmental footprint, are quicker to erect, and provide better lightning and failure resistance, compared to conventional self-supporting lattice structures. This sort of Guyed tower structure is in use in Ontario, Quebec, Manitoba and British Columbia, in climatic and terrain conditions similar to those present for the East-West Tie.²⁷
- d) Meets or exceeds all applicable Board determined specifications and industry standards.²⁸

60. NextBridge's recommended towers exemplify how it has undertaken a rigorous analytical process to arrive at an optimal and innovative solution for the East-West Tie. Following the PTerra assessment of design options, NextBridge determined that Guyed-Y structures provided numerous benefits, including:

- a) Achieving all required criteria and meeting all applicable standards.
- b) Proven use in Ontario²⁹ and elsewhere in similar climates and terrains.³⁰
- c) Significant cost savings of \$33 million compared to the alternative steel lattice structure.³¹

²⁶ See summary in NextBridge Application at 81.

²⁷ EWT and NextBridge Responses to Board Interrogatory 15 to all Applicants.

²⁸ NextBridge Application, Appendix 14, *Affidavit regarding Reliability Standards and Minimum Technical Requirements*.

²⁹ EWT Response to Board Interrogatory 15 to all Applicants.

³⁰ NextBridge Response to Board Interrogatory 15 to all Applicants.

³¹ NextBridge Application, page 9.

- d) A more stable technical solution per ASCE Manual 74, section 3.3.2.1.³²
- e) Meeting galloping requirements without additional costs.³³
- f) Expedited testing.³⁴

61. While NextBridge's plans will evolve during the development phase (as acknowledged by the Board to be appropriate), ***NextBridge has done the homework requisite and has provided a definitive and well developed solution for the East-West Tie, which it is prepared to implement.***

³² NextBridge Response to Board Interrogatory 5 to NextBridge.

³³ NextBridge Response to Board Interrogatory 17 to all Applicants.

³⁴ EWT Response to Board Interrogatory 15 to all Applicants.

NEXTBRIDGE PROVIDES THE LOWEST COST PROPOSAL

Among the Key Objectives in this Process is to Ensure that the East-West Tie is Constructed in a Cost-Effective Manner

62. The Ontario Energy Minister's letter to the Board dated March 29, 2011, referring the priority East-West Tie project to this designation proceeding, emphasized two basic evaluative criteria for determination of the transmission company best suited to develop the East-West Tie; qualifications and cost effectiveness.³⁵
63. One of the two stated objectives of the Board's *Framework for Transmission Project Development Plans* [EB-2010-0059] policy is supporting competition to drive economic efficiency (defined as timely and cost effective development) in development of new transmission facilities.
64. The Minister, in his letter referring the East-West Tie to this process, did so on the express basis that:

A designation process for the East-West Tie also promotes the Board's electricity objectives of protecting the interests of consumers with respect to prices and of promoting cost effectiveness in the transmission of electricity.

65. Electricity price increases, and the anticipation of significant electricity infrastructure investment requirements in the coming years resulting in further price increases, is an important policy concern in Ontario.³⁶
66. In its Phase 1 Decision the Board stated:³⁷

Providing benefit to ratepayers through economic efficiency is a core objective in the Board's [Transmission Development] Policy, and the reasonableness of the total costs of the project will be a critical component in achieving that objective.

³⁵ March 29, 2011 Letter from Ontario Minister of Energy to OEB Chair, Paragraph 2.

³⁶ *Ontario's Long-Term Energy Plan: Building Our Clean Energy Future*, page 4, paragraph 1 and pages 57 through 61; *Ontario Energy Board Report: Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach*, October 18, 2012, see in particular page 1, paragraph 2; page 8, first sentence; page 55, paragraph 1.

³⁷ Phase 1 Decision and Order, page 5, top.

67. The Board also recognized in its Phase 1 Decision that while construction and operating cost estimates are not expected to be definitive (as they are subject to work and refinement during the development phase);

All the transmitters who have registered their interest in the East-West Tie line project have, or have access to, experience in the construction of major infrastructure projects, and the Board expects that they will be able to create a reasonable estimated range for these costs, and provide justification for the cost estimates and the width of the range.³⁸

68. Based on these statements, the Board should consider the narrowness of the range of the cost estimates submitted by each applicant, and examine how the cost components were derived, both of which provide evidence of the experience and merits of each applicant.

NextBridge's Total Cost Proposal Provides the Lowest Cost Option

69. In respect of cost:
- a) NextBridge's \$377.5 million (unadjusted, in 2012 dollars) forecast construction cost for the Recommended Plan is materially below the construction costs of any of the other applicants' double circuit proposals.
 - b) NextBridge's \$22.2 million (unadjusted, in 2012 dollars) forecast development costs are in the middle of the range presented by the six applications before the Board.
 - c) NextBridge's \$4.4 million (in 2012 dollars) forecast Operations and Maintenance costs are inside the range presented by the 6 applications.
 - d) Overall, NextBridge presents the lowest cost solution, by a significant margin, from the six applications before the Board.

³⁸ Phase 1 Decision and Order, page 5, first full paragraph.

Project Cost Estimates⁽¹⁾ (\$MM)

	DOUBLE CIRCUIT OPTION							SINGLE CIRCUIT ⁽²⁾	
	UCT Guyed-Y	UCT Reference	CNPI Reference	EWT LP Reference	RES Reference	ICCON/TPT Reference	ALTA Reference	EWT LP CRS	RES Preferred
PreDesignation	-	-	\$0.3	\$1.5	-	\$1.5	\$0.2	\$1.5	-
Development Costs	\$21	\$21	\$21	\$22	\$20	\$18	\$16	\$22	\$20
Construction Costs	\$342	\$370	\$400	\$406	\$417	\$430	\$453	\$293	\$342
Operations & Maintenance	\$4.4	\$4.4	\$1.7	\$7.1	\$2.8	\$4.8	\$1.7	\$7.1	\$2.2
Discounted Value of Control Action	-	-	-	-	-	-	-	\$104	\$104

(1) Cost Estimates are as stated in Applicants' responses to Interrogatory 26, and for comparability exclude First Nation and Metis Participation, Contingency, AFUDC, and Escalation. Pre-Designation costs are included according to Section 8.1 of corresponding applications. Substation costs are not included (series compensation, shunt requirements, etc).

(2) Includes "Discounted Value of Control Actions" of \$104 MM as estimated by EWT LP (Response to Interrogatory 5). Does not include NPV of incremental line losses resulting from a single circuit; RES' option proposes a non-bundled conductor which would result in higher losses than the single circuit option studied by the IESO Feasibility Study August 2011.

Construction Costs

70. Construction cost estimates, while provisional, are the most important cost element presented in the applications. Construction costs are by far the largest cost component for the project, will have the most lasting impact on transmission costs in the province, and must ultimately be not so high as to be unreasonable but not so low as to be unrealistic or unduly constraining of construction of a robust transmission link between western and eastern Ontario.
71. NextBridge agrees with what it understands to be the Board's general view³⁹ that in evaluating the post development costs forecasts provided by the applicants, and in particular the construction cost forecasts, the Board should be concerned with an applicant's plan to manage these costs and their historically demonstrated ability to manage these costs to plan, as well as with the forecast costs themselves.
72. NextBridge has:
- a) Distinguished itself in respect of construction costs. NextBridge's forecast construction cost is; i) the lowest; ii) 14.5% lower than the next highest

³⁹ Phase 1 Decision and Order, Page 12.

double circuit line cost proposal (CNPI); and iii) just under 25% lower than the highest construction cost estimate (AltaLink).

- b) Demonstrated (see Figure 2 included at the outset of this Argument) that it is better than all of the other applicants with the requisite double-circuit proposals at managing costs to plan.
 - c) Evidenced a detailed and careful budget development process. This is the same budget process that has been used on every major transmission project that has been completed by NextBridge partner NextEra Energy. This budget process has allowed NextEra Energy to successfully put numerous transmission projects into service⁴⁰, as well as numerous recent generation projects⁴¹. Through a bottom up methodology, inclusive of carefully developed contingency amounts⁴², NextBridge has presented a robust cost proposal developed based on an extensive partner history of successful project execution.
73. In contrast, for example, AltaLink, in its Application, has provided a construction cost range of \$425 million to \$550 million; a range of some \$125 million (or some 30% of its lower end forecast). AltaLink explains its cost range on the basis of the preliminary nature of the project information available at this time. AltaLink indicates that it will develop a *“point estimate that includes contingency”* as it *“moves through the development stage and better defines and clarifies the risks involved in project execution”*.⁴³
74. NextBridge completed a comprehensive risk analysis identifying 28 risks for the project that have the potential to impact costs, schedule, or both. In its Application NextBridge provides a mitigation plan and identifies the responsible work stream. The early identification of these specific risk items is reflective of the level of planning completed by NextBridge in order to develop a reliable estimate.⁴⁴
75. NextBridge acknowledges the Board’s Phase 1 ruling indicating the acceptability of range rather than “point” estimates for construction costs. However, the Board

⁴⁰ NextBridge Response to Board Interrogatory 26 to all Applicants.

⁴¹ NextBridge Application, page 120.

⁴² NextBridge Response to Board Interrogatory 28 to all Applicants.

⁴³ AltaLink Response to Interrogatory 28 to all Applicants.

⁴⁴ NextBridge Application, page 103.

also stated its expectation that the applicant transmitters all *“have, or have access to, experience in the construction of major infrastructure projects, and the Board expects that they will be able to create a reasonable estimated range for these costs, and provide justification for the cost estimates and the width of the range”*.⁴⁵ [Emphasis added.]

76. AltaLink has provided a wide construction cost range, and has justified that range only with the statement that it has more work to do in order to better define its costs.
77. NextBridge also notes that AltaLink has the highest cost overrun history of all of the applicants, as reflected in Figure 2 included at the outset of this Argument. While the 62% cost overrun history calculated for AltaLink is based on only one project – the SouthWest Transmission Development – this is the only project included by AltaLink in response to Board Interrogatory 32 to all Applicants for which cost variance data has been provided.
78. NextBridge submits, with respect, that AltaLink has failed to demonstrate a relevant history of managing projects comparable to the East-West Tie line to cost, and that AltaLink’s wide construction cost budget has not been adequately explained or justified.
79. EWT LP has taken a similar approach to that of AltaLink, and has provided a construction cost range estimate of \$340 million to \$510 million,⁴⁶ a range of some \$170 million, or 50% on the low end of its range.
80. Further, EWT LP has, in its responses to Board Interrogatories 26 and 28 to all Transmitters, added costs not previously itemized in its Application. These added costs include costs for permitting and licencing, land rights acquisition, First Nation & Métis Consultation, Other Consultation and “Other Contingency.” These previously unidentified costs total \$63 million in its reference case and \$46

⁴⁵ Phase 1 Decision and Order, page 5, first full paragraph.

⁴⁶ EWT LP Application, Part B, Exhibit 8, page 23.

million in its single circuit case.⁴⁷ This appears to be in addition to the 50% construction cost range proposed by EWT LP in its Application.

81. As reflected in Figure 2 included at the outset of this argument, the historical cost management data provided by EWT LP indicates a history of material cost overruns (17% on average).
82. NextBridge notes that this 17% average cost overrun calculation includes the cost performance on the WETT/CREZ project included in the EWT LP application as evidence of experience relevant to the East-West Tie project. Though the WETT/CREZ project was included in the table provided by EWT LP in response to the Board's request for historical cost overrun information (Interrogatory 32 to all Applicants), a cost variance for the project was not declared. In fact, the data provided by EWT indicate the budgeted cost was \$625 million and the actual cost was \$757 million. This is the figure that NextBridge uses in deriving EWT's 17% average cost overrun history. However, in the explanation accompanying the table EWT LP disclosed that the WETT facilities, scheduled to be in service this year, are actually expected to cost more than \$800 million in total. This would result in a variance from the initial \$625 million budget shown by EWT of not less than 28%.
83. The explanation provided for the significant WETT cost overrun (page 3 of the interrogatory response, lines 8 through 10) is *"an additional substation and increased use of monopoles...as ordered by the Commission"*.
84. In March 2013, WETT made a filing with the Texas Commission (PUC Project No. 37858, filing page 2) stating that it was *"presently experiencing delays in the schedules of these projects due to both material and labor shortages."* On April 15, 2013, WETT submitted in the same docket its One Year Compliance Filing, in which it identified cost increases and stated (at page 2) that the *"summarized*

⁴⁷ EWT LP Response to Board Interrogatory 26 to all Applicants, page 2, lines 14 to 17 and EWT LP Response to Board Interrogatory 28 page 2, lines 14 to 17.

costs include increases related to the cost of materials, a tightened labor market and significant rock formation in relevant tower footings and rights-of way.”

85. Therefore, cost increases by WETT are due to a required change in scope as well as other factors that WETT could have addressed as part of its project execution. These facts have bearing on the applications of both of WETT’s owners/affiliates, EWT LP partner Brookfield, and Isolux, the partner in the ICCON/TPT proposal.
86. In contrast to these cost increases and schedule delays related to project execution by WETT, the CREZ project of NextBridge partner NextEra Energy - Lone Star Transmission - also was subject to a change in scope directed by ERCOT. However, unlike WETT, the Lone Star line was nevertheless completed on time and under budget.
87. The other two projects identified by EWT LP in response to Board Interrogatory 32 for all Transmitters are Ontario projects that were both over budget.
88. These overruns are highly relevant in light of the Board’s stated concern with an applicant’s ability to control costs. As the Board stated in its Phase 1 *Decision and Order*:

An applicant’s demonstrated ability to manage complex projects and control all costs is more important for the selection of a designated transmitter than the estimate of development costs.

89. ***NextBridge submits, with respect, that:***
 - a) ***Neither AltaLink nor EWT LP, both of whom have histories rooted in cost of service focused utilities, have provided sufficient explanation for the wide range of construction costs proposed.***
 - b) ***Neither of these applicants has demonstrated the historical ability to manage costs to plan as well as NextBridge partners have.***
90. ***The resulting weakness of the AltaLink and EWT LP cost proposals, combined with the fact that neither of these applicants have proposed low***

cost bids relative to their competitors to begin with, provides a reasonable basis for the Board to reject their applications for designation.

91. The fact that EWT LP has effectively sought subsequent material amendment to its construction costs by adding between \$46 million and \$63 million in construction costs not initially identified by it should cause the Board particular concern regarding the credibility of EWT's cost proposal.
92. In contrast, NextBridge has evidenced a high degree of cost control ability both in its Application⁴⁸ and in its demonstrated project history (such history as evidenced in NextBridge Response to Board Interrogatory to all Transmitters 26, and comparatively illustrated in Figure 2 included at the outset of this Argument).

Assumption of Cost Risk

93. The Board has invited applicants to address the allocation of both development and construction cost risks as between the applicant and transmission ratepayers.⁴⁹
94. NextBridge has indicated in its Application that it will forego recovery of pre-designation costs, as an indication of its commitment to investing in Ontario's energy system for the long term. By the end of the Designation Process, NextBridge is expecting to have invested approximately 6,000 person hours of internal time and associated resources and \$1.4 million in external services. NextBridge has determined that it is prepared to forgo recovery of its pre-development costs as a demonstration of our commitment to long-term investment and involvement in the transmission sector in Ontario.⁵⁰
95. In its Application NextBridge has stated confidence in its ability to deliver its proposed East-West Tie project within a narrow band of budget and schedule outcomes. The high degree of definition of its budget and the historical

⁴⁸ NextBridge Application, page 120.

⁴⁹ *Filing Requirements for Designation Applications*, Sections 8.6 and 8.11.

⁵⁰ NextBridge Application page 114.

demonstration of the NextBridge partners' abilities to manage projects to cost and schedule, all as discussed earlier in this argument, are testament to NextBridge's ability to fulfill this promise.

96. As a result of this confidence, NextBridge has stated it is prepared to be held accountable for achieving results, by exposing its potential return to the risk associated with a performance based ratemaking construct to be developed in consultation with stakeholders during the development phase of this project.⁵¹

Development Costs and Operations and Maintenance Costs

97. Development costs are the cost component that the Board will be approving in this proceeding. The Board will want to balance cost effectiveness with reassurance that the costs approved in this proceeding as "prudent" for development work are sufficient to allow the designated developer to properly and expeditiously pursue development through to filing of a leave to construct application.
98. NextBridge submits that its proposed development costs strike a balance between prudence and reasonableness, and are in line with the proposed development estimates of the other applicants.

NextBridge's Low Cost Proposal Demonstrates the Advantages of Encouraging New Entry

99. This is the first proceeding being carried out pursuant to the OEB's *Framework for Transmission Project Development Plans* [EB-2010-0059]. The stated objectives of this policy include:
- a) Encouraging new entrants to transmission in Ontario, bringing additional resources for project development.

⁵¹ NextBridge Application pages 72 and 73; NextBridge Response to Board Interrogatory 11 to NextBridge.

- b) Supporting competition to drive economic efficiency (defined as timely and cost effective development) in development of new transmission facilities.
100. Electricity price increases, and the prospect of further increases due to significant electricity infrastructure investment requirements in the coming years, are a major policy concern in Ontario.⁵² New sources of capital and economic efficiency are required to properly address these investment requirements and price concerns.
101. New entry to Ontario's transmission sector will provide much needed new sources of capital, and will drive economic efficiency through the introduction of competition, which will diversify financial, construction, technical and operational practices, to the benefit of Ontario transmission ratepayers.
102. In referring the East-West Tie priority project to the OEB's transmission project development designation process, the Ontario Minister of Energy has endorsed these policy objectives.
103. The Minister's referral letter dated March 29, 2011 requests that the Board undertake this process *"to select the most qualified and cost-effective transmission company to develop the East-West Tie"*.⁵³
104. The Minister specifically expects that this process will:

...encourage new entrants to transmission in Ontario and bring additional resources for project development. It will also support competition in transmission in Ontario to drive economic efficiency for the benefit of ratepayers.

A designation process for the East-West Tie also promotes the Board's electricity objectives of protecting the interests of consumers with respect

⁵² *Ontario's Long-Term Energy Plan: Building Our Clean Energy Future*, page 4, paragraph 1 and pages 57 through 61; *Ontario Energy Board Report: Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach*, October 18, 2012, see in particular page 1, paragraph 2; page 8, first sentence; page 55, paragraph 1

⁵³ March 29, 2011 letter from Minister of Energy to OEB Chair, paragraph 2.

*to price and of promoting cost-effectiveness in the transmission of electricity.*⁵⁴

105. For these reasons - additional resources, economic efficiency, innovation, diversification of risk - the Board is likely to provide the greatest benefits to Ontario by giving strong consideration to promoting new entry.
106. The NextBridge application illustrates these advantages of new entry. The designation of NextBridge to develop the East-West tie would:
- a) Bring new sources of funds to Ontario's electricity transmission sector.
 - b) Result in innovation, such as through use of a simple yet reliable and cost effective Guyed-Y transmission tower.
 - c) Bring new and disciplined project management experience to Ontario's transmission development requirements by a new entrant, introducing to Ontario the best transmission planning, construction and operation practices from a number of North American jurisdictions.
107. In this regard, NextBridge encourages the Board to consider new entry to occur when companies whose relevant experience in the transmission sector is primarily and historically from outside Ontario become transmission owners in the Province, whether acting alone or in some form of partnership or joint venture.
108. In respect of adopting as a decision criterion facilitating competition and new entry, NextBridge recognizes that the Board stated in its Phase 1 Decision and Order stated:

*The Board will not add a specific, additional criterion relating to facilitating competition and new entrants. The facilitation of competition and the encouragement of new entrants to transmission in the province was part of the context for the Board's [Transmission Project Development] Policy, and are being recognized by the initiation of this designation process.*⁵⁵

⁵⁴ March 29, 2011 letter from Minister of Energy to OEB Chair, paragraphs 3 and 4.

⁵⁵ EB-2011-0140 Phase 1 Decision and Order, July 12, 2012, Page 6, 1st paragraph.

109. It appears that the foregoing statement indicates that to some extent the process itself satisfies the stated policy objectives of both the Board and the Ontario government.
110. However, NextBridge encourages the Hearing Panel to also consider the longer term benefits of new entry and diversification of capital, in addition to the benefits in these respects apparent in the immediate applications. Encouraging new entry is likely to lead to future economic efficiencies and innovation.
111. NextBridge is supported by the extensive, extra-jurisdictional experience of its three partners, including NextEra Energy's extensive experience in transmission development and operation. NextBridge's proposal is superior on its own merits, but in addition, the Board could reasonably conclude that designating NextBridge to develop the East-West Tie will facilitate the import to Ontario's transmission sector of broad experience and best practices, both internal to partner organizations and external based on an ongoing link to these organizations and their work developing commercial and regulatory structures in a multitude of jurisdictions.
112. In respect of the introduction of new resources to Ontario, the Board should conclude that the participation of Hydro One as a 1/3rd investor in EWT LP is not optimal, from the perspective of the province's electricity ratepayers. No explanation of how Hydro One will fund its equity participation in EWT LP is provided, raising the prospect that such funding will be raised by borrowing, in line with historical and recent practice. Hydro One's high debt load has already been noted by rating agencies as being of concern, in the context of a significant near term Hydro One Networks investment program.⁵⁶

⁵⁶ EWT Application, Exhibit A-11-1; Attachment 1, page 2, 2nd last line through page 3, page 4, first full paragraph; page 12 through page 13.; Attachment 2, page 2 bottom paragraph through page 3 top paragraph; Attachment 3, page 2 paragraph 1, page 3 paragraph 1, page 6 paragraphs 3 and 4; Attachment 3, page 2 paragraph 1, page 3 paragraph 1, page 6 paragraphs 3 and 4; Attachment 4, page 1 paragraphs 2 and 3; Attachment 5, pages 1 through 2; Attachment 7, page 3 top paragraph and page 4 top; Attachment 10, page 2 first full paragraph and bottom of page through page 3 top of page, page 4 top of page.

113. The Board should also note that both EWT LP and CNPI are proposing to use the default, existing Hydro One X-10 tower design for the East-West Tie. In contrast, NextBridge has demonstrated the value of new entry and resultant innovation in specifying cheaper and more technically robust Guyed-Y towers.

SCHEDULE

114. The OPA's June 30, 2011 *Long Term Electricity Outlook for the Northwest and Context for the East-West Expansion* report, as adopted by the Board for the Reference Option, specifies an in service date of 2017 for the East-West Tie.
115. NextBridge is the only Applicant who proposes to meet that in-service date (see Figure 3 included at the outset of this Argument).
116. Some other applicants – EWT, RES - have indicated that they could, possibly, expedite their in-service date, for an additional cost. (AltaLink refers to expediting its schedule without expressly referencing cost.)⁵⁷
117. NextBridge's proposed schedule and cost are integrated, and result in a 2017 in service date.
118. The confidence of NextBridge in being able to meet its in-service date follows from experience with projects of similar scale and scope. Based on this experience, NextBridge has identified some basic tools that have enabled it to develop the schedule put forward in its Application.⁵⁸ These tools include:
 - a) Planning to conduct activities in parallel, across work streams.
 - b) Preparing requests for proposals for external contractors in advance of the designation decision.
 - c) Specifying lighter tower structures that simplify and expedite access and construction.
 - d) Planning route variants in three specific locations – Pukaskwa National Park, Pays Plat First Nation Reserve and Michipicoten First Nation Reserve – where the ease of accessibility is currently unknown and where permitting processes may be lengthy or the level of community support is not yet known.

⁵⁷ AltaLink Application, Section 7.3.4, Page B-104; EWT LP Application, Part B, Exhibit 7, Page 27 of 49; RES Application, Exhibit P, Tab 4, Schedule 2, Page 2 of 6.

⁵⁸ NextBridge Application, pages 15 and 16.

- e) Considering early material acquisition (e.g. of structural steel, conductor, insulator) and scheduling of equipment (such as a sky crane) to manage both schedule and costs.
 - f) Engaging new Geographical Information Systems (GIS) based project management software to optimize and manage scheduling.
119. Review of the detailed development and construction risk matrices included in Part 7 (Schedule) of NextBridge's application indicates at an activity specific level how application of these tools is used by experienced project developers to manage to schedule.⁵⁹
120. In section 7.5 of its Application, in particular, NextBridge details the schedule management practices successfully used by its constituent partners. As evidenced, these practices, together with additional planning and preparation time spent in the early stages of a project, can result in significant time and cost savings at later stages.
121. Appendix 15 of NextBridge's Application presents a project execution chart with more than 90 discrete tasks charted from start to finish.
122. As confirmed in NextBridge's Response to Board Interrogatory 7, this detailed project execution chart includes all pre-construction permitting requirements. NextBridge's partners, and in particular Enbridge and NextEra Energy (through NextEra Energy's work on several wind projects and associated transmission lines in Ontario in recent years), have extensive experience in Ontario pre-construction permitting and approvals requirements for energy infrastructure projects (including environmental assessment and leave to construct). The project schedule put forward in NextBridge's designation Application is directly informed by that Ontario experience.
123. As illustrated in Figure 4 included at the outset of this Argument, the NextBridge partners have a track record in accurate prediction of, and management to, schedule.

⁵⁹ NextBridge Application, pages 103 through 110.

124. NextEra Energy's Texas Clean Energy Express project, for example⁶⁰, was taken from concept through in-service in fifteen months. This impressive schedule was achieved through expediting and paralleling of development, design and construction activities utilizing the project tools referred to above. This project was a 344 km line with two substations and six collection substations, including series compensation. It engaged 270 landowners, and required 504 crossing agreements, all of which was addressed without recourse to expropriation rights.
125. A strong project management structure and experienced personnel are required to effectively coordinate a number of simultaneous activities as required to execute a project like the East-West Tie in the schedule indicated. As reviewed in the next section of this Argument, NextBridge has put in place such a project management structure and has committed identified subject matter experts to the project.
126. The specification by NextBridge of Guyed tower structures contributes materially to its impressive proposed schedule. It is noteworthy that both EWT LP and RES acknowledge the advantage of Guyed tower structures in expediting transmission line construction.⁶¹
127. In respect of its competitors, NextBridge notes that:
- a) None of the other applicants proposed an in service date that meets the OPA's specified time frame (see Figure 3 included at the outset of this Argument).
 - b) None of the other applicants has demonstrated as strong a history at managing projects to schedule as has NextBridge (see Figure 4 included at the outset of this Argument).
 - c) Though EWT LP acknowledges the scheduling advantage offered by Guyed tower structures, and indicates that such a line could be brought into service within the same general timeframe as NextBridge has proposed for its compliant project, EWT LP's Guyed structures are mentioned in the context of an alternative (and unstudied) single-circuit

⁶⁰ NextBridge's Response to Board Interrogatory 32 to all Applicants.

⁶¹ RES Response to Board Interrogatory 21 to all Applicants; EWT LP Application, Summary, Page 13, lines 1 through 4.

proposal. EWT LP's double circuit preferred option entails a proposed in service date at the end of 2018, almost a year later than NextBridge's plan indicates.

- d) CNPI's schedule of 80 months is noteworthy for its departure from all of the other applicants, and would not have the line in service until the end of 2019⁶²; two years beyond the need date specified by the OPA. It also appears from CNPI's interrogatory responses⁶³ that it lacks a strong record on avoiding schedule variances. It would be reasonable for the Board to dismiss CNPI's application for designation on the basis of its scheduling proposal.

⁶² CNPI Application, page 102.

⁶³ CNPI Response to Board Interrogatory 32 to all Applicants.

PROJECT ORGANIZATION, CAPABILITY AND EXPERIENCE

NextBridge has proposed a well-defined project organizational structure, qualified project management and technical leads, and clear responsibilities and accountabilities.

128. In its Phase 1 *Decision and Order* the Board stated:

An applicant's demonstrated ability to manage complex projects and control all costs is more important for the selection of a designated transmitter than the estimate of development costs.

129. An applicant's ability to control costs depends on the quality of the personnel in the project team. NextBridge has specified a full and dedicated team for the project, comprised of 22 senior roles and staffed by 21 particular and qualified individuals. NextBridge's project management structure is described clearly and in detail in its Application, as are the roles and responsibilities of each of the named individuals committed to the project.⁶⁴

130. The identified NextBridge technical team has an identified and accountable leader in each of the following areas of responsibility:

- a) First Nations and Métis Affairs
- b) Regulatory
- c) Land Acquisition
- d) Environment & Permitting
- e) Project Controls and Procurement
- f) Engineering & Construction
- g) Municipal and Community Relations
- h) Operations and Maintenance.

⁶⁴ NextBridge Application, pages 22 through 32.

131. Each of these areas will be directly managed by a senior employee. While NextBridge will engage third parties as appropriate to complement its internal resources (as illustrated in Figure 5 at page 27 of NextBridge's Application), NextBridge personnel will retain management of, and direct accountability for, each of these critical functions, rather than delegating them externally as is the case with some of the other applicants.
132. The Board should favour proponents who have a comprehensive internal organization for managing project development and execution. The Board should be approving, and holding accountable, a development proponent, not their contracted service providers or their affiliates.
133. NextBridge's project organization structure has been carefully designed to be flexible enough to continue through all three phases of the East-West Tie project; development, construction and operation. This approach will ensure continuity and ongoing accountability. It also enables NextBridge to involve all functions at each stage of the project, to the degree appropriate. For example, NextBridge took into account factors such as operations and maintenance input even for the pre-development work in producing NextBridge's application. In the experience of NextBridge's partners, such continuity ensures a well formulated, predictable and manageable project.⁶⁵
134. NextBridge has also appointed a highly qualified and experienced Project Manager, with overall accountability for all project resources and reporting directly to NextBridge's Board of Directors. Robert van Beers' qualifications are detailed in NextBridge's Application (page 31 and Appendix 3) and in NextBridge's Response to Board Interrogatory 2 to all Applicants.
135. NextBridge submits that it has the most completely defined and stable internal project management and governance structure and the most clearly identified project management resources of all of the applicants for designation.

⁶⁵ NextBridge Response to Board Interrogatory 1 to all Applicants.

136. NextBridge's Project Manager has transmission development experience, is located in Toronto and will be dedicated to the project.
137. The NextBridge partnership structure has already been established, shareholder agreements have been executed, and the NextBridge governance structure ensures that the project team will have access to internal resources of all three NextBridge partners.
138. The NextBridge Aboriginal Advisory Board, which includes representation from First Nations and Métis, is actively involved in the project, and the Project Manager, the Board of Directors and all project leads have direct access to them to seek their input throughout the life of the project.
139. NextBridge has clearly identified the areas where third parties will be engaged, which represents the appropriate blend between third party expertise and internal resources.
140. In contrast to NextBridge's detailed project management structure and resourcing:
- a) EWT LP sets out a completely different structure for each phase of the project, and identifies particular resources only for the development phase.⁶⁶ This does not allow for constructability, and operations and maintenance reviews at early stages in the project, which has the ability to affect the overall capital cost as well as the project life cycle costs. All management staff identified appear to be from Brookfield, with little or no engagement by Hydro One or BLP. There is no clear indication of how EWT LP's three partners would create synergies in management of the project.
 - b) ICCON/TPT diagrams a strikingly limited management structure. It has not yet developed its partnership arrangement.⁶⁷
 - c) Review of CNPI's organizational charts indicate a different organizational structure for each phase of the project, and significant outsourcing at each phase in key areas (outsourcing of all environmental, engineering and design work, as well as two Project Manager roles in the development

⁶⁶ EWT LP Response to Board Interrogatory 1 to all Applicants.

⁶⁷ ICCON/TPT Response to Board Interrogatory 1 to all Applicants, Appendix A.

phase; outsourcing of overall project management, construction management and environmental in the construction phase; and outsourcing of a lead engineer role in the operations phase).⁶⁸

- d) RES also plans significant reliance on third parties, and has budgeted very few internal full-time employees (5.1 to 6.5 FTEs for the development phase up to the time a leave to construct application is filed, 6.6 to 8.0 FTEs during the LTC hearing phase, and a decrease from 6.1 to 3.5 FTEs over the construction phase of the project).⁶⁹ The effort required to effectively manage and coordinate all the various third parties that have been proposed is not consistent with the FTE forecast.
- e) Altalink does not describe the roles and responsibilities of the individuals in its organization charts. Altalink identifies few third party resources, other than in the case of First Nations and Métis services. Considering that Altalink has no experience in jurisdictions outside of Alberta this is a risk. Altalink also does not address how it will employ SNC-Lavalin for engineering, procurement and construction (EPC) services.

NextBridge offers all of the advantages of entry and additional resources, while demonstrating a commitment to Ontario for the long term.

- 141. NextBridge believes that new entry to Ontario's transmission sector is in the best interests of electricity consumers.
- 142. Equally important, however, in evaluating the ability of an applicant to manage the East-West Tie project is assessment of its understanding of the policy and regulatory context within which the project will be planned and executed.
- 143. Further, the Board should favour applicants with a clear commitment to the Ontario transmission sector, to ensure that they are here for the long term and will be responsible for ensuring that the longer term benefits of their entry will in fact accrue to Ontario's ratepayers.
- 144. NextBridge meets these requirements.

⁶⁸ CNPI Response to Board Interrogatory 1 to all Applicants.

⁶⁹ RES Application Exhibit B, Tab 1, Schedule 1, Page 5.

145. As a new entrant to Ontario's transmission sector, NextBridge brings significant experience from transmission development from outside Ontario.
146. At the same time, through its three partners NextBridge is already familiar with, and rooted in, Ontario and its broader energy sector.
147. NextBridge's partners have the biggest, non-transmission incumbent presence in the Ontario electricity sector:
- a) A NextEra affiliate is building 8 wind farms in Ontario the total generating capacity of which will exceed 600 MW. These facilities will entail construction of nearly 100 km of associated transmission (115kV to 230 kV). The total investment associated with its Ontario wind generation will exceed \$1.7 billion.
 - b) Borealis is a part owner of Bruce Power, holding a long-term investment in one of Ontario's foundational electricity generation facilities. Borealis is also an investor in Enersource, the electricity distribution utility serving the City of Mississauga.
 - c) Enbridge possesses 488 MW of generating capacity in Ontario, including 99 MW of wind generation in Northern Ontario.
148. In addition to its electricity sector investment, Enbridge Gas Distribution has a 160 year history in Ontario, founded in 1848 and now serving over 2 million customers.
149. Beyond a "steel in the ground" connection with Ontario, NextBridge already has a financial connection to Ontarians, through the participation in NextBridge of OMERS pensioners. OMERS was established in 1962 to serve local government employees across Ontario. Today, it represents 968 employers and almost 429,000 members, retirees and survivors including Municipal workers, Children's Aid Society workers, Firefighters, Emergency Services staff, Police, School board staff (non-teaching), Transit workers and Hydro workers.⁷⁰
150. These investments by the NextBridge partners in Ontario demonstrate beyond doubt their commitment to Ontario for the long-term. NextBridge's vision is to

⁷⁰ NextBridge Application, page 4 (with figures updated for 2012).

become a significant player in the Ontario transmission space, and participate in further transmission projects as the opportunity arises.⁷¹

151. NextBridge will have access to the resources of its partner organizations; sector professionals who are intimately familiar with Ontario's electricity regulatory, agency and stakeholder landscape. This demonstrated familiarity supports the veracity of NextBridge's East-West Tie proposal and NextBridge's ability to execute it.
152. There are three other non-incumbent designation applicants; RES, AltaLink and ICCON/TPT.
153. AltaLink appears to have no significant Ontario investments.
154. In its recital of the applicant's relevant experience, RES's application cites two, 230 kV Ontario generation tie lines reported to total about 20.3 kilometers in length⁷², and two 99 MW wind farms in Ontario⁷³. These are the Greenwich Wind Farm and the Talbot Wind Farm, which were sold by RES to Enbridge. RES' new partner in this application, MidAmerican, does not currently have any projects in Ontario.
155. ICCON does not have any significant investments in Ontario, though its designation application partner, TPT, is affiliated with entities that have made significant electricity generation investments in Ontario.

⁷¹ NextBridge Application, page 3, last paragraph.

⁷² RES Application, Exhibit E, Tab 1, Schedule 1, page 2, lines 7-10.

⁷³ RES Application, Exhibit E, Tab 3, Schedule 1, page 3.

FIRST NATION AND MÉTIS CONSULTATION AND PARTICIPATION

NextBridge has brought forward a robust First Nation and Métis consultation and engagement plan, and has marshaled the resources to carry it out.

156. NextBridge is committed to seeking alignment between its interest and the interests of First Nation and Métis communities to develop opportunities for meaningful, direct participation by affected and interested aboriginal communities in the East-West Tie project.⁷⁴
157. In the context of First Nation and Métis interests, NextBridge uses the term “participation” to encompass both:⁷⁵
- a) “economic participation” (options for which include; i) equity participation on a preferred or common basis; ii) lump sum payment; and iii) a rate “adder” concept, all as detailed in Appendix 5 to NextBridge’s application); and
 - b) other forms of participation, including: i) employment opportunities; ii) education and training; iii) procurement and contracting opportunities; iv) strategic and community investment; and v) access to supporting programs, all as detailed in Chapter 3 of NextBridge’s application.
158. This approach is consistent with the comments of the Board at page 8 of its Phase 1 Decision (paragraph 2), where the Board stated:
- “Participation” can mean many things, and the Board will not restrict its consideration to any particular type of participation.*
159. NextBridge’s approach to participation is focused on providing each community with opportunities to enhance its economy, its employment options, its education and skills base, and its social programs. The specific form of participation for each affected community may differ. As the consultation process unfolds, NextBridge will work with each community to determine its capacity for, and interest in, different types of participation.

⁷⁴ See generally Section 3 of NextBridge’s Application, starting at page 40.

⁷⁵ NextBridge Response to Board Interrogatory 6 to all Applicants.

160. The consultation processes outlined in Section 10 of NextBridge's Application will bring forth dialogue and insight that will result in more detailed custom participation plans. Until such dialogue has occurred, NextBridge prefers to refer to its participation plan as "preliminary".
161. While each of the NextBridge partners has its own internal aboriginal affairs team, from which members have been designated to support the East-West Tie consultation and engagement plan, NextBridge has also looked beyond their own teams to collect input from the wider community.
162. NextBridge has created an Aboriginal Advisory Board (AAB)⁷⁶, composed of three well-regarded and highly qualified First Nation and Métis individuals, each with experience in different disciplines. Input from these authorities has been instrumental in developing NextBridge's designation Application, and in particular its universal First Nation and Métis consultation and participation plans.
- a) Senator Gerry Bedford was born near Timmins, and was elected a Métis Senator from the Credit River Métis Council (Region 8) in 2003. Senator Bedford is a member of the Métis Nation of Ontario (MNO), sat on the Provincial Council of the MNO from 2005 to 2012, and has been an active spokesperson for Métis interests for over a decade.
 - b) Ed Chilton was born in Moosonee and is of Cree heritage, and is well known and respected in Ontario's power industry.
 - c) Judith Moses is a registered member of the Six Nations from the Delaware tribe, and is a recognized governance expert.
163. These external authorities are supplemented on the NextBridge AAB by senior delegates from each of the NextBridge Partners.
- a) Kath Hammond, Vice President, Legal, at Borealis.
 - b) Brian Hay, Director of Aboriginal Relations for NextEra Canada.
 - c) Teresa Homik, Manager, Aboriginal Affairs, National Policies and Programs at Enbridge.

⁷⁶ NextBridge Application, pages 24 and 25.

164. NextBridge's AAB reports directly to its Board of Directors, and is also available directly to the NextBridge Project Director and each of its other management and technical team members as needed.⁷⁷
165. NextBridge has also set out in its Application⁷⁸ the experience of its partner organizations in working with First Nation and Métis communities. (See also NextBridge Response to Board Interrogatory 13 to all Applicants regarding specific experience working with Métis interests.) In summary of this material:
- a) Enbridge's systems and assets are in proximity to 60 Aboriginal communities in Canada, and Enbridge has been recognized at the Silver Level in the Progressive Aboriginal Relations Certification of the Canadian Council for Aboriginal Business (CCAB) for its best practices and for its progress towards achieving a sustainable level of integration with First Nation and Métis organizations.
 - b) NextEra Canada is also a member of the CCAB, and is currently engaged with 17 First Nation communities and organizations, the Métis Nation of Ontario and three Métis councils as it develops eight wind energy projects in Southwestern Ontario. NextEra has built up its internal team to ensure that it has the requisite experience to successfully foster these relationships.
166. NextBridge has integrated its partners' most successful past strategies and policies (see Appendices 22 and 23 of NextBridge's Application) into its First Nation and Métis consultation and participation plan for the East-West Tie project.
167. As detailed in NextBridge Response to Board Interrogatory 5 to all Applicants, NextBridge has appointed Brian Hay to lead its First Nation and Métis consultation and participation initiatives. Mr. Hay is well known to the most directly affected and interested communities, including from his years with the Ontario Power Authority, and will engage internal NextBridge resources as well as external, community-specific expertise (as identified in NextBridge's interrogatory response) to assist as appropriate.

⁷⁷ NextBridge Application, page12.

⁷⁸ NextBridge Application, pages 40 and 41.

168. In the context of this proceeding, NextBridge submits that it has demonstrated a high level of commitment to, and facility with, First Nation and Métis consultation and involvement, more than sufficient to meet the designation decision criteria in this area.

Application by the Board of the First Nation and Métis Consultation and Engagement Decision Criteria.

169. The context of this proceeding includes the fact that the six First Nation communities whose territories lie directly along the likely East-West Tie route, and which are most likely to be directly impacted by the project and to be interested in participation, have formed a partnership (BLP), through which they are participating in EWT LP's application for designation.

170. NB has initiated contact with the six BLP communities via letter, and has requested copies of their consultation protocols, but has received no response to date.⁷⁹

171. NextBridge recognizes that the formation of BLP is a positive step toward facilitating economic participation by these six communities. Their direct participation in EWT LP's application for designation, however, has limited the ability of the applicants competing with EWT LP to engage the BLP participating communities in discussion regarding their potential interest in participating with other applicants.

172. The participation of BLP in EWT LP has been five years in the making.⁸⁰ On September 21, 2009 (a year before the Board's *Framework for Transmission Project Development Plans* policy which is the model for this proceeding was made), the Ontario Minister of Energy asked Hydro One to develop transmission plans to facilitate connection of renewable generation. One of the specifically identified priority projects was the East-West Tie.

⁷⁹ NextBridge Response to Board Interrogatory 11 to NextBridge.

⁸⁰ EWT Application, Part A, Exhibit 3, page 3.

173. EWT LP indicates in its Application that the BLP participating First Nations organized themselves, and approached the two provincial transmission incumbents, first Great Lakes Power Transmission and subsequently Hydro One.
174. EWT LP stresses the fact that the partnership with the BLP participating First Nations was developed based on relationships that took time to establish.⁸¹
175. However, the time taken by Ontario's incumbent transmitters - Hydro One and Great Lakes Power – occurred when they were the only major transmitters in the province, by design. These relationships arise from decades of monopoly transmission status, and consequent development and operation activities funded by the province's electricity ratepayers under the public power regime in place in Ontario until the turn of this century.
176. With the promulgation by the Board of its August 2010 transmission development policy, Ontario's incumbent transmission monopolies leveraged their long-standing roles and resulting First Nation relationships to form a partnership with the 6 First Nations communities that would be most directly impacted by the proposed East-West Tie. In doing so, they sought to gain an advantage over new entrants.
177. The resulting direct participation of the BLP communities in the EWT LP arrangement has precluded any opportunity for any other proponent to engage these communities – those most affected by the project – in any significant discussion regarding participation. NextBridge has attempted to initiate such contact, but has received no response.⁸²
178. The entry of EWT LP into this designation proceeding has also placed all its competitors in the awkward position of competing with, and potentially being critical of, this arrangement, following which the successful applicant will have to approach these communities to engage their participation and support.

⁸¹ EWT Application, Part A, Exhibit 3, page 3, lines 14 *et seq.*

⁸² NextBridge Response to Board Interrogatory 11 to all Transmitters; CNPI Response to Board Interrogatory 11 to all Transmitters.

179. It must be recognized, while fully respecting the autonomy and independence of the BLP communities, that given the proximity of these communities to the most likely routes for the new line, there will be an imperative both on the designated transmitter and on these communities to work with each other towards a mutually beneficial arrangement for participation by the communities.
180. Requiring other applicants in this process to detail their proposals for such arrangements would interfere with, and constrain, commercial arrangements yet to be negotiated, and more importantly be presumptuous *vis a vis* the affected communities.
181. The Board has recognized the potential inequity of this circumstance in its Phase 1 Decision, where it stated:
- “The Board will not look more favourably upon First Nation and Métis participation that is already in place...than upon a high quality plan for such participation, supported by experience in negotiating such arrangements.”*
182. NextBridge endorses the Board’s determination that the focus in evaluating these applications should be on the plan for, and experience in, aboriginal community involvement in projects. This determination is also consistent with the relevant statements of Ontario’s Minister of Energy in his letter referring the East-West Tie project to the Board, Ontario’s Minister of Energy stated his expectation that:
- “...the weighting of decision criteria in the Board’s designation process takes into account the significance of aboriginal participation to the delivery of the transmission project, as well as the proponent’s ability to carry out the procedural aspects of Crown consultation.”⁸³*
183. As summarized above, NextBridge has brought forward detailed evidence on these topics and has demonstrated that it has the requisite experience and resources to both build the relationships and to negotiate customized participation in the Project.

⁸³ March 29, 2011 letter from Minister of Energy to OEB Chair, paragraph 4.

184. NextBridge further respectfully submits that applicants who have not committed to specific First Nation and Métis participation structures at this early stage may present better opportunity for engagement and participation of affected as well as other interested aboriginal communities.
185. For example, EWT LP has indicated that it is committed to giving BLP member communities participation priority.⁸⁴ EWT LP has no Métis involvement to date. CNPI has indicated that it would need the agreement of the Robinson Huron Treaty communities participating in LHATC, CNPI's business partner, before engaging with, or involving, other impacted communities, including those which may be more directly impacted by the project than the LHATC communities.⁸⁵
186. In any event, in light of the foregoing context, all references in EWT LP's application to "advantages" or "benefits" associated with the involvement of the BLP communities in the EWT LP proposal should, both in fairness and having regard to the Board's own criteria, be effectively disregarded.

⁸⁴ EWT LP Response to Board Interrogatory 11 to all Applicants.

⁸⁵ CNPI Response to Board Interrogatory 6, 7, 8 and 9 to all Applicants.

FINANCIAL CAPACITY AND PLAN

Financial Capacity

187. NextBridge has evidenced its financial capacity, supported by the financial strength of its three partner organizations, in section 5 of its Application.
188. In summary, NextBridge's partners are each well-capitalized entities with collectively over \$100 billion in assets and with investment grade credit ratings and access to significant financial resources. As such, NextBridge has ample financial capacity to finance, develop, construct, operate and maintain the East-West Tie.

Financial Plan, including Risk Management Proposals

189. NextBridge expects to start construction using internal resources contributed from its owners, and obtain stand-alone debt when it can be obtained on attractive terms.⁸⁶
190. NextBridge intends to target a 60/40 debt to equity ratio, in keeping with the Board's standard regulated utility capital structure.⁸⁷
191. NextBridge has indicated in its Application⁸⁸ its intention to seek recovery during construction of construction work in progress amounts, on a deemed capital structure and at the Board's standard rate of return on equity. In Response to Board Interrogatory 10, NextBridge has demonstrated the appropriateness of this treatment of CWIP, and the potential benefit of this approach to ratepayers. NextBridge has also indicated, however, that while a single-project, construction phase utility is a prime candidate for this rate making tool, it is equally prepared to move forward with AFUDC.⁸⁹

⁸⁶ NextBridge Application, page 72.

⁸⁷ NextBridge Application, page 72.

⁸⁸ NextBridge Application, pages 76 and 77.

⁸⁹ NextBridge Response to Board Interrogatory 10 to NextBridge.

192. NextBridge has also indicated in its Application⁹⁰ that it will forego recovery of pre-designation costs, as an indication of its commitment to investing in Ontario's energy system for the long term. This proposal represents an early assumption of risk by NextBridge of \$1.4 million.
193. NextBridge has indicated in its Application⁹¹ a desire for developing an incentive regulation mechanism, and associated accountability for performance.⁹²
194. In its Application NextBridge has stated confidence in its ability to deliver its proposed East-West Tie project within a narrow band of budget and schedule outcomes. The high degree of definition of its budget and the historical demonstration of the NextBridge partners' abilities to manage projects to cost and schedule, all as discussed earlier in this Argument, are testament to NextBridge's ability to fulfill this commitment.
195. NextBridge intends to bring forward a specific performance-based ratemaking proposal as part of its leave to construct application. This will allow the proposal to be developed through discussions with Board Staff and other stakeholders.
196. NextBridge is willing to explore in these discussions other types of performance metrics which offer value to ratepayers such as completion date, or project safety.
197. NextBridge has provided a conceptual example calculation in its Application⁹³ to illustrate its intent that ratepayers would realize a net gain through a properly constructed performance-based ratemaking plan.
198. For example, as explained in NextBridge's response to Board Interrogatory 11, a significant decrease in capital expenditures in exchange for a modest increase in ROE can provide an attractive value proposition for customers.

⁹⁰ NextBridge Application, page 11, Figure 2.

⁹¹ NextBridge Application, pages 11 and 72 to 74.

⁹² NextBridge Application pages 72 and 73; NextBridge Response to Board Interrogatory 11 to NextBridge.

⁹³ NextBridge Application Figure 9 at page 74 and Appendix 10.

199. In a properly structured incentive rate plan, benefits are shared between utility owners and utility ratepayers, as is the case, for example, in the current incentive rate making plans applicable to Ontario electricity and gas distributors.

TECHNICAL CAPABILITY

200. The Board is expected to assess whether an applicant has the technical capability to successfully complete the regulatory processes; environmental/socio-economic mitigation, construction, and operation of the project, based on its experience and abilities relevant to the challenges posed by the East-West Tie project.
201. As discussed in section 4 of its application, NextBridge's has demonstrated that it possesses the needed technical capability to successfully execute the East West Tie, as it combines extensive project development experience from Ontario and similar regions with experience from other regions with differing but relevant challenges.
202. NextBridge partners have demonstrated capabilities in a number of technical areas essential to successful execution of the project in Northern Ontario including:
 - a) Environmental and other permitting processes
 - b) Engineering and construction in varied geographies, terrains and climates
 - c) Operating and maintaining high voltage transmission assets
203. The project management experience in the NextBridge partner companies is extensive, and covers general linear infrastructure as well as power generation and transmission projects in a variety of jurisdictions.
204. NextBridge includes two partner organizations with extensive internal expertise in managing regulated energy delivery utilities in accord with best utility practices. NextEra and Enbridge expertise in best transmission utility practices for safety, environmental compliance and operational/reliability compliance is highly relevant to the East-West Tie project.
205. NextBridge's partners have permitted and are in the process of permitting several significant infrastructure projects in Ontario, which gives us direct, recent and

relevant experience in Ontario's permitting and regulatory processes such as the OEB's leave to construct requirements.

206. The NextBridge partners have put more than 1,400 circuit kilometers of transmission line spanning 100 km or more into service between 2007 and 2013, at voltage levels ranging from 59 to 500 kV, and in a variety of climates and terrains.⁹⁴
207. Accordingly, NextBridge easily meets the Board's requirements of ensuring that the developer of the East-West Tie has adequate technical capacity to successfully execute the project.

⁹⁴ NextBridge Response to Board Interrogatory 32 to all Applicants.

LANDOWNER, MUNICIPAL AND COMMUNITY RELATIONS

208. The filing requirements appropriately call for applicants to demonstrate their ability to conduct successful consultations with landowners, municipalities, and local communities, and to satisfy environmental and other requirements that are outside the Board's jurisdiction.⁹⁵ In addition, applicants must address what rights-of-way they need to obtain, the method of doing so, and how they expect to resolve significant issues related to right-of-way acquisition.
209. In its Application, NextBridge sets forth a comprehensive proposal for ensuring successful consultations with landowners, municipalities, and local communities, for satisfying environmental and other requirements.
210. NextBridge's Application demonstrates:
- a) Extensive knowledge of the conditions, environment and communities along the proposed route and potential variants thereto.
 - b) Its plan and methodology for obtaining rights-of-way and other land use rights.
 - c) Its approach to ascertaining appropriate compensation to landowners for land use.
 - d) Its proposal for addressing issues that may arise, such as diverse property ownership, permanent loss of land resource use, disruption of recreational areas, potential impairment of protected areas, and health and human safety concerns.
211. NextBridge's approach to landowner, municipal, and community relations is based on the extensive experience of the NextBridge partners in Ontario, elsewhere in Canada, and throughout North America in developing a large variety of infrastructure projects. This includes NextEra Energy's record of successfully dealing with landowners throughout the United States and Canada in developing thousands of megawatts of renewable energy projects, and Enbridge's record in developing extensive pipeline and other projects.

⁹⁵ Phase 1 Order at sec. 9.

212. The record of successful project development is based not only on ensuring all minimum requirements related to landowners, municipalities, and local communities are met, but going beyond minimum requirements to establish a record of stewardship and leadership on these issues.
213. For example, Enbridge has developed and applied to its own projects a “Neutral Footprint Program” to minimize environmental impacts of infrastructure development.
214. The NextBridge partners intend to incorporate Neutral Footprint Program in developing the East-West Tie Line, and have budgeted \$2.6 million to that effect. This commitment includes:
- a) Planting a tree for every tree we remove to build new facilities.
 - b) Conserving an acre of land for every acre of wilderness we permanently impact.
 - c) Generating a kilowatt of renewable energy for every kilowatt our operations consume.
215. NextBridge also intends to operate consistent with its partners’ strong record of community engagement in Ontario and elsewhere.⁹⁶
- a) In 2011, NextEra Energy employees committed 20,000 hours of employee time to various charities.
 - b) In the Ontario community, Enbridge support includes: United Way, Enbridge Ride to Conquer Cancer, Enbridge CN Tower Climb for United Way, Junior Achievement, Pollution Probe, Ontario Fire Marshall’s Public Fire Safety Council, Mackenzie Health Foundation, Eva’s Initiatives, Niagara Health System Foundation and Volunteer in Partnership Program and support for over 350 local events in its franchise area each year such as Markham Village Music Festival, Ottawa Winterlude, Niagara Grape & Wine Festival, Peterborough Little Lake Music Festival.
 - c) Employees of OMERS consistently demonstrate their desire to give back to the community. In addition to formal fundraising programs for United Way and Free The Children, OMERS has teams that support the Heart &

⁹⁶ NextBridge Application, page 4.

Stroke Big Bike ride, the Terry Fox Run and the Alzheimer Society Walk for Memories. Employees from across the OMERS enterprise also participate in Volunteer Days, providing a variety of types of support to the community.

216. In an effort to build good relations with affected interests, NextBridge has already met with registered intervenors, and included feedback in our bid proposal.⁹⁷
217. Overall, no other applicant offers a better approach to landowner, municipal, and community relations than does NextBridge.

⁹⁷ NextBridge Application at Chapter 11.

COMMENTS IN RESPONSE TO BOARD STAFF SUBMISSION

218. On April 8, 2013, the Board Staff filed with the Board its submission in this proceeding.
219. Board Staff suggested that the Board's designation order establish an appropriate term for the designated transmitter's licence, which Board Staff suggested be the standard term of 20 years. NextBridge agrees with that proposal.
220. Board Staff asks that applicants indicate any exemptions they believe they will be required from the terms in the standard transmission licence, or any of the Board's Codes or other regulatory requirements.
221. NextBridge has considered the Board's transmission licencing decision for AltaLink, dated August 31, 2011 [EB-2011-0126], and in particular the Board's determinations regarding the application to a licenced transmitter without assets of standard licence conditions and requirements. Based on its understanding of this decision, NextBridge does not request any exemptions from the terms of the standard transmission license, or any of the Board's Codes or other regulatory requirements.
222. Board Staff noted that the Board indicated that it will impose performance milestones and reporting obligations on the designated transmitter. Board staff recommended the following milestones:
- a) Signing of a memorandum of understanding with the Ministry of Energy regarding the delegation of certain procedural aspects of consultation with Aboriginal peoples.
 - b) Commencement of negotiation or discussions with all landowners and permitting agencies (would include identification of, and at least one contact with, each landowner and permitting agency).
 - c) Signing of an engineering contract for design of the line, if an engineering contract is to be used and is not already signed.

- d) Approval of the route and structure configuration proposal by senior management of designated transmitter.
- e) Completion of the Conductor Optimization Study.
- f) Filing of Terms of Reference for the Environmental Assessment.
- g) Filing of request for a System Impact Assessment with the IESO.
- h) Approval of the Terms of Reference for the Environmental Assessment.
- i) Receipt of the final System Impact Assessment from the IESO.
- j) Filing of a leave to construct application with the Board.⁹⁸

223. NextBridge agrees that these are directionally appropriate milestones. NextBridge further believes it reasonable to file an updated schedule after the designation decision, consistent with its Application and reflecting the date of designation and the additional milestones that the Board wishes to see incorporated in the schedule.

224. Board Staff submits that the designated transmitter should be required to report quarterly to the Board on the following matters:

- a) Updates on progress towards milestones in the development schedule, including an explanation and a description of mitigation undertaken for any actual or anticipated delay.
- b) For any actual or anticipated delay, an indication of the impact of the delay on the designated transmitter's ability to complete the development (i.e. apply for leave to construct the line).
- c) The amount in the deferral account for development costs.
- d) The percentage of the development budget spent.
- e) Any risks identified and mitigation undertaken (e.g. a risk log).
- f) Any change proposed to the plan as originally filed, including the development budget, First Nation and Métis participation, and First Nation and Métis consultation, and a detailed explanation of the reason for the proposed change.

⁹⁸ NextBridge Application at Appendix 7.

- g) Any change to the governance of the designated transmitter, or any change in financial status that adversely affects or is likely to adversely affect the completion of the development of the East-West Tie line.
- 225. NextBridge generally agrees with these proposed reporting matters, subject to reasonable application of a materiality standard in respect of the impact of changes on project cost, schedule or other parameters and commitments.
- 226. Board Staff addresses the consequences of the failure by the designated applicant to comply with milestones or reporting requirements. Board Staff noted that the Board is of the view that the severity of the consequences should be proportional to the severity of the breach, and take into account the designated transmitter's mitigation efforts.
- 227. NextBridge agrees with Board Staff that the specific circumstances of the failure to comply with these requirements should be considered before a remedy for breach of any conditions is determined.
- 228. Board Staff noted that the Board asked parties to address the issue of a threshold of materiality for a prudence review of development cost overruns. Board staff reiterated that a 10% overrun should warrant a review.
- 229. NextBridge agrees that a 10% materiality threshold is reasonable.

SUMMARY AND CONCLUSION

230. As demonstrated herein, designating NextBridge as the developer of the East-West Tie will provide the greatest benefits to the ratepayers of Ontario.
231. NextBridge has the best overall record of completing projects on time and on budget, and presents to the Board the lowest cost proposal that meets all applicable requirements for the project.
232. As a new entrant to the Ontario transmission sector, NextBridge will bring more discipline to transmission development in the Province, while working with stakeholders on addressing issues relating to project development.
233. NextBridge's experienced team and flexible approach is well suited to engaging in First Nation and Métis consultation and negotiation of participation arrangements.
234. Overall, NextBridge provides the best solution for Ontario.

TOR_LAW\8144102\13

HYDRO ONE GUYED TRANSMISSION TOWER (ORANGEVILLE)

