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May 9, 2013

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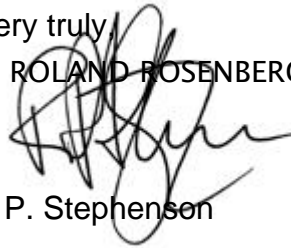
Dear Ms. Walli:

**Re: East-West Tie Designation Process – Selection of a Designated
Electricity Transmitter
Board File No. EB-2011-0140**

Attached please find the Power Workers' Union's Submissions in connection with the above-noted proceedings. An electronic copy has been filed through the Board's RESS filing system, and two paper copies will follow by courier delivery.

Yours very truly

PALIARE ROLAND ROSENBERG ROTHSTEIN LLP



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EB-2011-0140

Transmission Infrastructure: East-West Tie Line

Submission of the Power Workers' Union

May 9, 2013

Table of Contents

A.	INTRODUCTION	1
I.	BACKGROUND	1
B.	POWER WORKERS' UNION'S SUBMISSION.....	2
I.	PWU GENERAL COMMENTS: Two Preliminary Matters.....	3
II.	PWU COMMENTS BASED ON FILING REQUIREMENTS: Comparison of Applications	9
1	First Nations and Métis Participation	10
2	Technical Capability Considerations.....	15
2.1	Project Management	16
2.2	Relevant Experience	19
3	Financial Capability	22
4	Line Design Considerations.....	22
5	Project Schedule	25
6	Costs	29
7	Potential Routing Considerations	37
8	First Nations And Métis Consultation.....	39
9	Other Factors.....	42
III.	PWU COMMENTS ON ARGUMENTS AGAINST EWT LP'S APPLICATION.....	44
C.	CONCLUSION.....	48
	APPENDIX A.....	1
	APPENDIX B.....	1

IN THE MATTER OF sections 70 and 78 of the *Ontario Energy Board Act 1998, S.O.1998, c.15, (Schedule B)*;

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.

Submission of the Power Workers' Union

A. INTRODUCTION

I. BACKGROUND

1. On February 2, 2012 the Ontario Energy Board (“OEB” or the “Board”) initiated a 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 (the “Project”). The Board adopted a two-phase process for this proceeding. In Phase 1 the Board established specifics for the proceeding including decision criteria, filing requirements, obligations and consequences arising on designation, the hearing process for Phase 2 and the schedule for the filing of applications for the selection of the designated transmitter. In accordance with the Board’s Decision and Order on Phase I issued on July 12, 2012 registered transmitters seeking designation to undertake development work for the East-West Tie Line were to file their applications for designation no later than January 4, 2013.

2. The Board received applications for designation from the following registered transmitters (“Applicants”):

- AltaLink Ontario L.P. (“AltaLink”)

- Canadian Niagara Power Inc. (“CNPI”)
- EWT L.P. (“EWT LP”)
- Iccon Transmission Inc. and TransCanada Power Transmission (Ontario) L.P. (joint application) (“Iccon-TPT”)
- RES Canada Transmission L.P. (“RES”)
- Upper Canada Transmission Inc. (“UCTI/NextBridge”)

3. On January 8, 2013 the Board issued Procedural Order No.5 and invited parties to the proceeding to propose written interrogatories relevant to the designation proceeding to be filed with the Board by January 30, 2013.

4. Seventeen parties, including the six Applicants, filed interrogatories for the Board’s consideration.

5. On March 4, 2013 the Board issued Procedural Order No. 6 outlining the Board’s decision regarding the interrogatories to be answered by the Applicants and provided a schedule for the remaining procedural steps in this proceeding.

6. On March 28, 2013 Applicants filed their responses to interrogatories.

7. On April 8, 2013 Board staff filed its submission.

8. On April 18, 2013 the Applicants filed their argument-in-chief.

B. POWER WORKERS’ UNION’S SUBMISSION

9. In Section I of this submission the PWU provides general comment on two preliminary matters, consideration of which in the PWU’s view will facilitate the Board’s evaluation of the applications in this proceeding. In Section II the PWU compares the applications, focusing on the selection criteria and filing requirements where the applications indicate significant differences. In Section III the PWU addresses the two main arguments made by Applicants in argument-in-chief against EWT LP’s application.

I. PWU GENERAL COMMENTS: TWO PRELIMINARY MATTERS

10. As a preliminary matter, the Power Workers' Union ("PWU") submits the following fundamental approaches for the Board's deliberation on the designation of an electricity transmitter to undertake the development work on the East-West Tie Line that will facilitate its evaluation based on the criteria established in Phase 1:

- a. The comparison of Applicants based on the applications as filed; and
- b. The adoption of this process as facilitating competition and encouraging new entrants.

The adoption of these fundamental approaches, discussed below, will allow for a clear evaluation of the applications as filed based on the criteria established in Phase 1.

a) *Comparison of Applicants Based on Applications as Filed*

11. In its submission Board staff¹ proposes a number of actions to be taken by the Board and requirements that the designated transmitter should meet including the following:

- Board order to give effect to designation through such actions as setting an appropriate term (20 years) for the designated transmitter's licence including effective date and expiry date;
- requirement for the designated transmitter's adherence to scheduled milestones and for the reporting of progress for the development of the East-West Tie Line;
- imposition of additional milestones and reporting requirements that the designated transmitter should meet; and
- recommendations with respect to the potential consequences of failure to meet the required performance milestones and performance obligations

¹ Board Staff Submission, Phase II, April 8, 2013

such as the loss of designation, the inability to recover development costs and the revocation of the transmitters' licence.

12. The PWU agrees with Board staff's recommendations. Imposing performance milestones and reporting obligations on the designated transmitter will enable the Board to monitor progress and detect early signs of delay or failure to meet milestones and adhere to the schedule. This allows the Board to implement timely corrective measures.

13. However, Board staff's recommendations are relevant post-designation and not in the designation process itself. Clearly they do not help the Board in selecting the transmitter that is best qualified and that has the best plan for the project. More importantly, the fact that performance milestones and reporting obligations will be imposed on the designated transmitter should not in any way influence the level of scrutiny that the Board applies to all applications for designation. First and foremost, the task for the Board is to designate a transmitter through the review of the applications as filed based on the established criteria. Doing so should result in the selection of a designated transmitter whose qualifications and proposed development plan provide the least risk of potential failure to meet milestones and to stay on schedule, or require the imposition of penalties in the first place.

14. In this respect, the PWU submits that the Board should be rigorous in its examination of all parts of the applications as filed, with the understanding that there will be mechanisms put in place to monitor the designated Applicant's progress, that the designated transmitter will have opportunity to modify and adjust the filed plan that was the basis of its successful bid, and that there will be penalties established to deter the designated transmitter from failing to meet performance obligations. As EWT LP pointed out in its argument-in-chief:

The Board must consider each application as filed and in its entirety. If an application is predicated upon invalid assumptions, and is in part unacceptable or unworkable, the Board cannot ignore, waive or remedy those parts of the application but instead must deny that application. To do otherwise would be comparable to amending the application, and such a result would not reflect the intent of the applicant in the application as originally filed.²

² Argument-in-Chief of EWT LP, page 7, lines 11-15

15. The PWU understands that there are certain unknowns that limit the Applicants' ability to definitively forecast the timing (i.e. schedule), cost and overall progress of the Project. Therefore, the PWU is not suggesting that once designated the transmitter should not be able to make essential adjustments to its plan to address circumstances that were unknown in the designation process. However, the fact that there are limitations on the Applicant's ability to make a definitive plan should not be an excuse for assumptions, schedules, costs, resources and processes that appear to be highly questionable and outliers. The PWU submits that the applications, as filed, are the best evidence that inform the Board as to the overall experience, judgement and technical capability of the Applicants and should be considered independent of the impact of any possible post-designation Board regulatory requirements.

b) *Acceptance of the Designation Process as "Facilitating Competition and Encouraging New Entrants"*

16. In the Board's Phase 1 Decision and Order,³ the Board found that its policy with regard to facilitating competition and encouraging new entrants is recognized with the initiation of this designation process:

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 Policy, and are being recognized by the initiation of this designation process. Any applicant who wishes to bring evidence of any advantage to Ontario ratepayers of the designation of a new entrant for this project is invited to do so as part of the "other factors" criterion.

17. The PWU agrees that what the Board has been doing since it issued the *Board Policy: Framework for Transmission Project Development Plans*⁴ ("Board Policy") is just that: facilitating competition and encouraging new entrants. Obviously, the initiation of this proceeding for the designation of a transmitter to develop the East-West Tie Line is in recognition of the Board's Policy context for facilitating competition and encouraging new entrants. Rather than expecting or requiring the incumbent transmitters to develop

³ See Page 6 of the Phase 1 Decision and Order dated July 12, 2012

⁴ OEB: Board Policy: Framework for Transmission Project Development Plans, EB-2010-0059 (August 26, 2010)

the proposed line, the Board invited all interested transmitters – new entrants and incumbents - to register their interest in the designation process. The Board issued the new entrants with a transmission license which will be required by the designated transmitter, in many cases removing barriers and preconditions to accommodate these new entrants that do not have existing assets in Ontario. Furthermore, the Board is ensuring that the incumbent transmitters, Hydro One Networks Inc. (“HONI”) and Great Lakes Power Transmission (“GLPT”), are transparent about their relationship with EWT LP and that there are protocols in place that preclude information exchange between the incumbent and EWT LP that may give EWT LP a perceived unfair advantage over other applicants. Furthermore, the Board requires disclosure of all information and studies on the East-West Tie Line that are needed by all the transmitters competing in the designation process. These are some of the ways in which the Board’s objectives of facilitating competition and encouraging new entrants are being implemented. In other words, the Board’s role in facilitating competition and encouraging new entrants is to ensure that the designation process is fair, transparent, and non-discriminatory.

18. The Board’s Policy states that “introducing competition in transmission development will improve economic efficiency and lead to better outcomes for the consumer.”⁵ This indicates the Board’s belief that competition is the best approach because it provides the opportunity for the selection of the most qualified and cost efficient transmitter. In the PWU’s view, this indicates that competition is not an end in and of itself but a means towards a desired outcome. The Board’s Policy in no way suggests or advocates that enhancement of competition should be considered as a selection criterion or that a new entrant must be designated for the sake of encouraging competition. The PWU submits that the Board’s Policy objective does not contemplate discrimination in favour of new entrants, or discrimination against incumbent transmitters. All applicants are entitled to a “level playing field” where their proposals are judged on their merits. New entrants are not entitled to a playing field tilted in their favour.

⁵ Ibid., page 10

19. Unfortunately, despite the Board's clear articulation that the facilitation of competition and encouraging new entrants is not a distinct criterion for designation, some Applicants insist on attempting to exploit the Board's Policy of encouraging new entrants to transmission in Ontario to their advantage. In its argument-in-chief Iccon-TPT submits:

The Board's selection of an applicant should also be guided by the fundamental objectives of the transmission designation process to "encourage new entrants to transmission in Ontario bringing additional resources for project development" and to "support competition in transmission in Ontario to drive economic efficiency for the benefit of ratepayers". There has been limited transmission development in Ontario in recent decades and there are intrinsic benefits to adding new players with global experience, new ideas and unique strengths. To gain the benefits of this experience, the Board should designate a new transmitter to develop the East-West Tie *unless the plans of the incumbent utilities (EWT LP and CNPI) present a compelling and overwhelming advantage* [Emphasis added].⁶

20. Clearly, Iccon-TPT is seeking an unlevel playing field between new entrants and incumbent transmitters (e.g. CNPI and EWT LP). The PWU submits that what Iccon-TPT is seeking is favourable consideration of new entrants by virtue of being new entrants and for the Board to require evidence of overwhelming advantages over new entrants in designating an incumbent transmitter. The PWU submits that Iccon-TPT's argument misses the very concept and purpose of competition as a means to economic efficiency. The designation process is a competitive process and as such facilitates competition and encourages new entrants, regardless of whether a new entrant or an incumbent is designated through this process. Therefore, the PWU submits that the Board should ignore the submission of Iccon-TPT or any other party that requests the Board to treat new entrants favourably over incumbents by virtue of the fact that they are new entrants. The Board's task is to select the applicant whose proposal best meets the criteria the Board has established. No applicant need demonstrate a "compelling or overriding advantage" over any other.

21. Similarly, AltaLink, in its argument-in-chief, while not as directly as Iccon-TPT, interprets the Board's Policy of facilitating competition and encouraging new entrants to its advantage.

⁶ Argument-in-Chief of Iccon Transmission Inc. / TransCanada Power Transmission (Ontario) LP, page 4, para. 8

22. AltaLink submits that the Board should continue to ensure that there is a level playing field between new entrants and incumbent transmitters to compete on a fair and balanced basis.⁷ Therefore, AltaLink submits that the Board should not give preference to incumbent transmitters who have existing First Nations and Métis participation arrangements.⁸ The PWU notes that in its Phase 1 Decision and Order the Board has already ruled that it will not look more favourably upon First Nations and Métis participation that is already in place at the time of application, than it would upon a high quality plan for such participation supported by experience in negotiating such arrangements.⁹ The PWU does not quarrel with this part of AltaLink's submission. However, AltaLink goes on to argue that it "expects that the incumbent transmitters may, contrary to the Board's Phase 1 Decision and Order, argue the Board should favour existing participation arrangements. Doing this would unfairly favour incumbent transmitters because of their existing presence in Ontario directly at the expense of new transmission entrants."¹⁰ The PWU is concerned that underlying this argument is the desire to persuade the Board to disregard the merits of aspects of incumbent transmitters' applications where such merits are necessarily a part of being an incumbent transmitter.

23. The fact of the matter is that the Board has established the criteria by which the most qualified applicant is to be designated. What is essential is that the Board recognize that the merits of an application with respect to the criteria, including relevant experience, consultation with communities, and technical capability, are directly related to and influenced by the experience that comes with being an incumbent transmitter. The PWU submits that it would amount to reverse discrimination if the Board were to ignore evidence before it that indicates that the incumbent transmitter's application is superior to others as a result of its experience as the incumbent. All applicants are entitled to rely on the intrinsic advantages they bring to the table. If the incumbents, by virtue of having been incumbents, have advantages relevant to the Board's selection criteria, they should be permitted to rely upon them. The Board's responsibility is to

⁷ Argument-in-Chief of AltaLink Ontario, L.P. page 6, para. 16

⁸ Ibid., para 17

⁹ See Page 8 of the Phase 1 Decision and Order dated July 12, 2012

¹⁰ Argument-in-Chief of AltaLink Ontario, L.P. page 6 -7

select the best qualified applicant with a plan that results in the most benefit to consumers. The Board's support for competition does not mean that it should select a new entrant, by virtue of its new entrant status regardless of its inferior standing compared to incumbent transmitters with regard to the designation criteria.

II. PWU COMMENTS BASED ON FILING REQUIREMENTS: COMPARISON OF APPLICATIONS

24. In this section the PWU seeks to assist the Board in its selection of the designated transmitter for the Project by focusing on the selection criteria and filing requirements where the applications indicate significant differences, namely:

- First Nations and Métis Participation;
- Technical Capability;
- Financial Capability;
- Line Design;
- Project Schedule;
- Costs and Routing Considerations;
- First Nations and Métis Consultation; and,
- Other Factors.

25. The PWU provides a summary of its comparison of the applications based on selected criteria in Appendix A.

26. The PWU submits that while the applications have varying strengths and weaknesses, critical consideration of the six applications in their entirety should lead the Board to the conclusion that on the whole, EWT LP undoubtedly meets all the selection criteria and is the most qualified of the Applicants. Therefore EWT LP is the transmitter that the Board should select as the designated transmitter to undertake development work for the East-West Tie Line.

1 FIRST NATIONS AND MÉTIS PARTICIPATION

27. As indicated earlier, the PWU notes the Board's Decision and Order in Phase 1 that indicates that the Board will not look more favourably upon First Nations and Métis participation that is already in place at the time of application than it would upon a high quality plan for such participation supported by experience in negotiating such arrangements. However, it is also important to note that the Board has invited Applicants to demonstrate the advantages of the type and level of First Nations and Métis participation they have in place, or are proposing to secure.¹¹ In this respect, the PWU submits that Applicants that have First Nations and Métis participation arrangements already in place have demonstrated their commitment to First Nations and Métis participation. By involving First Nations and Métis partners prior to the start of the development stage these Applicants reduce risk and enhance the success of the Project. Further, these Applicants have gained experience which they can use in establishing additional arrangements going forward that can be achieved realistically and within the timeframes proposed.

28. Applicants should allow sufficient time for negotiations as building relationships with and between First Nations and Métis communities can require significant time. Therefore the Board should consider the risk associated with plans that propose to initiate First Nations and Métis participation only after designation.

29. As argued below, the PWU submits that there is no doubt that with regard to the criterion for First Nations and Métis participation EWT LP ranks first among the Applicants.

EWT LP

30. EWT LP is the only Applicant with concrete evidence of commitment to First Nations and Métis participation with Bamkushwada LP's ("BLP") 33.3 per cent equity share in EWT LP. BLP is comprised of six First Nations communities that are most directly affected by the Project. As EWT LP notes, it has taken its partners over three years to develop a relationship and negotiate and agree on the participation of BLP's

¹¹ Phase 1 Decision and Order, page 8

First Nations in EWT LP including its leadership role in the development, construction and operation of the Project and equal governance representation. Such level of participation is not true in the case of the plans of any of the other Applicants.¹² Moreover, in its response to Board interrogatory #6, EWT LP has indicated that if it is selected as the designated transmitter, First Nations and Métis communities identified by the Ministry of Energy in its letter to the Ontario Power Authority (“OPA”) dated May 31, 2011 and possibly other affected and interested First Nations and Métis communities will not only be accommodated as appropriate, but may also benefit from economic participation in the development and construction of the Project.

31. In addition, EWT LP has made it clear that it will loan money to First Nations and Métis equity partners if necessary.¹³ To conclude, the First Nations and Métis participation that EWT LP has put in place and other potential arrangements will be instrumental in the success of the project not only in terms of the intimate, local and traditional knowledge these communities bring but also in terms of their economic stake and governance role in the partnership. The PWU submits that there is no doubt that EWT LP meets the criterion for meaningful First Nations and Métis participation.

CNPI

32. CNPI’s evidence indicates that its parent company, FortisOntario has entered into a binding Memorandum of Understanding (“MOU”) with Lake Huron Anishinabek Transmission Company Inc. (“LHATC”), representing 21 First Nations.¹⁴ In this regard, CNPI could be regarded as a runner up in terms of putting a First Nations and Métis participation arrangement in place even though the binding MOU entered with LHATC cannot be considered in the same light as EWT LP’s existing partnership with BLP. However, CNPI’s evidence indicates that of the 21 First Nations communities that are currently participating in LHATC, only two members, Ojibways of Batchewana and Ojibways of Garden River, appear on the OPA’s East-West Tie list of affected First Nations.¹⁵ The remaining LHATC members are located hundreds of kilometres away

¹² Argument-in-Chief of EWT LP, page 13, lines 18-20

¹³ EWT LP’s Response to Board interrogatory #8

¹⁴ CNPI Application for Designation, page 38.

¹⁵ CNPI Application for Designation, pp 38-39.

from the Project area. To be fair, CNPI proposes to offer participation in equity rights of up to 49 per cent to affected First Nations that are interested in participating in the development, construction, operation and ownership of the East-West Tie Line. In that respect, CNPI's First Nations and Métis participation plan has the same risks as the plans of the other Applicants that propose to put First Nations and Métis participation arrangements in place following designation.

AltaLink

33. AltaLink does not have any arrangements with any First Nations and/or Métis communities at this point in time. AltaLink, however, has indicated that it has made contact with 18 First Nations and Métis communities and held discussions with 12 of them.¹⁶ AltaLink has also made it clear that any First Nations or Métis participation in the project will be limited to their equity investment (up to 49 per cent), which they will be required to pay for using their own funds or through separately secured financing arrangements.¹⁷ In other words, AltaLink, unlike EWT LP, does not allow First Nations and Métis participation to include representation in a leadership and governance role. Moreover, given AltaLink's insignificant accomplishments in building relationships with communities that are most affected by the Project, it is questionable that AltaLink will be able to realize its First Nations and Métis participation proposal within a reasonable time and in particular in the time framework for the Project. AltaLink's plan for First Nations and Métis participation therefore includes risk that is absent from EWT LP's circumstance and EWT LP therefore ranks ahead of AltaLink in the criterion for First Nations and Métis participation.

RES

34. RES has made contact, by email and in letters, with the 18 First Nations and Métis communities identified by the Ministry of Energy in its May 31, 2011 letter to the OPA, as well as a few other communities.¹⁸ RES' plan indicates that only First Nations or Métis communities affected by the Project will have an opportunity to participate; and, that if all eligible parties are interested equity participants, RES is prepared to offer as

¹⁶ AltaLink response to Board interrogatory # 11

¹⁷ AltaLink response to Board interrogatory # 10

¹⁸ RES response to Board interrogatory # 11

much as \$50M investment opportunity in RES Transmission, as long as the opportunity does not exceed 20 per cent of Project ownership.¹⁹ However, unlike EWT LP's plan, RES' plan does not allow for participation of First Nations and Métis communities in leadership and governance roles and offers only 20 per cent in equity. Moreover, as can be seen from RES' response to Board interrogatory #8, RES' commitment to assisting prospective First Nation and Métis equity participants does not include providing direct financing to facilitate their equity participation. In other words, unlike EWT LP whose partners are committed to provide direct financing if necessary, RES' proposal is only to assist in arranging financing from other sources such as the government's Aboriginal Loan Guarantee program, which is already available to First Nation and Métis communities in any case. Therefore, RES' plan for First Nations and Métis participation is not as meaningful as that of EWT LP, and as such EWT LP ranks ahead of RES in meeting the criterion for First Nations and Métis participation.

lcon-TPT

35. lcon-TPT states that in spring 2011 its partner TransCanada initiated communications with a number of affected First Nations and Métis communities,²⁰ however lcon-TPT did not initiate any further discussions with potentially affected First Nations and Métis communities since that time.²¹ lcon-TPT's responses to a series of Board interrogatories indicate that it does not have a well-developed plan for First Nations and Métis participation.²² Further, lcon-TPT is not proposing any equity participation for First Nations and Métis communities at this time; nor does it have any plans to provide loan or other financing arrangements to prospective First Nations and Métis communities affected by the project.²³ In other words, lcon-TPT has not made any commitment with regard to First Nations and Métis participation and whether participation of First Nations and Métis communities affected by the project will happen if the Board were to select lcon-TPT as the designated transmitter depends on future

¹⁹ RES Application for Designation, Exhibit D, Tab 2, Schedule 1, First Nations and Métis Participation Plan Report, page 7

²⁰ lcon-TPT Application for designation, Section 3.1, page 1 of 4

²¹ Ibid., page 2 of 4

²² See lcon-TPT responses to Board interrogatories #6-12

²³ lcon-TPT response to Board interrogatory #8

discussions.²⁴ As such, if Iacon-TPT is selected as the designated transmitter, First Nations and Métis participation in the Project would be an unknown, and Iacon-TPT's plan therefore does not meet the criterion for meaningful First Nations and Métis participation.

UCTI/NextBridge

36. UCTI/NextBridge states that prior to submitting its application it sent letters of introduction to all 14 First Nations and four Métis communities listed in the Minister of Energy's letter to the OPA but that it has deferred any further contact to the post-designation period.²⁵ UCTI/NextBridge's plan does not include a proposal for equity participation for First Nations and Métis communities and how such opportunity might be shared between First Nations and Métis communities. In response to Board interrogatory #9 UCTI/NextBridge states that at present the extent to which equity participation is desired by, or appropriate for, any particular community is unknown and that this will become clear only after discussions with each community. Furthermore, UCTI/NextBridge has clearly indicated that it is not prepared to provide direct financing to potential First Nation and Métis equity participants stating that it would only assist participating First Nation and Métis communities in their efforts to obtain government loan guarantees and/or provide advice, resources and expertise to them in arranging financing through independent financial institutions and/or capital markets. Given UCTI/NextBridge's limited plan for First Nations and Métis participation, there is little to provide the Board with confidence that there will be meaningful First Nations and Métis participation if it were to select UCTI/NextBridge as the designated transmitter. Therefore, UCTI/NextBridge's plan does not meet the criterion for First Nations and Métis participation.

²⁴ See response to Board interrogatory # 6

²⁵ UCTI/NextBridge response to Board interrogatory #11

2 TECHNICAL CAPABILITY CONSIDERATIONS

37. The PWU submits that because of the nature of the terrain and climate in Northern Ontario, Applicants with experience in Northern Ontario as well as experience with the evolving OEB regulatory framework and approvals processes undoubtedly have advantages over other Applicants when it comes to technical capability. The EWT LP partners that are incumbent transmitters currently own²⁶ and operate transmission facilities along the proposed route and in the vicinity of the Project. In addition, the First Nations partner in the EWT LP consortium brings key experience and expertise on environmental attributes, geographic issues and traditional and cultural values²⁷ that are relevant along the route of the Project. This powerful combination gives EWT LP a significant advantage over the other Applicants. Other Applicants, therefore, must overcome their inherent disadvantages with proposals on how they can provide at least equal or superior capability to EWT LP's in all aspects of the plan that require technical, engineering, construction as well as procurement, regulatory approvals, stakeholder consultation and project management capability.

38. The PWU acknowledges the difficult task that the Board is faced with in analysing each aspect of the expertise enumerated in the various applications and fairly identifying differentiating factors amongst the Applicants that would readily assist the Board in selecting the best transmitter for designation. To facilitate the analysis, the PWU suggests that considering some of the more significant aspects of "Technical Capability" might be more rewarding. In this respect PWU proposes that the Board focus on the following aspects within the Technical Capability criterion:

- Project management; and
- Relevant experience.

²⁶ EWT LP Application for Designation; Exhibit 4, Section 4.1

²⁷ *Ibid.*, Subsection 4.1.1.3, Page 3 of 23

2.1 Project Management

39. Project management is a key differentiator of Applicants within the Technical Capability criterion and possibly the most important one because, given equal technical capability, the success of the project is dependent on how the project is managed. One of the key elements that the PWU considers necessary for successful project management is having the appropriate level of local knowledge. This requires the Applicant to have the experience that will allow it to understand upfront the requirements and challenges that will be faced during the project timeline in the context of Ontario, and specifically Northern Ontario. Included in that understanding is consideration of geography, weather impacts as they apply to construction, delivery and operation, labour issues, and involvement of impacted First Nations and Métis communities.

40. With regard to project management, as argued below, given the un-equalled local experience of its partners, the PWU submits that EWT LP ranks first among the Applicants because it has the best possible project management structure and level of expertise to assure success and timeliness of the Project.

EWT LP

41. When it comes to project management, EWT LP has the clear advantage over the remaining Applicants since the Project Director, Project Manager, Engineering Manager and Legal and Regulatory Manager²⁸ all are experienced personnel that have roots in one of the partners' parent organizations. In addition these individuals have gained experience in the utility industry in Ontario and thus have a good understanding of all of the associated processes and relevant issues that impact the industry and will impact the Project. These individuals will ensure that through their experience and knowledge of Northern Ontario issues, all decision making in the Development and Construction Phases of the work will be guided and managed accordingly irrespective of whether the work is carried out by contracted third parties. Moreover, it is quite clearly laid out in EWT LP's plan which parties will be accountable for which area of work, with

²⁸ EWT LP Application for Designation; Part A, Exhibit 2, Section 2.2

no apparent overlap. EWT LP's application therefore indicates its ability to manage the Project successfully to a timely completion.

CNPI

42. One of the CNPI partners has a fairly extensive Ontario presence, and has indicated in its application that its technical team will be comprised of employees from the partners' parent companies, as well as from third party consultants.²⁹ A large proportion of the management team has representatives who are working in Ontario that have an understanding of the regulatory processes and can provide the necessary guidance to the contracted third parties. However, while CNPI provides descriptions of project tasks that will involve in-house staff and contractors there appears to be overlap in accountabilities between the parent company and some of the third party contractors as indicated by the professionals supplied, which may lead to some confusion and possible project management issues for CNPI.³⁰

AltaLink

43. AltaLink's management team is mainly made up of key personnel from the partners' parent companies none of whom appear to have experience in managing projects in Ontario.³¹ In as much as these individuals are experienced in managing transmission projects outside Ontario, the lack of inherent local knowledge could have an adverse impact on the project outcome. The need to acquire local knowledge is an additional burden on the team that could lead to challenges along the way. Furthermore, the majority of Development and Construction work will be done by affiliated companies that do not necessarily have an Ontario presence. AltaLink's application therefore comes with some project management challenges that may impact the success and timeline of the Project.

²⁹ CNPI Application for Designation: Part A, Exhibit 2, Section 2.2., Exhibit 4, Section 4.2., and Appendix H

³⁰ CNPI Application for Designation: Pages 47-49.

³¹ AOLP Application for Designation; Part A, Exhibit 2, Section 2.2 and Appendix 2.

RES

44. RES' management team will be made up of personnel from the consortium's partners none of whom have experience in managing transmission projects in Ontario.³² Furthermore, it appears that the Design, Development and Construction Management Team is composed of personnel from utilities in the US.³³ Some of the external third parties who will be involved are located in Ontario but the guidance is provided by a management team composed of individuals with experience gained outside Ontario. This may require some steep learning upfront to gain familiarity with circumstances in Ontario. This will add additional burden at the outset of the project and adds risk to the Project success and timeline.

UCTI/NextBridge

45. UCT/NextBridge indicates that its management team will have representatives from partner's organizations located in Ontario and Canada who will provide guidance on Aboriginal Affairs as well as participate in the Operations Committee.³⁴ The project Manager, however, is from the US. As in the case of RES, this may require the management team to acquire some steep learning upfront to become familiar with local circumstances and adds risk to the Project timeline as proposed. However, unlike RES' plan UCTI/NextBridge's allocation of responsibilities for major areas of work appears to be clearly identified.

Iccon-TPT

46. Iccon-TPT indicates that the equipment, procurement and construction will be contracted out to the partners' parent company outside of the province and that TPT, the Canadian partner of the consortium, will perform the land acquisition services, community relations services and First Nations and Métis engagement and consultation services.³⁵ Furthermore, in response to Board interrogatory #3,³⁶ Iccon-TPT indicated that the design and construction management oversight will be provided by personnel

³² RES Application for Designation: Part A, Exhibit B, Tab 1, Schedule 1

³³ *Ibid*: Part A, Exhibit F, Tab 3, Schedule 1

³⁴ UTC Application for Designation: Part A, Exhibit 2

³⁵ ICN/TPT Application for Designation: Part A, Exhibit 2

³⁶ ICN/TPT IRRR Submission: March 28, 2013

from the parent company which is located offshore and which has no experience with transmission projects in Canada. A large part of the Project therefore depends on resources unfamiliar with Ontario and upfront learning to gain familiarity with Ontario circumstances will be required: all of which adds risk to the Project's success and timeline.

2.2 Relevant Experience

47. Another key to completing the Project successfully and as scheduled is for an Applicant's partners and associated third parties to have relevant experience which complements each party's capability to deliver on the particular deliverable it is assigned. This ensures that all parties are working towards a common goal. If the parties have worked together successfully on other projects, this will be relevant evidence for the Board. These parties would know each other, understand their respective strengths and weaknesses, and have established working relationships. As a result, the expectations for the Project can be more realistically assessed and established than if the relationship is new and untested. While none of the Applicants have a fully formed history of working together, some come closer than others to having significant components of achieving such dynamics. In particular, the PWU submits that EWT LP has the best experience to allow for the development of the required cooperative working relationship.

48. As illustrated below, in reviewing the technical capabilities of the Applicants, it is clear that EWT LP has the best proposal. The fact that all of the EWT LP partners have significant construction experience in Ontario, coupled with the knowledge of attendant regulatory and approvals processes, gives it the clear advantage of understanding all of the Ontario-related issues that will apply to the Project. Since the management team is comprised of Ontario-based individuals with wide experience in the electricity industry in Ontario, this team can bring clear guidance to all groups, including its third party consultants to ensure that these entities have all the relevant information and established processes to complete the project in a timely and cost efficient manner. In the PWU's view, the other Applicants fall short of that requirement because they either

have limited experience in construction of transmission projects of comparable size to that of the proposed Project; have little or no experience in working with regulatory and approval agencies in Ontario; or, rely significantly on the expertise of parent companies located outside Ontario or Canada, even if they bring to the project experienced Ontario-based advisors.

EWT LP

49. As noted, in terms of major transmission projects, EWT LP has the best team in that its partners and their third party consultants have worked on recent transmission projects in Ontario³⁷ and therefore have similar experience. For example, the transmission partners of EWT LP recently completed major transmission line projects in Ontario, while the First Nations partner represent participating First Nations whose traditional territories embrace the entire Project route.³⁸ In addition, some of the participating First Nations have gained recent experience in developing projects within their territories.

50. All three parties have demonstrated existing dynamics in their cooperation in reaching a partnership agreement in EWT LP. Although the respective partners of EWT LP have not worked together on any recent projects, some have cooperatively worked with each other in accomplishing their respective projects. In addition, HONI and GLPT being neighbouring transmitters in Ontario leads to a common understanding of the issues at hand given that their systems are connected. In total the EWT LP consortium has the first-hand experience that covers the scope of activities that will be undertaken in the Project. Their intimate knowledge of the variety of processes that must be undertaken and the approval and permits that need to be acquired provides the dynamics for successful partnering on the Project and makes this consortium the prime candidate for designation.

CNPI

51. CNPI comes close to having a similar level of relevant experience as EWT LP. Because of the nature of the partnership, CNPI has experience with transmission and

³⁷ EWT LP Application for Designation: Part A, Exhibit 4, Section 4.3

³⁸ *Ibid*; Part A, Exhibit 2, Section 2.1

distribution projects in Ontario. However, based on evidence provided in CNPI's application, its experience is on a much smaller scale than that of the EWT LP partnership. Based on the evidence, CNPI has not completed any recent major (>100km) transmission projects in or outside Ontario. The PWU submits that CNPI does not provide the scope of experience that EWT LP does and therefore ranks lower than EWT LP with regard to relevant experience.

RES

52. RES has not constructed any major transmission projects (>100km) in Ontario but was a participant in the Montana Alberta Tie Line which is about 340 km. RES' Ontario experience is related to construction of relatively short transmission connection of renewable resources. The other transmission partner of the RES consortium, MidAmerican Group Power, has no experience in building transmission projects in Ontario or Canada but has very significant experience of building major transmission projects in the US.³⁹ While RES does indicate that it intends to use Aboriginal advisors to assist in the Project, the PWU submits that the scope of RES's experience is inferior to that of EWT LP given its lack of local experience with projects of this caliber.

UCTI /NextBridge

53. UCTI/NextBridge has very limited experience with the construction of transmission projects in Ontario and these are limited to connection facilities for its renewable resources⁴⁰ and total about 100 km for eight projects. While Enbridge, a partner in the consortium, brings First Nations consultation experience with its pipeline projects and UCTI/NextBridge proposes to establish an Aboriginal Advisory Board ("AAB") with some Ontario members,⁴¹ the PWU submits that UCTI/NextBridge's scope of experience is inferior to that of EWT LP's electricity transmission facilities experience.

Iccon-TPT

54. Iccon-TPT has no recent track record of building transmission facilities in Canada. TPT has experience in building pipelines across Canada and Ontario and in

³⁹ RES Application for Designation: Exhibit E, Tab 2, Schedule 2

⁴⁰ UCTI/NextBridge Application for Designation: Appendix 4

⁴¹ *Ibid*: Part A, Exhibit 2 and Exhibit 4.

dealing with First Nations' issues.⁴² The PWU submits that Iccon-TPT's scope of experience is far short of EWT LP's scope of electricity transmission facilities experience.

AltaLink

55. AltaLink⁴³ has no experience with transmission projects in Ontario although it does have considerable experience in building major projects in Alberta. As such the consortium has experience in dealing with First Nations' issues in other parts of Canada. However, none of the partners has experience with Environmental Assessment ("EA") and regulatory approval processes in Ontario.

3 FINANCIAL CAPABILITY

56. In general, based on the applications, the PWU does not see financial capability as a differentiating factor between the Applicants.

4 LINE DESIGN CONSIDERATIONS

57. The OEB Reference Based Design Option ("Reference Case") contemplates a double circuit (1 x 2cct) 230-kV line from Wawa TS to Lakehead TS with intermediate termination and switching at Marathon TS. The length of the line is approximately 400 km, to be located on a right-of-way adjacent to the existing 230 kV line.

58. All Applicants have submitted proposals that consider the Reference Case with some modifications (variations from the Reference Case) where these were seen to improve on the reliability or cost effectiveness of the project in comparison to the Reference Case. To the extent that some Applicants had different modifications to the Reference Case⁴⁴ it is the PWU's view that the final outcome appears to be similar in all

⁴² Iccon-TPT Application for Designation: Part B, Exhibit 4, Section 4.3

⁴³ AltaLink Application for Designation; Part B, Exhibit 4, Section 4.3 and Appendix 3

⁴⁴ EWT LP Application for Designation; Part B, Exhibit 6, page 3-5; identified a number of parameters of the RBD, e.g. choice of family of towers, number and spacing of towers, tower height etc. where it may adopt values not specified in RBD without changing the final outcome; AltaLink Application for Designation; Part B, Exhibit 6, pages B-90, B-91: proposes two alternatives to mitigate for conductor galloping;

cases in that there are no significant departures from the line configuration details nor are there changes to the power transfer capability, both of which are the ultimate goals for the project. Insofar as the Reference Case design requirements are concerned, all Applicants have demonstrated an understanding of the requirements set out by the OEB and submitted applications that met those basic requirements. In this context, the PWU submits that the Board's examination of the details of the design submissions in respect of fulfilling the Reference Case requirement is not likely to help the Board in identifying the key differentiating factors between the respective Applicants.

59. In the PWU's view, the key differentiation between the Applicants' respective proposals is in their ability and willingness to consider innovative ideas as to how the project requirements may be achieved through alternative designs to the Reference Case 1 x 2cct line configuration. This is consistent with the OEB's and the OPA's, with assistance from the IESO, encouragement for Applicants to propose alternative and innovative designs that provide tangible benefits for ratepayers.

60. In this respect, the PWU notes that EWT LP⁴⁵ and RES⁴⁶ are the only two Applicants to consider alternative configurations to the Reference Case 1 x 2cct line design. Both have submitted details of a single circuit (1 x 1cct) alternative design to the Reference Case.

61. In contrast, the remaining four Applicants dismissed the 1 x 1cct alternative for a variety of reasons,⁴⁷ but mainly because they judged the Reference Case 1 x 2cct line design to be superior in cost and electrical performance.

UCTI/NextBridge Application for Designation: Part B, Chapter 6, page 80; proposes to use guyed-Y steel-lattice towers instead of self-supported steel-lattice towers;

Iccon-TPT Application for Designation; Chapter 6, page 4; proposes to use new tower design

⁴⁵ EWT LP Application for Designation; Part B Exhibit-6 page13-16

⁴⁶ RES Application for Designation; Exhibit G, Tab 1, Schedule 1

⁴⁷ AltaLink indicated in its response to IR # 21 that it was not aware of any benefits other than lower costs of 1 x 1cct design, and further that the cost of control actions and cost of losses outweighs any benefits of 1 x 1cct design (AOLP IRRS, page 28).

Iccon-TPT concluded in its response to IR # 21 that it did not agree that 1 x 1cct yields benefits of lower costs if considered on a full life cycle basis, and on that basis of consideration only a 1 x 2cct design yields substantial savings through lower losses (ICCON IRRS, pages 14, 15).

CNPI, in its response to IR # 21, indicated its agreement with the IESO's assessment that a 1 x 2cct line in RBD has several benefits over a 1 x 1cct option, and as such its submission is based solely on the RBD. (CNPI IRRS, page 63).

62. In its responses to Board interrogatory #21, EWT LP⁴⁸ provided information on the benefit of adopting an alternative design to the Reference Case 1 x 2cct line design. For example, EWT LP notes that cost and electrical performance are not the only criteria in today's considerations when planning a major transmission line project and that environmental performance is equally as important in order to obtain the necessary EA approvals.⁴⁹

63. In the PWU's view the Board should be concerned with the dismissal of the 1 x 1cct alternative line design by the four Applicants because a diversity of approaches that look at innovative solutions to achieve a commonly defined outcome would likely lead to a much broader identification of potential benefits to consumers in Ontario. Further, by considering alternative solutions, Applicants afford themselves the flexibility not to be bound by a single line design. Once the project is underway, circumstances may dictate that a change in design may be the better solution to meet those circumstances and achieve timely approvals. Having prepared alternative solutions with pricing and schedules ahead of time, gives these Applicants a much better grasp on how to complete the project in a timely and cost effective manner.

64. From a line design perspective, it is the PWU's view that the two Applicants who took the initiative to look at alternative solutions clearly demonstrated their superiority to the other Applicants in submitting a comprehensive design that should be taken into consideration in the selection of the designated transmitter.

65. In respect of the line design proposals for the alternative options the PWU submits that EWT LP's approach is superior to that of RES. Not only has EWT LP prepared a comprehensive set of design options for further consideration, but in addition, as described in its Application,⁵⁰ EWT LP provides a clear plan of activities that will be undertaken in the Development Phase as it pertains to line design. Of particular note is the need to revisit the assumptions that were made during the

UCTI/NextBridge also concluded in its response to IR#21 that the 1 x 2cct design provides the greatest overall benefit for the project.

⁴⁸ EWT LP – Response to IR#21 page 30-32;

⁴⁹ EWT LP – Response to IR#21 page 30-31

⁵⁰ EWT LP Application for Designation; Part B, Exhibit B, pages 1-21

preparation of the application for designation⁵¹ as these may change as a result of the EA work and consultation process. This is an important consideration because it demonstrates the Applicant's awareness of the challenges it is facing when dealing with multiple processes that evolve as the project moves on in its development stages. For example, EWT LP's work on design is currently progressing as is the work on the EA and consultation (see discussion on Schedule Considerations). By taking this approach the Applicant has demonstrated its flexibility to adopt either the enhanced Reference Case line design option or one of the alternative 1 x 1cct line design options. The PWU has not found comparable plans, discussions or clarity in the RES submission in reference to the line design activities.

5 PROJECT SCHEDULE

66. The attached Appendix B summarizes the respective schedules of the Applicants prepared using the information provided by the Applicants in their submissions.⁵²

67. The PWU is of the view that overall EWT LP's proposed Project schedule is the best in that it covers not only the work details that must be understood and accounted for in order to come up with a reasonable schedule, but offers some innovative thinking in terms of how it might be able to improve upon the timelines by reviewing the assumptions made in the Reference Case in the first place. This, in the PWU's view is a clear indication of an applicant having thought through the complete development process, in a manner that demonstrates a comprehensive understanding of the Project and its environment.

68. The PWU notes that EWT LP's argument-in-chief provides insightful critiques of its fellow Applicants' proposed scheduling that demonstrate EWT LP's superior knowledge, qualification and experience compared to the remaining Applicants.

⁵¹ *Ibid*; Section 6.4 pages 8-16.

⁵² EWT LP Application for Designation: Part B, Exhibit 7; RES Application for Designation: Exhibit N, Tab 1, Schedule 1; AltaLink Application for Designation: Part B, Schedule 7, Appendix 16; UCTI/NextBridge Application for Designation: Schedule 7; Iccon-TPT Application for Designation: Schedule 7, Appendix A; CNPI Application for Designation: Part B, Schedule 7.

69. Below, the PWU presents some general comments on the Applicants' proposed Project schedules.

EWT LP

70. EWT LP has developed a detailed work flow process that anticipates and mitigates the potential events that could materially impact the project. It has clearly identified the context and timing of the OEB reporting requirements for each work phase, conducted a thorough examination of the potential risks that are likely to impact on each of the work phases and developed appropriate potential mitigating measures. In addition it provides a compendium of opportunities that it can draw from to accelerate the overall project schedule. Further, EWT LP's independent presentation of the schedules for the Development and Construction phases illustrate a clear and detailed understanding of the interdependencies of the two phases and the reasonableness of its timeline assessments. In the PWU's view, EWT LP's evidence on scheduling demonstrates the thoroughness of its scheduling process and a comprehensive understanding of the Project in its entirety and at a detailed level.

71. EWT LP's assumption of August 1, 2013 for the OEB's decision on a designated transmitter is responsible and reasonable given the schedule set out in the Board's Procedural Order No. 7 which sets out June 3, 2013 as the deadline for Applicants' reply argument. Based on the thoroughness and reasonableness of its proposed schedule, the PWU submits that EWT LP's proposed in-service date of November 15, 2018 is also reasonable.

72. EWT LP is the only Applicant whose schedule shows that it will file its Section 92 ("S92") and EA applications for approval (March 10, 2016 and April 8, 2016, respectively) after the completion of the design work (i.e. November 10, 2015). The PWU agrees with EWT LP that experienced developers should understand that the input from the EA, public consultations and First Nations and Métis consultations can significantly affect the line routing and design. This suggests that the design and approval process is somewhat iterative which most of the remaining Applicants reflect by scheduling parallel processes that involve design, EA studies and public consultations.

73. The PWU understands that the design process can be expected to continue based on input obtained in the S92 and EA processes. However, in the PWU's view this does not preclude the need for a completed and robust Project design for the S92 and EA processes. A completed design provides a realistic reference point for the S92 and EA processes. In the absence of a completed design these processes would be encumbered by loose ends that can compromise the S92 and EA processes. Feedback based on completed design work will have a positive impact on these processes and avoids unnecessary delays. If anything, some delay should be expected between the completion of the design work and the filing of the S92 application and EA to allow for the incorporation of the completed design into the S92 application and EA. This is precisely what EWT LP has proposed - a cushion of about five months between completion of the design work and the filing of the S92 application and EA.

CNPI

74. CNPI has the latest in-service date of all the Applicants. CNPI's in-service date of December 15, 2019 is one year later than the in-service dates of the four Applicants that have comparable in-service dates ranging from October to December 2018, and two years later than UCTI/NextBridge's aggressive in-service date of December 11, 2017.

75. CNPI's schedule has April 2013 as the date for the OEB's decision for designation of the transmitter for the Project, which is clearly flawed since that date has already passed and the designation process is still in progress. This then begs the question as to what impact the assumption of the aggressive and early designation date will have on CNPI's proposed December 2019 in-service timeline. The PWU assumes that it can only result in an even later in-service date for CNPI.

76. CNPI's schedule shows that it would file the S92 application on May 15, 2015 and its EA on September 15, 2016, 20 months and 4 months ahead, respectively, of the completion of the design work that is scheduled for January 15, 2017. As the PWU submits above in the section on EWT LP's schedule, filing the S92 application and EA without a complete design as a reference point results in loose ends that compromises the S92 and EA processes and timelines and in turn put at risk CNPI's proposed

schedule. CNPI's proposed schedule therefore lacks the insight demonstrated in EWT LP's proposed schedule that will enhance the S92 and EA processes.

AltaLink

77. While AltaLink's in-service date of November 8, 2018 appears to be reasonable, the PWU notes that AltaLink has scheduled the filing of the S92 application and EA on June 30, 2014, i.e., 27 months ahead of the completion of the design work which is scheduled for September 26, 2016. As discussed above, this compromises the S92 and EA processes and timelines and in turn, AltaLink's proposed scheduled in-service date. Like CNPI, AltaLink includes a flawed forecast of April 2013 in its schedule for the Board's decision on a designated transmitter. The impact of this miss-scheduled event impacts the proposed schedule and may push out AltaLink's proposed in-service date.

RES

78. RES has the second longest schedule timeline with a project completion date of February 21, 2019. RES's assumption of June 6, 2013 for the OEB's decision on the designation of the transmitter for the project, while in the realm of achievable is still unrealistically aggressive compared to EWT LP's forecast. This is especially so given the schedule for the proceeding set out in the Board's Procedural Order No. 7, which sets out the date for Applicant's reply argument as on or before June 3, 2013.⁵³

79. RES proposes to file its S92 application and EA 14 months and 7 months before completion of design work, respectively. As submitted above, the absence of complete design work compromises the S92 and EA processes and their timelines and in turn puts at risk RES' proposed schedule.

lcccon-TPT

80. lcccon-TPT's in-service date of October 8, 2018 is reasonable. However, lcccon-TPT's assumption of June 28, 2013 as the timeline for the OEB's decision on the designation of a transmitter, while in the realm of achievable compared to AltaLink, CNPI and UCTI/NextBridge's proposed timelines are unreasonable given the Board's schedule set out in Procedural Order No. 7.

⁵³ EB-2011-0140. Procedural Order No. 7. April 29, 2013. Page 2.

81. Iacon-TPT proposes to file its S92 application and EA 28 months and 34 months, respectively, before design work is completed. As the PWU submits above, the absence of complete design work compromises the S92 and EA processes and their timelines and in turn puts at risk Iacon-TPTs' proposed schedule.

UCTI/NextBridge

82. UCTI/NextBridge's assumption of April 2013 for the OEB's decision on a designated transmitter as in the case of AltaLink and CNPI is flawed, while its schedule with a proposed in-service date of December 11, 2017 is the most aggressive of all the Applicants'. Its in-service date is unlikely achievable, in the first place, because the Board's designation decision milestone has already been missed. Further, UCTI/NextBridge's evidence on its proposed schedule lacks demonstration of an understanding of the challenges and risks presented by the scope and nature of electricity transmission projects such as the East West Tie Line. A good understanding of these challenges would likely have resulted in an increased proposed timeline.

83. UCTI/NextBridge is planning to file its S92 application and EA 11 months ahead of completion of design work. As in the case of all the other Applicants except EWT LP, as submitted above, the absence of complete design work compromises the S92 and EA processes and their timelines and in turn puts at risk UCTI/NextBridge's proposed schedule.

6 COSTS

84. In assessing and comparing the Applicants' proposed project costs, the PWU submits that the Board needs to remain mindful of the limitations of the Applicants' ability to estimate costs for the Project at the designation stage and of the lack of comparability between some of the Applicants' cost items. As the Board indicated in its Phase 1 Decision and Order, one of the purposes of the Development work itself will be the estimation of Construction and O&M costs and therefore Applicants are not in a position to provide an accurate estimate of these costs at the time of their applications.

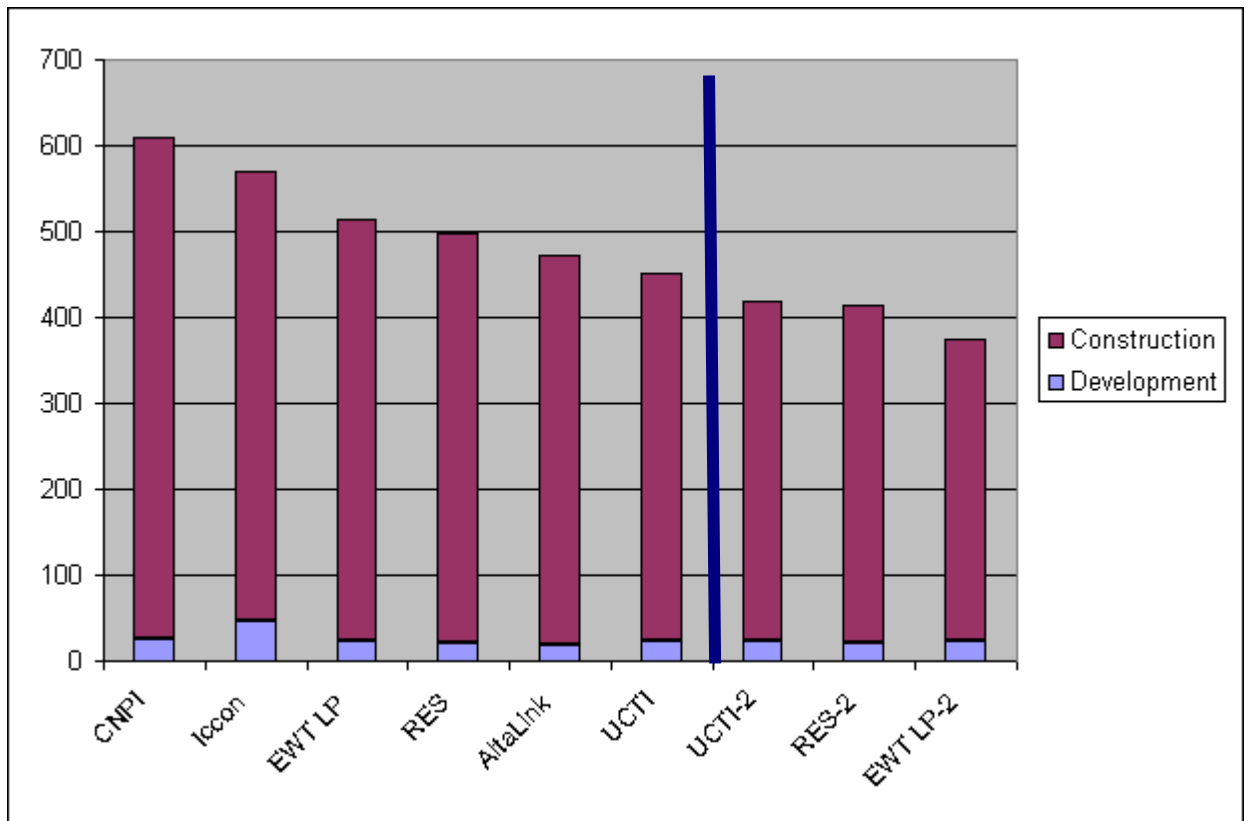
For the purpose of designation, therefore, the Board should give more weight to the reasonableness and completeness of proposed Development costs.

85. Moreover, a review of proposed costs included in the applications and the responses to Board interrogatory #26 indicates that Applicants vary in their assumptions and in the completeness of their cost information making it difficult to compare the proposed costs on an apples-to-apples basis. For example, the review of cost breakdown provided in response to Board interrogatory #26 indicates that AltaLink included a contingency amount of \$1.7M in its Development cost; however, it did not include a contingency amount in its Construction cost. Instead it provided a range of values for its total Construction cost of \$425 - \$550M. EWT LP, on the other hand, excluded a contingency amount from its Development cost; instead it provided the higher of the two Development cost estimates (minimum and maximum) as its Development cost to take a contingency into account, while EWT LP's Construction cost estimate includes a contingency cost of \$56M. Similarly, Applicants have made different assumptions with respect to Interest During Construction ("IDC"), Allowance for Funds Used During Construction ("AFUDC"), and escalation amounts. Further, there are inconsistencies between costs proposed in the applications of several Applicants and those provided in their responses to Board interrogatory #26, partly owing to differences in assumptions.

86. In an attempt to compare the proposed costs provided in response to Board interrogatory #26, the PWU presents two charts below in which two sets of cost are compared: one for proposed total costs as filed (Chart #1); and another for proposed costs excluding contingency, IDC and escalation costs (Chart #2). It is clear from the two charts that Applicants' rankings based on the two sets of proposed costs would lead to different conclusions as a result of differences in the Applicants' assumptions and completeness of information on some cost items.

Chart #1: Development, Construction, and O&M Cost as filed in Responses to Board Interrogatory #26 (\$M)

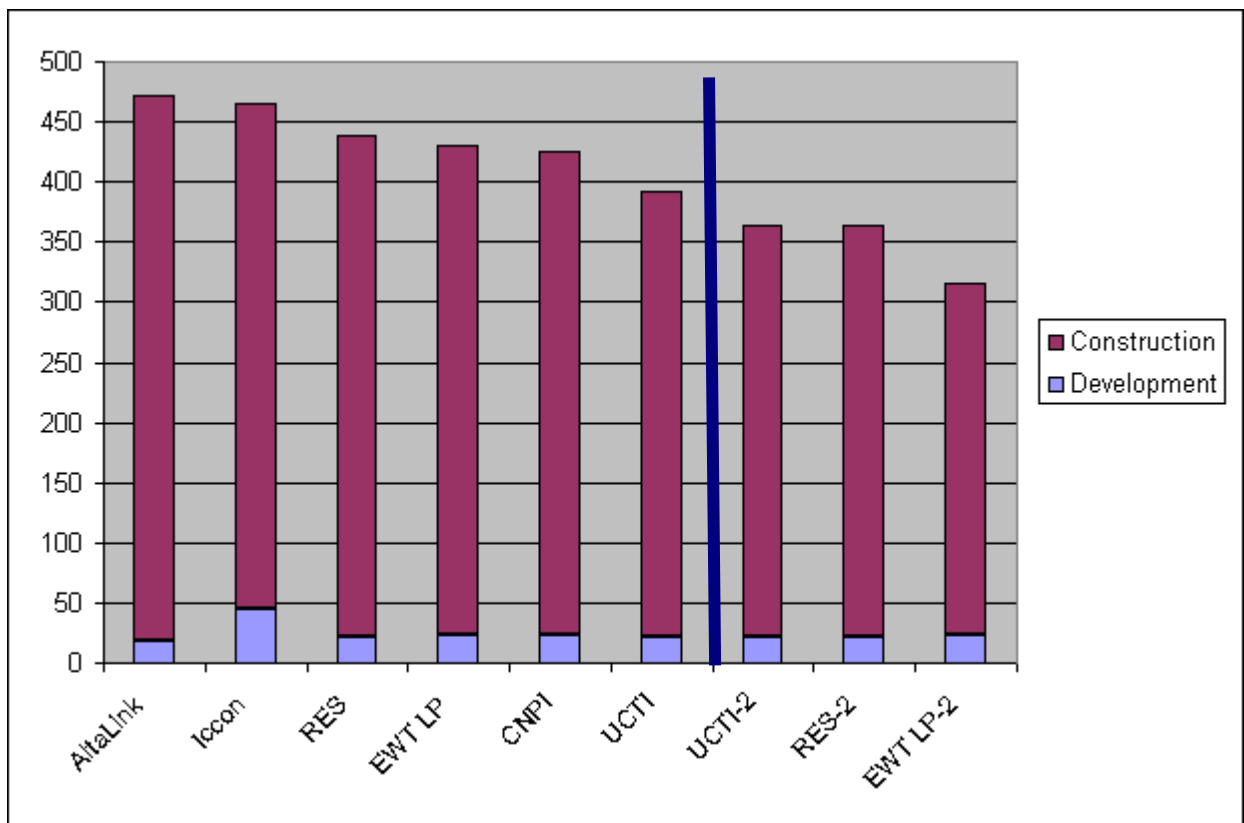
	CNPI	lcccon	EWT LP	RES	AltaLink	UCTI/ NextBridge	UCTI/ NextBridge- 2	RES-2	EWT LP-2
Development	24.8	45.5	23.72	21.37	18.2	22.4	22.4	21.5	23.72
Construction	584	524.1	490	476.6	454.1	429.6	396.7	391.9	350
Total	608.8	569.6	513.72	497.97	472.3	452	419.1	413.4	373.72
Annual O&M	1.7	5.5	7.1	2.8	1.7	4.4	4.4	2.2	7.1



Note: RES 2= RES's preferred design and preferred route
 UCTI/NextBridge 2 = UCTI/NextBridge's recommended plan
 EWT LP 2 = EWT LP's CRS design option;

Chart #2: Development, Construction, and O&M Cost excluding Contingency, IDC, Escalation - Board Interrogatory #26 (\$M)

	AltaLink	Icon	RES	EWT LP	CNPI	UCTI/ NextBridge	UCTI/ NextBridge-2	RES-2	EWT LP-2
Development	18.2	45.5	21.37	23.72	24	22.2	22.2	21.5	23.72
Construction	454.1	419.5	417	406	400.8	369	341.8	341.7	292
Total	472.3	465	438.37	429.72	424.8	391.2	364	363.2	315.72
Annual O&M	1.7	4.6	2.8	5.9	1.7	4.4	4.4	2.2	3.79*



Note: Costs exclude contingency, IDC and escalation to ensure comparability

* EWT LP's O&M of \$3.79M assumes services are contracted from GLPT and HONI and excludes contingency

87. The other important point is that while total cost estimates may help the Board obtain a general sense of an Applicant's cost proposal, in light of the lack of comparable information on cost levels, the Board should place more focus on whether an applicant has: provided sufficient information on how the costs are derived; omitted costs that should be included; proposed alternative designs that would lower cost to the rate

payer; and demonstrated ability to establish and manage scheduling in a manner that would indicate the likelihood that the Applicant will manage its costs. The Board should be vigilant in assessing Applicants that propose unrealistically low cost and aggressive project schedules. As EWT LP submits, “the shortest schedule and the corresponding lower cost do not necessarily equate to the best or most reliable schedule or cost estimate. It is the methodology and the building blocks used to create the schedule and cost estimates that will dictate whether Project risks have been understood and factored into the schedule in a balanced manner to give an on-time and on-budget result.”⁵⁴

EWT LP

88. EWT LP’s approach to estimating its Development cost, which ranges from \$18.9M to \$22.1M net of AFUDC, is to assign a cost to each task or group of tasks it sets out to accomplish. In addition to ensuring that all significant costs are, to the extent possible, appropriately reflected in the estimates, this approach enhances the transparency of EWT LP’s costs. In the PWU’s view, EWT LP’s estimate is competitive with the Development cost estimates of the remaining Applicants. Its detailed costing of tasks, comprehensive development plan and reasonable schedule provide a sound basis for successful cost management.

89. EWT LP’s estimate for Construction cost (\$350 - \$490M as per Chart #1 above) is understandably less precise than its Development cost; however, it is not only competitive with the estimates of most other Applicants but also provides a detailed description of how construction costs were derived, including volumes and unit prices.⁵⁵ It is also worth noting that EWT LP developed its Construction cost estimate for the Reference Case by involving its engineering consultant, Power Engineers, and with input from two major North American construction companies, Kiewit Corporation and Valard Construction LP.⁵⁶ Of more importance is that EWT LP, by proposing the CRS single circuit alternative design, which results in the lowest construction cost estimate by any applicant, has demonstrated its concern for rate payers. Depending on the outcome of further study and approval by the Board, the CRS design option appears to

⁵⁴ EWT LP Argument-in-chief, pp 20-21

⁵⁵ EWT LP Designation Application, Exhibit 8, p. 23.

⁵⁶ EWT LP Application for Designation, page 32

be the most cost-effective design even with additional cost for any control actions that may be required.

90. EWT LP's annual O&M cost estimate of \$7.1M has attracted criticism from a number of other Applicants including AltaLink and CNPI. CNPI states that the present value of EWT LP's O&M cost estimate considered over the 50-year life of the Project would be almost \$153M.⁵⁷ The PWU submits that EWT LP's O&M cost estimate should be assessed in light of the following considerations. First, the estimate is derived in accordance with the cost categories given in the Board's Accounting Procedures Handbook and therefore EWT LP's estimate identifies cost categories that are not identified by many other Applicants. For example, EWT LP's estimate includes an annual regulatory cost of \$250,000 and a contingency cost of \$1.2M. Many Applicants have excluded these costs from their estimates. Second, EWT LP states in its application⁵⁸ that given that the Project reinforces an existing transmission line owned by HONI, a subsidiary of one of EWT LP's partners, Hydro One Inc. ("Hydro One") and is in close proximity to the network assets of GLPT, that there may be opportunities to significantly reduce O&M costs by contracting with one or more EWT LP partner-related entities. In fact, EWT LP's response to Board interrogatory #29 indicates that its annual O&M costs would be \$4.17M if it contracted some services from HONI and GLPT. Finally, O&M cost estimates at this stage are just forecasts and the Board's key focus should be on whether the Applicant has included the complete and appropriate cost categories in coming up with the estimates.

CNPI

91. CNPI's Development cost estimate is reasonable and competitive with estimates of other Applicants; however, the PWU notes that cost estimates for Materials and Equipment and Permitting and Licensing are missing.⁵⁹ CNPI's Construction cost estimate of \$584M makes its total project cost (excluding O&M) the most expensive at \$608M. The PWU notes that CNPI, in its response to Board interrogatory #27, has reduced its Construction cost estimate by \$57.2M stating that the original estimate is not

⁵⁷ CNPI Application for Designation, Page 23.

⁵⁸ EWT LP Application for Designation, Part B, Exhibit 8, Pages 31

⁵⁹ CNPI response to Board interrogatory # 26

in 2012 dollars. Further, in its application, CNPI estimated its Construction costs to be \$584M, within an accuracy range of -25 per cent to +50 per cent or \$438M to \$876M.⁶⁰ The PWU is concerned with the reliability of CNPI's approach to estimating its costs.

92. CNPI's O&M cost estimate of \$1.7M is one of the lowest estimates; however, there are similar concerns with its reliability as noted above. In its designation application, for example, CNPI's O&M cost estimate was \$974,000 and did not include regulatory and administrative costs. It is in its response to Board interrogatory #27 that CNPI identifies administrative costs of \$710,494.

AltaLink

93. AltaLink's Development cost estimate of \$18M is the lowest of all the Applicants; however, the PWU notes from AltaLink's response to Board interrogatory #26 that the estimate excludes costs relating to Permitting and Licensing and Land Acquisition. In comparison, EWT LP has included \$0.56m and \$3.3m, respectively, for these cost items. AltaLink's Construction and total project cost estimates (excluding O&M) as per Chart # 1 above appear competitive with other Applicants' estimates; however, as Chart # 2 indicates, AltaLink's Total cost would be the highest of the Applicants' if its Development and Construction costs are compared excluding the contingency, IDC and escalation costs assumed by the other Applicants. AltaLink's O&M cost estimate of \$1.7M is one of the lowest; however, the estimate doesn't include contingency and Regulatory costs that are accounted for by other Applicants such as EWT LP. Moreover, AltaLink states that it intends to use AltaLink's Control Centre in Alberta to monitor the operation of the East-West Tie Line and coordinate closely with HONI on any operational issues.⁶¹ This suggests that it will need to establish control and instrumentation links back to Alberta and that these would need to be coordinated with HONI's and the IESO's facilities in Ontario. The PWU submits that this would add to coordination complexity and to AltaLink's O&M cost. The PWU submits that in assessing AltaLink's cost estimates the Board should consider the above incremental costs. Further, the Board should take into account AltaLink's excessively short

⁶⁰ CNPI Application for Designation p. 116, lines 6-7.

⁶¹ AltaLink Application for Designation, Page A42

scheduled time for public consultation that will likely require more time and cost. In addition, AltaLink has failed to demonstrate a commitment to lower Project cost with the lack of a proposal for an alternative and more cost efficient design to the Reference Case.

RES

94. RES' proposed Development cost of \$21M is competitive with that of other applicants whereas its total cost estimate of \$498M for the Reference Case is only higher than two other applicants. However, RES has not filed sufficient evidence on the foundation costs associated with its proposed H-frame design; nor has RES provided any information about the quantities and unit costs it used to estimate its Construction costs. RES estimates its annual O&M cost at \$2.8M; however this relatively low estimate should be assessed taking into account RES' statement that costs associated with ongoing land rights, systems operations & communications, First Nations communities impacts, and NERC compliance changes would be determined during the development phase and are excluded from its cost estimates.⁶² The PWU also notes that RES is proposing a rate incentive and cost recovery mechanism that would require the Board to vary its normal methodology and which if allowed would only benefit RES by transferring risk from RES to the rate payer. The PWU submits that RES' proposed incentive and one-sided cost recovery mechanism that puts additional cost burden on the rate payer requires scrutiny by the Board.

lcon-TPT

95. lcon-TPT's \$45.5M Development cost estimate is the highest and is almost twice that of other Applicants. As Chart #1 and #2 above indicate, lcon-TPT's cost estimate for the Project is the second highest under both scenarios. In addition lcon-TPT's lack of sufficient justification for the estimate should be a concern.

⁶² RES response to Board interrogatory \$ 26, page 39, Note 1 of the O&M cost table

UCTI /NextBridge

96. UCTI/NextBridge's Development cost estimate of \$22M is reasonable and competitive with that of the other Applicants and its total cost estimate for the Reference Case at \$452M is the lowest in the group (Chart #1). However, the PWU submits that the cost of a project is a reflection of the activities that the applicant plans to undertake within the schedule it has established for the Project. In this regard, UCTI/NextBridge's cost estimate is unreliable given that it has the most aggressive schedule with an in-service date of December 2017, one year earlier than that of the other Applicants.

7 POTENTIAL ROUTING CONSIDERATIONS

97. The PWU notes that all Applicants appear to have done the conceptual routing work at the outset in support of their applications. The work done is to a large extent reflective of the choice made to either adopt the Reference Case, which is essentially to follow the route of the existing East-West Tie Line, or to consider the Reference Case in conjunction with alternative routing proposals. However, the PWU submits that EWT LP and Iacon-TPT's approach to routing provides the level of flexibility required to address issues that may be identified in the EA process and as such provide superior risk mitigation.

EWT LP

98. EWT LP has chosen not to identify a definitive or preferred route at the time of its application but has instead identified alternative route corridor options for further consideration during its respective Development Phase work. The reason given for doing so is that a definitive route for the project can only be done during the EA study work and consultations.⁶³ EWT LP's proposal for alternative route corridors is based on preliminary work that was done prior to the submission of its application. The PWU is of the view that the philosophy adopted by EWT LP (and Iacon-TPT as indicated below) in not selecting a preferred route at the time of filing its application is superior to that of the Applicants that adopted a route in their applications. By doing so, EWT LP has

⁶³ EWT LP Application for Designation: Part B, Exhibit 9, Sections 9.3 and 9.4

provided flexibility that is essential for the designated transmitter to respond to any significant changes that are identified during the EA field studies and consultation processes.

CNPI

99. CNPI has identified some potential variants to its Proposed Reference Route that avoids Provincial Parks.⁶⁴ In this respect, CNPI has provided some flexibility to deal with circumstances that might arise with regard to Provincial Parks during the Development Phase. However, CNPI's proposed alternatives are obviously much narrower in scope than those included in the EWT LP and Iccon-TPT applications.

AltaLink

100. AltaLink has identified a Preferred Reference Route alongside the entire length of the existing East-West Tie Line.⁶⁵ Although this is a preliminary route selection AltaLink does not expect significant deviations from its Preferred Reference Route as a result of the EA process. In this respect, AltaLink appears not to have left itself much room to manoeuvre by assuming that the final route selection process will not vary materially from that proposed in its application. Given that AltaLink has no experience with transmission projects in Ontario, this appears to leave it exposed to project risks if the Development Phase activities do not pan out as it envisaged. EA studies and public consultations may require adopting a significant change in line design and/or routing considerations.

RES

101. RES has identified a Reference Route and a Preliminary Preferred Route⁶⁶ that reflects its proposed alternative line design and that it proposes to study in detail as part of the EA process. Part of the consideration includes avoiding First Nations Land and Provincial Parks. While RES' routing proposals provide some flexibility, in the PWU's view this flexibility is limited compared to EWT LP and Iccon-TPT's approaches.

⁶⁴ CNPI Application for Designation: Part B, Exhibit 9, Sections 9.3 and 9.4.

⁶⁵ AltaLink Application for Designation: Part B, Exhibit 9, Section 9.3, page B-119 and Appendix 15.

⁶⁶ RES CT Application for Designation: Exhibit J

Icon-TPT

102. Like EWT LP, Icon-TPT has chosen not to identify a definitive or preferred route at the time of its application but has instead identified alternative routes for further consideration during the Development Phase work.⁶⁷ Icon-TPT's alternative route corridors for the new line are based on its routing analysis.⁶⁸ As in the case of EWT LP's approach, Icon-TPT's approach provides flexibility to address issues that can emerge in the EA process.

UCTI/NextBridge

103. UCTI/NextBridge has identified a conceptual Proposed Reference Route⁶⁹ with some variants that it will study during the Development Phase to determine the preliminary stage and final route selection. In doing so it has identified risks and strategies for consideration during the EA studies. In this regard, UCTI/NextBridge has retained some flexibility to deal with changes in circumstances during their Development Phase activities by including alternative route corridors. However, the proposed alternatives are much narrower in scope than those included in the EWT LP and Icon-TPT applications.

8 FIRST NATIONS AND MÉTIS CONSULTATION

104. The PWU submits that EWT LP has prepared a detailed and comprehensive plan that satisfies the Board's First Nations and Métis consultations objective and EWT LP is in the best position to develop the Project, at least in part, due to its extensive experience in managing the complexities of consultations involved in developing a project in Northern Ontario of this magnitude.

⁶⁷ ICN/TPT Application for Designation: Part B, Exhibit 9, Sections 9.3 and 9.4

⁶⁸ ICN/TPT Application for Designation: Part B, Exhibit 9, Section 9.4, Appendix A

⁶⁹ UCTI/NextBridge Submission: Exhibit 9, Section 9.3

EWT LP

105. EWT LP's First Nations, Métis and public consultation plan is robust, comprehensive and detailed. EWT LP has completed an initial high level analysis of the right-of-way ("RoW") for the existing East-West Tie based on publicly available data and these records suggest that the RoW comprises 158 parcels of land. EWT LP provides a comprehensive Land Rights Acquisition approach by resources and by category. In addition EWT LP identifies significant potential issues and mitigation plans to deal with them. Initial discussions with stakeholders informed much of EWT LP's Consultation Plan reducing the risk and enhancing the success of the consultations. EWT LP's partners have significant Ontario experience in undertaking the procedural aspects of First Nations and Métis consultations. The PWU submits that EWT LP's application meets the criterion for meaningful consultation and ranks first among the applications. In addition EWT LP's partners' scope of experience provides confidence in its ability to successfully fulfil the consultation obligation.

CNPI

106. While CNPI's application describes the requirements and objectives set out under the *Environmental Assessment Act* ("EA Act") s. 5.1, it lacks a detailed consultation plan that addresses the EA Act's requirements and objectives. No significant issues are identified and no mitigation plans other than reference to ongoing communications are proposed. While CNPI provides expected outcomes for First Nations and Métis consultations, it does not provide an 'Aboriginal Consultation and Engagement Plan' that details how it plans to achieve the outcomes. In fact, CNPI states that an Aboriginal Consultation and Engagement Plan will be developed at the start of the EA process.⁷⁰ Therefore CNPI does not have an Aboriginal Consultation and Engagement Plan that can be evaluated for its adequacy in its application. In the PWU's view, given the lack of details on a First Nation and Métis consultation plan in its application, it is questionable whether CNPI has met the Board's filing requirement that would allow the Board to properly assess its plan.

⁷⁰ CNPI Application for Designation, p. 10, lines 16-17

AltaLink

107. AltaLink's plan for obtaining RoW and the necessary land rights is lacking in detail and does not meet the filing requirements of the Board. AltaLink provided a Public Consultation Plan and overview of processes for public consultation in its Draft EA but did not provide a detailed work plan. AltaLink's First Nations and Métis Consultation Plan includes a plan for the Traditional Ecological Knowledge & Traditional Land Use which was developed based on discussions with a number of First Nations and Métis communities. However, AltaLink has not incorporated adequate time for meaningful consultation into its schedule (i.e. Terms of Reference) which creates the risk that stakeholders will not have sufficient time to review information and provide feedback that is essential for a successful consultation. Although AltaLink has transmission development experience in Alberta, its lack of experience in Ontario means that it does not have the long-standing relationships with and intimate understanding of Ontario First Nations and Métis communities that EWT LP and CNPI have. This can potentially have an adverse impact on AltaLink's ability to complete the project on schedule and within budget.

RES

108. RES provides a high level list for the consultations on the RoW and a detailed Land Acquisition and Valuation Plan. RES identifies two major challenges in securing the required land rights and provides a plan to mitigate the risks. RES' First Nation and Métis Consultation Plan provides a detailed description of the method for consultation and the significant issues identified including a resolution strategy. RES Transmission has gained significant experience in First Nation and Métis issues through its partners with projects in Ontario and throughout Canada located on Crown Lands but has failed to demonstrate the relevant experience needed to develop a project of this magnitude in Ontario. Although RES' partner, MidAmerican has development experience in the U.S. the relevance of this experience is limited due to the unique stakeholder consultation and regulatory requirements in Ontario.

Iccon-TPT

109. While Iccon-TPT's application provides an Aboriginal and Stakeholder Engagement Plan, it lacks the detail and thoroughness provided in EWT LP's application.

UCTI/NextBridge

110. UCTI/NextBridge provides a detailed breakdown of consultations on the RoW including a proposed methodology to secure the required land rights. UCTI/NextBridge did not file a detailed Landowner, Municipal and Community Consultation Plan as required by the Board and only meets the minimum requirement for the *EA Act* with two rounds of consultation. UCTI/NextBridge has formed an AAB made up of three First Nations and Métis individuals. UCTI/NextBridge's description of anticipated issues and mitigation strategy with respect to a First Nation and Métis Consultation Plan is thorough. UCTI/NextBridge draws on the contributions of its three partners (NextEra, Enbridge & Borealis) in the area of Aboriginal Relations but has limited relevant experience with transmission development in Ontario and other areas in Canada and has not proposed to engage external experienced consultants to compensate for this lack of experience.

9 OTHER FACTORS

111. In its Phase 1 Decision and Order, the Board stated that it would retain the "other factors" criterion to offer applicants the opportunity to bring forward any distinguishing feature of their application that is not addressed by the specified criteria.⁷¹ The PWU submits that there are two other factors that when taken into consideration suggest that the designation of EWT LP would generate the most benefit to Ontario ratepayers and the Ontario public at large.

⁷¹ See Page 5 of the Phase 1 Decision and Order dated July 12, 2012

a) *Efficient Operation and Maintenance*

112. With regard to EWT LP's application, of particular note is that both HONI and GLPT own and operate facilities in the Project area and unlike the other applicants, have experience in dealing with the IESO that directs operation over the entire transmission grid in Ontario. The PWU also notes that EWT LP plans to enter into an agreement with HONI for the provision of operating services. These services relate to the use of HONI's Ontario Grid Control Centre and would be provided by HONI to EWT LP on a fully allocated cost basis.⁷² The PWU also notes that regardless of which Applicant is selected as the designated transmitter, HONI not only will continue to own and operate the existing East-West Tie Line but also the terminal points of the proposed line. For example, HONI will be installing the line terminal equipment at Wawa, Marathon and Lakehead transmission stations including the associated breakers, bus work, and disconnect switches, transformers, protection relays, local and remote controls, and telecommunications equipment. Consequently, the designated transmitter would need to work closely with HONI and agree on the necessary interconnection agreements and operating procedures as well as the responsibilities of HONI and those of the designated transmitter. In light of the above, the PWU submits that the designation of EWT LP that has partners affiliated with HONI and GLPT has advantages in terms of the smooth operation of both the existing and the new lines because the coordination and planning of such activities as outage maintenance would be carried out directly and efficiently by one entity, HONI, at lower OM&A cost than would be the case if the designated transmitter is an Applicant other than EWT LP.

b) *Ontario Public Interest*

113. The PWU submits that the designation of a transmitter other than EWT LP would result in the transfer of wealth and economic benefits from Ontario to other provinces and countries. Hydro One makes payments in Lieu of Federal and Provincial Corporate Tax ("PILs") at current federal and provincial corporate income tax rates, that go directly towards paying off the Ontario Hydro legacy debt ("stranded debt"). The wealth lost to

⁷² EWT LP Application for designation Part A – Exhibit 4 Page 10

the province with the designation of a transmitter other than EWT LP therefore would have contributed to the rate at which the legacy debt can be paid off and has implications for the Province's financial welfare. Hydro One also makes payments in lieu of additional municipal and school taxes for the lands they own on which transformer station buildings or structures are located that goes to paying off the stranded debt. In addition HO's net income goes towards the retirement of the stranded debt. In this regard, it is important to recognize that a third of the net income that would be generated by EWT LP from the Project would flow to Hydro One, which would go towards reducing the Province's debt. Ultimately, this will help rate payers by reducing the total amount of debt retirement cost that they would otherwise be required to bear.

III. PWU COMMENTS ON ARGUMENTS AGAINST EWT LP'S APPLICATION

114. In reviewing argument-in-chief submitted by the Applicants, the PWU notes some Applicants are making two misleading, unsubstantiated and exaggerated arguments against EWT LP's application.

a) EWT LP's Proposed CRS Single Circuit Option

115. AltaLink submits that the Board should reject the single circuit options proposed by EWT LP and RES based upon the recommendations of the OPA and IESO who have both expressed their preference of a double circuit line. In the PWU's view, the Board should consider the following with respect to the EWT LP's proposed CRS single circuit option:

- EWT LP has not proposed nor committed itself to a single circuit option as the preferred plan.⁷³ Rather, EWT LP proposes to further study assumptions for the Reference Case option⁷⁴ and variations to the Reference Case option.⁷⁵ In doing so it will assess the cost benefits of a single circuit option with regard to its performance following a single contingency.⁷⁶

⁷³ EWT LP: Application for Designation, Part B: Exhibit 6, page 1

⁷⁴ Ibid., Part B: Exhibit 6, pages 8-12

⁷⁵ Ibid., Part B: Exhibit 6, pages 12-16

⁷⁶ Ibid., Part A: Summary, page 11

- The IESO Report *Feasibility Study – An Assessment of the Westward Transfer Capability of Various Options for Reinforcing the East-West Tie* states that “for the One-plus-One contingency condition, the installation of a new double-circuit line to reinforce the East-West Tie would therefore represent the superior option.”⁷⁷ The OPA Report *Long Term Electricity Outlook for the Northwest and Context for the East-West Tie Expansion* states “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. ... the OPA believes that the double circuit 230 kV line is preferred, but other options could be proposed.”⁷⁸ However, as EWT LP submits in its application, while both the IESO and the OPA conclude that for similar cost, a double circuit line would be preferable, they do not preclude the use of a single circuit option.⁷⁹ Moreover, the OPA Report on cost-benefits did not consider the single circuit tower design proposed by EWT LP.⁸⁰
- EWT LP notes that a single circuit option can be made more reliable than assumed by the IESO and OPA by reducing the likelihood of outages.⁸¹ Further, the power transfer capability of the single circuit option can be enhanced to meet the Project’s east-west power transfer requirements by using series compensation.⁸²
- With regard to the matter of higher system losses resulting from the use of a single circuit option, EWT LP indicates that this matter can be managed irrespective of the line design option.⁸³

⁷⁷ Page 7, IESO Report: “Feasibility Study – An Assessment of the Westward Transfer Capability of Various Options for Reinforcing the East-West Tie”, IESO_REP_0748 Version 1.0 dated 18 August 2011

⁷⁸ Pages 20-21, OPA: “Long Term Electricity Outlook for the Northwest and Context for the East-West Tie Expansion” , June 30, 2011, Pages 20/21, Section 7.1

⁷⁹ EWT LP: Application for Designation, Part B: Exhibit 6, Appendix 6D, page 15

⁸⁰ OPA: “Long Term Electricity Outlook for the Northwest and Context for the East-West Tie Expansion” , June 30, 2011, Pages 20/21, Section 7.1

⁸¹ EWT LP Application for Designation, Part B: Exhibit 6, Appendix 6D, page 17

⁸² Ibid., pages 16, 17

⁸³ Ibid., page 17

- In terms of the cost of control actions required to mitigate post-contingency performance, EWT LP has provided a rough estimate of the annual cost in its response to Board interrogatory #5 which amounts to a discounted value of \$104M. Even with this cost of control actions, EWT LP's response indicates that the total cost of a CRS single circuit line would be less than a double circuit line by \$28M and that EWT LP's proposal is for further study of the CRS single line option. It should also be noted that in its assessment of the single circuit option, the IESO accepted that the use of control actions would meet the IESO's criteria.⁸⁴
- EWT LP's proposal to further study the cost and environmental advantages of the CRS single circuit option and what actions would be required to ensure the reliability of the line illustrates its commitment to reliability at a reasonable cost and minimal environmental repercussions and should be viewed favourably in the Board's evaluation of EWT LP in this designation process.

b) EWT LP's First Nation and Métis Participation Plan

116. AltaLink⁸⁵ and CNPI⁸⁶ suggest that EWT LP should not be designated because by making equity only available to the six First Nations that form BLP its First Nations and Métis Participation Plan excludes some First Nations and Métis communities that have been identified as being directly affected by the Project. These criticisms not only fail to consider the history and background that led to the successful formation of BLP and its partnership with EWT LP but also represents an attempt to portray EWT LP's advantage in having an existing First Nations partnership as a disadvantage. According to EWT LP's application, BLP chose in 2009 to voluntarily organize as one group in response to the Government's FIT program and demand for connection of renewable resources, which included the planning, development and implementation of 20 transmission projects.⁸⁷ The two partners of EWT LP, Hydro One and Great Lakes

⁸⁴ EWT LP response to Board interrogatory # 5, page 64

⁸⁵ AltaLink Argument-in-chief, page 11

⁸⁶ CNPI Argument-in-chief, pages 16-17

⁸⁷ EWT LP Application for Designation, Part A: Exhibit 3, Page 3

Power Transmission EWT LP (“GLPT-EWT LP”) leveraged that existing organization to come on board with BLP, particularly as one of the 20 transmission projects identified on the Ministry’s list was a new East-West Tie Line. BLP has existing relationships with other First Nations and Métis communities, land owners, municipalities and agencies that have developed over many decades.

117. EWT LP has indicated in its application⁸⁸ and its response to Board interrogatory #6 that it will consult with First Nations and Métis on further participation arrangements. In other words, EWT LP is not excluding any group from participation. BLP’s partnership in EWT LP is a result of BLP’s existence as an informed body having participated in many infrastructure projects in the area at the time EWT LP was formed.⁸⁹

118. Economic participation can include ventures such as ownership, employment, training and commercial opportunities. The Board’s task and objective with respect to the participation of First Nations and Métis communities in this designation proceeding is to assess whether the applicant has a plan for meaningful participation and has demonstrated commitment to such participation. It is not for the Board to set out requirements for the level and type of participation or the specific communities that should participate. These are business decisions that should be left to the Applicant and the First Nations and Métis communities interested in establishing participation arrangements with the Applicant.

119. It would be difficult for the Board to assess an Applicant that might partner with communities that are most significantly and directly affected by the Project and exclude those that may be interested in partnering but are not as affected by the Project. Likewise, it would be difficult for the Board to compare the merits of an Applicant offering a 30 per cent equity to the most affected communities with that of an Applicant offering a 20 per cent equity to all communities regardless of whether they are affected by the Project or not. In fact, the PWU submits that there is no guarantee that participation arrangement commitments made by Applicants in their applications, such

⁸⁸ Ibid., Part A: Summary, Page 9

⁸⁹ Ibid., Part A: Exhibit 3, Page 6

as offering up to 49 per cent equity to affected and unaffected First Nations and Métis communities, will materialize because such arrangements will depend on the success of the various communities in coming to a partnership agreement with each other and the Applicant. EWT LP has partnered with BLP, which includes the First Nations communities that are most affected by the Project, because of a common interest in transmission system development and operation and because BLP has the necessary local knowledge that will contribute to the successful completion of the Project as well as other transmission projects in Northern Ontario. The partnership is not the product of the Board's selection criterion for First Nations and Métis community participation, but based on business considerations by all three partners, BLP, HONI and GLPI and the Board should accord it the merit it deserves.

C. CONCLUSION

120. The Board has successfully met its objective that it set out in the Board Policy with respect to encouraging competition in the transmission sector as a means to improving economic efficiency that would benefit consumers. In the PWU's view, the Board has been able to do this by ensuring there is a level playing field for all transmitters – new entrants, incumbents, local, and external to Ontario – starting with the Board invitation for the Applicants to compete for designation. The Board's Policy of encouraging competition does not mean that it would or should designate a new entrant for the sake of doing so regardless of the reasonableness of an applicant's plan, its experience and capability, and the reliability and cost impact on consumers of such a decision. It is not in the Board's interest and jurisdiction to embark on such misguided socio-economic policy.

121. The PWU submits that judged on the basis of the applications filed, EWT LP represents the most qualified of the Applicants to be selected as the designated transmitter as it has distinguished itself from the remaining Applicants by proposing the most detailed and comprehensive development plan that demonstrates that EWT LP has:

- assembled management and technical personnel with extensive, relevant and local knowledge of the Project and the Project area as well as extensive experience with regulation governing transmission projects in Ontario;
- successfully put in place a First Nations and Métis participation arrangement and has a clear plan for further First Nations and Métis participation arrangements;
- put in place a comprehensive and reliable project schedule and cost estimates that are flexible enough to adapt to changing circumstances;
- explored and proposed further evaluation of alternative design options that could lower the cost of the Project for the consumer without compromising the reliability and quality of service; and
- effective plans for consultation with the public and First Nations and Métis communities and effective land acquisition strategy, together with a comprehensive routing plan.

122. The PWU submits that the designation of EWT LP will also help the people and Government of Ontario pay off the Province's stranded debt.

123. For all the reasons above, the PWU submits that the Board should designate EWT LP to develop the Project.

All of which is respectfully submitted.

APPENDIX A

COMPARISON OF APPLICATIONS


	EWT LP	RES	AltaLink	UCTI/NextBridge	CNPI	Iccon-TPT
First Nations and Métis (FN/M) Participation						
Established partnership with FN/M	Yes	No	No	MOU with ("LHATC")	No	No
Arranged Equity Participation	Yes -33% equity to BLP	No – proposal to offer up to \$50M after designation	No – proposal to offer up to 49% equity after designation	No proposal	No –proposal to offer up to 49%	No proposal
FN/M Participation includes Governance and Leadership role	Yes	No	No	No	No	No
Has made meaningful contact with FN/M communities on participation	Yes	Letters and email to the 18 FN/M communities	Held discussions with 12 communities	Letter to the 18 FN/M communities	Yes	Some contact in 2011; no contact since
Technical Capability						
Relevant experience in developing and constructing similar transmission projects in Ontario	Extensive experience through HONI and GLPT	Very Limited- mostly short transmission connections for renewables	Experience mostly in Alberta	Limited - experience in Ontario limited to short Tx projects related to connection of renewables	Limited – on a smaller scale. CNPI has not recently completed any recent major (>100km) transmission projects in or outside Ontario	No recent track record of building Tx facilities in Canada. TPT has experience in pipeline projects in Canada & Ontario
Management or leadership have local knowledge/experience in managing similar projects; regulatory approvals; and, consultations with FN/M	Yes - extensive	No – experience largely gained from outside Ontario	No – experience mostly in Alberta	Yes –some experience through Enbridge	Yes – smaller scope than EWT LP	No –its partner TPT has pipeline experience
Line Design						
Proposed Alternative design that could lower costs for rate payers	Yes - proposed a suite of credible design options	Yes. However RES' Preferred design is unproven to work in terrain & condition in North Ontario.	No	No	No	No
Project Schedule & Cost						
Reasonable in-service date	November 15, 2018	December 19, 2018	November 8, 2018	December 11, 2017 – very aggressive	December 15, 2019 – latest in-service date	October 8, 2018
Reasonable construction time	1 year and 9 months	2 years	2 years and 11 months	1 year and 9 months	2 years	2 years and 11 months
Is the timing between design completion and S92/EA filing reasonable?	S92/EA to be filed 4/5 months after design completion	S92/EA to be filed 14/7 months before design completion respectively	S92/EA to be filed 27 months before design completion	S92/EA to be filed 11months before design completion	S92/EA to be filed 20/4 months before design completion	S92/EA to be filed 28/34 months before design completion
Reasonable time for preparation and filing of EA (MOE advises the average is 21-36 months) ⁹⁰	32 months	31 months	16 months	17 months	41 months	14 months
Identified schedule/Cost risks relating to Development and Construction (Total # of risks) ⁹¹	58	33	7	28	12	25


⁹⁰ MOE advises that it usually takes 21-36 months to prepare and file EA. EWT LP, Argument in Chief, page 87.

⁹¹ EWT LP Argument-in-chief, page 28

	EWT LP	RES	AltaLink	UCTI/NextBridge	CNPI	Iccon-TPT
Routing Considerations						
Considered alternative route corridors	Yes-EWT LP identified alternative route corridors for further study during Development Phase work	A Preliminary Preferred Route avoids First Nations Land and Provincial Parks	No	Identified a conceptual Proposed Reference Route with some variants	Identified some potential variants to its Proposed Reference Route that avoids Provincial Parks	Identified alternative route corridors for further consideration during Development Phase work
Routing proposal is flexible to accommodate changes that may be identified in EA field studies or consultation processes	Yes	Some Flexibility	Limited	Some Flexibility	Some Flexibility	Yes
First Nations and Métis Consultation						
Detailed First Nation and Métis consultation plan?	Initial high level ROW analysis Comprehensive LRA approach Detailed FN/M Consultation Plan	High level list of RoW Detailed Land Acquisition and Valuation Plan Detailed FN/M Consultation Plan	No detailed work plan No adequate timeline for Consultation	Detailed breakdown of RoW Thorough identification of issues and Mitigation Plan No detailed Landowner, Municipal and Community Consultation Plan	No detailed plan No real significant issues identified No FN/M Consultation and Engagement Plan	High level information with a focus on FN/M consultations
Experience in Ontario undertaking the procedural aspects of First Nations and Métis consultation in the development, construction or operation of transmission	Extensive experience in Ontario	Limited experience through new partners	No – Alberta experience	Limited experience - its partner Enbridge has Canadian/Ontario experience	Yes –Lesser scope than EWT LP's	No experience as related to Tx; Its Canadian partner TPT has Canadian/Ontario experience in pipelines

 Superior

 Satisfactory

 Inferior

APPENDIX B

COMPARISON OF PROJECT SCHEDULES

