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## COURIER AND E:MAIL

September 30, 2014

Ms. Rosemarie Leclair  
Chair and Chief Executive Officer  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4

Dear Ms. Leclair:

**Re: East-West Tie Expansion Project – Development Schedule  
Ontario Energy Board File No. EB-2011-0140**

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I am writing to provide an update on the East-West Tie expansion project. The OPA believes that there is merit in extending the current in-service date of 2018 in order to allow for additional time to develop the East-West Tie Expansion project, with a focused aim of reducing its cost. The OPA believes that allowing for this additional time will not impact the overall benefits of the project or impact reliability, as mining and other infrastructure developments have been progressing at a slower than expected pace in Northwestern Ontario (“the Northwest”). The IESO, in its latest 18-Month Outlook, confirms that at current demand levels the Northwest can be reliably supplied with existing infrastructure.

The current schedule for the East-West Tie expansion project has Upper Canada Transmission Inc. (OA NextBridge Infrastructure), the designated transmitter, applying for Board Leave to Construct (“LTC”) approval in early 2015 in order to meet an in-service date of 2018. NextBridge Infrastructure (“NextBridge”) has been pursuing a compressed development schedule in order to meet this accelerated in-service date.

Extending the 2018 in-service date requirement would provide additional time for developing the East-West Tie Expansion project, with a focused aim of reducing its cost. Some of the areas where costs could be reduced include: pursuing a shorter line routing option; optimizing equipment and system design, including staging of station facilities; and having a less compressed schedule for the development and implementation of the project.

With regard to line routing, NextBridge was advised in February 2014 by the federal government that a route through Pukaskwa National Park, adjacent to the existing East-West Tie line, would not be considered. As a result, NextBridge has been focusing on developing a longer, alternate route around the park. In addition to being more costly due to the added distance, this route could require the creation of a new linear corridor. On July 9th, The

Honourable Bob Chiarelli, Ontario Minister of Energy, wrote to The Honourable Leona Aglukkaq, Federal Minister of the Environment, requesting that the federal government reconsider its position to avoid adding significant incremental costs to ratepayers. If a decision by the federal government allows consideration of the route through the park, the OPA understands that NextBridge would need additional time to gather data on that route in order to complete its Environmental Assessment ("EA"). The OPA believes that there is value to Ontario ratepayers in pursuing this route, which has the potential for cost savings and lower environmental impact.

Extending the timeframe for development work could also allow the LTC and EA approvals to be sought sequentially, rather than in parallel. If feasible, this could reduce the risk that the outcome of the EA process could change the assumptions on which an LTC decision is based.

In the last few years, the OPA has updated its forecasts as indicators of mining development have changed. In 2013, based on several mines and other loads reaching important milestones, the OPA published a higher forecast for the Northwest than it had previously (See *Updated Assessment of the Rationale for the East-West Tie Expansion* filed under EB-2011-0140 on October 8, 2013). In 2014, based on the most recent available information, the OPA revised its forecast downwards in recognition that the pace of mining and other infrastructure developments in the Northwest had slowed (See *Assessment of the Rationale for the East-West Tie Expansion - Second Update Report* filed under EB-2011-0140 on May 5, 2014). Since May, there has been no indication that this slowing trend will change in the next while. Given the current forecast outlook, the OPA believes that a delay of up to two years in the in-service date would not adversely impact reliability in the Northwest. Should demand ramp up more quickly than planned, the OPA is aware of a number of short-term options, from responses to its recent Request for Information, that it could procure to bridge any gaps that may develop. The OPA will continue to monitor developments in the Northwest and adjust its plans accordingly.

The OPA continues to support the East-West Tie as the long-term alternative to supply the Northwest and maintains that development work should continue. The OPA recognizes that due to the nature of the loads in the Northwest, demand growth can develop quickly and in large blocks. Continuing with development work will allow the East-West Tie expansion project to come into service quickly should the pace of demand growth change. To this end, the OPA is prepared to continue to support NextBridge in its development activities. In addition, the OPA supports the initiation of development work on the Northwest Bulk Transmission line, another Northwest priority project identified in the 2013 Long-Term Energy Plan. The Northwest Bulk Transmission line would supply demand growth in the West of Thunder Bay and North of Dryden areas. Due to the long lead time required for new transmission line projects, proceeding with development work on both of these projects will allow for scoping of these transmission alternatives, and shorter lead times if the projects are to proceed.

On October 2, the OPA is hosting a full-day meeting with stakeholders in Northwest Ontario to discuss electricity planning including demand, supply and transmission developments and forecasts. As part of this meeting, the OPA will update stakeholders on the status of the East-West Tie project. A similar electricity planning meeting will be held with First Nation and Métis representatives, including an update on the East-West Tie project. The OPA will also



continue to communicate with stakeholders and communities in the Northwest, and to monitor load growth and developments that may impact the need for the East-West Tie project.

Given the potential benefits of extending development work and the current slower pace of mining development in the Northwest, the OPA recommends that work to focus on reducing the overall cost of the project be accommodated, including consideration of paralleling the existing route through Pukaskwa National Park, and that accordingly, the development schedule for the East-West Tie expansion be extended to work toward a 2020 in-service date. The OPA continues to support the East-West Tie as the long-term alternative to supply the Northwest.

Sincerely,



Colin Andersen  
*Chief Executive Officer*

cc:

Eric S. Gleason, *President of Upper Canada Transmission, Inc. the sole general partner of NextBridge Infrastructure, LP*

Carmine Marcello, *President and Chief Executive Officer, Hydro One*

Bruce Campbell, *President and Chief Executive Officer, IESO*

