

SENT BY RESS AND EMAIL

July 28, 2015

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
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Dear Ms. Walli:

**Re: Request by Upper Canada Transmission Inc. for Approval of Schedule and Costs related the Development of the East-West Tie Transmission Line
Invitation to Comment, Board File No. EB-2015-0216**

The Ontario Energy Board ("Board" or "OEB") has invited the Independent Electricity System Operator ("IESO") to comment on the May 15, 2015 and as updated, June 24, 2015 filings (the "filings") made by Upper Canada Transmission ("UCT"). The IESO appreciates this opportunity and provides its comments below.

The UCT filings were made in order to seek OEB approval for a revised development schedule and costs associated with continuing the development work for the East-West Tie transmission line based on a revised in-service date of 2020. The revised timeline means the OEB is being requested to approve an incremental amount of \$20.3 million. The development costs are incremental to the previously approved development budget (approximately \$22.4 million) which was found to be reasonable by the OEB in its August 7, 2013 Phase 2 Decision and Order (EB-2011-0410). UCT asked that the recovery of these additional costs be approved for recovery from transmission ratepayers on the same basis as the approved development budget, that is, to be recoverable from ratepayers even if the final assessment of need by the IESO indicates that the East-West Tie line is not required.

Consistent with its submission of December 29, 2015 and letter dated May 5, 2015, the IESO continues to recommend the East-West Tie as the preferred alternative to maintain a reliable and cost-effective supply of electricity in the Northwest. The IESO also supports the continuation of development work on the East-West Tie expansion, and re-confirms that the revised development schedule proposed by UCT aligns with and properly reflects the IESO's most current information regarding the need for the East-West Tie expansion project.

The IESO notes that once UCT was aware of the new 2020 in-service date it promptly made adjustments to its development schedule activities where possible and cost-effective. The IESO appreciates that changing the in-service date and development schedule of the East-West Tie expansion may have increased certain of UCT's development costs and brought other development costs forward. The IESO understands that the Board will have to assess the

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ratepayer value of committing additional funds to continue this development work, however the IESO believes that there are substantial benefits to continuing with development work. Continued development work will preserve the East-West Tie expansion as a viable option, reducing the lead time to enable it to be brought into service quickly when it is needed. The IESO also believes that the cost of the development work should be considered within the context of the total project cost.

In UCT's May 15, 2015 filing, UCT indicated that despite previous rejections, they were making a final and earnest effort to obtain Federal Government approval through Parks Canada to study a transmission route option through the Park. This work was to be carried out so as to address the Ontario Power Authority's¹ recommendation in its September 30, 2014 letter that there would be value to Ontario ratepayers in pursuing a route through the Park. UCT indicated that they would report to the Board within 30 days. UCT's subsequent June 24, 2015 filing confirmed that Park access is denied. The IESO was hopeful that by accessing the Park in order to study an alternate route that substantial cost savings could have been achieved. Nonetheless, it is clear that UCT has done its due diligence to pursue this option and the IESO is satisfied that although a route through the Park will not be possible, the East-West Tie is still the preferred alternative to maintain a reliable and cost-effective supply of electricity to the Northwest over the long term and that development work should continue.

In summary, the IESO supports the East-West Tie expansion project and the continuation of development work on the East-West Tie expansion. The IESO will be providing a need assessment update on December 15, 2015 in accordance with the Board's January 22, 2015 Decision and Order Regarding Reporting by Designated Transmitter.

Yours truly,



Michael Lyle
Vice-President, Planning, Law and
Aboriginal Affairs,

cc: Mr. Eric Gleason, President, Upper Canada Transmission Inc.

¹ On January 1, 2015, the Ontario Power Authority ("OPA") merged with the Independent Electricity System Operator ("IESO") to create a new organization that will combine the OPA and IESO mandates. The new organization is called the Independent Electricity System Operator.