

October 15, 2021

RESS, EMAIL & COURIER

Ontario Energy Board
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Toronto, ON M4P 1E4

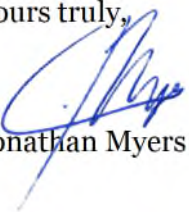
Attention: Christine E. Long, Registrar

Dear Ms. Long:

**Re: Semi-Annual Report on CWIP Account and Backup Supply Arrangements
for the Wataynikaneyap Transmission Project (EB-2018-0190)**

Enclosed on behalf of Wataynikaneyap Power LP (WPLP) is the October 15, 2021 *Semi-Annual Report on CWIP Account and Backup Supply Arrangements* for the Wataynikaneyap Transmission Project. This report, a copy of which has also been filed on RESS, is provided in accordance with the Board's Decision and Order in EB-2018-0190 (issued April 1, 2019 and revised April 29, 2019). Similar reports were previously filed pursuant to the Board's March 23, 2017 Decision and Order in EB-2016-0262. Please note that this version of the report includes, for the first time, the additional information that WPLP agreed to provide pursuant to the approved Settlement Agreement in EB-2021-0134.

Yours truly,



Jonathan Myers

Enclosure

cc: Ms. Margaret Kenequanash, WPLP
Mr. Duane Fecteau, WPLP
Mr. Charles Keizer, Torys LLP

ONTARIO ENERGY BOARD

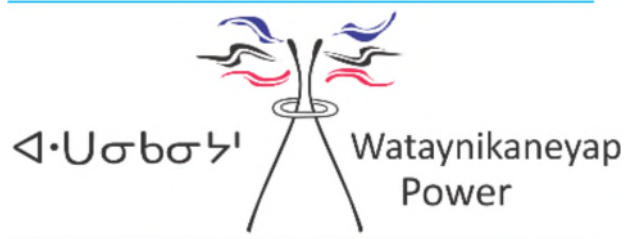
IN THE MATTER OF the *Ontario Energy Board Act, 1998*, C.S.O. 1998, c.15 (Sched. B); pursuant to section 92 of the *Ontario Energy Board Act*.

AND IN THE MATTER OF an Application by Wataynikaneyap Power GP Inc. on behalf of Wataynikaneyap Power LP, for an Order or Orders to establish a deferral account, for the purposes of recording certain costs relating to development of the Wataynikaneyap Transmission Project.

WATAYNIKANEYAP POWER LP

**Semi-Annual Report on CWIP Account
and Backup Supply Arrangements**

October 15, 2021



1. Introduction

On April 1, 2019, the OEB issued a Decision and Order in EB-2018-0190 (the “Decision”), granting Wataynikaneyap Power LP (“WPLP”) leave to construct certain transmission lines and related facilities, as well as approving certain code exemptions and a cost recovery and rate framework.¹ The Decision directs WPLP to use CWIP Account 2055 to record construction costs and approved WPLP’s request to transfer the balances from its development costs deferral account to the CWIP account. In addition, the Decision establishes, as a condition of approval, that WPLP must provide the OEB with semi-annual updates on the CWIP account, as well as on the progress of backup supply arrangements for the connecting communities, with the first such report being due on October 15, 2019 and subsequent reports being required every April 15 and October 15. Reporting on the CWIP account is required until all costs related to initial construction of the transmission system are cleared from the CWIP account² and reporting on backup power is required until arrangements have been fully implemented for all connecting communities. Moreover, those reports are to be based on December 31 and June 30 cut-offs for financials, and March 31 and September 30 cut-offs for project activities.

In its November 3, 2020 letter, the OEB advised WPLP that while its initial transmission rate application was before the OEB, WPLP would not be required to report on the CWIP account as part of its semi-annual reports but that WPLP should continue to report on the progress of the back-up supply arrangements. WPLP filed its initial transmission rate application (EB-2021-0134) on April 28, 2021, and filed updated evidence as part of its responses to interrogatories on July 31, 2021.³ The OEB issued its Decision and Order approving a complete settlement of all issues in EB-2021-0134 on September 30, 2021. While the CWIP reporting period ending June 30, 2021 coincides with the period that WPLP’s initial transmission rate application was before the OEB, as the application is no longer before the OEB (other than with respect to the drafting and approval of the Revenue Requirement and Charge Determinant Order after issuance of the 2022 cost of capital parameters), WPLP has resumed its reporting on the CWIP account as part of the current semi-annual report.

In addition, as part of the OEB-approved Settlement Agreement in EB-2021-0134, the parties agreed that WPLP will include the following additional information in its semi-annual reports:

- a current schedule of the expected connection dates for each remote community that is, at the time of the semi-annual report, not yet connected to WPLP’s transmission system;

¹ The OEB revised its Decision and Order on April 29, 2019 to distinguish the CWIP interest rates applicable to debt incurred on an arm’s length basis vs debt incurred on a non-arm’s length basis in paragraph 7 of the Order section.

² The Decision states “until the CWIP account is terminated” (Schedule B, Condition 4). WPLP’s interpretation is that in directing WPLP to use CWIP Account 2055 instead of establishing a CWIP deferral account, the CWIP account will not be “terminated”, and the intent of this requirement is to apply the reporting requirement until CWIP balances related to initial construction have been transferred from CWIP Account 2055 to in-service assets.

³ Exhibit K-1-1

- details of any updates to WPLP’s current operations, and material changes to its long-term operating plans with respect to operations, operating and maintenance systems and practices, including (in the October 15, 2021 semi-annual report) with respect to 2023, if known;
- updated information, in respect of each community for which an independent power authority (IPA) will be transferring their distribution system assets to HORCI, on the status of each such IPA community in meeting the transfer conditions included in the IPA community’s transfer agreements with Indigenous Services Canada (ISC) and HORCI, subject to WPLP being able to obtain this information from ISC along with consent from ISC to provide it on the public record in WPLP’s semi-annual reports; and
- high-level status updates, in respect of each of the communities currently served by HORCI and which will be connected to WPLP’s transmission system, on key milestones relating to those communities’ efforts to become ready for connection to WPLP’s transmission system, consistent with the information provided in response to HORCI IR #2(d) from EB-2021-0134.⁴

Accordingly, this Semi-Annual Report addresses the following aspects:

Section 2 - CWIP account

Section 3 - Back-up supply arrangements

Section 4 - Community connection dates

Section 5 - Operating plans

Section 6.1 - Status of IPA-served communities

Section 6.2 – Status of HORCI-served communities

⁴ See EB-2021-0134 Settlement Proposal, p.14

2. CWIP Account

2.1 Construction Cost, Forecasts and Variances

The table below provides a comparison between the project cost forecast as provided in the CWIP report dated October 15, 2019 and the current project cost forecast. The current project cost forecast was included in WPLP's rate application evidence update filed on July 31, 2021 as part of its responses to interrogatories.

Wataynikaneyap Power LP (WPLP)
Project Cost Forecast
For the Reporting Period - January 1, 2021 to June 30, 2021

	Forecasted Project Costs (October 2019 Report)	Current Forecast Project Costs	Variance between Project Forecast presented October 15, 2019 CWIP Report and Current	Project Spend to date	Percent of Current Forecast Spent
EPC Contract - Transmission Line Facilities - Line to Pickle Lake	\$ 213,126,464	\$ 213,126,464	\$ -	\$ 168,778,575	79%
EPC Contract - Transmission Line Facilities - Remote Connection Lines	\$ 889,935,766	\$ 889,935,766	\$ -	\$ 381,878,532	43%
EPC Contract - Station Facilities - Line to Pickle Lake	\$ 36,234,762	\$ 36,234,762	\$ -	\$ 22,319,964	62%
EPC Contract - Station Facilities - Remote Connection Lines	\$ 293,482,233	\$ 293,482,233	\$ -	\$ 73,652,628	25%
Other Infrastructure	\$ 36,750,000	\$ 36,750,000	\$ -	\$ -	0%
HONI Interconnection	\$ 5,913,000	\$ 3,913,000	\$ 2,000,000	\$ -	0%
Engineering, Design, Project/Construction Management & Procurement	\$ 134,274,841	\$ 126,918,213	\$ 7,356,628	\$ 68,995,377	54%
Environmental Assessments, Routing, Permitting, Regulatory & Legal	\$ 28,302,009	\$ 30,498,582	-\$ 2,196,573	\$ 22,958,200	75%
Land Rights	\$ 13,810,316	\$ 14,575,132	-\$ 764,816	\$ 5,400,488	37%
Aboriginal Engagement, Stakeholder Consultation, Participation and Training	\$ 36,012,877	\$ 49,175,103	-\$ 13,162,226	\$ 32,235,891	66%
Contingency	\$ 145,543,622	\$ 118,211,375	\$ 27,332,247	\$ -	0%
Costs before AFUDC	\$ 1,833,385,890	\$ 1,812,820,631	\$ 20,565,259	\$ 776,219,655	43%
Capitalized Interest	\$ 55,853,471	\$ 33,522,731	\$ 22,330,740	\$ 18,064,930	54%
Total Project Costs	\$ 1,889,239,361	\$ 1,846,343,362	\$ 42,895,999	\$ 794,284,585	43%

2.2 Government Funding Received

Previously, WPLP's semi-annual reports included a summary of government funding received by WPLP, including its affiliates and predecessor entities, which amounts were tracked in a CWIP sub-account. In EB-2021-0134, WPLP proposed that the funding amounts recorded in the sub-account not be applied as an offset to WPLP's project development and construction costs, and that the sub-account be closed and the funding amounts no longer tracked. In its Decision and Order, the OEB approved WPLP's comprehensive settlement proposal, including the proposed treatment of the recorded amounts and the proposed discontinuation of the sub-account. Accordingly, there is no longer a basis for continuing to report on the government funding sub-account. This section will be removed from future iterations of WPLP's semi-annual reports, along with any impacts on the carrying charges reported in section 2.3.

2.3 Carrying Charges

Wataynikaneyap Power LP (WPLP)
Account Interest
For the Reporting Period - January 1, 2021 to June 30, 2021

	<i>As at</i> <u>30-Dec-20</u>	<i>Additions</i> <u>01 2021 - 06 2021</u>	<i>As at</i> <u>30-Jun-21</u>
Carrying Charge Interest Income	\$13,025,346	\$5,621,691	\$18,647,037
Carrying Charge Interest Expense	(\$582,107)	\$0	(\$582,107)
Carrying Charges on Construction Costs	\$12,443,239	\$5,621,691	\$18,064,930

*Carrying charges recorded up to March 31, 2019 were earned at the prescribed rates published by the OEB in accordance with the decision in EB-2016-0262. Carrying charges recorded subsequent to March 31, 2019 were earned at WPLP's actual cost of debt in accordance with the decision in EB-2019-0190.

3. Backup Power

The Decision requires WPLP's reporting with respect to backup supply arrangements to provide an understanding, in relation to the forecasted grid-connection date for each community, of whether backup supply is likely to be available when, where and in the amount required.

3.1 Progress Update

In response to interrogatories in EB-2018-0190, WPLP informed the Board that as part of finalizing the definitive documents for the Government Funding Framework, Canada, Ontario, WPLP and First Nation LP agreed to enter into a Parallel Process Agreement which outlines the process for addressing backup power needs.⁵ This Parallel Process Agreement was executed on July 3, 2019.

As contemplated in the Parallel Process Agreement, Indigenous Services Canada and First Nation LP formed a Backup Power Working Group (BPWG) to develop a Backup Power Plan as well as secure related funding and operational commitments for the Connecting Communities that can be implemented prior to grid connection.

The BPWG finalized the Backup Power Plan in Q2 2020 and distributed it to key stakeholders early June 2020. The development process for the Backup Power Plan was as follows:

- In 2018, H1RCI developed a report outlining technical and environmental requirements as well as other considerations for backup power in the Connecting Communities that they currently service. Building on this work, H1RCI completed an annex to this report (Containerized DGS Annex) outlining requirements for them to provide backup power in the Connecting Communities currently serviced by Independent Power Authorities (IPA) as these communities require additional consideration. The H1RCI report annex was completed in December 2019.
- By the end of 2019, the BPWG completed the first of two rounds of engagement with the Connecting Communities, and involved other stakeholders in discussions, including Hydro One Remote Communities (H1RCI) and the Ministry of Energy, Northern Development and Mines.
- After receiving the updated H1RCI report, including the annex, the BPWG developed a draft Backup Power Plan, which was presented to the Connecting Communities during the second round of community engagement, which took place January – September 2020. The second round of community engagement was initially set to conclude in April 2020. However, the timeline was impacted by the COVID-19

⁵ EB-2018-0190; Response to Board Staff Supplemental IR 67

pandemic and related community access & social restrictions. In addition, the draft Backup Power Plan was presented to other stakeholders including H1RCI and the Ministry of Energy, Northern Development and Mines for review and feedback.

- The BPWG finalized the Backup Power Plan in Q2 2020, subject to additional processes required to approve the implementation details and secure the necessary funding for each community as described below. The Backup Power Plan was circulated to the Connecting Communities and other key stakeholders in early June 2020, with the Connecting Communities being provided with both electronic copies and hardcopies of the plan.
- For 13 of the 16 Connecting Communities, the Backup Power Plan recommended repurposing the existing diesel generation (DGS) assets for use as backup power. For the remaining 3 communities which include North Caribou Lake First Nation, Pikangikum First Nation, and Wawakapewin First Nation, the Backup Power Plan recommended backup power at ISC-funded critical assets only.

The Backup Power Plan recommended backup power at ISC-funded critical assets only in Wawakapewin, of which there were none at that time. When H1RCI was conducting reviews of the DGS assets in the Connecting Communities to assess their suitability for backup power, they were unable to visit Wawakapewin due to community access challenges. Consequently, H1RCI and the BPWG used information available at the time for backup power planning. As the backup power planning process progressed, it was found that the technical information related to the Wawakapewin DGS assets used to form the backup power recommendation outlined in the Backup Power Plan was outdated. The BPWG and H1RCI were able to obtain more current information related to the Wawakapewin DGS assets. Based on this new information, H1RCI communicated their willingness to reassess the feasibility of repurposing and taking over operation of DGS assets in Wawakapewin for backup power. These discussions are ongoing between the involved parties.

A preliminary draft workplan/timeline was developed by ISC in August 2020 that provided a framework for the implementation of the recommended backup power option for each Connecting Community as outlined in the Backup Power Plan. The workplan/timeline was shared with the Connecting Communities, their Tribal Councils, and Opiikapawiiin Services (on behalf of First Nation LP). Projects are categorized according to Year 1 (FY 2020/2021 – 4 communities), Year 2 (FY 2021/2022 – 5 communities), and Year 3 (FY 2022/2023 – 7 communities).

In August 2020, ISC began working with the Connecting Communities whose backup power implementation projects were to be initiated in Year 1 and their Tribal Councils to develop and submit their respective backup power implementation funding applications. These communities include Wunnumin Lake First Nation, Pikangikum First Nation, Poplar Hill First Nation, and North Caribou Lake First Nation (*critical assets only*).

In January 2021, ISC began developing template funding applications for the Connecting Communities whose backup power implementation projects are to be initiated in Year 2. These communities include Kingfisher Lake First Nation, Muskrat Dam First Nation, Deer Lake First Nation,

North Spirit Lake First Nation, and Keewaywin First Nation. The backup power implementation project in North Caribou Lake First Nation may also be considered a Year 2 project due the community's correspondence with ISC requesting community-wide backup power.

There are currently six (6) active backup power implementation projects for which updates are as follows:

Update on Active Backup Power Implementation Projects				
	<i>Connecting Community</i>	<i>Year</i>	<i>Recommendation</i>	<i>Project Status</i>
1.	Wunnumin Lake First Nation	Year 1	Community-Wide Backup	Electrical Safety inspections have been completed. The Engineer & TSSA inspected the assets and are developing their reports. Discussions with Remotes are ongoing.
2.	Poplar Hill First Nation	Year 1	Community-Wide Backup	Backup power implementation work is currently focused on identifying & addressing technical requirements as well as developing engineering & design. Discussions with Remotes are ongoing.
3.	Pikangikum First Nation	Year 1	Critical Asset Backup	A consultant TOR for critical asset backup power is being developed by IFNA.
4.	Muskrat Dam First Nation	Year 2	Community-Wide Backup	A consultant TOR is being drafted for the inspection & assessment of existing DGS assets.
5.	Kingfisher Lake First Nation	Year 2	Community-Wide Backup	Backup power implementation work is currently focused on community critical assets as well as development of specifications.
6.	North Caribou Lake First Nation	Year 1-2	Critical Asset Backup*	MCA for critical asset backup power was approved; however, NCLFN has requested community wide backup power via letter to ISC. As of the end of August 2021, a response from ISC has not yet been received. NCLFN acknowledges the need to proceed with critical asset backup power, even in a community-wide backup power scenario. A revised BCR that reflects the community's position has been executed.

There are currently three (3) backup power implementation funding applications in progress. North Spirit Lake First Nation, Keewaywin First Nation, and Deer Lake First Nation are developing their respective backup power implementation funding applications with Tribal Council support for submission to ISC. In April 2022 (Year 3), the remaining seven (7) Connecting Communities will initiate their backup power implementation projects. These communities include Bearskin Lake First Nation, Kasabonika Lake First Nation, KI, Sachigo Lake First Nation, Wapekeka First Nation, Wawakapewin First Nation, and Sandy Lake First Nation. The Backup Power Projects section of Attachment 'A' includes a summary of project approvals and status of key milestones for all Connecting Communities.

OSLP is working with ISC to finalize a workplan and budget related to monitoring implementation of the backup power plan on behalf of WPLP, including supporting and engaging the Connecting Communities and their Tribal Councils in accordance with the mandate for backup power

provided by the participating First Nation communities and backup power provisions outlined in the Parallel Process Agreement. ISC has acknowledged a distinct role for OSLP, but a source of funding has not been identified.

OSLP, on behalf of First Nation LP, continues to support the Connecting Communities and their Tribal Councils with implementing backup power.

In response to the OEB's letter dated May 17, 2021, WPLP provided a copy of the final Backup Power Plan. The OEB subsequently requested, by way of a letter dated July 23, 2021, that WPLP facilitate a request to the BPWG for confirmations in respect of certain aspects of the Backup Power Plan. WPLP has requested that the BPWG provide confirmation of those aspects, which relate to reliability levels and the ability to supply load identified in each community's Emergency Response Plan. WPLP has not yet received a response to its request from the BPWG, but will provide the OEB with the response upon receipt.

3.2 Key Issues and Risks

The issues and risks discussed in the table below are associated with the implementation of the Backup Power Plan as discussed in Section 3.1, as well as the timing for completing this plan in relation to the in-service dates for the Connecting Communities. The table will be updated in future reports to focus on any new issues and risks arising during the implementation of the plan.

Development of Backup Power Plan – Issues and Risks				
<i>Item</i>	<i>Description</i>	<i>Impact</i>	<i>Actions/Mitigation</i>	<i>Requirement to Remove Risk</i>
1.	<p>Connecting Community Support In order for backup power solutions to be accepted by each Connecting Community, there must be meaningful dialog and engagement with respect to any inputs, assumptions, standards and costs underpinning the H1RCI report, as well as any potential community impacts resulting from the proposed solution.</p>	<p>Failure to secure community acceptance of backup power solutions could delay or prevent finalization of Backup Power Implementation Funding Applications.</p>	<ul style="list-style-type: none"> - Early and ongoing engagement with the Connecting Communities specifically focused on backup power requirements and solutions - First Nation LP is a party to the Parallel Process Agreement, and a member of the Backup Power Working Group - Terms of Reference for the Backup Power Working Group indicate intent to secure support letters from each Connecting Community 	<ul style="list-style-type: none"> - Obtain a Band Council Resolution (BCR) supporting the Backup Power Plan from each Connecting Community - BCRs have been executed by 15 of 16 Connecting Communities
2.	<p>Stakeholder Support & Commitments In addition to Connecting Community support, the proposed backup power solution for each community must have commitments from relevant stakeholders with respect to any required upfront investments, ongoing operational and maintenance responsibilities, and cost responsibility for future operation and capital reinvestment.</p>	<p>Failure to secure funding and operational commitments for the preferred backup power solution could delay or prevent backup power implementation.</p>	<ul style="list-style-type: none"> - Canada is a party to the Parallel Process Agreement, and ISC is a member of the BPWG - Early and ongoing discussion with H1RCI - H1RCI engaged to complete 2018 Backup Power Report and updated 2019 Backup Power Report for the working group - Participation in Backup Power Working Group meetings by H1RCI - Participation in Backup Power Implementation by H1RCI 	<ul style="list-style-type: none"> - Contractual arrangements related to Backup Power - Funding agreements related to the implementation of backup power - Development of technical documents related to the implementation of backup power (i.e. technical or environmental scopes, etc.)

Development of Backup Power Plan – Issues and Risks				
<i>Item</i>	<i>Description</i>	<i>Impact</i>	<i>Actions/Mitigation</i>	<i>Requirement to Remove Risk</i>
3.	<p>Timing Backup Power funding applications should be submitted with sufficient lead time to allow for system modifications and other work to be completed prior to the grid-connection date for each Connecting Community.</p>	<p>Delays in backup power funding application submissions could result in delays to implementation which, in turn could result in reliability impacts following connection</p>	<ul style="list-style-type: none"> - Target date for finalizing the Backup Power Plan is more than one year ahead of the earliest in-service dates for community connections - Coordination of schedules between WPLP Project Management group and Backup Power Working Group to prioritize backup power solutions based on grid-connection timelines and lead times for backup power solutions - Backup Power meetings held regularly to discuss scheduling & target dates - Tribal Councils and ISC, supported by OSLP, are providing support to the Connecting Communities with completion & submission of funding applications 	<ul style="list-style-type: none"> - Submission and approval of each backup power funding application - Funding applications have been submitted and approved for six (6) backup power projects to date - Updated grid-connection schedule from WPLP to ensure continued alignment between backup power implementation and grid-connection
4.	<p>Implementation Implementation of backup power (legal agreements, environmental work, regulatory approvals, funding approvals, construction etc.) in time for grid-connection of each community</p>	<p>Implementation of backup power is not a requirement for grid-connection. However, delays in backup power implementation could result in service gaps.</p>	<ul style="list-style-type: none"> - Coordination of schedules between WPLP Project Management and each backup power implementation project - Hold H1RCI accountable to their cost & schedule estimates - Actively manage impacts from the COVID-19 pandemic and related community access restrictions / social restrictions 	<ul style="list-style-type: none"> - Implementation of recommended backup power option in each of the Connecting Communities

3.3 Backup Power Solutions and Forecasted Dates by Community

The Backup Power Projects section of Attachment 'A' includes a summary of backup power solutions and overall status by community. Note that the grid connection dates shown in Attachment 'A' are currently aligned with the Q4 2020 COVID-Adjusted Schedule presented in EB-2021-0134. WPLP expects that the Backup Power Working Group will update future status reports to reflect the revised grid connection dates presented in Section 4, or additional schedule updates as available.

4. Community Connection Schedule

WPLP's 230 kV system referred to as the Line to Pickle Lake (including substations at Dinorwic and Pickle Lake and 230 kV line segment W54W) is still expected to be energized by April of 2022. The table below provides the energization dates for each community.

Energization Dates by Community	
Date	Community
Apr-22	Pikangikum
Jun-22	North Caribou Lake
Jun-22	Kingfisher Lake
May-23	Muskrat Dam
May-23	Bearskin Lake
May-23	Wunnumin Lake
May-23	Wawakapewin
Jun-23	Kasabonika Lake
Jun-23	KI + Wapekeka
Jun-23	Sachigo Lake
Apr-24	Poplar Hill
Apr-24	Deer Lake
May-24	North Spirit Lake
May-24	Sandy Lake
May-24	Keewaywin

5. Operational Update

The Settlement Agreement from EB-2021-0134 contemplates the inclusion in this semi-annual report of reporting on details of any updates to WPLP's current operations, and material changes to its long-term operating plans with respect to operations, operating and maintenance systems and practices. These aspects are provided as follows.

5.1 Current Operations

WPLP continues to ramp up its operations staff, adding an Operations Engineer in Q2 2021 and a Transmission Engineer in Q3 2021. Additional recruiting activity is in progress and WPLP expects to add additional positions in Q4 2021 with a focus on asset management, substations and system control, and vegetation management.

WPLP's operational priorities for Q4 2021 and Q1 2022 include:

1. Coordination of construction, commissioning and administrative tasks (e.g. connection agreements, mutual aid agreements, facility and equipment registration, etc.) with Hydro One Remote Communities, Hydro One Networks, IESO and WPLP's EPC Contractor
2. Establishing a services agreement for control room services and development of dispatching and work protection processes
3. Establishing a third-party Maintenance Services Agreement for inspection, maintenance, operation and emergency response activities
4. Engagement and permitting related to the transition from construction access to operational access
5. Advancing fleet and facilities plans, including procurement and storage of spare equipment
6. Continuing inspection, maintenance and operations activity related to WPLP's Pikangikum Distribution System
7. Identifying opportunities to maximize Indigenous Participation in all of the above activities

5.2 Long-term Operating Plans

The operational priorities for Q4 2021 and Q1 2022 identified in Section 5.1 are consistent with the description provided by WPLP in EB-2021-0134 related to the development of its Interim O&M Strategy.⁶ Based on the energization schedule update provided in Section 4 above, WPLP expects to remain in a state of balancing construction and commissioning activity with operating and maintenance requirements until mid-2024 and, as such, WPLP does not have any material changes relating to its long-term operating plans to report at this time, relative to the strategy presented in EB-2021-0134.

⁶ EB-2021-0134; Exhibit B-1-4, Section C

6. IPA Transfer and HORCI Status Updates

The Settlement Agreement from EB-2021-0134 contemplates that WPLP will provide updated information, in respect of each community for which an independent power authority (IPA) will be transferring their distribution system assets to HORCI, on the status of each such IPA community in meeting the transfer conditions included in the IPA community's transfer agreements with Indigenous Services Canada (ISC) and HORCI, subject to WPLP being able to obtain this information from ISC along with consent from ISC to provide it on the public record in WPLP's semi-annual reports. Additionally, in respect of the communities currently served by HORCI, the Settlement Agreement contemplates that WPLP will provide high-level status updates on key milestones relating to those communities' efforts to become ready for connection to WPLP's transmission system. These aspects are discussed below.

6.1 IPA Transfer Agreement Update

Please see Attachment 'A' for the latest status update report provided by ISC. WPLP's understanding from ISC and OSLP is that they do not have community consent to publicly report on the detailed status of all transfer conditions by community, however, Attachment 'A' provides a status update for key project activities by community.

6.2 HORCI Community Status Update

WPLP and its EPC contractor have worked with HORCI in Q2 and Q3 of 2021 to complete design activity for all communities being connected to WPLP's transmission system (including current IPA communities). These efforts included site visits to each community, determination of ownership demarcation points, 25 kV line design, and engineering design for demarcation point equipment (e.g. metering, switching and protection equipment).

WPLP's priority for early Q4 2021 is to initiate additional coordination efforts with HORCI for the first three communities being connected (Pikangikum First Nation, North Caribou Lake First Nation and Kingfisher Lake First Nation)⁷, with a focus on pre-requisites for transmission connection:

1. Delivery, installation and commissioning of demarcation point equipment
2. System phasing and phase rotation considerations
3. Coordination of line work at interconnection points
4. Transmission connection agreements
5. IESO registration requirements (including delivery point metering registration)
6. Settlement processes
7. Any other key milestones identified HORCI, WPLP or the IESO

⁷ Note that all three communities are currently supplied by HORCI, with Pikangikum already being grid-connected through WPLP's temporary distribution connection to HONI.

Upon finalizing the list of key milestones in consultation with HORCI, WPLP will establish similar high-level status tracking/reporting for these milestones, similar to the IPA status update contained in Attachment 'A'. For clarity, WPLP intends to establish this tracking/reporting with HORCI in early Q4 2021, and intends to meet regularly with HORCI to exchange more granular schedule details and to update the status of key milestones for connection to WPLP's transmission system. The status update will then be expanded to include key milestones for all other communities currently served by HORCI that are scheduled to connect to WPLP's transmission system in 2023 and 2024 and will be included as an attachment to WPLP's April 15, 2022 semi-annual report.

6.3 IPA Transfer Projects and Forecasted Dates by Community

The IPA Upgrades and Transfer Projects section of Attachment 'A' includes a summary of the status of IPA upgrades and transfer projects by community. Note that the grid connection dates shown in Attachment 'A' are currently aligned with the Q4 2020 COVID-Adjusted Schedule presented in EB-2021-0134. WPLP expects that these dates will be updated by ISC in future status reports to reflect the revised grid connection dates presented in Section 4, or additional schedule updates as available.

Attachment 'A' – ISC Status Report



Status Update: Watay Project Parallel Process Projects October 7, 2021



IPA Upgrades & Transfer Projects

Overview: In six communities currently serviced by Independent Power Authorities (IPA), bring local distribution (Dx) systems up to provincial standards, construct Compound (C) sites for Hydro One Remote Communities Inc. (HORCI), collection customer information for HORCI, and execute Transfer Agreements and permits.

Design Stage:

RECIPIENT	MAIN PROJECT ACTIVITIES				OVERALL STATUS
	ISC PROJECT APPROVAL	DX SYSTEM TENDER PACKAGE AWARDED	HORCI COMPOUND TENDER PACKAGE AWARDED	CUSTOMER INFORMATION COLLECTION WORK PLAN	
Opiikapawiin Services LP	✓	✓	✓ 4 of 6 (Muskrat Dam and Wawakapewin ongoing)	Circulated to Tribal Councils on Dec 15 th Collection part of Construction Stage	Ongoing: <ul style="list-style-type: none"> • Muskrat Dam HORCI Compound design • Poplar Hill Compound site selection • Wawakapewin HORCI Compound and heli pad design (discussions ongoing) • Transfer Agreement templates

Construction and Transfer Stage:

RECIPIENT	PROJECT ACTIVITIES AND STATUS						OVERALL STATUS
	DESIGN, TENDER & PRE-CONSTRUCTION	ISC PROJECT APPROVAL	CONSTRUCTION	CUSTOMER INFO COLLECTION	AGREEMENTS / PERMITS (✓ Executed)	GRID CONNECTION DATE***	
Poplar Hill (funding recipient is Keewaytinook Oki makanak Tribal Council (KOTC))	<u>Dx</u> : ✓	✓	<u>Dx</u> : ESA Inspected (passed); project close-out underway	FN engaged during in-person meeting on Jun. 23 rd	Transfer Agreement MNRF permit (C) 28(2) Permit (Dx)	30-Apr-2022	✓ On track Delays not currently putting grid connection date at risk
	<u>C</u> : Waiting for Ontario (MNRF) to approve and issue Land Use Permit		<u>C</u> : Majority of items shipped, including modular; construction to commence after Land Use Permit issued				

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RECIPIENT	PROJECT ACTIVITIES AND STATUS						OVERALL STATUS
	DESIGN, TENDER & PRE-CONSTRUCTION	ISC PROJECT APPROVAL	CONSTRUCTION	CUSTOMER INFO COLLECTION	AGREEMENTS / PERMITS (✓ Executed)	GRID CONNECTION DATE***	
Wunnumin	✓	✓	Dx: ESA Inspected (passed); minor deficiency to be fixed	FN engaged; door-to-door info collection in fall 2021	Transfer Agreement 28(2) permit	31-Jul-2022	✓ On track Delays not currently putting grid connection date at risk
			C: Work underway; estimate final completion Nov. 2021				
Muskrat Dam	✓	✓	Dx: Estimate substantial completion Nov. 2021		Transfer Agreement MNRF permit (C) 28(2) Permit (Dx)	30-Sep-2022	✓ On track Delays not currently putting grid connection date at risk
			C: Phase II ESA complete; waiting for final report. KAL to engage Remotes, then MNRF to issue Land Use Permit. Construction tender process to follow.				
North Spirit Lake (funding recipient is KOTC)	✓	✓	Dx: ESA Inspected (passed); project close-out underway		Transfer Agreement 28(2) permit	31-Oct-2022	✓ On track
			C: Substantial completion expected in Oct. 2021				
Keewaywin (funding recipient is KOTC)	✓	✓	Dx: ESA Inspected (passed); minor deficiency to be fixed		Transfer Agreement 28(2) permit	31-May-2023	✓ On track
			C: Substantial completion expected in Nov. 2021				
Wawakapewin	✓	✓	Dx: ESA Inspected (passed); project close-out underway		Transfer Agreement 28(2) permit	30-Sep-2022	✓ On track C: Long-Term Modified Service Model Framework developed; HORCI engaging OEB for approval
			C: project approval documentation under development to construct HORCI Compound and helipad				

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Backup Power (BUP) Projects:

Overview: In each connecting community, implement backup power solution based on the Backup Power Plan. Backup power solutions include: community-wide backup power by repurposing the community's existing diesel generating station (community-wide BUP) and dedicated standby generators at ISC-funded community assets (critical asset BUP).

RECIPIENT	TYPE OF BUP	ISC PROJECT APPROVAL	ENVIRON. SITE ASSESSMENT	ESA, TSSA & FIRE SAFETY ASSESSMENT**	DESIGN	CONSTRUCTION	AGREEMENTS / PERMITS (✓ Executed)	GRID CONNECTION DATE***	OVERALL STATUS
Wawakapewin	Critical Asset	Note: May revisit re-purposing DGS to provide community-wide BUP if/when HORCI agrees to service community						30-Sep-2022	✓ Complete
Pikangikum	Critical Asset	✓	N/A – critical asset only		IFNA has developed Terms of Reference		N/A	19-Dec-2018	✓ On track
Wunnumin	Community-wide* and critical asset	✓		ESA and Fire Safety inspection complete	BJT Design Consultant; HORCI finalizing transition requirements		Operating Agreement Permit: TBD	31-Jul-2022	Pending detailed design specs from HORCI
Poplar Hill (funding recipient is KOTC)	Community-wide* and critical asset	✓	Ph. I through IPA Upgrades Project; ISC-ENV reviewing; Ph. II needed	Scheduling of ESA & Fire Safety site visit on hold pending HORCI requirements	BJT Design Consultant; HORCI finalizing transition requirements		Operating Agreement Permit: TBD	30-Apr-2022	Pending detailed design specs from HORCI
Kingfisher	Community-wide and critical asset	✓	N/A - HORCI community		Underway by HORCI for community wide		Electrification Agree. 28(2) Permit	30-Jun-2022	✓ On track
North Caribou Lake	Critical Asset	✓	N/A – critical asset only		Windigo developing Terms of Reference		N/A	30-Jun-2022	✓ On track
Deer Lake	Community-wide and critical asset	KOTC developing minor capital approval request	N/A - HORCI community				Electrification Agree. 28(2) Permit	31-May-2022	✓ On track
Muskrat Dam	Community-wide* and critical asset	✓					Operating Agreement Permit: TBD	30-Sep-2022	✓ On track
North Spirit Lake	Community-wide* and critical asset	KOTC developing project approval request					Operating Agreement Permit: TBD	31-Oct-2022	✓ On track
Keewaywin	Community-wide* and critical asset	KOTC developing project approval request					Operating Agreement Permit: TBD	31-May-2023	✓ On track

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PROJECTS TO COMMENCE IN 2022-2023 FISCAL YEAR:								
Sandy Lake	Community-wide and critical asset		N/A - HORCI community			Electrification Agree. 28(2) Permit	31-Aug-2022	✓ On track
Bearskin Lake	Community-wide and critical asset		N/A - HORCI community			Electrification Agree. 28(2) Permit	30-Sep-2022	✓ On track
Kasabonika	Community-wide and critical asset		N/A - HORCI community			Electrification Agree. 28(2) Permit	31-May-2023	✓ On track
Kitchenuhmaykoosib Inninuwug	Community-wide and critical asset		N/A - HORCI community			Electrification Agree. 28(2) Permit	31-May-2023	✓ On track
Sachigo Lake	Community-wide and critical asset		N/A - HORCI community			Electrification Agree. 28(2) Permit	31-May-2023	✓ On track
Wapekeka	Community-wide and critical asset		N/A - HORCI community			Electrification Agree. 28(2) Permit	31-May-2023	✓ On track

*Assuming agreement can be reached between parties (Canada (ISC), HORCI, and First Nation)

**ESA = Electrical Safety Authority / TSSA = Technical Standards and Safety Authority

***Connection dates are from Watay Power's 2022 Rate Application to the OEB

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