

April 15, 2023

RESS, EMAIL & COURIER

Ontario Energy Board
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto, ON M4P 1E4

Attention: Nancy Marconi, Registrar

Dear Ms. Marconi:

**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 April 15, 2023 *Semi-Annual Report on CWIP Account and Backup Supply Arrangements* for the Wataynikaneyap Transmission Project. This report, which has 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 also includes the additional information that WPLP agreed to provide pursuant to the approved Settlement Agreements in EB-2021-0134 and EB-2022-0149.

Yours truly,


Jonathan Myers

Enclosure

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

ONTARIO ENERGY BOARD

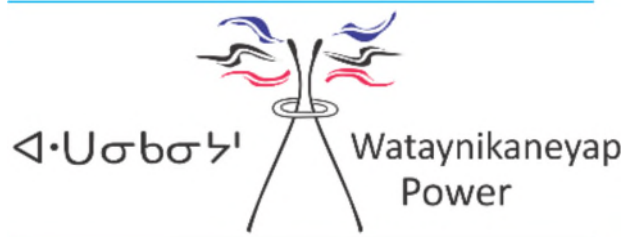
IN THE MATTER OF the *Ontario Energy Board Act, 1998*, C.S.O. 1998, c.15 (Sched. B); pursuant to section 92 of the *Ontario Energy Board Act*.

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**

April 15, 2023



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.

WPLP is in the process of completing its 2024 transmission rate application, which it expects to file by no later than July 6, 2023. As such, this semi-annual report provides CWIP account balances and high-level variance analysis consistent with prior reports, with references to sections of WPLP’s pending rate application that will contain detailed variance analysis.

In addition, as part of the OEB-approved Settlement Agreements in EB-2021-0134 and EB-2022-0149, WPLP agreed to 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;
- details of any updates to WPLP’s current operations, including (1) how scopes of work under the Control Room Services Agreement and the Inspection, Maintenance and Emergency Response (IMER) Agreement will be performed, (2) the nature and status of permitting and engagement required for operational access, and (3) WPLP’s fleet and facilities plans, as well as (4) material changes to its long-term operating plans with respect to operations, operating and maintenance systems and practices;
- 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

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.

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-2021-0134.³

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

³ 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 2023 rate application and the current project cost forecast.

As compared to the 2023 rate application, the current project cost forecast has increased by \$15.4 million, primarily driven by increased interest rates resulting in additional cost of \$24.9 million, offset by Non-EPC capital cost savings of \$9.5 million. Changes to EPC costs were captured through contingency and resulted in no overall impact to Total Project Costs. Detailed project cost variance analysis will be presented in WPLP's forthcoming 2023 rate application.

Wataynikaneyap Power LP (WPLP)
Project Cost Forecast
For the Reporting Period - July 1, 2022 to December 31, 2022

	Forecasted Project Costs (2023 Rate Application)	Current Forecast Project Costs	Variance between Project Forecast presented in 2023 rate application and Current	Project Spend to date	Percent of Current Forecast Spent
EPC Contract - Transmission Line Facilities - Line to Pickle Lake	\$ 214,987,316	\$ 213,083,311	\$ 1,904,005	\$ 213,083,311	100%
EPC Contract - Transmission Line Facilities - Remote Connection Lines	\$ 906,369,637	\$ 917,098,492	-\$ 10,728,855	\$ 631,535,818	69%
EPC Contract - Station Facilities - Line to Pickle Lake	\$ 38,018,150	\$ 37,694,440	\$ 323,710	\$ 37,694,440	100%
EPC Contract - Station Facilities - Remote Connection Lines	\$ 298,093,810	\$ 301,212,267	-\$ 3,118,457	\$ 234,864,088	78%
Other Infrastructure	\$ 9,450,000	\$ 9,245,392	\$ 204,608	\$ 155,392	2%
HONI Interconnection	\$ 3,913,000	\$ 950,000	\$ 2,963,000	\$ 471,905	50%
Engineering, Design, Project/Construction Management & Procurement	\$ 121,219,904	\$ 118,803,520	\$ 2,416,384	\$ 89,425,004	75%
Environmental Assessments, Routing, Permitting, Regulatory & Legal	\$ 28,291,409	\$ 27,590,907	\$ 700,502	\$ 25,907,648	94%
Land Rights	\$ 13,166,780	\$ 12,479,452	\$ 687,328	\$ 9,349,719	75%
Aboriginal Engagement, Stakeholder Consultation, Participation and Training	\$ 47,400,442	\$ 44,831,901	\$ 2,568,541	\$ 39,659,544	88%
Contingency	\$ 93,521,687	\$ 81,901,989	\$ 11,619,698	\$ -	0%
Costs before AFUDC	\$ 1,774,432,134	\$ 1,764,891,671	\$ 9,540,463	\$ 1,282,146,870	73%
Capitalized Interest	\$ 45,655,002	\$ 70,561,997	-\$ 24,906,995	\$ 49,522,299	70%
Total Project Costs	\$ 1,820,087,136	\$ 1,835,453,668	-\$ 15,366,531	\$ 1,331,669,169	73%

2.2 Carrying Charges

Wataynikaneyap Power LP (WPLP)
Account Interest
For the Reporting Period - July 1, 2022 to December 31, 2022

	<i>As at</i> <u>30-Jun-22</u>	<i>Additions</i> <u>07 2022 - 12 2022</u>	<i>As at</i> <u>31-Dec-22</u>
Carrying Charge Interest Income	\$34,640,326	\$14,881,973	\$49,522,299
Carrying Charge Interest Expense	\$0	\$0	\$0
Carrying Charges on Construction Costs	\$34,640,326	\$14,881,973	\$49,522,299

*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.

**Carrying Charge Interest Expense was reversed based on the OEB's Decision and Order in EB-2021-0134, which approved the discontinuance of the CWIP funding sub-account.

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.⁴ 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, HORCI 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, HORCI 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 HORCI 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 (HORCI) and the Ministry of Energy, Northern Development and Mines.
- After receiving the updated HORCI 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 pandemic and related community access & social restrictions. In addition, the draft Backup Power Plan was presented to other stakeholders including HORCI 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

⁴ EB-2018-0190; Response to Board Staff Supplemental IR 67

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 three (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.

Critical asset backup power for all communities will be implemented by each community. HORCI will complete the required upgrades to the DGS assets in eight (8) of the ten (10) communities they currently serve in order to repurpose the assets for use as backup power. Dedicated backup power at critical assets only was recommended for North Caribou Lake and Pikangikum⁵. The DGS assets in the six (6) IPA communities not currently served by HORCI have been inspected/assessed by an independent engineer, the Electrical Safety Authority (ESA), as well as TSSA for suitability as backup power. Upgrades to the DGS assets in communities not currently served by HORCI will be completed prior to being operated and maintained by HORCI.

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 Opiikapawin Services (on behalf of First Nation LP). Previously, projects were categorized according to the fiscal year they were to be released and were as follows:

- Year 1 (Funding application released in FY 20/21 – 4 communities),
- Year 2 (Funding application released in FY 21/22 – 5 communities), and
- Year 3 (Funding application released in FY 22/23 – 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 included Wunnumin Lake First Nation, Pikangikum First Nation (critical assets only), 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 included Kingfisher Lake First Nation, Muskrat Dam First Nation, Deer Lake First Nation, North Spirit Lake First Nation, and Keewaywin First Nation.

As of December 2022, funding applications for the remaining seven (7) backup power implementation projects were developed, submitted to ISC, and approved. As of January 2023, work is underway for all 16 backup power implementation projects.

⁵ Wawakapewin was excluded given additional work required to assess existing infrastructure described on page 8 of semi-annual report.

Wawakapewin First Nation is a unique case. The Backup Power Plan recommended backup power at ISC-funded critical assets only in Wawakapewin, of which there were none at that time. When HORCI 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, HORCI 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, which was used to support the backup power recommendation outlined in the Backup Power Plan, was outdated. The BPWG and HORCI were able to obtain more current information related to the Wawakapewin DGS assets. Based on this new information, HORCI communicated their willingness to reassess the feasibility of repurposing and taking over operation of DGS assets in Wawakapewin for backup power. In August 2022, ISC met with Wawakapewin First Nation and agreed to provide funding for inspections and assessments of the DGS assets by an independent engineer, ESA, TSSA, and HORCI in order to properly evaluate their suitability for use as backup power. Since Wawakapewin is a very small community, alternative options for backup power are also being investigated. In January 2023, ISC approved funds to complete technical assessments of the DGS assets in Wawakapewin First Nation for suitability as backup power.

Also, energization dates for the Connecting Communities were revised as a result of COVID-19 and regional forest fires in 2021. Accordingly, the backup power implementation project schedule was also revised. Backup power implementation projects are no longer tracked by fiscal year, but rather by community energization date. Community energization dates are provided by Wataynikaneyap Power.

A table showing the revised backup power implementation workplan is shown below:

Connecting Community		Energization Date	Design Critical Assets	Procurement Critical Assets	Design DGS Assets	Construction DGS Assets
<u>Energization in 2022</u>						
1	Pikangikum First Nation	December 2018	Complete	In Progress	N/A	N/A
2	North Caribou Lake First Nation	October 2022	Complete	ON HOLD	N/A	N/A
3	Kingfisher Lake First Nation	November 2022	Complete	In Progress	Complete	Complete
<u>Energization 2023</u>						
4	Wunnumin Lake First Nation	May 2023	Complete	In Progress	In Progress	Not Started
5	Bearskin Lake First Nation	July 2023	Complete	N/A	Complete	Not Started
6	Muskrat Dam First Nation	July 2023	In Progress	In Progress	In Progress	Not Started
7	Wawakapewin First Nation	July 2023	In Progress	In Progress	In Progress	Not Started
8	Kasabonika Lake First Nation	August 2023	In Progress	In Progress	Complete	Not Started
<u>Energization 2024</u>						
9	Poplar Hill First Nation	April 2024	In Progress	In Progress	In Progress	Not Started
10	Kitchnuhmaykoosib Inninuwig	April 2024	In Progress	In Progress	Not Started	Not Started
11	Wapekeka First Nation	April 2024	In Progress	In Progress	Not Started	Not Started
12	Deer Lake First Nation	May 2024	In Progress	Not Started	Not Started	Not Started
13	Sachigo Lake First Nation	May 2024	In Progress	Not Started	Not Started	Not Started

14	Sandy Lake First Nation	June 2024	In Progress	Not Started	Not Started	Not Started
15	North Spirit Lake First Nation	July 2024	In Progress	Not Started	In Progress	Not Started
16	Keewaywin First Nation	August 2024	In Progress	Not Started	In Progress	Not Started

Updates for the 16 active backup power implementation projects are as follows:

	Connecting Community	Project Status
1.	Pikangikum	Site visit completed by Engineer in July 2022. Design completed. Next step is to order and install critical asset generators.
2.	North Caribou Lake	The DGS assets will not be repurposed for use as backup power due to age, condition, and environmental contamination. ESA/TSSA inspections not required for critical assets. Site visit completed by Engineer in June 2022. Design completed. Quotations for critical asset generators have been obtained. NCLFN has put the process on hold pending resolution of community-wide backup power issue.
3.	Kingfisher Lake	Site visit completed by Engineer in June 2022. Critical asset generators have been ordered. HORCI has completed modifications to the DGS assets.
4.	Wunnumin Lake (IPA)	Critical asset design complete. Critical asset generators to be ordered. DGS inspections by Engineer, TSSA, and ESA have been completed. Design for DGS modifications is ongoing.
5.	Muskrat Dam (IPA)	Critical asset design complete. Critical asset generators to be ordered. DGS inspections by Engineer, TSSA, and ESA have been completed. Design for DGS modifications is ongoing.
6.	Wawakapewin (IPA)	Wawakapewin is working on identifying a community gathering point that will receive dedicated critical asset backup power. The water treatment plant has its own backup power source and there are no other community critical assets. In January 2023, ISC approved funds for inspections/assessments of the DGS assets to determine suitability as backup power. ESA has completed their inspection. Engineer, TSSA, and HORCI will complete their inspections in Spring 2023. Suitability of the assets cannot be determined without results of the various studies/reports.
7.	Bearskin Lake	There are no critical assets in Bearskin Lake requiring dedicated backup power. HORCI has completed their designs and scope of work for DGS modifications. Work will be completed spring/summer 2023.
8.	Kasabonika Lake	Critical asset design complete. Critical asset generators to be ordered.
9.	Poplar Hill (IPA)	Site visits by Engineer in June 2022 and February 2023. Engineer is updating design for critical asset backup power. DGS inspections by Engineer, TSSA, and ESA have been completed. Design for DGS modifications is ongoing. HORCI has completed their designs and scope of work for DGS modifications. Work will be completed spring/summer 2023.
10.	Kitchnuhmaykoosib Inninuwig	Site visit completed by Engineer in November 2022. Design completed. Next step is to order critical asset generators. HORCI has not yet initiated design for DGS modifications due to focus on 2023 communities.
11.	Wapekeka	Site visit completed by Engineer in November 2022. Design completed. Next step is to order critical asset generators. HORCI has not yet initiated design for DGS modifications due to focus on 2023 communities.
12.	Sachigo Lake	Site visit completed by Engineer in September 2022. Design completed. Next step is to order critical asset generators. HORCI has not yet initiated design for DGS modifications due to focus on 2023 communities.
13.	Deer Lake	Site visit completed by Engineer in September 2022. Design completed. Next step is to order critical asset generators. HORCI has not yet initiated design for DGS modifications due to focus on 2023 communities.
14.	Sandy Lake	Site visit by Engineer in December 2022. Design completed. Next step is to order critical asset generators. HORCI has not yet initiated design for DGS modifications due to focus on 2023 communities.

	Connecting Community	Project Status
15.	North Spirit Lake (IPA)	Site visit by Engineer in December 2022 with a follow up visit planned for April 2023. Design for critical asset backup has not been initiated. Design for DGS modifications has not been initiated.
16.	Keewaywin (IPA)	Site visit by Engineer planned for April 2023. Design for critical asset backup has not been initiated. Design for DGS modifications has not been initiated.

Procurement times for dedicated generators to supply critical assets are approximately one year. HORCI is completing DGS updates/conversions in eight (8) of the ten (10) communities they serve with the purpose of community-wide backup power supplied via the existing DGS to be available at grid-connection. Dedicated backup power at critical assets will not be available until generators can be procured. The two (2) remaining communities – Pikangikum and North Caribou Lake – will not have dedicated backup at critical assets prior to installation of these generators.

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

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</p> <p>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 HORCI 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</p> <p>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 HORCI - HORCI 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 HORCI - Participation in Backup Power Implementation by HORCI 	<ul style="list-style-type: none"> - Contractual arrangements related to Backup Power - Funding agreements related to implementation of backup power - Development of technical documents related to the implementation of backup power (i.e. technical or environmental scopes, etc.)
3.	<p>Timing</p> <p>Backup Power funding applications should be submitted with sufficient lead time to allow for system</p>	<p>Delays in backup power funding application submissions could result in delays to</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 	<ul style="list-style-type: none"> - Submission and approval of each backup power funding application

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>
	modifications and other work to be completed prior to the grid-connection date for each Connecting Community.	implementation which, in turn could result in reliability impacts following connection	<ul style="list-style-type: none"> - Coordination of schedules between WPLP Project Management group and OSLP/ISC 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"> - Funding applications have been submitted and approved for all backup power projects to date - Updated grid-connection schedule from WPLP to ensure continued alignment between backup power implementation and grid-connection
4.	Implementation Implementation of backup power (legal agreements, environmental work, regulatory approvals, funding approvals, construction etc.) in time for grid-connection of each community	Implementation of backup power is not a requirement for grid-connection. However, delays in backup power implementation could result in service gaps.	<ul style="list-style-type: none"> - Coordination of schedules between WPLP Project Management and each backup power implementation project - Hold HORCI 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 November 2022 construction schedule. WPLP expects that OSLP, the communities and the Tribal Councils 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

The table below provides the energization dates for each community excluding connections in 2022.

Energization Dates by Community	
Date	Community
May-23	Pikangikum First Nation
May-23	Wunnumin Lake First Nation
Jul-23	Muskrat Dam First Nation
Jul-23	Bearskin Lake First Nation
Jul-23	Wawakapewin First Nation
Aug-23	Kasabonika Lake First Nation
Apr-24	Poplar Hill First Nation
Apr-24	Kitchenuhmaykoosib Inninuwug + Wapekeka First Nation
May-24	Sachigo Lake First Nation
May-24	Deer Lake First Nation
Jun-24	Sandy Lake First Nation
Jul-24	North Spirit Lake First Nation
Aug-24	Keewaywin First Nation

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. Further, pursuant to the Settlement Agreement in EB-2022-0149, WPLP committed to provide additional details on certain activities included in the "Current Operations" section of this report. These aspects are provided as follows.

5.1 Current Operations

WPLP continues to ramp up its operations staff, adding staff to support engineering, asset management and operations functions. WPLP has also entered into key agreements with third-party service providers and is gradually increasing the services provided through those agreements as additional assets come into service.

5.1.1 Inspection, Maintenance and Emergency Response Service Agreement

WPLP entered into a service agreement with PowerTel Utilities Contractors Limited ("PowerTel") in December 2022 (the "IMER Agreement"), with an initial term extending to December 31, 2026.

The inspection and maintenance scope of the IMER Agreement includes:

- Quarterly visual inspections of in-service substations, with thermographic scans, oil sampling and dissolved gas analysis completed annually, coincident with one of the quarterly inspections.
- Transformer, reactor, and circuit breaker electrical/mechanical inspection and testing on a multi-year cycle.
- Annual aerial inspections of transmission lines.
- Transmission line ground inspections on a multi-year cycle, including tower climbing inspections for a small sample of the towers being inspected.

The scope of the IMER Agreement also includes unplanned work, including outage and emergency response, switching activity, troubleshooting alarms, as well as correction of any defects discovered during inspection and maintenance activity. Wherever practical, non-emergency work is coordinated with planned inspection and maintenance activities to reduce mobilization costs.

The IMER Agreement also includes provisions related Indigenous employment, contracting and capacity building. Members of Participating First Nations have been hired into apprenticeships with PowerTel, allowing them to work on a variety of transmission projects to progress through their apprenticeships in a timely manner. The intent of this arrangement is to develop a pool of local, qualified individuals that can be employed directly by WPLP in the future, with a goal of self-performing routine tasks and reducing mobilization times to the remote project footprint during outages and emergencies.

5.1.2 Control Room Services Agreement

WPLP entered into an operating services agreement with HONI in August 2022 (the “Control Room Services Agreement”). Under the terms of this agreement, HONI is providing a full range of control room services to WPLP, including:

- Continuous monitoring and control of WPLP’s transmission system, including notification of alarms, equipment rating concerns and other conditions that may impact system operations or reliability.
- Controlling voltage levels and reactive power flows in coordination with operating procedures and direction from IESO.
- Monitoring telecom, protection, and control systems.
- Remote switching and equipment operation.
- Notification of outages and alarms, and activation of WPLP’s on-call response as required.

WPLP has worked closely with HONI to determine where existing HONI procedures can be employed for the operation of WPLP’s system, and where exceptions or additional procedures are required to address WPLP’s specific circumstances. As a result of this collaboration, a number of comprehensive WPLP-specific operating procedures, reference documents and prioritization criteria for response have been developed to supplement HONI’s operating procedures.

WPLP and HONI have also identified the remaining integration work required for stations being energized in 2023, along with each party’s responsibilities and associated timelines to ensure that SCADA and control room integration milestones are aligned with WPLP’s overall energization schedule.

5.1.3 Operational Access and Permitting

WPLP’s operational access is in a transitional phase, where permits for construction access remain valid, and where construction access ranges from access being actively used for construction, access being decommissioned for certain areas that are already energized, and access being established for certain areas where construction is being started. During this transitional phase, WPLP is actively engaging with land users and the leadership of each First Nation to determine where certain access established during construction can be leveraged for future O&M activities. The purpose of this engagement is to ensure that the scope of land restoration activities under the EPC contract and any access being retained for O&M purposes are compatible with commitments made during the EA process and traditional land use activities. During this transitional phase, WPLP is also meeting regularly with MNRF to discuss proposals for permanent operational access and associated permitting timelines.

Substation access will be achieved by road where possible (5-7 substations, depending on the time of year) and by air for the remaining substations. With a large portion of the construction of WPLP’s transmission lines relying on winter road access, WPLP will not have year-round road access to the majority of its transmission system for the foreseeable future. WPLP has identified several complementary strategies to mitigate this risk:

- Helicopter landing areas are being incorporated into the permanent access plan for areas where road access is not available year-round, with sufficient landing areas to ensure reasonable travel distances along WPLP’s ROW to any structure.
- Strategic storage locations are being identified for spare materials and lighter equipment, to ensure that combinations of road access and helicopter transportation can deliver material to any tower location, with consideration of weight limits and refuelling locations.
- Lightweight modular aluminum storm response structures have been identified as a preferred alternative for both temporary and permanent tower replacements in certain situations with challenging access. These towers can be installed without the need to mobilize heavy equipment.
- Planned work activities will be scheduled to take advantage of differences in seasonal access to the extent practical (e.g. winter road availability, drier terrain in late summer).
- WPLP is actively negotiating mutual assistance agreements with other utilities.
- WPLP’s IMER service provider (PowerTel) has decades of experience in off-road utility construction and emergency response, with a significant fleet of tracked equipment that can be readily mobilized to the project footprint.
- Backup power solutions have been identified for most of the First Nations being connected to WPLP’s transmission system.

5.1.4 Spares, Fleet and Facilities

WPLP has completed most of its spare material procurement through provisions in its EPC contract. This process leveraged the EPC contractor’s vendor relationships, specifications, and QA/QC program. Procuring spares through the EPC contractor also created efficiencies with respect to delivery, receipt and temporary storage of spares. Through this process, WPLP has now received most of the spare parts required to ensure prompt replacement or repair of transmission system assets. Upcoming facility priorities include the identification of strategic storage locations for spare equipment and the transfer of materials from the EPC contractor to WPLP.

WPLP’s fleet requirements are mainly being met through the IMER agreement, with PowerTel having access to a large range of both on-road and tracked off-road equipment, supplemented by emergency response strategies involving helicopters as described above. General transportation needs for WPLP are also being met through purchased pickup trucks, third-party equipment rentals and third-party air transportation as required.

5.2 Long-term Operating Plans

The operational priorities identified in Section 5.1 are consistent with the description provided by WPLP in EB-2022-0149 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.

⁶ EB-2022-0149; Exhibit B-1-4, Section C

The core concept of the IMER Agreement is that WPLP and its service provider will work collaboratively to build capacity within the Participating First Nations to support the growth of WPLP's Operations department. As WPLP and its IMER service provider partner work collaboratively to build this capacity, the Interim O&M Strategy is expected to gradually transition to a long-term maintenance strategy where WPLP increasingly self-performs routine O&M activities, supplemented by local and strategic service providers. WPLP's long-term fleet and facilities strategy will also evolve based on the timing of direct trades employment to self-perform any O&M activity.

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 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 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.

WPLP notes its understanding that at the time the ISC Status Report provided in Attachment 'A' was being prepared, certain IPA transfer conditions for Wunnumin Lake First Nation were in the process of being addressed but were not ultimately completed by the identified milestone dates. Specifically, as of April 11, 2023, the collection of customer information, which is necessary for HORCI to commence distribution service, remains incomplete. Consequently, the grid connection date for Wunnumin Lake First Nation is at risk of being delayed. OSLP is working with the community to identify options to accelerate the completion of this transfer condition.

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 continues to collaborate with HORCI and its EPC contractor on coordinating the following activities:

1. Delivery, installation and commissioning of demarcation point equipment
2. Coordination of line work at interconnection points
3. Updates to the WPLP/HORCI Transmission Connection Agreement
4. IESO registration requirements (including delivery point metering registration)
5. Identifying energization schedules, risks and options to mitigate risk
6. Any other key milestones identified HORCI, WPLP or the IESO

The current focus is on the five communities being connected in 2023 (Pikangikum First Nation, Wunnumin Lake First Nation, Muskrat Dam First Nation, Bearskin Lake First Nation, Wawakapewin First Nation and Kasabonika Lake First Nation).

WPLP continues to meet regularly with HORCI and its EPC contractor to exchange more granular schedule details and to update the status of key milestones for connection to WPLP's transmission system.

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 November 2022 construction schedule. 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 March 2023



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. (REMOTES), and collect customer information for REMOTES.

COMMUNITY	PROJECT ACTIVITIES AND STATUS				
	DESIGN, TENDER & PRE-CONSTRUCTION	CONSTRUCTION PHASE	CUSTOMER INFO COLLECTION FOR REMOTES	GRID CONNECTION DATE***	OVERALL STATUS
Wunnumin	✓	<u>Dx</u> : ESA inspected (passed); project close-out underway	Underway	May 2023	✓ On track
		<u>C</u> : Substantially complete			
Muskrat Dam	✓	<u>Dx</u> : ESA inspected (passed); project close-out underway	Underway	July 2023	✓ On track
		<u>C</u> : Substantially complete			
Wawakapewin	✓	<u>Dx</u> : ESA inspected (passed); project close-out underway	Underway	July 2023	✓ On track
		<u>C&H</u> : Substantially complete; certificate forthcoming			
Poplar Hill	✓	<u>Dx</u> : ESA inspected (passed); project close-out underway	Underway	April 2024	✓ On track
		<u>C</u> : Substantially complete; certificate forthcoming			
North Spirit Lake	✓	<u>Dx</u> : ESA inspected (passed); project close-out underway	Forthcoming	July 2024	✓ On track
		<u>C</u> : Substantially complete			
Keewaywin	✓	<u>Dx</u> : ESA inspected; minor deficiencies being addressed	Forthcoming	August 2024	✓ On track
		<u>C</u> : Substantially complete			

Green = Complete / Yellow = Underway / Red = To be completed

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 (DGS; community-wide BUP) and dedicated standby generators at ISC-funded community assets (critical asset (C.A.) BUP).

COMMUNITY	TYPE OF BUP	PROJECT ACTIVITIES AND STATUS					
		DGS ENVIRON. SITE ASSESSMENT	DGS ESA, TSSA & FIRE SAFETY ASSESSMENT*	DESIGN	CONSTRUCTION	GRID CONNECTION DATE***	OVERALL STATUS
Pikangikum	Critical Asset	N/A – critical asset only		Report received from engineer consultant	C.A.: Generator pre-purchasing documents underway	December 2018	Delayed
North Caribou Lake	Critical Asset	N/A – critical asset only		Report received from engineer consultant	C.A.: Forthcoming	October 2022	Delayed
Kingfisher	Community-wide and critical asset	N/A – REMOTES community		DGS: Completed by REMOTES C.A.: Report received from engineer consultant	DGS: Underway by REMOTES C.A. Generators ordered	November 2022	DGS conversion by Remotes nearly complete Critical Asset Delayed
Wunnumin	Community-wide** and critical asset	Phase I and II tendering documentation underway	ESA and Fire Safety inspection done	Report received from engineer consultant	DGS: Forthcoming C.A.: Generator pre-purchasing documents underway	May 2023	At risk of being delayed
Muskrat Dam	Community-wide** and critical asset	Phase I and II tendering documentation underway	ESA and Fire Safety inspection done	Report received from engineer consultant	DGS: Forthcoming C.A.: Generator pre-purchasing documents underway	July 2023	At risk of being delayed
Wawakapewin	TBD	No critical asset BUP gaps to address. Assessment of DGS for potential community-wide BUP underway.				July 2023	N/A
Bearskin Lake	Community-wide and critical asset	N/A – REMOTES community		DGS: Completed by REMOTES C.A. Report received from engineer consultant	DGS: Underway by REMOTES C.A.: BUP already available; no further work needed	August 2023	✓ On track
Kasabonika	Community-wide and critical asset	N/A – REMOTES community		DGS: Completed by REMOTES C.A.: Report received from engineer consultant	DGS: Underway by REMOTES C.A.: Generator pre-purchasing documents underway	August 2023	✓ On track

Green = Complete / Yellow = Underway / Red = To be completed
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Poplar Hill	Community-wide** and critical asset	Phase I done; Phase II tendering documentation underway	Forthcoming after project substantially complete	✓	DGS: Underway C.A.: Generator pre-purchasing documents underway	April 2024	✓ On track
Kitchenuhmaykoosib Inninuwug	Community-wide and critical asset	N/A – REMOTES community		DGS: Forthcoming by REMOTES C.A.: Report received from engineer consultant	DGS: Forthcoming by REMOTES C.A.: Generator pre-purchasing documents underway	April 2024	✓ On track
Wapekeka	Community-wide and critical asset	N/A – REMOTES community		DGS: Forthcoming by REMOTES C.A.: Report received from engineer consultant	DGS: Forthcoming by REMOTES C.A.: Generator pre-purchasing documents underway	April 2024	✓ On track
Deer Lake	Community-wide and critical asset	N/A – REMOTES community		DGS: Forthcoming by REMOTES C.A.: Report received from engineer consultant	DGS: Forthcoming by REMOTES C.A.: Generator pre-purchasing documents underway	May 2024	✓ On track
Sachigo Lake	Community-wide and critical asset	N/A – REMOTES community		DGS: Forthcoming by REMOTES C.A.: Report received from engineer consultant	DGS: Forthcoming by REMOTES C.A.: Generator pre-purchasing documents underway	May 2024	✓ On track
Sandy Lake	Community-wide and critical asset	N/A – REMOTES community		DGS: Forthcoming by REMOTES C.A.: Report received from engineer consultant	DGS: Forthcoming by REMOTES C.A.: Generator pre-purchasing documents underway	June 2024	✓ On track
North Spirit Lake	Community-wide** and critical asset	Phase I and II tendering documentation underway	Forthcoming	DGS: Forthcoming C.A.: Report received from engineer consultant	DGS: Forthcoming C.A.: Generator pre-purchasing documents underway	July 2024	✓ On track
Keewaywin	Community-wide** and critical asset	Phase I and II tendering documentation underway	Forthcoming	DGS: Forthcoming C.A.: Report received from engineer consultant	DGS: Forthcoming C.A.: Generator pre-purchasing documents underway	August 2024	✓ On track

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Legal Agreements and Permits:

(Dx = Distribution System; C = Remotes Compound Site; DGS = Diesel Generating Station)

COMMUNITY	ELECTRIFICATION AGREEMENT	UNDERSTANDING & CONVEYANCE (TRANSFER) AGREEMENT – for IPAs	LAND USE PERMIT (C)	28(2) PERMIT (Dx, C, DGS, as noted)	28(2) PERMIT (DGS only)	BACKUP POWER OPERATING AGREEMENT	GRID CONNECTION DATE***
	(✓ Executed)						
Pikangikum	✓	N/A	N/A	✓	N/A	N/A	19-Dec-2018
North Caribou Lake	Under review by First Nation and their legal counsel	N/A	N/A	<u>Dx & C (DGS n/a)</u> : Under review by First Nation and their legal counsel	N/A	N/A	5-Oct-2022
Kingfisher	Under review by First Nation and their legal counsel	N/A	N/A	<u>Dx, C & DGS</u> : Under review by First Nation and their legal counsel		N/A (backup power covered under Electrification & Transfer Agreement)	8-Nov-2022
Wunnumin	N/A	Under review by First Nation and their legal counsel	N/A	<u>Dx & C</u> : Under review by First Nation and their legal counsel	<u>DGS</u> : Under development	Under review by First Nation and their legal counsel	May 2023
Muskrat Dam	N/A	Under review by First Nation and their legal counsel	✓	<u>Dx</u> : Under review by First Nation and their legal counsel	<u>DGS</u> : Under development	Under review by First Nation and their legal counsel	July 2023
Wawakapewin	N/A	Under review by First Nation and their legal counsel	N/A	<u>Dx & C</u> : Under review by First Nation and their legal counsel	N/A	N/A	July 2023
Bearskin Lake	Under review by First Nation and their legal counsel	N/A	N/A	<u>Dx, C & DGS</u> : Under review by First Nation and their legal counsel	N/A	N/A (backup power covered under Electrification & Transfer Agreement)	August 2023
Kasabonika	Under review by First Nation and their legal counsel	N/A	N/A	<u>Dx (C & DGS off reserve)</u> : Under review by First Nation and their legal counsel	N/A	N/A (backup power covered under Electrification & Transfer Agreement)	August 2023
Poplar Hill (KOTC)	N/A	Under review by First Nation and their legal counsel	✓	<u>Dx</u> : Forthcoming	<u>DGS</u> : Under development	Forthcoming	April 2024
Kitchenuhmaykoosib Inninuwug	Forthcoming	N/A	N/A	<u>Dx (C & DGS off reserve)</u> : Forthcoming	N/A	N/A (backup power covered under Electrification & Transfer Agreement)	April 2024

Green = Complete / Yellow = Underway / Red = To be completed
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COMMUNITY	ELECTRIFICATION AGREEMENT	UNDERSTANDING & CONVEYANCE (TRANSFER) AGREEMENT – for IPAs	LAND USE PERMIT (C)	28(2) PERMIT (Dx, C, DGS, as noted)	28(2) PERMIT (DGS only)	BACKUP POWER OPERATING AGREEMENT	GRID CONNECTION DATE***
	(✓ Executed)						
Wapekeka	Forthcoming	N/A	N/A	<u>Dx, C & DGS</u> : Forthcoming	N/A	N/A (backup power covered under Electrification & Transfer Agreement)	April 2024
Deer Lake	Forthcoming	N/A	N/A	<u>Dx (C & DGS off reserve)</u> : Forthcoming	N/A	N/A (backup power covered under Electrification & Transfer Agreement)	May 2024
Sachigo Lake	Forthcoming	N/A	N/A	<u>Dx, C & DGS</u> : Forthcoming	N/A	N/A (backup power covered under Electrification & Transfer Agreement)	May 2024
Sandy Lake	Forthcoming	N/A	N/A	<u>Dx, C & DGS</u> : Forthcoming	N/A	N/A (backup power covered under Electrification & Transfer Agreement)	June 2024
North Spirit Lake	N/A	Under review by First Nation and their legal counsel	N/A	<u>Dx & C</u> : Forthcoming	<u>DGS</u> : Under development	Forthcoming	July 2024
Keewaywin	N/A	Under review by First Nation and their legal counsel	N/A	<u>Dx & C</u> : Forthcoming	<u>DGS</u> : Under development	Forthcoming	August 2024

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

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

***Connection dates are from Watay Power's semi-annual update to the OEB in November 2022 <https://www.rds.oeb.ca/CMWebDrawer/Record?q=casenummer:EB-2022-0149&sortBy=recRegisteredOn-&pageSize=400#form1>

Green = Complete / Yellow = Underway / Red = To be completed

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