

Hydro One Networks Inc.
483 Bay Street
15th Floor, South Tower
Toronto, ON M5G 2P5
www.HydroOne.com

Tel: (416) 345-5420
Fax: (416) 345-4141
ajay.garg@HydroOne.com



November 14, 2013

Mr. Paul Brown
Director, Distribution Asset Management
Hydro One Distribution
Toronto

Via email: Paul.Brown@HydroOne.com

Dear Mr. Brown:

Subject: Regional Planning Status – Hydro One Distribution

This letter is in response to your request for a Planning Status letter. Please note that the province has been divided into 21 Regions for the purpose of regional planning. These 21 Regions are assigned to one of the 3 Groups to prioritize and manage the regional planning process. A map showing details with respect to the 21 Regions and the list of LDCs in each Region are attached in Appendix A and B respectively. Hydro One Networks is a lead transmitter in the 19 Regions and Hydro One Distribution (HOD) belongs to each of these 19 Regions with the following grouping:

Group 1 Regions

Burlington to Nanticoke
Greater Ottawa
GTA North
GTA West
KWCG
Metro Toronto
Northwest Ontario
Windsor-Essex
GTA East **

** GTA East has been reassigned to Group 1 from Group 2

Group 2 Regions

London area
Peterborough to Kingston
South Georgian Bay/Muskoka
Sudbury/Algoma

Group 3 Regions

Chatham/Lambton/Sarnia
Greater Bruce/Huron
Niagara
North/East of Sudbury
Renfrew
St. Lawrence

This letter confirms that a regional planning process for regions within Group 1 with the exception of GTA East is currently underway for the entire region or sub-region. The planning status for each of the regions in Group 1 is discussed below. This letter also confirms that the regional planning process has not been initiated nor has a Regional Infrastructure Plan (RIP) been developed for the regions listed in Group 2 and Group 3.

Group 1 Regions

Burlington to Nanticoke

As part of the Integrated Region Resource Planning (IRRP), the OPA is leading a small sub-regional planning process in this region for the Brant area to address near-term supply capacity issue. Hydro One Distribution (HOD) is an active participant in this sub-regional planning process. The preliminary findings are that installation of cap banks at a MTS may provide a solution for several years. The addition of cap banks will eliminate constraints on line rating because of voltage limitation and provide capacity for HOD and other LDC(s) in the region.

The regional planning process for the rest of the Burlington to Nanticoke has not been initiated nor has a Regional Infrastructure Plan (RIP) been developed. I am expecting, as per the new process, that the regional planning for the Burlington to Nanticoke Region will be initiated before the end of 2013. Hydro One Networks will formally notify your organization in advance, along with other stakeholders, prior to launching the regional planning process.

Greater Ottawa

The OPA is leading a sub-regional planning process in this region for the Ottawa Area and has an Integrated Regional Resource Plan (IRRP) under development.

In advance of initiating the Regional Planning Process, Hydro One Networks is planning construction of Orleans TS which is expected to be in-service in early 2015. HOD is required to coordinate and include distribution feeder construction and related investments in their business plan to match the TS in-service.

Hydro One Networks expects that Regional Planning for the remainder of the for the Outer Ottawa Area (Chat Falls/Hawksbury area) will commence in the first quarter of 2014.

GTA North

Regional planning for the GTA North – York sub-region is already underway with the exception of the Western sub-region supplied from the Kleinberg tap (circuits V43 and V44). The planning study for the York sub-region underway is led by the OPA and includes representatives from Hydro One distribution, the Independent Electricity System Operator (IESO) and the directly affected LDCs. The study working group is assessing the reliability needs of the sub-region to develop an integrated plan to assess the appropriate mix of investments (e.g. CDM, DG and wires) to address the electricity needs of the area.

The IRRP process has so far identified the following transmission reinforcements to address the near and medium-term reliability needs of the York Sub-region region:

- Installation of two in-line breakers and associated motorized disconnect switches on circuit B82V/B83V at or close to the Holland TS property.

- Design and implementation of a Load Rejection (L/R) scheme for the stations connected to B82V/B83V system, or have available operational measures adequate for providing similar relief, as permitted by ORTAC.
- Improve reliability of supply from the 230kV “Parkway Belt” circuits (V71P/V75P).

The wires solutions for GTA North - York sub-region will now be further developed by the planning group led by Hydro One Networks. The study will confirm the options, scope, preliminary costs and schedule of the above facilities to optimize their specifications and configuration as part of the Regional Infrastructure Plan. Current outcomes of this planning study and investments in transmission supply facilities are expected to be pool funded.

It is expected that an IRRP for the Region will be complete in fourth quarter of 2014.

GTA West

The Northwest Greater Toronto Area (NWGTA) is a sub-region within the GTA West Region. This sub-region is currently in the early phases of the IRRP led by the OPA.

Hydro One Networks expects that Regional Planning for the remainder of the GTA West - Southern sub-region will commence, beginning with a Needs Assessment /Screening in the fourth quarter of 2013.

It is expected that an IRRP for the Region will be complete in 2015.

KWCG

A regional planning process for the KWCG Region is already underway. The “KWCG planning group”, is led by the OPA and includes representatives from HOD, Hydro One Networks, the IESO and the LDCs in the KWCG area. OPA in collaboration with LDCs is assessing the reliability needs within this region to develop an integrated plan for the appropriate mix of investments (e.g. CDM, DG and wires) to address the electricity needs. It is expected that a KWCG IRRP will be complete by the end of 4th quarter 2014.

In brief, the draft KWCG IRRP indicates that the demand for electricity in the region is expected to grow substantially over the next 20 years, driven by population growth and strong economic activity. Three of the KWCG subsystems, namely the South-Central Guelph, Kitchener-Guelph and Cambridge subsystems, already exceed their supply capacity. In addition, the Kitchener, Cambridge, and Waterloo-Guelph subsystems do not comply with prescribed service interruption criteria. In combination with conservation and distributed generation resources, the KWCG IRRP study results identified the following two transmission reinforcements to address near and medium-term reliability needs of the KWCG area:

- Guelph Area Transmission Refurbishment (GATR) - installing two new 230/115 kV autotransformers, four 115 kV breakers, and rebuilding approximately 5 km of existing 115 kV transmission line between Campbell TS and CGE junction in Guelph to a double-circuit 230 kV transmission line and two 230kV circuit breakers located at Guelph North Junction.

- Preston TS - Install a second 230/115 kV autotransformer at Preston TS and associated switching and reactive support.

The GATR project is currently under development and the options for Preston TS are now being further developed by the KWCG planning group led by Hydro One Transmission as part of the Regional Infrastructure Plan for the KWCG area. Both of these projects are expected to be pool funded and customer capital contributions are not expected.

It is expected that an IRRP for KWCG Region will be complete in 2014.

Metro Toronto

Regional planning for the Central-Downtown Toronto sub-region of Metro Toronto Region is currently underway and is in the options development phase of the OPA's IRRP process. This sub-region under consideration does not impact HOD.

Hydro One Networks expects that regional planning for the Northern sub-region (outer areas) of the Metro Toronto Region will commence in the fourth quarter of 2013.

Northwest Ontario

The report of the OEB's Planning Process Working Group has noted "that not all regions of Ontario are the same and that the Regional Planning processes will need to be flexible to accommodate those differences." The Northwest Region was identified to be "different from the other regions due to, among other reasons, the uncertainties related to changing resources and industrial loads, which may require consideration of a broader range of scenarios, expanded list of participants and means of grouping studies".

The Northwest is a large region with diverse needs. In order to understand and meet specific local needs, the OPA, together with Hydro One Networks and local communities, is undertaking planning processes in six sub-areas, which together will represent an overall Northwest regional plan. Individual area plans are focused on those unique areas, but the solutions are interrelated. At this time, Hydro One Networks is in an early stage of discussions with the OPA with regard to the process to follow in carrying regional planning in the Northwest taking into account the unique nature of the Northwest Region and the planning work that has already begun and in progress by the OPA in the region.

Below is a summary and description of the six areas and their planning statuses:

1. East-West Tie

- Need for transmission development was identified as a priority project in the 2010 LTEP and a report was submitted to the OEB
- The OEB has designated Upper Canada Transmission Inc. to undertake the development

2. City of Thunder Bay

- Regional Planning process for the City of Thunder Bay will be initiated in Q1 2014.

3. West of Thunder Bay

- Need is being assessed and options are being developed

4. Existing North of Dryden System

- Generation and transmission options assessed
- Stakeholder engagement underway

5. Remote Communities North of Red Lake and Pickle Lake

- Draft Remote Community Connection Plan released August 2012 to the Northwest Ontario First Nations Transmission Planning Committee
- Recommends connection of up to 21 communities
- Community engagement almost complete
- Report expected to be finalized in late 2013

6. Ring of Fire Area Mines and Remote Communities

- Generation and transmission options assessed
- Stakeholder engagement underway

In addition, HOD and other industrial customer (s) are assessing their additional capacity requirements to supply incremental load north of Dryden. The specific investment will depend after additional capacity requirements by HOD and other customers are finalized.

The regional planning process for this region has not been initiated nor has a Regional Infrastructure Plan (RIP) been developed. I am expecting, as per the new process, that the regional planning for the Northwest Region will be initiated in the first quarter of 2014. Hydro One Networks will formally notify your organization in advance, along with other stakeholders, prior to launching the regional planning process.

Windsor – Essex

The OPA and Hydro One Networks have been monitoring developments in the Windsor – Essex region since 2011. This region currently has an Integrated Regional Resource Plan (IRRP) under development. The regional planning study is being updated in consideration of an updated demand forecast for the Kingsville/ Leamington area.

Currently, the draft study is assessing a new TS in Leamington to address near and medium-term needs of the area. To facilitate this project, Hydro One Networks is preparing a Section 92 application to build a 13km of a new 230kV double circuit line from this new TS and new taps on 230kV circuits between Chatam TS and Sandwich Junction. This option may require HOD to plan, coordinate and identify investments in their distribution plan.

GTA East

The regional planning process has not been initiated nor has a Regional Infrastructure Plan (RIP) been developed for the GTA East Region. Hydro One Networks will formally notify your organization in advance, along with other stakeholders, prior to launching the regional planning process for this Region.

However, in GTA East, LDCs and Hydro One Networks have been assessing and reviewing options that may include expansions at an existing TS or the addition of a new TS to address near-term needs for transformation capacity. The projects stemming out of these studies may require capital contribution from HOD.

Group 2 and 3 Regions

In advance of the initiating the Regional Planning process, Hydro One Networks is discussing with HOD to address near-term connection capacity needs in Group 2 and Group 3 Regions.

- Sudbury/Algoma – Study/assessments is underway for a new station at Hanmer TS, which may require a capital contribution from HOD.
- Niagara – HOD is assessing its need for an additional feeder from Allanburg TS.

The new planning process provides flexibility, during the transition period, and will ensure that both distribution and transmission planning continue to address any urgent or near-term needs. For a region or sub-regions that involve HOD but for which regional planning activities have not yet commenced Hydro One Networks will formally notify you, and other stakeholders, in advance, of launching the regional planning process.

Hydro One Networks looks forward to working with HOD in executing the new regional planning process. If you have any further questions, please feel free to contact me.

Sincerely,



Ajay Garg, |Manager - Regional Planning Coordination and Transmission Load Connections|
Hydro One Networks Inc.

Cc:

Bing Young, Director – Transmission System Development
Farooq Qureshy, Manager – Transmission Planning (Central and East)
Ibrahim El-Nahas, Manager – Transmission Planning (North and South West)
Brad Colden, Manager – Customer Business Relations