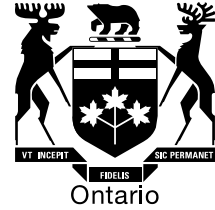


Ontario Energy
Board

Commission de l'énergie
de l'Ontario



EB-2013-0246

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an application by Hydro One Networks Inc. for an order or orders pursuant to section 92 of the *Ontario Energy Board Act, 1998* granting leave to reinforce transmission line facilities in Niagara Region.

BEFORE: Ken Quesnelle
Vice Chair and Presiding Member

Ellen Fry
Member

Peter Noonan
Member

DECISION AND ORDER
July 3, 2014

INTRODUCTION

This is an application filed with the Ontario Energy Board (the "Board") under section 92 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the "Act") for leave to reinforce a section of an existing 115kV line that is required to connect a renewable generation facility to the provincial electricity grid.

For the reasons given below the Board approves the application.

SUMMARY OF APPLICATION

Hydro One Networks Inc. ("Hydro One") filed an application on June 26, 2013 with the Board for an order granting leave to reinforce a 25 km section of existing 115kV Q5G line that is currently idle, from tower 154 in the Town of Lincoln to the Hamilton Beach Transformer Station.¹

The line reinforcement was requested by Niagara Region Wind Corporation, to allow for the connection of the Niagara Region Wind Farm to the provincial electricity grid, via Hydro One's Q5G line.

In its current form the Q5G line can only accommodate a capacity of 181 MW and therefore must be reinforced to allow for the connection of the 230 MW wind farm. The project that is the subject of the application is described at Exhibit B/Tab 2/Schedule 1 of the application.

Hydro One submits that Niagara Region Wind Corporation was awarded an electricity generation contract by the Ontario Power Authority ("OPA") under the Feed-in-Tariff ("FIT") program. As contemplated by that contract, Niagara Region Wind Corporation is constructing the Niagara Region Wind Farm in Niagara Region and Haldimand County. When operational the facility is expected to add 230 MW of renewable energy to the provincial electricity grid.

In a separate but related application (EB-2013-0203), Niagara Region Wind Corporation sought leave of the Board to construct a transmission line and facilities needed to

¹ As part of the project the Q5G line will be extended by approximately 100m into Hamilton Beach Transformer Station from Beach Junction, to allow for the connection to the provincial electricity grid.

connect the Niagara Region Wind Farm to the provincial electricity grid via the Hydro One facilities that are the subject of this application.

In its Decision and Order dated, July 3, 2014, the Board granted this application.

SUMMARY OF THIS PROCEEDING

The Board issued Notices of Application and Hearing (“Notice”) in English and French. Both Notices were published and served in accordance with letters of direction issued by the Board.

The Board received one request for intervenor status, from the Independent Electricity System Operator (“IESO”).

On February 24, 2014, the Board issued Procedural Order No. 1, in which it granted intervenor status to the IESO and set out the schedule for the written hearing.

Pursuant to Procedural Order No. 1, Board staff submitted interrogatories and Hydro One provided its response to Board staff interrogatories. Hydro One submitted its argument-in-chief on March 17, 2014. Neither the IESO nor Board staff filed submissions.

The Board also received 21 letters of comment in relation to this application. The letters all opposed the proposed project and raised concerns with the Ontario Government’s renewable energy policy and the impacts of that policy on electricity prices. Many of the letters also reference a study, (the “Sabiston Study”) that was undertaken by Hydro One in response to a request received from the Mountainview Niagara Escarpment Community Association. These letters expressed the view that the Sabiston Study had concluded that the proposed upgrade has technical problems, and that it would compromise the reliability of the electricity grid.

SCOPE OF THIS PROCEEDING

The Board's power to grant an applicant leave to reinforce an electricity transmission line is set out in subsection 92 (1) of the Act which states:

92 (1) No person shall construct, expand or reinforce an electricity transmission line or an electricity distribution line or make an interconnection without first obtaining from the Board an order granting leave to construct, expand or reinforce such line or interconnection.

In discharging its duties under section 92 the Board is governed by the provisions of section 96 of the Act which states:

96 (1) If, after considering an application under section 90, 91 or 92 the Board is of the opinion that the construction, expansion or reinforcement of the proposed work is in the public interest, it shall make an order granting leave to carry out the work.

(2) In an application under section 92, the Board shall only consider the following when, under subsection 1, it considers whether the construction, expansion or reinforcement of the electricity transmission line or electricity distribution line, or the making of the interconnection, is in the public interest:

1. The interests of consumers with respect to prices and the reliability and quality of electricity service.
2. Where applicable and in a manner consistent with the policies of the Government of Ontario, the promotion of the use of renewable energy sources.

Board Findings

The wording of subsection 96(2) requires the Board to consider only the factors specified in subsection 96(2) in determining whether the proposed reinforcement is in the public interest. Accordingly, issues raised in the letters of comment concerning the appropriateness of the Ontario Government's renewable energy policy are outside the scope of this proceeding.

In considering the interest of consumers with respect to prices under subsection 96(2) the Board limits its review to the direct price impact of the proposed reinforcement. Accordingly, the issues raised in the letters concerning the impact of renewable generation on electricity prices in general, and the impact of the Government of Ontario's renewable energy policy on electricity prices, are outside the scope of this proceeding.

INTERESTS OF CONSUMERS WITH RESPECT TO RELIABILITY AND QUALITY OF ELECTRICITY SERVICE

Hydro One has filed the System Impact Assessment Report prepared by the IESO and the Customer Impact Assessment Report prepared by Hydro One that were issued to Niagara Region Wind Corporation in relation to the connection of Niagara Region Wind Farm to the provincial electricity grid.

System Impact Assessment

The IESO issued a System Impact Assessment Report in respect of the Niagara Region Wind Farm on July 27, 2012 and an Addendum Report on September 23, 2013 (collectively the “SIA”).

The SIA assesses whether the proposed connection of the Niagara Region Wind Farm to the provincial electricity grid via Hydro One's Q5G line will have an adverse impact on the reliability of the provincial electricity grid.

The SIA concludes that the connection of the Niagara Region Wind Farm to the provincial electricity grid via the reinforced Q5G line is expected to have no material adverse impacts on the reliability of the provincial electricity grid, subject to the requirements specified in the SIA being met.

Customer Impact Assessment

Hydro One issued a Customer Impact Assessment Report on August 3, 2012, and an Addendum Report on August 15, 2013 (collectively the “CIA”).

The CIA assesses the impact of the connection of the Niagara Region Wind Farm on Hydro One transmission customers in the area. The assessment was conducted by Hydro One pursuant to the requirements of the Transmission System Code.

The CIA concludes that the connection of the Niagara Region Wind Farm, via Hydro One's reinforced Q5G line, will not adversely impact existing Hydro One transmission customers in the area subject to the requirements specified in the CIA.

Hydro One submitted the Sabiston Study in response to Board staff interrogatory no. 1.

Hydro One submitted that the purpose of the study was not to assess the technical viability of the proposed reinforcement, but rather to assess the feasibility of an

alternative, that of shifting load from lines south of the Niagara escarpment to lines north of the Niagara escarpment, to accommodate the 230 MW output of the Niagara Region Wind Farm. It submitted that to that end, the Sabiston Study concluded that such load-shifting arrangements were not feasible.

Board Findings

Based on the conclusions of the SIA and the CIA, the Board is satisfied that the connection of the Niagara Region Wind Farm to the provincial electricity grid via Hydro One's reinforced Q5G line will not adversely impact the interests of consumers with respect to reliability or quality of electricity service if the conditions in the SIA and CIA are met.

The Board agrees with Hydro One that the Sabiston Study addressed an alternative to the proposal presented in this application. Accordingly, the Board finds that the Sabiston Study does not raise a reliability concern with respect to this application. Accordingly, the Board finds that there will be no adverse effects on reliability or the quality of electricity service if the application is granted.

POLICIES OF THE GOVERNMENT ON THE PROMOTION OF THE USE OF RENEWABLE ENERGY SOURCES

As stated earlier in this Decision, the need for the reinforcement arises from the planned addition of the Niagara Region Wind Farm.

Niagara Region Wind Corporation was awarded a contract in respect of the Niagara Region Wind Farm by the OPA under the Government of Ontario's FIT program.

The wind farm is a 230 MW renewable energy generation facility which is proposed to be connected to the provincial electricity grid via the reinforced Q5G line.

Hydro One states that the 115kV Q5G line in its current form has a maximum capacity of 181 MW and therefore cannot accommodate the expected output of the 230 MW capacity wind farm.

Hydro One also states that it will not proceed with the reinforcement until Niagara Region Wind Corporation has acquired all of the necessary approvals in relation to its project. Accordingly, the Board finds that granting the application would be consistent

with the policies of the Government of Ontario concerning the promotion of the use of renewable energy sources.

Board Findings

The Board in its Decision in EB-2013-0203 has granted Niagara Region Wind Corporation leave to construct certain transmission facilities that are needed to connect the Niagara Region Wind Farm to Hydro One's Q5G line.

In this application, the Board is asked to approve a reinforcement of a 25 km section of the Q5G line that will be needed to complete the connection of Niagara Region Wind Farm to the provincial electricity grid.

Hydro One, as a condition of its transmission licence, is obligated to make an offer to connect or address a change in capacity upon request from a generator. In this case, the proposed reinforcement has been requested by Niagara Region Wind Corporation which is a generator that has entered into a contract with the OPA to supply 230MW of electricity to the provincial electricity grid.

The evidence indicates that the proposed reinforcement is intended solely for the purpose of connecting a generation facility being constructed pursuant to the Government of Ontario's FIT program to the provincial electricity grid. The Board has approved the construction of the other transmission connection elements in EB-2013-0203. The Board therefore concludes that the approval of the proposed reinforcement would be consistent with the policies of the Government of Ontario favouring the promotion of the use of renewable energy sources.

INTERESTS OF CONSUMERS WITH RESPECT TO PRICES

Hydro One states that the entire cost of the project that is the subject of the application will be paid for by Niagara Region Wind Corporation.

Board Findings

The project will have no impact on transmission rates in Ontario because the entire cost of the project will be borne by the Niagara Region Wind Corporation. The Board therefore finds that the cost of the construction of the proposed facilities will not have an impact on the price of electricity service.

Land Matters

Hydro One states that it will be using its existing land rights for this project and has not requested an Order under section 97 of the Act.

BOARD DECISION

The Board grants the application subject to the conditions in the Order below.

The Board notes that Hydro One is responsible for obtaining all other necessary approvals, required to construct, operate and maintain the proposed facilities.

THE BOARD ORDERS THAT:

1. Pursuant to section 92 of the Act, the Board grants Hydro One leave to reinforce the existing 115kV Q5G line from tower No. 154 to Hamilton Beach TS, including a 100 m extension to connect to the provincial electricity grid, in accordance with the Board's Decision in this proceeding. The granting of this leave to construct is conditional on the existence of a FIT contract between Niagara Region Wind Corporation and the OPA, the fulfillment of the requirements of the SIA and CIA, and Hydro One commencing construction within 12 months of the date of the Board's Decision.
2. Hydro One shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

ISSUED at Toronto, July 3, 2014

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary