



**EB-2004-0545**

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

**AND IN THE MATTER OF** a joint application by De Beers Canada Inc., Hydro One Networks Inc. and Five Nations Energy Inc. for an Order or Orders pursuant to section 92 of the *Ontario Energy Board Act, 1998* granting leave to construct transmission facilities that will connect De Beers Canada Inc.'s planned Victor Diamond Mine, located approximately 90 kilometers west of Attawapiskat, to Ontario's transmission grid.

**Before:**

Cynthia Chaplin  
Presiding Member

Pamela Nowina  
Member

Paul Sommerville  
Member

**DECISION AND ORDER**

**July 18, 2005**

## CHAPTER 1 – THE APPLICATION AND THE PROCEEDING

### 1.1 The Application

On December 20, 2004, De Beers Canada Inc. ("De Beers"), Five Nations Energy Inc. ("FNEI") and Hydro One Networks Inc. ("Hydro One") (collectively, the "Joint Applicants") jointly applied to the Ontario Energy Board (the "Board") for leave to construct certain transmission facilities (the "Application"). The Application was made under section 92 of the *Ontario Energy Board Act, 1998* (the "Act").

De Beers is in the business of, among other things, mining diamonds. De Beers has plans to open a new diamond mine located approximately 90 km west of the First Nations community of Attawapiskat in Northern Ontario (the "Victor Mine"). Both Hydro One and FNEI are licensed transmitters with transmission facilities in the area of the Victor Mine.

The Application relates to the construction of transmission facilities that will connect De Beers' planned Victor Mine to FNEI's transmission system.

On April 12, 2005, the Joint Applicants revised the Application and provided further evidence associated with the proposed changes.

Based on the revised Application, the Joint Applicants propose to construct:

- approximately 100 km of single circuit 115 kV transmission line with 477 kilo-circular-mil ("kcmil") conductor, between the Victor Mine and FNEI's Attawapiskat Transformer Station ("TS") (in the original Application, it was proposed that a 795 kcmil conductor be used);
- approximately 170 km of single circuit 115 kV transmission line with 477 kcmil conductor, between FNEI's Kashechewan TS and Hydro One's Moosonee Switching Station ("SS") (in the original Application, it was proposed that a 795 kcmil conductor be used); and
- approximately 144 km of single circuit 115 kV transmission line with 795 kcmil conductor, between Hydro One's Moosonee SS and Hydro One's facilities at Otter Rapids Generating Station ("GS") (in the original Application, it was proposed that the line would run approximately 180 km from the Moosonee SS to the Pinard TS).

The project also includes:

- construction of a new TS equipped with two 115-13.8 transformers and associated facilities at the Victor Mine site;
- modifications at FNEI's Attawapiskat TS and Kashechewan TS; and
- modifications at Hydro One's Moosonee SS and the switching facilities at the Otter Rapids GS.

The proposed facilities described above (collectively the "Project") are estimated to cost \$93.6 million. The scheduled completion date for this Project is June

2007. In order to achieve this date, construction must occur during the 2006 and 2007 winter seasons when the terrain is frozen.

The Application has been assigned Board File No. EB-2004-0545.

## **1.2 The Proceeding**

The Board issued a Notice of Application on December 24, 2004. The Joint Applicants served and published the Notice as directed by the Board. The only registered intervenor is the Independent Electricity System Operator ("IESO").

In the Notice of Application, the Board indicated that it would proceed with the Application by way of a written hearing unless any party satisfied the Board that there was a good reason for not proceeding by way of a written hearing. The Board received no submissions objecting to a written hearing and has proceeded by way of a written hearing.

In accordance with Procedural Order No.1 issued on February 24, 2005, interrogatories were filed on March 8, 2005 and responses were received on March 22, 2005. Supplementary interrogatories were issued on March 31, 2005 and responses were received on April 12, 2005.

As noted above, on April 12, 2005, the Joint Applicants filed revisions to the Application. At the time of filing of those revisions, the Joint Applicants requested that the Board grant leave to construct "based on both conductor sizes, with a condition attached to the smaller conductor size that the Applicants file a revised [System Impact Assessment] and confirmation that they will comply with the IESO's additional requirements". In light of the proposed changes, the Joint Applicants were requested to provide a new IESO system impact assessment ("SIA") and a new Hydro One customer impact assessment ("CIA") based on the revised Application.

The Joint Applicants submitted the new CIA and SIA reports to the Board on April 21, 2005 and June 3, 2005, respectively. A revised SIA report, dated June 7, 2005, was subsequently filed.

## **CHAPTER 2 - EVIDENCE AND SUBMISSIONS**

### **2.1 Evidence of the Joint Applicants**

De Beers is planning to open the Victor Mine in north-eastern Ontario in 2007. Total construction expenditures for the Victor Mine are expected to exceed \$800 million, mainly over the period 2005 to 2008. Total operational expenditures are expected to be in the order of \$100 million per year over the period 2008 to 2020. Closure costs are forecast at about \$50 million over the three-year period from 2021 to 2023.

The Victor Mine will require electrical supply of approximately 20 MW. The closest source of electrical supply is the Attawapiskat TS, owned by FNEI, about 90 km from the proposed Victor Mine site. The Attawapiskat TS is connected to FNEI's transmission system, which in turn is connected to the Hydro One transmission system at the Moosonee SS. The existing FNEI and Hydro One transmission facilities have adequate capacity for existing and forecast load at the First Nation communities and towns in the area but cannot supply the additional proposed Victor Mine load without reinforcement. Therefore, additional electrical supply facilities and associated system reinforcements are required to supply the proposed Victor Mine from the electrical grid in the area.

The Joint Applicants considered a number of alternatives for supplying the proposed Victor Mine load, including: (a) grid supply via a reinforced Hydro One/FNEI system; (b) grid supply via a direct supply from the Otter Rapids GS; (c) grid supply via a direct supply from the Kapuskasing TS; and (d) supply via diesel generating units at the Victor Mine site.

The Joint Applicants chose alternative (a) for the following reasons: it is cost-effective; it is best from a technical perspective; it has the least impact on the natural environment; and it has a positive impact on the socio-economic environment.

De Beers will pay all of the capital costs associated with construction of the Project and will make capital contributions to FNEI and Hydro One so that there is no adverse impact on transmission rates. The capital contribution amount is to be calculated based on the Transmission System Code, and applicable rulings and decisions by the Board. The Joint Applicants have confirmed that they will recalculate the capital contribution required from De Beers in accordance with the Board's "Proposed Revised Transmission System Code" (the "Revised TSC").

### **2.2 The IESO's SIAs**

On December 12, 2004, the IESO issued an addendum to its original SIA report dated July 16, 2003. The addendum considered the option of originating the new line to the Moosonee SS at the Otter Rapids GS as well as the option of originating it at the Pinard TS. The IESO noted that, although it would prefer the new line to originate from the Pinard TS, rather than from the Otter Rapids GS, either arrangement would be acceptable. The addendum concluded that the

Project would not have any adverse impact on the IESO-controlled grid, and a Notification of Approval to Connect was issued on December 16, 2004, subject to certain specified requirements.

In June, 2005, the IESO issued its revised second addendum to its SIA, which examined the impact of the Project on the IESO-controlled grid based on certain of the Joint Applicants' revisions to the Application. The second addendum concluded that the use of 477 kcmil conductors instead of 795 kcmil conductors on the specified transmission lines will not adversely impact the performance of the IESO-controlled grid, and would therefore also be acceptable to the IESO.

The IESO's revised second addendum to its SIA confirms that the December 16, 2004 Notification of Approval to Connect remains valid for purposes of the revised Application. The IESO's requirements for connection remain the same as those detailed in the first addendum except for the additional requirement to ensure that the static reactive compensation [STATCOM] devices at the Victor Mine have the increased capacity necessary to maintain an acceptable voltage profile.

### **2.3 The Transmitters' CIAs**

On December 21, 2004, Hydro One, on behalf of itself and FNEI, issued a CIA in relation to the Project. The CIA concluded that the Project can be incorporated without any adverse technical or reliability impact on customers connected to the Hydro One and FNEI transmission systems in the area, provided that a special protection scheme is installed.

The Joint Applicants submitted a revised CIA, issued by Hydro One (again on behalf of itself and FNEI), on April 21, 2005 in relation to the Joint Applicants' revised Application. The revised CIA similarly concluded that the Project as revised can be incorporated without any adverse technical or reliability impact on customers connected to the Hydro One and FNEI transmission systems in the area, provided that a special protection scheme is installed.

### **2.4 Power Loss Considerations**

The IESO's revised second addendum to its SIA report included an assessment of the power losses associated with supply of the proposed Victor Mine load. Losses were calculated for the two conductor sizes (477 kcmil and 795 kcmil) being considered for the Moosonee SS to Kashechewan TS transmission line. The results show that for the 14-year study period, the losses attributable to the Victor Mine load average approximately 3.1 MW (peak) with 477 kcmil conductor and 2.5 MW (peak) for the 795 kcmil conductor. Therefore, use of the larger conductor would result in an average saving in losses of approximately 0.6 MW (peak).

## CHAPTER 3 - BOARD FINDINGS

### Introduction

Section 96(1) of the Act provides that if, after considering an application under section 92 of the Act, the Board is of the opinion that a proposed work is in the public interest, then the Board shall make an order granting leave to construct the work.

Section 96(2) of the Act provides that, for an application under section 92 of the Act, the Board shall only consider the interests of consumers with respect to prices and reliability and quality of electricity service when determining if a proposed work is in the public interest.

In the context of this Application, the main issues for the Board are as follows:

1. Is the Project needed and is it the best alternative?
2. Are the estimated capital and OM&A costs for the Project reasonable?
3. What impact will the Project have on transmission rates?
4. What impact will the Project have on reliability of supply?
5. Have the Joint Applicants taken reasonable steps to mitigate power losses on the Hydro One and FNEI systems?
6. What is the impact of the Victor Mine shutting down earlier than planned?
7. If the Project is approved, what are the conditions of approval?

## FINDINGS

### 3.1 Is the Project needed and is it the best alternative?

The Board notes that the Project is needed to provide electrical supply to the Victor Mine in 2007. The Victor Mine will require electrical supply of approximately 20 MW.

The Board accepts the evidence of the Joint Applicants that the existing FNEI and Hydro One transmission facilities have adequate capacity for existing and forecast load at the First Nation communities and towns in the area but cannot supply the additional proposed Victor Mine load without reinforcement. Therefore, additional electrical supply facilities and associated system reinforcements are required to supply the Victor Mine from the electrical grid in the area.

The Board finds that the evidence submitted by the Joint Applicants substantiates that, relative to the other alternatives considered, the Project is cost-effective and is best from a technical perspective (subject to the Board's findings in relation to conductor size as discussed in section 3.5). The Board also

accepts the evidence that the Project provides long-term reliability benefits to other customers in the area that would not be available under the other options.

### **3.2 Are the capital and OM&A costs for the Project reasonable?**

The capital costs and operating, maintenance and administrative (“OM&A”) costs are relevant for the Board’s consideration in the context of determining the capital contribution to be made by De Beers to the two transmitters.

#### **Capital Costs**

Of the total Project cost of \$93.6 million, approximately \$57.9 million is for constructing 414 km of 115 kV transmission line, which is equivalent to an average cost of approximately \$140,000 per km. The cost to construct the existing FNEI line from the Moosonee SS to the Kashechewan TS in 2002 was approximately \$131,000 per km. The Board is of the view that the cost for the new transmission line is reasonable given the smaller conductor size used for the existing FNEI line and the level of inflation since 2002. The Board notes that the cost of the new line will be borne by De Beers as indicated in section 3.3 and that other electricity ratepayers are therefore not at risk for these capital costs.

Of the remaining Project cost, approximately \$19.2 million is for carrying out modifications at existing FNEI and Hydro One stations. The Board considers this cost to be typical for the required modifications. The remaining \$16.5 million is for construction of the TS at the Victor Mine site. The Board notes that the costs for construction of the TS as well as the modifications at existing FNEI and Hydro One stations are to be borne by De Beers.

#### **OM&A Costs**

The Joint Applicants estimated that OM&A costs are 1% of the total capital cost per year. For the new transmission line on the Hydro One system, the estimated OM&A cost is equivalent to \$1600 per km per year compared to Hydro One’s typical transmission line maintenance cost of \$1700 per km per year. Although it could be expected that a new line would attract substantially lower than average OM&A costs, Hydro One explained that it will require higher than average OM&A costs for right-of-way clearing and patrol (helicopter) due to the remote location. FNEI also explained that the OM&A cost estimate in relation to the new transmission line on its system is reasonable because the new line and stations where modifications are proposed are only accessible by air for most of the year, resulting in higher costs to carry out planned and emergency work.

The Board accepts that the estimated OM&A costs, which reflect 1% of the total capital cost per year, are reasonable for a project of this nature. The Board notes that the OM&A costs will be used to determine the contribution to be made by De Beers to the two transmitters, which is discussed further in the next section.

### 3.3 What impact will the Project have on transmission rates?

According to the Joint Applicants' evidence, De Beers will bear the capital costs of the Project as part of its capital contribution to each of FNEI and Hydro One, in accordance with the Board's Revised TSC. According to the Revised TSC, the capital contribution would be calculated on the basis of the following formula:

$$\text{Capital Contribution} = \text{Capital Cost} + \text{OM\&A} - \text{Line Connection Revenue}$$

Applying this formula to the Project, based on the cost and revenue estimates provided by the Joint Applicants, results in the values shown in the following table:

	Estimated Costs/Revenues (\$million)					
	Capital Costs			OM&A Cost (B)	Line Connection Revenue (C)	De Beers Contribution Requirement (A) + (B) – (C)
	Lines	Stations	Total Capital (A)			
Hydro One System	23.4	11.7	35.1	3.8	1.3	37.6
FNEI System	21.0	7.5	28.5	3.2	0.005	31.7
Total	44.4	19.2	63.6	7.0	1.305	69.3

The Board notes that based on the above calculations, the estimated De Beers' contribution amounts exceed the capital cost estimates.

Ultimately, Hydro One will own the new line that will run from the Otter Rapids GS to the Moosonee TS, and FNEI will own the new line that will run from the Moosonee TS to the Kashechewan TS. The Board notes that under section 6.6.2 of the Revised TSC, the transmitter is obligated to pay a transfer price that is the lower of the cost to the load customer or the transmitter's reasonable cost to do the same work, for any connection facility a load customer constructs and transfers to the transmitter. In this case, the load customer is planning to construct all of the capital facilities listed in the table above except for the station work on the Hydro One system. Hydro One considers this station work to be uncontestable and will carry out that work and recover the costs from De Beers.

Assuming that the capital costs listed are equal to or lower than the transmitter's reasonable costs to do the same work, then the estimated transfer costs based on the Revised TSC would be \$23.4 million for Hydro One (the capital cost of the lines as shown on the table above) and \$28.5 million for FNEI (the capital cost of the lines and stations as shown in the table above). These transfer costs, as well as the cost of the station work to be carried out by Hydro One and the OM&A cost and line connection revenue, would then be used by the transmitters to determine De Beers' contribution requirements. The final calculations would be based on actual costs for the capital facilities and be subject to true-up calculations in accordance with the Revised TSC.

The Board is therefore satisfied that the Project as proposed will not have a material adverse impact on transmission rates for other customers under the approach set out in the Revised TSC (the issue of costs associated with additional power losses is discussed in section 3.5). The Board confirms that the Joint Applicants should determine the capital contributions to be paid by De Beers and the transfer price to be paid by each of Hydro One and FNEI in accordance with the Revised TSC, and notes the Joint Applicants' agreement to do so. After the collection of the capital contribution, the only remaining financial risk to Hydro One and FNEI relates to the possibility that the projected line connection revenue stream will not materialize as anticipated. This risk is discussed in section 3.6.

#### **3.4 What impact will the Project have on reliability of supply?**

The Board notes that the Project will add a second 115 kV circuit between the Otter Rapids GS and the Kashechewan TS, a distance of 314 km. If there is a single circuit outage in that section, some load can still be supplied by the remaining circuit. The Board concludes that this will improve reliability of supply to all existing Hydro One and FNEI transmission customers supplied from these circuits. This benefit will continue after the Victor Mine ceases operations.

#### **3.5 Have the Joint Applicants taken reasonable steps to mitigate power losses on the Hydro One and FNEI systems?**

As noted in section 2.4, the IESO's revised second addendum to its SIA indicates that the incremental losses on the Hydro One and FNEI systems attributable to the Victor Mine load are approximately 3.1 MW (peak). Based on information provided by the Joint Applicants, the Board estimates the total net present value of these losses at approximately \$13.7 million.<sup>1</sup> This cost is recovered by the IESO from all wholesale users through the IESO's wholesale charges.

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<sup>1</sup> The Joint Applicants estimated that losses of 6.2MW per year would have a net present value of \$27.4 million. The Board has derived its estimate of the value of 3.1 MW in losses using a simple proportion based on the Joint Applicants' estimate:  $3.1\text{MW}/6.2\text{MW} * \$27.4 \text{ million} = \$13.7 \text{ million}$ .

The peak loss value of 3.1 MW is approximately 16% of the 20 MW Victor Mine load that is supplied. The losses are significantly higher than typical transmission losses because of the relatively long lines involved.

The Board notes from the IESO's loss calculations that it is possible to reduce the power losses by using 795 kcmil conductor instead of 477 kcmil conductor on the Moosonee SS to Kashechewan TS line. Based on the evidence, the losses could be reduced by approximately 0.6 MW, with an approximate value of \$2.7 million<sup>2</sup>. The additional capital cost to install 795 kcmil conductor on this line, instead of 477 kcmil conductor, is estimated at \$2.6 million.

The Board recognizes that the \$2.7 million saving due to reduced power losses would be a benefit to all wholesale users through a reduction in the IESO's wholesale charges relative to the costs attributable to the larger losses associated with the smaller conductor, whereas the additional capital cost of \$2.6 million for the larger conductor would be borne by De Beers. Given the extent of the losses associated with the Project, the Board finds that it is appropriate for De Beers to mitigate these losses to the extent possible. The Board also notes that the value of the reduced losses attributable to using the larger conductor size exceeds the cost of the larger conductor. The Board will therefore require the use of 795 kcmil conductor on the new Moosonee SS to Kashechewan TS line.

### **3.6 What is the impact of the Victor Mine shutting down earlier than planned?**

The Board has considered the physical and financial impacts of the Victor Mine shutting earlier than planned. The Board acknowledges that the Project will provide long term positive benefits to other users (i.e., Ontario coastal James Bay communities), through increased reliability of supply. This benefit will continue after the Victor Mine closes. The Board also notes that the addition of the new transmission lines on the FNEI and Hydro One systems will result in reduced power losses on those systems after the Victor Mine closes. The Board concludes that there is no risk to other customers from a reliability and quality of service perspective if the Victor Mine were to close earlier than planned.

The Board also notes Hydro One's approach to mitigating the financial risks involved with the Project. Hydro One advised that the financial commitments of De Beers Canada will be met through internal financing from its parent, De Beers S. A., and an existing credit facility of De Beers Canada. To further mitigate its financial risk, Hydro One will obtain from De Beers Canada a signed Connection and Cost Recovery Agreement based on the standard template. Hydro One also noted that the present value of the line connection revenue stream to be collected over time is fairly small (\$1.3 million) and that therefore the financial risk is fairly small.

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<sup>2</sup> As described above, the Board has derived its estimate of the value of 0.6 MW as a simple proportion:  $0.6\text{MW}/6.2\text{MW} * \$27.4 \text{ million} = \$2.7 \text{ million}$ .

The Board agrees with Hydro One's conclusion that the revenue risk (\$1.3 million) to which Hydro One would be exposed is relatively minor and will be adequately addressed through the true-up mechanism related to the capital contribution process.

### **3.7 What are the conditions of approval?**

The Board approves the proposed Project, as described in the revised Application, subject to:

- the use of 795 kcmil conductor on the proposed Moosonee to Kashechewan TS transmission line; and
- the conditions of approval appended to this Decision and Order, which are in keeping with the Board's practice for establishing certain general conditions for projects of this type.

### **THE BOARD THEREFORE ORDERS THAT:**

1. The Application by De Beers Canada Inc., Hydro One Networks Inc. and First Nations Energy Inc. for leave to construct transmission facilities, including three single circuit 115 kV transmission lines and associated facilities to supply De Beers Canada Inc.'s planned Victor Mine, as revised, is approved subject to:
  - a requirement to use of 795 kcmil conductor on the proposed Moosonee to Kashechewan TS transmission line; and
  - the conditions attached as Appendix A to this Decision and Order.
2. Leave to construct is not authorized by this Decision and Order until all pre-construction environmental processes have been completed and any environmental approvals have been obtained.

Dated at Toronto, July 18, 2005

*Original signed by*

John Zych  
Board Secretary

## **APPENDIX A**

### **Conditions of Approval**

**De Beers Canada Inc. / Hydro One Networks Inc. / Five Nations Energy Inc.**

**EB-2004-0545**

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#### **1.0 General Requirements**

- 1.1 De Beers Canada Inc. ("De Beers") Hydro One Networks Inc. ("Hydro One") and Five Nations Energy Inc. ("FNEI") (collectively, the "Joint Applicants"), shall, within their individual areas of jurisdiction, construct the facilities and restore the land in accordance with the Application, evidence and undertakings, except as modified by the Board's Decision and Order dated July 15, 2005 (the "Order") and these Conditions of Approval.
- 1.2 Unless otherwise ordered by the Board, leave to construct set out in the Order shall expire on December 31, 2006, unless construction has commenced prior to that date.
- 1.3 The Joint Applicants shall advise the Board's designated representative of any proposed material change in the project, including changes in: the proposed route; construction techniques; construction schedule; restoration procedures; or any other impacts of construction. The Joint Applicants shall not make a material change without the prior approval of the Board or its designated representative.
- 1.4 The Joint Applicants shall obtain all necessary easement rights prior to commencement of construction. The Joint Applicants shall offer to each owner of land affected by the route or location of the project, the form of easement agreement approved by the Board.

#### **2.0 Project and Communications Requirements**

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Facilities.
- 2.2 The Joint Applicants shall designate a person as project engineer and shall provide the name of the individual to the Board's designated representative. The project engineer will be responsible for the fulfilment of the Conditions of Approval on the construction site. The Joint Applicants shall provide a copy of the Order and these Conditions of Approval to the project engineer, within seven days of the date of the Order or within seven days of the appointment of the project engineer, whichever is the later, and in any event prior to commencement of construction.

- 2.3 The Joint Applicants shall give the Board's designated representative no less than ten days' written notice in advance of the commencement of construction.
- 2.4 The Joint Applicants shall furnish the Board's designated representative with all reasonable assistance for ascertaining whether the work is being or has been performed in accordance with the Order.
- 2.5 The Joint Applicants shall develop as soon as possible, and in any event prior to the start of construction, a detailed construction plan. The detailed construction plan shall cover all construction activities and associated outages and also include proposed outage management plans. These plans must be discussed with any affected transmission customers before being finalized. Upon completion of the detailed plans, the Joint Applicants shall provide 5 copies to the Board's designated representative.
- 2.6 The Joint Applicants shall furnish the Board's designated representative with five copies of written confirmation of the completion of construction. This written confirmation shall be provided within one month of the completion of construction.
- 2.7 Within fifteen months of the completion of construction, the Joint Applicants shall file with the Board a written Post Construction Financial Report. The report shall indicate:
- the actual capital costs of the Project, with a detailed explanation of all cost components, and explain all significant variances from the estimates filed with the Board; and
  - the final FNEI and Hydro One transfer prices and the recalculated capital contribution amounts, determined in accordance with the Revised TSC.

### **3.0 Monitoring and Reporting Requirements**

- 3.1 Both during and after construction, the Joint Applicants shall monitor the impacts of construction, and shall file five copies of a monitoring report with the Board within fifteen months of the completion of construction. The Joint Applicants shall attach to the monitoring report a log of all complaints related to construction that have been received. The log shall record the person making the complaint, the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.
- 3.2 The monitoring report shall confirm the Joint Applicants' adherence to these Conditions and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. The report shall describe any outstanding concerns identified during construction, the condition of the rehabilitated land and the effectiveness of the mitigation

measures undertaken. The results of the monitoring program and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of these Conditions shall be explained.

**4.0 Other Approvals**

- 4.1 The Joint Applicants shall obtain, prior to commencement of construction, all other approvals, permits, licences, certificates and other authorizations required to construct, operate and maintain the proposed project.

**5.0 System Impact Assessment Report**

- 5.1 The Joint Applicants shall implement all of the recommendations of the Independent Electricity System Operator, as set out in the system impact assessment report addendum dated December 12, 2004 and the second addendum dated June 3, 2005 and revised June 7, 2005.

**6.0 Customer Impact Assessment Report**

- 6.1 The Joint Applicants shall implement all of the recommendations of the transmitters, as set out in the Customer Impact Assessment report dated April 21, 2005.

**7.0 Licences**

- 7.1 The Joint Applicants shall comply with all applicable licence requirements.