



OPA's Role and Background/Highlights of the East-West Tie Project

March 23, 2012

“Key Players” in the Ontario’s Electricity Sector



Ministry of Energy

Regulation

Ontario Energy Board

Transmission



Hydro One, GLP, Five Nations and others

System Operation



Ontario Electricity System & its Customers

Generation



OPG, FIT, and other generators

Planning & Procurement



Distribution



LDCs, Hydro One Distribution and other distribution utilities



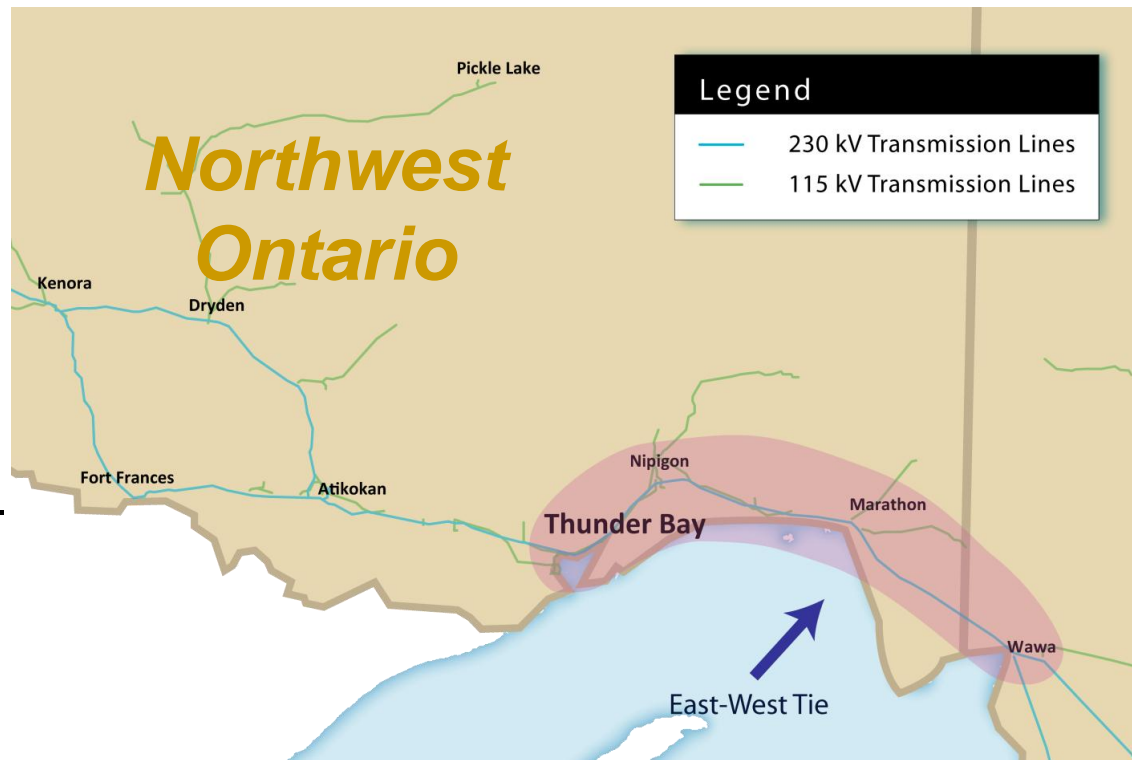
OPA's Mandate and Role in the E-W Tie Project

- The OPA's Mandate is to ensure a reliable, sustainable and cost effective electricity supply for Ontario
 - Enabling conservation across the province
 - Procuring new supply
 - Power system planning
- The OPA's role in the E-W Tie project includes:
 - Identifying need and alternatives
 - Supporting the OEB in the Designation Process
 - Supporting the Designated and Incumbent Transmitters in implementing the development phase of the project
 - With input from other parties, trigger the seeking of Leave to Construct approvals as appropriate
 - Provide support in regulatory processes related to the approval of this project

Background for the Northwest supply reinforcement need

- Peak demand in 2010 was 730 MW. Industrial sector accounts for a significant portion of the load.

- Installed generation capacity in 2010 was 1400 MW. Hydroelectric and coal-fired generation account for over 90% of Northwest's internal capacity.



- The Northwest is connected to the Northeast through a double-circuit 230 kV line (the East-West Tie) with a capacity of about 350 MW based on existing reliability criteria

Changes to the Northwest

- Coal-fired generation will be shut down by the end of 2014 and replacement capacity will be required
 - The Directed conversion of Atikokan GS to biomass and Thunder Bay GS to natural gas are components of the solution
 - Availability of cost-effective biomass fuel may limit production at Atikokan GS
 - Thunder Bay GS is best suited for peaking operation
- The East-West Tie is to meet the latest NERC TPL reliability standards, resulting in a lower transfer capability between the Northwest and the Northeast

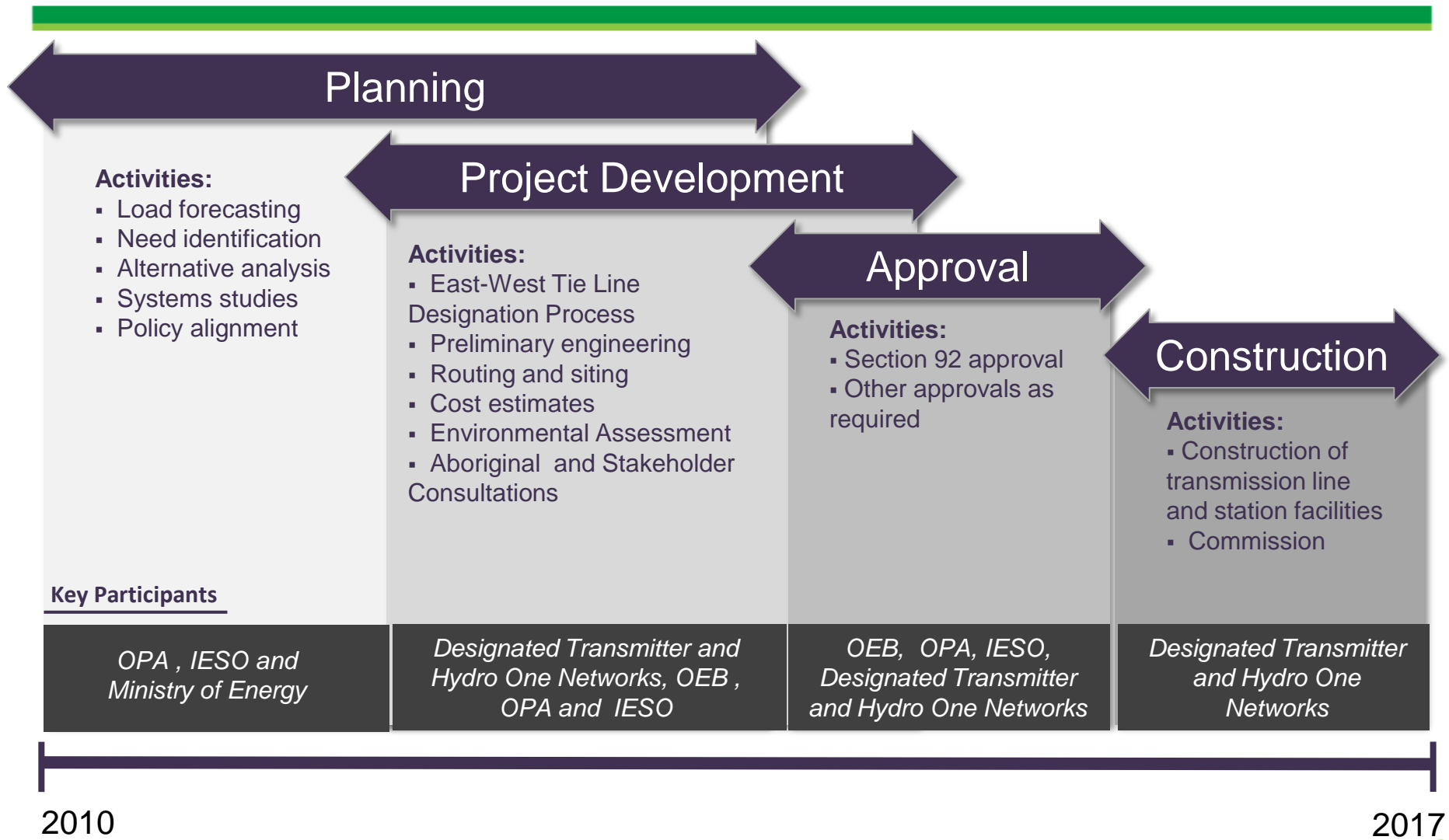
Objectives of the East-West Tie Expansion Project

- The expanded East-West Tie will provide a cost-effective and reliable long-term supply to the Northwest
- The expanded Tie will also:
 - Facilitate meeting the NERC TPL reliability standards for the East-West Tie
 - Enhance operational flexibility
 - Reduce losses and congestion along the East-West Tie
 - Provide delivery capacity for connecting new resources in the Northwest

Scope of the East-West Tie Expansion Project

- A new line from Wawa to Thunder Bay (approximately 400 km)
- The new line, in conjunction with the existing tie, is to be capable of providing a total interface transfer capability of 650 MW
- Reactive compensation is to be sufficient to support an initial interface transfer of approximately 450 MW. Additional compensation and station facilities is to be provided as required at a later stage to operate at the 650 MW capability.
- Target in-service date is 2017
- The Reference Option is a double-circuit 230 kV line switched at Marathon

Transmission Development Process



Aboriginal Consultation

- The OPA received a letter from the Ministry of Energy on May 31, 2011 delegating certain procedural aspects of consultation to the OPA with respect to the East-West Tie project
- The OPA's work in this regard involved:
 - Discussing the East-West Tie project during IPSP regional sessions with First Nations
 - Holding a teleconference session with Métis organizations
 - Providing East-West Tie information to the relevant Aboriginal communities
 - Taking feedback from Aboriginal communities into consideration in developing the East-West Tie Expansion report provided to the OEB

Aboriginal Consultation

- The OPA's role in discussions with Aboriginal communities around project planning does not replace consultation requirements that may be required as transmitters proceed
- The OPA encourages transmitters to build positive and constructive relationships with Aboriginal communities
 - Begin early and coordinate with the Crown

Aboriginal Consultation

Crown-identified communities with respect to the May 31, 2011 delegation of certain procedural aspects:

First Nation

- Animbiigoo Zaagi'igan Anishinaabek First Nation (Lake Nipigon Ojibway)
- Biinjitiwaabik Zaaging Anishinaabek First Nation (Rocky Bay)
- Bingwi Neyaashi Anishinaabek (Sand Point First Nation)
- Fort William First Nation
- Ginoogaming First Nation
- Long Lake No.58 First Nation
- Michipicoten First Nation
- Missanabie Cree First Nation
- Ojibways of Batchewana
- Ojibways of Garden River
- Ojibways of Pic River (Heron Bay First Nation)
- Pays Plat First Nation
- Pic Moberg First Nation
- Red Rock Indian Band

Métis Organization

- Greenstone Métis Council
- Red Sky Independent Métis Nation
- Superior North Shore Métis Council
- Thunder Bay Métis Council