

## OEB grants Hydro One leave to construct transmission line project in the municipalities of Chatham-Kent and Lakeshore and the County of Essex

*New transmission line to improve the power supply reliability for customers in the Windsor-Essex region.*

On November 24, 2022, the Ontario Energy Board (OEB) issued its Decision and Order granting Hydro One Networks Inc. (Hydro One) leave to construct a double-circuit transmission line and associated station facilities in the municipalities of Chatham-Kent and Lakeshore and the County of Essex (the Project). The Project is one of several projects intended to accommodate growing demand in Southwestern Ontario<sup>1</sup> and is expected to improve the power supply reliability for customers in the Windsor-Essex region.

By an [Order in Council](#) dated March 31, 2022, the Lieutenant Governor in Council declared a new transmission line from the existing Chatham Switching Station in Chatham to a new Lakeshore Transformer Station in Lakeshore to be needed as a priority project<sup>2</sup>. Further to a [Ministerial Directive](#) received by the OEB in December 2020, the OEB amended Hydro One's licence to require it to develop and seek approvals for the new transmission line.

The priority project designation means that the OEB is required to accept that the transmission line is needed when deciding whether to grant leave to construct the project.

The OEB found the application to be in the public interest based on an examination of the impact of the Project on consumers with respect to prices and the reliability and quality of electricity service. The OEB granted Hydro One's application subject to the OEB's standard conditions of approval for leave to construct applications.

### ABOUT THE PROJECT

Hydro One applied to the OEB on May 9, 2022 for leave to construct a new, approximately 49-kilometre long, 230 kilovolt (kV) double-circuit transmission line, and to undertake the terminal station modifications at Chatham Switching Station and the construction of the new Lakeshore Transformer Station necessary to accommodate the new transmission line.

### DECISION

The intervenors in the proceeding were:

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<sup>1</sup> See the OEB's [Priority transmission projects](#) webpage.

<sup>2</sup> Under section 96.1 of the *Ontario Energy Board Act, 1998*, the Lieutenant Governor in Council can make an order declaring that a new, expanded or reinforced transmission line is needed as a priority project. Even if a transmission line is declared to be a priority project, OEB approval to build the line is still required.

- Environmental Defence
- The Haudenosaunee Development Institute
- The Independent Electricity System Operator
- The Municipality of Chatham-Kent
- Pollution Probe
- The Ross Firm Group
- Three Fires Group

### ***Scope of the Proceeding***

As noted above, where a transmission project has been designated as a priority project, the OEB must accept that the project is needed when considering whether to grant leave to construct the project.

Under section 96 of the *Ontario Energy Board Act, 1998*, in deciding whether a transmission project is in the public interest the OEB is limited to a consideration of the interests of consumers with respect to prices and the reliability and quality of electricity service.

The OEB's authority to consider environmental issues and the Constitutional duty to consult is therefore limited to any impact they may have on the issues of price, reliability and quality of electricity service, such as impacts relating to the cost or schedule for a project. The Project is subject to an Environmental Assessment conducted under the Ministry of the Environment, Conservation and Parks, and consideration of the duty to consult for the Project is led by the Ontario government as part of the Environmental Assessment process. As one of the conditions to the OEB's order, the Project cannot proceed until the Environmental Assessment is completed.

In the proceeding, the Haudenosaunee Development Institute submitted that the OEB could not grant leave to construct by reason of deficiencies relating to Indigenous engagement and to the consideration of Indigenous rights, and by reason of the absence of consent as required by the United Nations Declaration on the Rights on Indigenous Peoples (UNDRIP). In addition to reiterating the limited scope of this proceeding, the OEB found that the federal *United Nations Declaration on the Rights of Indigenous Peoples Act* is not binding on the OEB.

### **Price: Project Costs (Section 4.1, pp. 14-20)**

The OEB found that the estimated total Project capital cost of \$267.8 million, including \$22.5 million in contingency, is reasonable based on Hydro One's comparison of the estimated Project cost per circuit km to two other projects. The contingency amount is based on Hydro One's assessment of the Project risks.

Hydro One indicated that it will take steps to mitigate the land acquisition cost (which represents 40% of the estimated Project cost) by reducing reliance on expropriation. Hydro One also selected a project corridor that has fewer property buyouts than other route alternatives.

The OEB stated that it expects Hydro One to demonstrate the prudence of its route selection and the final costs of its associated land acquisition program and resulting impacts on the costs for this Project in a future major rate application.

### **Route Map and Form of Landowner Agreements** (Section 4.4, pp. 21-23)

The OEB found that the route maps submitted by Hydro One meet the OEB's requirements.

The OEB approved the forms of land use agreements set out in the application.

### **Price: Customer Impacts** (Section 4.2, pp. 20-21)

The OEB noted that, on account of the additional load growth that is expected to be enabled by the Project, the Project is expected to slightly reduce the typical monthly residential customer bill (approximately \$0.03 per month).

### **Reliability and Quality of Service** (Section 4.3, pp. 21-22)

The OEB concurred with the findings of the Final System Impact Assessment prepared by the Independent Electricity System Operator and the Final Customer Impact Assessment prepared by Hydro One that the Project is expected to have no material adverse impact on the reliability of the integrated power system and will improve the power supply reliability for customers in the Windsor-Essex region.

### **Conditions of Approval** (Section 4.3, pp. 23-24)

Three intervenors proposed that the OEB's approval be subject to additional conditions of approval beyond the standard conditions that typically apply.

The OEB found that, based on prior experience, its standard conditions of approval are sufficiently generic to capture most circumstances that may arise. The OEB therefore granted leave to construct subject to the standard conditions of approval, attached as Schedule B to the Decision and Order.

## **About the OEB**

The OEB is the independent regulator of Ontario's electricity and natural gas sectors. It protects the interests of consumers and supports the collective advancement of the people of Ontario. Its goal is to deliver public value through prudent regulation and independent adjudicative decision-making which contributes to Ontario's economic, social and environmental development.

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*Ce document est aussi disponible en français.*

*This Backgrounder was prepared by OEB staff to inform Ontario's energy consumers about the OEB's decision and is not for use in legal or regulatory proceedings. It is not part of the OEB's reasons for the decision; those may be found in the Decision and Order issued November 24, 2022 which is the official OEB document.*