

Ministry of Energy

Office of the Minister

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April 4, 2022

Mr. Mark Poweska
President and Chief Executive Officer
Hydro One Networks Inc.
483 Bay St Tower, 8th Floor
Toronto ON M5G 1P5

Re: Southwestern Ontario Transmission System Expansion

Dear Mark:

As you know, Southwestern Ontario is experiencing significant economic growth due to a rapidly expanding greenhouse sector and interest in major new developments in automotive battery manufacturing. This has underscored the need to facilitate critical electricity transmission projects so that power is available to support this growing region.

I am writing to inform you that under the authority of section 96.1(1) of the *Ontario Energy Board Act, 1998*, the Lieutenant Governor in Council has made an order declaring the construction, expansion or reinforcement of three transmission lines in Southwestern Ontario as priorities. Furthermore, under the authority of section 28.6.1 of the *Ontario Energy Board Act, 1998*, I have, with the approval of the Lieutenant Governor in Council, directed the Ontario Energy Board (OEB) to amend the conditions of Hydro One Networks Inc.'s (Hydro One) licence to require it to develop and seek all necessary approvals for four transmission projects in Southwestern Ontario. These Orders-in-Council and the accompanying Directive took effect on March 31, 2022, and are attached to this letter. These actions, taken together, should focus and streamline approval processes at the OEB and provide regulatory clarity to Hydro One to allow it to develop these projects in a co-ordinated manner.

It is my expectation that Hydro One will move forward expeditiously to develop and seek approvals for these projects. Designating Hydro One as the transmitter of these specified transmission projects, including those that have been declared to be priority projects, presents both opportunities and responsibilities for your organization. To that end, I wish to express my expectations for Hydro One so that this infrastructure is developed in a way that considers the views and interests of all those who reside in Southwestern Ontario, including Indigenous partners, local municipalities and other impacted stakeholders.

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The Crown has a constitutional duty to consult and, where appropriate, accommodate Indigenous communities when the Crown contemplates conduct that might adversely impact established or credibly asserted Aboriginal or treaty rights. While the Crown is responsible for fulfilling the substantive aspects of consultation and retaining oversight over all aspects of the consultation process for these transmission lines, it is the Ministry of Energy's intention to delegate the procedural aspects of consultation on the transmission lines in question to Hydro One. Detailed information on the Ministry's expectations and Hydro One's duties in this regard will be provided when the Crown formally issues its delegation. Routing for these critical transmission lines will be a specific interest for Indigenous communities in terms of potential impacts to Aboriginal and treaty rights. Indigenous communities have already voiced concerns about the cumulative impacts to their rights associated with the development of multiple new transmission lines in the region, including from the broader regional economic development enabled by this infrastructure. It is important to demonstrate that community feedback is heard and incorporated thoughtfully, and that impacts to rights, including cumulative impacts, are mitigated and accommodated as appropriate, as part of our larger commitment toward reconciliation in the province.

Ontario is also committed to building and supporting partnerships with Indigenous communities through the development of these critical transmission projects, which are vital to realizing shared energy goals and economic opportunities. Accordingly, I request that Hydro One consider prioritizing Indigenous partnerships as it moves this work forward. The portfolio of critical transmission lines in Southwestern Ontario that Hydro One has been designated to develop represents a significant opportunity to work in a transparent and meaningful way with potentially impacted Indigenous communities, and to develop long-lasting partnerships and benefits. It will be important to ensure that Indigenous communities have access to timely and adequate capacity funding so that communities are appropriately resourced to consider and take up economic opportunities associated with these new transmission lines. The Ministry of Energy will work closely with Hydro One to ensure that existing provincial capacity funding programs for Indigenous communities in the energy sector complement Hydro One's efforts toward partnership building with Indigenous communities.

It is also important that Hydro One works closely with municipalities and other impacted stakeholders, such as landowners and the Ontario Federation of Agriculture, as it moves forward to develop these projects. Their input should be thoughtfully considered as Hydro One determines the appropriate routing for these projects and other ways the projects can minimize impacts to residents and businesses.

Lastly, while the designation of Hydro One as the transmitter for these projects and declaration of certain projects as priorities would support our government's objectives for the timely development of transmission infrastructure, it is critical that these projects are delivered cost-effectively for ratepayers. To this end, I ask that Hydro One provide comprehensive and transparent reporting to the OEB in accordance with the OEB's requirements of Hydro One, including with respect to budget, timing, and project risks as set out under the attached Directive to the OEB.

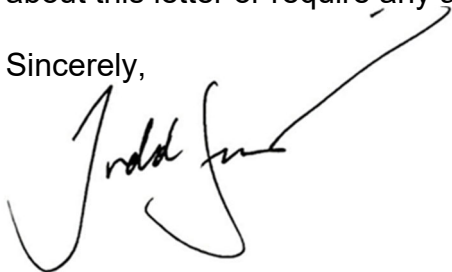
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Furthermore, where it is in the best interest for ratepayers to do so, Hydro One should consider implementing competitive procurements, when feasible.

I trust that this letter provides clarity regarding my expectations as Hydro One contributes to the expansion of Southwestern Ontario's transmission system. The Ministry of Energy will work closely with Hydro One, potentially impacted Indigenous communities and potentially impacted stakeholders to help ensure these expectations are met as these critical projects move forward.

The government appreciates Hydro One's efforts to supply Southwestern Ontario with the energy that is necessary for its growth. I am confident that Hydro One has the experience and resources sufficient to develop these projects and bring them into service in accordance with the expected in-service dates. If you have any questions about this letter or require any additional information, please contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Smith", with a long, sweeping flourish extending upwards and to the right.

Todd Smith
Minister

Attachments

c: Stephen Rhodes, Deputy Minister of Energy