

September 8, 2023

Morgan Turpin  
Ministry of Energy  
77 Grenville Street, 6th Floor  
Toronto, ON  
M7A 2C1

**Re. Supporting Critical Transmission Infrastructure in Northeast and Eastern Ontario  
Response to ERO #019-7336**

Algoma Steel is pleased to support the Ministry of Energy's *Supporting Critical Transmission Infrastructure in Northeast and Eastern Ontario* regulatory proposal. We strongly advocate for prioritizing the development of new transmission lines in Northeast Ontario given the pressing need for such crucial infrastructure.

As economic growth and electrification drive an increasing demand for electricity in our region, a robust and resilient transmission infrastructure is essential for further investment and job creation in the north. However, this potential is contingent upon the presence of reliable transmission infrastructure to sustain and accelerate our growth.

Algoma Steel has been working steadily to ensure the successful transition to electric arc steelmaking (EAF) in Sault Ste. Marie. This transformation will underpin Algoma Steel's competitiveness through all cycles of the market, stabilize and grow economic activity in the northeast for generations to come, will significantly reduce GHG emissions, and will create the largest industrial electricity customer in the province.

The EAF project involves building two electric arc furnaces to replace Algoma Steel's operating No. 7 Blast Furnace and coke ovens. The result of this investment will boost Algoma Steel's electricity demand considerably, effectively doubling the load centre in Sault Ste. Marie. That said, the region lacks electricity transmission capacity to fully utilize available power north of the city, and from the bulk system to Algoma Steel's facility. The current 115kV grid feeding Algoma Steel and Sault Ste Marie is at capacity, and in order to transform to electric arc steelmaking, new infrastructure is urgently required.

Algoma Steel is supportive of the proposed Mississagi to Third Line TS transmission asset.

Algoma has continuously advocated for a new 230kV local transmission line to be built within Sault Ste. Marie to provide access to more available power north of the city. Given the current transmission is at capacity, and to provide for further economic growth, the 230kV Mississagi to Third Line TS facility should be prioritized and expedited and considered a system asset.

Algoma Steel also contends that a new double-circuit 230kV line from Third Line TS should also be prioritized and designated to PUC Transmission, and subsidiary of the City of Sault Ste. Marie. The Independent Electricity System Operator (IESO) has long been working on a System Impact Assessment (SIA) for this new line, in conjunction with Algoma Steel and Hydro One. Unfortunately, however, the process has taken much longer than anticipated, and delays in IESO studies have put the 230kV line potentially past 2026 to be completed.

We have recently received a favourable Phase 1 SIA (115 KV operation), but the Phase 2 SIA for the 230kV line is now almost scheduled to be delivered nearly 18 months later than originally anticipated. The Leave to Construct application with Ontario Energy Board (OEB) is also now delayed due to IESO's continued work on the SIA.

Algoma Steel is looking for ongoing commitment from the IESO to manage timelines and expedite work to support the EAF transformation. Prioritizing and designating both the Mississagi to Third Line TS transmission asset, as well as the new 230kv line from Third Line TS to Algoma Steel, will be critical to our success.

Ontario will gain immensely from this undertaking. The EAF transformation project will provide opportunity for sustainability of Algoma Steel, Sault Ste. Marie and Northern Ontario for generations to come. Algoma Steel directly contributes to over 40% of Sault Ste. Marie's GDP and over 60% when considering the entire supply chain. Currently, Algoma Steel spends \$220M locally and over \$700M from businesses in Ontario. The EAF construction process is generating over 500 new jobs over a three-year window and provide a needed stimulus to the local and regional economies of Northern Ontario.

In addition, the improved environmental impact of our electric arc furnace transformation will represent one of the largest reductions of CO<sub>2</sub> to date, with an expected reduction of 3M-tonnes of on-site GHG emissions once the electrical transmission upgrade is completed. This also represents one of Canada's largest electrification projects, resulting in a new incremental 135-MW of electricity load in the province, for a total consumption of 300-MW on a 24/7 basis. Electric grid transmission upgrades will facilitate more investment that creates employment and other economic benefits across all phases - from construction, operations, and indirect support. The electrical grid upgrade will facilitate new investment in Sault Ste. Marie and Northern Ontario.

We hope that this input will positively contribute to the Ministry's deliberations on these actions. Enhancing our competitiveness and building for the future demands collaboration and coordination from both the private and public sectors. We look forward to a strong relationship with the Government of Ontario to achieve these objectives.

Yours sincerely,



Michael Garcia  
Chief Executive Officer

cc: The Honourable Todd Smith, Minister of Energy  
The Honourable Greg Rickford, Minister of Northern Development and Minister of Indigenous Affairs  
Ross Romano, MPP (Sault Ste. Marie)  
Mr. Jason Fitzsimmons, Deputy Minister of Energy  
Mr. Shawn Batise, Deputy Minister of Northern Development  
Mr. Steen Hume, Assistant Deputy Minister, Energy Support Division, Ministry of Energy  
Mr. Kevin Lynch, Director of Policy, Office of the Premier of Ontario