

Common Voice Northwest

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ENERGY TASK FORCE

Andrew Spence
Vice President, Transmission and Stations
Hydro One Networks Inc.
483 Bay St 12th Floor North Tower
Toronto ON M5G 2P5

March 5, 2018

Dear Mr. Spence

This will acknowledge receipt of your letter of Feb 21, 2018 in which you outline Hydro One Networks application to the Ontario Energy Board for leave to construct a bulk transmission line connecting the Lakehead TS to Wawa.

The Common Voice Northwest Energy Task Force is the leading voice regarding energy issues across the Northwest, particularly in the area of electrical transmission, distribution and generation. We have been engaged in the East-West Tie issue since before the process formally commenced.

We are pleased that Hydro One Networks is interested in aiding the Northwest in advancing its economy through the development of electrical transmission facilities in this region. However, in our opinion, Hydro One Networks should be focusing on upgrading its own transmission and distribution lines throughout the Northwest rather than trying to undo a decision already made by the regulatory authorities – that is to award the East-West Tie to NextBridge.

NextBridge has already made significant progress in the pre-construction phase of the project.

- The route has been finalized, much to the satisfaction of a number of people and areas that intervened during the route selection process
- The Environmental Assessment is close to conclusion
- Valard and Nextbridge have an agreement for the construction of the East West Tie.
- Supercom, an economic development company, owned by 6 Northern Superior First Nations has a negotiated equity stake in the project.

- Training, under Supercom, is underway with 15 modules now and 10+ more later. The training is led by Confederation College & AETS targeting 244 already identified Indigenous trainees, from north shore communities (to be ultimately trained).
- Twelve to 14 companies are partnered with Supercom for service and supply (from heavy lift helicopters to temporary bridges/swamp mat for access construction).
- Valard has set up shop at the former Thunder Bay Mill site starting with trailers and some equipment.

The proposed NextBridge corridor and the existing HONI corridor are somewhat separate from each other and the Energy Task Force is pleased with that. The farther apart the lines are the less likely that both will be taken down by the same forest fire or ice storm, ensuring some level of supply to the region. In fact, it was input from the Energy Task Force regarding the volatility of the weather at the Wawa end that convinced NextBridge to modify their proposal accordingly.

This project is well advanced and all that is required to commence the actual construction is approval from the Ontario Energy Board on NextBridge's Leave to Construct Application that will enable the project to be in-service in 2019 as scheduled.

It is essential that this project receive the immediate approval from the OEB. The application by Hydro One Networks will only delay the commencement of the required work not to mention the in-service date and this will further delay the economic benefits that the region desperately requires. In fact, a review of HONI's application indicates a number of variables that if not achieved will delay the in-service date well beyond the date of December 2021 proposed by HONI.

It is the position of the Common Voice Northwest Energy Task Force that it should be NextBridge's Leave to Construct application that is approved not that of Hydro One Networks.

Reference was made earlier in this letter of the need for Hydro One Networks to invest in their own system elsewhere in the Northwest. It is essential that HONI upgrade the three major radial lines serving our Northern communities. Two of those lines do not meet ORTAC Standards and have not for some prolonged time. The third does not provide sufficient capacity to allow the communities economy to grow.

The two lines not meeting the ORTAC Standard serve the communities of Ear Falls & Red Lake and Greenstone. As well, the Greenstone Circuit does not have sufficient capacity to allow for a proposed gold mine or for any future growth in the Greenstone area, including the anticipated Ring of Fire development.

The third line serves Sioux Lookout. The following will provide you with the background to the Red Lake and Greenstone service:

RED LAKE

Major gold exploration projects in Red Lake are advancing to production. Pure Gold Mining (Madsen Mine) by 2020, Goldcorp (Cochénour) by 2018, Goldcorp (H.G. Young) by 2019, Premier Gold (Hasaga) by 2020 and potentially Rubicon (Phoenix) will require power as will the flagship mine of the district, Goldcorp-Red Lake Mine. Red Lake only has 9 MW of surplus power.

Projected loads for the area serviced by the E2R that connects Red Lake to the provincial grid indicate the need for an additional 15 to 20 MW in the near term, in part to service the Goldcorp-Cochénour Mine, a new gold producer at Red Lake coming into production in 2018. The Northern First Nations will require an additional 6-9 MW once they are connected to the grid later this year. As well, Pure Gold Mining Inc.'s planned new mine development will require an additional 10 MW.

There have been continued calls to upgrade to the Transmission Lines between Ear Falls and Red Lake (E2R) and between Ear Falls and Dryden (E4D) since the 2011 LTEP and again in the 2013 North of Dryden IRRSP.

The employment levels and economy of the communities of Ear Falls and Red Lake along with the improvement in the living conditions of the First Nations north of Red Lake are contingent on the appropriate power upgrades to this area. The existing line requires replacement or upgrade in 2018 and the improvement of voltage compensation at Ear Falls and Red Lake.

Greenstone

Greenstone Gold Mines, located in the community of Geraldton in Greenstone, completed a feasibility study for the Hardrock Gold Deposit, in late 2016. The open pit mine and processing mill will create: 400+ direct jobs and 1200+ indirect and induced jobs; \$301M annual GDP contribution from mine of this size; and \$106M annual taxes and royalties to government (\$63M to Ontario per year).

Greenstone Gold Mines requires 45 MW of power for the Hardrock mine. There is insufficient existing transmission capacity to meet this need. The Mine is planning on building gas fired generating capacity of 65 MW (to ensure for redundancy) as the current line is neither sufficient in terms of capacity or reliability. In addition; there is only 3-4 MW of surplus power in the Greenstone area at present

For over ten years, Common Voice Northwest, NOMA, the Municipality of Greenstone and other communities in the region have consistently informed the government and their agencies that the transmission line to the Municipality of Greenstone and neighbouring First Nations, built circa 1937, is insufficient to serve the needs of the area both from a security of supply and the quantity of power available. This position has been confirmed through the Sub-Regional Planning process conducted by the IESO this past year.

The members of the IESO Local Advisory Committee for the Greenstone/Marathon had reviewed the process and their recommendation is to move to a new 230 KV circuit now, to accommodate the projected load growth and improve the security of supply.

The lack of adequate power will result in Greenstone Gold Mines not proceeding with the Geraldton mine or investing in a natural gas fired generation to only serve their needs, flying in the face of the stated policy of the Government of Ontario to reduce carbon based fuel use. It may also run afoul of the Federal Government's goal of reducing natural gas as a source of electricity production. The emergence of a group of eight First Nations with an interest in developing a new transmission line to Greenstone is a positive sign of self-determination.

These communities have aligned and have a common interest in leading this transmission development. In June 2016 the First Nations signed an MOU and have established a working group to pursue this project.

In 2017, Common Voice Northwest joined with NOMA, the Mayors of Greenstone, Red Lake and Thunder Bay, the President of the Northwestern Ontario Associated Chambers of Commerce, the Thunder Bay Chambers of Commerce, and the Chiefs of Aroland First Nation, Animbiigoo Zaagi'igan Anishinaabek, Biinjitiwaabik Zaaging Anishinaabek, Bingwi Neyaashi Anishinaabek, Ginoogaming First Nation, Long Lake #58 First Nation, Red Rock Indian Band and Whitesand First Nation in requesting that the Government of Ontario declare that the upgrading of the transmission line connecting Nipigon to Greenstone be declared a priority project and that the proposed upgrades to the transmission facilities connecting Dryden to Red Lake be upgraded or replaced in 2018 as a priority of the Government.

It should be noted that the economic impact of all of the above transmission projects will not only be significantly felt in the immediate areas but the treasuries of Ontario and Canada will receive an ongoing and substantive return on the required investment as a result of the capital investment, ongoing operation of the mines and the employment created.

Mr. Spence, it is clear that HONI believes that it has the financing available to enable it to construct the East-West Tie. Common Voice Northwest encourages HONI to use those financial resources and indeed the transmission construction capabilities that your company has developed over many decades of serving Northwestern Ontario to

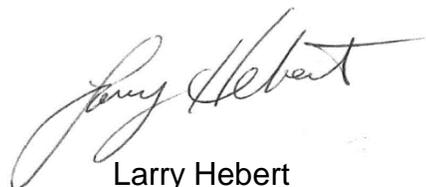
improve the existing infrastructure servicing those three clusters of communities. The end result will improve the bottom line of HONI, the tax revenue of Ontario and most importantly the economy of Northwestern Ontario.

We will be sharing this view with the Ontario Energy Board.

Yours truly



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Co-Chair
Energy Task Force
CVNW



Larry Hebert
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Mayor and Council of the Municipality of Sioux Lookout
Mayor and Council of the Municipality of Red Lake
Mayor and Council of the City of Thunder Bay
SuperCom Development Corporation
Chief and Council of Aroland First Nation,
Chief and Council of Animbiigoo Zaagi'igan Anishinaabek
Chief and Council of Biinjitiwaabik Zaaging Anishinaabek
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