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## **OEB issues decision on application for leave to construct transmission line and station facilities in the City of Sault Ste. Marie and associated approvals**

### **DECISION**

On August 27, 2024, the Ontario Energy Board (OEB) issued its [Decision and Order](#) granting PUC LP (PUC Transmission), and Hydro One Sault Ste. Marie LP (HOSSM) leave to construct high-voltage transmission facilities in Sault Ste. Marie as well as other related approvals.

The OEB granted approval to construct the facilities after considering the impact on consumers in terms of prices and reliability and quality of electricity service.

When completed, the facilities will serve new and increased electricity needs in Sault Ste. Marie, including the electrification of Algoma Steel's operations.

### **BACKGROUND**

PUC Transmission applied to the OEB for approval to construct a 230 kV transmission line and a new transformer station within the City of Sault Ste. Marie (PUC Transmission Project). HOSSM applied to the OEB for approval to construct station facilities that would enable connection to the PUC Transmission Project, as well as refurbishment work, and preliminary work required to accommodate a future priority transmission line (HOSSM Station Project).

In its October 2022 report "[Need for Northeast Bulk System Reinforcement](#)", (IESO Report) the Independent Electricity System Operator stated that electricity demand from the industrial sector in Northeast Ontario is forecast to grow at a rapid pace over the next 10 years, with concentration expected in the areas of Sault Ste. Marie and Timmins.

### **KEY FINDINGS**

The OEB found that PUC Transmission has demonstrated that their Transmission Project is needed to meet new and increasing electricity needs in Sault Ste. Marie, including power for Algoma Steel's new electric arc furnaces and potential Batchewana First Nation projects, and to connect new loads and anticipated power generation and distributed energy resources in the western area of the city.

The OEB also found that the PUC Transmission Project aligns with the IESO's System Impact Assessment and the IESO Report.

The OEB also approved the line connection component of the HOSSM's project and preliminary station work that is part of the HOSSM Station Project to accommodate a future transmission line that the government identified through [order-in-council](#) is needed as a priority project. Although the OEB usually does not approve preliminary work for future projects, it granted approval in this case due to the future project's importance and the potential cost savings of doing this work at the same time as the PUC Transmission Project. Approval is conditional on a future review of costs related to that preliminary work

when an application for approval to build the new priority transmission line project is submitted to the OEB.

The OEB determined that the refurbishment component of the HOSSM Station Project does not need OEB approval because it replaces an old asset and is not linked to building a new transmission line.

The OEB approved the forms of land use agreements that PUC Transmission has offered or will offer to landowners affected by the routing and construction of the project and noted that most of these forms have previously been approved by the OEB for similar projects.

The OEB also approved HOSSM's request for an exemption from the bypass compensation requirements of the Transmission System Code and its request for a regulatory account to track costs associated with the preliminary station work to accommodate the new priority transmission line project.

## **PROJECT COSTS**

The OEB found that the estimated capital cost of \$231.87 million is within a reasonable range based on the evidence provided in the proceeding. The PUC Transmission Project's estimated total capital cost is \$188.87 million; HOSSM's estimated total costs are approximately \$73.4 million for the work required to connect the PUC Transmission Project. The OEB found that the transmission rate impacts projected to result from the PUC Transmission Project and the line connection portion of the HOSSM Station Project are reasonable.

## **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.

Independence in the hearing and determination of matters is a key element of the OEB's mandate, established through legislative structures, the Memorandum of Understanding between the Minister of Energy and Electrification and the Chair of the OEB, and by-laws that set out clear lines of communication between government and the OEB. Commissioner panels hear and determine matters independently, with legislative protections and other instruments to ensure decisions are free from interference by the CEO, the Board of Directors and government. This also includes the Chief Commissioner when not assigned to the specific case.

## **Contact Us**

### **Media Inquiries**

**Phone:** 416-544-5171

**Email:** oebmedia@oeb.ca

### **Consumer Inquiries**

416-314-2455/1-877-632-2727

*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 decision; those may be found in the Decision and Order issued August 27, 2024, which is the official OEB document.*