



Lake Erie Connector Project to Enter Into Contract Negotiations with IESO

On May 20, 2021, the Ontario Minister of Energy, Northern Development and Mines authorized the province's Independent Electricity System Operator (IESO) to enter into contract negotiations for the Lake Erie Connector (LEC) Project. The IESO will issue a report to the Ministry to make a final determination on proceeding with a commercial agreement to induce investment and construction in the facility.

The LEC is a proposed 1,000 MW, bi-directional, high-voltage direct current (HVDC) underwater transmission line that will connect the Ontario IESO and the U.S. PJM Interconnection (PJM) regional transmission organization serving 13 U.S. Midwestern and Mid-Atlantic states. The LEC will be the first direct link between Ontario and PJM, which is the largest wholesale electricity market in the world. Once constructed and operational, the LEC will give Ontario access to the largest electricity market when Ontario has surplus energy, enhance reliability, and provide the province with additional sources of affordable electricity to power Ontario businesses and homes when needed.

Additionally, by connecting to existing, under-used transmission lines, the LEC will avoid unnecessary cost and construction and create a responsive and reliable energy grid. Assessments by ITC Investment Holdings Inc (ITC) have also found that the LEC will help ensure a clean energy mix with the potential to reduce GHG emissions in the sector by 2-3 million tons per year. It will help to optimize the existing diverse supply mix of clean electricity generation resources in Ontario to increase cost efficiency and savings for customers.

As validated by independent analysis, this bidirectional capacity will drive energy savings of over \$100 million annually and \$3 billion over 30 years of the project. It will also create over 400 jobs and inject \$300 million in economic benefits to local communities across south western Ontario during construction.

The project already has received major regulatory and permit approvals, including approval from the National Energy Board and the required U.S. national, state and local permits. The authorization to commence negotiations is indicative of the value and benefit the Lake Erie Connector Project can bring to Ontario and ITC appreciates the detailed review and analysis completed by both the IESO and the Government of Ontario to reach this important milestone.

The LEC will deliver more affordable, clean, cost-effective electricity to Ontario's ratepayers, while improving the reliability and security of the provincial energy grid, all while maximizing use of existing assets and with substantial savings for ratepayers. While there is much work still ahead for the Project, ITC looks forward to this next phase and continuing to work with the IESO and the Government of Ontario to bring this project, and the savings associated with it, to reality.