

**Minister of Energy
and Infrastructure**

Office of the Deputy Premier

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**Ministre de l'Énergie
et de l'Infrastructure**

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DEC 19 2008

Mr. Colin Andersen
Chief Executive Officer
Ontario Power Authority
1600-120 Adelaide Street West
Toronto ON M5H 1T1

Dear Mr. Andersen:

Re: Procuring Electricity from a Commercial Durham and York Region Energy from Waste ("EFW") Facility

I write pursuant to my authority as the Minister of Energy and Infrastructure, in order to exercise the statutory power of ministerial direction which I have in respect of the Ontario Power Authority (the "OPA") under section 25.32 of the Electricity Act, 1998.

Background

Some Ontario municipalities and waste management companies have indicated a preference to manage residual wastes by thermal treatment to minimize the need for land filling. While the prime purpose of these thermal treatment processes is waste management, they also produce useable energy in the form of heat or electricity or a combination of heat and electricity. Collectively these processes are termed 'Energy From Waste' ("EFW").

In order to assist with securing financing for their proposed commercial EFW facility, the Regional Municipalities of Durham and York have asked for standard pricing to be offered for commercial EFW electrical generation.

The OPA has already been directed to enter into negotiations with proponents of qualifying pilot or demonstration EFW facilities to procure any net electricity produced from such facilities. These facilities were determined to require higher pricing due to their short term, developmental nature.

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To help facilitate the generation of electricity from the commercial EFW facility proposed by the Regional Municipalities of Durham and York (the "**Durham-York Facility**"), the Crown has established a new initiative for the procurement of electricity from such facility (the "**Initiative**"). Details of this Initiative are set out below.

Details of the Initiative

In order for the Durham-York Facility to qualify for procurement contracts under the Initiative, the facility must meet the following requirements:

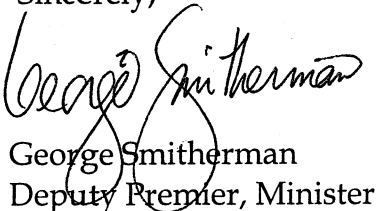
- 1) The Durham-York Facility must obtain all required licenses and approvals for commercial operation as an EFW electricity generation facility in Ontario.
- 2) The Durham-York Facility must meet or exceed the emissions, waste diversion and any other requirements established by the Ontario Ministry of the Environment for the purposes of the Initiative.
- 3) The Durham-York Facility must be capable of connecting to, and conveying electricity into, out of and through, either a local electricity distributor's distribution system or the IESO-controlled grid, without additional cost to that system or the grid.

Direction

Therefore, pursuant to my statutory authority under subsection 25.32(4) of the Electricity Act, 1998, I hereby direct the OPA to assume responsibility for the Crown's Initiative by entering into negotiations with the proponents of the Durham-York Facility for the procurement of electricity from such facility, subject to and upon the terms outlined above. For the purposes of the Initiative, such procurement should be at a price of 8 cents per kilowatt-hour and upon such other terms and conditions as the OPA may determine.

This direction shall be effective and binding as of the date hereof.

Sincerely,



George Smitherman
Deputy Premier, Minister

- c. Mr. Roger Anderson, Chair and CEO, Regional Municipality of Durham

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JAN 05 2009

December 22, 2008

Mr. Colin Andersen
Chief Executive Officer
Ontario Power Authority
1600-120 Adelaide Street West
Toronto ON M5H 1T1

Dear Mr. Andersen:

Re: Broadcasting Initiative – Procurement for Energy Conservation Advertisements

I write in connection with my authority as the Minister of Energy and Infrastructure in order to exercise the statutory power of ministerial direction that I have in respect of the Ontario Power Authority (the "OPA") under section 25.32 of the *Electricity Act, 1998* (the "Act").

Background

As part of the Government's ongoing commitment to building an energy conservation culture in Ontario, the Ministry has developed a number of initiatives aimed at encouraging Ontarians to conserve energy and reduce the demand for electricity. In furtherance of these initiatives, the Ministry has launched a major consumer education campaign with a strong focus on conservation and demand-side management, particularly targeting the residential sector.

This campaign is aimed at advancing energy conservation, by helping to increase public awareness of the importance of energy conservation, thereby reducing activities that contribute to global warming. To date, the campaign has been successful in advancing public awareness towards conservation; the ads have also won a BESSIE award and achieved a very high public recognition in Ontario. The Government of Ontario is committed to building on the momentum of the achievements to date, given the importance of energy conservation.

Therefore, as part of this education campaign, the Ministry developed a series of winter energy conservation advertisements (Winter, 2009 Ads) as described in Schedule 1, for broadcasting/publishing in or on media ("Media") that include television, radio, billboards, posters, newspapers and the internet.

The Ministry is now embarking on initiatives relating to broadcasting/publishing and/or licensing the broadcasting/publishing of the Ads and other advertisements for later this year. One of these initiatives ("Initiative") involves the procurement of advertising space in or on Media for the broadcasting/publishing of the Winter, 2009 Ads in Ontario, with the running of the Winter, 2009 Ads to be completed by the last week of March, 2009.

Direction

Therefore, pursuant to subsection 25.32(4) of the *Electricity Act, 1998*, I hereby direct the OPA to assume responsibility for the Initiative. For greater clarity, this direction shall not entail the assumption by the OPA of any rights (including, but not limited to, copyright) or powers of the Crown in or in respect of the Winter, 2009 Ads in Ontario other than the right and authority to procure advertising space for the broadcasting/publishing of the Winter, 2009 Ads strictly under the terms of the Initiative, as prescribed under license with the Crown and the OPA. Legal staff of the Crown will work cooperatively with the OPA to document all license terms necessary for the Initiative, with the view that the license would be executed as soon as possible.

The Winter, 2009 Ads will be provided to the OPA by the Ministry as soon as practicable. It is expected that approximately \$3.5 million would be spent under the Initiative, for the broadcasting/publishing of the Winter, 2009 Ads.

This direction shall be effective and binding as of the date hereof.

Sincerely,



George Smitherman
Deputy Premier, Minister

Schedule 1 – Winter, 2009 Ads

TV: Two 30-second television commercials: 'Draft Dodger' and 'A Few Words'

Billboard ads: Conservation Message

Ethnic Publications: 1/3 or 1/2 page ads: Conservation Message

Internet: Big box, Leaderboard, and Banner ads: Conservation Message

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DEC 24 2008

Mr. Colin Andersen
Chief Executive Officer
Ontario Power Authority
1600–120 Adelaide Street West
Toronto ON M5H 1T1

Dear Mr. Andersen:

Re: Negotiating New Contracts with Early Movers Generation Facilities

I write pursuant to my authority as the Minister of Energy and Infrastructure, in order to exercise the statutory power of ministerial direction, which I have in respect of the Ontario Power Authority (the "OPA") under section 25.32 of the *Electricity Act, 1998*.

Background

Pursuant to a Minister's direction, dated December 14, 2005 (the "2005 Direction"), the OPA was authorized and directed to negotiate, execute and deliver contracts (the "Initial Contracts") for the facilities listed in the 2005 Direction (the "Facilities"). Any payments under the Initial Contracts that were specific to the Facilities were not to extend beyond five (5) years.

To support the objective of clean and efficient electricity generation, the Ministry of Energy and Infrastructure (the "Ministry") has determined that it is advisable to pursue the initiative of seeking new contracts (the "New Contracts") for the Facilities.

Details of the Initiative

The details of the above initiative (the "Initiative") are as follows:

- 1) Negotiations for the New Contracts will be carried out with the owners or operators of the Facilities or, where applicable, the parties that own or control the electrical output of such Facilities (the "Facility Parties").

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- 2) In the case of Facilities for which there is an Initial Contract, the New Contract will start after the expiry (or termination by mutual agreement) of the existing Initial Contract. In the case of Facilities for which no Initial Contract was signed, the New Contract will start as of the date mutually agreed upon by the OPA and the applicable Facility Party. All of the New Contracts will end no later than December 31, 2026.
- 3) Each New Contract will be on terms that reflect a reasonable cost to Ontario electricity customers and a reasonable balancing of risk and reward for the Facility Party, taking into account:
 - (i) the specific operating characteristics of the applicable Facility, and
 - (ii) the costs originally incurred to develop that Facility (as opposed to the costs that would be incurred to develop a comparable facility today).
- 4) Certain of the Facilities might have been eligible for consideration under the OPA's Clean Energy Standard Offer Program ("**CESOP**") (once that program is implemented), except for the fact that such Facilities already have a contract with the OPA and have a commercial in-service date before August 18, 2005. Such Facilities will be given the option to enter into a New Contract on terms comparable to those contained in the standard CESOP contract, except that the cost to Ontario ratepayers will be as described above and the New Contract will expire no later than the time provided for above.

Direction

Therefore, pursuant to my statutory authority under subsection 25.32(4) of the *Electricity Act, 1998*, I hereby direct the OPA to assume responsibility for the Crown's Initiative as described above.

In pursuing the Initiative, the OPA may seek to negotiate other matters with the Facility Parties that would provide benefits to Ontario electricity customers or the Ontario electricity system.

For greater clarity, the OPA is not required by this direction to enter into a New Contract with a Facility Party where the OPA is unable to reach agreement with that Facility Party on terms that satisfy the requirements outlined in this direction, including the requirements relating to reasonable cost and a reasonable balancing of risk and reward.

This direction shall be effective and binding as of the date hereof.

Sincerely,



George Smitherman
Deputy Premier, Minister

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and Infrastructure

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JAN 23 2009

JAN 23 2009

Mr. Colin Andersen
Chief Executive Officer
Ontario Power Authority
1600-120 Adelaide Street West
Toronto ON M5H 1T7

Dear Mr. Andersen:

Re: Biogas Projects and Renewable Energy Standard Offer

I write pursuant to my authority as the Minister of Energy and Infrastructure in order to exercise the statutory power of ministerial direction that I have in respect of the Ontario Power Authority (the "OPA") under Section 25.32 of the *Electricity Act, 1998*.

Background

In May 2008, the OPA announced a number of proposed changes to the Province's Renewable Energy Standard Offer Program (RESOP) as part of an early program review. These changes were intended to address implementation issues associated with the overwhelming success of the program in its first 18 months of operation. As you know, contracting of most renewable projects under RESOP was paused while the OPA consulted with stakeholders on the proposed program changes. Contracting of qualifying micro-scale generation projects up to 10 kilowatts (kW) and farm-based bio-energy projects up to 250 kW has continued throughout the program review.

Particularly affected by this pause was the biogas sector, which uses the gas derived from the bio-digestion of renewable plant and animal biomass as a fuel source for electricity generation. This was due in part to the biogas sector's more recent emergence in Ontario relative to other renewable sectors such as wind and solar PV.

Within Ontario there are extensive opportunities to make use of biomass materials from agricultural and livestock operations, food processing operations and the forest industry to

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create biogas. I do not want the program review of the Renewable Energy Standard Offer Program to interfere with the advancement of new biogas projects across the province.

Therefore, to help facilitate the development of new biogas electricity generation during this period, the Ministry has determined to pursue, during the current program review, the procurement of biogas from qualifying projects having a capacity of between 250 kW and 5 megawatts (MW). Details of this procurement are set out below.

Details

In order for biogas facilities to qualify for procurement contracts under the procurement referred to above, such facilities must meet the following requirements:

- 1) Such facilities must satisfy all of the same RESOP conditions and requirements that would currently be applicable to those biogas projects not caught by the contracting pause during the program review except that:
 - (a) Such facilities will not be restricted to farm-based projects, and
 - (b) Such facilities may have a capacity in excess of 250 kW (but not higher than 5 MW), and
- 2) Applications for these procurement contracts must be received prior to the lifting of the contracting pause and implementation of new procurement rules that cover biogas projects.

Direction

Therefore, pursuant to my statutory authority under subsection 25.32(4) of the *Electricity Act, 1998*, I hereby direct the OPA to assume responsibility for the procurement referred to above.

It is expected that the OPA will implement this direction and begin to make procurement contracts available to qualifying biogas facilities within thirty days after the effective date of this direction.

This direction shall be effective and binding as of the date hereof.

Sincerely,



George Smitherman
Deputy Premier, Minister