

**Ontario Energy Board
Preliminary Filing Requirements
For a Notice of Proposal under Sections 80 and 81
Of the Ontario Energy Board Act, 1998**

INSTRUCTIONS:

This form applies to all applicants who are providing a Notice of Proposal to the Ontario Energy Board (the "Board") under sections 80 and 81 of the Ontario Energy Board Act, 1998 (the "Act"), including parties who are also, as part of the same transaction or project, applying for other orders of the Board such as orders under sections 86 and 92 of the Act.

The Board has established this form under section 13 of the Act. Please note that the Board may require information that is additional or supplementary to the information filed in this form and that the filing of the form does not preclude the applicant from filing additional or supplementary information.

PART I: GENERAL MINIMUM FILING REQUIREMENTS

All applicants must complete and file the information requested in Part I.

1.1 Identification of the Parties

1.1.1 Applicant

Name of Applicant Kruger Energy Inc.	File No: (OEB Use Only)	
Address of Head Office 3285 Chemin Bedford Montreal, Quebec H3S 1G5	Telephone Number (514) 343-3247	
	Facsimile Number (514) 343-3124	
	E-mail Address	
Name of Individual to Contact Guy J. Paquette Director of Legal Affairs Kruger Inc.	Telephone Number (514) 343-3247	
	Facsimile (514) 343-3124	
	E-Mail Address gpaquette@kruger.com	

1.1.2 Other Parties to the Transaction or Project

If more than one attach list

Name of Other Party	OEB Use Only	
Address of Head Office	Telephone Number	
	Facsimile Number	
	E-mail Address	
Name of Individual to Contact	Telephone Number	
	Facsimile Number	
	E-Mail Address	

1.2 Relationship Between Parties to the Transaction or Project

1.2.1	<p>Attach a list of the officers, directors and shareholders of each of the parties to the proposed transaction or project.</p> <p><u>Directors and Officers of the Applicant</u></p> <p><i>Board of Directors:</i></p> <p>Joseph Kruger II</p> <p>Bernard Routhier</p> <p>Jacques Gauthier</p> <p>George J. Bunze</p> <p>Jean Roy</p> <p><i>Officers:</i></p> <p>Jacques Gauthier, Chief Operating Officer</p>	
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	<p>Jean Roy, Vice President, Operations</p> <p>Janet Shulist, Secretary</p>	
1.2.2	<p>Attach a corporate chart describing the relationship between each of the parties to the proposed transaction or project and each of their respective affiliates.</p> <pre> graph TD KI[Kruger Inc.] -- 100% --> KEI[Kruger Energy Inc.] KI --> GPC[6425372 Canada Inc. General Partner] GPC --> KEPALP[Kruger Energy Port Alma Limited Partnership] KEI --> KEPALP </pre>	

1.3 Description of the Businesses of Each of the Parties

1.3.1	<p>Attach a description of the business of each of the parties to the proposed transaction or project, including each of their affiliates licenced to operate in Ontario for the generation, transmission, distribution, wholesaling or retailing of electricity or providing goods and services to companies licenced in Ontario ("Electricity Sector Affiliates").</p> <p><u>Kruger Energy Inc. ("KEI")</u></p> <p>KEI is a developer of electricity generation projects in North America. The proposed project will be developed, constructed, owned and operated by KEI, or an affiliate to be established for this purpose after the approval of the project.</p> <p><u>Kruger Inc.</u></p> <p>Kruger Inc. is a major pulp and paper company which manufactures newsprint, specialty grades, lightweight coated paper, directory paper, tissue, recycled linerboard, corrugated containers, lumber and wood products with operations in Quebec, Ontario, Alberta, British Columbia, Newfoundland and Labrador, the United States and the United Kingdom. Kruger Inc. is currently not licenced under the OEB Act.</p> <p><u>Kruger Energy Port Alma Limited Partnership ("KEPA")</u></p> <p>KEPA was created by Kruger Inc. in order to participate in the Ontario Government's June 2005 RFP for renewable energy. KEPA was awarded a RES II Contract from the Ontario Power Authority and is the project developer, owner, operator and manager of the generation facility to be constructed near Port Alma, Ontario.</p>	
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1.3.2	<p>Attach a description of the geographic territory served by each of the parties to the proposed transaction or project, including each of their Electricity Sector Affiliates, if applicable, and the geographic location of all existing generation facilities.</p> <p>The proposed project will consist of the construction of a substation that will be connected to the IESO-controlled grid in the Municipality of Chatham-Kent, Ontario (the "Project").</p> <p>Unrelated to the Project, KEI's affiliate KEPA will be constructing a generation facility consisting of 44 wind turbines with a total capacity of 101.2 MW ("Generation Facility") to be located near Port Alma, Ontario in the Municipality of Chatham-Kent. The Generation Facility will be connected to the IESO-controlled grid at 230kV between the Chatham TS and the Lauzon TS in September of 2008.</p>	
1.3.3	<p>Attach a breakdown of the annual sales (in C\$, and in MWh) as of the most recent year end of the existing generation output among the IMO Administered Markets ("IAM"), bilateral contracts, and local distribution companies.</p> <p>To date, neither KEI nor its electricity sector affiliates have produced any generation for sale.</p>	
1.3.4	<p>Attach a list identifying all relevant Board licences and approvals held by the parties to the proposed transaction or project and each of their Electricity Sector Affiliates, and any applications currently before the Director of Licensing or the Board, or forthcoming. Please include all Board file numbers.</p> <p>KEI's affiliate KEPA has been granted Leave to Construct (EB-2007-0006) in respect of separate transmission assets that will be built to service the Generation Facility, and will be submitting an Application for an Electricity Generator Licence, and a Notice of Proposal under Section 81 of the Ontario Energy Board Act, 1998 to the OEB in connection with the Generation Facility.</p>	

1.4 Current Competitive Characteristics of the Market

1.4.1	<p>Describe the generation capacity (in MW), within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Energy Sector Affiliates, prior to the completion of the proposed transaction or project.</p> <p>Neither KEI nor any of its energy sector affiliates presently own or operate generation facilities within the Province of Ontario.</p> <p>Upon completion of the Generation Facility that will be owned and operated independently of the Project in respect of which this notice is made, KEPA will have 101.2 MW of generation capacity.</p>	
1.4.2	<p>Describe the generation market share based on actual MWh production as a percent of the Annual Primary Demand, within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Energy Sector Affiliates, prior to completion of the proposed transaction or project.</p> <p>KEI will have 0% generation market share prior to the completion of the Project.</p> <p>The total Annual Ontario Energy Demand for 2006, as provided in the IESO's "Demand Overview" is 151 TWh¹ (151,000,000 MWh). Upon its completion, the Generation Facility will have a capacity of 101.2 MW. The expected annual generation will be 325,500 MWh. The expected generation market share would represent a fraction of one percent of the Annual Primary Demand within Ontario.</p>	

¹ http://www.ieso.ca/imoweb/media/md_demand.asp, as at July 11, 2007.

1.5 Description of the Proposed Transaction or Project and Impact on Competition - General

1.5.1	<p>Attach a detailed description of the proposed transaction or project, including geographic locations of proposed new transmission or distribution systems, or new generation facilities.</p> <p>The proposed Project for which this notice is made will be developed and wholly owned and operated by KEI, or an affiliate to be established subsequently. The Project consists of the construction and operation of a 100 MVA substation which will connect potential future generation project(s) of KEI or an affiliate of KEI to the IESO-controlled grid. In future, other generation facilities, unrelated to KEI, may wish to connect to the Project. The Project would be located in the Municipality of Chatham-Kent, near the Bloomfield Business Park, and the connection would be to the 230kv lines between the Chatham TS and the Lauzon TS.</p> <p>Medium voltage collector lines would be constructed in the future in order to collect electricity from future potential generation facilities. The electricity will be transformed and flow through the substation to the IESO-controlled grid.</p>	
1.5.2	<p>Describe the generation capacity (in MW), within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Energy Sector Affiliates, after the completion of the proposed transaction or project.</p> <p>KEI's energy sector affiliate KEPA will have the capacity to generate approximately 101.2 MW within the province of Ontario upon commencement of operation of the Generation Facility.</p>	
1.5.3	<p>Describe the generation market share based on anticipated MWh production as a percentage of the Annual Primary Demand, within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Energy Sector Affiliates, after the completion of the proposed transaction or project.</p> <p>The total Annual Ontario Energy Demand for 2006 is 151 TWh (151,000,000 MWh). Upon its completion, the Generation Facility will have a capacity of 101.2 MW. The expected annual generation will be 325,500 MWh. The expected generation market share would represent a fraction of one percent of the Annual Primary Demand within Ontario.</p>	
1.5.4	<p>Attach a short description of the impact, if any, of the proposed transaction or project on competition. If there will be no impact on competition, please state the reasons. Cite specifically the impacts of the proposal on customer choice regarding generation, energy wholesalers, and energy retailers.</p> <p>The Project will have little to no impact on competition in the province. It may in future connect generation facilities to the IESO-controlled grid.</p>	
1.5.5	<p>Provide confirmation that the proposed transaction or project will have no impact on open access to the transmission or distribution system of the parties or their affiliates. If open access will be affected explain how and why.</p> <p>KEI confirms that the Project will in no way affect Open Access.</p>	

1.6 Other Information

1.6.1	<p>Attach confirmation that the parties to the proposed transaction or project are in compliance with all licence and code requirements, and will continue to be in compliance after completion of the proposed transaction or project.</p> <p>KEI confirms that it is in compliance with all applicable licence and code requirements, and that it will continue to remain in compliance with all applicable code and licence requirements after completion of the Project.</p>	
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PART II: TRANSMITTERS, DISTRIBUTORS ACQUIRING OR CONSTRUCTING GENERATORS - SECTION 80

All applicants filing Notice of Proposal under section 80 of the Act must complete and file the information requested in Part II.

2.1 Effect on Competition

2.1.2	Describe whether the proposed generation output will be primarily offered into the IAM, sold via bilateral contracts, or for own use.	
2.1.3	Provide a description of the generation including fuel source, technology used, maximum capacity output, typical number of hours of operation in a year, and peaking versus based-load character.	
2.1.4	Provide details on whether the generation facility is expected to be a "must run" facility.	
2.1.5	Provide details of whether the generation facility is expected to serve a "load pocket", or is likely to be "constrained on" due to transmission constraints.	

2.2 System reliability

Section 2.2 must be completed by applicants who are claiming that the proposed transaction or project is required for system reliability under clause 82(2)(b) of the Act.

2.2.1	Provide reasons why the proposal is required to maintain the reliability of the transmission or distribution system. Provide supporting studies.	
2.2.2	Discuss the effect of the proposal on the adequacy (ability of supply to meet demand) of supply in the relevant control area or distribution region, citing effects on capacity plus reserve levels in comparison to load forecasts.	
2.2.3	Discuss the effect of the proposal on the security (ability of supply to respond to system contingencies) of supply.	
2.2.4	Provide a copy of the IMO Preliminary System Impact Assessment Report, if completed, and the IMO Final System Impact Assessment Report, if completed. If the IMO is not conduct a System Impact Assessment Report, please explain.	

PART III: GENERATORS ACQUIRE OR CONSTRUCT TRANSMISSION, DISTRIBUTION – SECTION 81

All applicants filing Notice of Proposal under section 81 of the Act must complete and file the information requested in Part III.

3.1 Effect on Competition

3.1.1	Provide a description of the transmission or distribution system being acquired or constructed. KEI proposes to construct a new 100 MVA substation in the Municipality of Chatham-Kent. It will be developed, constructed, owned and operated solely by KEI or an affiliate to be established in the future. The Project would connect potential future generation project(s) to be built by KEI or an affiliate of KEI as well as perhaps other future generation facilities to the IESO-controlled grid.	
3.1.2	Provide details on whether the generation facilities owned by the acquiring company are or will be directly connected to the transmission or distribution system being acquired or constructed. The Generation Facility will be owned and operated by KEPA, an affiliate of KEI, and will	

	function independently of the Project at a separate connection point.	
3.1.3	<p>Provide details of whether the generation facility is expected to serve a "load pocket", or is likely to be "constrained on" due to transmission constraints.</p> <p>This notice deals with the proposed construction of a substation and therefore this question is not applicable to the Project. However, with respect to KEI's affiliate KEPA, the Generation Facility is not expected to serve as a "load pocket". It is also not likely to be "constrained on" as a result of transmission constraints.</p>	
3.1.4	<p>Provide details on whether the generation facilities are expected to be "must-run" facilities.</p> <p>This notice deals with the proposed construction of a substation and therefore this question is not applicable to the Project. However, with respect to KEI's affiliate KEPA, the Generation Facility is not expected to be a "must run" facility. KEPA will operate its Generation Facility in accordance with the terms of the 20-year contract that it has entered into with the OPA.</p>	

How to Contract Us at the Ontario Energy Board

The Ontario Energy Board is located at:

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 Toronto, Ontario
 M4P 1E4

Telephone:	(416) 481-1967
Fax:	(416) 440-7656
Website:	http://www.oeb.gov.on.ca
Board Secretary's e-mail address:	boardsec@oeb.gov.on.ca

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