

Ministry of Energy

Office of the Minister

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Ministère de l'Énergie

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DEC 06 2010

MC-2010-4718

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

Dear Mr. Andersen:

RE: Broadcasting Initiative Amendment – Procurement of Renewable Energy Advertisements

I write pursuant to my authority as the Minister of Energy, 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

In September 2010, the OPA undertook a TV advertising campaign to raise consumer awareness of the opportunities for greening of the electricity sector through participation in the microFIT program. This initiative followed my March 18, 2010 direction.

The Government of Ontario would like to expand the campaign beyond the microFIT program. The Government remains committed to raising public awareness of the opportunities in clean generation, the need to modernize our infrastructure and create a vibrant clean energy economy. I am writing to amend my March direction.

Direction

I hereby amend the March direction and, pursuant to subsection 25.32 (4.1) of the *Electricity Act 1998*, I direct the OPA to develop advertising campaigns to run through the end of 2010 and into 2011 to raise consumer awareness of clean energy opportunities enabled by the Long Term Energy Plan and through the OPA's development of an Integrated Power System Plan. The budget is to remain within the \$8 million budget set by the March 2010 direction.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Duguid".

Brad Duguid
Minister

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MC-2010-3317

NOV 26 2010

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

Dear Mr. Andersen:

Re: Amending Previous September 24, 2009 Direction Regarding Community Energy Partnership Program

I write pursuant to my authority as Minister of Energy in order to exercise the powers of ministerial direction that I have in respect of the Ontario Power Authority (OPA) under subsections 25.32(4.1) and (4.6) of the *Electricity Act, 1998* (the Act) and to provide the OPA with further direction regarding the establishment of the Community Energy Partnerships Program ("CEPP") as first created in accordance with my direction of September 24, 2009.

Background

My direction of September 24, 2009 in respect of CEPP required the OPA to develop and deliver through a third party a program that would provide financial assistance in the form of grants to community groups that are interested in developing renewable energy generation projects in Ontario that are 10 MW or less in size.

As currently provided for under my September 24th Direction, CEPP provides grants for costs of up to \$200,000 associated with renewable energy project development for technologies including wind, solar PV, biogas, biomass, landfill gas and water power projects, including site investigation and control, resource assessments, business and financial planning, project management and studies associated with applying for a Renewable Energy Approval. Subject to my direction below, eligible participants for the program would remain as set out in the September 24, 2009 Direction. My expectation is that the CEPP fund will not be allocated to individuals or commercial entities associated with commercial aggregation. I would further expect that the OPA's CEPP program rules will provide a definition of commercial aggregation in order to further clarify this issue.

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Direction

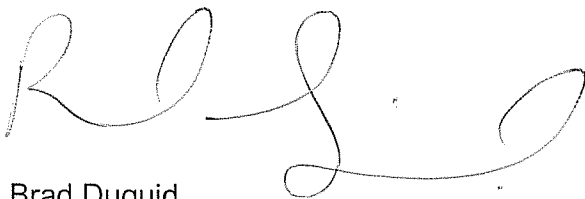
To enhance the development of community projects in Ontario, I further direct the OPA to adopt the following rules for CEPP in respect of co-operatives only:

- Allow co-operatives owned by residents of Ontario to apply for financial assistance of up to \$500,000 for project planning costs, as described in my September 24th direction, for projects over 10MW. For this purpose, the 10 MW upper limitation on capacity is therefore no longer operative in respect of co-operatives. However, the 10 kW lower limit on capacity is to remain in effect for co-operatives as it must for all other eligible participants and groups.
- As part of the government's continued effort to encourage education, outreach and capacity building to support the community renewable energy sector, a specified level of ongoing funding from the CEPP program should also be made available by the OPA through the third party for educational workshops, webinars (presentations, lectures, workshops or seminars that are transmitted over the web) and other outreach activities oriented toward the engagement of members of local communities, including co-operatives, to develop renewable energy projects. Therefore, the OPA is to allocate a total of not more than \$500,000 per year for the purposes of providing funding or grants to such educational outreach programs, with the CEPP review committee reviewing the grant proposals.

The overall program budget for the Community Energy Partnerships Program should not exceed \$10 million a year, and will include the costs associated with the two amendments described above.

This Direction is effective and binding as of the date hereof.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad Duguid', with a stylized, flowing script.

Brad Duguid
Minister

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MC-2010-4477

November 23, 2010

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

Dear Mr. Andersen:

Re: Combined Heat and Power

I write pursuant to my authority as the Minister of Energy in order to exercise the statutory power of ministerial direction I have in respect of the Ontario Power Authority (OPA) under subsection 25.32(4.1) of the *Electricity Act, 1998* as amended (the "Act").

Combined heat and power (CHP) facilities can play an important strategic role in Ontario's energy supply. CHP projects of the right size and in the right location can be an economically and technically efficient means of providing heat and electricity for residential, commercial and/or industrial consumers within the Province. The government continues to explore opportunities where CHP can provide benefits.

By way of direction dated June 15, 2005, the Minister of Energy directed the OPA to procure up to 1000 MW of CHP. Further direction dated April 10, 2008 specified that approximately 100 MW be renewable CHP. To date, over 400 MW of CHP have been procured under these directions. Another direction dated June 14, 2007 directed the OPA to launch a Clean Energy Supply standard offer program designed to procure small CHP facilities.

Pursuant to my authority under subsection 25.32(4.1) of the Act, I hereby direct the OPA to undertake the following initiatives:

The OPA shall work to procure a total of 1000 MW of CHP projects consisting of:

- (a) CHP projects procured to date including those procured under the CHP I, CHP II and CHP III RFP processes;
- (b) Individually negotiated CHP contracts with projects over 20 MW;
- (c) CHP projects, 20 MW or under, procured through a standard offer program, with procurement limited to cost effective projects located in areas of the Province where local distribution can be accommodated and there are local benefits.

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In undertaking the procurement of projects under paragraphs (b) and (c) above, the OPA shall consider the following factors:

1. Projects shall be located in parts of the province that the OPA identifies as appropriate.
2. The cost effectiveness of the project.
3. Whether the project can be accommodated by local distribution systems and whether there are local benefits associated with the project.
4. Whether the project meets the technical requirements for CHP and is designed as an integral and financially viable source of supply to a heat load.
5. The extent to which a project is sized to match the heat load requirements.
6. A project's ability to accommodate electricity system load following and other operability requirements.
7. Contract terms shall reflect a reasonable cost for Ontario electricity consumers and a reasonable balance of risk and reward between project proponents and Ontario electricity consumers.

The OPA shall not be required to enter into a contract with a project proponent where the OPA determines that the project proponent does not meet the factors outlined above.

This direction replaces the CHP component of the direction dated June 15, 2005, the Clean Energy Supply Standard Offer Program component of the June 14, 2007 direction, and the direction dated April 10, 2008.

The CHP component of the June 15, 2005 direction, the Clean Energy Supply Standard Offer Program component of the June 14, 2007 direction and the April 10, 2008 direction are hereby revoked.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad Duguid', with a stylized, flowing script.

Brad Duguid
Minister

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NOV 23 2010

MC-2010-2459

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 Non-Utility Generators

I write pursuant to my authority as the Minister of Energy, 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

To support the objective of clean and efficient electricity generation and to help ensure electricity system adequacy, the Ministry of Energy (the "**Ministry**") has determined that it is advisable to pursue the initiative of seeking new contracts (the "**New Contracts**") for the non-utility generators that are listed in the attached Appendix A (the "**NUG Facilities**") where these would have cost and reliability benefits to Ontario electricity customers.

Details of the Initiative

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

1. Negotiations for the New Contracts will be carried out with the owners or operators of the NUGs (the "**NUG Parties**").
2. The OPA will work closely with the Independent Electricity System Operator to determine the need for, and value of, each NUG facility as a preliminary step in any negotiation. Status updates on the analysis results should be provided to the Ministry of Energy.
3. Such updates should include identification of any local businesses or institutions dependent on any particular NUG for power supply or ancillary energy services such as steam supply, as identified by any particular NUG.

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4. NUG Parties would be eligible to enter into a New Contract with the OPA upon the expiry of the existing contract between the applicable NUG Party and the Ontario Electricity Financial Corporation or where ending the existing contract was mutually agreed to between the NUG Party and the Ontario Electricity Financial Corporation. Negotiations may commence within a reasonable time prior to the expiry of the existing contract, taking into account the amount of time required to complete negotiations. The length of the New Contracts will not exceed twenty years.
5. Each New Contract will be on terms that reflect a reasonable cost to Ontario electricity customers and the value of the NUG facility output to Ontario electricity customers. Consideration should be given to refurbishment, upgrading, or expansion opportunities and costs of the NUG Facilities as well as the risks and costs to the Ontario electricity system as a result of such investments.
6. The New Contracts should be structured to provide clear signals to NUG Facilities to operate in a manner that optimizes operation when power is valued highly and does not provide an incentive to operate when the output is not required, or the value of the power is low.
7. The New Contracts will require the NUG Facilities to be curtailed when requested to do so by the IESO when capacity needs to be constrained off for system or local reasons.
8. The payments under the existing NUG contracts constitute a significant share of the payments covered by Ontario electricity consumers through the Global Adjustment. The outcome of the negotiations set out in this initiative should be to significantly reduce the payments made by Ontario electricity consumers under the Global Adjustment related to NUG facilities.
9. The New Contracts should endeavor to ensure that a greater share of the payments to NUG Facilities is recovered through the Hourly Ontario Electricity Price, and to minimize the portion of revenues to be recovered through the Global Adjustment.

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 NUG Parties that would provide benefits to Ontario electricity customers or the Ontario electricity system. The OPA may take into account the local economic impact of NUG facilities.

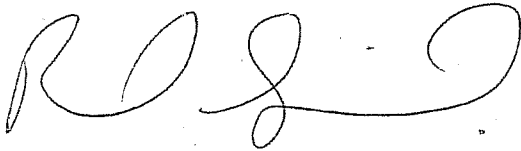
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For greater clarity, the OPA is not required by this direction to enter into a New Contract with a NUG Party where the OPA is unable to reach agreement with the NUG Party on terms that satisfy the requirements outlined in this direction, including 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,

A handwritten signature in black ink, appearing to read 'R. Duguid', with a stylized flourish at the end.

Brad Duguid
Minister

**APPENDIX A
NUG FACILITIES**

Facility	Location
Beare Road LFG Power Plant	Beare Road Landfill Site, 1749A Meadowvale Road, Scarborough
Brock University Central Utility Building Power Plant	500 Glenridge Avenue, St. Catharines
Brock West LFG Power Plant	Brock West Landfill Site, 1380 3rd Concession Road, Pickering
Calstock Power Plant	Highway 11 Calstock, Geographic Township of Stoddard, District of Cochrane
Cardinal Power Plant	170 Henry Street, Cardinal, Township of Edwardsburgh/Cardinal
Chapleau Co-Generation Plant	Planer Road, Chapleau
Cochrane Generating Station	506 4th Street East, Cochrane
H.J. Heinz Power Plant	Erie Street South, Leamington
Fort Frances Cogeneration Plant	145 Third Street West, Fort Frances
Invista (Canada) Power Plant	1400 County Road #2 East, Maitland, Township of Augusta
Iroquois Falls Generating Station	No. 1 Northwest Industrial Road, Iroquois Falls
Kapuskasing Power Plant	47 Gough Road, Kapuskasing
Keele Valley LFG Power Plant	Keele Valley Landfill Site, near McNaughton Road, north of Major Mackenzie Drive, Vaughan
Kingston Cogeneration Plant	5146 Taylor - Kidd Boulevard, Millhaven, Township of Loyalist
Kirkland Lake Generating Station	505 Archer Drive, Kirkland Lake
KMS Peel Energy-From-Waste Facility	7656 Bramalea Road, Brampton
Labatt London Brewery Power Plant	150 Simcoe Street, London
Lake Superior Power Plant	102 West Street, Sault Ste. Marie
Mississauga Cogeneration Plant	2740 Derry Road East, Mississauga
Nipigon Power Plant	Highway 11, approximately 45 km north of Nipigon
North Bay Power Plant	4001 Highway 11, near North Bay
Ottawa Health Sciences Centre Cogeneration Plant	405 Smyth Road, Ottawa
Rosa Flora Power Plant	756 Diltz Road, Dunnville, Haldimand County
Tembec Industries Power Plant	Mill Road, Smooth Rock Falls
Tunis Power Plant	Highway 11, Tunis, Geographic Township of Newmarket, District of Cochrane
University of Toronto Central Power Plant	17 Russell Street, Toronto
West Windsor Power Plant	4375 Sandwich Street, Windsor
Westbrook Greenhouses Ltd. Plant	4743 Lincoln Avenue, Beamsville, Town of Lincoln
Whitby Cogeneration Plant	1550 Wentworth Street West, Whitby
White River BioMeg Plant	Highway 17, White River
Windsor-Essex Cogeneration Plant	2600 Temple Drive, Windsor