



EB-2011-0067

**ONTARIO WATERPOWER ASSOCIATION:
REQUEST FOR AN AMENDMENT TO
HYDRO ONE NETWORKS INC.
DISTRIBUTION LICENSE No. ED-2003-0043**

MARCH 2011

Exhibit A

Exhibit A

Tab 1

TABLE OF CONTENTS

Exhibit	Tab	Description
A	1	Table of Contents
	2	Application
	3	Table of Impacted Parties and Project Information
B	1	Summary of Pre-Filed Evidence
	2	Hydro One Networks License, ED-2003-0043
	3	Ministry of Natural Resources Crown Land Site Release and Development Review Policy
	4	Ministry of Natural Resources Crown Site Release Procedure
	5	Ontario Waterpower Class Environmental Assessment
	6	Ontario Power Authority Letter Re: Notice to Proceed
	7	Practitioner's Guide – Federal Requirements for Environmental Assessment in Ontario
	8	Feed-In Tariff Rules, November 19, 2009
	9	Ministry of Natural Resources Letter to Waterpower Developer, September 2009
	10	Ontario Power Authority List of FIT Contracts Awarded – April 8, 2010
	11	Feed-In Tariff Contract, November 2009
	12	Long Term Energy Plan
	13	Ministerial Directive Re: Hydroelectric Contract Initiative
	14	Feed-In Tariff Price Schedule
	15	<i>Electricity Act</i> , section 92.1

Exhibit A

Tab 2

IN THE MATTER of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B;

AND IN THE MATTER a request for an order(s) pursuant to section 74(1)(b) amending the distribution license of Hydro One Networks Inc. to provide an exemption from compliance with sections 6.2.4.1(e) and 6.2.18(a) of the Distribution System Code in respect of waterpower generating facilities;

APPLICATION

Introduction

- 1) The Ontario Waterpower Association ("**OWA**" or "**Applicant**") is a not for profit association representing over 140 corporations participating in the water power industry in Ontario including manufacturers, consultants, developers and power generators. The OWA is headquartered in Peterborough, Ontario.
- 2) A total of 46 waterpower projects were issued Feed-In Tariff Contracts ("**FIT Contracts**") by the Ontario Power Authority in May 2010. The completion of 27 of these contracted projects is threatened as a result of the interaction of the unique development and approval process for waterpower and the provisions of the Distribution System Code ("**DSC**").
- 3) Each of the 27 waterpower projects is in the process of connecting to the distribution system which is owned by Hydro One Networks Inc. ("**Hydro One**"). Hydro One is a licensed distributor, ED-2003-0043, a copy of which is provided at Exhibit B, Tab 2. As Hydro One is the only licensed distributor impacted by the connections, the OWA has only asked for an amendment to Hydro One's license. The OWA's concern is with the mandatory obligations of the DSC to pay the Connection Cost Estimate Deposit at the time of executing the Connection Cost Agreement or lose the capacity allocation.

Relief Sought

- 4) The OWA request that the Board find the suggested amendment is in the public interest and amend Schedule 3 of the distribution license of Hydro One to include the following exemption:

- i) In respect of a generator utilizing water as a source of power, Hydro One is exempted from the requirement to comply with sections 6.2.4.1(e)(i) and 6.2.18(a) of the Distribution System Code;
 - ii) Hydro One is required, instead of 6.2.18(a), to collect a connection cost deposit of \$20,000 per MW of the Contract Capacity as that term is defined in the FIT Contract, for the Connection Cost Estimate Deposit at the time of the execution of the Connection Cost Agreement; and
 - iii) The Connection Cost Agreement include a schedule of payments as negotiated between Hydro One and the applicant such that Hydro One is not required to expend resources without prior payment, sufficiently in advance, from the waterpower generator.
- 5) The OWA requests that the Board provide that no waterpower generator have its capacity allocation removed pending 30 days following the issuance of a decision in this proceeding. The OWA believes this affirmation of existing rights pending the issuance of a decision is consistent with the statutory mandate of the Board and the Board's *Rules of Practice and Procedure*. Further, the OWA does not believe such a delay will adversely impact any other party.
- 6) If the Board does not grant the interim relief requested, the OWA would request this proceeding occur on an expedited basis to prevent existing projects from losing their capacity.

The Distribution System Code

- 7) The DSC requires a distributor to allocate capacity to a generator and within 6 months of such allocation to execute a connection cost agreement with the generator and receive 100% of the connection cost estimate. The total deposit being required by Hydro One for these 27 projects currently impacted will exceed \$23.7 million. Further, the projects average just under 4MWs each. In the majority of the waterpower projects the costs estimates are performed well over 1 year and sometimes 2 years, in advance of: (i) the need of Hydro One to expend money related to the connection; (ii) the receipt of Notice to Proceed from the Ontario Power Authority; (iii) environmental permitting; and (iv) the ability to draw on debt financing. As such, the requirement for the execution of the connection cost agreement and the payment of 100% of the connection cost estimate so far in advance of the milestone events will mean many projects will not be able to be completed.

8) The relevant sections of the DSC are reproduced below:

6.2.4.1 Subject to section 6.2.4.2, a distributor shall establish and maintain a capacity allocation process under which the distributor will process applications for the connection of embedded generation facilities. The capacity allocation process shall meet the following requirements:

e) an applicant shall have its capacity allocation removed if:

i. a connection cost agreement has not been signed in relation to the connection of the embedded generation facility within 6 months of the date on which the applicant received a capacity allocation for the proposed embedded generation facility;.....

6.2.18 A distributor shall enter into a connection cost agreement with an applicant in relation to a small embedded generation facility, a mid-sized embedded generation facility or a large embedded generation facility. The connection cost agreement shall include the following:

a. a requirement that the applicant pay a connection cost deposit equal to 100% of the total estimated allocated cost of connection at the time the connection cost agreement is executed;

The OEB Act and Amending a License

9) Section 74(1)(b) of the OEB Act permits any person to apply for an amendment to a license. Where the Board finds the amendment is in the public interest, as set out in the *Electricity Act, 1998* S.O. 1998, c.15, Schedule A, (the “*Electricity Act*”) the Board may grant such an amendment.

74.(1) The Board may, on the application of any person, amend a licence if it considers the amendment to be,

(a) necessary to implement a directive issued under this Act; or

(b) in the public interest, having regard to the objectives of the Board and the purposes of the *Electricity Act, 1998*.

10) In addition to providing technical benefits to the electricity system, waterpower is a vital component of the green energy policy, the *Green Energy and Green Economy Act*, and the policies of the Government of Ontario. The purpose of the *Electricity Act*, section 1(d), includes:

- (d) to promote the use of cleaner energy sources and technologies, including alternative energy sources and renewable energy sources, in a manner consistent with the policies of the Government of Ontario;

11) Further, this exemption request is not only consistent with, but advances, the objectives of the Board, section 1(1) of the OEB Act, which includes:

- 1(1) 5. To promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario

12) Absent this exemption, the timing of the payment of the Connection Cost Deposit established by the DSC, coupled with the unique requirements to develop waterpower, will effectively prohibit significant development of waterpower in Ontario. The exemption is intended to correct the unintentional but effective discrimination created by the DSC.

- (e) to provide generators, retailers and consumers with non-discriminatory access to transmission and distribution systems in Ontario;

13) The OWA submits the development of additional waterpower is in the public interest as: waterpower: (i) has been the backbone of the provincial supply for decades; (ii) is the most reliable renewable resource; (iii) provides demand response capability or rampability; (iv) is the most durable Ontario electricity source; (v) is consistent with the proposed Long Term Energy Plan and the Minister's Supply Mix Directive. Furthermore, waterpower contributes financially to provincial objectives through resource revenues and payments to the Consolidated Revenue Fund.

14) Waterpower not only advances government energy and fiscal policy by supplying renewable energy at a reasonable cost but it provides a significant opportunity to advance other government social, economic and environmental policies.

15) Waterpower has a unique and longer development cycle as a result of the site release, environmental assessment, permitting and construction schedule. This reality has been recognized both within the Distribution System Code, section 6.2.4.1(c) and the Feed-In Tariff Program, section 2.5 with Exhibit A, Type 7. Therefore, the requested amendment does not provide an unfair advantage for waterpower or permit waterpower to tie-up capacity allocation but rather provides an opportunity for development to occurring in a logical, timely and properly coordinated manner.

16) Further, the OWA is of the view that this proposal is consistent with the principles that the distributor should not be at risk; that the generator pays its fair costs; and that the

projects not unduly hold capacity allocations where the project is not progressing through to completion.

- 17) Currently, several waterpower generators are being required to pay 100% of the Connection Cost Deposit estimate, which is based upon a +/- 50% estimate, within as little as two weeks of learning the estimate and being presented with a draft Connection Cost Agreement. If those generators do not make the payments required by Hydro One, they are at risk of having the capacity withdrawn and the project being terminated. As such, the preservation of the current capacity allocation during this hearing is vital to ensuring current project developers are not irreparably harmed through the loss of the capacity allocation.

The Conduct of the Proceeding

- 18) This proceeding will be supported with written pre-filed evidence and such additional evidence as the OWA may request and as may be acceptable to the Board. At this time, the OWA does not have a preference as to whether this proceeding is conducted in writing or orally.
- 19) The persons that may have an interest in this proceeding includes the members of the OWA, the Ontario Power Authority, the Independent Electricity System Operator and Hydro One.
- 20) The Applicant requests that communication in respect of this proceeding be conducted in English and be copied to:

- | | |
|---|--|
| a) The Applicant:
Address: | Ontario Waterpower Association
380 Armour Road, Suite 210
Peterborough, ON
K9H 7L7

Attention: Mr. Paul Norris
Telephone: (705)743-1500
Fax: (705)743-1570
Email: pnorris@owa.ca |
| b) The Applicant's Counsel:
Address: | Aird & Berlis LLP
Suite 1800, box 754
Brookfield Place, 181 Bay Street
Toronto, ON M5J 2T6 |

Attention: Mr. Scott A. Stoll
Telephone: (416)865-4703
Fax: (416)863-1515
Email: ssoll@airdberlis.com

- 21) The OWA request the Board also make such order(s) as are necessary for the scheduling and proper consideration of this Application. The OWA request the Board render a decision regarding the request for the stay by March 25, 2011 and request a final decision at the Board's earliest opportunity.

DATED March 11, 2011 at Toronto, Ontario

ONTARIO WATERPOWER ASSOCIATION
By its Counsel
AIRD & BERLIS LLP

Original signed by Scott Stoll

Scott A. Stoll

Exhibit A

Tab 3

Connection Cost Estimate Deposit Payment Impacted Projects

Applicant Legal Name	Project Name	Project City	Nameplate Capacity (kW)	CCA Estimate	Payment Due Date	Months from Construction	Notes
6324827 Canada Inc.	Webbwood	Water	1,000				Still in site release
6718710 Canada Corporation	Latchford Dam	Latchford	838				n/a
6718710 Canada Corporation	Latchford Dam 2	Latchford	419				n/a
Amik BBF HydroKap L.P.	Big Beaver Falls Hydroelectric Project	Kapuskasing	5,500				18 Months from operation. CCA estimate does not include P&C costs, which are estimated to \$250k.
Amik CTR HydroKap L.P.	Camp Three Rapids Hydroelectric Project	Kapuskasing	5,500				18 Months from operation. CCA estimate does not include P&C costs, which are estimated to be additional \$250k.
High Falls Development Partnership	High Falls Hydropower Development	District of Rainy River	6,400				n/a
Kagawong Power Incorporated	Charlton Dam GS Expansion	Charlton	850				Connection Cost Agreement not yet received. Financing will not proceed without required permits.
Lizard Creek Power Inc.	Lizard Creek Small Hydro Project	Township of The North Shore	1,040				Awaiting revised CIA
Nipiy OWF HydroKap L.P.	Old Woman Falls Hydroelectric Project	Kapuskasing	5,500				22 Months from operation. CCA estimate does not include P&C costs, which are estimated to be additional \$250k.

EB-2011-0067

Prefiled Evidence of the OWA

Exhibit A

Tab 3

Filed: March 10, 2011

Connection Cost Estimate Deposit Payment Impacted Projects

Applicant Legal Name	Project Name	Project City	Nameplate Capacity (kW)	CCA Estimate	Payment Due Date	Months from Construction	Notes
Nipiy WOF HydroKap L.P.	White Otter Falls Hydroelectric Project	Kapuskasing	5,500				22 Months from operation. CCA estimate does not include P&C costs, which are estimated to be additional \$250k.
Okikendawt Hydro L.P.	Okikendawt Hydroelectric Project	Dokis Bay	10,000				CCA estimate does not include P&C costs (estimate unknown).
Pecors Power o/a Cantech Construction Ltd.	Pecors Power Small Hydro Project	Elliot Lake	2,000				Awaiting revised CIA
Swift River Energy LP	North Bala Small Hydro Project	Bala	5,000				CCA not yet received.
Waddell Falls Power Corporation	Waddell Falls Waterpower Project	Washago	1,900				Just finalizing EA
Wendigo Power Partnership Inc.	Wendigo Waterpower Project	Marter Township, Temiskaming	3,000				Currently in AREF process. EA Commenced Jan 2011
Xeneca Limited Partnership	McGraw Falls 2089284	Thunder Bay District	2,400				EA commenced. MNR has not issued Applicant of Record. Connection Cost Agreement (CCA) not yet received. Advised must execute the CCA within 2 weeks upon receipt.

Connection Cost Estimate Deposit Payment Impacted Projects

Applicant Legal Name	Project Name	Project City	Nameplate Capacity (kW)	CCA Estimate	Payment Due Date	Months from Construction	Notes
Xeneca Limited Partnership	At Soo Crossing 2154061	Sudbury District	4,300				EA commenced. MNR has not issued Applicant of Record. Connection Cost Agreement (CCA) not yet received. Advised must execute the CCA within 2 weeks upon receipt.
Xeneca Limited Partnership	Cascade Fall 1723378	Sudbury District	2,100				EA commenced. MNR has not issued Applicant of Record. Connection Cost Agreement (CCA) not yet received.
Xeneca Limited Partnership	McPherson Fall 2154065	Sudbury District	2,000				EA commenced. MNR has not issued Applicant of Record. Connection Cost Agreement (CCA) not yet received.
Xeneca Limited Partnership	Wanatango Falls 2124716	Cochrane District	4,670				EA commenced. MNR has not issued Applicant of Record. Connection Cost Agreement (CCA) not yet received.
Xeneca Limited Partnership	Four Slide Falls Ltd 1713400	Elliot Lake City Limits ☐ Sault Ste Marie Region	7,300				EA commenced. MNR has not issued Applicant of Record. Connection Cost Agreement (CCA) not yet received. Advised must execute the CCA within 2 weeks upon receipt.

EB-2011-0067

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Filed: March 10, 2011

Connection Cost Estimate Deposit Payment Impacted Projects

Applicant Legal Name	Project Name	Project City	Nameplate Capacity (kW)	CCA Estimate	Payment Due Date	Months from Construction	Notes
Xeneca Limited Partnership	Wabageshik Rapid at Outlet Lake 1723377	Sudbury District	3,400				EA commenced. MNR has not issued Applicant of Record. Connection Cost Agreement (CCA) not yet received. Advised must execute the CCA within 2 weeks upon receipt.
Xeneca Limited Partnership	Allen and Struthers 2130769	Alban Municipality, Sudbury District	2,800				EA commenced. MNR has not issued Applicant of Record. Connection Cost Agreement (CCA) not yet received.
Xeneca Limited Partnership	Ivanhoe River, The Chute 2124750	Chapleau District	3,600				EA commenced. MNR has not issued Applicant of Record. Connection Cost Agreement (CCA) not yet received..
Xeneca Limited Partnership	Marler Twp, Blanche River 2154070	Kirkland Lake District	2,100				EA commenced. MNR has not issued Applicant of Record. Connection Cost Agreement (CCA) not yet received.
Xeneca Limited Partnership	McCarthy Chute 1713399 Ltd.	Elliott Lake City Limits Sault Ste Marie Region	2,000				EA commenced. MNR has not issued Applicant of Record. Connection Cost Agreement (CCA) not yet received. Advised must execute the CCA within 2 weeks upon receipt.

EB-2011-0067

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Tab 3

Filed: March 10, 2011



Connection Cost Estimate Deposit Payment Impacted Projects

Applicant Legal Name	Project Name	Project City	Nameplate Capacity (kW)	CCA Estimate	Payment Due Date	Months from Construction	Notes
Xeneca Limited Partnership	Larder Lake & Raven Falls 2118966	Kirkland Lake District	1,250				EA commenced. MNR has not issued Applicant of Record. Connection Cost Agreement (CCA) not yet received.
Totals:	27 Projects		92,367	\$23,712,497		Avg. 16-20 months	

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EB-2011-0067
 Prefiled Evidence of the OWA
 Exhibit A
 Tab 3
 Filed: March 10, 2011

Exhibit B

Exhibit B

Tab 1

**Pre-filed Evidence
of the
Ontario Waterpower Association**

Part I. Introduction

The Ontario Waterpower Association (“OWA”) is requesting an amendment of Hydro One Networks Inc.’s (“Hydro One”) distribution license ED-2003-0043, schedule 3, (a copy of which is provided at Exhibit B, Tab 2) to provide an exemption from sections 6.2.4.1(e)(i) and 6.2.18(a) of the Distribution System Code (“DSC”). The timing requirements of the DSC combined with the limitations and requirements of the unique regulatory approvals process for waterpower and the Ontario Power Authority’s Feed-In Tariff Program (“FIT”) unduly disadvantages waterpower projects and threatens the completion of such projects. The failure to provide the requested relief will maintain a systemic problem that will inhibit waterpower development now and in the future.

Greenfield waterpower projects are primarily located on Crown land and subject to the Crown’s land disposition policy. As such, the ability of a waterpower developer to move a project through the permitting and approval process is intertwined with the Ministry of Natural Resources’ (“MNR”) *Crown Land Site Release and Development Review Policy*, a copy of which is attached Exhibit B, Tab 3.

Waterpower has a unique and longer development cycle, 5 years or more, as a result of the resource access, permitting scheme and construction timing limitations related to undertaking work in watercourses. This reality has been recognized both within the DSC , section 6.2.4.1(c) and the FIT Program, section 2.5 with Exhibit A, Type 7. Therefore, the requested amendment does not provide an unfair advantage for waterpower or permit waterpower to unnecessarily tie-up capacity allocation but rather provides an opportunity for development to occur in a logical, timely and properly coordinated manner.

The OWA is not suggesting that proper costs of connection are not paid by the generator, but rather, that the front-end loading of such costs for waterpower are potentially fatal to the projects. The Connection Cost Estimate Deposit can be 10% -20% or more of the overall capital investment in a project and having that magnitude of payment due as much as 24 months prior to Construction Financing and 4 years prior to the Milestone Date for Commercial Operation make the financing of the project much more difficult. This is of particular relevance given the disproportionate economies of scale costs of developing small waterpower projects.

The following evidence will provide information specific to waterpower in respect of:

- ❖ The projects currently impacted by this Application;
- ❖ The waterpower resource access policy and its implementation;
- ❖ The environmental assessment and permitting processes;
- ❖ The FIT Rules and Contract.
- ❖ The public interest in waterpower

The approach to the evidence will be to highlight the requirements and obligations as well as the actual events that have transpired. The evidence deals with this specific request, the principles behind the request, the statutory test for granting the amendment and the evidence supporting the fulfillment of the public interest by the granting of the amendment.

Part II. The Impacted Projects and Waterpower Development

a) The Impacted Projects

Exhibit A, Tab 3 provides a summary of the projects and important dates in the development timeline of the affected waterpower projects. The requirement to pay the Connection Cost Estimate Deposit is sometimes over four years in advance of the Milestone Date for Commercial Operation (“MDCO”) and several months prior to the proponent being in a position to obtain debt financing (construction commencement). Certain of the information is commercially sensitive and a redacted version is being provided in the publicly available documents. A complete version is being provided separately in accordance with the Board’s Practice Direction on Confidential Filings.

It should be noted that: (i) the majority of projects are considered “mid-sized embedded generation facility” (DSC, section 1.2) with only a single project of 10MWs; and (ii) the projects have an average size of just under 4MWs. The aggregate of the projects is 92MW and the aggregate of the Connection Cost Estimate Deposit is \$23.7 million which is being required to be paid, on average, approximately 1.5 years in advance of the start of construction and project debt financing. Collectively, these projects represent more than 50% of the waterpower projects with FIT contracts and represent 10% of the increase in waterpower planned to occur by 2018, pursuant to the current Supply Mix Directive.

Several of the projects will not be able to fund the Connection Cost Estimate Deposit as required by the DSC. This will result in the projects being terminated. Others will be required to re-direct capital well in advance of when the expenditure of such capital is required by the

1 distributor. The distributor for all projects in question is Hydro One, hence the application for a
2 licence amendment is specific to Hydro One.

3 **b) Immediate Relief Required**

4 For some projects, the deposits required will result in the unnecessary and burdensome re-
5 allocation of capital prior to debt financing. For other projects developers will be unable to make
6 the required payment of the Connection Cost Estimate Deposit if the current payment schedule is
7 not altered. In either case, immediate relief is sought so as to align the requirements for deposit
8 with the unique circumstances of waterpower project development.

9 If immediate relief is not provided, certain developers will lose their allocated capacity and
10 eventually the FIT Contract. If that occurs, the generators would suffer irreparable harm from
11 the discontinuance of the project. Granting the relief on an interim basis will preserve the
12 generators' position until this proceeding is concluded without unduly impacting any third
13 parties.

14 **c) The unique regulatory and policy requirements for Waterpower Resource**
15 **Development in Ontario**

16 The OWA is requesting the exemption to accommodate the unique factors that apply to
17 waterpower development. The MNR, on its website, acknowledges the special circumstances
18 that apply to waterpower:

19 The Government recognizes that waterpower projects are unique by comparison to other
20 types of renewable energy generation projects as they have specific engineering
21 considerations and the project timelines are much longer term than those of other
22 renewable energy generation projects. The rules for waterpower projects are customized
23 through a Class Environmental Assessment with clear requirements for considering
24 environmental impacts and working with communities to design better projects in
25 cooperation with government.¹

26 **(i) Resource Access**

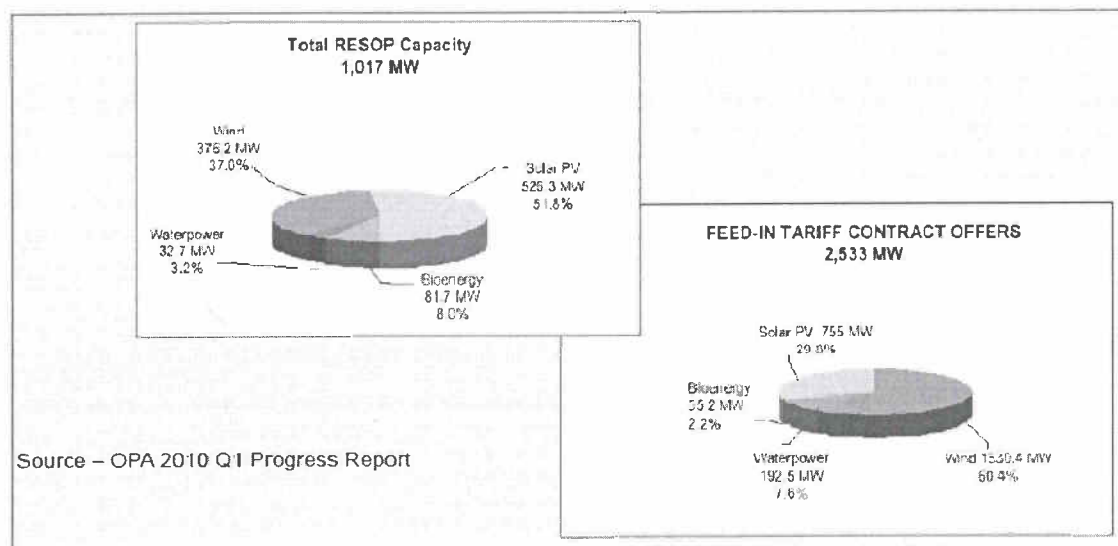
27 In Ontario, the opportunity to access water resources for the purposes of electricity generation is
28 premised on access to the land over which water flows. Water is a public resource in Ontario
29 and ownership is not vested in the Crown. As such, and by virtue of the provisions of the *Beds of*

¹ <http://www.mnr.gov.on.ca/en/Business/Renewable/2ColumnSubPage/276843.html>. Accessed MNR site on March 8, 2011.

Navigable Waters Act,² which vests ownership of the beds of the waterways over which navigable waters flow in the provincial Crown (MNR), access to the vast majority of waterpower development opportunities is premised on the allocation of “riparian rights”. Therefore, unlike other renewable energy sources, new Greenfield waterpower development necessarily involves a Crown land and a disposition of same under the *Public Lands Act*.³

To contribute to the advancement and achievement of the government’s renewable energy objectives, MNR instituted a “Waterpower Site Release and Development Review” policy and procedure in November 2004, the first time in more than a decade that proponents of new waterpower development had the opportunity to pursue Crown land access. It is noteworthy that the timing of the implementation of this policy and its application effectively precluded waterpower project proponents from participating in the province’s Renewable Energy Requests for Proposals and, to some extent, the Renewable Energy Standard Offer Program (“RESOP”). The disparity between waterpower and other renewable energy projects contracted to date is evidenced in Figure 1, below, based on the most recent report from the OPA.

Figure 1- Renewable Energy Contracted under RESOP and FIT⁴



MNR’s “Site Release Policy” was amended in 2007 and again in 2010 attempting in both instances to re-align the requirements with the evolving provincial energy policy framework, and

² R.S.O. 1990, c. B-4.

³ R.S.O 1990, c. P-43.

⁴ The percentage of waterpower will continue to decline relative to other renewables as most Capacity Allocation Exempt and MicroFit projects have been solar. Moreover, no new applications for waterpower development of Crown land have been accepted since September 2009.

1 in particular, with the expectations of the *Green Energy and Green Economy Act*. The MNR
2 periodically establishes “windows of opportunity” for developers and other interested parties to
3 apply for the opportunity to secure Crown land for waterpower development. At present, the
4 policy is again under review and new applications have not been accepted since September 2009.
5 Of the applications filed under these policies and procedures it has taken on average more than 2
6 years to complete the process. A number of projects have still yet to complete the site release
7 process.

8 MNR Policy, Exhibit B, Tab 3, page 3 reproduced below, contains a number of guiding
9 principles that the MNR is committed to following in applying the Policy in a fair, open and
10 standardized manner (the “**Guiding Principles**”). Under the Guiding Principles, the MNR will:

- 11 • follow effective and efficient land management, sustainable development,
12 environmental assessment and stakeholder consultation practices;
- 13 • fulfill its duty to consult with Aboriginal peoples where its actions may adversely affect
14 an established or asserted Aboriginal or treaty right; and
- 15 • support creation of environmentally sustainable economic opportunities for Aboriginal
16 communities through the disposition of Crown land for Greenfield sites. The Ministry
17 will demonstrate a preference for proposals that provide benefits to the Identified
18 Aboriginal communities (this provision is unique to waterpower projects in Crown land).

19 The application requires the developer to provide information on the technical ability to build the
20 project, the financial resources of the developer pertaining to the project and the energy capacity
21 of the project along with an application fee. This information is reviewed by the MNR and
22 confirmed by the MNR prior to a developer being allowed to continue in the MNR Site Release
23 Procedure, Exhibit B, Tab 4.

24 The characteristics that are unique to waterpower’s development process are:

- 25 a) The resource is only available for claiming during windows set by the MNR; and,
- 26 b) The site cannot be moved and the resource has a finite energy potential related to the
27 waterflow and the topography of the site. This is unlike other renewables, such as
28 windpower or solar, that have a wider net of available sites, are more “portable” and can
29 scale the project through developer decision-making.

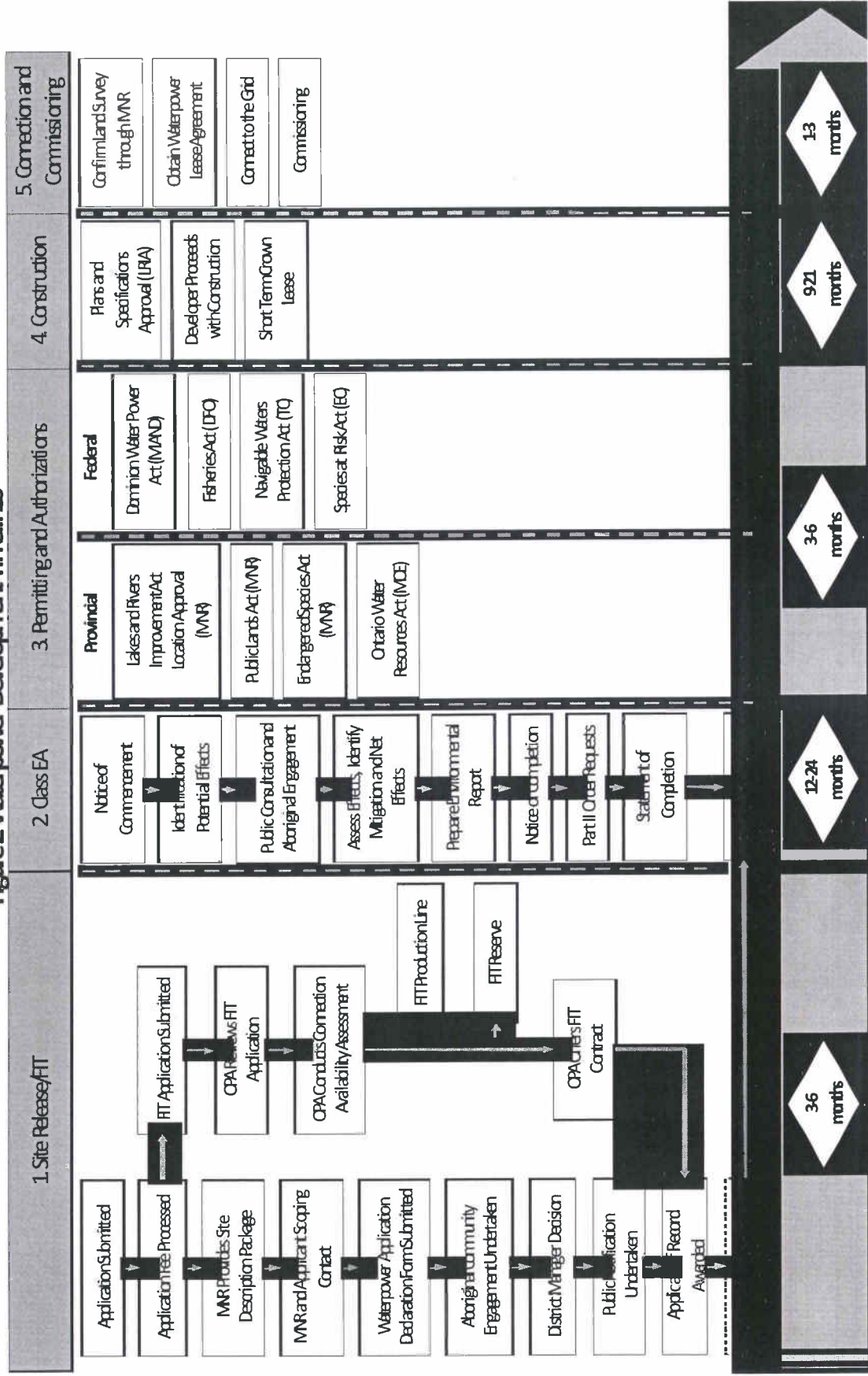
1 **(ii) – Environmental Assessment- Provincial and Federal**

2 To further the objectives of the *Green Energy and Green Economy Act*, the provincial
3 government instituted a Renewable Energy Approvals (“**REA**”) process, requiring significant
4 legislative, regulatory and policy changes to the environmental review and permitting process for
5 renewable energy projects, except waterpower. Instead, waterpower projects are required to
6 satisfy the “Class Environmental Assessment for Waterpower Projects” (the “**OWA Class EA**”),
7 approved by the Minister of the Environment in October 2008 and for which the OWA is the
8 proponent. A copy of the OWA Class EA may be found at Exhibit B, Tab 5.

9 Under this process, each waterpower project is required to complete an environmental
10 assessment in accordance with the OWA’s Class EA. This Class EA process may take up to 24
11 months, ignoring any appeal periods. This is generally a much longer process than the REA
12 process used by other fuel sources. Moreover, as mentioned, for a number of projects, the
13 requirements of MNR’s Site Release Procedure has not been completed, resulting in some
14 proponents having to risk manage the resource access process and the EA process concurrently.

15 In order to satisfy the provincial OWA Class EA, the developer must complete baseline studies,
16 stakeholder consultation and Aboriginal Community engagement and prepare an Environmental
17 Report which documents impacts and issues and the strategies to address and/or mitigate same.
18 Due to the timing limitations and the permitting process for some of these studies (e.g. fisheries),
19 the process often takes more than a single field season (over 1 year) to gather the required
20 information. Once the developer has completed the environmental assessment, the developer can
21 begin the final design and permitting of the project. The permitting will take at least another 6 to
22 12 months to complete. This differs from the REA process, under which permits are issued
23 coincident with or immediately following the completion of the REA. While the OPA has
24 confirmed that the completion of the Class EA process for waterpower (i.e. Statement of
25 Completion) constitutes satisfaction to the “Notice to Proceed” requirement under the FIT
26 contract provisions, see letter at Exhibit B, Tab 6, the completion of subsequent permitting is
27 required to satisfy the expectations of debt financing. Figure 2, below, provides an overview of
28 the development cycle for waterpower projects.

Figure 2 Waterpower Development Timelines



1 Relatively unique to waterpower projects is also the requirement that almost invariably the
2 project satisfy the provisions of the *Canadian Environmental Assessment Act*⁵ (“CEAA”). Given
3 that CEAA triggers include the issuance of a federal permit for the project, waterpower projects
4 become subject to CEAA as a result of authorizations pursuant to the Federal *Fisheries Act*
5 and/or the *Navigable Waters Protection Act*⁶. While some other renewable energy projects may
6 similarly invoke CEAA (e.g. *Migratory Birds Convention Act, 1994*⁷), waterpower projects are
7 unique in the almost universal application of the federal EA process. The OWA, in cooperation
8 with DFO and CEA has authored a Practitioners Guide to Federal Requirements for
9 Environmental Assessments for Waterpower Projects in Ontario” (“**Guide**”) in recognition of
10 this reality. A copy of the Guide may be found at Exhibit B, Tab 7.

11 The majority of the projects that are the subject of this application are in the process of
12 attempting to complete both provincial and federal environmental assessments. Because the
13 projects involve concurrent jurisdiction of federal and provincial authorities, the projects are
14 more difficult to plan and properly coordinate. The OWA is not suggesting the permitting
15 process is not warranted to provide proper assurance of good development practices but rather
16 that these legitimate and unique process requirements creates a financial problem with respect to
17 the current timing of the provision of the required Connection Cost Estimate Deposit.

18 (iii) Post EA Permitting and Approvals

19 Subsequent to the EA processes, waterpower projects are required to satisfy a myriad of
20 provincial and federal permitting requirements which, on average can take 6 to 12 months to
21 complete. Key among these are the *Lakes and Rivers Improvement Act*⁸ (LRIA- Location
22 Approval, Plans and Specifications Approval), the *Ontario Water Resources Act*⁹ (OWRA –
23 Permit to Take Water) and the Federal *Fisheries Act*¹⁰ – authorization to harmfully alter or
24 destroy fish habitat). Not only is the satisfaction of these requirements a primary condition of
25 obtaining debt financing, it also will result in the determination of the financial conditions of the
26 resultant project, given that they define the available fuel (i.e. water) and operational regime of
27 the facility.

⁵ S.C. 1992, c. 37.

⁶ R.S.C. 1985, c N-22.

⁷ S.C. 1994, c. 22.

⁸ R.S.O. 1990, c. L-3.

⁹ R.S.O. 1990. c. O-40.

¹⁰ R.S.C. 1985, c. F-14.

1 **(iv) Tenure Security**

2 Throughout the environmental assessment and permitting process, waterpower project
3 proponents have no “security” with respect to registerable tenure to the site. Pursuant to MNR’s
4 Site Release Policy and the *Public Lands Act*¹¹, a project is only provided with tenure (short term
5 Crown lease) coincident with the commencement of construction. Long term tenure
6 (Waterpower Lease Agreement, easement) is provided after the facility is constructed. This is in
7 contrast with the predominance of projects for other renewable generation technologies on
8 private land where proponents may negotiate security with the land owner much earlier in the
9 development cycle. Secure tenure is often a key component of project financing.

10 **d) Feed-In Tariff Rules and Contract**

11 ***i) The FIT Application***

12 The OPA published the FIT Rules to govern the submission of applications for a FIT Contract.
13 Waterpower developers had to provide an Application Fee, Application Security and
14 demonstrate access to site control. Section 3.1(e) of the Rules requires certain applicants to
15 demonstrate sufficient control over the site to be mature enough to apply for a FIT Contract. A
16 copy of the FIT Rules, as at November 2009 may be found at Exhibit B, Tab 8. Section 3.1(e)(i)
17 and (ii) of the FIT Rules contains the following provision for deeming an applicant to have
18 achieved the necessary Access Rights.

19 (i) Where an Application is in respect of a Project on provincial Crown lands, the
20 Applicant shall be deemed to have the necessary Access Rights for these purposes
21 where:

22 (A) the Applicant has submitted a completed application to the Ministry of
23 Natural Resources (Ontario) for selection as an “Applicant of Record” in respect
24 of all lands comprising the Site, pursuant to such ministry’s applicable Site
25 Release and Development Review policies and procedures; and

26 (B) the Applicant has submitted to the OPA, an “MNR Application Status/Fact
27 Sheet” or an “MNR Applicant of Record Status Letter”, and an “MNR
28 Application Map”, which (A) for windpower Projects, both outlines in red and
29 lists each of the MNR grid cells that will be required for the Project, or (B) for
30 waterpower Projects, clearly shows the site and the associated “MNR Site ID
31 Number”.

¹¹ R.S.O. 1990, c. P-43.

(ii) Where an Application is in respect of a Project on Federal Crown lands, the Applicant shall be deemed to have the necessary Access Rights to these purposes where it has a "Priority Permit" issued pursuant to the Dominion Waterpower Act (Canada), or equivalent binding commitment from the federal Crown.

On September 22, 2009, the Minister of Natural Resources, sent a letter to waterpower developers who had applied to the MNR under the Waterpower Crown Site Release Policy. A copy of one such letter may be found at Exhibit B, Tab 9. The letter strongly recommends that the developer to apply to the OPA during the Launch Period, October 1, 2009 through November 30, 2009..

Effectively, the launch of the FIT Program, the MNR "advice" to apply, and the connection capacity allocation and the Connection Cost Estimate Deposit process that require the proponent to sign a connection cost agreement within 6 months of the date on which the applicant received a capacity allocation and that the proponent provide 100% of the estimated cost as a connection cost deposit at the time of execution have combined to place waterpower projects in an untenable financial position.

b) FIT Contract

The OPA announced the first round of FIT Contract recipients on April 8, 2010. A copy of the list may be found at Exhibit B, Tab 10. The list includes 46 waterpower projects of which there are 27 projects which have aligned themselves to support the OWA in this Application.

The FIT Contract, Exhibit B, Tab 11, prescribes certain milestone events for projects. For most projects, the MDCO is 3 years from executing the contract, but waterpower is recognized as unique and has a 5 year MDCO. As such, there is an understanding that waterpower projects just take longer. The FIT process is consistent with the prior RESOP program which also provided waterpower additional time to attain Commercial Operation.

Under the FIT program, the OPA retains the sole and absolute discretion to terminate any contract prior to the issuance of Notice To Proceed ("NTP"), pursuant to section 2.4(a) reproduced below.

2.4 Notice to Proceed

(a) Until the OPA issue Notice to Proceed to the Supplier, and the Supplier has provided to the OPA the Incremental NTP Security in accordance with 2.4(g), the OPA may terminate this Agreement in **its sole and absolute discretion** by notice to the Supplier and all Completion and Performance Security shall be returned or

1 refunded (as applicable) to the Supplier within 20 Business Days following
2 receipt of a written require for such return or refund (as applicable) from the
3 Supplier.....

4 Therefore, prior to the issuance of NTP, a developer is completely at risk for any monies paid in
5 excess of any termination payment by the OPA. Lenders are justifiably hesitant to advance
6 funding until assured the project will be constructed. The FIT Contract then provides the
7 following list of prerequisites to being able to request NTP from the OPA.

8 **Section 2.4 Notice to Proceed**

9 (b) The OPA shall not issue Notice to Proceed in accordance with this Section 2.4
10 until the Supplier provides the OPA with an NTP Request in the Prescribed Form,
11 and provided such NTP Request is complete in all respects. An NTP Request
12 shall not be complete unless it includes all of the following (the “**NTP Pre-**
13 **requisites**”):

14 (i) documentation of the completed Renewable Energy Approval, if
15 applicable, and any other equivalent environmental and site plan approvals
16 or permits necessary for the construction of the Contract Facility to
17 commence;

18 (ii) a completed financing plan in the Prescribed Form, listing all sources of
19 equity or debt financing for the development of the Contract Facility along
20 with signed commitment letters from sources of financing representing
21 collectively at least 50% of the expected development costs, stating their
22 agreement in principle to provide the necessary financing, which
23 commitment(s) may be conditional on the issuance of Notice to Proceed
24 (the “**Financing Plan**”);

25 (iii) where (A) the FIT Contract Cover Page identifies the Renewable Fuel of
26 the Contract Facility as solar (PV) or (B) the FIT Contract Cover Page
27 identifies the Renewable Fuel of the Contract Facility as wind power and
28 the Contract Capacity is greater than 10kW, a plan in the Prescribed Form
29 setting out how the Supplier intends to meet the Minimum Required
30 Domestic Content Level (the “**Domestic Content Plan**”); and

(iv) documentation of the time and date of application for, and the completion of, all Impact Assessments required by the Distribution System Code or the Transmission System Code as applicable.

In order to make a request for NTP, a waterpower developer is required to have completed the OWA's Class Environmental Assessment, as evidenced by the "Statement of Completion" (see Exhibit B, Tab 6); provide a financing plan and have completed the necessary Impact Assessments. Without these three prerequisites, the developer is at risk the OPA may terminate the FIT Contract. As noted elsewhere, the Class EA generally takes 18 to 24 months to complete, absent elevation requests.

A FIT Contract is a prerequisite to obtaining debt financing for a project but is not a guarantee to having a lender commit to the project let alone advance funding. At the time the FIT Contract is issued the developer has its cost projections but not sufficient certainty to obtain debt. For waterpower projects, debt will most often be advanced after Notice to Proceed, once the proponent has satisfied subsequent permitting requirements and/or obtained tenure. In general, to obtain debt financing, the waterpower developer will need to have obtained:

(a) Connection Cost Estimate (+/-10 at construction);

(b) Construction Estimate based upon sufficiently advanced design to provide the required certainty;

(c) Permits;

(d) Tenure

PART III. The Proposed Exemption

(i) The Proposed Exemption

The OWA has requested that the Board find the suggested amendment is in the public interest and amend Schedule 3 of the distribution license of Hydro One to include the following exemption:

- i) In respect of a generator utilizing water as a source of power, Hydro One is exempted from the requirement to comply with sections 6.2.4.1(e)(i) and 6.2.18(a) of the Distribution System Code;
- ii) Hydro One is required instead to collect a deposit \$20,000 per MW of Contract Capacity, as that term is defined in the FIT Contract, for the Connection Cost Estimate Deposit at the time of the execution of the Connection Cost Agreement; and
- iii) The Connection Cost Agreement include a schedule of payments as negotiated between Hydro One and the applicant such that Hydro One is not required to expend resources without prior payment, sufficiently in advance, from the waterpower generator.

Further, the OWA is of the view that this proposal is consistent with the principles that the distributor should not be at risk; that the generator pays its fair costs; and that the projects not unduly hold capacity allocations where the project is not progressing through to completion.

(ii) The Distribution System Code

The DSC requires a distributor to enter into a connection cost agreement with a renewable generator within 6 months of having allocated capacity to the applicant. At the time the connection cost agreement is executed, the applicant generator must provide 100% of the estimated cost of connection. Failure to provide the necessary Connection Cost Estimate Deposit obligates the distributor to remove the allocated capacity. Loss of the allocated capacity may result in the termination of the project, and/or the loss of funds expended to date (the security deposit placed with the OPA). The relevant sections of the DSC are reproduced below:

6.2.4.1 Subject to section 6.2.4.2, a distributor shall establish and maintain a capacity allocation process under which the distributor will process applications for the connection of embedded generation facilities. The capacity allocation process shall meet the following requirements:

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PART IV. The Test for Granting Amendments

(i) Public Interest Test

The OWA has requested the Board amend the license of Hydro One to provide an exemption to certain sections of the DSC. The OWA's concern is with the current process established by the DSC. No other distributor is impacted by the list of 27 projects so no other exemptions were requested. The authority of the Board to amend a license is established by Section 74(1)(b) of the OEB Act which permits any person to apply for an amendment to a license.

74.(1) The Board may, on the application of any person, amend a licence if it considers the amendment to be,

(a) necessary to implement a directive issued under this Act; or

(b) in the public interest, having regard to the objectives of the Board and the purposes of the *Electricity Act*,

The test applied by the Board in considering an amendment is whether the proposed amendment is in the public interest having regard to the purposes of the *Electricity Act, 1998*.¹² The "public interest" mandate of the Board is further informed by the objectives of the Board provided in section 1(1) of the OEB Act, the directly relevant sections of which are reproduced below:

1(1) The Board, in carrying out its responsibilities under this or any other Act in relation to electricity, shall be guided by the following objectives:

1. To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.
2. To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.
5. To promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

¹² S.O. 1998, c.15, Schedule A.

(2) In exercising its powers and performing its duties under this or any other Act in relation to electricity, the Board shall facilitate the implementation of all integrated power system plans approved under the *Electricity Act, 1998*.

As noted above the Board is to have regard to the purposes of the *Electricity Act*, the relevant of which are reproduced below.

Electricity Act

1. The purposes of this Act,

(a) to ensure the adequacy, safety, sustainability and reliability of electricity supply in Ontario through responsible planning and management of electricity resources, supply and demand;

.....

(d) to promote the use of cleaner energy sources and technologies, including alternative energy sources and renewable energy sources, in a manner consistent with the policies of the Government of Ontario;

(e) to provide generators, retailers and consumers with non-discriminatory access to transmission and distribution systems in Ontario;

(f) to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service;

(g) to promote economic efficiency and sustainability in the generation, transmission, distribution and sale of electricity;

.....

The proposed exemption will enable the development of waterpower projects and advance the public interest by ensuring electricity is generated from renewable energy sources in a cost effective manner. Further, waterpower's unique attributes amongst renewables will advance broader energy and public policy objectives, including the phase out of coal. In addition, waterpower development will result in the provision of direct economic benefits to the province as a whole and, in a number of projects, will provide economic opportunities for the advancement of Aboriginal Communities in particular. These additional public benefits (i.e. beyond "renewable") are detailed below.

Waterpower's Unique Energy Benefits

The Government of Ontario has mandated the phase out of coal from the supply mix.

Waterpower is a key component of the implementation of the coal phase out. As noted in the

1 Long Term Energy Plan, Exhibit B, Tab 12, "New hydro projects complement other renewable
2 initiatives and help to eliminate coal by 2014."¹³

3 The Ministry of Energy and Infrastructure in a news release on August 26, 2010 described the
4 benefits of waterpower on its website:

5 Waterpower has been helping to fuel Ontario's growth since before Confederation and is
6 the backbone of our renewable supply. Waterpower is a reliable, clean, local and
7 naturally recurring source of energy.

8
9 Waterpower, also called hydroelectricity, has a number of benefits including:

- 10 • It is a clean source of energy generation, with minimal greenhouse gas (GHG) emissions
11 • It is one of the most efficient energy technologies
12 • It can easily respond to sudden changes in energy needs
13 • Waterpower plants generally have long life cycles - usually 75 to 100 years
14 • Water level and flow management plans provided by reservoirs and dams can help to
15 support recreational activities and contribute to public safety by minimizing flooding
16 • Projects can provide opportunities for economic development in remote communities
17 • It is a good complement to other more intermittent forms of renewable energy such as
18 wind and solar power.

19 Waterpower accounted for about a quarter of the province's electricity supply last year.
20 There are currently 200 waterpower facilities province-wide, with a total installed
21 capacity of more than 8,000 megawatts.¹⁴
22

23 Waterpower has additional technical advantages such as an ability to provide power during peak
24 demand hours. The OPA has recognized the value of being able to provide power during peak
25 operating times through its pricing structure. Paul Murphy, CEO of the IESO recognized the
26 value of waterpower in a 2007 speech when he stated the following:

27 Ontario's electricity system is characterized by its diversity - multiple renewable energy
28 sources, including waterpower, satisfy the province's electricity demands. Waterpower
29 currently accounts for approximately 25 percent of the province's electricity needs and is
30 met by more than 200 generating facilities strategically placed throughout the province.

31 Waterpower is one of the cleanest and most economical sources of electricity. It supplies
32 both baseload and peak-load generation to the grid and is a proven critical resource for

¹³ Long Term Energy Plan, page 27.

¹⁴ <http://news.ontario.ca/mei/en/2010/08/waterpower-projects-support-local-communities.html>.

1 the sustainability of the electricity system. Today, Ontario's waterways provide many
2 opportunities for waterpower projects to be developed.¹⁵

3 The ability to store water for a few hours or days can provide peaking supply which is sought by
4 the IESO in managing the supply-demand balance. As such, waterpower provides significant
5 benefits that most other renewables do not. Waterpower effectively creates storage of electricity
6 in the form of stored water. This unique attribute of “flexibility” is recognized through the
7 structure of the FIT contract provisions for new waterpower and Hydroelectric Contract Initiative
8 (HCI) contracts for existing waterpower, through which financial incentives are included for the
9 production of energy “on-peak”. As Ontario moves to integrate additional sources of other,
10 intermittent forms of generation, this value will only increase, as has been recognized in the most
11 recent IESO Reliability Outlook which notes:

12 Integrating renewable energy supplies will require maximizing the flexibility within each
13 and every resource.¹⁶

14 In addition, waterpower provides long-lived assets with an expected life of between 75 and 100
15 years. The existing fleet of waterpower plants in Ontario are proof of the durability, efficiency
16 and reliability of this technology. This longevity provides a stable, predictable, reliable source of
17 power. The FIT Contract for waterpower has a 40 year term, double that for other technologies.
18 This stability and longevity provide a stable base for Ontario’s future supply needs and a hedge
19 against significant increases and volatility in electricity prices over the long term. The impacted
20 projects are similar to the existing hydroelectric projects developed that were the subject of a
21 Ministerial Directive in May 2009. In the Directive, a copy of which may be found at Exhibit B,
22 Tab 13, the Minister extolled the virtues of waterpower when he wrote:

23 To support the objective of clean and efficient electricity generation and the
24 enhancement of renewable generation and conservation, the Ministry of Energy
25 and Infrastructure (the “**Ministry**”) has determined that it is advisable to pursue
26 the initiative of seeking new contracts (the “**New Contracts**”) for hydroelectric
27 facilities:

28 Finally, waterpower has a vital role in helping the government meet its commitments and
29 objectives in the Long Term Energy Plan and resultant Supply Mix Directive. The impacted
30 projects represent approximately 10% of the additional capacity planned to be in service by

¹⁵ http://fit.powerauthority.on.ca/Page.asp?PageID=1226&SiteNodeID=1099&BL_ExpandID=259

¹⁶ IESO Reliability Outlook, 2010.

1 2018. The following statements were made by the Ministry of Energy in the Long Term Energy
2 Plan:

3 Hydroelectric power is clean, renewable, cost-effective and helps to contribute to
4 clean air quality. Hydro currently makes up the vast bulk — about 90 per cent —
5 of Ontario's total renewable energy supply, representing 8,127 MW of capacity. It
6 is a reliable source of electricity that can continue to provide clean energy for
7 generations to come.¹⁷

8
9 Future need

10 More hydroelectric power will be added to Ontario's electricity system in the next
11 eight years than over the previous 40 years. ...New hydroelectric generation will
12 continue to be an important part of a clean, reliable system over the next 20 years.
13 The government is also reviewing how crown land is made available for
14 waterpower projects, particularly for smaller Feed-InTariff (FIT) Program
15 projects.¹⁸

16 The Plan

17 Ontario will continue to develop the province's hydroelectric potential and is
18 planning for 9,000 MW of hydroelectric capacity by 2018.

19

20 Ontario will plan for future hydroelectric development where it is cost-effective to
21 build. This will mean FIT-level hydro projects (less than 50 MW) will also be
22 considered.¹⁹

23 The OWA recognizes the Board has not yet approved an IPSP. However, both the first IPSP and
24 the current Long-Term Energy Plan and Supply Mix Directive contained provisions for an
25 increase in waterpower. The 92MWs of capacity represent approximately 10% of the increase in
26 waterpower production planned to be implemented prior to 2018. Given the long development
27 time for waterpower, these projects represent a significant component to achieving the
28 Province's objectives.

¹⁷ Long Term Energy Plan, page 26.

¹⁸ Long Term Energy Plan, page 27.

¹⁹ Long Term Energy Plan, page 27.

Direct Economic Benefits to the Province

A number of the purposes and objectives require the Board to be cognizant of the cost of its decisions in order to protect the interests of ratepayers. Waterpower is favourably priced compared to other forms of renewable, and even non-renewable, energy. The price paid for electricity from waterpower projects is set out by the OPA as part of the FIT Program and the FIT Contract. A copy of the FIT Prices may be found at Exhibit B, Tab 14. As such the cost of waterpower compares favourably to other renewable resources and is not subject to market variation of fuels. The benefits of the economic proposition provided by waterpower have been recognized by other organizations:

Hydroelectricity is generally seen to have a lower unit energy cost than wind resources. This economic advantage of hydroelectric over wind is in fact greater than the LUEC comparison alone would suggest, because of the higher capacity value of hydroelectric. That is, for a given installed capacity of hydroelectric and wind resources, the hydroelectric resources make a much larger contribution to meeting the annual peak in system demand, thereby substantially avoiding the need (and costs) for other resources that would otherwise be needed to meet system adequacy requirements.²⁰

As a result of their occupation of Crown land, and unlike other renewable energy technologies, waterpower generators will pay a series of payments as well as the gross revenue charge (“GRC”) required by section 92.1 of the *Electricity Act*. Projects on federal land must also make payments as required by the *Dominion Water Power Act*.²¹

Section 92.1 of the *Electricity Act* requires a waterpower generator to pay to the Consolidated Revenue fund defined “resource royalty”. The resource royalties for the 27 projects in Table will contribute over \$50 million by way of the resource royalty alone to the Consolidated Revenue Fund over the course of the FIT contracts. In addition, projects are assessed a tax, which flows to the municipality in which the project is located or, in the case of unorganized territory, to the province. The provisions of Section 92.1 of the *Electricity Act* are included as Exhibit B, Tab 15.

In addition to the reasonable price and the resource royalty payments to the province, waterpower generators will also provide an opportunity for the OPA to obtain revenue from the environmental attributes of waterpower. The FIT Contract provides that all Environmental Attributes from the Supplier are transferred to the OPA. As the Province of Ontario continues to

²⁰ Prefiled Evidence, EB-2007-0707, Exhibit D, Tab 5, Schedule 1, Page 29 of 64.

²¹ R.S.C. 1985, c W-4.

1 reduce the use of coal and move towards a carbon pricing policy, waterpower will play a key
2 role. The value of these benefits is not quantifiable at this stage but could be substantial.

3 ***Advancing Government Policy for Aboriginal Community Opportunity***

4 The unique Crown land resource access policy for waterpower includes a socioeconomic
5 objective related to enhancing the opportunity for Aboriginal Communities to “participate” in
6 waterpower projects. The policy indicates that the province will “demonstrate a preference for
7 project proposals that include Aboriginal community participation”. On a practical level, this
8 involves waterpower developers working with approach First Nations within the tertiary
9 watershed to discuss the potential of a “business to business” relationship. While the process
10 does not require the conclusion of such an arrangement for a project to proceed, a number of
11 waterpower projects have First Nation proponents or partnerships. Several of the projects have
12 multiple First Nations. This policy for waterpower dates back to 2004.

13 In support of this broader public policy objective, the province has recently introduced a number
14 of programs and initiatives designed to enhance the involvement of Aboriginal communities in
15 the renewable energy sector (Aboriginal Loan Guarantee – MOF, Aboriginal Renewable Energy
16 Program – OPA). In particular, the FIT Contract provides a premium in the price where
17 Aboriginal equity participation exceeds 10%. To date, 14 waterpower projects have met this
18 equity participation threshold and while not all are the subject of this application, the success of
19 the projects that are is important to maintaining the momentum with respect to the achievement
20 of this policy objective.

21 **Discriminatory Result**

22 Non-discriminatory participation is a fundamental principle of the electricity industry. The DSC
23 currently recognizes the unique attributes, characteristics and impacts of different projects and
24 prescribes different requirements to achieve the desired result. The current regime for
25 developing waterpower effectively discriminates against waterpower contrary to the statutory
26 purpose provided in the *Electricity Act*, section 1(e), below:

27 1(e) to provide generators, retailers and consumers with non-discriminatory access to
28 transmission and distribution systems in Ontario;

29 The DSC contains provisions that differentiate between generators based upon factors such as
30 capacity and contracting regime. The obligation to pay the entire Connection Cost Estimate
31 Deposit as much as 4 years prior to operation creates a barrier to waterpower which is not
32 present for other renewables. As noted, waterpower has been under-represented in RESOP and
33 the first round of FIT Contracts. The OPA recently announced a second round of 42 FIT

1 Contracts, totalling 872MWs of capacity, of which only 1 project for 0.5MW was for
2 waterpower. As such this disparity or discrimination is increasing.
3 8128403.1

Exhibit B

Tab 2



Electricity Distribution Licence

ED-2003-0043

Hydro One Networks Inc.

Valid Until

September 28, 2024

Original signed by

Jennifer Lea
Counsel, Special Projects
Ontario Energy Board
Date of Issuance: September 29, 2004
Date of Last Amendment: January 13, 2011

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto ON M4P 1E4

Commission de l'énergie de l'Ontario
C.P. 2319
2300, rue Yonge
27^e étage
Toronto ON M4P 1E4

LIST OF AMENDMENTS

Board File No.	Date of Amendment
EB-2005-0286	October 12, 2005
EB-2007-0688	November 26, 2007
EB-2007-0912	February 1, 2008
EB-2007-0916	February 27, 2008
EB-2007-0968	March 20, 2008
EB-2007-0792	April 4, 2008
EB-2007-0933	June 26, 2008
EB-2007-0917	July 25, 2008
EB-2008-0269	October 22, 2008
EB-2009-0148	June 3, 2009
EB-2009-0325	November 24, 2009
EB-2009-0325	December 14, 2009
EB-2010-0172	August 26, 2010
EB-2010-0215	November 12, 2010
EB-2010-0282	January 13, 2011

	Table of Contents	Page No.
1	Definitions	1
2	Interpretation	2
3	Authorization	2
4	Obligation to Comply with Legislation, Regulations and Market Rules	3
5	Obligation to Comply with Codes.....	3
6	Obligation to Provide Non-discriminatory Access.....	3
7	Obligation to Connect	3
8	Obligation to Sell Electricity	4
9	Obligation to Maintain System Integrity	4
10	Market Power Mitigation Rebates	4
11	Distribution Rates.....	4
12	Separation of Business Activities.....	4
13	Expansion of Distribution System	5
14	Provision of Information to the Board.....	5
15	Restrictions on Provision of Information	5
16	Customer Complaint and Dispute Resolution.....	6
17	Term of Licence	6
18	Fees and Assessments.....	6
19	Communication	6
20	Copies of the Licence	7

21	Conservation and Demand Management	7
SCHEDULE 1	DEFINITION OF DISTRIBUTION SERVICE AREA	8
SCHEDULE 2	PROVISION OF STANDARD SUPPLY SERVICE	9
SCHEDULE 3	LIST OF CODE EXEMPTIONS	10
SCHEDULE 4	LIST OF RRR EXEMPTIONS	11
APPENDIX A	MARKET POWER MITIGATION REBATES	12
APPENDIX B	TABS 1 - 5.....	17

1 Definitions

In this Licence:

"Accounting Procedures Handbook" means the handbook, approved by the Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

"Act" means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

"Affiliate Relationships Code for Electricity Distributors and Transmitters" means the code, approved by the Board which, among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

"Conservation and Demand Management" and **"CDM"** means distribution activities and programs to reduce electricity consumption and peak provincial electricity demand;

"Conservation and Demand Management Code for Electricity Distributors" means the code approved by the Board which, among other things, establishes the rules and obligations surrounding Board approved programs to help distributors meet their CDM Targets;

"distribution services" means services related to the distribution of electricity and the services the Board has required distributors to carry out, including the sales of electricity to consumers under section 29 of the Act, for which a charge or rate has been established in the Rate Order;

"Distribution System Code" means the code approved by the Board which, among other things, establishes the obligations of the distributor with respect to the services and terms of service to be offered to customers and retailers and provides minimum, technical operating standards of distribution systems;

"Electricity Act" means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

"Licensee" means Hydro One Networks Inc.

"Market Rules" means the rules made under section 32 of the Electricity Act;

"Net Annual Peak Demand Energy Savings Target" means the reduction in a distributor's peak electricity demand persisting at the end of the four-year period (i.e. December 31, 2014) that coincides with the provincial peak electricity demand that is associated with the implementation of CDM Programs;

"Net Cumulative Energy Savings Target" means the total amount of reduction in electricity consumption associated with the implementation of CDM Programs between 2011-2014;

"OPA" means the Ontario Power Authority;

"Performance Standards" means the performance targets for the distribution and connection activities of the Licensee as established by the Board in accordance with section 83 of the Act;

"Provincial Brand" means any mark or logo that the Province has used or is using, created or to be created by or on behalf of the Province, and which will be identified to the Board by the Ministry as a provincial mark or logo for its conservation programs;

"Rate Order" means an Order or Orders of the Board establishing rates the Licensee is permitted to charge;

"regulation" means a regulation made under the Act or the Electricity Act;

"Retail Settlement Code" means the code approved by the Board which, among other things, establishes a distributor's obligations and responsibilities associated with financial settlement among retailers and consumers and provides for tracking and facilitating consumer transfers among competitive retailers;

"service area" with respect to a distributor, means the area in which the distributor is authorized by its licence to distribute electricity;

"Standard Supply Service Code" means the code approved by the Board which, among other things, establishes the minimum conditions that a distributor must meet in carrying out its obligations to sell electricity under section 29 of the Electricity Act;

"wholesaler" means a person that purchases electricity or ancillary services in the IESO administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IESO-administered markets or directly to another person other than a consumer.

2 Interpretation

- 2.1 In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this Licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

3 Authorization

- 3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence:
- a) to own and operate a distribution system in the service area described in Schedule 1 of this Licence;

- b) to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act in the manner specified in Schedule 2 of this Licence; and
- c) to act as a wholesaler for the purposes of fulfilling its obligations under the Retail Settlement Code or under section 29 of the Electricity Act.

4 Obligation to Comply with Legislation, Regulations and Market Rules

- 4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.
- 4.2 The Licensee shall comply with all applicable Market Rules.

5 Obligation to Comply with Codes

- 5.1 The Licensee shall at all times comply with the following Codes (collectively the "Codes") approved by the Board, except where the Licensee has been specifically exempted from such compliance by the Board. Any exemptions granted to the Licensee are set out in Schedule 3 of this Licence. The following Codes apply to this Licence:
 - a) the Affiliate Relationships Code for Electricity Distributors and Transmitters;
 - b) the Distribution System Code;
 - c) the Retail Settlement Code; and
 - d) the Standard Supply Service Code.
- 5.2 The Licensee shall:
 - a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and
 - b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

6 Obligation to Provide Non-discriminatory Access

- 6.1 The Licensee shall, upon the request of a consumer, generator or retailer, provide such consumer, generator or retailer with access to the Licensee's distribution system and shall convey electricity on behalf of such consumer, generator or retailer in accordance with the terms of this Licence.

7 Obligation to Connect

- 7.1 The Licensee shall connect a building to its distribution system if:
 - a) the building lies along any of the lines of the distributor's distribution system; and

- b) the owner, occupant or other person in charge of the building requests the connection in writing.
- 7.2 The Licensee shall make an offer to connect a building to its distribution system if:
 - a) the building is within the Licensee's service area as described in Schedule 1; and
 - b) the owner, occupant or other person in charge of the building requests the connection in writing.
- 7.3 The terms of such connection or offer to connect shall be fair and reasonable and made in accordance with the Distribution System Code, and the Licensee's Rate Order as approved by the Board.
- 7.4 The Licensee shall not refuse to connect or refuse to make an offer to connect unless it is permitted to do so by the Act or a regulation or any Codes to which the Licensee is obligated to comply with as a condition of this Licence.
- 8 Obligation to Sell Electricity**
- 8.1 The Licensee shall fulfill its obligation under section 29 of the Electricity Act to sell electricity in accordance with the requirements established in the Standard Supply Service Code, the Retail Settlement Code and the Licensee's Rate Order as approved by the Board.
- 9 Obligation to Maintain System Integrity**
- 9.1 The Licensee shall maintain its distribution system in accordance with the standards established in the Distribution System Code and Market Rules, and have regard to any other recognized industry operating or planning standards adopted by the Board.
- 10 Market Power Mitigation Rebates**
- 10.1 The Licensee shall comply with the pass through of Ontario Power Generation rebate conditions set out in Appendix A of this Licence.
- 11 Distribution Rates**
- 11.1 The Licensee shall not charge for connection to the distribution system, the distribution of electricity or the retailing of electricity to meet its obligation under section 29 of the Electricity Act except in accordance with a Rate Order of the Board.
- 12 Separation of Business Activities**
- 12.1 The Licensee shall keep financial records associated with distributing electricity separate from its financial records associated with transmitting electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.

13 Expansion of Distribution System

- 13.1 The Licensee shall not construct, expand or reinforce an electricity distribution system or make an interconnection except in accordance with the Act and Regulations, the Distribution System Code and applicable provisions of the Market Rules.
- 13.2 In order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Board may order the Licensee to expand or reinforce its distribution system in accordance with Market Rules and the Distribution System Code, or in such a manner as the Board may determine.

14 Provision of Information to the Board

- 14.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.
- 14.2 Without limiting the generality of paragraph 14.1, the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.
- 14.3 The Licensee shall:
- a) immediately notify the Board in writing of the notice; and
 - b) provide a plan to the Board as soon as possible, but no later than ten (10) days after the receipt of the notice, as to how the affected distribution services will be maintained in compliance with the terms of this Licence.

15 Restrictions on Provision of Information

- 15.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.
- 15.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:
- a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;
 - b) for billing, settlement or market operations purposes;
 - c) for law enforcement purposes; or
 - d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.

- 15.3 The Licensee may disclose information regarding consumers, retailers, wholesalers or generators where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.
- 15.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.
- 15.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information provided will not be used for any other purpose except the purpose for which it was disclosed.

16 Customer Complaint and Dispute Resolution

- 16.1 The Licensee shall:
- a) have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner;
 - b) publish information which will make its customers aware of and help them to use its dispute resolution process;
 - c) make a copy of the dispute resolution process available for inspection by members of the public at each of the Licensee's premises during normal business hours;
 - d) give or send free of charge a copy of the process to any person who reasonably requests it; and
 - e) subscribe to and refer unresolved complaints to an independent third party complaints resolution service provider selected by the Board. This condition will become effective on a date to be determined by the Board. The Board will provide reasonable notice to the Licensee of the date this condition becomes effective.

17 Term of Licence

- 17.1 This Licence shall take effect on September 29, 2004 and expire on September 28, 2024. The term of this Licence may be extended by the Board.

18 Fees and Assessments

- 18.1 The Licensee shall pay all fees charged and amounts assessed by the Board.

19 Communication

- 19.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.
- 19.2 All official communication relating to this Licence shall be in writing.
- 19.3 All written communication is to be regarded as having been given by the sender and received by the addressee:

- a) when delivered in person to the addressee by hand, by registered mail or by courier;
- b) ten (10) business days after the date of posting if the communication is sent by regular mail; and
- c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

20 Copies of the Licence

20.1 The Licensee shall:

- a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and
- b) provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

21 Conservation and Demand Management

21.1 The Licensee shall achieve reductions in electricity consumption and reductions in peak provincial electricity demand through the delivery of CDM programs. The Licensee shall meet its 2014 Net Annual Peak Demand Savings Target of 213.660 MW, and its 2011-2014 Net Cumulative Energy Savings Target of 1,130.210 GWh (collectively the "CDM Targets"), over a four-year period beginning January 1, 2011.

21.2 The Licensee shall meet its CDM Targets through:

- a) the delivery of Board approved CDM Programs delivered in the Licensee's service area ("Board-Approved CDM Programs");
- b) the delivery of CDM Programs that are made available by the OPA to distributors in the Licensee's service area under contract with the OPA ("OPA-Contracted Province-Wide CDM Programs"); or
- c) a combination of a) and b).

21.3 The Licensee shall make its best efforts to deliver a mix of CDM Programs to all consumer types in the Licensee's service area.

21.4 The Licensee shall comply with the rules mandated by the Board's Conservation and Demand Management Code for Electricity Distributors.

21.5 The Licensee shall utilize the common Provincial brand, once available, with all Board-Approved CDM Programs, OPA-Contracted Province-Wide Programs, and in conjunction with or co-branded with the Licensee's own brand or marks.

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA

This Schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with paragraph 8.1 of this Licence.

1. Municipalities as set out in Appendix B – Tab 1.
2. First Nation Reserves as set out in Appendix B – Tab 2.
3. Unorganized Townships as set out in Appendix B – Tab 3.
4. Municipalities in which a portion of the municipality is served by the Licensee and another portion of the municipality is served by another distributor. as set out in Appendix B – Tab 4.
5. Consumers embedded within another distributor but served by the Licensee as set out in Appendix B – Tab 5.

SCHEDULE 2 PROVISION OF STANDARD SUPPLY SERVICE

This Schedule specifies the manner in which the Licensee is authorized to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act.

1. The Licensee is authorized to retail electricity directly to consumers within its service area in accordance with paragraph 8.1 of this Licence, any applicable exemptions to this Licence, and at the rates set out in the Rate Orders.

SCHEDULE 3 LIST OF CODE EXEMPTIONS

This Schedule specifies any specific Code requirements from which the Licensee has been exempted.

1. The Licensee is exempt from the requirements of section 6.5.4 of the Distribution System Code until December 31, 2009 in relation to the two load transfer customers located at:
 - (a) 262 Green Lane W, Gwillimbury East; and
 - (b) 1150 Green Lane E, Gwillimbury East.
2. The Licensee is exempt from the provisions of the Standard Supply Service Code for Electricity Distributors requiring time-of-use pricing for RPP consumers with eligible time-of-use meters, as of the mandatory date. This exemption applies only for service to approximately 150,000 very rural customers who, as of January 1, 2011, are outside the reach of the Licensee's smart meter telecommunications infrastructure. This exemption expires December 31, 2012.

SCHEDULE 4 LIST OF RRR EXEMPTIONS

The Licensee is exempt from the following sections of the Electricity Reporting and Record Keeping Requirements:

1. Section 2.1.5.5 (b)

APPENDIX A

MARKET POWER MITIGATION REBATES

1. Definitions and Interpretations

In this Licence

"embedded distributor" means a distributor who is not a market participant and to whom a host distributor distributes electricity;

"embedded generator" means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

"host distributor" means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor's host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity

consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

"ONTARIO POWER GENERATION INC. rebate"

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.

ONTARIO POWER GENERATION INC. REBATES

For the payments that relate to the period from May 1, 2006 to April 30, 2009, the rules set out below shall apply.

1. Definitions and Interpretations

In this Licence

"embedded distributor" means a distributor who is not a market participant and to whom a host distributor distributes electricity;

"embedded generator" means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

"host distributor" means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

2. Information Given to IESO

- a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*; and
 - ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor's host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:
 - i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and

- ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.
- c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

- a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*;
- b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and
- c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

"ONTARIO POWER GENERATION INC. rebate"

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host

distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.

APPENDIX B

TAB 1 MUNICIPALITIES

Name of Municipality:	Township of Addington Highlands
Formerly Known as:	Township of Denbigh, Abinger and Ashby, Township of Anglesea and Effingham, Kaladar, as at December 31, 1999.
Name of Municipality:	Township of Adelaide Metcalfe
Formerly Known As:	Township of Adelaide, Township of Metcalfe, as at December 31, 2000.
Name of Municipality:	Township of Adjala-Tosorontio
Formerly Known As:	Portions of the Township of Adjala, Township of Tosorontio, Township of Sunnidale, as at December 31, 1993.
Name of Municipality:	Township of Admaston/Bromley
Formerly Known As:	Township of Admaston, Township of Bromley, as at December 31, 1999.
Name of Municipality:	Township of Alberton as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Algonquin Highlands, (Formerly known as Township of Sherborne, Stanhope, McClintock, Livingstone, Lawrence and Nightingale)
Formerly Known As:	Township of Sherborne et al, Township of Stanhope, as at December 31, 2000.
Name of Municipality:	Township of Alnwick/Haldimand
Formerly Known As:	Township of Alnwick, Township of Haldimand, as at December 31, 2000.
Name of Municipality:	Township of Amaranth as at March 31, 1999.
Formerly Known As:	Same

Name of Municipality:	Township of The Archipelago as at March 31, 1999.
Formerly Known As:	Conger, Cowper, Harrison, Henvey, Wallbridge plus geographic/unorganized townships and unsurveyed areas
Name of Municipality:	Township of Armour as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Armstrong as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Town of Arnprior as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Municipality of Arran-Elderslie
Formerly Known As:	Township of Arran, Township of Elderslie, Town of Chesley, Village of Tara, Village of Paisley, as at December 31, 1998.
Name of Municipality:	Township of Ashfield-Colborne-Wawanosh
Formerly Known As:	Township of Ashfield, Township of West Wananosh, Township of Colborne, as at December 31, 2000.
Name of Municipality:	Township of Assiginack as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Athens
Formerly Known As:	Township of Rear of Young and Escott, Village of Athens, as at December 31, 2000.
Name of Municipality:	Township of Augusta as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Baldwin as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Town of Bancroft

Formerly Known As:	Town of Bancroft, Township of Dungannon, as at December 31, 1998.
Name of Municipality:	Township of Barrie Island as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Municipality of Bayham
Formerly Known As:	Township of Baymen, Village of Port Burwell, Village of Vienna, as at December 31, 1997.
Name of Municipality:	Township of Beckwith as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Billings as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Black River-Matheson as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Blandford-Blenheim as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Town of Blind River as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Bonfield as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Bonnechere Valley
Formerly Known As:	Village of Eganville, Township of Grattan, Township of Sebastopol, Township of South Algona, as at December 31, 2000.
Name of Municipality:	Township of Brethour as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Municipality of Brighton

Formerly Known As:	Town of Brighton, Township of Brighton, as at December 31, 2001.
Name of Municipality:	City of Brockville as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Brudenell, Lyndoch and Raglan
Formerly Known As:	Township of Brudenell and Lyndoch, Township of Raglan, as at December 31, 1998.
Name of Municipality:	Township of Burpee and Mills
Formerly Known As:	Township of Burpee, Unorganized Twp of Mills, as at December 31, 1997.
Name of Municipality:	Town of Caledon
Formerly Known As:	Township of Albion, Township of Caledon, Village of Bolton, Village of Caledon East, Township of Chinguacousy (part), as at December 31, 1973.
Name of Municipality:	Township of Calvin as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Town of Carleton Place as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Carling as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Carlow/Mayo
Formerly Known As:	Township of Carlow, Township of Mayo, as at December 31, 2000.
Name of Municipality:	Township of Casey as at March 31, 1999.
Formerly Known As:	Same

Name of Municipality:	Township of Cavan-Millbrook-North Monaghan
Formerly Known As:	Township of Cavan, Township of North Monaghan, Village of Millbrook, as at December 31, 1997.
Name of Municipality:	Township of Central Frontenac
Formerly Known As:	Township of Hinchinbrooke, Township of Kennebec, Township of Olden, Township of Oso, as at December 31, 1997.
Name of Municipality:	Township of Central Manitoulin
Formerly Known As:	Twp. Of Carnarvon, Unorganized Twp of Sandfield, as at April 30, 1997.
Name of Municipality:	Municipality of Centre Hastings
Formerly Known As:	Village of Madoc, Township of Huntingdon, as at December 31, 1997.
Name of Municipality:	Township of Chamberlain as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Champlain
Formerly Known As:	Village of L'Orignal, Township of West Hawkesbury, Township of Longueuil, Town of Vankleek Hill, as at December 31, 1997.
Name of Municipality:	Township of Chapple as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Municipality of Charlton and Dack
Formerly Known As:	Town of Charlton, Township of Dack, as at December 31, 2002.
Name of Municipality:	Township of Chatsworth
Formerly Known As:	Village of Chatsworth, Township of Holland, Township of Sullivan, as at December 31, 1999.
Name of Municipality:	Township of Chisolm as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	City of Clarence-Rockland

Formerly Known As:	Town of Rockland, Township of Clarence, as at December 31, 1997.
Name of Municipality:	Town of Cobalt as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Cockburn Island as at March 31, 1999
Formerly Known As:	Same
Name of Municipality:	Township of Coleman as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Conmee as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Dawn-Euphemia
Formerly Known As:	Township of Dawn, Township of Euphemia, as at December 31, 1997.
Name of Municipality:	Township of Dawson
Formerly Known As:	Township of Atwood, Township of Blue, Township of Worthington, Township of Dilke, as at December 31, 1996.
Name of Municipality:	Town of Deep River as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Town of Deseronto as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Dorion as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Douro-Dummer
Formerly Known As:	Township of Douro, Township of Dummer, as at December 31, 1997.
Name of Municipality:	Township of Drummond/North Elmsley

Formerly Known As: Township of Drummond, Township of North Elmsley, as at December 31, 1997.

Name of Municipality: City of Dryden
Formerly Known As: Town of Dryden, Township of Barclay

Name of Municipality: Township of Dysart et al as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Municipality of Ear Falls as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of East Ferris as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of East Garafraxa as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of East Hawkesbury as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Elizabethtown-Kitley
Formerly Known As: Township of Kitley, Township of Elizabethtown as at December 31, 2000.

Name of Municipality: City of Elliott Lake as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Emo, as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Englehart as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Enniskillen as at March 31, 1999.
Formerly Known As: Same

Name of Municipality:	Town of Erin
Formerly Known As:	Township of Erin, Village of Erin, as at December 31, 1997.
Name of Municipality:	Township of Ewantural as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Faraday as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Fauquier-Strickland as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Municipality of French River
Formerly Known As:	Township of Cosby, Township of Mason, Township of Martland, geographic/unorganized townships of Delamere, Hoskin and Scollard in whole and Bigwood, Cherriman and Haddo in part, as at December 31, 1998.
Name of Municipality:	Township of Front of Yonge as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Frontenac Islands
Formerly Known As:	Township of Howe Island, Township of Wolfe Island, as at December 31, 1997.
Name of Municipality:	Township of Galway-Cavendish and Harvey
Formerly Known As:	Township of Galway and Cavandish, Township of Harvey, as at December 31, 1997.
Name of Municipality:	Township of Gauthier as at March 31, 1999.
Formerly Known As:	Same

Name of Municipality:	Township of Georgian Bay as at March 31, 1999.
Formerly Known As:	Township of Freeman, Township of Gibson, Township of Baxter.
Name of Municipality:	Township of Georgian Bluffs
Formerly Known As:	Township of Derby, Township of Keppel, Township of Sarawak, as at December 31, 2000.
Name of Municipality:	Town of Georgina as at March 31, 1999.
Formerly Known As:	Township of North Gwillimbury, Township of Georgina.
Name of Municipality:	Township of Gillies as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Gordon as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Town of Gore Bay as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Greater Madawaska
Formerly Known As:	Township of Bagot, Blythfield and Brougham, Township of Griffith, and Matawatchan, (Jan 1998: Township of Bagot and Blythfield, Township of Brougham amalgamated into Township of Bagot, Blythfield and Brougham), as at December 31, 2000.
Name of Municipality:	Town of Greater Napanee
Formerly Known As:	Township of Adolphustown, Township of North Fredericksburgh, Township of South Fredericksburgh, Township of Richmond, Town of Napanee, as at December 31, 1997.
Name of Municipality:	Municipality of Greenstone
Formerly Known As:	Town of Geraldton, Town of Longlac, Township of Beardmore, Township of Nakina, as at December 31, 2000.
Name of Municipality:	Municipality of Grey Highlands

Formerly Known As:	Township of Artemesia, Township of Euphrasia Village of Markdale, Township of Osprey, as at December 31, 2000.
Name of Municipality:	Township of Hamilton as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Harley as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Harris as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Municipality of Hastings Highlands
Formerly Known As:	Township of Bangor, Wicklow and McClure, Township of Herschel, Township of Monteagle, as at December 31, 2000.
Name of Municipality:	Township of Havelock-Belmont-Methuen
Formerly Known As:	Township of Belmont and Methuen, Village of Havelock, as at December 31, 1997.
Name of Municipality:	Township of Head, Clara and Maria, as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Municipality of Highland East
Formerly Known As:	Township of Bicroft, Township Cardiff, Township of Glamorgan, Township of Monmouth, as at December 31, 2000.
Name of Municipality:	Township of Hilliard as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Hornpayne as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Horton as at March 31, 1999.
Formerly Known As:	Same

Name of Municipality: The Township of Howick as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Hudson as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Ignace as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of James as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Joly as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: The City of Kawartha Lakes
Formerly Known As: County of Victoria, Town of Lindsay, Municipality of Bobcaygeon/ Verulam, Village of Fenelon Falls, Village of Omemee, Village of Sturgeon Point, Village of Woodville, Township of Bexley, Township of Carden/Dalton, Township of Eldon, Township of Emily, Township of Fenelon, Township of Laxton, Digby and Longford, Township Manvers, Township of Mariposa, Township of Ops, Township of Somerville, (Jan 2000: Township of Carden , Township of Dalton amalgamated into Township of Carden/Dalton), (Jan 2000; Village of Bobcaygeon/Township of Verulam amalgamated into the Municipality of Bobcaygeon/Verulam), as at December 31, 2000.

Name of Municipality: Town of Kearney as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Kerns as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Municipality of Killarney
Formerly Known As: Townships of Rutherford and George Island and the geographic/unorganized townships of, Allen, Atlee, Goschen, Hansen, Killarney, Kilpatrick, Sale, Struthers, Travers, and portions of the geographic/unorganized townships of Bigwood, Carlyle, Humboldt, Mowat, and unsurveyed territory and islands, as at December 31, 1998.

Name of Municipality: Town of Kirkland Lake as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of La Vallee as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Lake of Bays as at March 31, 1999.
Formerly Known As: Township of McLean, Township of Ridout, Township of Franklin, Township of Sinclair, Township of Finlayson.

Name of Municipality: Township of Lake of the Woods
Formerly Known As: Township of McCrosson and Tovell, Township of Morson, unorganized islands in Kenora District and Rainy River District, as at December 31, 1998.

Name of Municipality: Municipality of Lambton Shores
Formerly Known As: Village of Arkona, Town of Bosanquet, Town of Forest, Village of Grand Bend, Village of Thedford, as at December 31, 2000.

Name of Municipality: Township of Lanark Highlands
Formerly Known As: Township of Darling, Township of North West Lanark, (May 1997: Lavant, Dalhousie and North Sherbrook Township/Township Lanark/Village Lanark amalgamated into Township of North West Lanark), as at June 30, 1996.

Name of Municipality: Township of Larder Lake as at March 31, 1999.

Formerly Known As:	Same
Name of Municipality:	Town of Latchford as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Town of Laurentian Hills
Formerly Known As:	Township of Rolph, Township of Wylie and McKay, Village of Chalk River, as at December 31, 1999.
Name of Municipality:	Township of Laurentian Valley
Formerly Known As:	Township of Stafford and Pembroke, Township of Alice and Fraser, as at December 31, 1999.
Name of Municipality:	Township of Limerick as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Loyalist
Formerly Known As:	Township of Amherst Island, Township of Ernestown, Village of Bath, as at December 31, 1997.
Name of Municipality:	Township of Lucan Biddulph
Formerly Known As:	Village of Lucan, Township of Biddulph, Police Village of Granton, as at December 31, 1998.
Name of Municipality:	Township of Machar as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Machin as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Madawaska Valley
Formerly Known As:	Village of Barry's Bay, Township of Radcliffe, Township of Sherwood, Jones and Burns, as at December 31, 2000.
Name of Municipality:	Township of Madoc as at March 31, 1999.
Formerly Known As:	Same

Name of Municipality:	Township of Malahide
Formerly Known As:	Township of Malahide, Township of Dorchester, Village of Springfield, as at December 31, 1997.
Name of Municipality:	Township of Manitouwadge as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Mapleton
Formerly Known As:	Township of Mapleton, Township of Maryborough, (Jan 1998-Village of Drayton, Township of Peel amalgamated into the Township of Mapleton), as at December 31, 1998.
Name of Municipality:	Town of Marathon as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Municipality of Markstay-Warren
Formerly Known As:	Township of Hagar, Township of Ratter and Dunnet, geographic/unorganized township of Awrey and portions of the geographic/unorganized townships of Hawley, Henry, Loughrin, Street, as at December 31, 1998.
Name of Municipality:	Municipality of Marmora and Lake
Formerly Known As:	Township of Marmora and Lake, Village of Marmora, (Jan 1998: Village of Deloro, Township of Marmora and Lake amalgamated into the Township of Marmora and Lake, as at December 31, 1997.
Name of Municipality:	Township of Matachewan as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Town of Mattawa as at March 31, 1999.
Formerly Known As:	Same

Name of Municipality:	Township of Mattawan as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Mattice-Val Cote as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of McDougall
Formerly Known As:	Township of McDougall, geographic/unorganized township of Ferguson, as at December 31, 1999.
Name of Municipality:	Township of McGarry as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of McKellar as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of McMurrich/Monteith
Formerly Known As:	Township of McMurrich, geographic/unorganized township of Monteith (eastern portion), as at December 31, 1997.
Name of Municipality:	Township of McNab/Braeside
Formerly Known As:	Township of McNab, Village Braeside, as at December 31, 1997
Name of Municipality:	Municipality of Meaford (formerly known as Town of Georgian Highlands)
Formerly Known As:	Township of St. Vincent, Township of Sydenham, Town of Meaford, as at December 31, 2000.
Name of Municipality:	Township of Melancthon as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Village of Merrickville-Wolford
Formerly Known As:	Township of Wolford, Village of Merrickville, as at December 31, 1997.

Name of Municipality:	Township of Middlesex Centre
Formerly Known As:	Township of Lobo, Township of London, Township of Delaware, Police Village of Delaware, as at December 31, 1998.
Name of Municipality:	Township of Minden Hills
Formerly Known As:	Township of Anson, Hindon and Minden, Township of Lutterworth, Township of Snowden, as at December 31, 2000.
Name of Municipality :	Town of Mono as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Montague as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Moonbeam as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Town of Moosonee as at March 31, 1999.
Formerly Known As:	Moosonee Development Board
Name of Municipality:	Township of Morley
Formerly Known As:	Township of Morley, geographic/unorganized townships Twp's of Dewart and Sifton, as at December 31, 2003.
Name of Municipality:	Municipality of Morris-Turnberry
Formerly Known As:	Township of Morris, Township of Turnberry, as at December 31, 2000.
Name of Municipality:	Township of Mulmar as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Muskoka Lakes as at March 31, 1999.
Formerly Known As:	Township of Cardwell, Township of Watt, Township of Medora, Township of Monck, Township of Wood.
Name of Municipality:	Township of Nairn and Hyman

Formerly Known As:	Township of Nairn, Unorganized Township of Hyman, as at December 31, 1997.
Name of Municipality:	The Nation Municipality
Formerly Known As:	Township of Cambridge, Township of South Plantagenet, Village of St. Isidore, Township of Caledonia, as December 31, 1997.
Name of Municipality:	Municipality of Neebing as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	City of Temiskaming Shores
Formerly Known As:	Town of New Liskeard, Town of Haileybury, Township of Dymond, as at December 31, 2003.
Name of Municipality:	Township of Nipigon as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Nipissing as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of North Algona-Wilberforce
Formerly Known As:	Township of North Algona, Township of Wilberforce, as at December 31, 1998.
Name of Municipality:	Municipality of Northern Bruce Peninsula
Formerly Known As:	Township of St. Edmunds, Township of Lindsay, Township of Eastnor, Village of Lion's Head, as at December 31, 1998.
Name of Municipality:	Township of North Dundas
Formerly Known As:	Township of Mountain, Township of Winchester, Village of Chesterville, Village of Winchester, as at December 31, 1997.
Name of Municipality:	Township of North Frontenac
Formerly Known As:	Township of Barrie, Township of Clarendon, Township of Miller, Township of Palmerston, Township of North Canonto, Township of South Canonto, as at December 31, 1997.

Name of Municipality:	Township of North Glengarry
Formerly Known As:	Township of Kenyon, Township of Lochiel, Town of Alexandria, Village of Maxville, Police Village of Apple Hill, as at December 31, 1997.
Name of Municipality:	Township of North Grenville
Formerly Known As:	Township of Oxford-on-Rideau, Town of Kemptville, Township of South Gower, as at December 31, 1997.
Name of Municipality:	Township of North Himsworth as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of North Kawartha
Formerly Known As:	Township of Burleigh and Anstruther, Township of Chandos, as at December 31, 1997.
Name of Municipality:	Town of North Perth
Formerly Known As:	Township of Wallace, Township of Elma, Town of Listowel, as at December 31, 1997.
Name of Municipality:	Township of The North Shore as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of North Stormont
Formerly Known As:	Township of Finch, Township of Roxborough, Village of Finch, Police Village of Avonmore (in the Township of Roxborough), as at December 31, 1997.
Name of Municipality:	Town of Northeastern Manitoulin and the Islands
Formerly Known As:	Township of Howland, Town of Little Current, all islands not part of other municipalities on Manitoulin Island, as at December 31, 1997.

Name of Municipality: Township of O'Conner as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Oliver Paipoonge
Formerly Known As: Township of Oliver, Township of Paipoonge, as at December 31, 1997.

Name of Municipality: Township of Opasatika as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Oro-Medonte
Formerly Known As: Portions of the Township of Medonte, Township of Oro, Township of Orillia, Township of Tay, Township of Flos, Township of Vespra, as at December 31, 1993.

Name of Municipality: Township of Otonabee-South Monaghan
Formerly Known As: Township of Otonabee, Township of South Monaghan, as at December 1, 1999.

Name of Municipality: City of Owen Sound as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Papineau-Cameron as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Perry as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Pelee as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Township of Perth East
Formerly Known As: Township of Mornington, Township of Ellice, Township of North Easthope, Township of South Easthope, Village of Milverton, as at December 31, 1997.

Name of Municipality: The Township of Perth South

Formerly Known As:	Township of Downie, Township of Blanshard, as at December 31, 1997.
Name of Municipality:	Town of Perth as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Town of Petawawa
Formerly Known As:	Village of Petawawa, Township of Petawawa, as at June 30, 1996.
Name of Municipality:	Township of Pickle Lake as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Town of Plympton-Wyoming
Formerly Known As:	Township of Plympton, Village of Wyoming, as at December 31, 2000.
Name of Municipality:	Municipality of Powassan
Formerly Known As:	Town of Powassan, Township of Himsworth South, Town of Trout Creek, as at December 31, 2000.
Name of Municipality:	County of Prince Edward
Formerly Known As:	County of Prince Edward, Town of Picton, Village of Bloomfield, Village of Wellington, Township of Ameliasburgh, Township of Athol, Township of Hallowell, Township of Hillier, Township of North Marysburgh, Township of South Marysburgh, Township of Sophiasburgh, as at December 31, 1997.
Name of Municipality:	City of Quinte West
Formerly Known As:	City of Trenton, Village of Frankford, Township of Sidney, Township of Murray, as at December 31, 1997.
Name of Municipality:	Town of Rainy River as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Ramara
Formerly Known As:	Township of Mara, Township of Rama , as at December 31, 1993.
Name of Municipality:	Township of Red Rock as at March 31, 1999.
Formerly Known As:	Same

Name of Municipality:	Township of Rideau Lakes
Formerly Known As:	Village of Newboro, Township of Bastard and South Burgess, Township of North Crosby, Township of South Crosby, Township of South Elmsley, as at December 31, 1997.
Name of Municipality:	Township of Ryerson as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Schreiber as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Seguin
Formerly Known As:	Township of Humphrey, Township of Foley, Township of Christie, geographic/unorganized Township of Monteith (western portion), Village of Rosseau, as at December 31, 1997.
Name of Municipality:	Township of Severn
Formerly Known As:	Portions of Village of Coldwater, Township of Matchedash, Township of Medonte, Township of Orillia, Township of Tay, as at December 31, 1993.
Name of Municipality:	Township of Shedden as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Town of Shelburne as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Shuniah as at March 31, 1999.
Formerly Known As:	Same

Name of Municipality:	Township of Sioux Narrows-Nestor Falls
Formerly Known As:	Township of Sioux Narrows, all of the geographic/unorganized townships of Code, Devonshire, Godson, Manross, MacQuarrie, Phillips, Tweedsmuir, and Work, portions of the geographic/unorganized townships of LeMay, McKeekin in Kenora District, and the geographic/unorganized townships of Claxton, Croome, and Mathieu in the Rainy River District, as at December 31, 2000.
Name of Municipality:	Separated Town of Smiths Falls as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Town of Smooth Rock Falls as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of South Algonquin
Formerly Known As:	Township of Airy and geographic/unincorporated townships of Dickens, Lyell, Murchison and Sabine, as at May 31, 1997.
Name of Municipality:	Town of South Bruce Peninsula
Formerly Known As:	Township of Albemarle, Township of Amabel, Town of Warton, Village of Hepworth, as at December 31, 1998.
Name of Municipality:	Township of South Frontenac
Formerly Known As:	Township of Bedford, Township of Loughborough, Township of Portland, Township of Storrington, as at December 31, 1997.
Name of Municipality:	Village of South River as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Municipality of Southwest Middlesex
Formerly Known As:	Township of Ekfrid, Township of Mosa, Village of Glencoe, Village of Wardsville, as at December 31, 2000.
Name of Municipality:	Township of Southwold as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Springwater

Formerly Known As:	Portions of the former Village of Elmvale, Township of Flos, Township of Medonte, Township of Vespra, Town of Wasaga Beach, as at December 31, 1993.
Name of Municipality:	Municipality of St. Charles
Formerly Known As:	Township of Casimir, Jennings & Appleby and the geographic/unorganized townships of Cherriman and Haddo, as at December 31, 1998.
Name of Municipality:	Township of St. Clair
Formerly Known As:	Township of Sombra, Township of Moore, as at December 31, 2000.
Name of Municipality:	Township of Stirling-Rawdon
Formerly Known As:	Village of Stirling, Township of Rawdon, as at December 31, 1997.
Name of Municipality:	Township of Stone Mills
Formerly Known As:	Township of Camden East, Township of Sheffield, Village of Newburgh, as at December 31, 1997.
Name of Municipality:	Township of Strong as at March 31, 1996.
Formerly Known As:	Same
Name of Municipality:	Township of Tay Valley
Formerly Known As:	Township of South Sherbrooke, Township of Bathurst, Township of North Burgess, as at December 31, 1997.
Name of Municipality:	Township of Tehkummah as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Municipality of Temagami as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Terrace Bay as at March 31, 1999
Formerly Known As:	Same
Name of Municipality:	Municipality of Thames Centre

Formerly Known As:	Township of North Dorchester, Township of West Nissouri, Village of Dorchester, Police Village of Thorndale, as at December 31, 2000.
Name of Municipality:	Town of Thessalon as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Village of Thornloe as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	City of Thorold as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	City of Timmins as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Tiny as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Municipality of Trent Hills
Formerly Known As:	Municipality of Campbellford/Seymour, Township of Percy, Village of Hastings, Police Village of Warkworth (Jan 1998-Town of Campbellford, Township of Seymour amalgamated into the Municipality of Campbellford/Seymour), as at December 31, 2000.
Name of Municipality:	Township of Tudor and Cashel as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Municipality of Tweed
Formerly Known As:	Village of Tweed, Township of Hungerford, Township of Elzevir and Gromsthorpe, as at December 31, 1997.
Name of Municipality:	Township of Tyendinaga as at March 31, 1999.
Formerly Known As:	Same
Name of Municipality:	Township of Val Rita-Harty as at March 31, 1999.
Formerly Known As:	Same

Name of Municipality: Township of Wainfleet as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Municipality of West Elgin
Formerly Known As: Township of Aldborough, Village of West Lorne, Police Village of Rodney, as at December 31, 1997.

Name of Municipality: Town of Whitchurch-Stouffville as at March 31, 1999.
Formerly Known As: Village of Stouffville and portions of the Township of Whitchurch and the Township of Markham.

Name of Municipality: Township of White River as at March 31, 1999.
Formerly Known As: Same

Name of Municipality: Municipality of Whitestone
Formerly Known As: Township Hagerman, and the geographic/unorganized townships of Ferrie, McKenzie, East Burpee, and a portion of the Township of Magnetawan, as at December 31, 1999.

Name of Municipality: Township of Wollaston as at March 31, 1999.
Formerly Known As: Same

APPENDIX B

TAB 2 FIRST NATION RESERVES

Reserve Name:	Abitibi I.R. No. 70
Band Name:	Wahgoshig First Nation
Reserve Name:	Alderville I.R. No. 37
Band Name:	Alderville First Nation
Reserve Name:	Aroland Indian Settlement
Band Name:	Aroland
Reserve Name:	Big Grassy River I.R. No. 35G
Band Name:	Big Grassy First Nation
Reserve Name:	Big Island Mainland 93
Band Name:	Anishnaabeg of Naongashiing
Reserve Name:	Cape Croker Island I.R. No. 27, Neyaashiinigmiing Reserve
Band Name:	Chippewas of Nawash First Nation
Reserve Name:	Chippewas of the Thames
Band Name:	Chippewas of the Thames First Nation
Reserve Name:	Chapleau I.R. No. 74A
Band Name:	Chapleau Ojibway First Nation
Reserve Name:	Christian Island I.R. No.30
Band Name:	Beausoleil First Nation
Reserve Name:	Cockburn Island 19, 19A
Band Name:	Zhiibaahaasing First Nation

Reserve Name:	Constance Lake I.R. 92
Band Name:	Constance Lake First Nations
Reserve Name:	Couchiching I.R. No. 16A
Band Name:	Couchiching First Nation
Reserve Name:	Curve Lake I.R. No. 35
Band Name:	Curve Lake First Nation
Reserve Name:	Dalles I.R. No. 38C
Band Name:	Ochiichagwe'babigo'ining First Nation
Reserve Name:	Duck Lake R.R. No. 76B
Band Name:	Brunswick House First Nation
Reserve Name:	Dokis I.R. No. 9
Band Name:	Dokis First Nation
Reserve Name:	Eagle Lake I.R. No. 27
Band Name:	Eagle Lake First Nation
Reserve Name:	English River I.R. No.21
Band Name:	Grassy Narrows First Nation
Reserve Name:	Factory Island I.R. No. 1
Band Name:	Moose Factory First Nation
Reserve Name:	Georgina Island I.R. No. 33
Band Name:	Chippewas of Georgina Island First Nation
Reserve Name:	Gibson I.R. No. 31 Wahta mohawk
Band Name:	Mohawks of Gibson

Reserve Name:	Golden Lake No. 39
Band Name:	Algonquins Golden Lake First Nation
Reserve Name:	Henvey Inlet I.R. No. 2 French River I.R. 13
Band Name:	Henvey Inlet First Nation
Reserve Name:	Hiawatha I.R. No.36
Band Name:	Ojibways of Hiawatha First Nation
Reserve Name:	Islington I.R No. 29
Band Name:	Wabasemoong Independent Nations
Reserve Name:	Kenora I.R. No. 38B
Band Name:	Wauzhushk Onigum Nation
Reserve Name:	Kettle Point I.R. No. 44
Band Name:	Chippewas of Kettle and Stony Point First Nation
Reserve Name:	Lac des Milles Lacs I.R. 22A1, Seine River I.R. 22A2
Band Name:	Lac des Milles Lacs
Reserve Name:	Lac Suel I.R. No. 28
Band Name:	Lac Suel Nation
Reserve Name:	Lake Helen I.R. No. 53A
Band Name:	Red Rock Band
Reserve Name:	Long Lake I.R. No. 77
Band Name:	Ginoogaming First Nation
Reserve Name:	Long Lake I.R. No. 58
Band Name:	Long Lake No. 58 First Nation

Reserve Name:	Magnetewan I.R No. 1
Band Name:	Magnetewan First Nation
Reserve Name:	Manitou Rapids I.R. No. 11
Band Name:	Rainy River First Nation
Reserve Name:	Matachewan I.R 72
Band Name:	Matachewan First Nation
Reserve Name:	Mattagami I.R No.71
Band Name:	Mattagami First Nation
Reserve Name:	Mississagi River I.R No.8
Band Name:	Mississauga First Nation
Reserve Name:	Movert I.R No. 82
Band Name:	Pic Movert First Nation
Reserve Name:	Moose Point I.R No. 79
Band Name:	Moose Deer Point First Nation
Reserve Name:	Moravian I.R. No. 47
Band Name:	Delaware First Nation
Reserve Name:	Muncy Delaware Nation No. 1
Band Name:	Munsee-Delaware First Nation
Reserve Name:	Neguagun Lake I.R No. 25d
Band Name:	Lac La Croix First Nation
Reserve Name:	New Credit I.R 40A
Band Name:	Mississaugas of the New Credit First Nation

Reserve Name:	New Post 69, 69a
Band Name:	New Post First Nation
Reserve Name:	Nipissing I.R. No. 10
Band Name:	Nipissing First Nation
Reserve Name:	Northwest Angle I.R. No. 33B and Whitefish Bay I.R. No. 33a
Band Name:	Northwest Angle No. 33 First Nation
Reserve Name:	Oneida I.R. No. 41
Band Name:	ONA YO TE'A:KA
Reserve Name:	Osnaburgh I.R. No. 63A, 63B
Band Name:	Osnaburgh First Nation
Reserve Name:	Parry Island I.R. No. 16
Band Name:	Wasauksing First Nation
Reserve Name:	Pays Plat I.R. No. 51
Band Name:	Pays Plat First Nation
Reserve Name:	Pic River I.R. No. 50
Band Name:	Ojibways of Pic River No. 50 First Nation
Reserve Name:	Rainy Lake I.R. No. 17A, 17B
Band Name:	Naicatchewenin First Nation
Reserve Name:	Rainy Lake I.R. 26A
Band Name:	Nicickousemenecaning First Nation
Reserve Name:	Rainy Lake I.R. No. 18c
Band Name:	Stanjikoming First Nation
Reserve Name:	Rama I.R. No. 32
Band Name:	Chippewas of Mnjikaning First Nation

Reserve Name:	Rat Portage I.R No. 38A
Band Name:	Washagamis Bay First Nation
Reserve Name:	Rocky Bay I.R. No. 1
Band Name:	Rocky Bay First Nation
Reserve Name:	Sabaskong Bay 32c, Whitefish Bay 32a, Yellow Girl Bay 32b
Band Name:	Naotkamegwanning Anishnabe First Nation
Reserve Name:	Sabaskong Bay I.R 35D
Band Name:	Ojibways of Onegaming First Nation
Reserve Name:	Sarnia I.R.No.45
Band Name:	Chippewas of Sarnia
Reserve Name:	Saug-A-Gaw-Sing I.R. No. 1
Band Name:	Big Island First Nation
Reserve Name:	Saugeen I.R. No. 29
Band Name:	Chippewas of Saugeen First Nation
Reserve Name:	Savant Lake Indian Settlement
Band Name:	Saugeen Nation
Reserve Name:	Scugog I.R No. 34
Band Name:	Mississauga of Scugog First Nation
Reserve Name:	Seine River I.R. No. 23A, 23B, Sturgeon Falls No. 23
Band Name:	Seine River First Nation
Reserve Name:	Serpent River I.R. No. 7
Band Name:	Serpent River First Nation

Reserve Name:	Shawanaga I.R. No. 17
Band Name:	Shawanaga First Nation
Reserve Name:	Sheguiandah I.R. No. 24
Band Name:	Sheguiandah First Nation
Reserve Name:	Sheshegwaning I.R. No. 20
Band Name:	Sheshegwaning First Nation
Reserve Name:	Shoal Lake I.R. No 39A
Band Name:	Shoal Lake No. 39 First Nation
Reserve Name:	Shoal Lake I.R. No 40
Band Name:	Shoal Lake No. 40 First Nation
Reserve Name:	Six Nations I.R. No. 40
Band Name:	Six Nations of the Grand River Territory
Reserve Name:	Slate Falls Indian Settlement
Band Name:	Slate Falls Nation
Reserve Name:	Spanish River I.R. No. 5
Band Name:	Sagamok Anishnawbek
Reserve Name:	Sucker Creek I.R NO. 23
Band Name:	Sucker Creek First Nation
Reserve Name:	Thessalon I.R. No. 12
Band Name:	Thessalon First Nation
Reserve Name:	Tyendinaga Mohawk Territory
Band Name:	Mohawks of the Bay of Quinte

Reserve Name: Wabauskang 21
Band Name: Wabauskang First Nation

Reserve Name: Wabigoon Lake I.R No. 27
Band Name: Wabigoon Lake Ojibway Nation

Reserve Name: Wahnapiatae 11
Band Name: Wahnapiatae First Nation

Reserve Name: Walpole Island I.R. No.46
Band Name: Walpole Island First Nation

Reserve Name: West Bay I.R. No. 22
Band Name: West Bay First Nation

Reserve Name: Whitefish Bay I.R No. 32A
Band Name: Whitefish Bay First Nation

Reserve Name: Whitefish Bay I.R No. 34A and Lake of the Woods I.R No. 37
Band Name: Northwest Angle No. 37 First Nation

Reserve Name: Whitefish Lake I.R. No. 6
Band Name: Whitefish Lake First Nation

Reserve Name: Whitefish River I.R. No. 4
Band Name: Whitefish River First Nation

Reserve Name: Wikewemikong I.R. No. 26
Band Name: Wikwemikong Unceded First Nation

APPENDIX B

TAB 3 UNORGANIZED TOWNSHIPS

**Networks provides service to numerous Unorganized geographic townships.
These townships are not incorporated as municipalities.**

APPENDIX B

TAB 4 MUNICIPALITIES IN WHICH A PORTION OF THE MUNICIPALITY IS SERVED BY THE LICENSEE AND ANOTHER PORTION OF THE MUNICIPALITY IS SERVED BY ANOTHER DISTRIBUTOR

Name of Municipality:	Township of Alfred and Plantagenet
Formerly Known As:	Township of Alfred, Village of Alfred, Township of North Plantagenet, Village of Plantagenet, as at December 31, 1996.
Area Not Served By Networks:	The area served by Hydro 2000 Inc. described as the former Villages of Alfred and Plantagenet as more particularly set out in Licence No. ED-2002-0542.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No
Name of Municipality:	Town of Amherstburg
Formerly Known As:	Town of Amherstburg, Township of Anderdon, Township of Malden, as at December 31, 1997.
Area Not Served By Networks:	The area served by Essex Powerlines Corporation described as the former Town of Amherstburg as more particularly set out in Licence No. ED-2002-0499.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	Two industrial (former Direct Class) customers located at 381 Front Road North, Amherstburg ON, and 99 Thomas Road, Amherstburg ON
Name of Municipality:	Township of Asphodel-Norwood
Formerly Known As:	Township of Asphodel, Village of Norwood, as at December 31, 1997.

Area Not Served By Networks: The area served by Peterborough Distribution Inc. described as the former Village of Norwood as more particularly set out in Licence No. ED-2002-0504.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: Township of Atikokan

Formerly Known As: Same

Area Not Served By Networks: The area served by Atikokan Hydro Inc. as set out in Licence No. ED-2003-0001.

Networks assets within area not served by Networks: No

Customer(s) within area not Served by Networks: No

Name of Municipality: Town of Aylmer as at January 1, 1998.

Formerly Known As: Same

Area Not Served By Networks: The area served by Erie Thames Powerlines Corporation described as the Town of Aylmer as more particularly set out in Licence No. ED-2002-0156.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality:	City of Belleville
Formerly Known As:	City of Belleville, Township of Thurlow, City of Quinte West, as at December 31, 1997.
Area Not Served By Networks:	The area served by Veridian Connections Inc. described as the former City of Belleville as more particularly set out in Licence No. ED-2002-0503.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No

Name of Municipality:	Town of the Blue Mountains
Formerly Known As:	Town of Thornbury, Township of Collingwood, as at December 31, 1997.
Area Not Served By Networks:	The area served by COLLUS Power Corp. described as the former Town of Thornbury as more particularly set out in Licence No. ED-2002-0518.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No

Name of Municipality:	Municipality of Bluewater
Formerly Known As:	Township of Hay, Township of Stanley, Village of Bayfield, Village of Hensall, Village of Zurich, as at December 31, 2000.
Area Not Served By Networks:	The area served by Festival Hydro Inc. described as the former Village of Hensall, and the former Village of Zurich as more particularly set out in Licence No. ED-2002-0513.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Town of Bracebridge

Formerly Known As:

Townships of Macaulay, Draper, Monck, Oakely, Town of Bracebridge,
as at December 31, 1970.

Area Not Served By Networks:

The area served by Lakeland Power Distribution Ltd. described as the
former Town of Bracebridge, as more particularly set out in Licence
No. ED-2002-0540.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

One industrial customer located at 154 Beaumont Drive, Bracebridge,
ON.

Name of Municipality:

Town of Bradford-West Gwillimbury

Formerly Known As:

Town of Bradford, Township of West Gwillimbury, as at December 31,
1990.

Area Not Served By Networks:

The area served by Barrie Hydro Distribution Inc. described as the
former Town of Bradford as more particularly set out in Licence No.
ED-2002-0534.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:	County of Brant (Initially known as City of Brant-on-the-Grand)
Formerly Known As:	County of Brant, Town of Paris, Township of Brantford, Township of Burford, Township of Oakland, Township of Onondaga, Township of South Dumfries, as at December 31, 1998.
Area Not Served By Networks:	The area served by Brant County Power Inc. described as the former Village of Burford, the former Town of Paris, the former Township of Brantford and the former Police Village of St. George (in the former Township of South Dumfries) as more particularly set out in Licence No. ED-2002-0522.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No

Name of Municipality:	Township of Brock
Formerly Known As:	Village of Beaverton, Village of Cannington, Township of Brock, Township of Thorah, as at December 31, 1973.
Area Not Served By Networks:	The area served by Veridian Connections Inc. described as the former Villages of Beaverton and Cannington and the former Police Village of Sunderland (in the former Township of Brock) as more particularly set out in Licence No. ED-2002-0503.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No

Name of Municipality:	Municipality of Brockton
Formerly Known As:	Township of Greenock, Township of Brant, Town of Walkerton, as at December 31, 1998.

Area Not Served By Networks: The area served by Westario Power Inc. described as the former Town of Walkerton and the portion of the former Police Village of Elmwood (in the former Township of Brant) as more particularly set out in Licence No. ED-2002-0515.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: Township of Brooke-Alvinston

Formerly Known As: Township of Brooke, Village of Alvinston

Area Not Served By Networks: The area served by Bluewater Power Distribution Corp. described as the former Village of Alvinston as more particularly set out in Licence No. ED-2002-0517.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: Municipality of Central Elgin

Formerly Known As: Township of Yarmouth, Village of Belmont, Village of Port Stanley, as at December 31, 1997.

Area Not Served By Networks: The area served by Erie Thames Powerlines Corporation described as the former Villages of Belmont and Port Stanley as more particularly set out in Licence No. ED-2002-0516.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality:	Municipality of Central Huron
Formerly Known As:	Township of Goderich, Township of Hullett, Town of Clinton, as at December 31, 2000.
Area Not Served By Networks:	The area served by Clinton Power Corporation described as the former Town of Clinton as more particularly set out in Licence No. ED-2002-0496..
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No

Name of Municipality:	Township of Centre Wellington
Formerly Known As:	Town of Fergus, Village of Elora, Township of West Garafraxa, Township of Nichol, Township of Pilkington, as at December 31, 1998.
Area Not Served By Networks:	The area served by Centre Wellington Hydro Ltd. described as the former Town of Fergus and the former Village of Elora as more particularly set out in Licence No. ED-2002-0498.
Networks Assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No

Name of Municipality:	Municipality of Chatham-Kent
Formerly Known As:	City of Chatham, County of Kent, Town of Blenheim, Town of Bothwell, Town of Dresden, Town of Ridgetown, Town of Tilbury, Town of Wallaceburg, Village of Erie Beach, Village of Eriean, Village of Highgate, Village of Thamesville, Village of Wheatley, Township of Camden, Township of Chatham, Township of Dover, Township of Harwich, Township of Howard, Township of Orford, Township of

	Raleigh, Township of Rodney, Township of Tilbury East, Township of Zone, as at December 31, 1997.
Area Not Served By Networks:	The area served by Chatham-Kent Hydro Inc. described as the former City of Chatham, former Police Village of Merlin (straddling the former townships of Raleigh and Tilbury East), former Village of Erieau, former Village of Thamesville, former Town of Bothwell, former Village of Wheatley, former Town of Dresden, former Town of Blenheim, former Town of Tilbury, former Town of Ridgetown, and the former Town of Wallaceburg as more particularly set out in Licence No. ED-2002-0563.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No
Name of Municipality:	Municipality of Clarington
Formerly Known As:	Town of Bowmanville, Village of Newcastle, Township of Clarke, Township of Darlington, as at December 31, 1973.
Area Not Served By Networks:	The area served by Veridian Connections Inc. described as the former Town of Bowmanville, the former Police Village of Orono (in the former Township of Clarke), the former Town of Newcastle as more particularly set out in Licence No. ED-2002-0503
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	One Industrial customer located at 410 Waverley Road, Bowmanville ON.
Name of Municipality:	Township of Clearview

Formerly Known As: Town of Stayner, Village of Creemore, Township of Nottawasaga, Township of Sunnidale, as at December 31, 1993.

Area Not Served By Networks: The area served by COLLUS Power Corp. described as the former Town of Stayner and the former Village of Creemore as more particularly set out in Licence No. ED-2002-0518.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: Town of Cochrane

Formerly Known As: Town of Cochrane, Township of Glackmeyer, Unorganized Twp. of Lamarche, as at December 31, 1999.

Area Not Served By Networks: The area served by Northern Ontario Wires Inc. described as the former Town of Cochrane as more particularly set out in Licence No. ED-2002-0018

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: Township of Cramahe

Formerly Known As: Village of Colborne, Township of Cramahe, as at December 31, 2000.

Area Not Served By Networks: The area served by Lakefront Utilities Inc. described as the former Village of Colborne as more particularly set out in Licence No. ED-2002-0545.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality: **Municipality of Dutton/Dunwich**

Formerly Known As: Township of Dunwich, Village of Dutton, as at December 31, 1997.

Area Not Served By Networks: The area served by Dutton Hydro Limited described as the former Village of Dutton as more particularly set out in Licence No. ED-2003-0025.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality: **Town of East Gwillimbury as at March 31, 1999.**

Formerly Known As: Same

Area Not Served By Networks: The area served by Newmarket-Tay Power Distribution Ltd. as particularly set out in Licence No. ED- 2007-0624.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality: **Township of East Luther Grand Valley**

Formerly Known As: Township of East Luther, Village of Grand Valley, as at December 31, 1994.

Area Not Served By Networks: The area served by Grand Valley Energy Inc. described as the former Village of Grand Valley as more particularly set out in Licence No. ED-2002-0512.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: The Township of East Zorra-Tavistock

Formerly Known As: Township of East Zorra, Town of Tavistock, as at December 31, 1997.

Area Not Served By Networks: The area served by Erie Thames Powerlines Corp. described as the former Town of Tavistock as more particularly set out in Licence No. ED-2002-0516.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: Township of Edwardsburgh/Cardinal

Formerly Known As: Village of Cardinal, Township of Edwardsburgh, as at December 31, 2000.

Area Not Served By Networks: The area served by Rideau St. Lawrence Distribution Inc. described as the former Village of Cardinal as more particularly set out in Licence No. ED-2003-0003.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality:	Township of Essa as at March 31, 1999.
Formerly Known As:	Same
Area Not Served By Networks:	The area served by Barrie Hydro Distribution Inc. described as the former Police Village of Thorton as more particularly set out in Licence No. ED-2002-0534.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No
Name of Municipality:	Town of Essex
Formerly Known As:	Town of Essex, Town of Harrow, Township of North Colchester, Township of South Colchester, as at December 31, 1998.
Area Not Served By Networks:	The area served by E.L.K. Energy Inc. described as the former Town of Essex and the former Town of Harrow as more particularly set out in Licence No. ED-2003-0015.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No
Name of Municipality:	Town of Gravenhurst
Formerly Known As:	Formerly the Township of Morrison, the United Townships of Medora and Wood, the Township of Muskoka, the Township of Ryde, the Town of Gravenhurst, as at December 31, 1970.
Area Not Served By Networks:	The area served by Veridian Connections Inc. described as the former urban boundary of the Town of Gravenhurst as more particularly set out in Licence No. ED-2002-0503.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality: **City of Greater Sudbury**

Formerly Known As: Region of Sudbury, City of Sudbury, City of Valley East, Town of Capreol, Town of Nickel Centre, Town of Onaping Falls, Town of Rayside-Balfour, Town of Walden, as at December 31, 2000.

Area Not Served By Networks: The area served by Greater Sudbury Hydro Inc. described as the former City of Sudbury, the former townsite of the former Town of Capreol, and the former Town of Conniston (part of former Town of Nickel Centre) as more particularly set out in Licence No. ED-2002-0559.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality: **Township of Guelph/Eramosa**

Formerly Known As: Township of Guelph, Township of Eramosa, as at December 31, 1998.

Area Not Served By Networks: The area served by Guelph Hydro Electric Systems Inc. as more particularly set out in Licence No. ED-2002-0565.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality:	City of Hamilton
Formerly Known As:	Region of Hamilton-Wentworth, City of Hamilton, City of Stoney Creek, Town of Ancaster, Town of Dundas, Town of Flamborough, Township of Glanbrook, as at December 31, 2000.
Area Not Served By Networks:	The area served by Horizon Utilities Corp. described as the former City of Hamilton, the former Police Village of Ancaster, former Town of Dundas, the former Police Village of Lynden (straddling the former Town of Flamborough and Town of Ancaster), the former Village of Waterdown, and the former City of Stoney Creek as more particularly set out in Licence No. ED-2006-0031.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No
Name of Municipality:	Town of Hawkesbury as at March 31, 1999.
Formerly Known As:	Same
Area Not Served By Networks:	The area served by Hydro Hawkesbury Inc. described as the Town of Hawkesbury prior to annexation or amalgamation pursuant to the Minister's Order or Restructuring Act as more particularly set out in Licence No. ED-2003-0027.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No

Name of Municipality:	Town of Huntsville
Formerly Known As:	Township of Brunel, Village of Port Sydney, Town of Chaffey, Township of Stephenson, Township of of Stisted, Town of Huntsville, as at December 31, 1970.
Area Not Served By Networks:	The area served by Lakeland Power Distribution Ltd. described as the former Town of Huntsville as more particularly set out in Licence No. ED-2002-0540.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	One Industrial customer located at 61 Domtar Road, Huntsville ON.

Name of Municipality:	Municipality of Huron East
Formerly Known As:	Village of Brussels, Township of Grey, Township of McKillop, Town of Seaforth, Township of Tuckersmith, as at December 31, 2000.
Area Not Served By Networks:	The area served by Festival Hydro Inc. described as the former Village of Brussels and the former Town of Seaforth as more particularly set out in Licence No. ED-2002-0513.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No

Name of Municipality:	Township of Huron-Kinloss
Formerly Known As:	Township of Huron (former Police Village of Ripley amalgamated with twp in 1995), Township of Kinloss, Village of Lucknow, as at December 31, 1998.

Area Not Served By Networks: The area served by Westario Power Inc. described as the former Police Village of Ripley (in the former Township of Huron) and the former Village of Lucknow as more particularly set out in Licence No. ED-2002-0515.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: **Municipality of Huron Shores**

Formerly Known As: Township of Day & Bright Add'l, Township of Thessalon, Township of Thompson, Village of Iron Bridge, as at December 31, 1998.

Area Not Served By Networks: The area served by Great Lakes Power Limited described as part of the former Township of Thessalon or as more particularly set out in Licence No. ED-1999-0227

Networks assets within area not served by Networks: No

Customer(s) within area not served by Networks: No

Name of Municipality: **Town of Ingersoll**

Formerly Known As: Same

Area Not Served By Networks: The area served by Erie Thames Powerlines Corporation described as the Town of Ingersoll as more particularly set out in Licence No. ED-2002-0516.

Networks assets within area not served by Networks: Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Town of Iroquois Falls as at March 31, 1999.

Formerly Known As:

Same

Area Not Served By Networks:

The area served by Northern Ontario Wires Inc. described as the Town of Iroquois Falls as more particularly set out in Licence No. ED-2002-0018.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

City of Kenora

Formerly Known As:

Town of Kenora, Town of Keewatin, Town of Jaffray Melick, as at December 31, 1999.

Area Not Served By Networks:

The area served by Kenora Hydro Electric Corporation Ltd. described as the former Town of Kenora and part of the former Town of Keewatin as more particularly set out in Licence No. ED-2003-0030.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Township of Killaloe, Hagarty and Richards

Formerly Known As:

Township of Hagarty and Richards, Village of Killaloe, as at June 30, 1999

Area Not Served By Networks: The area served by Ottawa River Power Corp. described as the former Village of Killaloe as more particularly set out in Licence No. ED-2002-0033.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: Municipality of Kincardine

Formerly Known As: Town of Kincardine, Township of Bruce (Village of Tiverton, Township of Bruce amalgamation), Township of Kincardine, as at December 31, 1998.

Area Not Served By Networks: The area served by Westario Power Inc. described as the former Town of Kincardine as more particularly set out in Licence No. ED-2002-0515.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: Township of King as at March 31, 1999

Formerly Known As: Same

Area Not Served By Networks: The area served by PowerStream Inc. as more particularly set out in Licence No. ED-2004-0420.

The area served by Newmarket-Tay Power Distribution Ltd. as more particularly set out in Licence No. ED-2007-0624.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
Served by Networks:**

No

Name of Municipality: City of Kingston

Formerly Known As: City of Kingston, Township of Kingston, Township of Pittsburgh, as at December 31, December 31, 1997.

Area Not Served By Networks: The area served by Kingston Electricity Distribution Ltd. described as the former City of Kingston, the former Township of Kingston, and part of the former Township of Pittsburgh as more particularly set out in Licence No. ED-2003-0057.

The area served by Canadian Niagara Power Inc. described as part of the former Township of Pittsburgh as more particularly set out in Licence No. ED-2002-0572.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality: Town of Kingsville

Formerly Known As: Town of Kingsville, Township of Gosfield North, Township of Gosfield South, as at December 31, 1997.

Area Not Served By Networks: The area served by E.L.K. Energy Inc. described as the former Town of Kingsville and the former Police Village of Cottam (in the former Township of Gosfield North), including Part Lot 269 Part 1 12R-23403, Part Lot 268 Part 1 12R-23674 and Part Lot 269RP 12R-1331 Parts 4

and 5 located at 168 Belle River Road North, as more particularly set out in Licence No. ED-2003-0015.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Town of Lakeshore

Formerly Known As:

Township of Lakeshore, (Jan 1998: Town of Belle River, Township of Maidstone amalgamated into Lakeshore Township), Township of Rochester, Township of Tillbury North, Township of Tillbury West, as at December 31, 1998.

Area Not Served By Networks:

The area served by E.L.K. Energy Inc. described as the former Police Village of Comber (in the former Township of Tillbury West) and the former Town of Belle River as more particularly set out in Licence No. ED-2003-0015.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Municipality of Leamington

Formerly Known As:

Town of Leamington, Township of Mersea, as at December 31, 1998.

Area Not Served By Networks:

The area served by Essex Powerlines Corporation described as the former Town of Leamington as more particularly set out in Licence No. ED-2002-0499.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Township of Leeds and the Thousand Islands

Formerly Known As:

Township of Front of Leeds and Lansdowne, Township of Rear of
Leeds and Lansdowne,

Township of Front of Escott, as at December 31, 2000.

Area Not Served By Networks:

The area served by Canadian Niagara Power Inc. described as part of
the former Township of the Front of Leeds and Lansdowne as more
particularly set out in Licence No. ED-2002-0572.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Municipality of Magnetawan

Formerly Known As:

Township of Chapman, Village of Magnetawan, Unorganized Township
of Croft, as at December 31, 1997.

Area Not Served By Networks:

The area served by Lakeland Power Distribution Ltd. described as the
former Village of Magnetawan as more particularly set out in Licence
No. ED-2002-0540.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Town of Minto

Formerly Known As:	Township of Minto, Town of Palmerston, Town of Harriston, Village of Clifford, as at December 31, 1998.
Area Not Served By Networks:	The area served by Westario Power Inc. described as the former Town of Harriston, the former Town of Palmerston, and the former Village of Clifford as more particularly set out in Licence No. ED-2002-0515.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No
Name of Municipality:	The Corporation of the Town of Mississippi Mills
Formerly Known As:	Town of Almonte, Township of Pakenham, Township of Ramsay, as at December 31, 1998.
Area Not Served By Networks:	The area served by Ottawa River Power Corp. described as the former Town of Almonte as more particularly set out in Licence No. ED-2003-0033.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No
Name of Municipality:	Town of New Tecumseth
Formerly Known As:	Town of Alliston, the Village of Beeton, the Village of Tottenham and the portion of the Township of Tecumseth, as at December 31, 1991.
Area Not Served By Networks:	The area served by Barrie Hydro Distribution Inc. described as the former Town of Alliston, the former Village of Beeton and the former Village of Tottenham (all in the former Township of Tecumseth) as more particularly set out in Licence No. ED-2002-0534.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

One Industrial customer located in the former Town of Alliston.

Name of Municipality:

The Corporation of Norfolk County

Formerly Known As:

Township of Norfolk, Township of Delhi, Town of Simcoe, City of Nanticoke (westerly 'half' only), as at December 31, 2000.

Area Not Served By Networks:

The area served by Norfolk Power Distribution Inc. described as the former Town of Delhi (in the former Township of Delhi), the westerly half of the former City of Nanticoke, the former Village of Port Rowan (in former Township of Norfolk), and the former Town of Simcoe as more particularly set out in Licence No. ED-2002-0521.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

One Industrial customer located at Lake Erie and Regional Rd.. 3, Nanticoke, ON.

Name of Municipality:

Township of North Huron

Formerly Known As:

Town of Wingham, Village of Blyth, Township of East Wawanosh, as at December 31, 2000.

Area Not Served By Networks:

The area served by Westario Power Inc. described as the former Town of Wingham as more particularly set out in Licence No. ED-2002-0515.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

Two Industrial customers located at 40621 Amberly Rd., and 200
Water Street Wingham, ON.

Name of Municipality:

Municipality of North Middlesex

Formerly Known As:

Township of McGillivray, Township of East Williams, Township of West
Williams, Town of Parkhill, Village of Ailsa Craig, as at December 31,
2000.

Area Not Served By Networks:

The area served by Middlesex Power Distribution Corp. described as
the former Town of Parkhill as more particularly set out in Licence No.
ED-2003-0059.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

The Township of Norwich as at March 31, 1999.

Formerly Known As:

Township of North Norwich, Township of South Norwich, Township of
East Oxford, Village of Norwich, Village of Burgessville, and Police
Village of Otterville, as at

Area Not Served By Networks:

The area served by Erie Thames Powerlines Corp. described as the
former Village of Norwich, the former Village of Burgessville, and the
former Police Village of Otterville as more particularly set out in
Licence No. ED-2002-0516.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:	City of Ottawa
Formerly Known As:	Region of Ottawa-Carleton, City of Gloucester, City of Kanata, City of Nepean, City of Ottawa, City of Vanier, Township of Cumberland, Township of Goulbourn, Township of Osgoode, Township of Rideau, Township of West Carleton, Village of Rockcliffe Park, as at December 31, 2000.
Area Not Served By Networks:	The area served by Hydro Ottawa Limited described as the former City of Gloucester, the former City of Kanata, the former City of Nepean, the former City of Ottawa, the former City of Vanier, the former Township of Goulbourn, the former Village of Rockcliffe Park, and the portion of the former Township of Rideau on Long Island, North of Bridge Street, as more particularly set out in Licence No. ED-2002-0556.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No.
Name of Municipality:	Town of Pelham
Formerly Known As:	Township of Pelham, Village of Fonthill, as at December 31, 1969.
Area Not Served By Networks:	The area served by Niagara Peninsula Energy Inc. described as the former Village of Fonthill as more particularly set out in Licence No. ED-2002-0555.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No
Name of Municipality:	City of Peterborough as at March 31, 1999.

Formerly Known As: Same

Area Not Served By Networks: The area served by Peterborough Distribution Inc. described as the City of Peterborough as more particularly set out in Licence No. ED-2002-0504.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: **Municipality of Port Hope**

Formerly Known As: Town of Port Hope, Township of Hope (initially restructured as Municipality of Port Hope and Hope), as at December 31, 2000.

Area Not Served By Networks: The area served by Veridian Connections Inc. described as the former Town of Port Hope as more particularly set out in Licence No. ED-2002-0503.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: **Township of Puslinch as at March 31, 1999**

Formerly Known As: Same

Area Not Served By Networks: The area served by Guelph Hydro Electric Systems Inc. as more particularly set out in Licence No. ED-2002-0565.

Networks assets within area not served by Networks: Yes

Customer(s) within area not

served by Networks: No

Name of Municipality: Municipality of Red Lake

Formerly Known As: Township of Red Lake, Township of Golden, as at June 30, 1997.

Area Not Served By Networks: The area served by Gold Corp Inc. described as part of the former Improvement District of Balmertown.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality: Township of Russell as at March 31, 1999.

Formerly Known As: Same

Area Not Served By Networks: The area served by Cooperative Hydro Embrun Inc. described as the former Police Village of Embrun as more particularly set out in Licence No. ED-2002-0493.

**Networks assets within area
not served by Networks:** No

**Customer(s) within area not
served by Networks:** No

Name of Municipality: Township of Sables-Spanish Rivers

Formerly Known As: Town of Massey, Town of Webbwood, Township of the Spanish River, as at June 30, 1997.

Area Not Served By Networks: The area served by Espanola Regional Hydro Distribution Corp. described as the former Town of Massey and the former Town of Webbwood as more particularly set out in Licence No. ED-2002-0502.

Networks assets within area

not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: **Town of Saugeen Shores**

Formerly Known As: Township of Saugeen, Town of Southampton, Town of Port Elgin, as at December 31, 1998.

Area Not Served By Networks: The area served by Westario Power Inc. described as the former Town of Southampton and the former Town of Port Elgin as more particularly set out in Licence No. ED-2002-0515.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: **City of St. Thomas as at March 31, 1999.**

Formerly Known As: Same

Area Not Served By Networks: The area served by St. Thomas Energy Inc. described as the City of St. Thomas as more particularly set out in Licence No. ED-2002-0523.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: One Industrial customer located at 1 Cosma Court

Name of Municipality: **Township of Scugog**

Formerly Known As: Township of Scugog, Township of Cartwright, Township of Reach, Village of Port Perry, as at December 31, 1973.

Area Not Served By Networks: The area served by Veridian Connections Inc. described as the former Village of Port Perry as more particularly set out in Licence No. ED-2002-0503.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: Municipality of Sioux Lookout

Formerly Known As: Town of Sioux Lookout, as at December 31, 1997

Area Not Served By Networks: The area served by Sioux Lookout Hydro Inc. described as the Municipality of Sioux Lookout as more particularly set out in Licence No. ED-2002-0514.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: Township of Smith-Ennismore-Lakefield

Formerly Known As: Village of Lakefield, Township of Smith-Ennismore (formerly Township of Smith and Township of Ennismore), as at December 31, 2000.

Area Not Served By Networks: The area served by Peterborough Distribution Inc. described as the former Village of Lakefield as more particularly set out in Licence No. ED-2002-0504.

Networks assets within area not served by Networks: Yes

Customer(s) within area not

served by Networks: No

Name of Municipality: **Municipality of South Bruce**

Formerly Known As: Township of Mildmay-Carrick, Township of Teeswater-Culross, (Jan 1998: Village of Teeswater, Township of Culross amalgamated into the Township of Teeswater-Culross. Village of Mildmay, Township of Carrick amalgamated into the Township of Mildmay-Carrick), as at December 31, 1997.

Area Not Served By Networks: The area served by Westario Power Inc. described as the former Village of Mildmay and the former Village of Teeswater as more particularly set out in Licence No. ED-2002-0515.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality: **Township of South Dundas**

Formerly Known As: Township of Matilda, Township of Williamsburg, Village of Iroquois, Village of Morrisburg, as at December 31, 1997.

Area Not Served By Networks: The area served by Rideau St. Lawrence Distribution Inc. described as the former Police Village of Williamsburg, the former Village of Morrisburg, and the former Village of Iroquois as more particularly set out in Licence No. ED-2003-0003.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality: **Township of South Glengarry**
Formerly Known As: Township of Charlottenburgh, Township of Lancaster, Village of Lancaster, Police Village of Martintown, as at December 31, 1997.
Area Not Served By Networks: The area served by the Cornwall Street Railway Light and Power Company Limited described as part of the former Township of Charlottenburgh as more particularly set out in Licence No. ED-2004-0405.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: **Municipality of South Huron**
Formerly Known As: Township of Stephen, Township of Usborne, Town of Exeter, as at December 31, 2000.
Area Not Served By Networks: The area served by Festival Hydro Inc. described as the former Police Village of Dashwood as more particularly set out in Licence No. ED-2002-0513.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: **Township of South Stormont**
Formerly Known As: Township of Osnabruk, Township of Cornwall, as at December 31, 1997
Area Not Served By Networks: The area served by Cornwall Street Railway Light and Power Company Limited described as part of the former Township of Cornwall and part of the former Township of Osnabruk as more particularly set out in Licence No. ED-2004-0405.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality: Township of Southgate

Formerly Known As: Village of Dundalk, Township of Egremont, Township of Proton, Police Village of Holstein, as at December 31, 1999.

Area Not Served By Networks: The area served by Wellington North Power Inc. described as the former Police Village of Holstein as more particularly set out in Licence No. ED-2002-0511.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality: The Township of South-West Oxford

Formerly Known As: Township of West Oxford, Township of Dereham, Village of Beachville, as at December 31, 1974.

Area Not Served By Networks: The area served by Erie Thames Powerlines Corp. described as the former Village of Beachville as more particularly set out in Licence No. ED-2002-0516.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality: Township of Strathroy-Caradoc

Formerly Known As: Town of Strathroy, Township of Caradoc, as at December 31, 2000.
Area Not Served By Networks: The area served by Middlesex Power Distribution Corp. described as the former Police Village of Mount Brydges (in the former Township of Caradoc) and the former Town of Strathroy as more particularly set out in Licence No. ED-2003-0059.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: Township of Tay
Formerly Known As: Village of Port McNicoll, Village of Victoria Harbour, the Township of Medonte, Township of Tay, Township of Tiny, Township of Flos, Police Village of Waubausheene, as at December 31, 1996.
Area Not Served By Networks: The area served by Newmarket-Tay Power Distribution Ltd. as more particularly set out in Licence No. ED-2007-0624.

Networks assets within area not served by Networks: Yes

Customer(s) within area not served by Networks: No

Name of Municipality: Town of Tecumseh
Formerly Known As: Town of Tecumseh, Village of St. Clair Beach, Township of Sandwich South, as at December 31, 1998.
Area Not Served By Networks: The area served by Essex Powerlines Corporation described as the former Town of Tecumseh and the former Village of St. Clair Beach as more particularly set out in Licence No. ED-2002-0499.

Networks assets within area not served by Networks: Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Township of Uxbridge

Formerly Known As:

Town of Uxbridge, Township of Scott, Township of Uxbridge, as at December 31, 1973.

Area Not Served By Networks:

The area served by Veridian Connections Inc. described as the former Town of Uxbridge as more particularly set out in Licence No. ED-2002-0503.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Township of Warwick

Formerly Known As:

Village of Watford, Township of Warwick, as at December 31, 1997.

Area Not Served By Networks:

The area served by Bluewater Power Distribution Corp. described as the former Village of Watford as more particularly set out in Licence No. ED-2002-0517.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Township of Wellington North

Formerly Known As:

Town of Mount Forest, Village of Arthur, Township of Arthur, Township of West Luther, as at December 31, 1998.

Area Not Served By Networks:

The area served by Wellington North Power Inc. described as the former Village of Arthur and the former Town of Mount Forest as more

particularly set out in Licence No. ED-2002-0511.

**Networks assets within area
not served by Networks:**

No

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Township of West Grey

Formerly Known As:

Township of West Grey, Town of Durham (Jan 2000 Township Bentinck, Township of Glenelg, Town Normanby, Village of Neustadt amalgamated into the Township of West Grey), as at December 31, 1999.

Area Not Served By Networks:

The area served by Westario Power Inc. described as the former Village of Neustadt and a portion of the former Police Village of Elmwood (in the former Township of Bentinck) as more particularly set out in Licence No. ED-2002-0515.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Municipality of West Nipissing

Formerly Known As:

Town of Cache Bay, Town of Sturgeon Falls, Township of Caldwell, Township of Field, Township of Springer, as at December 31, 1998.

Area Not Served By Networks:

The area served by West Nipissing Energy Services Ltd. described as the former Town of Cache Bay and the former Town of Sturgeon Falls as more particularly set out in Licence No. ED-2002-0562.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality: **Municipality of West Perth**
Formerly Known As: Township of Logan, Township of Fullarton, Township of Hibbert, Town of Mitchell, Police Village of Dublin, as at December 31, 1997.
Area Not Served By Networks: The area served by West Perth Power Inc. described as the former Town of Mitchell and the former Police Village of Dublin as more particularly set out in Licence No. ED-2002-0508.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:** No

Name of Municipality: **Town of Whitby**
Formerly Known As: Same
Area Not Served By Networks: The area served by Whitby Hydro Electric Corporation and the area served by Veridian Connections Inc. as more particularly set out in Licence No. ED-2002-0571.

Name of Municipality: **Township of Whitewater Region**
Formerly Known As: Township of Ross, Township of Westmeath, Village of Beachburg, Village of Cobden, as at December 31, 2000.

Area Not Served By Networks: The area served by Ottawa River Power Corp. described as the former Village of Beachburg as more particularly set out in Licence No. ED-2003-0033.

**Networks assets within area
not served by Networks:** Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

City of Woodstock as at March 31, 1999.

Formerly Known As:

Same

Area Not Served By Networks:

The area served by Woodstock Hydro Services Inc. described as the City of Woodstock as more particularly set out in Licence No. ED-2003-0011, including the Boot Hill Development located on part of lots 3, 7, 8, 11, 12, 13 and registered plan 86 and 501, and three customers on Mill Street with civic address numbers 388, 390 and 410.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

Township of Zorra

Formerly Known As:

Township of West Zorra, Township of East Nissouri, Township of North Oxford, Village of Embro, Village of Thamesford , as at December 31, 1997.

Area Not Served By Networks:

The area served by Erie Thames Powerlines Corp. described as the former Village of Embro and the former Village of Thamesford as more particularly set out in Licence No. ED-2002-0516.

**Networks assets within area
not served by Networks:**

Yes

**Customer(s) within area not
served by Networks:**

No

Name of Municipality:

The Town of Penetanguishene as at March 31, 1999

Formerly Known As:

Same

Area Not Served By Networks:	The area served by Barrie Hydro Distribution Inc. described as part of the Town of Penetanguishene as more particularly set out in Licence No. ED-2002-0534.
Networks assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	No

APPENDIX B

TAB 5 CONSUMERS EMBEDDED WITHIN ANOTHER DISTRIBUTOR BUT SERVED BY THE LICENSEE

(Note also that each municipality noted in Tab 5 is a municipality served almost entirely by another distributor but in which the Licensee serves one or more consumers.)

Name of Municipality:	City of Cornwall
Assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	The customers located at and 501 Wallrich Avenue.
Name of Municipality:	County of Haldimand
Assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	One customer located in Caledonia, Ont.
Name of Municipality:	City of Niagara Falls
Assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	Three customers located at 8001 Daly Street, 7780 Stanley Ave, 6225 Progress Street
Name of Municipality:	City of St. Thomas
Assets within area not served by Networks:	Yes
Customer(s) within area not served by Networks:	One industrial customer located at 1 Cosma Court.

Exhibit B

Tab 3

Subject WATERPOWER SITE RELEASE – CROWN LAND			Policy PL 4.10.05
Compiled by Renewable Energy Program			Date Issued April 16, 2010
Replaces Directive Title Same	Number Same	Dated May 21, 2007	Page 1 of 9

1.0 INTRODUCTION

Ontario has placed a priority on expanding the use of clean and renewable sources of energy. Developing these substantial resources is a cornerstone of the province's future prosperity and its commitment to protecting the environment.

Renewable energy projects provide environmental and economic benefits at the local, provincial and global level. They reduce threats to biodiversity from the impacts of climate change. They also create new opportunities for manufacturing and resource development activities. Finally, renewable energy generation boosts the long-term reliability and adequacy of Ontario's electricity system, by putting in place sustainable sources of energy.

Ontario has a long history of generating clean, affordable electricity from waterpower, with the first facilities installed in the late 1800's. The bulk of the province's current installed capacity was in service by the mid-1970's, and provides both base and flexible power generation to Ontario's electricity grid.

The potential to increase the amount of electricity generated from waterpower in Ontario arises from:

- redevelopment and upgrades of existing waterpower facilities;
- new greenfield opportunities where there are no existing water control structures; and
- retrofitting and redesigning of existing water control dams.

The Ministry of Natural Resources (the Ministry) supports development of new waterpower energy through disposition of greenfield opportunities on Crown land and through retrofitting Crown owned water control structures.

Disposition and development of potential waterpower sites is governed by provincial and federal statutes and regulations. The final decision concerning the disposition and development of potential waterpower sites on Crown land rests with the Ministry.

This policy and the supporting procedure applies to anyone wishing to pursue a waterpower project on Crown land/bed.

Under authority of Section 2(1) of the Public Lands Act, the Minister has the sole authority to approve or deny any application for the use of Crown land

2.0 PROGRAM DIRECTION

Policy No. PL 4.10.05	Date Issued April 16, 2010	Page 2 of 9
--------------------------	-------------------------------	----------------

This policy applies to the discretionary disposition of Crown land including:

- unalienated Crown land;
- acquired property which has been deemed to be public land in accordance with subsection 38 (2) of the Public Lands Act (including the issuance of a sale, lease, or easement);
- lands under water which are deemed public lands under provisions of the Beds of Navigable Waters Act;
- the release of greenfield waterpower opportunities on Crown land;
- the release of Crown owned water control structures; and
- individual developments less than 25MW on the Severn, Winisk (Weenusk), Attawapiskat and Albany Rivers and proposed by a Local Aboriginal community(ies) and/or their partner.

The Ministry will not release sites for the development of waterpower projects that are:

- within the Moose River Basin, North of Highway 11. The development of these sites may be negotiated at a later date;
- a individual waterpower project greater than 25 megawatts (MW) within the basins of the Severn, Winisk (Weenusk), Attawapiskat and Albany Rivers (the “Northern Rivers Commitment”);
- within a provincial park or conservation reserve where the project would not qualify as an exception under section 19 of the Provincial Parks and Conservation Reserves Act, 2006; or
- a greenfield waterpower facility on a naturally reproducing lake trout lake.

Development of a waterpower project on Crown land may also be limited by statute, regulation or policy including, but not limited to:

- habitat or species protected under the Endangered Species Act, 2007;
- areas recommended or designated for regulation as provincial parks or conservation reserves and areas regulated under the Wilderness Areas Act;
- area-specific prohibitions identified in the Ministry’s Crown Land Use Policy Atlas;
- lands under surface tenure and/or mineral rights tenure issued under the Mining Act or Public Lands Act (e.g. leases); areas regulated under the Conservation Authorities Act Section 28 regulations;
- areas subject to protocols between Ontario and Aboriginal communities;
- Ontario’s Far North; and
- areas where there are existing legal agreements or other exceptional legal circumstances that would prevent release.

2.1 Goal

This policy will contribute to the environmental, social and economic well being of the people of Ontario, including Aboriginal communities, through the provision of opportunities for waterpower development and the sustainable development of Ontario’s Crown land, while recognizing the Ministry’s mission of ecological sustainability.

Policy No. PL 4.10.05	Date Issued April 16, 2010	Page 3 of 9
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2.2 Guiding Principles

When disposing of rights to use Crown land or interests in Crown land, the Ministry will:

- apply a fair, open and standardized approach to the allocation of resources, granting of tenure, and charging of rents and fees;
- follow effective and efficient land management, sustainable development, environmental assessment and stakeholder consultation practices;
- fulfill its duty to consult with Aboriginal peoples where its actions may adversely affect an established or asserted Aboriginal or treaty right; and
- support creation of environmentally sustainable economic opportunities for Aboriginal communities through the disposition of Crown land for greenfield sites. The Ministry will demonstrate a preference for proposals that provide benefits to the Identified Aboriginal communities.

3.0 STAGES OF CROWN LAND WATERPOWER DEVELOPMENT

Distinct stages in developing waterpower projects on Crown land include:

Stage 1 – Waterpower Site Release

- Waterpower Site Release Application
- Application Review
- Applicant Decision to Proceed

Stage 2 – Environmental Assessment and Approval Processes

Stage 3 – Issuance of Tenure and Charging of Taxes and Rents

3.1 Waterpower Site Release

3.1.1 Waterpower Site Release Application

The Ministry will periodically establish windows of opportunity under terms and conditions as determined by the Ministry, for interested parties to apply for the opportunity to secure Crown land for waterpower development. These opportunities will be communicated to the waterpower industry and the public.

Applications from off-grid communities to generate energy for community use and applications for small-scale waterpower facilities are not limited to the "windows of opportunity" established by the Ministry and said communities may apply at any time.

Policy No. PL 4.10.05	Date Issued April 16, 2010	Page 4 of 9
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Once the Ministry has established a window of opportunity, applications will be received in the form prescribed by the Ministry.

The Ministry reserves the right to limit the number of applications received from any one Applicant.

The Ministry may from time to time, employ the services of other agencies and ministries in the decision making process related to site release.

The Ministry reserves the right to determine if a site is appropriate for release and/or change or establish the site release process which will apply.

3.1.1.1 Greenfield New Site Release

Greenfield waterpower opportunities on Crown land will be released through one of three site release processes direct site release, non-competitive site release or, competitive site release

Direct Site Release

Applicants may participate in the direct site release process if the proposed project :

- has an installed capacity of less than or equal to 1MW, or
- is proposed by the riparian owner and/or their partner

Applications within the basins of the Severn, Winisk (Weenusk), Attawapiskat, Albany rivers will be considered within the direct site release process, if the project is proposed by a Local Aboriginal community(ies) and/or their partner and is 25 MW or less in size.

Non-Competitive Site Release

Applicants may participate in the non-competitive site release if the proposed project is greater than 1MW and less than 10MW, and does not otherwise qualify for a direct site release.

Competitive Site Release

The Ministry will release sites for potential waterpower projects 10 MW and greater and that do not otherwise qualify for direct site release through an Applicant driven, Ministry administered, competitive process.

3.1.1.2 MNR Water Control Structure Site Release

The Ministry will generally require that the successful Applicant retrofit an MNR water control structure for waterpower purposes and upon being granted development approval, assume full responsibility for the maintenance, operational control, long-term structural integrity and liability

Policy No. PL 4.10.05	Date Issued April 16, 2010	Page 5 of 9
--------------------------	-------------------------------	----------------

for the water control structure. The Ministry may also require the successful Applicant to assume responsibility for operational control of other associated MNR water control structures on the same reservoir, to ensure appropriate water management regimes.

3.1.2 Application Review

The Ministry's review of the application includes:

- **Eligibility:** Ensures site qualifies for the site release process under application and reasonably optimizes the site potential.
- **Site Availability:** Ensures that the site is available for release and identifies if there are any areas that may be prohibited from release by existing land use and resource management statutes, regulations, or policies that would preclude a waterpower project as per Section 2.0 of this Policy.

This initial review by the Ministry for coarse or broad level issues is not a replacement for subsequent, more detailed input to the proposal, which will occur during the environmental assessment and approvals processes.

Where there is an Applicant associated with a potential site, the Ministry will not accept other applications for the same location.

3.1.2.1 Site Information

Once the Ministry has reviewed the application, the Ministry will develop a site information package to identify any known environmental, land use planning, resource, public or Aboriginal interest issues related to the site. The intent of this information is to provide the Applicant with available information to determine whether they wish to proceed with a waterpower project.

The Ministry will hold a site information meeting with the Applicant to discuss the site information package, the project, and procedural steps. The Ministry may invite other relevant agencies, and Aboriginal communities to attend this meeting.

3.1.3 Applicant Decision to Proceed

Following the site information meeting, the Applicant will indicate to the Ministry whether they wish to proceed with their application.

3.1.3.1 Applicant of Record Status

Policy No. PL 4.10.05	Date Issued April 16, 2010	Page 6 of 9
--------------------------	-------------------------------	----------------

Through a letter from the District Manager, Applicant of Record status will be awarded to the Applicant. There is no right, title, interest or tenure associated with Applicant of Record status.

Applicant of Record status is not a disposition; it is the completion of a process to select an appropriate Applicant for potential development. The Ministry reserves the right to determine if the issuing of Applicant of Record is appropriate for a site.

3.2 Environmental Assessment and Approval Processes

The Class Environmental Assessment for Waterpower Projects (2008) (Class EA) details the framework for reviewing the environmental effects of waterpower projects in Ontario. It is a proponent-led system to which regulatory agencies provide input and advice. Applicants undertaking greenfield site development or redevelopment of existing waterpower facilities on Crown or private land (including MNR water control structures) may be subject to the requirements of the Ontario Water Resources Act, Lakes and Rivers Improvement Act, Endangered Species Act, Public Lands Act, Canadian Environmental Assessment Act, Species at Risk Act and Fisheries Act. As stated in the Class EA, a key objective is to coordinate and integrate environmental approvals and public involvement processes that are relevant to planning a waterpower project. Adhering to the Class EA will facilitate meeting the core planning requirements for this array of approvals.

3.3 Issuance of Tenure and Charging of Taxes and Rents

3.3.1 Tenure

Tenure security has long been recognized as a critical issue for waterpower development. Accordingly, the Ministry has developed a generic waterpower lease agreement (WPLA) to provide security and long term tenure for Applicants. The WPLA is used to authorize new facilities on Crown land and will replace any existing waterpower lease agreements that expire in the future. The Ministry may authorize new facilities with an installed capacity of 75kW or less with a land use permit.

The WPLA has a rolling term that may continue in perpetuity.

Separate tenure documents (e.g. land use permits or easements) will be issued for access roads, flooding, utility corridors and any other infrastructure required beyond the leased area. Fees for these tenure documents will be established through application of the Crown Land Rental Policy PL 6.01.02 or other applicable policy.

3.3.2 Taxes and Chagres on Gross Revenue and Land Rent

Taxes, charges on gross revenue and land rents associated with waterpower development on Crown land are detailed in Procedure PL 4.10.05.

Policy No. PL 4.10.05	Date Issued April 16, 2010	Page 7 of 9
--------------------------	-------------------------------	----------------

Where application or Applicant of Record status is terminated with cause by the Ministry, or where the Applicant withdraws from a site, all fees paid by the Applicant in support of the application(s) will be forfeited to the Crown.

4.0 TIMELINES

Applicants are required to meet all timelines specified in this policy, the accompanying procedure or any other document or correspondence issued by the Ministry. Failure to meet timelines may result in a review and loss of application or Applicant of Record status. The Ministry reserves the right to extend timelines under exceptional circumstances.

5.0 TRANSFERABILITY

A waterpower application does not provide any right, title, or interest in land and is considered by the Ministry to be non-transferable. There is no ability to mortgage or charge an application.

Applicant of Record status is transferable with the consent of the Ministry. There is no ability to mortgage or charge Applicant of Record status.

Requirements related to transferability and mortgage consent for tenure documents will be consistent with the conditions of the applicable tenure document.

6.0 REFERENCES

6.1 Statutory

- Beds of Navigable Waters Act
- Electricity Act
- Endangered Species Act
- Environmental Protection Act
- Lakes and Rivers Improvement Act
- Mining Act
- Provincial Parks and Conservation Reserves Act
- Public Lands Act
- Wilderness Areas Act
- Class Environmental Assessment for Waterpower Projects, October, 2008

6.2 Policies and Procedures

- PL 4.10.05 Waterpower Site Release – Crown Land
- PL 6.01.02 Crown Land Rental Policy

Policy No. PL 4.10.05	Date Issued April 16, 2010	Page 8 of 9
--------------------------	-------------------------------	----------------

- Inland Ontario Lakes Designated for Lake Trout Management (MNR 2006)

7.0 DEFINITIONS

“Applicant” means an individual or legal entity eligible to hold land in Ontario responding to a call for Expressions of Interest or a Competitive Release Package, or has submitted a bona fide application for Crown land for waterpower purposes.

"Applicant of Record" means the individual/company/community including an Aboriginal community that through a site release process, has been granted the ability by the Ministry to pursue required approvals and permits for waterpower development.

"District" means the Ministry district office, Manager or staff responsible for the geographic area within which the site or application area exists. This will include Zone office, Manager or staff where the site is within the boundaries of an area protected under the Provincial Parks and Conservation Areas Act as applicable.

“greenfield” means a new opportunity for waterpower development on Crown land where there is no existing water control structures.

“installed capacity” means the sum of the manufacturer’s rated power capacity of all turbines making up a waterpower facility measured in megawatts (MW).

“Identified Aboriginal community” means an Aboriginal community located within or adjacent to the tertiary watershed, where a potential greenfield waterpower development on Crown land may be located.

“Lake trout lake” means, for purposes of this policy, a lake designated by policy by the Ministry for management as a lake trout lake. The list of lakes in Ontario designated by Ministry policy for management as naturally reproducing lake trout lakes are identified in Inland Ontario Lakes Designated for Lake Trout Management, May 2006 (as amended).

“Local Aboriginal community” means an Aboriginal community(ies) that may claim the area contemplated for site release as their traditional land use area.

“MNR water control structure” means a water control structure operated and maintained by the Ministry or by a third party under agreement (not under Crown tenure) on behalf of the Ministry.

“off-grid community” means a community which does not have access to the IESO-controlled electricity grid.

“riparian owner” means any owner of land in fee simple directly bounded (lapped) by water; or through which a body of water flows.

Policy No. PL 4.10.05	Date Issued April 16, 2010	Page 9 of 9
--------------------------	-------------------------------	----------------

“site” means a reach of a river or an individual location for the purposes of this policy. The site will be defined on a case-by-case basis to allow for local flexibility when considering new site release.

“site release” means the completion of the process to select an Applicant of Record for a potential waterpower project.

“small-scale waterpower facility” means a waterpower facility that does not require a dam or any other permanent structure.

“water control dam” means a structure that holds back water in a river, lake, pond or stream to raise the water level, creates a reservoir, or diverts the flow of water.

“waterpower facility” means any number or combination of electrical energy producing water-powered turbines and supporting infrastructure, including pump storage facilities, reservoirs and water control dams.

“waterpower project” means the construction, installation, use, operation, changing or retiring of a waterpower facility.

Exhibit B

Tab 4

Subject WATERPOWER SITE RELEASE – CROWN LAND		Procedure PL 4.10.05	
Compiled by Renewable Energy Program		Date Issued April 16, 2010	
Replaces Directive Title Same	Number Same	Dated May 21, 2007	Page 1 of 34

1.0 SITE RELEASE PROCESSES

This document provides procedural direction to implement Policy PL 4.10.05 Waterpower Site Release on Crown land.

1.1 Direct Site Release

1.1.1 Application

Sites eligible for the Direct Site Release process will be released as follows:

- a) The Applicant submits a Waterpower Site Release Application to the Ministry's Renewable Energy Program (Business Process Officer) (BPO) together with the fee specified in Appendix A.

The following requirements must be met for Direct Site Release applications:

- If the Applicant is the riparian owner, the application must also be accompanied by proof of ownership of lands abutting the project.
- If the Applicant is not the riparian owner and if the lands abutting the project are not owned by the Applicant and are private, federal, municipal lands including road allowances or reserves or other lands not administered by the Ministry, the application must be accompanied by proof that the Applicant has an agreement or some form of legal understanding with the riparian (e.g. lease, partnership, etc.).
- If the Applicant is not the riparian owner and if the lands abutting the project are private, federal, provincial or municipal road allowances or reserves and there are backshore owners who utilize the allowance or reserve, written comments from these backshore owners must accompany the application and will be given consideration in the site release process.

- b) The BPO will upon receipt, date and time stamp all applications.

Where the waterpower project will inundate other lands, the Applicant must obtain written agreement(s) from the impacted private, federal or municipal landowners before they can get approval to construct and operate a facility. It is up to the Applicant to determine when to engage private landowners on agreements, so as to avoid delays or a refusal to issue permits and approvals.

1.1.2 Verification

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 2 of 34
-----------------------------	-------------------------------	-----------------

Applications will be reviewed in the following manner.

- a) The BPO will conduct an initial review to confirm basic administrative requirements are fulfilled (i.e. application forms and fees are submitted appropriately). Incomplete applications may be disqualified and returned to the Applicant. A notice of receipt will be issued to Applicants for each complete application received.
- b) The BPO will send the application and fees to the District Office and copies of the application to the Regional Renewable Energy Coordinator (REC), other relevant provincial ministries and agencies, and the Ontario Regions of the Department of Fisheries and Oceans, and Environment Canada. The BPO will retain a copy on file.
- c) The District will review the application to confirm that:
 - all requirements have been completed. Incomplete applications may be disqualified and returned to the Applicant.
 - the site is available for the site release as per Section 2.0 of the Policy
 - the installed capacity of the proposed project will reasonably optimize the site potential and fall within the established direct site release thresholds. The District will engage the Regional Engineering Unit as required.
- c) If a site does not qualify for a direct site release, the District Manager will advise the Applicant of the reason for not releasing the site. The District Manager will notify the REC, BPO and any other agency previously informed of the application.
- d) Once the District confirms the application is complete and the site is both eligible and available for site release the District will:
 - process the application fee;
 - send a copy of the site application to the appropriate Provincial Mining Recorder to have the surface rights withdrawn from staking; and
 - notify Local Aboriginal community(ies) of a potential waterpower project and elicit their preliminary interests and/or concerns as they relate to the site. The Ministry will work with the Ministry of Environment and other ministries and/or agencies to determine the list of Local Aboriginal communities.

1.1.3 Site Information

- a) Within 60 days of the District Manager decision to proceed with the site release process, the Ministry will prepare a site information package (SIP) for the Applicant.
The site information package will include any known information that the Ministry has related to the proposed waterpower project, the list of Local Aboriginal communities notified, and

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 3 of 34
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identification of other sources of information that the Applicant should review to assist in making their decision on proceeding with a proposal.

Within 30 days of the delivery of the site information package, the District will hold a site information meeting with the Applicant. The purpose of this meeting will be to review the SIP and other information that the Applicant has obtained relative to the site, as well as to outline the full scope of the process involved in developing a waterpower facility on Crown land.

- b) Within 30 days of the site information meeting, the Applicant must submit the Waterpower Applicant Declaration Form confirming in writing with the District that they wish to proceed. Should the Applicant decline to proceed, or fail to respond in 30 days, the site will be made available to other Applicants. The District will notify the REC, BPO, Local Aboriginal community(ies) and any other agency previously informed of the application.

1.1.4 Aboriginal Notification

Upon receipt of the Waterpower Applicant Declaration Form from the Applicant the District will notify Local Aboriginal communities to seek feedback about the application.

The information received by the Ministry from Local Aboriginal communities will be forwarded to the Applicant for consideration during the environmental assessment process and will be considered as the Ministry fulfills its duty to consult.

1.1.5 Public Notification

- a) Within 60 days of submitting the Waterpower Applicant Declaration Form, the Applicant will generally be required to undertake public notification.
- b) At a minimum, an advertisement must be placed in the local newspaper(s) (maximum of two newspapers) and include:
 - contact information, including name of the Applicant and company name (if applicable);
 - full mailing address and telephone number;
 - Site name, Site ID#, name of river/lake and geographic township; and
 - estimated MW potential.
- c) The Applicant has the discretion to include additional information (e.g. descriptions, background or company information, maps, etc).
- d) The Applicant is responsible for notifying the District in advance, of the date the notification will appear in the newspaper(s). The District will inform BPO of this date.

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 4 of 34
-----------------------------	-------------------------------	-----------------

- e) Any submissions in response to the advertisement must be retained by the Applicant and addressed as part of the public consultation requirements during the environmental assessment.

Public notification requirements do not apply to small scale waterpower facilities.

1.1.6 Applicant of Record Status

Following Aboriginal and public notice, the District Manager will make a decision to either issue the Applicant of Record letter or deny the issuance of the Applicant of Record letter with explanation.

The Applicant of Record letter grants the Applicant the ability to pursue required approvals and permits for the development of a waterpower project, such as issuing a Notice of Commencement of an environmental assessment. There is no right, title, interest or tenure associated with Applicant of Record status.

The Applicant of Record letter will include:

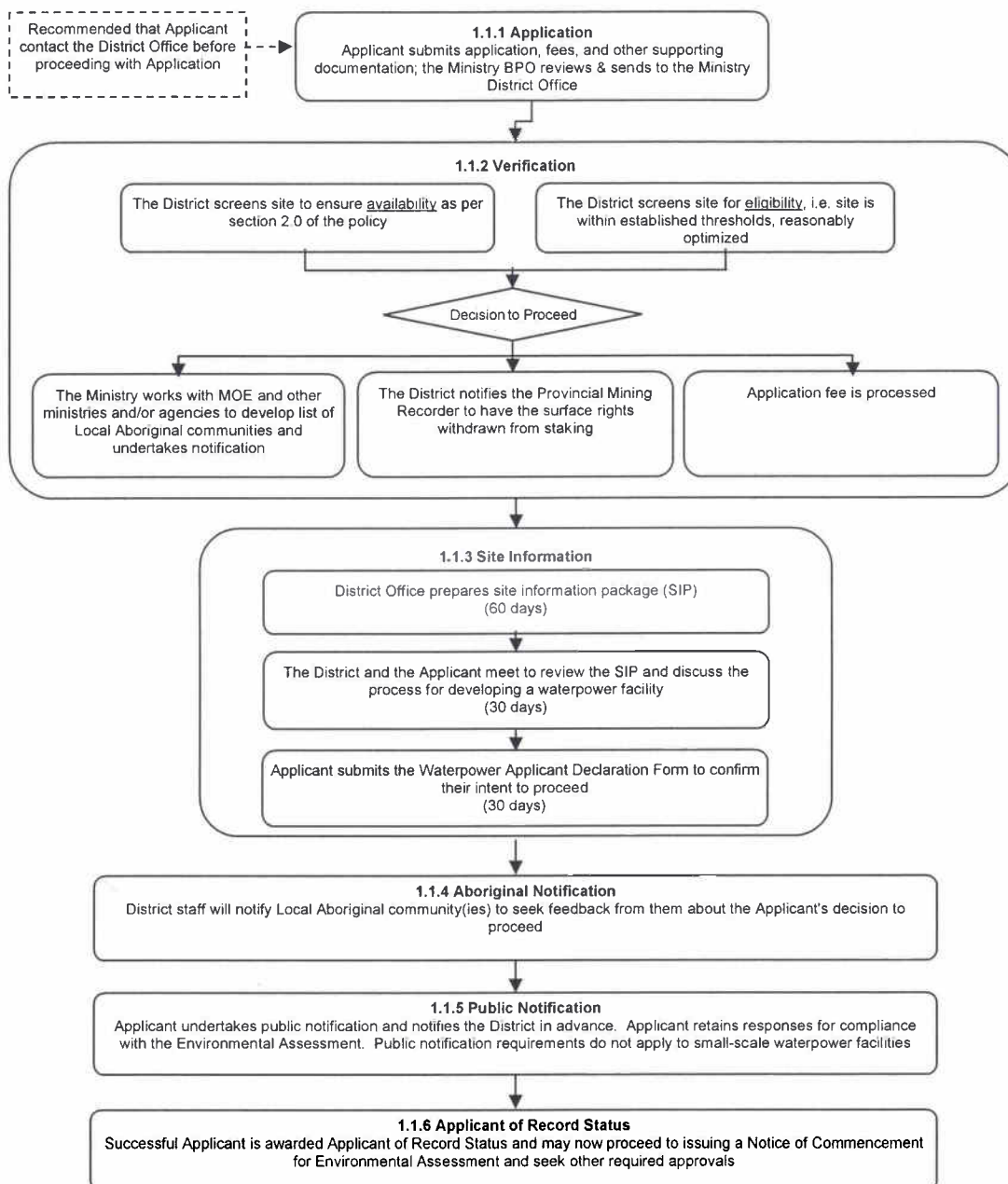
- a statement identifying the Applicant as the Applicant of Record;
- milestones that the Applicant is required to meet to maintain Applicant of Record status;
- the District staff contact to discuss the development and coordination opportunities; and
- the requirement for an Application for Crown land to be completed and submitted to the identified District contact.

The BPO will ensure the central records are updated.

Once an Applicant of Record letter has been issued, the formal site release process is finished.

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 5 of 34
-----------------------------	-------------------------------	-----------------

Figure One: Direct Site Release Process



Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 6 of 34
-----------------------------	-------------------------------	-----------------

1.2 Non-Competitive Site Release

1.2.1 Application

Sites eligible for the Non-Competitive Site Release will be released as follows.

- a) The Applicant submits a Waterpower Site Release Application to the Business Process Officer (BPO), with the application fee specified in Appendix A.
- b) If the abutting lands are provincial road allowances or reserves and there are backshore owners who utilize the allowance or reserve, written comments from these backshore owners must accompany the application and these comments will be given consideration in the site release process by the Ministry.
- c) The BPO will date and time stamp all applications upon receipt.

Where the waterpower project will inundate other lands, the Applicant must obtain written agreement(s) from the impacted private, federal or municipal landowners before they can get approval to construct and operate a facility. It is up to the Applicant to determine when to engage private landowners on agreements, so as to avoid delays or a refusal to issue permits and approvals.

1.2.2 Verification

Applications will be reviewed in the following manner:

- a) The BPO will conduct an initial review to confirm basic administrative requirements are fulfilled (i.e. application forms and fees are submitted appropriately). Incomplete applications may be disqualified and returned to the Applicant. A notice of receipt will be issued to Applicants for each complete application.
- b) The BPO will send the application and fees to the District Office and copies of the application to the Regional Renewable Energy Coordinator (REC), other relevant provincial ministries and agencies, and the Ontario Regions of the Department of Fisheries and Oceans, and Environment Canada. The BPO will retain a copy on file.
- c) The District will review the application to confirm that:
 - all requirements have been completed. Incomplete applications may be disqualified and returned to the Applicant.
 - the site is available for the site release as per Section 2.0 of the Policy.

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 7 of 34
-----------------------------	-------------------------------	-----------------

- the installed capacity of the proposed project will reasonably optimize the site potential and are within the established non-competitive site release thresholds. The District will engage the Regional Engineering Unit as required.
- d) If a site does not qualify for site release, the District Manager will advise the Applicant of the reason for not releasing the site. The District Manager will notify the REC, BPO and any other agency previously informed of the application.
- e) Once the District confirms that the application is complete, the site is eligible and available for site release, the District will:
- process the application fee;
 - send a copy of the site application to the appropriate Provincial Mining Recorder to have the surface rights withdrawn from staking;
 - notify the Local Aboriginal community(ies) of a potential waterpower project and seek their preliminary interests and/or concerns with the site. The Ministry will work with the Ministry of Environment and other ministries and/or agencies to determine the appropriate list of Local Aboriginal communities; and
 - designate the Identified Aboriginal community(ies) and notify them of the Ministry's contemplation to release the site for potential waterpower project.

1.2.3 Aboriginal Engagement

- a) The District will make reasonable attempts to meet with the Identified Aboriginal community(ies) to:
- advise the community(ies) that they are an Identified Aboriginal community for the site, explain the purposes of this designation and disclose information about all other Identified Aboriginal community(ies); and
 - discuss their preliminary interests and/or concerns with the site;
 - clarify next steps in the site release process and seek their interests and/or concerns as they relate to being the Identified Aboriginal community(ies).
- b) After meeting or after having made reasonable attempts to meet with the Identified Aboriginal community(ies,) the District Manager may:
- proceed with the site release process;
 - delay the site release process for an established and reasonable amount of time to provide the Identified Aboriginal community(ies) with additional time to prepare;
 - facilitate a meeting between the Identified Aboriginal community(ies) and the Applicant;
 - or
 - cancel the site release, with explanation.

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 8 of 34
-----------------------------	-------------------------------	-----------------

1.2.4 Site Information

- c) Within 60 days of the District Manager decision to proceed with the site release process, the Ministry will prepare a site information package (SIP) for the Applicant. The site information package will include any known information that the Ministry has related to the proposed waterpower project, the lists of Identified and Local Aboriginal communities notified, and the identification of other sources of information that the Applicant should review to assist in making their decision on proceeding with a proposal.

Within 30 days of the delivery of the site information package, the Ministry will hold a site information meeting with the Applicant. The purpose of this meeting is to review the SIP and other information that the Applicant has obtained relative to the site, as well as to outline the full scope of the process involved in developing a waterpower facility involving Crown land.

- c) Within 30 days of the site information meeting, the Applicant must submit the Waterpower Applicant Declaration Form to the District Manager to confirm in writing that they wish to proceed with the project, that they agree to engage the Identified Aboriginal communities, with the intent of establishing a business to business relationship and that they will report to the District on progress related to establishing this relationship.

Should the Applicant decline to proceed, or fail to respond in 30 days, the site will be made available to other Applicants and the District will notify the REC, BPO, Local Aboriginal communities and any other agency previously informed of the application.

- d) Following confirmation that the Applicant will proceed, the District will notify Local Aboriginal communities of the Applicant's decision to proceed and next steps in the process.

The information received by the Ministry from Local Aboriginal communities will be forwarded to the Applicant for consideration during the environmental assessment process, and will be considered as the Ministry fulfills its duty to consult.

- e) The Applicant will provide regular status reports to the District on the progress of the engagement with the Identified Aboriginal community(ies) and a final report at the end of the 180 day engagement period. The District may also independently communicate with the Identified Aboriginal community(ies) during this engagement period to track progress.
- f) At the end of the 180 day engagement period, the District Manager will assess the efforts made by both the Applicant and the Identified Aboriginal community(ies) to reach an agreement, based on the Applicant's report and feedback from the Identified Aboriginal community(ies). The District Manager may:

- allow the site release to proceed;

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 9 of 34
-----------------------------	-------------------------------	-----------------

- provide additional time, as specified by the District Manager, for the Applicant and the Identified Aboriginal communities to reach an agreement; or
- cancel the site release, with explanation.

1.2.5 Public Notification

- a) Within 60 days of submitting the Waterpower Applicant Declaration Form, the Applicant will undertake public notification.
- b) At a minimum, an advertisement must be placed in the local newspaper(s) (maximum of two newspapers) and include:
 - contact information, including name of the Applicant and company name (if applicable);
 - full mailing address and telephone number;
 - Site Name, Site ID#, name of river/lake and geographic township; and
 - estimated MW potential.
- c) The Applicant has the discretion to include additional information (e.g. descriptions, background or company information, maps, etc).
- d) The Applicant is responsible for notifying the District in advance, of the date the notification will appear in the newspaper(s). The District will inform BPO of this date.
- e) Any submissions in response to the advertisement must be retained by the Applicant and addressed as part of the public consultation requirements through the environmental assessment.

1.2.6 Applicant of Record Status

Following the 180 engagement period and the Aboriginal and public notification, the District Manager will either issue the Applicant of Record letter or deny the issuance of the Applicant of Record letter with explanation.

The Applicant of Record letter grants the Applicant the ability to pursue required approvals and permits for the development of a waterpower project, including issuing a Notice of Commencement of an environmental assessment. There is no right, title, interest or tenure associated with Applicant of Record status.

The Applicant of Record letter will include:

- a statement identifying the Applicant as the Applicant of Record;
- milestones that the Applicant is required to meet to maintain Applicant of Record status;
- District staff contact to discuss the project and coordination opportunities; and

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 10 of 34
-----------------------------	-------------------------------	------------------

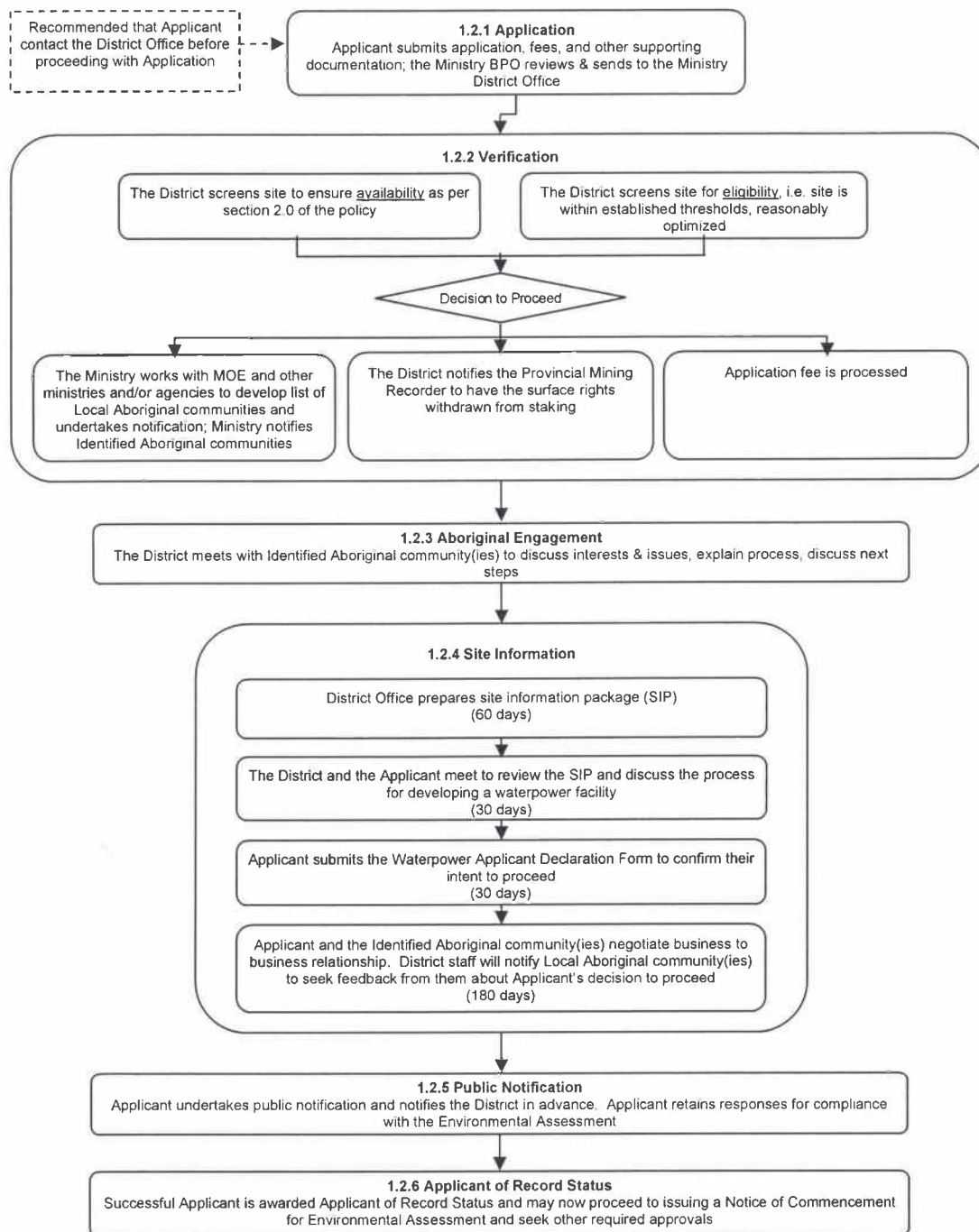
- requirement for an Application for Crown land to be completed and submitted to the Identified District contact.

The BPO will ensure the central records are updated.

Once an Applicant of Record letter has been issued, the formal site release process is finished.

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 11 of 34
-----------------------------	-------------------------------	------------------

Figure Two: Non-Competitive Site Release Process



Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 12 of 34
-----------------------------	-------------------------------	------------------

1.3 Competitive Site Release

1.3.1 Expressions of Interest

- a) An Applicant will submit a completed Expression of Interest (EOI) Response Document to the Ministry in the prescribed manner.
- b) The BPO upon receipt, will date and time stamp all EOI documents.

1.3.2 Verification

EOIs will be reviewed in the following manner:

- a) The BPO will conduct an initial review to confirm basic administrative requirements are fulfilled (i.e. application forms are submitted appropriately). Incomplete applications may be disqualified and returned to the Applicant. A notice of receipt will be issued to Applicants for each complete EOI Document received.
- b) The BPO will send the EOI to the District Office and copies of the EOI to the Regional Renewable Energy Coordinator (REC). The BPO will retain a copy on file.
- c) The District will review the application to confirm that:
 - all requirements have been completed. Incomplete applications may be disqualified and returned to the Applicant.
 - the site is available for the site release as per Section 2.0 of the Policy.
 - the installed capacity of the proposed project will reasonably optimize the site potential and fall within the established competitive site release thresholds. The District will engage the Regional Engineering Unit as required.
- d) If a site does not qualify for the Competitive Release Process, the District will advise the Applicant of the reason for not releasing the site for competition. The District Manager will notify the REC and BPO of the decision.
- e) Once the District confirms the site is both eligible and available for Competitive Site Release the District will:
 - send a copy of the site application to the appropriate Provincial Mining Recorder to have the surface rights withdrawn from staking;
 - notify the Local Aboriginal community(ies) of a potential waterpower project and seek their preliminary interests and/or concerns with the site. The Ministry will work with the Ministry of Environment and other ministries and/or agencies to determine the list of Local Aboriginal communities; and

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 13 of 34
-----------------------------	-------------------------------	------------------

- designate the Identified Aboriginal community(ies) and notify them of the District's contemplation to release the site for potential waterpower development.

1.3.3 Aboriginal Engagement

- a) The District will make reasonable attempts to meet with the Identified Aboriginal community(ies) to:
 - advise the community(ies) that they are an Identified Aboriginal community for this site release, explain the purposes of this designation and disclose information about all other Identified Aboriginal community(ies);
 - discuss their preliminary interests and/or concerns with the site; and
 - clarify next steps in the site release process and seek their interests and concerns as they relate to being the Identified Aboriginal community(ies).
- b) After meeting or having made reasonable efforts to meet with the Identified Aboriginal community(ies), the District Manager may:
 - proceed with the site release process;
 - delay the site release process for an established and reasonable amount of time to provide the Identified Aboriginal community(ies) with additional time to prepare;
 - facilitate a meeting between the Identified Aboriginal community(ies) and the Applicant; or
 - cancel the site release with explanation.
- c) The District Manager will notify REC and BPO that the site is proceeding for competition.

1.3.4 Competitive Process

- a) The District will be required to undertake public notification of the EOI process during preparation of the site information package.
- b) At a minimum, an advertisement must be placed in the local newspaper(s) (maximum of two newspapers) and include:
 - contact information for the District Office;
 - full mailing address and telephone number;
 - Site Name, Site ID#, name of river/lake and geographic township for the site under consideration; and
 - estimated MW potential.
- c) The District in consultation with the REC and/or the Renewable Energy Program, has the discretion to include additional information.

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 14 of 34
-----------------------------	-------------------------------	------------------

- d) The District will inform BPO of the date the notification will appear in the newspaper(s).
- e) Any submissions in response to the advertisement must be retained by the District.
- f) Within 60 days of the District Manager decision to proceed with the site release process, the Ministry will prepare a site information package (SIP) for the Applicant. The site information package will include any known information that the Ministry has related to the proposed waterpower project, the lists Local and Identified Aboriginal communities notified, and the identification of other sources of information that the Applicant should review to assist in making their decision on proceeding with a proposal.
- g) Within 10 days of receiving the SIP, the BPO will prepare the Competitive Release Package (CRP) for the site to be released. The BPO will be responsible for posting the opportunities to be released and the associated CRP(s). Through out the Plan Of Development (POD) period, all updates, addenda to the CRP and other relevant material, will be made available.

1.3.5 Site Release Information Session

- a) The District, in conjunction with the REC, will identify the date and location, of any of Site Release Information Session(s). Holding of the session and the manner in which the sessions will be conducted is at the discretion of the District Manager.
- b) If Site Release Information Session(s) are to be held, this session(s) will occur as soon as possible after the CRP(s) has been made available. The purpose of the Site Release Information Session is to help potential Applicants understand the process, address any site specific issues or information gaps and have an opportunity to have questions answered, in an open forum, regarding the site, the CRP or the POD evaluation process.
- c) Other than through the Site Release Information Session, potential Applicants must submit questions to the Competitive Release Team (CRT). Relevant questions submitted to the Ministry and subsequent answers will be made available to ensure the same information is available to all Applicants.

1.3.6 Submission and Review of Plan of Development (POD)

- a) An Applicant has 120 days from the date the CRP was made available to submit a complete POD that responds to the CRP.
- b) Applicants must follow the POD template provided in the CRP, or the application will be deemed incomplete.

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 15 of 34
-----------------------------	-------------------------------	------------------

- c) Applicants must submit four (4) copies of their completed POD, including one (1) original of the completed POD that must be clearly marked Original. An electronic copy must also be provided. This package must be delivered to the address identified in the CRP no later than the date and time stated in the CRP.
- d) All Applicants are required to submit the prescribed fee, as specified in Appendix A, however only the successful Applicant's fee will be processed.
- e) The BPO will review each POD for completeness. Incomplete PODs will not be evaluated.

1.3.7 Competitive Evaluation

- a) The CRT will evaluate each POD submitted through the Competitive Site Release process, in accordance with the process identified in the CRP.
- b) All PODs will be evaluated by the CRT to ensure they meet the specific minimum thresholds for eligibility. These minimum thresholds include Financial Capability and Technical Expertise. Only those applications that meet these minimum thresholds will move forward for more detailed evaluation.
- c) PODs that meet or exceed the minimum requirements for Financial Capability and Technical Expertise will be evaluated and scored on:
 - Identified Aboriginal communities participation;
 - response to the SIP; and
 - consultation, permitting and approvals planning.
- d) Evaluation of the Aboriginal participation component of each POD will occur as follows:
 - In situations where the Applicant has not included Proposal(s) in their POD for all of the Identified Aboriginal community(ies), the CRT will assign a score of zero (0) to the Aboriginal participation component.
 - In situations where the Applicant has included Proposal(s) in their POD for all of the Identified Aboriginal community(ies), the CRT will contact the Identified Aboriginal communities to invite them to evaluate only the Aboriginal participation component of each POD from the perspective of the benefits that will be forthcoming to their individual communities. Using a numeric score of one (1) to twenty-five (25), with one (1) reflecting virtually no benefits and twenty-five (25) reflecting a top score, they will assign a numeric score to the Aboriginal participation component of each POD.
 - In the event that an Identified Aboriginal community(ies) does not provide an evaluation, the CRT will evaluate the Aboriginal participation component on behalf of that

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 16 of 34
-----------------------------	-------------------------------	------------------

community(ies). The evaluation will be based on the same numeric scoring system, with a score of one (1) reflecting virtually no benefits and a score of twenty-five (25) reflecting a top score.

- e) Based on the results of the evaluation process, the CRT will inform the District Manager of the outcome of the Competitive Release Process, identifying the Applicant with the highest overall score.
- f) The District Manager can, based on information from the CRT, choose to release the site to the successful Applicant to pursue development approval (assign Applicant as Applicant of Record), or deny the site release, with explanation.
- g) If the District Manager rejects all applications and declines to release a site, the basis for this decision will be provided to the Applicant(s). The BPO will then make available all sites that are declined.

1.3.8 Applicant of Record Status

Following the decision on the competitive site release process, the District Manager will either issue the Applicant of Record letter or deny the issuance of the Applicant of Record letter, based on legislative, regulatory or policy prohibitions.

The Applicant of Record letter grants the Applicant the ability to pursue required approvals and permits for the development of a waterpower project, including issuing a Notice of Commencement of an environmental assessment. There is no right, title, interest or tenure associated with Applicant of Record status.

The Applicant of Record letter will include:

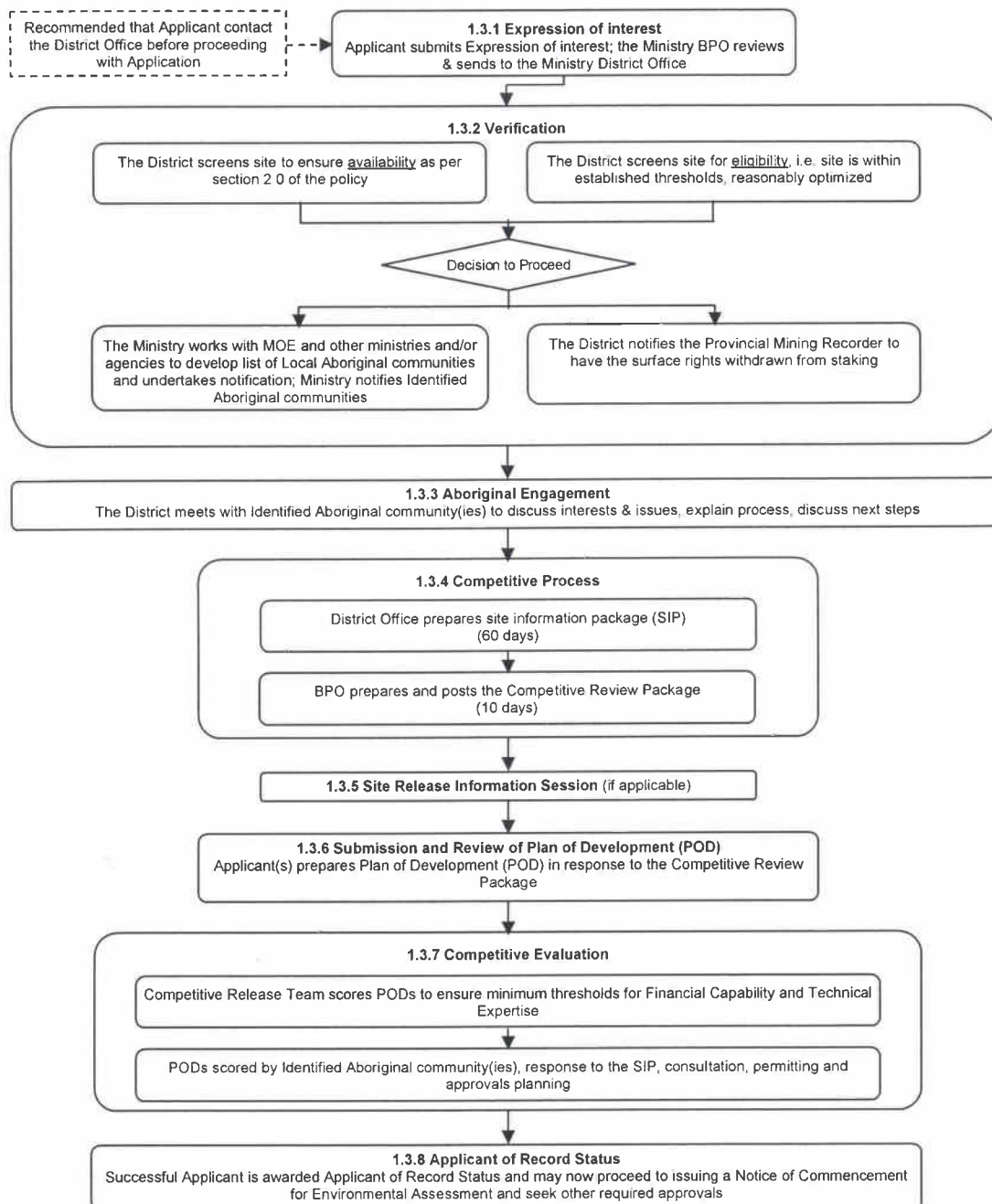
- a statement identifying the Applicant as the Applicant of Record;
- milestones that the Applicant is required to meet to maintain Applicant of Record status;
- District staff contact to discuss the development and coordination opportunities; and
- requirement for an Application for Crown land to be completed and submitted to the Identified District contact.

The BPO will ensure the central records are updated, post a notice on the Ministry renewable energy internet site identifying the Applicant of Record and process the application fee.

Once an Applicant of Record letter has been issued, the formal site release process is finished.

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 17 of 34
-----------------------------	-------------------------------	------------------

Figure Three: Competitive Site Release Process



Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 18 of 34
-----------------------------	-------------------------------	------------------

1.4 MNR Water Control Structure Site Release

1.4.1 Application

Structures eligible for the MNR Water Control Structure Site Release process will be released as follows.

- a) The Applicant will submit a Waterpower Site Release Application to the Business Process Officer (BPO), together with the fee specified in Appendix A.
 - If the Applicant is the riparian owner, the application must also be accompanied by proof of ownership of the lands abutting the project or include proof that the Applicant has some form of legal understanding with the riparian owner.
 - If the Applicant is not the riparian owner and if the lands abutting the project are not owned by the Applicant and are private, federal, municipal lands including road allowances or reserves or other lands not administered by the Ministry, the application must be accompanied by proof that the Applicant has an agreement or some form of legal understanding with the riparian (e.g. lease, partnership, etc.).
 - If the Applicant is not the riparian owner, and if the lands abutting the project are private, federal, provincial or municipal road allowances or reserves and there are backshore owners who utilize the allowance or reserve, the written comments from these backshore owners must accompany the application and will be given consideration in the site release process.
 - If the structure is under tenure, or other form of legal agreement, with a third party (e.g. conservation authority) the application must be accompanied by proof that the Applicant is the holder of the tenure, or other form of legal agreement, or has some form of legal understanding with the holder.
- b) The BPO upon receipt, will date and time stamp all applications.

Where the waterpower project will inundate other lands, the Applicant must obtain written agreement(s) from the impacted private, federal or municipal landowners before they can get approval to construct and operate a facility. It is up to the Applicant to determine when to engage private landowners on agreements, so as to avoid delays or a refusal to issue permits and approvals.

1.4.2 Verification

Applications will be reviewed in the following manner:

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 19 of 34
-----------------------------	-------------------------------	------------------

- a) The BPO will conduct an initial review to confirm basic administrative requirements are fulfilled (i.e. application forms and fees are submitted appropriately). Incomplete applications may be disqualified and returned to the Applicant. A notice of receipt will be issued to Applicants for each complete application received.
- b) The BPO will send the application and fees to the District Office and copies of the application to the Regional Renewable Energy Coordinator (REC), other relevant provincial ministries and agencies, and the Ontario Regions of the Department of Fisheries and Oceans, and Environment Canada. The BPO will retain a copy on file.
- c) The District will review the application to confirm that:
 - all requirements have been completed. Incomplete applications may be disqualified and returned to the Applicant.
 - the site is available for the site release as per Section 2.0 of the Policy.

The installed capacity of the proposed project will reasonably optimize the site potential. The District will engage the Regional Engineering Unit as required. In addition, Regional Engineering will:

- confirm the integrity and stability of the water control structure and that it is in suitable condition for release;
 - prepare deficiencies report concerning structural liabilities that must be addressed to be in suitable condition for release for inclusion in the SIP;
 - determine the water control structure is not suitable for release for waterpower development; or
 - determine if there are other ministry operated water control structures on the reservoir that may be impacted by this development proposal and that should be considered relative to their operation and maintenance.
- d) If the water control structure does not qualify for site release, the District Manager will advise the Applicant of the reason for not releasing the water control structure. The District Manager will notify the REC, BPO and any other agency previously informed of the application.
 - e) Once the District confirms that the application is complete and the water control structure is eligible and available for site release, the District will process the application fee and notify the Local Aboriginal community(ies) of a potential waterpower project and seek their preliminary interests and/or concerns with the site. The Ministry will work with the Ministry of Environment and other ministries and/or agencies to determine the list Local Aboriginal communities.

1.4.3 Site Information

- a) Within 60 days of the District Manager decision to proceed with the site release process, the Ministry will prepare a site information package (SIP) for the Applicant. The site information

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 20 of 34
-----------------------------	-------------------------------	------------------

package will include any known information that the Ministry has related to the proposed waterpower project, the list of Local Aboriginal communities notified, and the identification of other sources of information that the Applicant should review to assist in making their decision on proceeding with a proposal.

Within 30 days of the delivery of the site information package, the Ministry will hold a site information meeting with the Applicant. The purpose of this meeting will be to review the SIP and other information that the Applicant has obtained relative to the site as well as to outline the full scope of the process involved in developing a waterpower facility involving Crown land.

- c) Within 30 days of the site information meeting, the Applicant must submit the Waterpower Applicant Declaration Form to confirm in writing with the District that they wish to proceed. Should the Applicant decline to proceed, or fail to respond in 30 days, the water control structure will be returned to inventory to be made available to other Applicants and the District will notify the REC, BPO, Local Aboriginal communities and any other agency previously informed of the application, of the decision.

1.4.4 Aboriginal Notification

Upon receipt of the Waterpower Applicant Declaration Form from the Applicant to proceed with a waterpower project, District staff will notify Local Aboriginal communities to seek feedback about the Applicant's decision to proceed.

The information received by the Ministry from Local Aboriginal communities will be forwarded to the Applicant for consideration during the environmental assessment process, and will be considered as the Ministry fulfills its duty to consult.

1.4.5 Public Notification

- a) Within 60 days of submitting the Waterpower Applicant Declaration Form, the Applicant will undertake public notification.
- a) At a minimum, an advertisement must be placed in the local newspaper(s) (maximum of two newspapers) and include:
 - contact information, including name of the Applicant and company name (if applicable);
 - full mailing address and telephone number;
 - water control structure name, Site ID#, name of river/lake and geographic township; and
 - estimated MW potential.

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 21 of 34
-----------------------------	-------------------------------	------------------

- b) The Applicant has the discretion to include additional information (e.g. background or company information, maps, etc).
- c) The Applicant is responsible for notifying the District in advance, of the date the notification will appear in the newspaper(s). The District will inform BPO of this date.
- d) Any submissions in response to the advertisement must be retained by the Applicant and addressed as part of the public consultation requirements through the environmental assessment.

1.4.6 Applicant of Record Status

Following the Aboriginal and public notification, the District Manager will make a decision to either issue the Applicant of Record letter or deny the issuance of the Applicant of Record letter with explanation.

The Applicant of Record letter grants the Applicant the ability to pursue required approvals and permits for the development of a waterpower project, including issuing a Notice of Commencement of an environmental assessment. There is no right, title, interest or tenure associated with Applicant of Record status.

The Applicant of Record letter will include:

- a statement identifying the Applicant as the Applicant of Record;
- milestones that the Applicant is required to meet to maintain Applicant of Record status;
- the District contact to discuss the development and coordination opportunities; and
- the requirement for an Application for Crown land to be completed and submitted to the identified District contact, if applicable.

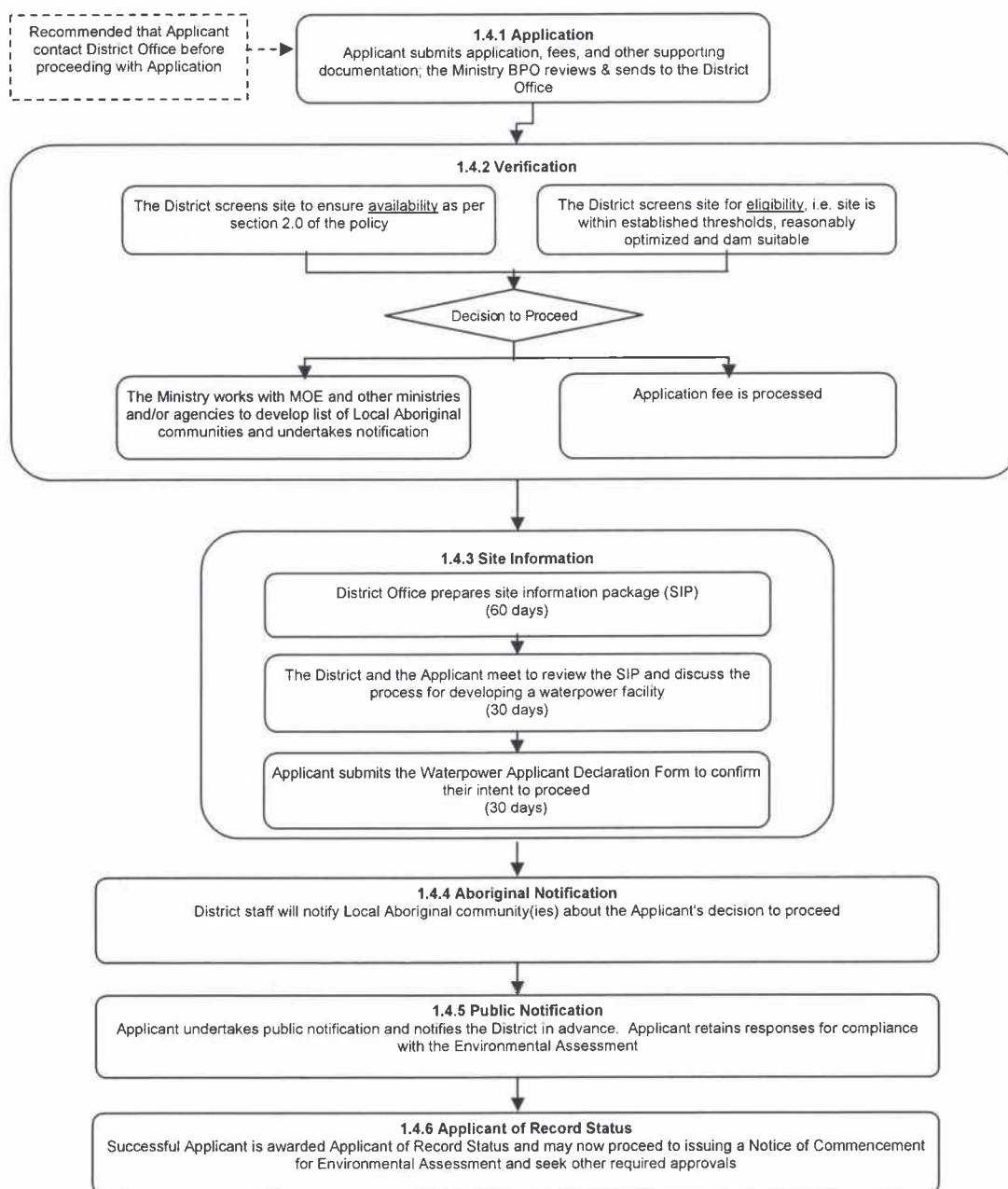
The BPO will ensure the central records are updated.

The Ministry will enter into an agreement with the Applicant for operation and maintenance requirements for the Ministry water control structure.

Once an Applicant of Record letter has been issued, the formal site release process is finished.

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 22 of 34
-----------------------------	-------------------------------	------------------

Figure Four: MNR Water Control Structure Site Release Process



Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 23 of 34
-----------------------------	-------------------------------	------------------

2.0 MAINTAINING APPLICANT OF RECORD STATUS

2.1 Applicant of Record Responsibilities

- a) The Applicant of Record is responsible for meeting all established milestones. Failure to meet milestones may result in Applicant of Record status being rescinded.
- b) The Applicant of Record shall provide updates as requested by the Ministry and shall meet with the Ministry upon request, to discuss progress toward established milestones.

2.2 Ministry Responsibilities

- a) The Regional Renewable Energy Coordinator (REC) shall track Applicant of Record project status and monitor the completion of required milestones.
- b) If the REC determines that an Applicant of Record is in danger of failing to meet a specific milestone, the following action will be taken:
 - the REC will discuss the issue with the District to determine what action should be taken; and,
 - the District will meet with the Applicant of Record to discuss the project and the potential delay in meeting the milestones.
- c) If in the opinion of the District Manager, the Applicant of Record has failed to meet any of the required milestones without sufficient reason, the District Manager may rescind the Applicant of Record status with 30 days notice.

3.0 ENVIRONMENTAL ASSESSMENT AND APPROVALS

The Class Environmental Assessment for Waterpower Projects (2008) (Class EA) details the framework for reviewing the environmental effects of waterpower projects in Ontario. It is a proponent led system to which regulatory agencies provide input and advice. Applicants undertaking greenfield site development or redevelopment of existing waterpower facilities on Crown or private land (including MNR water control structures) may need to obtain authorizations under the Ontario Water Resources Act, Lakes and Rivers Improvement Act, Endangered Species Act, Public Lands Act, Canadian Environmental Assessment Act, Species at Risk Act and Fisheries Act. As stated in the Class EA, a key objective is to coordinate and integrate environmental approvals and public involvement processes that are relevant to planning a waterpower project. Adhering to the Class EA will facilitate meeting the core planning requirements for this array of approvals.

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 24 of 34
-----------------------------	-------------------------------	------------------

4.0 TENURE

4.1 Tenure during Construction

Sites on Crown land with an energy capacity of over 75kW will be authorized with a Crown lease during construction of the facility. Upon request by the Applicant of Record and upon completion of a Crown survey, a Crown lease will be provided to authorize the area that will encompass the footprint of the facility being constructed. Legal survey instructions are issued by the District Office. A land use permit may be issued as interim tenure, while survey requirements are being met.

In this instance, a Crown lease will serve as an interim form of tenure and will be replaced with a waterpower lease agreement once the facility is constructed. A modified version of a Crown lease has been developed specifically for authorization of a waterpower site in these circumstances. Insurance and other financial sureties required during construction will be similar for both types of tenure documents.

For sites on Crown land of 75 kW or less, the site will be authorized with a Land Use Permit during and after construction. No survey is required.

4.2 Tenure for Flooding

In general, Crown land required for flooding will be surveyed and authorized with an easement. Legal survey instructions are issued by the District Office. If there is any flooding of private lands, appropriate documents demonstrating the Applicant of Record's right to flood these lands must be provided to the District before an easement for the Crown land will be issued.

4.3 Other Ancillary Uses

Transmission lines, roads and land required for other approved uses will be authorized with the appropriate tenure or approval (i.e. work permit or land use permit). If requested by the Applicant of Record, an easement can generally be issued for transmission lines and roads. A Crown survey would be required. Legal survey instructions are issued by the District.

4.4 Tenure Post Construction - Issuance of a Waterpower Lease Agreement

Once the facility is constructed, a waterpower lease agreement (WPLA) under the authority of Section 42 of the Public Lands Act, will be used to authorize the footprint of the facility occupying Crown land.

4.4.1 Preparation of the Waterpower Lease Agreement

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 25 of 34
-----------------------------	-------------------------------	------------------

- a) The District completes the requisition for issuance of a WPLA and forwards it to the District Manager for approval.
- b) The requisition and routing, once signed by the District Manager, are forwarded together with the accompanying documents to the Crown Land Registry Office, to prepare the document.
- c) Crown Land Registry produces the WPLA, in duplicate and sends them to the Applicant/Applicant of Record for execution.
- d) Both executed WPLA's are then returned to Crown Land Registry.
- e) Once received, both of the executed WPLA's are forwarded to the District for the District Manager's signature, who has the delegated authority under Section 42 of the PLA.
- f) The signed WPLA's are then returned to Crown Land Registry for registration in the appropriate Registry Office.
- g) The Land Registrar will send an executed copy of the WPLA, together with registration details to Crown Land Registry, who will then forward a copy showing registration details to the Applicant/Applicant of Record and District.

4.4.2 Renewal of a Waterpower Lease Agreement

The WPLA has a rolling term which can continue in perpetuity. In the case of a new facility on Crown land, the WPLA is issued for an initial term of thirty (30) years. After the first twenty (20) years, the leaseholder is eligible to request a ten (10) year extension. This extension will be granted provided that:

- all terms and conditions in the lease agreement have been complied with;
- the leaseholder provides at least six (6) months notice of the request for an extension; and
- the Ministry has no objections or concerns after conducting a review of the current situation.

If the extension is granted, the WPLA will have a term of twenty (20) years. The leaseholder becomes eligible to request another ten (10) year extension when only ten (10) years remain on the lease agreement. At all times, the WPLA has a term that varies between ten (10) and twenty (20) years and is never less than ten (10) years, unless an extension is refused. For existing facilities on Crown land, the initial term will be for twenty (20) years, with the extension provisions commencing after the first ten (10) years.

5.0 SURVEY REQUIREMENTS AND FORMS

Following the Ministry's decision to proceed with the necessary permits and approvals, the District will instruct the Applicant of Record to submit an application for Crown land and a current corporate profile from the jurisdiction in which they were incorporated. The Ministry will also provide survey instructions to the Applicant of Record.

The Applicant will be required to obtain an approved Crown land survey in accordance with PL 2.06.01 Survey Plan Approval.

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 26 of 34
-----------------------------	-------------------------------	------------------

6.0 REQUISITIONS

When the routing and requisition package is prepared by the District, a cover page must be affixed stating: "THIS IS RELATED TO A RENEWABLE ENERGY PROJECT", to ensure that appropriate Renewable Energy Program staff are aware.

7.0 TAXES AND CHARGES ON GROSS REVENUE, AND LAND RENTS

7.1 Gross Revenue Charge

The Electricity Act, 1998 sets out taxes and charges which owners of waterpower facilities are liable to pay to the Ontario Government.

Each owner shall pay a graduated property tax, calculated on each station's gross revenue, derived from each station's annual generation of electricity. Each owner who also is the holder of a waterpower lease is also required to remit a water rental charge, which is calculated using the station's gross revenue. The taxes and charges, which together are referred to as the Gross Revenue Charge (GRC), are remitted to the Ministry of Revenue (MOR). Owners of waterpower facilities shall register with MOR for the purposes of reporting and remitting GRC.

As a financial incentive to encourage the construction of new waterpower facilities and to modify existing stations, the Act permits deductions to be made in determining the gross revenues of a waterpower facility based upon eligible capacity, for 120 months from the date when the eligible capacity came into service.

O. Reg. 124/02 (Taxes and Charges on Hydro-electric Generating Stations) specifies that for a new or redeveloped station, all of a waterpower facility's annual electricity generation is eligible for the tax and charges deduction. For an upgrade, the electricity generated by the facility attributable to the upgrade, is eligible for deduction. To be eligible, the upgrade must be projected to increase the average annual electricity generated by the station by at least two per cent.

Persons proposing to develop waterpower facilities, or to redevelop or upgrade existing facilities, may apply to the Ministry to obtain an "interim determination" of eligible capacity, as a basis for assessing the level of relief the project would provide from liability to pay the GRC. Once a project is constructed and in service, owners may apply to the Ministry to obtain a final determination – a statement issued by the Ministry which determines the project capacity eligible for relief from the liability to pay the GRC. This statement must be provided to MOR to commence permitted deductions to the calculation of the waterpower facility's gross revenues.

7.2 Land Rent

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 27 of 34
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While the water rental charge is the principal rent paid for use of Crown land to generate electricity, the holder of a waterpower lease agreement and other tenure documents (e.g. easements for flooding, land use permits for roads and transmission lines) is also required to pay land rent, the establishment of which are authorized under the Public Lands Act, with the amounts established in policy.

8.0 DEFINITIONS

“Abutting lands” means those foreshore lands of the lake and or river adjoining the waterpower site.

“Backshore owners” means any titleholder directly bounded by a municipal road allowance, or Crown reserve and who has exercised right of access to an adjoining body of water.

“Business to Business Relationship” means an existing or proposed financial arrangement and/or other relationship between two or more parties to a development proposal.

“Footprint” means the generating station, water control structures, ancillary building(s) and parking lot in close proximity (generally attached) to the station.

“Riparian rights” means the rights of a riparian owner including:

- access to the water;
- drainage;
- flow of water;
- quality of water (pollution);
- use of water; and
- accretion (or loss through erosion).

9.0 REFERENCES

9.1 Statutory

- Beds of Navigable Waters Act
- Class Environmental Assessment for Waterpower Projects, October, 2008
- Endangered Species Act
- Electricity Act
- Environmental Protection Act
- Freedom of Information and Protection of Privacy Act
- Lakes and Rivers Improvement Act

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 28 of 34
-----------------------------	-------------------------------	------------------

- Mining Act
- Provincial Parks and Conservation Reserves Act
- Public Lands Act
- Wilderness Areas Act

9.2 Policies and Procedures

- PL 2.06.01 Survey Plan Approval Policy
- PL 4.10.03 Utility Corridor Management
- PL 4.10.05 Waterpower Site Release – Crown Land
- PL 4.11.04 Easements (Grants of)
- PL 4.11.03 Road Allowances and Crown reserves – Disposition
- PL 6.01.02 Crown Land Rental Policy
- WR 3.02.01 New, redeveloped and upgraded hydro-electric generating stations – Ministry of Natural Resources' (MNR) statements issued for the purpose of claiming deductions to the Gross Revenue Charge under the Electricity Act, 1998

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 29 of 34
-----------------------------	-------------------------------	------------------

APPENDIX A

Waterpower Fees and Rents

Application Fees (non refundable once processed)

≤75 kW	Direct	Non-Competitive	Competitive	MNR water control structures
\$500 + tax	\$1000 + tax	\$2000 + tax	\$5000 + tax	\$2000 + tax

RENTAL TABLE

Tenure Type	<75kw	MNR water control structures - construction phase	Greenfield - Construction Phase	Facility Footprint (include water control structure + parking + buildings, etc. in close proximity)	Building, etc. not in close proximity to facility footprint	Flooding
LUP	Crown Land Rental Policy - Table B	Short-term while survey being completed if necessary \$1000/annually	Short-term while survey being completed if necessary \$1000/annually		Crown Land Rental Policy	
Crown Lease		\$1000/annually	\$1000/annually		Crown Land Rental Policy	
Easement					Roads (Crown Land Rental Policy) Transmission Lines (annual rent based on Utility Corridor Policy PL 4.10.03)	*Flooding formula to a maximum of \$1000 for the 1st 1000 ha. -Apply same formula for each succeeding 1000 ha.

Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 30 of 34
-----------------------------	-------------------------------	------------------

Existing WPLA or LO				- land rent according to document provisions -water rental charge of 9.5% of gross revenue paid to Min. of Finance. (Electricity Act reg.)		*Flooding formula - no max.
New WPLA				-\$1000/ annually -water rental charge of 9.5% of gross revenue paid to Min. of Finance (Electricity Act reg.)		

All fees and rents are subject to change without notice.

The waterpower zonal values applied to this policy are:

NW Zone = \$454.00 per hectare (\$184.00 per acre)
NE Zone = \$294.00 per hectare (\$119.00 per acre)
SC Zone = \$1,030.00 per hectare (\$417.00 per acre)
SE Zone = \$986.00 per hectare (\$399.00 per acre)
SW Zone = \$8,798.00 per hectare (\$3,562.00 per acre)

* Flooding formula to determine annual rent:

- Waterpower Zonal Value x area x 25% (impact on fee simple) x 10% (rate of return)
- Annual rent to be adjusted in each subsequent year by CPI (if tenure document permits annual adjustments)
- When the above formula results in a rental amount on a per document basis that is less than \$200.00, a minimum rent of \$200.00 shall be charged.

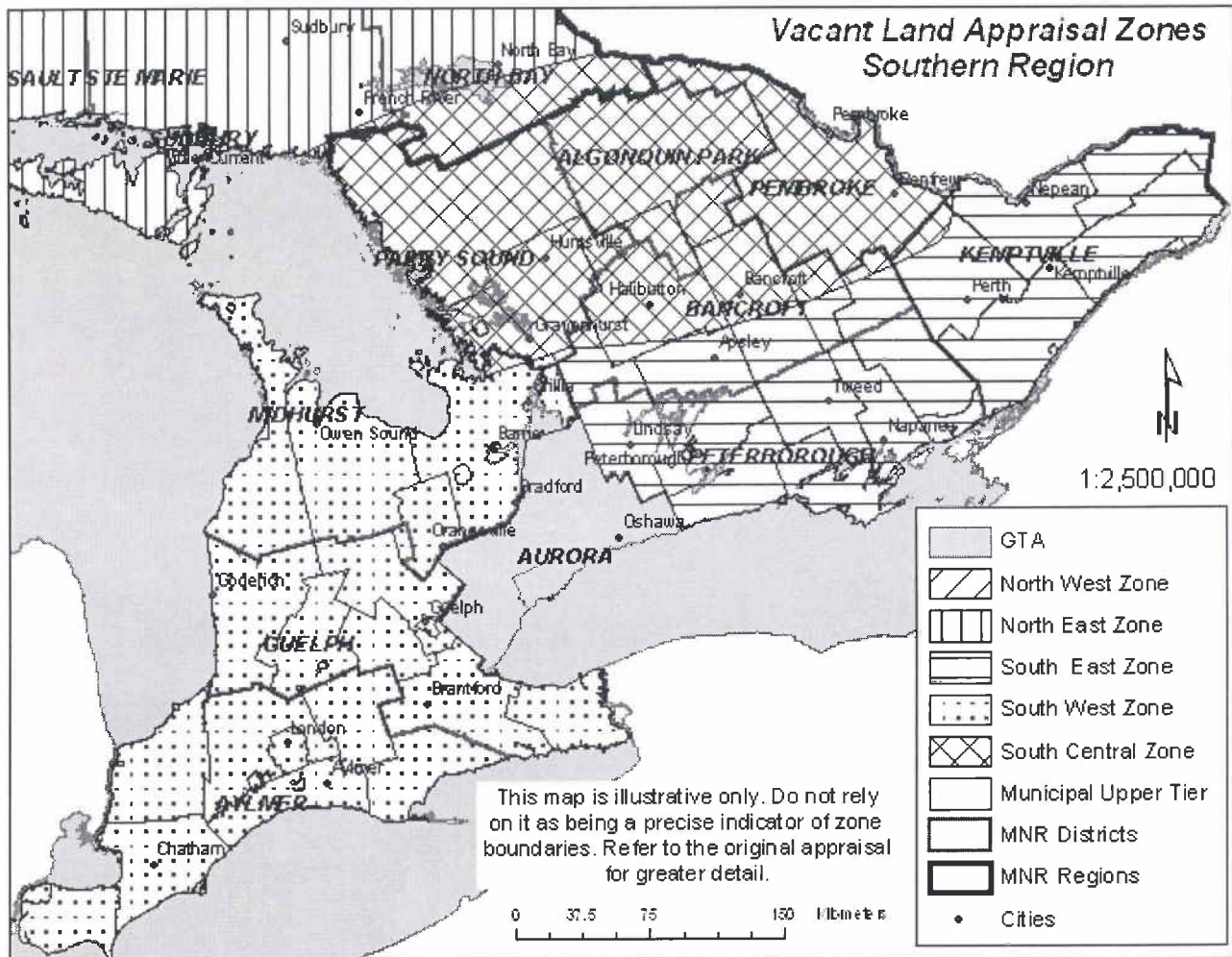
Notes:

- 1) Property taxes are paid on all waterpower facilities (including private land) based on a percentage of gross revenue from generation defined under regulation of the Electricity Act.
- 2) All fees and rents are subject to tax

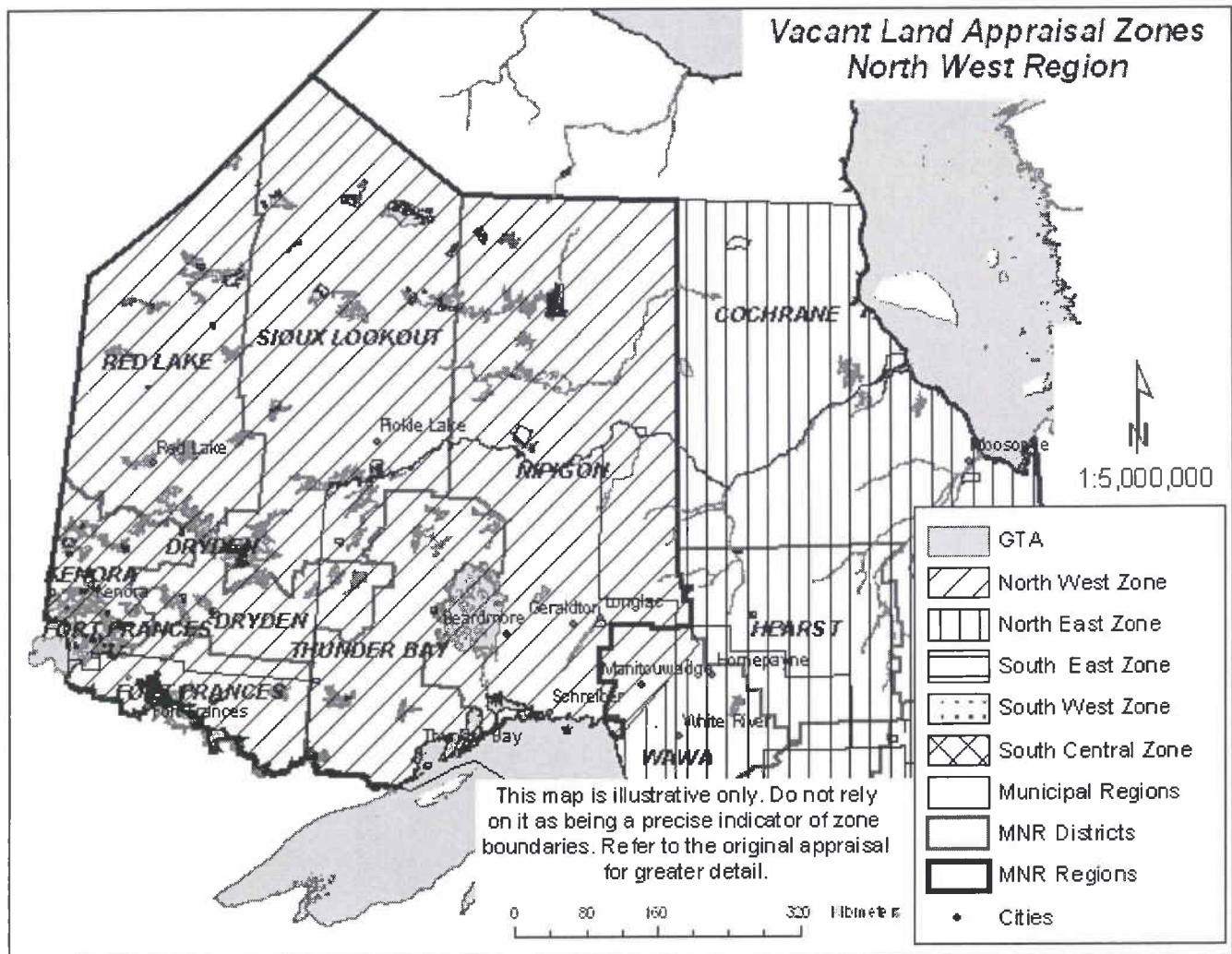
Procedure No. PL 4.10.05	Date Issued April 16, 2010	Page 31 of 34
-----------------------------	-------------------------------	------------------

- 3) The phase-in of large rent/fee increases is provided for in PL 6.01.02 Crown Land Rental Policy.
- 4) Refer to PL 6.01.02 Crown Land Rental Policy – Table B for the administrative fees apply to all dispositions, unless specified elsewhere in policy (e.g. PL 4.11.04 Easements (Granting of) or PL 6.02.01 Administrative Fees for Public Land Transactions).
- 5) Cheques for application and rent fees are to be made payable to the Minister of Finance.

Zonal Land Value Map – Southern Ontario



Zonal Land Value Map – Northwestern Ontario



Zonal Land Value Map – Northeastern Ontario

