

**Welcome** to *Renew* – a quarterly publication of the Ontario Waterpower Association (OWA). This issue extends the commentary from the previous edition on the need for a more strategic and deliberate approach to waterpower, to the fundamental question of new transmission. In addition, the outcome of the much awaited Hydroelectric Contract Initiative is discussed as is the impending opportunity for facility owners and operators to enter into agreements under the *Endangered Species Act*. With the commissioning of a number of new waterpower facilities on the horizon, and the launch of the Feed-in-Tariff Program, perhaps, at last, waterpower's day has come. ■

## Upcoming Events

**Canada Forum  
Powering up Aboriginal Energy**  
April 26-27, 2010  
Delta Chelsea Hotel, Toronto, ON  
[www.canadaforum.com](http://www.canadaforum.com)

**Canadian Institute**  
Feed-in Tariffs for Developers  
May 3-4, 2010  
Metropolitan Hotel, Toronto, ON

**9th Annual Ontario Power Summit**  
May 6-7, 2010  
St. Andrew's Club & Conference Centre,  
Toronto, ON  
[www.insightinfo.com](http://www.insightinfo.com)

**OWA Power of Water Conference**  
**Registration Open Soon!**  
October 18-19, 2010  
Westin Harbour Castle, Toronto, ON  
[www.owa.ca](http://www.owa.ca)

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## Sustaining our Hydro Heritage – the Hydroelectric Contract Initiative

On May 7, 2009, the Minister of Energy and Infrastructure issued a directive, asking the Ontario Power Authority (OPA), to enter into new contracts for hydroelectric facilities that are connected to the IESO-controlled grid but not currently owned by Ontario Power Generation (OPG). Coined the "Hydroelectric Contract Initiative" by the OPA, the directive and its implementation provided much needed assurance for more than 1,200 MW of existing renewable generation spread across more than 125 generating facilities. Supported by a member-based task team, the OWA worked with staff of the OPA over the interceding months, resulting in a final, approved contract template in December 2009, with contracts for a number of facilities commencing on January 1, 2010.

An excerpt from a recent news article featuring Renfrew Power Generation (OWA member) provides important perspectives on the initiative. The Chief Executive Officer of Ontario Power Authority Colin Andersen said that "this partnership is good for Renfrew Power Generation, the local community, and Ontario electricity ratepayers as well." He also added that "the authority is achieving flexibility in providing electricity and creating a group of complementary options for the production of power that Ontarians need, through contracts such as these. Gaining access to such hydroelectric sources backs Ontario's goal of doing away with coal-fired generation by 2014-end – Canada's largest climate change initiative."

*Continued on page 2.*

## MRPC's Lower Falls Redevelopment Nears Completion



Exterior Lower Falls Redevelopment



Completed Turbine Room

Mississippi River Power Corporation's (MRPC) Lower Falls Redevelopment Project is seeing the light at the end of the tunnel. The project involved an expansion of the existing Almonte Generating Station to increase the maximum output from 2.4 MW to 4.6 MW. To do this, MRPC harnessed not only the power of the middle falls in Almonte, but the Lower Falls as well. Construction on the Lower Falls project started in July of 2008. MRPC is currently in the testing and commissioning phase of the project and hopes to be feeding the resulting clean, green and renewable power to the grid within the next two weeks. Opening ceremonies are expected to take place in late summer 2010 – stay tuned! ■

# The ESA Agreements and Their Role in the Recovery of Species at Risk

Guest article submitted by:  
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The Ontario *Endangered Species Act* (ESA) was enacted in 2007 for the purpose of identifying, protecting and promoting stewardship and recovery of *Species at Risk* (SAR) and their habitats. Unlike the federal *Species at Risk Act* (SARA), which utilizes a risk management framework for evaluation and decision-making, the ESA requires satisfying the “opinion” of the Minister to obtain project approvals and permits. Therein lies the focus of many potential questions and concerns. While the federal risk management framework was implemented with the goal of bringing transparency and consistency to project review, the provincial requirement to satisfy the opinion of the minister (or if someone is delegated the authority on the minister’s behalf) has the potential to do the exact opposite and create inconsistent application at the regional scale across the province. Regardless of these potential issues (which are not uncommon with new legislation), the ESA is the provincial legal framework in which

to plan for and implement recovery of Species at Risk. Species recovery is identified as those actions that prevent the further loss of a species, and removes or reduces threats so that wild populations continue to survive in their natural habitat over the long term. But what are those actions and mechanisms? What does the implementation look like?

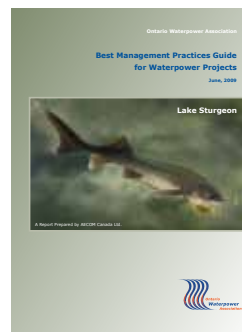
Section 11 of the ESA speaks specifically to waterpower owners and developers of the opportunity to enter into an ESA agreement with the Minister of Natural Resources (MNR) in Ontario. Furthermore, Section 11 also speaks to specific exemption clauses for those owners that abide by the following criteria;

1. *The person who operates the station has entered into an agreement with the Minister.*
2. *The agreement specifically provides that it applies to the species.*
3. *The agreement states that,*
  - i. *the Minister is of the opinion that the agreement requires the person who operates the station to take reasonable steps to minimize adverse effects on the species;*

- ii. *the Minister is of the opinion that, if the agreement is complied with, the operation of the station will not jeopardize the survival or recovery of the species in Ontario; and*
  - iii. *the Minister is of the opinion that the agreement does not conflict with the obligation of the Minister to ensure the implementation of any action under subsection 11 (9) of the Act.*
4. *The agreement provides for monitoring the effects of the operation of the station on the species.*
  5. *The agreement is in force.*
  6. *The person who operates the station has complied with the agreement.*

The Ontario Waterpower Association and its membership have met anticipated

ESA challenges with pro-active undertakings such as the *Lake Sturgeon Best Management Practices (BMP) Guide for Waterpower Projects* (2009), the forthcoming *American Eel BMP for Waterpower Projects* (2010) and the forthcoming *ESA Template Agreement for Waterpower Projects* (2010). The BMP Guides and



Continued on page 3. ►

## Sustaining our Hydro Heritage continued from page 1.

Minister of Energy and Infrastructure, Brad Duguid said that “for more than a century hydroelectric power has served Ontarians, and contracts such as this, which come at a competitive price, support the goal of increasing the generation of renewable energy and aid in drawing energy from greener sources in the years ahead.”

From an industry viewpoint, though there may be some residual concern on the question of value, the release from Orillia Power, an OWA founding member, is illustrative of the outcome of the effort: “This agreement will enable our locally owned generation company to continue to provide significant benefits to the Orillia community and its citizens for many years to come. These improved generation prices

received by Orillia Power Distribution Corporation (OPDC) will have no effect on power distribution rates charged by OPDC to deliver safe and reliable power to its Orillia customers. In addition, the province will benefit from the continued production of clean waterpower,” said John Mattinson, President of Orillia Power Corporation. “We are very excited for our community as we enter 2010 and beyond.”

Key contractual provisions include:

- 20-year term;
- \$69.00/MWh base price;
- full inflation indexation;
- on-peak and off-peak incentives;
- strong upgrade, expansion and redevelopment incentives; and

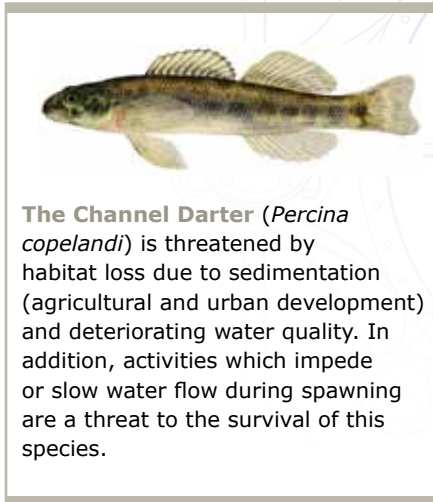
- the ability to recapture capital investments that result from specific legislative requirements (e.g. dam safety).

As has been the case with many other important public policy initiatives, the OWA was able to bring considerable expertise and experience to the dialogue with the OPA, through the breadth of its membership. In particular Marc Mantha (Abitibi Bowater), Jim Gartshore (Abitibi Bowater), John Wynsma (Peterborough Utilities), Scott Stoll (Aird Berlis), Chris Lambeck (Regional Power), Don Krause (Genivar) and Bill Touzel (WESA) warrant recognition. Once again, the active engagement and involvement of the OWA membership has yielded results. ■

Template Agreement are intended to serve as practical, useable resources for practitioners to foster and maintain positive and productive relationships with regulatory agencies. Furthermore, these documents provide a toolbox of approaches and methodologies to proponents and practitioners in order to minimize/avoid impacts to species at risk, thus potentially streamlining the approvals process and contributing to the recovery of a species.

As fellow stewards of Ontario's water resources, the OWA and its membership are readily equipped to meet these challenges. It is important to highlight however, that while owners and operators need to understand the regulatory implications of the *ESA*, it is equally important to understand the provincial government's responsibilities with regards to implementation. Specifically, the *ESA* (2007) requires the provincial government to outline the steps required for recovery of any and all species (plant, bird, mammal, fish, amphibian, reptile) listed by the Committee on the Status of Species at Risk in Ontario (COSSARO). These steps are intended to be outlined according to strict timelines and judicious development of species recovery strategies. For example, species

Photo: [http://pond.dnr.cornell.edu/hyfish/Percidae/channel\\_darter.jpg](http://pond.dnr.cornell.edu/hyfish/Percidae/channel_darter.jpg)



**The Channel Darter** (*Percina copelandi*) is threatened by habitat loss due to sedimentation (agricultural and urban development) and deteriorating water quality. In addition, activities which impede or slow water flow during spawning are a threat to the survival of this species.

listed by COSSARO as "endangered" must have recovery strategies in place within one year of the date listed, while a "threatened" listing requires a recovery strategy within two years. Practically speaking, the most recent listing of Lake Sturgeon (northwestern Ontario and Upper Great Lakes/St. Lawrence populations) by COSSARO (September 11, 2009) as "threatened" requires the provincial government to have a recovery strategy in place by September 2011. For their part, recovery strategies include information regarding species habitat needs, threats to the species, and recommendations on how to protect and recover the species (and their habitats). The inherent challenge in this timeline however, is that the development of the

recovery strategy and government response for Lake Sturgeon (over the next 18 months) is concurrent with existing and proposed facility owners negotiating Lake Sturgeon *ESA* agreements with the Minister.

Therefore, in the absence of an established recovery strategy, the proactive BMPs undertaken by the OWA, in partnership with MNR and Fisheries and Oceans Canada, provides the membership with important tools as we strive for compliance with strategies that are currently still under development and review. In the interim, agreements entered into for Sturgeon and other species for which a recovery strategy and government response has yet to be prepared (e.g. American Eel), may have to be amended once such strategies are approved. As such, initial investments made in minimizing adverse affects and/or monitoring must be measured against the potential for adaptation. ■

*Have an idea or suggestion for an article? Contact Janelle Bates at [jbates@owa.ca](mailto:jbates@owa.ca).*

## Our Newest Members

**First Green Energy Ltd.**  
[www.firstgreenenergy.com](http://www.firstgreenenergy.com)

**Grand River Conservation Authority**  
[www.grandriver.ca](http://www.grandriver.ca)

**Reservoir Capital Corporation**  
[www.reservoircapitalcorp.com](http://www.reservoircapitalcorp.com)

**R.J. Burnside**  
[www.rjburnside.com](http://www.rjburnside.com)

**Tribute Resources Inc.**  
[www.tributeresources.com](http://www.tributeresources.com)

**ORE**  
**Oakridge Environmental Ltd**  
380 Armour Rd, Suite 127  
Peterborough, ON K9H 7L7  
(705)745-1181 [ore@sympatico.ca](mailto:ore@sympatico.ca)  
[www.oakridgeenvironmental.com](http://www.oakridgeenvironmental.com)

## For Your Waterpower & Renewable Energy Projects

- Environmental Assessments
- Environmental Impact Studies
- Species-at-Risk Assessments
- Aquatic & Fisheries Studies
- Public & Aboriginal Consultation Services
- Compliance & Effectiveness Monitoring
- Environmental Rehabilitation Planning
- Natural Heritage Assessments
- Hydrogeological Assessments
- Studies in Support of Renewable Energy Approvals (Ont. Reg. 359/09)



ASSOCIATION OF PROFESSIONAL GEOSCIENTISTS OF ONTARIO



# New Transmission...

**will enable renewable energy projects, but what will enable new transmission?**

Ask any federal or provincial political party what their three top priorities are in 2010 and they are likely to respond “jobs, jobs, jobs.” Ask a waterpower proponent the same question and the answer is undoubtedly “transmission, transmission, transmission.” With the recent launch of the Feed-in-Tariff program reported to have attracted more than three times the available system capacity (not considering the post-FIT Samsung-specific allocation), the follow-on to the response is “and soon.”

Though the Minister’s announcement of last September (Hydro One to Kick-Start Major Transmission Projects) was met with some enthusiasm, it is fair to say that it was also greeted with some scepticism. The sheer magnitude of the initiative (\$2.3 billion over 3 years) and the complexity of the undertaking (20 projects across the province) aside, the competing public policy interests alone are cause for concern. Take, for example, Hydro One’s current pursuit of the Pickle Lake by Nipigon line, identified as one of the core transmission projects, the rationale for which is described as follows:

“New transmission is required to incorporate hydro projects in the North. There is also a need to improve supply capability to mines north of Pickle Lake. This has created an opportunity to build a new line that can meet these two needs and facilitate the connection of wind generation in the area. This line is also crucial to helping First Nations develop

energy projects and phase out the use of diesel fuel by connecting to the provincial grid.”

This combination of social, economic and environmental drivers should make such a project relatively expeditious to take forward, right? After all, helping to phase out the use of diesel fuel in Aboriginal communities alone should be reason enough to move forward quickly (work on transmission line concepts for northern Ontario off-grid communities is ongoing). The specific link to the government’s proposed *Growth Plan for Northern Ontario* would only serve to strengthen the argument for the provincial interest in this and other transmission projects:

“With the passage of Ontario’s *Green Energy Act*, the time is right for communities, Aboriginal communities, industry and entrepreneurs to invest in and develop renewable energy projects. As well, planned investments in the North’s transmission network over the next decade will increase the North’s transmission capacity and ability to enable new renewable energy projects by up to 65 percent from today’s levels. Such an expansion would allow thousands of megawatts of clean, renewable energy potential to be harnessed.”

Ah, but there’s the rub. The new transmission will enable renewable energy projects, but what will enable new transmission? The efforts to improve

and integrate permitting and approvals requirements for new generation projects under the *Green Energy Act* were truly monumental. Yet the rules for transmission have remained substantially unchanged. Hydro One began the Environmental Assessment process for the Nipigon to Pickle Lake line last fall, and is still developing the Terms of Reference for the undertaking – the first step in what could be a challenging process. Already issues of coordination across policy priorities have arisen. The prospect of the Far North legislation, for example, has raised questions of timing, notwithstanding that the current Bill (Bill 191) makes specific provision for transmission projects. On the ground, the prospective requirements related to implementing the relatively new *Endangered Species Act* (e.g. Caribou, Lake Sturgeon), are also suggesting a need for stronger provincial coordination. And this is but 1 of 20 proposed projects, all of which are likely to have similar though geographic-specific considerations.

The renewable energy sector and all those who advocated for a *Green Energy Act*, the Feed-in-Tariff program and the other substantive improvements must bring to bear the same creativity, commitment and collaboration to the challenge of “enabling transmission.” It is, after all, this infrastructure upon which the future of our electricity supply depends. ■

Paul Norris  
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