

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

INSTRUCTIONS:

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

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

PART I: GENERAL MINIMUM FILING REQUIREMENTS

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

1.1 Identification of the Parties

1.1.1 Applicant

Name of Applicant Kruger Energy Port Alma Limited Partnership	File No: (Board Use Only)	
Address of Head Office 3285 Chemin Bedford Montreal, Quebec H3S 1G5	Telephone Number (514) 737-1131	
	Facsimile Number (514) 343-3124	
	E-mail Address	
Name of Individual to Contact Guy J. Paquette Director of Legal Affairs	Telephone Number (514) 343-3247	
	Facsimile Number (514) 343-3124	
	E-mail Address gpaquette@kruger.com	

Other Parties to the Transaction or Project

If more than one, attach list

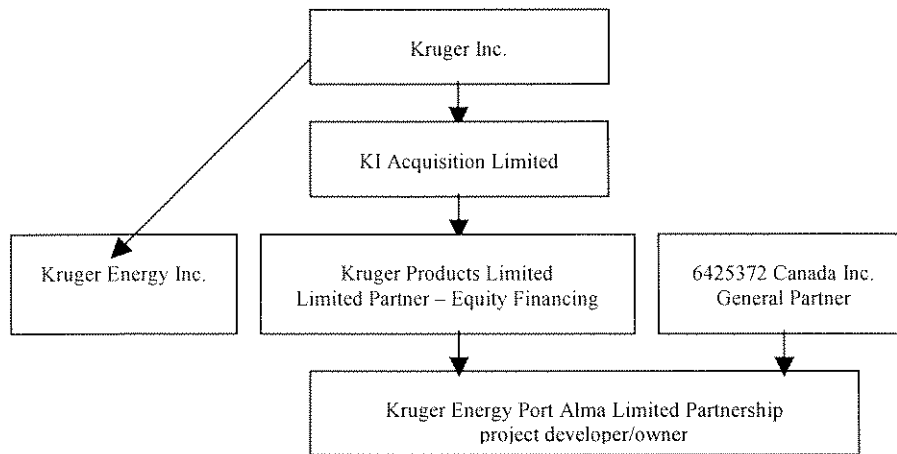
Name of Other Party	Board Use Only	
Address of Head Office	Telephone Number	
	Facsimile Number	
	E-mail Address	
Name of Individual to Contact	Telephone Number	
	Facsimile Number	
	E-mail Address	

1.2 Relationship between Parties to the Transaction or Project

1.2.1	<p>Attach a list of the officers, directors and shareholders of each of the parties to the proposed transaction or project.</p> <p>6425372 Canada Inc. is the sole general partner of Kruger Energy Port Alma Limited Partnership.</p> <p><u>The directors and officers of 6425372 Canada Inc. are:</u></p> <p>Pierre Duhamel, Director & Treasurer Bernard Routhier, Director & President Jacques Gauthier, Director & Vice-President Janet Shulist, Secretary</p>
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1.2.2

Attach a corporate chart describing the relationship between each of the parties to the proposed transaction or project and each of their respective affiliates.



1.3 Description of the Businesses of Each of the Parties

1.3.1	<p>Attach a description of the business of each of the parties to the proposed transaction or project, including each of their affiliates licenced under the OEB Act to operate in Ontario for the generation, transmission, distribution, wholesaling or retailing of electricity or providing goods and services to companies licenced under the OEB Act in Ontario ("Electricity Sector Affiliates").</p> <p>Kruger Products Limited</p> <p>Kruger Products Limited is a limited partner which provided equity financing to the project and is a wholly-owned subsidiary of KI Acquisition Limited and is currently not licenced under the OEB Act.</p> <p>KI Acquisition Limited</p> <p>KI Acquisition Limited is a holding company that is wholly-owned by Kruger Inc. and is currently not licenced under the OEB Act.</p> <p>Kruger Inc.</p> <p>Kruger Inc. is a major pulp and paper company which manufactures newsprint, specialty grades, lightweight coated paper, directory paper, tissue products, recycled linerboard, corrugated containers, lumber and wood products, pulp, and recycling, and has business interests in wine and spirits and energy projects, with operations in Quebec, Ontario, Alberta, British Columbia, Newfoundland and Labrador, the United States and the United Kingdom. Kruger Inc. is currently not licenced under the OEB Act.</p> <p>6425372 Canada Inc.</p> <p>6425372 Canada Inc. is the general partner and is currently not licenced under the OEB Act.</p> <p>Kruger Energy Port Alma Limited Partnership ("KEPA")</p> <p>KEPA was created by Kruger Inc. in order to participate in the Ontario Government's June 2005 RFP II for renewable energy. KEPA will be the project developer and owner of the proposed generation facility.</p> <p>Kruger Energy Inc. ("KEI")</p> <p>KEI is a developer of electricity generation projects in North America and is a wholly owned subsidiary of Kruger Inc. KEI is currently not licenced under the OEB Act. KEPA will enter into a management and support services agreement with KEI in respect of the project. This agreement will set forth the management, engineering, maintenance and support services which will be provided by KEI to KEPA in respect of the project.</p>	
1.3.2	<p>Attach a description of the geographic territory served by each of the parties to the proposed transaction or project, including each of their Electricity Sector Affiliates, if applicable, and the geographic location of all existing generation facilities.</p> <p>The proposed generation facility consisting of 44 Wind Turbines (the "Generation Facility") will be located near Port Alma, Ontario in the Municipality of Chatham-Kent. The Generation Facility will be connected to the IESO-controlled grid at 230kV between the Chatham TS and the Lauzon TS in June of 2008. Neither KEPA nor its affiliates own any other generation other than the proposed Generation Facility.</p>	

1.3.3	<p>Attach a breakdown of the annual sales (in C\$, and in MWh) as of the most recent fiscal year end of the existing generation output among the IESO Administered Markets ("IAM"), bilateral contracts, and local distribution companies.</p> <p>To date, KEPA has not produced any generation for sale.</p>	
1.3.4	<p>Attach a list identifying all relevant Board licences and approvals held by the parties to the proposed transaction or project and each of their Electricity Sector Affiliates, and any applications currently before the Board, or forthcoming. Please include all Board file numbers.</p> <p>KEPA applied for and was granted Leave to Construct (EB-2007-0006) and is submitting concurrent with this Notice of Proposal an Application for an Electricity Generator Licence (Board File No. to be assigned).</p> <p>On July 17, 2007, KEI filed a notice of proposal under Section 81 of the Ontario Energy Board Act, 1998 (the "Act")(EB-2007-0691) in respect of a proposed 100 MVA substation that would be constructed in the Municipality of Chatham-Kent, and on September 13, 2007, the OEB issued its notice of review of KEI's notice of proposal. As of the date of filing this notice, the Board has not issued a decision in this matter.</p>	

1.4 Current Competitive Characteristics of the Market

1.4.1	<p>Describe the generation capacity (in MW), within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, prior to the completion of the proposed transaction or project.</p> <p>Neither KEPA nor any of its energy sector affiliates presently own or operate generation facilities within the Province of Ontario.</p>	
1.4.2	<p>Describe the generation market share based on actual MWh production as a percent of the Annual Primary Demand, within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, prior to completion of the proposed transaction or project.</p> <p>None of KEPA or its affiliates currently own or operate any generation within the Province of Ontario.</p> <p>Therefore, prior to the completion of the Generation Facility, KEPA will not have any generation market share.</p>	

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

1.5.1	<p data-bbox="289 257 1346 308"><i>Attach a detailed description of the proposed transaction or project, including geographic locations of proposed new transmission or distribution systems, or new generation facilities.</i></p> <p data-bbox="289 340 1346 542">The Generation Facility for which this notice is made will be developed and wholly owned by KEPA. KEPA responded to the Government of Ontario's Request for Proposals for 1000 MW of Renewable Energy, dated June 17, 2005, and was successful in being selected. The Generation Facility will involve the construction of 44 Wind Turbines with a capacity of 101.2 MW in the municipality of Chatham-Kent, Ontario. The transmission system will consist of:</p> <ul style="list-style-type: none"> <li data-bbox="371 542 1346 649">(i) a new transformer substation to be located near the Town of Merlin, Ontario that consists of two 34.5/230 kV transformers, capacitor banks, switchgear and protection and metering (the "KEPA TS"); <li data-bbox="371 670 1346 776">(ii) a 12 km 230 kV overhead transmission line from the KEPA TS and injected into Hydro One's 230 kV circuit, C24Z or C23Z about 24 km west of Chatham between the Chatham TS and the Lauzon TS; and <li data-bbox="371 798 1346 904">(iii) a switching station "KEPA Junction Station" at the connection point with Hydro One's C23Z and C24Z circuits which will be the termination of the transmission line. <p data-bbox="289 946 1346 1042">Distribution lines will be constructed in order to collect electricity from the 44 Turbines. The electricity will be transformed and flow through the new transmission line to the IESO-controlled grid.</p>
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1.5.1	<p>Describe the generation capacity (in MW), within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, after the completion of the proposed transaction or project.</p> <p>Upon commencement of operation of the Generation Facility, KEPA will have the capacity to generate approximately 101.2 MW within the province of Ontario.</p> <p>If KEI proceeds with the development and construction of the 100 MVA substation described in its notice of proposal (EB-2007-0691) in accordance with Section 81 of the Act, KEI or affiliates of KEI and KEPA, could own and operate additional generation facilities.</p>	
1.5.3	<p>Describe the generation market share based on anticipated MWh production as a percentage of the Annual Primary Demand, within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, after the completion of the proposed transaction or project.</p> <p>The Generation Facility would represent the only energy generated by KEPA within the Province of Ontario. The total Annual Ontario Energy Demand for 2005, as provided in the IESO's "Demand Overview",¹ is 157 TWh (157,000,000 MWh). The Generation Facility will have a capacity of 101.2 MW. The number of MWh produced by the Generation Facility will vary depending on how often it is dispatched by the Ontario Power Authority ("OPA") pursuant to the contract entered into between KEPA and the OPA. It is estimated that the Generation Facility will generate 357,446.25 MWh per contract year.</p> <p>The generation market share of KEPA and its affiliates, including any generation facilities owned and operated by affiliates of KEPA that would be connected to the substation (if constructed), would represent a fraction of 1 percent of the Annual Primary Demand within Ontario.</p>	
1.5.4	<p>Attach a short description of the impact, if any, of the proposed transaction or project on competition. If there will be no impact on competition, please state the reasons. Cite specifically the impacts of the proposal on customer choice regarding generation, energy wholesalers, and energy retailers.</p> <p>The Generation Facility's 101.2 MW capacity would represent a very small fraction of the Ontario market capacity. As a result, this project will have little or no impact on competition in the province. In addition, the Generation Facility was selected by the OPA following a competitive Request for Proposal process.</p>	
1.5.5	<p>Provide confirmation that the proposed transaction or project will have no impact on open access to the transmission or distribution system of the parties or their affiliates. If open access will be affected explain how and why.</p> <p>Open access will in no way be affected by the Generation Facility. KEPA plans to construct new transmission and distribution lines in order to access the Ontario grid and supply power to it.</p>	

¹ http://www.iseo.ca/imoweb/media/md_demand.asp as at December 19, 2006.

1.6 Other Information

1.6.1	<p>Attach confirmation that the parties to the proposed transaction or project are in compliance with all licence and code requirements, and will continue to be in compliance after completion of the proposed transaction or project.</p> <p>KEPA confirms that it is in compliance with all licence and code requirements, and that it will continue to remain in compliance with all code and licence requirements after completion of the proposed Generation Facility and construction of the related transmission and distribution assets.</p>	
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PART II: SECTION 80 OF THE ACT – TRANSMITTERS AND DISTRIBUTORS ACQUIRING AN INTEREST IN GENERATORS OR CONSTRUCTING A GENERATION FACILITY

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

2.1 Effect on Competition

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

2.2 System Reliability

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

2.2.1	Provide reasons why the proposal is required to maintain the reliability of the transmission or distribution system. Provide supporting studies.	
2.2.2	Discuss the effect of the proposal on the adequacy (ability of supply to meet demand) of supply in the relevant control area or distribution region, citing effect on capacity plus reserve levels in comparison to load forecasts.	
2.2.3	Discuss the effect of the proposal on the security (ability of supply to respond to system contingencies) of supply.	

2.2.4	Provide a copy of the IESO Preliminary System Impact Assessment Report, if completed, and the IESO Final System Impact Assessment Report, if completed. If the IESO is not conducting a System Impact Assessment Report, please explain.	
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PART III: SECTION 81 OF THE ACT-GENERATORS ACQUIRING AN INTEREST IN OR CONSTRUCTING A TRANSMISSION OR DISTRIBUTION SYSTEM

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

3.1 Effect on Competition

3.1.1	<p>Provide a description of the transmission or distribution system being acquired or constructed.</p> <p>KEPA will be constructing a new transformer station near the Town of Merlin, Ontario consisting of two 34.5/230 kV transformers, capacitors banks, switchgear and protection and metering (the “KEPA TS”). Also, KEPA will construct a 12 km 230 kV overhead transmission line from the transformer station and injected into Hydro One’s 230 kV circuit, C24Z or C23Z about 24 km west of Chatham between the Chatham TS and the Lauzon TS. In addition, KEPA will construct a switching station at the connection point with Hydro One’s C23Z or C24Z circuits which will be the termination of the transmission line. KEPA will construct the necessary distribution lines to collect electricity from the Turbines.</p>	
3.1.2	<p>Provide details on whether the generation facilities owned by the acquiring company are or will be directly connected to the transmission or distribution system being acquired or constructed.</p> <p>The Generation Facility will be directly connected to the distribution line constructed and the transmission line to be constructed as further described in this Notice of Proposal.</p>	
3.1.3	<p>Provide details of whether the generation facility is expected to serve a “load pocket”, or is likely to be “constrained on” due to transmission complaints.</p> <p>The Generation Facility is not expected to serve a “load pocket.” It is also not likely to be “constrained on” as a result of transmission constraints.</p>	
3.1.4	<p>Provide details on whether the generation facilities are expected to sign a “must run” contract with the IESO.</p> <p>KEPA is not planning on entering into a “must run” contract with the IESO.</p> <p>KEPA will operate its Generation Facility in accordance with the terms of the 20 year contract that it has entered into with the OPA.</p>	

How to Contact the Ontario Energy Board

The Ontario Energy Board is located at:

P.O. Box 2319
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Toronto, Ontario

M4P 1E4

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Toll Free Number:	1-888-632-6273
Fax:	416-440-7656
Website:	http://www.oeb.gov.on.ca
Board Secretary's e-mail address:	boardsec@oeb.gov.on.ca

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