EB-2006-0246

IN THE MATTER OF the *Ontario Energy Board Act, 1998,* S.O.1988, c. 15, (Schedule B);

AND IN THE MATTER OF an Application by Natural Resource Gas Limited for an Order pursuant to Section 90(1) of the *Ontario Energy Board Act, 1998,* granting leave to construct a natural gas pipeline and ancillary facilities in the Township of Malahide, Municipality of Thames Centre and the Town of Aylmer.

AND IN THE MATTER OF Section 19 of the *Ontario Energy Board Act, 1998*.

WRITTEN SUBMISSION OF THE TOWN OF AYLMER

(Board Review Hearing, February 28, 2008)

BACKGROUND

1. These proceedings involve a project (the "Project") by IGPC Ethanol Inc. ("IGPC") to construct a $130 million ethanol plant (the "Plant") and related facilities on 50 acres of land purchased from the Town of Aylmer (the "Town").

2. The Town has been an active supporter of the Project from its earliest planning stages, and has been a supportive intervenor and participant in the proceedings before the Ontario Energy Board relating to the "Leave to Construct" the gas pipeline and ancillary facilities needed to supply natural gas to the Project (the "Proposed Facilities").

THE FOCUS OF THE HEARING ON FEBRUARY 28, 2008

3. The Town understands that the primary focus of the Review hearing convened by the Board to be held on February 28, 2008 is the Board's Order on the Leave to Construct

Application, and any outstanding disputes between IGPC and Natural Resource Gas Limited ("NRG") relating to the interpretation or appropriateness of the Conditions of Approval, the contracts between those parties, or other aspects of the application or evidence referred to in the Board's Order, that may be delaying the construction of the Proposed Facilities.

4. The Town does not wish to weigh in unnecessarily with respect to these disputes between IGPC and NRG.

5. The interests of the Town, and any evidence it may wish to call, relate entirely to any potential these disputes may have to delay construction of the Proposed Facilities.

6. All affected stakeholders and communities share the Town's overriding concern which is, simply, to ensure that construction commences, and is pursued to successful completion, as quickly as possible.

7. The Town will therefore be listening at this hearing for parties to re-commit themselves to the current schedule which, it understands, will see construction commence on or about March 17, 2008.

8. With respect to any disputes between IGPC and NRG, the Town hopes and expects that those parties will be able to resolve as many items as possible by agreement between themselves in advance of, or at the hearing. If these items involve the Board's Order or Conditions of Approval, those parties should clearly identify, and seek from the Board at this hearing, any further direction, clarification or variation required in that regard. If any disputed items involve unresolved issues of contract interpretation, then

the Town believes parties should be prepared to proceed "without prejudice" to construct the Proposed Facilities, reserving their rights to pursue any further remedies, if need be, in the civil courts after the Project has been successfully completed.

9. This approach is based on the Town's conviction that this Project, and its successful completion, are of overriding importance to all affected stakeholders and communities. It is also based on the dire consequences for all concerned if the Proposed Facilities are not constructed, which may be summarized as follows.

IMPACTS OF THE FACILITIES NOT BEING CONSTRUCTED

10. The record demonstrates that the Town has always been a strong supporter of the Project. The Project is a major one for the Town, and one which, as this Board has noted, has the potential to address the deterioration of its economic base resulting from the recent loss of Imperial Tobacco. It is expected that this Project will lead a significant upswing in economic activity in both the Town and surrounding communities.

11. The Town wishes to demonstrate, publicly and in every way possible, its continued and unqualified support for all such measures as are necessary to enable this critically important Project to proceed. The Town has consistently made known to the parties its support of this Project, and its willingness to do everything reasonably within its power to ensure that it proceeds.

12. The Town, its Council members, and staff have incurred substantial costs and worked substantial hours in their efforts to make the Project a reality. This work has been ongoing for over two years. It has been undertaken because the Project is expected

to provide a material economic impetus and stimulus, not just for the Town of Aylmer, but also for many surrounding communities in the region.

13. It is estimated that the Plant will produce approximately 150 million litres of ethanol annually, requiring about 15 million bushels of corn annually or about 38,000 bushels per day. It is expected that IGPC will maximize its use of locally-produced corn. Typically, existing ethanol plants of this size will draw corn from suppliers located within a 80-100 kilometre radius of the Plant. Studies of comparable, existing ethanol plants have shown that a plant of this size can be expected to increase local corn production profits by 5-10 cents per bushel. (Exhibits A-1 and A-2, attached)

14. This economic opportunity is extremely important to local farmers. The recent close of the Imperial Leaf tobacco plant was a serious economic blow to this important sector of our regional economy.

15. The major co-product of ethanol production from corn is wet and dry distiller's grain. This co-product is an excellent feed source for cattle, swine and poultry. Distiller's grains, which are rich in protein, are typically one of the most cost effective sources of protein for livestock producers. The Plant is expected to produce large quantities of this feed per day (approximately 330 tonnes of dry distillers grain per day), which will be available for local livestock users to include in their feed rations, and will supplement or replace other more expensive feed sources. (Exhibits A-1 and A-2)

16. The construction of the Plant has already commenced. The construction requires substantial amounts of building materials and it has created approximately 150 jobs, much of which are being sourced locally and regionally. (Exhibits A-3 and A-4)

17. Direct employment at the Plant is estimated to be about 35 full time employees. (Exhibit A-4)

18. Once operational, the Plant will require ongoing maintenance services, including the repairing and replacing of electrical motors, pumps, conveyors and other plant components. Plant operations will involve moving about thousands of tonnes of material in and out of the Plant annually, thus providing substantial business opportunities for local truck, rail and related service companies.

19. A study done by AUS Consultants and SJH and Company has estimated that a plant of the size under construction would create in excess of 600 permanent jobs in all other sectors of the economy as a result of the ethanol Plant. (Exhibit A-2)

20. An important and unique feature of the Plant is that the project owner is a co-operative made up of 840 farmer and rural community members, who have invested over $48 million in the value-added agricultural processing venture. (Exhibit A-3)

21. Not only would the failure of this project be a lost economic growth opportunity in a region already under extreme economic pressure. Such failure would also have a significant and direct impact on those 840 members of the Co-Operative.

22. The Town has committed substantial resources over the last five years to encourage and support local economic recovery opportunities. One of the Town's projects was the development of its municipally-owned industrial/business park, which provides the location of the Plant, as well as other significant local businesses and industries. The Town has approximately 28 acres of industrial park land remaining for

sale, some of which is optioned. With the assistance of grants from the Province of Ontario, the Town has designed, developed, serviced and marketed the industrial/business park in order to make serviced land available to attract new and expanded businesses to the region. The failure of the ethanol Plant to be completed and become operational would significantly impair the ability of the Town to market the industrial/business park land and attract other, much needed business investment.

23. As the disputes between IGPC and NRG become publicly known, they have the potential to result in unease among business owners and investors. The Town is concerned that these disputes will (if not quickly resolved) have ongoing negative impacts on the ability of the Town to attract new and/or continued business investment and expansion.

24. Other municipalities in the region are similarly affected and share the Town's concern. For example, the City of St. Thomas and the Council of the County of Elgin have both passed resolutions indicating their support for the Project, and the County of Elgin has solicited surrounding Counties for their support. (Exhibits A-5, A-6 and A-7 respectively).

CONCLUSION

25. The importance of these impacts is not just related to the prospect of failure to construct the Proposed Facilities.

26. More important, for the Town and other stakeholders, they also highlight the importance of its successful completion. The opportunity is here for all parties to contribute to and gain from that success by taking an important step, together, in the

economic renewal of the Town of Aylmer and surrounding communities. This hearing should allow all participants to take up that opportunity.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

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