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December 14, 2010

Delivered by Courier

Ms. Kirsten Walli 12/15/10
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

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DEC 1 5 2010

CHTATIO DIMANGY BD

EB-2010-0385

Dear Ms. Walli:

Re: PowerStream Inc.

Notice under Section 80 of the Ontario Energy Board Act, 1998

We are counsel to PowerStream Inc. ("PowerStream") with respect to the above-captioned matter. PowerStream is a licensed electricity distributor (OEB Licence No. ED-2004-0420) that serves the communities of Aurora, Markham, Richmond Hill and Vaughan (the "PowerStream South" service area); and Alliston, Barrie, Beeton, Bradford West Gwillimbury, Penetanguishene, Thornton and Tottenham (the "PowerStream North" service area).

Please find accompanying this letter two copies of a Notice by PowerStream to the Board pursuant to section 80 of the *Ontario Energy Board Act*, 1998 (the "OEB Act"). Section 80 provides that "No transmitter or distributor or affiliate of a transmitter or distributor shall acquire an interest in a generation facility in Ontario, construct a generation facility in Ontario or purchase shares of a corporation that owns a generation facility in Ontario unless it has first given notice of its proposal to do so to the Board and the Board, (a) has not issued a notice of review of the proposal within 60 days of the filing of the notice; or (b) has approved the proposal under section 82." The reasons for this Notice are set out briefly below, and in more detail in the Notice itself.

As the Board is aware, section 71 of the OEB Act was recently amended by the *Green Energy and Green Economy Act*, 2009 (the "GEGEA"). Subsection 71(3) of the OEB Act permits licensed electricity distributors to own and operate:

- "(a) a renewable energy generation facility that does not exceed 10 megawatts or social other capacity as may be prescribed by regulation and meets the criteria prescribed by regulation;
- (b) a generation facility that uses technology that produces power and thermal energy from a single source that meets the criteria prescribed by regulation; or
- (c) an energy storage facility that meets the criteria prescribed by regulation."

In accordance with subsection 71(3) of the OEB Act and the Board's Guideline G-2009-0300 issued September 15, 2009 ("Guidelines: Regulatory and Accounting Treatments for Distributor Owned



Generation Facilities"), PowerStream plans to develop, construct, own and operate rooftop solar generation projects under the name "PowerStream Solar". At this time, PowerStream anticipates that the capacities of these generation facilities will range from 100 kW to 500 kW per facility with an aggregate total of approximately 28 MW, and that the output from these facilities will be subject to contracts with the Ontario Power Authority (the "OPA") for the sale of electricity under OPA standard offer programs. The majority of PowerStream's anticipated projects will be on rooftops of buildings owned by its municipal shareholders. However, PowerStream is also planning a number of other projects both within and beyond its service areas. At this time, PowerStream is not in a position to provide specific locations of all of its anticipated generation projects, but projects are currently in the planning stages for the Greater Toronto Area including York Region, and for Simcoe County.

Based on its currently planned projects, PowerStream is exempt from the OEB Act's licensing requirements as they relate to generation and wholesaling of electricity, by operation of section 4.0.3.3 of O.Reg. 161-99. It is possible that one or more future facilities will have a capacity of more than 500 kW. In the event that any of its future projects triggers a generator licensing requirement, PowerStream will apply for OEB generator/wholesaler licences as necessary.

While distributors are now permitted by subsection 71(3) to carry on certain generation-related activities, the GEGEA amendments to the OEB Act do not appear to have limited the applicability of Section 80 in respect of those activities. Accordingly, PowerStream is filing the Notice that accompanies this letter. The form of the Notice is as set out in the current version of the Board's "Preliminary Filing Requirements For a Notice of Proposal under Sections 80 and 81 Of the Ontario Energy Board Act, 1998", available on the Board's web site. PowerStream understands from the July 7, 2010 Compliance Bulletin ("Distributor-Owned Generation: Application of Section 71(3) of the Ontario Energy Board Act, 1998") that revisions to these Preliminary Filing Requirements are being developed. However, as PowerStream anticipates that its first project will be generating electricity in the first quarter of 2011, it must move forward with its Notice at this time. We note, however, that PowerStream has provided certain additional information in its Notice beyond that required by the Preliminary Filing Requirements, and PowerStream trusts that this additional information will be of assistance to the Board in considering the proposed activities.

PowerStream respectfully submits that a review of its planned generation activities is not necessary. The proposed generation projects are permitted by subsection 71(3) of the OEB Act and are in furtherance of the provincial government's objectives of increasing the supply of renewable energy in Ontario. The proposed activities will have no impact on the development and maintenance of a competitive market. As discussed in the Notice, customer choice with respect to electricity generation, wholesalers and retailers will not be affected; as a licensed distributor, PowerStream must allow non-discriminatory access to its distribution system in accordance with the Electricity Act, 1998, and there is capacity on the PowerStream system to accommodate other proponents of generation projects under the Ontario Power Authority's feed-in tariff ("FIT") program; and where PowerStream is carrying on generation activities in other distributors' service areas, it will be similar to the other participants in the FIT program, and would not anticipate receiving any preferential treatment simply by virtue of its

¹ http://www.oeb.gov.on.ca/documents/industryrelations/rules/MAAD_forms/MAAD_sec_80-81 filing requirements 011206.pdf>



status as a distributor. Finally, PowerStream anticipates that its generation market share will be very small – approximately 0.00001% of the total Annual Ontario Energy Demand for 2009.

In light of the foregoing, PowerStream respectfully requests that the Board confirm that it will not be conducting a review in respect of this Notice. In the event that the Board determines that a review is necessary, PowerStream would appreciate the Board disposing of this matter expeditiously in light of its intention to begin producing renewable energy in the first quarter of 2011; and PowerStream trusts that it will have an opportunity to make further submissions with respect to its proposed generation activities.

We ask that copies of all correspondence and other material in this proceeding be provided to the following individuals:

Mr. Colin A. Macdonald Vice President, Rates & Regulatory Affairs PowerStream Inc. 161 Cityview Boulevard, Vaughan, ON L4H 0A9

Tel.:

(905) 532-4649

Fax:

(905) 532-4404

E-mail:

colin.macdonald@powerstream.ca

Mr. James C. Sidlofsky Partner

Borden Ladner Gervais LLP Scotia Plaza, 40 King Street West Toronto, ON, M5H 3Y4

Tel.:

(416) 367-6277

Fax:

(416) 361-2751

E-mail:

jsidlofsky@blg.com

We thank you for your consideration in this matter. Should you have any questions or require further information, please do not hesitate to contact me.

Yours very truly,

BORDEN LADNER GERVAIS LLP

James C. Sidlofsky

JCS/ac

Encl.

Colin A. Macdonald, PowerStream

Adrian Pye, Ontario Energy Board

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Ontario Energy Board

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

PowerStream Inc. - Delivered December 14, 2010

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	File No: (Board Use Only)	
PowerStream Inc. (referred to in this Notice as "PowerStream")		
Address of Head Office	Telephone Number	
161 Cityview Boulevard, Vaughan, ON L4H 0A9	1-905-417-6900	
	Facsimile Number	
	1-877-236-6395	
	E-mail Address	
Name of Individual to Contact	Telephone Number	٦
Mr. Colin A. Macdonald Vice President, Rates & Regulatory Affairs	1-905-532-4649	
PowerStream Inc.	Facsimile Number	
161 Cityview Boulevard, Vaughan, ON L4H 0A9	1-905-532-4404	
	E-mail Address	
	colin.macdonald@powerstream.ca	

1.1.2 Other Parties to the Transaction or Project

If more than one attach list

If more than one attach list	I Beerd May Only	
Name of Other Party	Board Use Only	
N/A		
Address of Head Office	Telephone Number	•
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, i	
	Facsimile Number	
	Pacsimile Number	
	E-mail Address	
Name of Individual to Contact	Telephone Number	
	Facsimile Number	
	True II Address	
	E-mail Address	

1.2 Relationship between Parties to the Transaction or Project

1.2.1 Attach a list of the officers, directors and shareholders of each of the parties to the proposed transaction or project.

PowerStream Inc.

Directors

Peter Meffe, Chair Frank Scarpitti David Allison Tony Carella Robert Colelli Bernie DiVona Mario Ferri Joyce Frustaglio Dan Horchik Jim Jones Andrew Prince Ron Stevens Lynn Strachan

Officers

Brian Bentz, President and Chief Executive Officer
Mark Henderson, Executive Vice-President and Chief Operating Officer
John Glicksman, Executive Vice-President and Chief Financial Officer
Milan Bolkovic, Executive Vice-President Renewable Generation and Conservation
Dennis Nolan, Executive Vice-President Corporate Services and Secretary

Shareholders

PowerStream is jointly owned by Vaughan Holdings Inc. ("VHI", 45.3%); Markham Enterprise Corporation ("MEC", 34.2%); and Barrie Hydro Holdings Inc. ("BHHI", 20.5%). Each of these holding companies is wholly owned by its respective municipal shareholder – the Corporation of the City of Vaughan; the Corporation of the Town of Markham; and the Corporation of the City of Barrie.

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.

PowerStream has no affiliates. It is jointly owned by the holding corporations shown in section 1.2.1 above, in the proportions shown in that section, and each of the shareholder corporations is in turn wholly owned by its respective municipal shareholder. A corporate chart illustrating that relationship accompanies this Notice as Attachment 1.2.2

1.3 Description of the Businesses of Each of the Parties

1.3.1 Attach a description of the business of each of the parties to the proposed transaction or project, including each of their affiliates licensed 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 licensed under the OEB Act in Ontario ("Electricity Sector Affiliates"). PowerStream is a licensed electricity distributor (OEB Licence No. ED-2004-0420) that owns, operates and manages the assets associated with the distribution of electrical power and energy within the geographic territory and municipal boundaries of the communities of Aurora, Markham, Richmond Hill and Vaughan (the "PowerStream South" service area); and Alliston, Barrie, Beeton, Bradford West Gwillimbury, Penetanguishene, Thornton and Tottenham (the "PowerStream North" service area). PowerStream has no operating generation facilities at this time. In accordance with OEB Guideline G-2009-0300 issued September 15, 2009, PowerStream is pursuing rooftop solar generation activities as part of its utility business, under the name "PowerStream Solar". 1.3.2 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. PowerStream intends to develop projects primarily within its North and South service areas. At this time, the majority of the anticipated projects will be on rooftops of buildings owned by its municipal shareholders. However, PowerStream is also planning a number of other projects both within and beyond its distribution service areas. As noted in the preceding response, PowerStream serves the communities of Aurora, Markham, Richmond Hill and Vaughan in the PowerStream South service area; and Alliston, Barrie, Beeton, Bradford West Gwillimbury, Penetanguishene, Thornton and Tottenham in the PowerStream has no operating gen			
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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.		PowerStream has no operating generation facilities at this time.	
PowerStream: OEB Electricity Distribution Licence ED-2004-0420	1.3.4	proposed transaction or project and each of their Electricity Sector Affiliates, and any	
		PowerStream: OEB Electricity Distribution Licence ED-2004-0420	

1.4 Current Competitive Characteristics of the Market

1.4.1	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.	
	PowerStream has no operating generation facilities at this time.	
1.4.2	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.	
	The total Annual Ontario Energy Demand for 2009 was 140.4 TWh (140,400,000 MWh), as provided in the IESO's June 2010 – November 2011 18 Month Outlook. PowerStream has no operating generation facilities at this time.	

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

1.5	Description of the Froposcu Hansacutor of Frojoscum impact of the Proposcu Hansacutor of the Proposcu Hansacut	
1.5.1	Attach a detailed description of the proposed transaction or project, including geographic locations of proposed new transmission or distribution systems, or new generation facilities.	
	PowerStream intends to develop renewable electricity generation projects contemplated by subsection 71(3) of the <i>Ontario Energy Board Act, 1998</i> (the "OEB Act"). PowerStream will be involved in the business of development, ownership, construction and operation of rooftop solar projects. At this time, PowerStream anticipates that the capacities of these generation facilities will range from 100 kW to 500 kW per facility with an aggregate total of approximately 28 MW, and that the output from these facilities will be subject to contracts with the Ontario Power Authority (the "OPA") for the sale of electricity under OPA standard offer programs. Based on its currently planned projects, PowerStream is exempt from the OEB Act's licensing requirements as they relate to generation and wholesaling of electricity, by operation of section 4.0.3.3 of O.Reg. 161-99. It is possible that one or more future facilities will have a capacity of more than 500 kW. In the event that any of its future projects triggers a generator licensing requirement, PowerStream will apply for OEB generator/wholesaler licences as necessary.	
	As noted in section 1.3.2 above, the majority of PowerStream's anticipated projects will be on rooftops of buildings owned by its municipal shareholders. However, PowerStream is also planning a number of other projects both within and beyond its service areas. At this time, PowerStream is not in a position to provide specific locations of all of its anticipated generation projects, but projects are currently in the planning stages for the Greater Toronto Area including York Region, and for Simcoe County.	
	PowerStream notes that it has reviewed the Board's Decision in a review conducted in respect of a notice by the Corporation of the City of Kitchener ("Kitchener") under Section 80 of the OEB Act (OEB File No. EB-2010-0214). Appended to that Decision were copies of questions put to Kitchener by the Board, and Kitchener's responses thereto. Not all of those questions are relevant to this PowerStream notice, but in order to assist the Board in considering this notice,	

¹ http://www.ieso.ca/imoweb/pubs/marketReports/18MonthOutlook_2010aug.pdf, at page 3.

	PowerStream has provided certain additional information beyond that specifically requested in the current version of the Board's Preliminary Filing Requirements for Notices of Proposal under Sections 80 and 81 of the OEB Act, based on applicable questions and answers from the Kitchener proceeding.	
	PowerStream anticipates funding these projects from sources other than its distribution ratepayers, in accordance with the OEB's Guideline G-2009-0300.	18
1.5.2	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.	
	At this time, PowerStream anticipates developing a total of 28 MW of renewable generation over the next three years. The first PowerStream Solar project is to commence generating electricity in the first quarter of 2011.	1
1.5.3	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.	
	Based on the total Annual Ontario Energy Demand for 2009 of 140.4 TWh (140,400,000 MWh), PowerStream anticipates that its generation market share will be approximately 9.4 MWh (approximately 0.00001% of the total Annual Ontario Energy Demand for 2009.	
1.5.4	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.	
	This transaction will have no impact on competition. Customer choice with respect to generation, energy wholesalers and/or energy retailers will not be affected. PowerStream will be a participant in OPA standard offer programs, similar to the many other participants in those programs.	
1.5.5	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.	
	The proposed projects will have no impact on open access to the PowerStream distribution system. The PowerStream system has sufficient capacity to accommodate the FIT projects that have been proposed prior to the PowerStream projects (please see below). Moreover, as a licensed electricity distributor, PowerStream is required to allow non-discriminatory access to its distribution system as provided for in the <i>Electricity Act, 1998</i> , as amended, subject to such limitations on open access as may be provided for by legislation or the Board. In the event that PowerStream carries on generation activities in other distributors' service areas, it will be similar to the other participants in the Feed-in Tariff ("FIT") program, and would not anticipate receiving any preferential treatment simply by virtue of its status as a distributor.	
	As in section 1.5.1 above, PowerStream offers the following additional information based on certain questions put to Kitchener by the OEB in EB-2010-0214:	

- In EB-2010-0124, the Board inquired as to whether there was capacity on the applicant's system to connect generation projects under FIT contracts with earlier time stamps than the applicant's proposed facility. In the current proceeding, PowerStream confirms that there are 212 proposed FIT projects, representing a total of approximately 45 MW of generation capacity, in the PowerStream service area. All projects are capacity exempt. The proposed FIT projects are at various stages of development. Of the 212 projects currently under review, 2 are PowerStream Solar projects.
- In EB-2010-0124, the Board inquired as to the cost of connecting generation facilities with FIT contracts awaiting connection to the local distribution company's distribution system based on the cost allocation prescribed in the DSC; requested confirmation as to whether those connections are reflected in the LDC's distribution plan; and whether those connections are reflected in the LDC's current rates. In PowerStream's case, it does not yet have have detailed cost estimates in respect of the connection costs for the other facilities with FIT contracts, but based on preliminary reviews of the projects, PowerStream does not anticipate that the connection costs of any of those projects will exceed the \$90,000/MW renewable energy expansion cost cap set out in the Board's Distribution System Code. PowerStream has not yet filed a Distribution System Plan with the Board. In accordance with the Board's Filing Requirements for Distribution System Plans (EB-2009-0397), PowerStream intends to file its Distribution System Plan as part of its next cost of service distribution rate application. PowerStream's most recent cost of service distribution rate application was made in 2008, for rates effective May 1, 2009. None of the connections to the proposed FIT contracts are reflected in PowerStream's distribution rates.

1.6 Other Information

1.6.1 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.

As noted at Section 1.5.1, above, based on its currently planned projects, PowerStream is exempt from the OEB Act's licensing requirements as they relate to generation and wholesaling of electricity, by operation of section 4.0.3.3 of O.Reg. 161-99. In the event that any of its future projects triggers such a licensing requirement, PowerStream will apply for OEB licences as necessary. In the event that a licensing requirement is triggered, PowerStream intends to comply with all licence and code requirements applicable to licensed electricity generators during and following the completion of its generation projects in respect of which a generator/wholesaler licence is required.

As noted at Section 1.3.4, above, PowerStream holds an electricity distribution Licence (ED-2004-0420) which is effective until August 29, 2024. To the best of its knowledge, PowerStream is in compliance with all licence and code requirements and will remain in compliance during and following the completion of its generation projects contemplated by this Notice.

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.	
	The proposed generation output will be subject to contracts with the OPA for the sale of electricity under OPA FIT contracts.	
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.	
	As noted at Section 1.3.1, above, PowerStream will be involved in the business of development, financing, ownership, construction and operation of rooftop solar projects. At this time, PowerStream anticipates that the capacities of these generation facilities will range from 100 kW to 500 kW per facility with an aggregate total of approximately 28 MW and will be subject to contracts with the OPA for the sale of electricity under OPA standard offer programs. All of these roof top photovoltaic solar systems will be connected to the applicable Local Distribution Companies' grids at distribution voltages of less than 27.6 kV. The kWh production of the PV solar systems is dependent on the amount of solar energy that the system can capture. In estimating the amount of production, PowerStream relies on irradiation data from the past 20 years as recorded by NASA. The estimated value is approximately 1,140 hours of irradiation per year. This will vary slightly based on the geographical area in which the roof top system is installed in Ontario. The estimated expected output from these solar systems is based on irradiation x direct current ("DC") kW of solar panels less system losses. System losses are expected to be in the 10 % to 20% range. The majority of the energy produced by solar PV systems occurs during the typical electrical peak consumption time of the day and during peak seasons for typical urban electrical customers.	
2.1.4	Provide details on whether the generation facility is expected to sign a "must run" contract with the IESO.	
	PowerStream's generation facilities will not be "must-run" facilities.	
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.	
	PowerStream's generation facilities will not serve load pockets and are not 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.

	Provide reasons why the proposal is required to maintain the reliability of the transmission or distribution system. Provide supporting studies.	
		2000000000

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 effects 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.	

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.

Effect on Competition 3.1

3.1.1	Provide a description of the transmission or distribution system being acquired or constructed.
3.1.2	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.
3.1.3	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.
3.1.4	Provide details on whether the generation facilities are expected to sign a "must run" contract with the IESO.

How to Contact the Ontario Energy Board

The Ontario Energy Board is located at:

P.O. Box 2319 2300 Yonge Street, Suite 2701 Toronto, Ontario M4P 1E4

Telephone: 416-481-1967 Toll Free Number: 1-888-632-6273

416-440-7656 Fax:

Website: http://www.oeb.gov.on.ca Board Secretary's e-mail address:

boardsec@oeb.gov.on.ca

PowerStream Inc.

Notice under Section 80 of the *Ontario Energy Board Act*, 1998 Delivered December 14, 2010

Attachment 1.2.2 – Ownership Structure

Ownership Structure

