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EB-2014-0011

January 8, 2014

VIA COURIER

1/1/14

Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Suite 2700
Toronto, ON M4P 1E4

Attention: Kirsten Walli
Board Secretary

Dear Ms. Walli:

Re: Varna Wind, Inc. Notice of Proposal under Section 80/81 of the *Ontario Energy Board Act, 1998*

We are counsel to Varna Wind, Inc. (the "Applicant"). Please find enclosed a Notice of Proposal under Section 80/81 of the *Ontario Energy Board Act, 1998* (the "Notice").

We request that communications regarding the Notice be directed to both the Applicant at the address provided in the Notice and to counsel at the address provided above.

Please do not hesitate to contact the undersigned with any questions regarding the foregoing.

Sincerely,

for: George Vegh

GV/ha
Enclosure

Ontario Energy Board

Notice of Proposal under Sections 80 and 81 of the *Ontario Energy Board Act, 1998 (the "OEB Act")*

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 Varna Wind, Inc.	File No: (Board Use Only) EB-2014-0011	
Address of Head Office 390 Bay Street, Suite 1720 Toronto, ON M5H 2Y2	**Telephone Number** 905-335-4904	
	Facsimile Number 905-335-5731	
	E-mail Address Brian.Tobin@nexteraenergy.com	
Name of Individual to Contact Brian Tobin	**Telephone Number** 561-304-5104	
	Facsimile Number 561-304-5161	
	E-mail Address Brian.Tobin@nexteraenergy.com	

1.1.2 Other Parties to the Transaction or Project

Not applicable.

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.

The sole shareholder of Varna Wind, Inc. is Next Era Energy Canada, ULC.

Below is a list of the officers of Varna Wind, Inc.

Name	Title
Ketchum, John W.	President
Arcari, Craig W.	Vice President
DiDonato, John	Vice President
O'Sullivan, Michael	Vice President
Wiley, F. Allen	Vice President
Cribbs, Richard	Treasurer
Plotsky, Melissa A.	Secretary
Seeley, W. Scott	Assistant Secretary

Below is a list of the directors of Varna Wind, Inc.

Name
Ketchum, John W.
O'Sullivan, Michael

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.

Chart describing relationship between parties and their Electricity Sector Affiliates:

Please see corporate chart attached as Appendix "A".

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 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").***	
	Applicant The Applicant, Varna Wind, Inc., was established for the purpose of developing, constructing and operating the Bluewater Wind Energy Centre ("**BWEC**"). The Applicant was successful in obtaining a power purchase agreement with the Ontario Power Authority ("**OPA**") under the OPA's feed-in-tariff program for the energy generated by the BWEC. The BWEC is a proposed 59.9 MW wind power generating facility that will be located in Huron County. The Applicant will be the licenced owner of the facility, and NextEra Energy Canadian Operating Services Inc. ("**NextEra OSI**"), an affiliate of the Applicant, will be the licenced operator of the facility. ***Electricity Sector Affiliates*** Conestogo Wind, LP, a licensed generator under the *OEB Act,* is an affiliate of the Applicant. Conestogo Wind, LP was established for the development, construction and operation of the Conestogo Wind Energy Centre located in Wellington County. Summerhaven Wind, LP, a licensed generator under the *OEB Act,* is an affiliate of the Applicant. Summerhaven Wind, LP was established for the development, construction and operation of the Summerhaven Wind Energy Centre located in Haldimand County. Sombra Solar, Inc. and Moore Solar, Inc., also affiliates of the Applicant and licensed generators under the *OEB Act,* own and operate the Sombra Solar Energy Centre and Moore Solar Energy Centre, respectively. The Sombra Solar Energy Centre and Moore Solar Energy Centre are located in Lambton County. NextEra OSI is a licenced electricity generator (EG-2012-0311) under the *OEB Act.* Under its licence, NEC OSI is currently authorized as an operator only in respect of the Conestogo Wind Energy Centre and the Summerhaven Wind Energy Centre. NEC OSI has applied for an amendment to its licence so that it may be authorized as the operator in respect of the Bluewater Wind Energy Centre. The Applicant is also affiliated with NextEra Energy Power Marketing, LLC ("**NextEra EPM**"), a licensed wholesaler under the *OEB Act.* NextEra EPM is in the business of scheduling physical power, purchasing and selling physical and financial energy commodities.	
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.***	

	The BWEC is to be located in Huron County, Ontario in the municipalities of Bluewater and Huron East, along the shore of Lake Huron south of the town of Bayfield to north of Zurich, east of Highway 21. The electricity generated is flowed to the IESO-controlled grid, therefore no particular service territory exists for the BWEC. The Conestogo Wind Energy Centre is located in Wellington County, in the area of Arthur, Ontario. The electricity generated is flowed to the IESO-controlled grid, therefore no particular service territory exists for the Conestogo Wind Energy Centre. The Summerhaven Wind Energy Centre is located in Haldimand County, along the shores of Lake Erie from the town of Jarvis to Nelles Corners, south of Highway 3. The power generated by Summerhaven Wind Energy Centre flows to the IESO-controlled grid, therefore no particular service territory exists for the Summerhaven Project. The Sombra Solar Energy Centre and the Moore Solar Energy Centre are located in the township of Sombra, Ontario, and Moore, Ontario, respectively. The power generated by the Sombra Solar Energy Centre and the Moore Solar Energy Centre flows to Hydro One's distribution system, therefore no particular service territories exist for these projects. NextEra EPM does not have a geographic service territory.	
1.3.3	***Attach a breakdown of the annual sales (in C$, and in MWh) as of the most recent fiscal year end of the existing generation output among the IESO Administered Markets ("IAM"), bilateral contracts, and local distribution companies.***	
	Applicant: The Applicant does not yet have generation capacity in Ontario and accordingly, cannot provide a breakdown of annual sales. ***Electricity Sector Affiliates of Applicant:*** <u>Conestogo Wind, LP</u> Annual Sales C$: $346,265 (2012) MWh: 3,217 (2012) * Note: Commercial operation reached in December 2012; Fiscal year end was December 31, 2012. <u>Summerhaven Wind, LP</u> Data not available. Commercial operation reached in August 2013. <u>Moore Solar, Inc.</u> Annual Sales C$: 12.7M (2012) MWh: 30,191 (2012) * Note: Commercial operation reached in February 2012; Fiscal year end was December 31, 2012.	

	Sombra Solar, Inc. Annual Sales C$: 13.0M (2012) MWh: 30,954 (2012) * Note: Commercial operation reached in February 2012; Fiscal year end was December 31, 2012.	
1.3.4	***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.***	
	Applicant: Leave to construct electricity transmission facilities granted by Board Decision and Order issued November 4, 2013 (EB-2012-0442). ***Electricity Sector Affiliates of Applicant:*** - Electricity Generation License EG-2012-0311 (NextEra Canadian Operating Services Inc.); - Electricity Generation License EG-2012-0312 (Conestogo Wind, LP) - Electricity Generation License EG-2012-0474 (Summerhaven Wind, LP); - Electricity Wholesaler License EW-2009-0076 (NextEra Energy Power Marketing, LLC); - Electricity Generation License EG-2011-0022 (Sombra Solar, Inc.); and - Electricity Generation License EG-2011-0023 (Moore Solar, Inc.)	

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.***	
	Prior to completion of the project, the Applicant will have no generation capacity in Ontario. The Conestogo Wind Energy Centre has a capacity of 22.92 MW. The Summerhaven Wind Energy Centre has a capacity of 124.4 MW. The Sombra Solar Energy Centre and Moore Solar Energy Centre each have a capacity of 20 MW.	
1.4.2	***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.***	
	Prior to the completion of the BWEC, the Applicant will have zero percent market share. The output from the Conestogo Wind Energy Centre, Summerhaven Wind Energy Centre, Sombra Solar Energy Centre and Moore Solar Energy Centre represents a nominal percentage of the Annual Primary Demand.	

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

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.***	
	The BWEC will consist of wind turbines, collectors lines, access roads and the interconnection with a newly constructed transforming substation (the "Substation") which will step-up the voltage from 34.5 kV to 115 kV, comprising a single 85/68/51 Wye-Delta step up transformer. More precisely, the Substation components up to and including the pull-off tower form part of the BWEC. The remaining Substation components are part of the Transmission Facility as defined below. The BWEC is to be located in Huron County, Ontario in the municipalities of Bluewater and Huron East, along the shore of Lake Huron south of the town of Bayfield to north of Zurich, east of Highway 21. The Transmission Facility will connect the BWEC to HONI's Seaforth Transformer Station ("Seaforth TS"), all within the County. The BWEC and the Transmission Facility encompasses approximately 10,000 acres of privately owned land parcels, of which only 630 acres constitute the potential disturbance area for construction and includes the area with BWEC and Transmission Facility components on them. The Transmission Facility will consist of the following components: • a 115 kV transmission line, comprising a single circuit overhead line extending from the Substation to the point of interconnection at an independent breaker (described below) that connects to an existing HONI transformer station, Seaforth TS, approximately 23 km in length; • the Substation from the pull-off tower; and • a newly constructed independent breaker, to be constructed and owned by BWEC connecting to HONI's Seaforth TS. Thirty-seven (37) GE 1.62 MW wind turbines will be constructed on a reinforced concrete foundation. Underground and overhead cables will interconnect individual turbines and eventually connect to the Substation.	
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.***	
	Once complete, the BWEC will have a nameplate generation capacity of 59.9 MW. The Conestogo Wind Energy Centre has a capacity of 22.92 MW, the Summerhaven Wind Energy Centre has a capacity of 124.4 MW, and the Sombra Solar Energy Centre and Moore Solar Energy Centre each have a capacity of 20 MW.	
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.***	
	According to IESO market data, the total electricity consumption for 2012 reached 141.3	

	TWh, down from 141.5 in 2011. The output from the BWEC will represent a nominal percentage of the Annual Primary Demand. The output from the Conestogo Wind Energy Centre, Summerhaven Wind Energy Centre, Sombra Solar Energy Centre and Moore Solar Energy Centre represents a nominal percentage of the Annual Primary Demand.	
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.***	
	The BWEC will make use of available grid capacity (IESO-controlled), and will have no impact on competition since (a) the Applicant has entered into a fixed-price power purchase agreement with the OPA, and (b) the BWEC is financed by the Applicant as opposed to directly by rate payers. The BWEC does not affect the choice of consumers since power generated from the BWEC is being flowed directly to the IESO-controlled grid for general consumption.	
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 BWEC does not affect open access requirements.	

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.***	
	The Applicant confirms that, to the best of its knowledge, it is and will continue to be in compliance with all licence and code requirements.	

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 supplied to the Ontario Power Authority pursuant to a contract under the Ontario Power Authority's Feed-in Tariff Program.	
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. The facility will be a wind generation facility comprised of 37 General Electric 1.62 MW wind turbine generators, for a total installed capacity of 59.9 MW. The facility can be classified as variable base-load generation. Based on an estimation that the facility will be in operation 70-80% of the time, it is estimated that it will typically be in operation for 6000-7000 hours per year.	
2.1.4	Provide details on whether the generation facility is expected to sign a "must run" contract with the IESO. The Bluewater Wind Energy Centre is not expected to be a "must-run" facility.	
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. The Bluewater Wind Energy Centre is not expected to serve a load pocket or 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.

This section is not applicable.

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 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

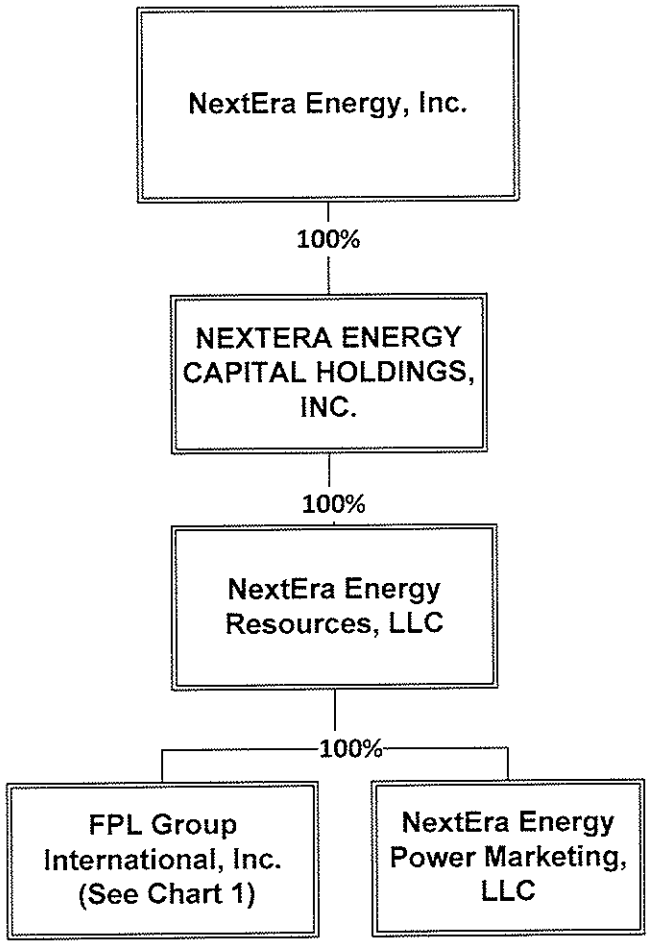
All applicants filing a Notice of Proposal under section 81 of the Act must complete and file the information requested in Part III.

3.1 Effect on Competition

3.1.1	***Provide a description of the transmission or distribution system being acquired or constructed.***	
	Please see section 1.5.1.	
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.***	
	The BWEC is directly connected to the Hydro One transmission system.	
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.***	
	The BWEC is not expected to serve a load pocket, nor is the BWEC expected 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.***	
	The BWEC is not expected to sign a "must-run" contract with the IESO.	

Appendix "A" – Corporate Chart

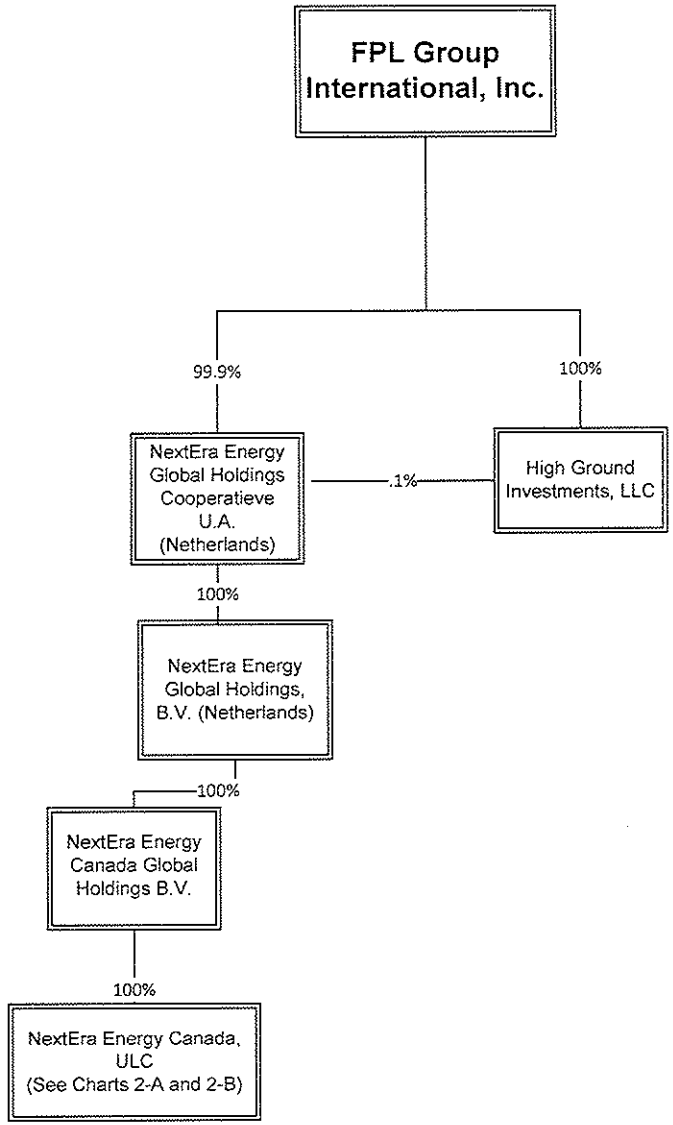
Entity Organization Chart



LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

(Print Date_11/11/2013)

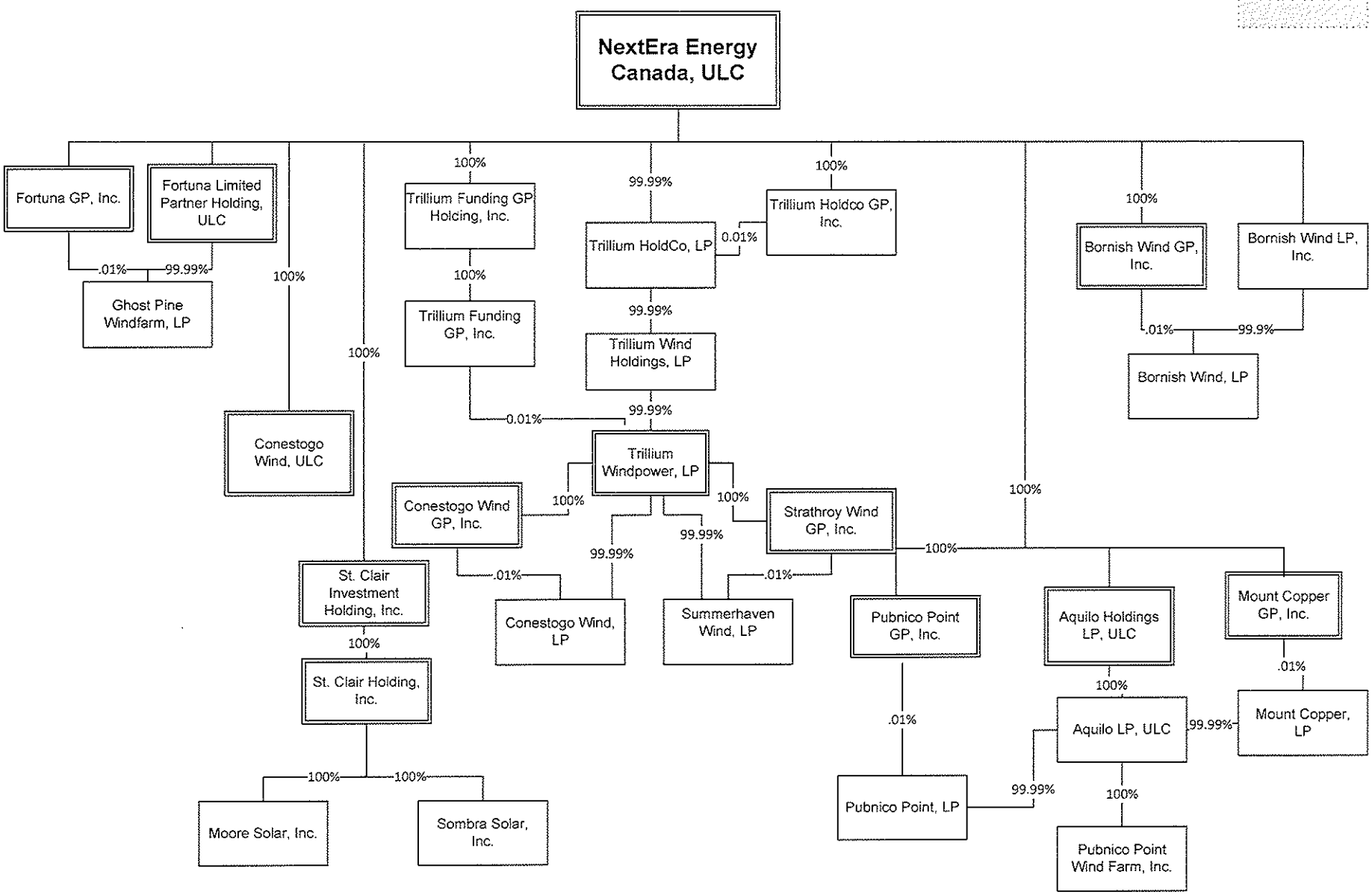
CHART 1



LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

(Print Date_10/22/2013)

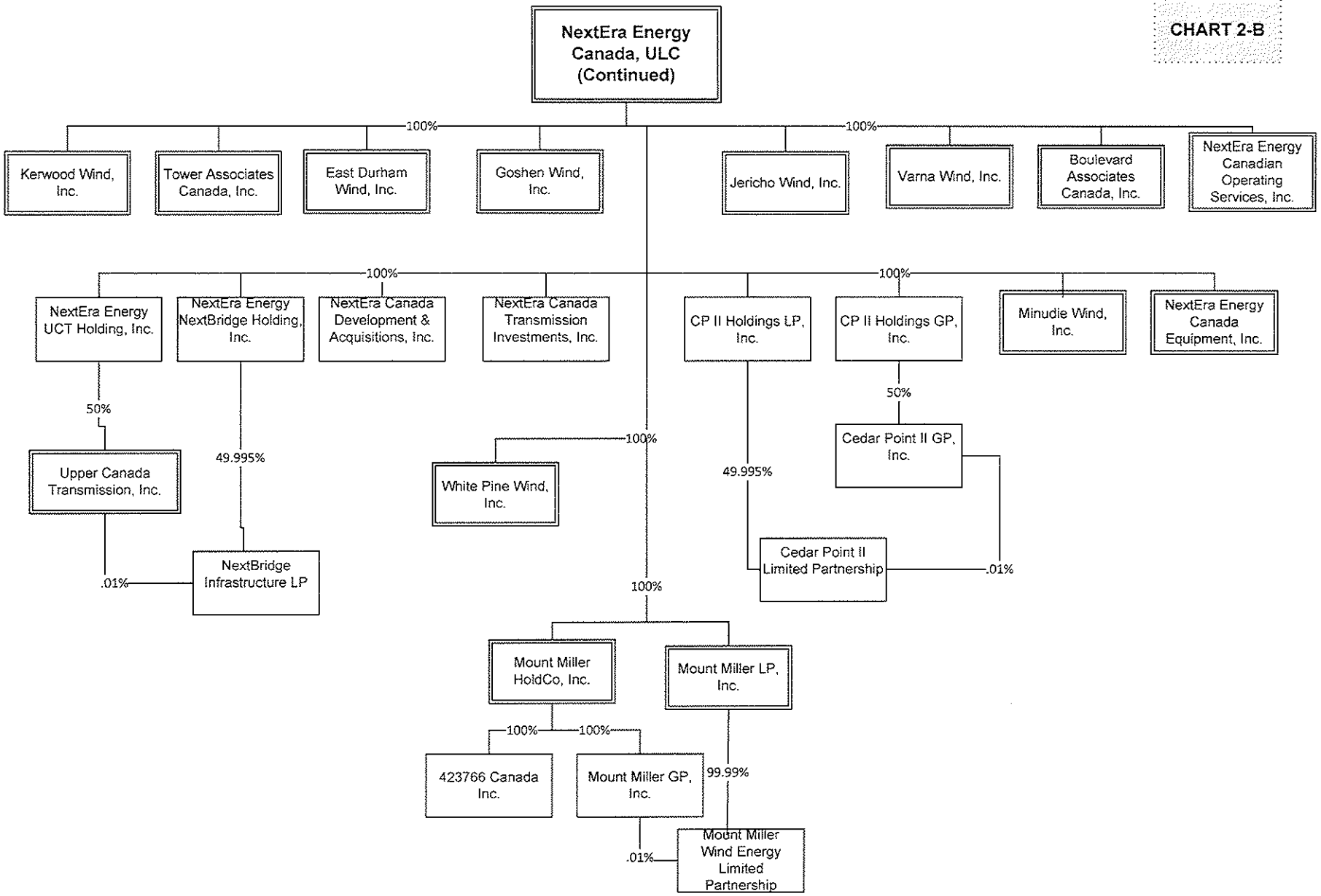
CHART 2-A



LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

(Print Date_12/13/2013)

CHART 2-B



1 - As NextEra Energy Canada, ULC's 50% indirect interest does not provide for its control of Upper Canada Transmission, Inc. (UCT), the Applicant and UCT are not affiliates within the meaning of the Ontario Business Corporations Act

LP = Limited Partnership GP = General Partnership JV = Joint Venture LLC = Limited Liability Company

(Print Date_12/13/2013)