

February 11, 2014

**VIA COURIER**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> Floor, Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: K2 Wind Ontario Limited Partnership;  
Application for Electricity Generation Licence;  
Reply Submission;  
Board File No.: EB-2013-0439**

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We are writing on behalf of K2 Wind Ontario Limited Partnership and in accordance with the OEB's Notice of Application and Written Hearing to file a response to the submissions of certain residents of the Township of Ashfield-Colborne-Wawanosh.

Yours very truly,

**Dentons Canada LLP**

***(signed) Helen T. Newland***

Helen T. Newland  
HTN/ko

Encls.

cc: Lillian Ing  
Frank Davis  
Colin Edwards  
Boris de Jonge  
Paul F. Wendelgass  
Kim Woogyung

Residents Group

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sch. B, as amended; and

**IN THE MATTER OF** an Application by K2 Wind Ontario Limited Partnership for an Electricity Generation Licence under section 57(c) and subsection 60(1) of the *Ontario Energy Board Act, 1998*; and

**IN THE MATTER OF** a Notice of Application and Written Hearing dated January 14, 2014.

**K2 WIND ONTARIO LIMITED PARTNERSHIP**

**RESPONSE TO SUBMISSIONS OF CERTAIN RESIDENTS  
OF THE TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH**

**February 11, 2014**

## **Introduction**

1. On December 18, 2013, K2 Wind Ontario Limited Partnership ("**K2 Wind**" or the "**Applicant**") filed an application (the "**Application**") with the Ontario Energy Board (the "**OEB**" or "**Board**") under section 57(c) and subsection 60(1) of the *Ontario Energy Board Act, 1998* (the "**OEB Act**") for an electricity generation licence (the "**Licence**"). The Licence would authorize K2 Wind to generate electricity from the 270 megawatt K2 Wind Power Project (the "**K2 Wind Project**") in the Township of Ashfield-Colborne-Wawanosh ("**ACW Township**"). Electricity generated by the K2 Wind Project will be sold pursuant to a power purchase agreement with the Ontario Power Authority and conveyed into the Independent Electricity System Operator – controlled transmission grid via a 34.5 kV collector system and a 5.1 kilometre, 230 kV transmission line (the "**K2 Transmission Line**"). The K2 Transmission Line was granted "leave to construct" by the OEB in Decision and Order EB-2012-0458 (October 8, 2013).
2. This Submission responds to the January 31, 2014 submission ("**ACW Submission**") of a group of residents of ACW Township ("**ACW Residents**") who oppose the Application on the ground that K2 Wind does not meet the Board decision criteria for such applications, namely financial viability, technical capability and an applicant's business history and conduct.

## **Financial Viability**

3. In their submission, the ACW Residents admit that they have no information on the financial viability of K2 Wind.<sup>1</sup> Nevertheless, they go on to question K2 Wind's financial viability on two grounds: (i) that absent government "subsidies" of the Ontario wind energy sector, wind energy companies – including K2 Wind – may be unable to maintain

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<sup>1</sup> ACW Submission, p. 2.

their facilities; and (ii) that K2 Wind's "pattern" of delayed payments to persons owed such payments is indicative of a lack of financial capability.

4. As to the issue of government subsidies, K2 Wind would note that its project is underpinned by a binding 20-year power purchase agreement with the Ontario Power Authority which guarantees K2 Wind a stream of revenues that is sufficient to cover the owning and operating costs of the K2 Wind Project. K2 Wind also relies on the audited financial statements that it filed with its Application as evidence that it is more than able to meet its financial obligations over the life of the K2 Wind Project.
5. As to the allegation of a so-called "pattern" of delayed payments, K2 Wind notes that the delay in delivering the OEB-ordered payment to the ACW Residents was due to a regrettable administrative oversight which was remedied immediately after it was brought to the attention of K2 Wind. As to the allegation of a delayed crop compensation payment to a tenant farmer on the site of the K2 Wind substation, K2 Wind has no knowledge of such an incident and has received no complaint in this regard.

#### **Technical Capability; Business History and Conduct**

6. The ACW Residents allege that Capital Power Corporation's ("**Capital Power**") operation of Kingsbridge 1 Wind Power ("**Kingsbridge 1**") has been deficient and that this foretells how the K2 Wind Project will be operated.<sup>2</sup> Either Pattern Energy Group LP ("**Pattern**") or Capital Power (in each case, through subsidiaries) will operate the K2 Wind Project. In either case, the Board can have confidence in the track records of both Pattern and Capital Power as safe and reliable operators of generation facilities, such as those facilities that are listed in Attachment #2 to the Application.
7. It would not be appropriate for K2 Wind to comment on the specific allegations against Kingsbridge 1 and Capital Power. Accordingly, these allegations are addressed

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<sup>2</sup> ACW Submission, pp. 3-11.

specifically and separately in the attached Statutory Declaration of Sandeep Sharma, an employee of Capital Power.

8. The ACW Residents further argue that drainage issues and incidents of trespass that are alleged to have occurred during the construction of Hydro One Network Inc.'s ("**Hydro One**") Ashfield Switching Station demonstrate that K2 Wind has created problems for landowners and has made no effective effort to resolve them.<sup>3</sup>
9. The drainage issues described in the ACW Submission relate to activities undertaken by Hydro One and its contractor in connection with Hydro One's construction of the Ashfield Switching Station. Neither K2 Wind nor any of its employees are involved in the construction of the Ashfield Switching Station and Hydro One is not constructing the facility on behalf of K2 Wind. Moreover, neither K2 Wind nor any of its partners will own and operate the Ashfield Switching Station after it is constructed by Hydro One. Although the land on which the Ashfield Switching Station will be located is currently owned by K2 Wind, the land will be transferred to Hydro One prior to the K2 Wind Project being placed into service. Finally, although K2 Wind has developed and will follow its own stormwater management plan, this plan has no application to the activities of Hydro One; moreover, K2 Wind cannot compel Hydro One to follow the protocols in K2 Wind's stormwater management plan.
10. Notwithstanding K2 Wind's lack of involvement in and responsibility for the construction of the Ashfield Switching Station, K2 Wind commenced working with Hydro One to resolve the drainage issues immediately after they were brought to K2 Wind's attention. For example, K2 Wind has arranged a meeting among representatives of Hydro One, K2 Wind and ACW Township's drainage superintendent to discuss outstanding issues and arrive at a resolution. The meeting is scheduled to occur on February 13, 2014.

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<sup>3</sup> ACW Submission, pp. 12-17.

**Conclusion**

11. K2 Wind submits that its Application amply demonstrates that K2 Wind meets the Board's criteria for a licence to generate electricity. The allegations of the ACW Residents to the contrary are unsupported and unfounded. In the result, K2 Wind requests that the Board approve the Application and grant K2 Wind an electricity generation licence.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED**

***(signed) Helen T. Newland***

Helen T. Newland  
Counsel to K2 Wind Ontario Limited Partnership

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sch. B, as amended; and

**IN THE MATTER OF** an Application by K2 Wind Ontario Limited Partnership for an Electricity Generation Licence under section 57(c) and subsection 60(1) of the *Ontario Energy Board Act, 1998*; and

**IN THE MATTER OF** a Notice of Application and Written Hearing dated January 14, 2014.

**STATUTORY DECLARATION OF SANDEEP SHARMA**

**(Declared February 10, 2014)**

I, **SANDEEP SHARMA**, of the City of Edmonton in the Province of Alberta, SOLEMNLY DECLARE THAT:

1. I am Senior Manager, Renewables, at Capital Power Corporation ("**Capital Power**"). Capital Power, through its subsidiary CP Renewable Energy (Kingsbridge) Limited Partnership, owns and operates the Kingsbridge 1 wind energy facility ("**Kingsbridge 1**"), which is located in the Township of Ashfield-Colborne-Wawanosh ("**ACW**") in the Province of Ontario. I am responsible for the management of Kingsbridge 1. The employees who oversee Kingsbridge 1's daily operations report directly to me.
2. It has come to the attention of Capital Power that a group of residents of ACW ("**ACW Residents Group**") has filed submissions with the Ontario Electricity Board ("**OEB**") in the matter of an application by K2 Wind Ontario Limited Partnership ("**K2 Wind**") for a generation licence. I have reviewed those submissions and I believe that most of the

statements made relating to Kingsbridge 1, which are largely based on second-hand information, including newspaper reports, are inaccurate or do not tell the full story. I respectfully make this Statutory Declaration to provide the OEB with Capital Power's comments on the statements made by the ACW Residents Group regarding Kingsbridge 1. Rather than giving a detailed rebuttal of every allegation and providing a detailed description of every event, I will confine my comments to the summaries of problems listed by the ACW Residents Group at the conclusion of each section of their submissions.

**Capital Power's Response to the Kingsbridge 1 Turbine Fire**

*"No knowledge or awareness of a serious problem with generating facility until contacted by fire department"*

3. The 22 turbines at Kingsbridge 1 are continuously monitored at a 24-hour operations centre in Edmonton, Alberta, as well as by local personnel in the Kingsbridge 1 office during normal business hours (who remain on call after hours). However, due to a technical malfunction, when Turbine 19 caught fire on April 2, 2013 at approximately 1:00 a.m., the monitoring system did not send an alarm to the operations centre as it was designed to do. The Fire Department was called when someone noticed the fire and the Fire Department then contacted Capital Power.

*"No notification of adjacent residents"*

4. The Goderich Fire Department was on the scene. The Fire Department crew concluded that the fire was isolated and did not pose a potential risk to either the adjacent residents or to the property on which the turbine was situated. Capital Power notified the landowner whose land had been immediately affected by the debris the next morning at about 7:00 a.m. The local media were also notified that morning to ensure that the public was correctly informed about the incident.

*"Assessment of risk depended on the staff being able to smell the fire"*

5. Risk was assessed by the Fire Department.

*"Staff did not remain on site after the initial response, despite the obvious hazard of a severely damaged wind turbine and potential for secondary ignition of the oil"*

6. Once notified of the fire, Mr. Hayden, Capital Power's field operator, immediately attended at the site and remained there at all times. The Fire Department advised that it did not consider the situation hazardous and the fire burned itself out within two hours after they left the site. Security personnel arrived at approximately 10:00 a.m.

*"Township was not notified of incident by [Kingsbridge 1] representatives until well after incident occurred"*

7. The Kingsbridge 1 Emergency Response Plan did not then provide for notification to the Township but has since been modified to ensure prompt notification to the Township. Mr. Hayden attended an ACW Town Council meeting the evening after the fire to report on the fire and to answer questions from Council members and other members of the community.

*"[Kingsbridge 1] did not officially contact MOE to assess situation"*

8. In the early afternoon of the day of the fire, Mr. Hayden spoke with the Ministry of the Environment ("MOE"), who sent an environmental officer, Laszlo Barti, to attend at the site later that day.

*"Inadequate assessment of extent of debris field and inaccurate information supplied to public about this"*

9. Mr. Hayden and Mr. Barti walked the debris field together and surveyed the site and surrounding farmlands. Mr. Hayden provided a preliminary estimate at the ACW Town Council meeting that, according to the assessment he and the MOE had done that

afternoon, most of the debris was within 200 metres of Turbine 19. After cleanup crews arrived, Capital Power continued to assess the extent of the debris field and found that a change of wind after the fire may have blown minor debris up to 400 metres from Turbine 19. Capital Power updated members of the public accordingly. In the days following the incident, Capital Power also met with individual landowners near the Kingsbridge 1 facility, municipal officials, and other members of the community to answer their questions and address any concerns they might have.

*"Demonstrated inability to fully clean up the debris on adjacent lands"*

10. Capital Power immediately commenced procedures to clean up the debris. Clean-up crews arrived at Kingsbridge 1 two days after the fire and continued their work through the week until all known debris on the adjacent lands was removed. Capital Power responded promptly to any notice of remaining debris and immediately cleaned it up.

*"No follow up with Council despite verbal promise to do so"*

11. Capital Power has continued to provide regular updates to the Town Council as to the investigation of the fire, the debris clean-up, the progress on the installation of a replacement turbine, and other related matters.

### **Stray Voltage Problems**

*"Denial of responsibility for creation of the voltage problem"*

12. Capital Power, its consultants and Hydro One Networks Inc. have worked extensively to investigate stray voltage problems at the Brindley farm.

*"Length of time involved in responding to the residents' problems"*

13. Capital Power's response to the Brindleys' complaints was immediate. It unavoidably took some time to do technical investigations and to implement mitigation measures in

phases, consisting of the installation of additional grounding points and an extension of the Hydro One neutral line.

*"Issue was never fully resolved – stray voltage situation continues"*

14. Tests by Hydro One showed that following the implementation of mitigation measures, stray voltage at the Brindley farm was brought within the limits required under the Distribution System Code.

#### **Goderich Tornado - Kingsbridge 1 Emergency Response Procedures**

*"An emergency plan did not appear to be in place to react to an actual emergency situation"*

15. Capital Power has at all times had an emergency plan for Kingsbridge 1, which it has followed in emergency situations.

*"Private contracts and crews should have been in place to deal with private line issue. Hydro One Crews should not have been authorized to work on private lines during a public emergency."*

16. Capital Power has an arrangement with Hydro One under which Hydro One provides emergency response in the event of downed power lines, as the public will call Hydro One if a line is down and as Hydro One has superior emergency response capability. Under this arrangement, Hydro One makes the situation safe but permanent repairs are left to Capital Power.

#### **Sanctions Against the Kingsbridge 1 Project**

17. On April 20 and May 13, 2011, Kingsbridge 1 tripped its connection to the IESO grid. In both cases, the IESO directed Capital Power not to reload the turbines without approval; however, the turbine manufacturer's remote operations software caused reloading to occur automatically. Capital Power followed the direction not to reload, but did not

recognize that the software was doing this automatically. It was not immediately apparent that the trips had occurred because the trip auto reload sequence was so fast that the incident was not immediately identified. Capital Power determined that it was not possible to disable the automatic reload feature, so the turbine manufacturer was engaged to upgrade the software.

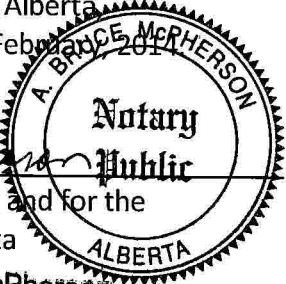
18. The software has now been upgraded such that when tripping occurs, there is an option either to automatically restart upon reconnection of the circuit or to stay in 'stop' mode. The IESO asked Capital Power to provide evidence by August 31, 2012 that the problem had been corrected, and Capital Power did so by letter dated August 31, 2012. Communication with the IESO was prompt and effective, and has been since.

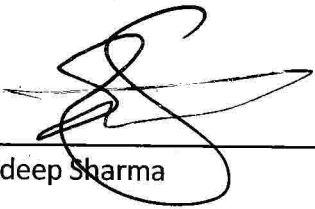
**Allegations of Trespass and Property Damage Relating to Kingsbridge 1**

19. The ACW Residents Group alleges "multiple incidents of trespass by both [Kingsbridge 1] and K2 Wind employees/sub-contractors and workers", but provides no specifics to which Capital Power can properly respond.
20. Capital Power takes the complaints it receives seriously and is committed to investigating each complaint and seeking a resolution. However, Capital Power has not received any reports of unauthorized trespass or property damage relating to Kingsbridge 1.

AND I MAKE THIS SOLEMN DECLARATION conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the *Canada Evidence Act*.

DECLARED BEFORE ME at the City )  
of Edmonton )  
in the Province of Alberta )  
this 10<sup>th</sup> day of February, 2014 )

  
A Notary Public in and for the )  
Province of Alberta )  
A. Bruce McPherson )  
Barrister & Solicitor )

  
Sandeep Sharma