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**WITHOUT PREJUDICE**

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

Attention: Board Secretary

Dear Sirs:

**Re: Electricity Generation Licence EG-2008-0039, as amended –  
Transfer Request**

We are legal counsel to Seaclyff Energy Corp. ("**SEC**"), and are writing to the Ontario Energy Board (the "**Board**") to initiate the process for its consent to the transfer of a generation licence pursuant to section 18(2) of the *Ontario Energy Board Act, 1998* (the "**OEB Act**"), as more particularly described herein.

By way of background, Seaclyff Energy Ltd. ("**SEL**") is the holder of the electricity generation licence EG-2008-0039 issued by the Board on May 12, 2008, as amended on December 15, 2010 (the "**Licence**"), in respect of the biogas power plant located at 1200 County Road 20, Leamington, Ontario (the "**Generation Facility**").

Caterpillar Financial Services Limited ("**Caterpillar**") is the first secured lender of SEL. SEL is in default of its obligations to Caterpillar under, *inter alia*, the construction finance agreement and the security agreement dated October 13, 2010 between SEL and Caterpillar. Caterpillar has previously issued demands for payment and notices of intention to enforce security pursuant to section 244 of the *Bankruptcy and Insolvency Act*, as well as notices of disposition with respect to the collateral pursuant to section 63(4) of the *Personal Property Security Act* (Ontario). All notice periods have expired without objection or payment by any of the recipients thereof.

Caterpillar intends to enforce its rights as secured lender pursuant to the renewable energy standard offer program (RESOP) contract between the Ontario Power Authority (the "OPA") and SEL dated May 9, 2008, as amended, with a view to effecting the sale of all of the assets of SEL (the "Sale"), including without limitation the Licence and the Generation Facility. The Sale will be effected through the appointment of a private receiver of all of the assets of SEL. SEC and Caterpillar have settled the form of an asset purchase agreement, and intend to close the Sale in January 2015.

The closing of the Sale is subject to the receipt of all material authorizations and consents to the Sale (including that of the Board), and Caterpillar has asked that SEC initiate the process to obtain such consents. We are therefore making concurrent requests to Hydro One Networks Inc. and the OPA, as we expect that the Board's consent will be conditional on the simultaneous consent of the OPA (by way of the execution of an assignment and novation agreement) on the closing date.

Pending the closing of the Sale, with Caterpillar's concurrence SEL has continued to operate its business as a going concern. Upon the closing of the Sale, SEC will continue the business with the same employees, the same secured lender (Caterpillar) and no disruption to the supply of electricity, and the business will have a much improved financial position. Roland Austrup is the sole director, officer and shareholder of SEC, and will be the primary contact with the Board upon completion of the Sale.

Pursuant to section 21(4)(b) of the OEB Act, SEC hereby requests that this transfer request proceed without a hearing.

We would very much appreciate the Board's consideration of the Licence transfer request so that it can be approved in principle and held in escrow, to take effect on the actual closing date of the Sale.

We trust that the foregoing is satisfactory. If the Board has any questions or requires any further information, please do not hesitate to contact the undersigned.

Yours truly,

**FOGLER, RUBINOFF LLP**



Lori A. Prokopich  
LAP/BB  
Encl.

cc: Roland Austrup, Seaclyff Energy Corp.