



January 2, 2015

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON,
M4P 1E4
Attn: Ms. Kirsten Walli
Board Secretary

Dear Ms. Walli

RE: OB 2014-0300 Windlectric – Comments, Oral Hearing and Monitor Status

It's time for the Ontario Energy Board to put a stake in the ground and stop all projects which do not deliver cost-effective electricity to Ontario consumers. Specifically, the Ontario Energy Board is requested to deny approval of the application by Windlectric Inc. for Leave to Construct facilities on Amherst Island to connect to the Ontario power grid.

Windlectric is a company on paper only. The company has built no trust on Amherst Island and has not addressed the many concerns of the community or of the municipality. An ethical, accountable organization would not hide behind a shell organization which can be sold or dismantled tomorrow.

Accordingly, the Board is requested to carefully consider the legal status of Windlectric Inc. and to ensure that prior to consideration of this application the company be required to post a letter of credit in an amount of at least \$100 million dollars to be drawn upon by Loyalist Township to ensure that any hydro interruption, marine accident, industrial accident, road damage, environmental damage or other catastrophic matter can be remedied without lengthy and costly proceedings. Indeed it would be interesting to see if a bank would even consider providing a letter of credit in that amount to the company. If the bank will not take on such a risk, why should the community be asked to assume the same risk?

Turning to the Board's mandate to consider "the interests of consumers with respect to electricity prices and the reliability and quality of electricity service" the price that the Ontario Power Authority will pay Windlectric Inc. far exceeds the cost of other sources of electricity in Ontario.

For example, Parker Gallant of Wind Concerns Ontario, explains that:

Christmas was great day for Michigan and New York, courtesy of Santa Claus
Ontario and wind power: Ontario exported 16.5 % (about 66,000 MWh) of our

total demand for power on Christmas Day, and those two neighbours got \$500,000 in cash along with the 56,000 MWh of power we gave them. Power generated from wind energy was 36,000 MWh or 51% of total exports—if the curtailed wind production was included that would be 77% of the surplus power exported, so the wind power developers must be happy with their Christmas presents from Ontario, too.

In fact, Ontario's electricity ratepayers picked up the cost of the cash payments to Michigan and New York, along with the actual cost of the production which was \$7 million. And, we paid about \$2 million for "curtailed" wind (17,000 MWh), close to \$3 million for "steamed off" nuclear (49,000 MWh) and more than \$3 million to the gas plant generators for their "net revenue requirement" while the gas power plants idled. That's \$16 million... and it doesn't include the cost of Christmas Day "hydro spillage" as the Independent Electricity Systems Operator or IESO doesn't report on it.

Total demand for power in Ontario Christmas Day was only 325,000 MWh, perhaps due to mild weather or maybe everyone barbecued their turkeys. The hourly Ontario energy price (HOEP) value of the total demand of 390,000 MWh was *negative* (-\$2,900,000) based on the average negative price of \$7.45/MWh, but Ontario ratepayers still paid the \$40 million needed to produce that power. So our Premier and her chief Elf in the Energy portfolio, Bob Chiarelli, rewarded Ontario's ratepayers with lumps of coal on Christmas day while doling out goodies to our neighbours!

©Parker Gallant
December 26, 2014

The Ontario Power Authority plans to pay Windlectric Inc. to not produce electricity at various times as Ontario frequently has to dispose of excess power at a loss.

Ontario has no effective plan to manage or mitigate surplus baseload as identified by the Ministry of Energy in 2012:

SURPLUS BASELOAD GENERATION MITIGATION (SBG):

- Surplus Baseload Generation (SBG) is a situation that occurs when electricity production from baseload facilities exceeds demand. Given the current demand forecast SBG will become significant in the period between 2014 and 2016.
- The IESO, through the SE-91 Renewables Integration initiative, is developing the tools needed to manage the increasing amount of variable generation resources, including the ability to dispatch their production when the province (or a particular region of the province) does not require it. A key objective of the SE-91 process is to enable the IESO to better manage surplus baseload generation in a way that is both cost effective and ensures reliability.
- Effectively integrating renewables, especially wind, into system planning is an important step in phasing-out coal fired generation and achieving the government's target of 10,700 MW of renewable power online from wind, solar and bio-energy by 2018.
- Integrating wind generation effectively is of particular concern because unlike solar generation, wind generation is more likely to occur during periods of relatively low demand (i.e. at night). SBG can be partially mitigated by delaying the commercial operation dates for wind projects.

The same document considers whether wind turbines should be located in Important Bird Areas but has been redacted so that the public cannot know what was discussed under “legal”. The Ontario Energy Board is requested to obtain the full meeting record and advice from the Ministry of Energy so that all information is available to the Board.

The Ontario Energy Board is also requested to have regard for the report dated December 9, 2014 of Ms. Bonnie Lysyk, the Ontario Auditor General which says in part:

“The total Global Adjustment charged to ratepayers has grown from \$654 million in 2006 to \$7.7 billion in 2013, as shown in **Figure 10**. With more new contracted generators, especially of renewable energy, expected to begin producing energy at higher contract prices, the total Global Adjustment is expected to grow further, to \$8.5 billion in 2014 and \$9.4 billion in 2015. From 2006 to 2015, the 10-year cumulative actual and projected Global Adjustment is about \$50 billion—an extra charge to ratepayers over and above the market price of electricity.”

The Ontario Energy Board is also requested to have regard for the attached report prepared by the Fraser Institute “What Goes Up . . . Ontario’s soaring electricity prices and how to get them down” by Ross McKittrick and Tom Adams, October 2014.

The time has come for the Ontario Energy Board to be accountable for its decisions and to decline to approve further projects which will add to Global Adjustment without direct benefit to Ontario consumers.

Please ensure that my comments are brought to the attention of the Ontario Energy Board hearing officers.

Please require Windelectric to:

1. Provide a letter of credit in the amount of \$100 million as noted above prior to consideration of the application to Leave to Construct by the OEB

2. address the economic viability of the proposed Amherst Island wind project. According to Algonquin Power's most recent report to shareholders costs have increased from \$230 to \$260 million prior to construction. This compares most unfavourably to Algonquin's most recent St. Damase project.

This is summarized in the following Table:

Relative expense of Algonquin's wind projects:

Wind Project	Timing	Total Cost (\$mm)	Power (MW)	\$mm/MW
Morse (Sask.)	Q1/15	81	25	3.3
St. Damase (QC)	Q4/14	49	24	2.0
Val Eo (QC)	Q4/15	52	24	2.2
Odell (MN)	Q4/15	347 (US)	200	1.7
Amherst Island	H2/16	260	75	3.5
Chaplin (Sask.)	Q4/16	340	177	1.9

\$mm is \$million; Power (MW) is nameplate power. Note that Morse and Chaplin are in the high wind northern extension of the Great Plains.

The Amherst Island project at \$3.5mm/MW is significantly higher than other projects due mainly to the fact that the company plans to blanket an Island which has less than satisfactory wind capacity with turbines and to shoehorn as many turbines as possible into a very small footprint such that efficiency of all turbines will decrease.

3. Require Windlectric Inc. to document exactly how its proposed Amherst island wind project will benefit Ontario consumers and reduce hydro costs.
4. Require Windlectric to explain how it proposes to achieve its commercial operation date as set out in its contract with the Ontario Power Authority and at the same time comply with Loyalist Township half load road regulations for March and April, prohibition of construction from April to August during the nesting seasons of grassland birds, and prohibition of construction during fish spawning season as well as complying with all other conditions and obtaining approval for various permits including Road Use Agreements with both Loyalist Township and the County of Lennox and Addington.
5. Require Windlectric to reconcile the differences between the proposed design of the poles supporting the 135 KV transmission line on Amherst Island in its REA application and its application for Leave to Construct and to amend one or both sets of documents with notice to the public and an opportunity for public comment
6. Require Windlectric to relocate the hydro substation on the Island to a location a minimum of 1000 m from any receptor and to construct a sound barrier on all four sides of the proposed substation
7. Require the Windlectric Directors to personally authorize all documents submitted by the company to the Ontario Energy Board and provide evidence of the company's liability insurance given the substantive risk to the community of the proposed Amherst Island Wind Project. Undertake due diligence to

ascertain whether Windlectric Inc. (not Algonquin Power) has the financial capacity, construction experience, appropriate governance and safety record to undertake a project of this magnitude and risk.

It is very important that these matters be considered in a public forum with an opportunity for the Board to question the applicant and for the public to observe and to participate in the proceedings. Premier Wynne has committed to “open and transparent” decision-making. Please make it so by requiring an oral hearing for this important matter on Amherst Island.

Also, please register me as a “monitor” for all matters related to the applications by Windlectric Inc.

Thank you for your consideration.

Sincerely

William G. Barrett

A black rectangular redaction box covering the signature of William G. Barrett.

Cc Ian Robertson, Board of Directors, Windlectric Inc.
Alex Tsepolas, Algonquin Power