**Ontario Energy Board**

**Preliminary Filing Requirements**

**For a Notice of Proposal under Sections 80 and 81**

**Of the *Ontario Energy Board Act, 1998***

**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**

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| Name of Applicant  **2425932 Ontario Inc.** | File No: (Board Use Only) | |
| Address of Head Office  ***3025 Albion Road North***  ***PO Box 8700***  ***Ottawa ON K1G 3S4*** | Telephone Number  ***613-738-5499 ext. 291*** |  |
| Facsimile Number  ***613-738-5486*** |
| E-mail Address  ***N/A*** |
| Name of Individual to Contact  ***Paul Hughes,***  ***General Counsel*** | Telephone Number  ***613-738-5499 ext. 291*** |  |
| Facsimile Number  ***613-738-5486*** |
| E-mail Address  ***paulhughes@hydroottawa.com*** |

**1.1.2 Other Parties to the Transaction or Project**

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| Name of Other Party  **Fortis Inc.**  **Fortis Generation Inc.**  **FortisUS Inc.**  **FortisOntario District Heating Inc.**  **(collectively, “the Vendor”)** | Board Use Only | |
| Address of Head Office(s)  c/o FortisBC Holdings Inc.  1111 West Georgia Street,  10th Floor  Vancouver, British Columbia  V6E 4M3 | Telephone Number |  |
| Facsimile Number  604-443-6540 |
| E-mail Address |
| Name of Individual to Contact  Marie-France Leroi | Telephone Number  604-443-6507 |  |
| Facsimile Number  604-443-6540 |  |
| E-mail Address  Marie-France.leroi@fortisbcholdings.  com |  |

**1.2 Relationship between Parties to the Transaction or Project**

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| 1.2.1 | Attach a list of the officers, directors and shareholders of each of the parties to the proposed transaction or project.  **The transaction involves the purchase of the units of Fortis Generation East Limited Partnership ("FGELP") as well as the shares of Fortis Generation East GP Inc. ("East GP"), the shares of FortisUS Energy Corporation ("FortisUS Energy") and the shares of The Gananoque Water Power Company ("GWPC"). FGELP is the owner of six hydro-electric generating stations located in eastern Ontario.**  **The initial parties to the transaction were Energy Ottawa Inc. and the Vendor (the seller) described above. Energy Ottawa Inc. has assigned its rights under the transaction to its affiliate, 2425932 Ontario Inc. (the purchaser). 2425932 Ontario Inc. is wholly owned by Energy Ottawa Inc., a generation company based in Ontario.**  **The officers of 2425932 Ontario Inc. are John Bryce Conrad, Geoffrey Simpson and Gregory Clarke.**  **The sole director of 2425932 Ontario Inc. is John Bryce Conrad.**  **The shareholder of Energy Ottawa Inc. is Hydro Ottawa Holding Inc. Hydro Ottawa Holding Inc. is 100% owned by the City of Ottawa.**  **FGELP is a limited partnership. The sole limited partner prior to the completion of the transaction is Fortis Inc. ("Fortis"). The general partner is East GP, whose sole shareholder is Fortis Generation Inc. ("Fortis Generation"). The sole shareholder of Fortis Generation is Fortis, and is a publicly-owned company. Please refer to Fortis' SEDAR profile at www.sedar.com for more information.**  **The officers of East GP are Debra G. Nelson and Doyle Sam.**  **The directors of East GP are John C. Walker and Roger Dall'Antonia.**  **The officers of Fortis are Barry V. Perry, Karl W. Smith, Earl A. Ludlow, John C. Walker, David Bennett, James D. Spinney, Jamie D. Roberts and Donna G. Hynes.**  **The directors of Fortis are Tracey C. Ball, Peter E. Case, Frank Crothers, Ida J. Goodreau, Douglas J. Haughey, Harry McWatters, Ronald D. Munkley, David G. Norris, Michael A. Pavey and Barry V. Perry.**  **The officers of Fortis Generation are Debra G. Nelson and Doyle Sam.**  **The directors of Fortis Generation are John C. Walker and Roger Dall'Antonia.** |  |
| 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.  **Please see the attached Schedule 1.2.2.** |  |

**1.3 Description of the Businesses of Each of the Parties**

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| 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”).  **Fortis**  **Fortis is a leader in the North American electric and gas utility business, with total assets of more than $26 billion and fiscal 2014 revenue of $5.4 billion. Its regulated utilities account for approximately 93% of total assets and serve more than 3 million customers across Canada and in the United States and the Caribbean. Fortis owns non-regulated hydroelectric generation assets in Canada, Belize and Upstate New York. Fortis' non-utility investment is comprised of hotels and commercial real estate in Canada.**  **FortisOntario Inc. ("FortisOntario"), an affiliate of Fortis, owns and operates generation, transmission and distribution businesses in the province of Ontario. FortisOntario owns a 5 MW gas-powered cogeneration district heating plant located in Cornwall, Ontario. All thermal energy output of this plant is sold to external third parties, while the electricity output is sold to Cornwall Street Railway, Light and Power Company, Limited ("Cornwall Electric").**  **FGELP owns and operates six hydroelectric generating facilities in eastern Ontario, known as Jones Falls, Rideau Falls, Kingston Mills, Brewers Mills, Gananoque and Washburn, with a combined capacity of 8 MW. These six generating facilities will be acquired by 2425932 Ontario Inc. through its purchase of the units of FGELP and the shares of its general partner, East GP.**  **Through FortisUS Energy, an indirectly wholly owned subsidiary, Fortis owns and operates four hydroelectric generating facilities in upstate New York with a combined capacity of approximately 23 MW operating under licences from FERC. All four hydroelectric generating facilities sell energy at market rates through purchase agreements with Niagara Mohawk Power Corporation. These four generating facilities will be acquired by a newly incorporated subsidiary of 2425932 Ontario Inc. through its purchase of the shares of FortisUS Energy.**  **GWPC holds land and water rights relative to the Gananoque water facilities, which will also be acquired by 2425932 Ontario Inc. through its purchase of the shares of GWPC.**  **FortisOntario's operations are comprised of Canadian Niagara Power Inc. ("CNPI"), Cornwall Electric and Algoma Power Inc.**  **CNPI is a licensed transmitter. Its transmission facilities are interconnected with Hydro One Networks Inc. in Niagara Falls, Ontario and it provides transmission service in and around Fort Erie, Ontario. CNPI's transmission system is also interconnected with US National Grid in New York State. This Is more specifically described in CNPI's electricity transmission licence ET-2003-0073. CNPI is also a licensed distributor providing electricity distribution service to the Town of Fort Erie, the City of Port Colbourne and the Town of Gananoque. The specific service areas are set out in CNPI's distribution licence ED-2002-0572.**  **Algoma Power Inc. serves over 11,000 customers in Northern Ontario, north and east of the City of Sault Ste. Marie.**  **FortisOntario also owns Cornwall Electric, which serves 23,000 electricity customers in Cornwall, Ontario. Cornwall Electric is not connected to the IESO-controlled grid.**  **FGELP holds generator licence EG-2012-0091 and FortisOntario holds generator licence EG-2003-0107. The following affiliates of Fortis hold distribution licences: CNPI (ED-2002-0572), Algoma Power Inc. (ED-2009-0072) and Cornwall Electric (ED-2004-0405). CNPI also holds transmitter licence ET-2003-0073.** |  |
|  | **Energy Ottawa**  **Energy Ottawa Inc. is a generator and energy retailer operating in the province of Ontario. Energy Ottawa holds a generator license and retailer license under the OEB Act and its affiliate, Hydro Ottawa Limited holds an electricity distributor license. Upon closing of the transaction, 2425932 Ontario Inc., a subsidiary of Energy Ottawa Inc., will own the limited partnership units of Fortis Generation East Limited Partnership, shares of The Gananoque Water Power Company, the shares of Fortis Generation East GP Inc. and, through a holding corporation, the shares of FortisUS Energy Corporation.**  **Energy Ottawa Inc. has three affiliates that operate generation facilities licensed under the OEB Act, namely: PowerTrail Inc., Moose Creek Energy LP and Chaudiere Hydro L.P. Energy Ottawa Inc. also holds a retailer licence issued by the OEB. Hydro Ottawa Limited is an affiliate of Energy Ottawa Inc. and is licensed by the OEB as an electricity distributor.** |  |
| 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.  **Energy Ottawa Inc. currently has generation facilities in Ottawa at the Chaudière Falls. Its affiliate Chaudiere Hydro LP has three hydro-electric generation facilities at Chaudiere Falls, two of which are located in Ottawa and one of which is located in Gatineau. Its affiliate PowerTrail Inc., has a landfill gas -to-energy facility at the Trail Road Landfill site in Ottawa. Its affiliate Moose Creek Energy LP has a landfill gas-to-energy facility. Hydro Ottawa Limited, an affiliate of Energy Ottawa Inc. , is the electricity distributor for the village of Casselman and a large portion of the City of Ottawa.**  **As set out above, Fortis indirectly owns non-regulated generation facilities in Ontario, upstate New York, Belize and British Columbia. The non-regulated generation facilities in Ontario are currently owned by FGELP and FortisOntario, each of which hold generation licences under the OEB Act.** |  |
| 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.  **Energy Ottawa and its affiliates’ sales of output to the IESO Administered Markets is the following:**   |  |  |  | | --- | --- | --- | |  | **C$** | **MWh** | | **2013** | **$15,954,790** | **172,966** | | **2014** | **$14,603,909** | **161,183** |   **Fortis and its affiliates' sales of output to the IESO Administered Markets is the following:**   |  |  |  | | --- | --- | --- | |  | **C$** | **MWh** | | **2013** | **$2,321,968** | **30,120** | | **2014** | **$2,396,378** | **30,616** | |  |
| 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.  **Energy Ottawa holds generator license EG-2003-0124. Energy Ottawa’s affiliate, PowerTrail Inc. holds generator license EG-2006-0056. Energy Ottawa’s affiliate Moose Creek Energy LP holds generator licence EG-2012-0377, Energy Ottawa’s affiliate Chaudiere Hydro L.P. holds generator licence EG-2012-0320. Energy Ottawa holds electricity retailer license ER-2011-041. Hydro Ottawa Limited holds distribution license ED-2002-0556. On April 29, 2015, Hydro Ottawa Limited submitted a distribution rate application (EB-2015-0004).**  **FGELP holds generator licence EG-2012-0091 and FortisOntario holds generator licence EG-2003-0107. The following affiliates of Fortis hold distribution licences: CNPI (ED-2002-0572), Algoma Power Inc. (ED-2009-0072) and Cornwall Electric (ED-2004-0405). CNPI also holds transmitter licence ET-2003-0073. CNPI currently has one application before the OEB, being transmission application EB-2014-0204. In August, Fortis will be submitting IRM applications for both CNPI and Algoma Power Inc.** |  |

**1.4 Current Competitive Characteristics of the Market**

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| 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.  **Energy Ottawa Inc. generation capacity in Ontario is 17 MW from the Chaudière Falls sites. PowerTrail Inc.’s generating capacity is 6 MW from a landfill gas to energy plant. Moose Creek Energy LP’s generating capacity is 4.2 MW from a landfill gas to energy plant. Chaudiere Hydro L.P.’s generation capacity in Ontario is 9MW**  **FGELP owns six hydroelectric generating facilities in eastern Ontario with a combined generating capacity of 8.4 MW and a total normalized average generation of 27.1 GWh/year. These facilities will be sold to 2425932 Ontario Inc. – through the sale of the units of FGELP - in connection with the proposed transaction. FortisOntario owns a 5 MW gas-powered cogeneration plant in Cornwall, Ontario.** |  |
| 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.  **2425932 Ontario Inc.’s (and, following the closing of the proposed transaction, FGELP's) market share will be a small fraction of Ontario’s total generation market share.**  **Fortis’ market share, both before and after the completion of the proposed transaction, represents a small fraction of the Ontario generation market share.** |  |

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

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| 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 proposed transaction involves the purchase by 2425932 Ontario Inc. of all of the units of FGELP and all of the shares of East GP and GWPC. An affiliate of Energy Ottawa Inc. will also acquire all of the shares of FortisUS Energy.**  **Of the 8.4 MW capacity of the Ontario assets owned by FGELP, which following the completion of the proposed transaction will be owned by 2425932 Ontario Inc., Rideau Falls contributes 31% of this total. Rideau Falls is located on the Rideau River in Ottawa, Ontario. Its Powerhouse contains two turbines and two generating units that produce approximately 1.8 MW. The Switchyard contains a 2.3/13.2 kV step-up transformer with links to the Hydro Ottawa 13.2 kV circuit 403 via the King Edward Substation. The dam and powerhouse are leased from Public Works and Government Services Canada. The forecasted generation is 8.3 GWh per year.**  **Of the 8.4 MW capacity to be transferred, Jones Falls represents 25%. Jones Falls is located on the Rideau Canal in Rideau Lake Township, located between Kingston & Ottawa. Its Powerhouse consists of three turbines that produce approximately 3.0 MW. The Switchyard contains a 2.3/26.4 kV step-up transformer which links to CNPI's 26 kV Circuit 27-11 via the Gananoque main substation. The forecasted generation is 6.96 GWh per year.**  **Of the 8.4 MW capacity to be transferred, Kingston Mills represents 24%. Kingston Mills is located within the City of Kingston at the first lock station of the Rideau Canal. Its Powerhouses in total contain three turbines that produce approximately 2.2 MW. The Switchyard contains a 2.6/26.4 kV step-up transformer which links to CNPI's 26 KV circuit 27-1 via the Gananoque main substation. The forecasted generation is 6.4 GWh per year.**  **Of the 8.4 MW capacity to be transferred, Brewers Mills represents 9%. Brewers Mills is located within the City of Kingston and has a Powerhouse that contains three turbines that produce approximately 0.8 MW. The switchyard contains a 0.6/26.4 kV step-up transformer which links to CNPI's 26 kV circuit 27-11 via the Gananoque main substation. The forecasted generation is 2.4 GWh per year.**  **Of the 8.4 MW capacity to be transferred, Gananoque represents 10%. The Powerhouse contains one turbine that produces approximately 0.6 MW. It has a 0/6/2.4 kV step-up transformer which links to CNPI's 2.4 kV circuit 27-12 via the Gananoque main substation. It has a forecasted generation of 2.7 GWh per year.**  **Lastly, of the 8.4 MW capacity to be transferred, Washburn, located in Seeley's Bay, represents 1%. Its Powerhouse contains a single turbine that produces approximately 0.2 MW. Its Switchgear includes a 2.3/26.4 kV step-up transformer which links to CNPI's 26 kV circuit 27-11 via the Gananoque main 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.  **After completion of the proposed transaction:**   1. **Energy Ottawa will have a generating capacity of 17 MW in Ontario;** 2. **PowerTrail Inc. will have a generating capacity of 6 MW in Ontario;** 3. **Moose Creek Energy Inc. will have a generating capacity of 4.2 MW in Ontario;** 4. **Chaudiere Hydro L.P. will have a generating capacity of 9 MW in Ontario; and** 5. **FGELP will have total generating capacity of 8.4MW in Ontario.** 6. **Fortis and its affiliates will have a generating capacity of 5MW in Ontario.** |  |
| 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.  **The total output of the project will be approximately 27.1 GWh (27,100 MWh) per year which is a small percentage of Ontario’s total generation capacity. However all production is already occurring in the Ontario market – as this is a sale of existing Ontario generation assets. Therefore there will be no new impact on the Ontario market.** |  |
| 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 project will have limited impact on competition in Ontario as Energy Ottawa and its affiliates have a small market share.** |  |
| 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.  **This project will have no impact on open access to transmission or distribution systems.** |  |

**1.6 Other Information**

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| 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 applicants and other parties currently comply with all licence and code requirements and will continue to do so after completion of the proposed transaction.** |  |

**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**

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| 2.1.2 | Describe whether the proposed generation output will be primarily offered into the IAM, sold via bilateral contracts, or for own use.  **All of the generation output in Ontario will be sold and purchased under a PPA (Power Purchase Agreement) with the Ontario Power Authority. The 20-year term of this Agreement expires May 1, 2030.** |  |
| 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.  **All generation facilities are operated as run-of-the-river hydro-electric facilities. The maximum capacity output of the facilities is as follows:**    **Capacity:**  **Jones Falls - 3.0 MW, Rideau Falls – 1.8 MW, Kingston Mills – 2.2 MW, Brewers Mills 0.8 MW, Gananoque – 0.6 MW and Washburn 0.2 MW.** |  |
| 2.1.4 | Provide details on whether the generation facility is expected to sign a “must run” contract with the  IESO.  **The project is not contemplating signing a “must run” contract with the IESO at this time.** |  |
| 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.  **This is not applicable to this transaction.** |  |

**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.

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| 2.2.1 | Provide reasons why the proposal is required to maintain the reliability of the transmission or distribution system. Provide supporting studies.  **This is not applicable to this transaction.** |  |
| 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.  **This is not applicable to this transaction.** |  |
| 2.2.3 | Discuss the effect of the proposal on the security (ability of supply to respond to system contingencies) of supply.  **This is not applicable to this transaction.** |  |
| 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.  **This is not applicable to this transaction.** |  |

**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**

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| 3.1.1 | Provide a description of the transmission or distribution system being acquired or constructed.  **This is not applicable to this transaction.** |  |
| 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.  **This is not applicable to this transaction.** |  |
| 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.  **This is not applicable to this transaction.** |  |
| 3.1.4 | Provide details on whether the generation facilities are expected to sign a “must run” contract with the IESO.  **This is not applicable to this transaction.** |  |

**How to Contact the Ontario Energy Board**

The Ontario Energy Board is located at: P.O. Box 2319

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M4P 1E4

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