



**association to protect  
AMHERST ISLAND**

*Without prejudice to all our rights*

December 2, 2016

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge St, 27th Floor  
Toronto, Ontario, M4P 1E4

**File No. EB-2014-0300**

**Attn: Ms. K. Walli, Board Secretary**

Dear Ms. Walli:

**Re: Windlectric Inc. Request for Extension: Amherst Island Wind Energy Project**

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This is APAI's preliminary response to Windlectric's request for an extension to the OEB's approval of Windlectric's Leave to Construct Transmission Facilities.

Stakeholder Relations at the OEB is preparing a response to our Nov. 21, 2016 request for information on the decision-making process for extensions. They have advised us that their response would be issued no later than December 6, 2016<sup>1</sup>.

APAI is therefore providing this letter as a preliminary response, to be followed by a final letter after December 6, 2016.

The Association to Protect Amherst Island objects to the Request for Extension submitted by Windlectric Inc. based on the following:

1. Granting an extension will result in an adverse impact on Ontario electricity consumers and is not in the public interest.
2. The reasons for the extension are questionable and significantly understate the number of outstanding permits and approvals required by Windlectric Inc.

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<sup>1</sup> Email dated November 22, 2016 File OEB FILE No. IRE-2016-1218 from Industry Relations, Ontario Energy Board attached. Page 1

3. The Applicant has failed to comply with the contractual obligations set out in its FIT Contract with the IESO which requires the company to achieve a Commercial Operation date (according to the IESO web site: IESO Active Generation Contract List) of January 2016. Note that the IESO also indicates that the project is "Pre Notice to Proceed" as of today's date.

For these reasons, the OEB is requested to reject the Request for Extension requested by Windlectric Inc. and to require the company to comply with the the OEB decision issued on December 10, 2015.

Justification for the Association's objection is provided in the attachment.

Yours truly,

Laurie Kilpatrick  
Association to Protect Amherst Island  
c/o 4175 South Shore Rd.  
Stella, Ontario K0H 2S0  
Telephone: 613.634.3057  
Email: [lauriekilpatrick@rogers.com](mailto:lauriekilpatrick@rogers.com)

cc: Honourable Glen Thibeault, Minister of Energy  
Mr. Randy Hillier, MPP  
Ms. Sophie Kiwala, MPP  
Mr. Bruce Campbell, CEO, IESO  
Ms. Joanne Butler, Vice-President, IESO  
Mr. Phil Donelson, Office of the Premier  
Ms. Meaghan Coker, Ministry of Energy  
Ms. Kathleen Hedley, Director, MOECC  
Ms. Elizabeth Spang, District Planner, MNRF  
Mr. Robert J. Maddocks, CAO, Loyalist Township  
Mr. Jonathan Myers, Torys LLP

## **Justification to Reject Windlectric's Application for Extension**

The Association to Protect Amherst Island objects to the Request for Extension submitted on behalf of Windlectric Inc. for the following reasons:

### **1. Adverse Impact on Ontario Residents**

APAI recognizes that a review of the actual cost of power is outside the Board's jurisdiction.

However, Ontario's energy policy framework has changed dramatically since the OEB decision concerning the Windlectric project was issued in December 2015.

The Premier of Ontario acknowledged on November 19, 2016 with respect to electricity rates "Our government made a mistake. It was my mistake. And I'm going to do my best to fix it," she said. "In the weeks and the months ahead, we are going to find more ways to lower rates and reduce the burden on consumers."

APAI argues that the Amherst Island Transmission Project is no longer consistent with current directions and policies of the Government of Ontario. There is no justification for expanding transmission systems when we have a "robust" supply "of electricity and when lower cost renewable sources such as hydro are available to us.

Such an expansion is not "timely" and therefore is inconsistent with the OEB's objective "to promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities."

The "[Ontario Planning Outlook](#), a technical report on the Ontario electrical system" prepared by the IESO in September 2016, presents a variety of planning scenarios for the future of Ontario's energy system. Based on this analysis the IESO advised the Minister of Energy that Ontario will benefit from a robust supply of electricity over the coming decade to meet projected demand.

Rick Conroy's article "The End of Reason<sup>2</sup>" in the Wellington Times describes the Kafkaesque situation where across the channel from Amherst Island the Lennox and Addington Generating Station with 1000 MW capacity sits idle most of the time and 800 MW will also sit idle. The Amherst Island Wind Project has one of the highest rates of payment for power in Ontario (13.5 cents per kilowatt), power that is simply not needed.

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<sup>2</sup> Attached Page 3

The report "Power Exports at What Cost? How Ontario Electricity Customers Are Paying More to Dump the Province's Excess Power<sup>3</sup>" by Brady Yauch, Economist and Executive Director, Consumer Policy Institute and Scott Mitchnick, Graduate Student, concludes:

Ontario electricity customers are paying more each month to cover the costs of selling cheap power to out-of-province ratepayers.

Since 2005, Ontario customers have unwittingly paid \$6.3 billion to cover the cost of selling the province's surplus electricity to customers in neighbouring states and provinces. Most of that bill – \$5.8 billion, or nearly \$1,200 for every household in the province – has been incurred since 2009, as demand for electricity in Ontario has declined, while generation capacity in the province has continued to grow.

Ontario's power surplus is largely a result of provincial directives, which have directed Ontario's energy agencies to sign contracts with a growing number of electricity generators, promising them a guaranteed, above-market rate for their output. The power surplus has pushed the average wholesale price – the value of power on the province's electricity market – to a record low in 2016.

To offset the growing gap between what the province has promised to pay generators and what that power is worth in the wholesale market, provincial ratepayers pay a charge called the Global Adjustment, which has grown, on average, 20% annually over the last 5 years. The Global Adjustment now accounts for nearly 90% of the revenue earned by exporting power.

The combination of an increasing number of generators receiving a fixed rate for their output, depressed market prices and a decline in electricity demand in Ontario has created a large and growing surplus of power in the province. Instead of curbing their production in response to low demand and prices, generators have maintained their production levels, requiring an increase in exported power.

Ontario ratepayers are left covering the difference between what the province has promised domestic generators for their output and what that power is worth when it is exported, since export customers don't pay the Global Adjustment. Ontario ratepayers are now paying the lion's share of the cost of exporting electricity.

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<sup>3</sup> Attached Page 5

Worse still, since 2011, residential customers in Ontario have increasingly had to pay a greater share of the costs of selling power below cost to neighbouring states and provinces than large consumers (big businesses).

Finally, Ontario Auditor General, Bonnie Lysyk, in her [December 2015 Annual Report](#) noted that the electricity portion of hydro bills for homes and small businesses rose 70 per cent between 2006 and 2014, which Lysyk said cost consumers **\$37 billion** in Global Adjustment payments to generators — and will cost ratepayers another **\$133 billion by 2032**.

It is APAI's understanding that Bill 150 did not give the OEB a new mission but rather added objectives for the promotion of renewable energy sources; for energy conservation; and for implementing a smart grid. The original mission and objectives that focused on economic efficiency and cost effectiveness are still in force.

"The Board's mission is to promote a viable, sustainable and efficient energy sector that serves the public interest and assists consumers to obtain reliable energy services that are cost effective."

APAI agrees that "mistakes" have been made in the electricity system and it is in crisis. Electricity is no longer affordable and energy poverty is increasing at an alarming rate. Now is not the time to expand the transmission system and add more high cost renewable energy to the grid. Economic efficiency and cost effectiveness are paramount. By denying an extension to Windlectric Inc. the OEB will be balancing conflicting objectives and focusing on a political imperative to reduce the burden on consumers. The amount of the burden on Ontario consumers is \$500 million over 20 years for the Amherst Island Wind Project.

## 2. Failure by Windlectric Inc. to obtain all permits and approvals to achieve the OEB deadline

The OEB's approval was contingent on Windlectric Inc. obtaining all necessary approvals by Dec. 10, 2016. Windlectric has failed to do so and the Applicant's reasons for requesting an extension are questionable and significantly understate the number of outstanding permits and approvals required.

In addition to dock conditions required by the Cataraqui Region Conservation Authority, Windlectric has not obtained Public Lands Act authorizations required by the Ontario Ministry of Natural Resources and Forestry.

The company has also not entered into a Roads Use Agreement with the County of Lennox and Addington. Nor has the company submitted an Emergency Response and Communications Plan acceptable to Loyalist Township, a Marine Safety and Logistics Plan, a complete Stormwater Management and Sediment Control Plan, a Communications Plan, an Environmental Management Plan and a Complaint Protocol.

The Ministry of Tourism, Culture and Sport is reviewing the plans for archaeological work at the mainland dock and cable landing location and Stage 3 Archaeological Assessment may also be required at this site.

Finally the company has not complied with the Roads Use Agreement with Loyalist Township which requires a comprehensive Operations Plan and a public meeting on Amherst Island.

With respect to the Public Lands Authorizations application submitted to the Ontario Ministry of Natural Resources in July 2013 and posted on the Environmental Registry under file EBR 011-9443, please refer to the enclosed email exchange between Deborah Barrett, a resident of Amherst Island, and Elizabeth Spang, District Planner, Ministry of Natural Resources and Forestry. The first email from Ms. Spang dated October 31, 2016<sup>4</sup> says:

The Ministry of Natural Resources and Forestry (MNRF) has yet to complete the review of all proposed public land authorizations associated with the Amherst Island Wind Project. Provisional land tenure documents have been issued to facilitate the construction phase of the dock facilities. **Land tenure applications for a transmission line to be located on the bed of Lake Ontario and Crown land lease applications for the associated docks require further review before a decision can be posted.** Please note that the contaminated lands you refer to are not located within the public lands under MNRF authority. (emphasis added)

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<sup>4</sup> Attached Page 18

A second email from Ms. Spang dated November 22, 2016<sup>5</sup> says in part:

The provisional approval is a land use permit authorizing the construction and the ability to hold tenure on a short term basis (2 year period). Once construction is complete, a survey must be performed to identify specific locations of the improvement to initiate long term tenure.

Conditions associated with the land use permit include standard conditions and an in-water timing window restriction from April 1<sup>st</sup> to June 30<sup>th</sup> to protect fish from impacts of works during spawning migrations and other critical life stages. Further provisions supporting the protection of fish and conditions regarding sediment controls have been described in the Renewable Energy Approval. Further mitigation measures and specific information regarding the construction drawings can be found in the Dock Construction Stormwater Management Brief located on the proponent's public webpage.

(<http://amherstislandwindproject.com>).

The following correspondence describes the failure of Windlectric to obtain all necessary permits and approvals prior to the OEB deadline:

a. Letter dated October 24, 2016<sup>6</sup> from Robert J. Maddocks, CAO, Loyalist Township to Mr. Auriel Bautista, Algonquin Power, advising that "In order to have a draft plan upon which the Township and its engineer can comment, a number of details must be provided. Until we have received additional detail, it is impossible to provide comments".

b. Letter dated November 14, 2016<sup>7</sup> from Robert J. Maddocks, CAO, Loyalist Township to Mr. Auriel Bautista, Algonquin Power, which reads in part:

The Township was very disappointed to receive an Operations Plan on October 14, 2016, which was prepared and submitted lacking the requisite detail and done so without any pre-consultation, and submitted in isolation without the completed pre-construction study. The Township was surprised when your firm insisted in a letter of October 28, 2016 that you wished to adhere to the submission provisions of the Road Use Agreement to ensure that there were no delays to your firm's schedule. This disappointment is compounded by the fact that your company secured a Renewable Energy Approval on August 24, 2015 and did not submit any substantial material for review to the Township until

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<sup>5</sup> Attached Page 20

<sup>6</sup> Attached Page 22

<sup>7</sup> Attached Page 24

October 17th, 2016. If your construction timeline was so tight, a much earlier submission would have been prudent and allowed the parties to work towards plans that were satisfactory to both parties, and could have avoided this haste to have the plan approved.

c. Letter dated November 3, 2016<sup>8</sup> from Mr. Mohsen Keyvani, MOECC to Mr. Sean Fairfield, Algonquin Power, setting out some of the outstanding matters that must be resolved prior to construction of the Amherst Island Wind Project.

The Renewable Energy Approval for the Amherst Island Wind Project was issued on August 24, 2015 and the OEB decision was issued on December 10, 2015. Windlectric was well aware that an Environmental Review Tribunal hearing would occur but made little effort to submit information required by various government agencies to facilitate issue of permits and approvals.

Accordingly, no extension should be granted.

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<sup>8</sup> Attached Page 30



### 3. Failure by Windlectric to Comply with Contractual Obligations

In its original submission to the OEB on Windlectric's application for Leave to Construct, the Association noted that:

Windlectric obtained a second updated version of the System Impact Assessment (SIA) and the Customer Impact Assessment (CIA) from the Independent Electricity System Operator (IESO) and Hydro One which stated: "The project has been awarded a Power Purchase Agreement under the Feed-In Tariff (FIT) program with the formerly Ontario Power Authority (now IESO). The scheduled project in-service date is December 2016."

Windlectric Inc. also provided the December 2016 in-service date in its final submissions to the Ontario Energy Board. At that time, APAL submitted that this in-service date was not realistic and misleading.

In November 2016, Algonquin Power confirmed that the projected Commercial Operation Date for the Amherst Island Wind Project was 2018.

#### GENERATION BUSINESS GROUP

##### Development Division

The Development Division works to identify, develop and construct new power generating facilities, as well as to identify and acquire operating projects that would be complementary and accretive to the Generation Group's existing portfolio.

The Generation Group's Development Division has successfully advanced a number of projects and has been awarded or acquired a number of PPAs. All of the projects contained in the table below meet the following criteria: a proven wind or solar resource, a signed PPA with credit-worthy counterparties, and meet or exceed the Company's investment return criteria.

Project Name	Location	Size (MW)	Estimated Capital Cost (millions)	Commercial Operation	PPA Term	Production GW-hrs
<b>Projects in Construction or Recently Completed</b>						
Odell Wind Project <sup>1</sup>	Minnesota	200	\$426.3	2016	20	831.8
Bakersfield II Solar Project <sup>2</sup>	California	10	34.9	2016	20	24.2
Deerfield Wind Project <sup>3</sup>	Michigan	150	391.4	2016/17	20	555.2
<b>Total Projects in Construction</b>		<b>360</b>	<b>\$852.6</b>			<b>1,411.2</b>
<b>Projects in Development</b>						
Amherst Island Wind Project	Ontario	75	\$272.5	2018	20	235.0
Chaplin Wind Project	Saskatchewan	177	340.0	2018	25	720.0
Great Bay Solar Project <sup>4</sup>	Maryland	75	232.5	2017	10	152.0
Val-Eo Wind Project <sup>5</sup>	Quebec	24	70.0	2017	20	66.0
<b>Total Projects in Development</b>		<b>351</b>	<b>\$915.0</b>			<b>1,173.0</b>
<b>Total in Construction and Development</b>		<b>711</b>	<b>\$1,767.6</b>			<b>2,584.2</b>

Source: Q3 2016 Results Algonquin Power & Utilities Corp.

<http://investors.algonquinpower.com/Cache/1001216749.PDF?Y=&O=PDF&D=&fid=1001216749&T=&iid=4142273>

APAI understands from the OEB's decision, that holding a valid FIT contract is the main test for demonstrating that the Transmission Project is in the public interest. Given the new information that there will be a minimum seven-year delay in achieving commercial operation is this contract still in force?

There is no evidence that Windlectric's FIT contract with the IESO, signed in March 2011 is still in force or that the term of that contract is 20 years.

As stakeholders in this process and the Island's future, we request that the OEB require evidence of a valid FIT contract and take this into consideration in making its decision on the Windlectric's request for an extension.

### **Summary**

The project will have an adverse impact on Ontario consumers and is not in the public interest. The applicant has failed to obtain all of the necessary approvals and permits. The company cannot fulfill its contractual obligations with respect to the Commercial Operation Date set out in its FIT Contract with the IESO dated March 2011.

### **Conclusion**

APAI submits that Windlectric's request for an extension be denied.

## **ATTACHMENTS**

**From:** Industry Relations [IndustryRelations@ontarioenergyboard.ca](mailto:IndustryRelations@ontarioenergyboard.ca)  
**Subject:** OEB FILE No. IRE-2016-1218 - Leave to construct - All - INITIAL RESPONSE  
**Date:** November 22, 2016 at 9:31 AM  
**To:** Laurie Kilpatrick [lauriekilpatrick@rogers.com](mailto:lauriekilpatrick@rogers.com)

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Dear Laurie Kilpatrick,

This is in response to your enquiry sent to Industry Relations.

*Enquiry: Dear Sir/Madam;*

*Windlectric Inc. submitted an Application for Leave to Construct Transmission Facilities in EB-2014-0300.*

*On December 10, 2015 the Ontario Energy Board Issued a Decision and Order granting Windlectric leave to construct its proposed transmission facilities on the condition that Windlectric would commence construction within 12 months of the approval, on December 10, 2016. The Association for the Protection of Amherst Island (APAI) participated as an Intervenor in this case.*

*In a letter dated November 15, 2016 Windlectric Inc. requested that the OEB extend the deadline for the start of construction from Dec. 10, 2016 to May 31, 2017.*

*We are not in agreement with the reasons put forward by Windlectric Inc. for the extension. I am writing to request information and clarification of how APAI participates in the OEB's decision-making process on this extension. In addition, could you please refer us to relevant legislation precedents, practices, and guidelines that govern the decision on this extension.*

*Best regards,*

*Laurie Kilpatrick  
Intervenor: APAI*

*613-634-3057*

Laurie Kilpatrick;

Thank you for your e-mail dated November 21, 2016 regarding Windlectric Inc.'s request for an extension to commence construction as required in the Ontario Energy Board's Decision and Order granting Windlectric Inc. Leave to Construct Transmission Facilities in EB-2014-0300. Your enquiry has been assigned case number IRE-2016-1218. I am in the process of preparing a response and it will be issued to you no later than December 6, 2016.

Thank you

Should you have additional information you wish to add to your file, please email [IndustryRelations@ontarioenergyboard.ca](mailto:IndustryRelations@ontarioenergyboard.ca) and reference your file number.

Regards,  
Industry Relations

***The response to this enquiry represents the views of Ontario Energy Board (OEB) staff. It is not offered as and does not constitute legal advice or legal opinions, and may not reflect official OEB-approved policy or guidance on reporting, scorecard and other policy matters. This response may not be used as evidence in proceedings with the OEB.***

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## The End of Reason

Rick Conroy The Wellington Times

wellingtontimes.ca

From Amherst Island, you can see the Lennox gas-fired generating station sitting idle most days. The plant sits just across the narrow channel. It burns both oil and gas to produce steam that, in turn, drives generators to create electricity. The plant has the capacity to generate 2,100 MW of electricity—enough to power more than a million homes. But that electricity is rarely ever used. Over the last decade, the Lennox station has operated at less than three per cent of its capacity. That means it is idle much more often than it runs. Yet it earns more than \$7 million each month—whether it runs or doesn't. Such is Ontario's hyper-politicized energy regime.

Last Thursday was a warm day across Ontario— one of the warmest in a hot summer. With air conditioners humming, electricity demand across the province peaked at 22,312 MW. Meanwhile, Lennox sat idle all day. As it does most days.

So it seems odd that yet another gas-fired generating plant is emerging from the ground next to the mostly-idle Lennox station. It will add another 900 MW of generating capacity to a grid that clearly doesn't need any more.

From Amherst Island, it must seem cruel. Within a couple of kilometres, there is enough unused power generating capacity to light millions of homes, yet island residents are being forced to give up their pastoral landscape— for the sake of an intermittent electricity source that nobody needs.

Last week, an Environmental Review Tribunal rejected an appeal by Amherst Island residents seeking to stop Windlectric, a wind energy developer, from covering their island home from end to end with industrial wind turbines, each one soaring 55 storeys into the sky.

Amherst Island is tiny. Just 20 kilometres long and 7 kilometres wide, there is no place, no horizon, no home that can avoid being transformed by this out-of-scale industrialization.

The treachery gets worse. Amherst Island is administered by a council that presides over the larger Loyalist Township from the mainland. Last year, council made a deal with the wind developer, agreeing to receive a \$500,000 payment each year the wind turbines spin. It is a lot of money for a municipality that operates on a \$12-million budget annually.

But perhaps the most disappointing bit of this story is the damage that has been done to friendships and families on Amherst Island. Just 450 people live here. It swells to about 600 in the summer. It was a close community in the way island life tends to be.

Industrial wind energy has, however, ripped this community in two. Property owners hoping to share in the windfall from the development are on one side and those who must endure the

blight on the landscape for a generation or more on the other.

Lifelong friends no longer speak to each other. At St. Paul's Presbyterian service on Sunday mornings, the wind energy benefactors sit on one side of the church, the opponents on the other. A hard, angry line silently divides this community.

The Environmental Review Tribunal concluded not enough evidence was presented in the hearings to say the project will cause serious and irreversible harm to endangered species including the bobolink, Blanding's turtle and little brown bat.

The decision underlines the terrible and oppressive cruelty of the Green Energy Act—that the only appeal allowed for opponents is whether the project will cause serious harm to human health or serious and irreversible harm to plant life, animal life or the natural environment. It is a profoundly unjust restriction on the right of people to challenge the policies and decisions of their government as they directly impact their lives.

The folks on Amherst Island weren't permitted, for example, to argue that the power is unneeded—that this project is a grotesquely wasteful use of provincial tax dollars. Their neighbourhood already boasts enough electricity capacity to power a small country, yet it sits idle—at a cost of millions of dollars each month. It might have been a useful addition to the debate—but this evidence wasn't permitted.

Nor were island residents allowed to appeal the fundamental alteration of their landscape. Nor the loss of property value. They can't undo the broken friendships and the hollow feeling that hangs over the church suppers or the lonely trips across the channel.

Wide swathes of reason and logic have been excluded in the consideration of renewable energy projects in Ontario.

To the extent that urban folks are even aware of what green energy policies are doing to places like Amherst Island, they console themselves by believing it is the cost of a clean energy future—that diminishing the lives of some rural communities is an acceptable trade-off for the warm feeling of doing better by the planet.

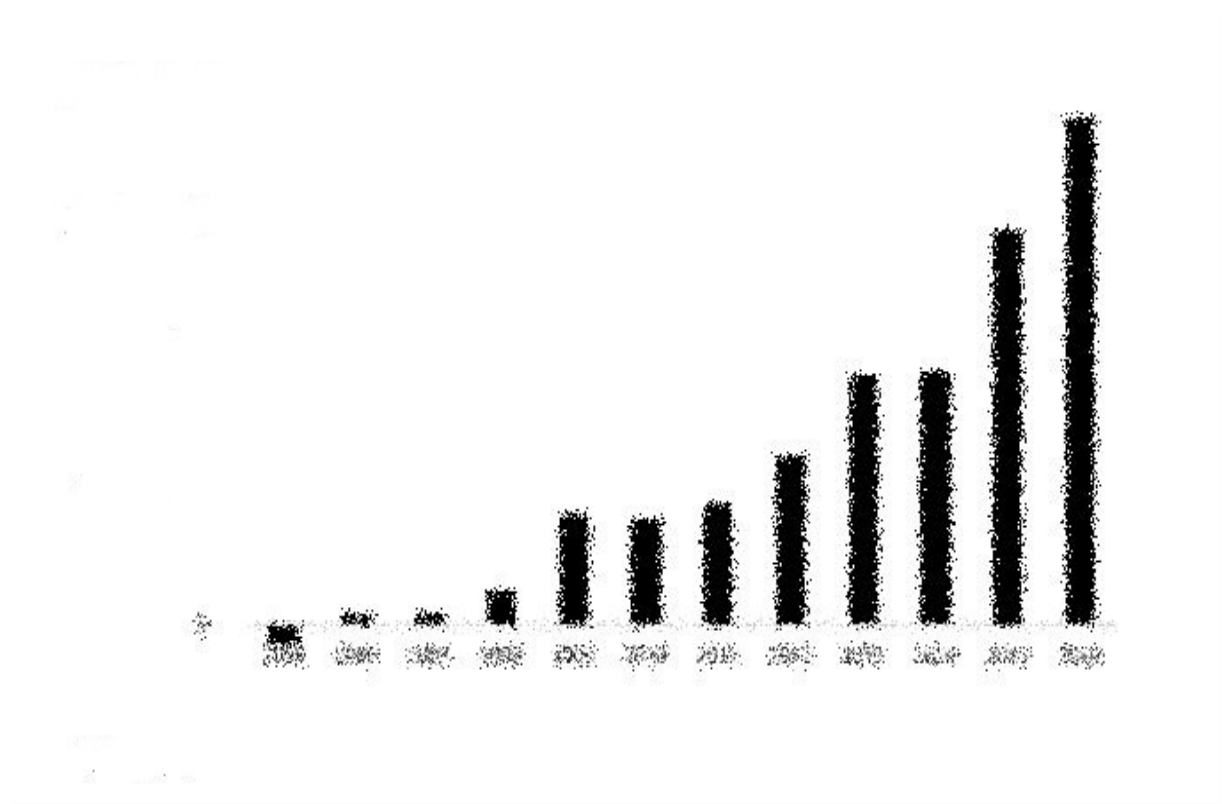
Yet these folks need to explain to Amherst Island residents how decimating their landscape, risking the survival of endangered species and filling the pockets of a developer with taxpayer dollars for an expensive power supply that nobody needs makes Ontario greener.

Visit Amherst Island. Soon.

Remember it as it is today. Mourn for its tomorrow.

# Power Exports at What Cost?

How Ontario Electricity Customers Are Paying More to Dump the Province's Excess Power



Brady Yauch  
Economist and Executive Director  
Consumer Policy Institute  
(416) 964-9223 ext 236  
[bradyyauch@consumerpolicyinstitute.org](mailto:bradyyauch@consumerpolicyinstitute.org)  
<http://cpi.probeinternational.org>

Scott Mitchnick  
Graduate Student  
Food, Agricultural and Resource  
Economics  
University of Guelph





## Executive Summary

Ontario electricity customers are paying more each month to cover the costs of selling cheap power to out-of-province ratepayers.

Since 2005, Ontario customers have unwittingly paid \$6.3 billion to cover the cost of selling the province's surplus electricity to customers in neighbouring states and provinces. Most of that bill – \$5.8 billion, or nearly \$1,200 for every household in the province – has been incurred since 2009, as demand for electricity in Ontario has declined, while generation capacity in the province has continued to grow.

Ontario's power surplus is largely a result of provincial directives, which have directed Ontario's energy agencies to sign contracts with a growing number of electricity generators, promising them a guaranteed, above-market rate for their output. The power surplus has pushed the average wholesale price – the value of power on the province's electricity market – to a record low in 2016.

To offset the growing gap between what the province has promised to pay generators and what that power is worth in the wholesale market, provincial ratepayers pay a charge called the Global Adjustment, which has grown, on average, 20% annually over the last 5 years. The Global Adjustment now accounts for nearly 90% of the revenue earned by exporting power.

The combination of an increasing number of generators receiving a fixed rate for their output, depressed market prices and a decline in electricity demand in Ontario has created a large and growing surplus of power in the province. Instead of curbing their production in response to low demand and prices, generators have maintained their production levels, requiring an increase in exported power.

Ontario ratepayers are left covering the difference between what the province has promised domestic generators for their output and what that power is worth when it is exported, since export customers don't pay the Global Adjustment. Ontario ratepayers are now paying the lion's share of the cost of exporting electricity.

Worse still, since 2011, residential customers in Ontario have increasingly had to pay a greater share of the costs of selling power below cost to neighbouring states and provinces than large consumers (big businesses).

## Part I. How electricity generators make money in Ontario

Nearly all electricity generators in Ontario have either a fixed-rate contract with one of the province's electricity agencies, or have their rates set by the Ontario Energy Board (OEB) – both of which ensure they receive a guaranteed price for their output. Generators no longer rely solely on the province's wholesale electricity market for their revenue.<sup>1</sup>

The Independent Electricity System Operator (IESO) is the provincial agency responsible for signing fixed-rate contracts with new generators.<sup>2</sup> In total, the agency holds contracts amounting to 26,671 Megawatts (MW) of capacity<sup>3</sup>, accounting for nearly 74% of the province's total installed generating capacity.<sup>4</sup> All renewable energy generators, such as wind, solar and biomass plants, as well as most gas plants, have signed contracts with IESO.<sup>5</sup>

The remaining generation capacity in Ontario is largely owned and operated by the provincially owned Ontario Power Generation (OPG) and has its rates set by the OEB.

Contracts signed with the IESO and those set by the OEB provide generators with two streams of revenue. One revenue stream comes from the price that power sells for in the province's wholesale market – known as the Hourly Ontario Energy Price (HOEP). The second stream is the revenue they receive from the Global Adjustment (GA), a ratepayer-funded charge that makes up the difference between what a generator receives on the market for their output and what they were promised in their fixed-rate contract or the rate set by the OEB.<sup>6</sup>

*Generator revenue = Market Revenue + Global Adjustment*

*Market Revenue = the price of power on the province's wholesale electricity market*

*Global Adjustment = Difference between wholesale price and guaranteed rate, funded by ratepayers*

In recent years, the province has continued to procure additional generation capacity, even though demand for that power has declined<sup>7</sup>. This has created an ongoing power surplus. By signing high-priced contracts with generators, the market price for electricity has been pushed

<sup>1</sup> Page 87, [http://www.ontarioenergyboard.ca/oeb/\\_Documents/MSP/MSP\\_Report\\_Nov2014-Apr2015\\_20160512.pdf](http://www.ontarioenergyboard.ca/oeb/_Documents/MSP/MSP_Report_Nov2014-Apr2015_20160512.pdf)

<sup>2</sup> Prior to 2015 the agency responsible for procurement was the Ontario Power Authority (OPA). The province has since merged the two agencies.

<sup>3</sup> See: <http://www.ieso.ca/Documents/Supply/Progress-Report-Contracted-Supply-Q12016.pdf>

<sup>4</sup> Using IESO's figures for installed generating capacity: <http://www.ieso.ca/Pages/Power-Data/Supply.aspx>

<sup>5</sup> A small number of generators have contracts with the Ontario Electricity Financial Corporation (OEFC), which manages contracts that were signed with the old Ontario Hydro.

<sup>6</sup> The Global Adjustment also includes other, smaller costs, such as provincially mandated conservation programs. For more information on the Global Adjustment, see:

[http://www.ieso.ca/Documents/Understanding\\_GA\\_June\\_2014.pdf](http://www.ieso.ca/Documents/Understanding_GA_June_2014.pdf)

<sup>7</sup> Ontario demand has fallen by nearly 13% since 2005. See: <http://www.ieso.ca/Documents/OPO/MODULE-1-State-of-the-Electricity-System-20160901.pdf>

<sup>8</sup> For a look at Ontario's growing generation capacity, see page 6: <http://www.ieso.ca/Documents/consult/sac/SAC-20160323-Ontario-Planning-Outlook.pdf>

down to record low levels in Ontario. This has resulted in generators receiving higher payments through the Global Adjustment to make them whole.

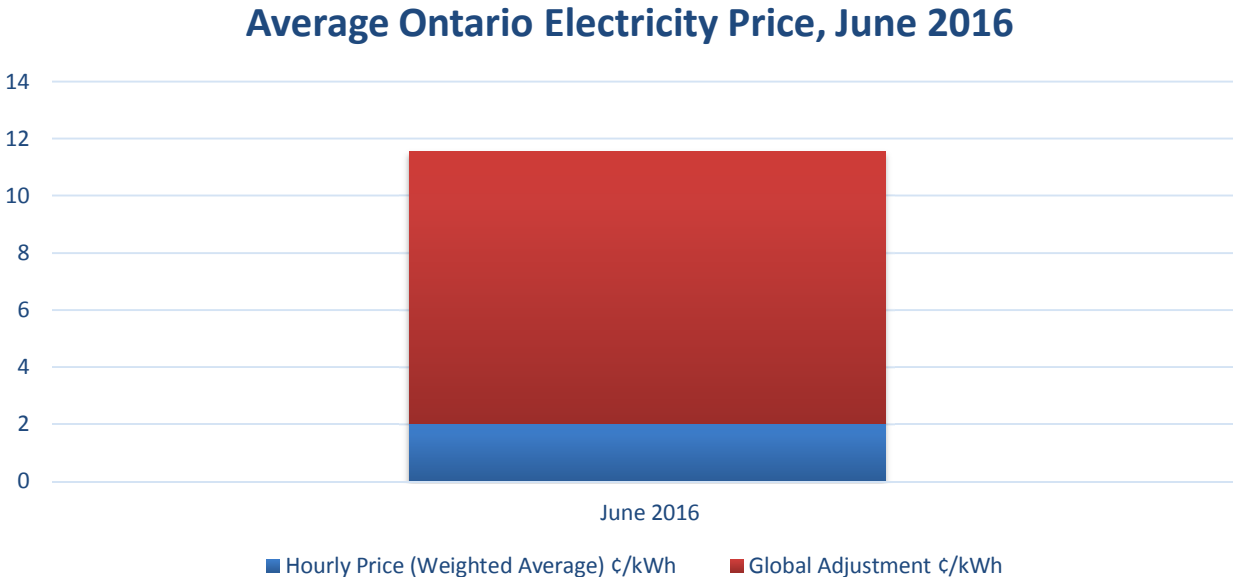
## Part II. What happens when Ontario generators export their power?

When generators sell electricity into the province's wholesale market, they receive the same amount of revenue whether that power is consumed in Ontario, or exported to neighbouring states and provinces. However, if that electricity is exported outside of Ontario, those non-domestic consumers don't pay the Global Adjustment charge – they pay only the wholesale rate.

Instead, Ontario electricity customers are on the hook for the Global Adjustment charge on electricity exports. The Global Adjustment paid on exported electricity is blended into the hydro bills of Ontario ratepayers and acts as a subsidy from Ontario electricity customers to those outside the province.

Take Figure 1 as an example. In June of 2016, the average selling price of electricity on the province's wholesale market was 2.02 cents per kilowatt hour (kWh), while the province's average cost to pay generators what they were promised – either in contracts signed with IESO or those set by the OEB – was 11.57 cents per kWh. That means that for each kWh of electricity sold to customers outside of Ontario, a 9.55 cent per kWh Global Adjustment charge was paid by domestic customers.<sup>9</sup>

Figure 1

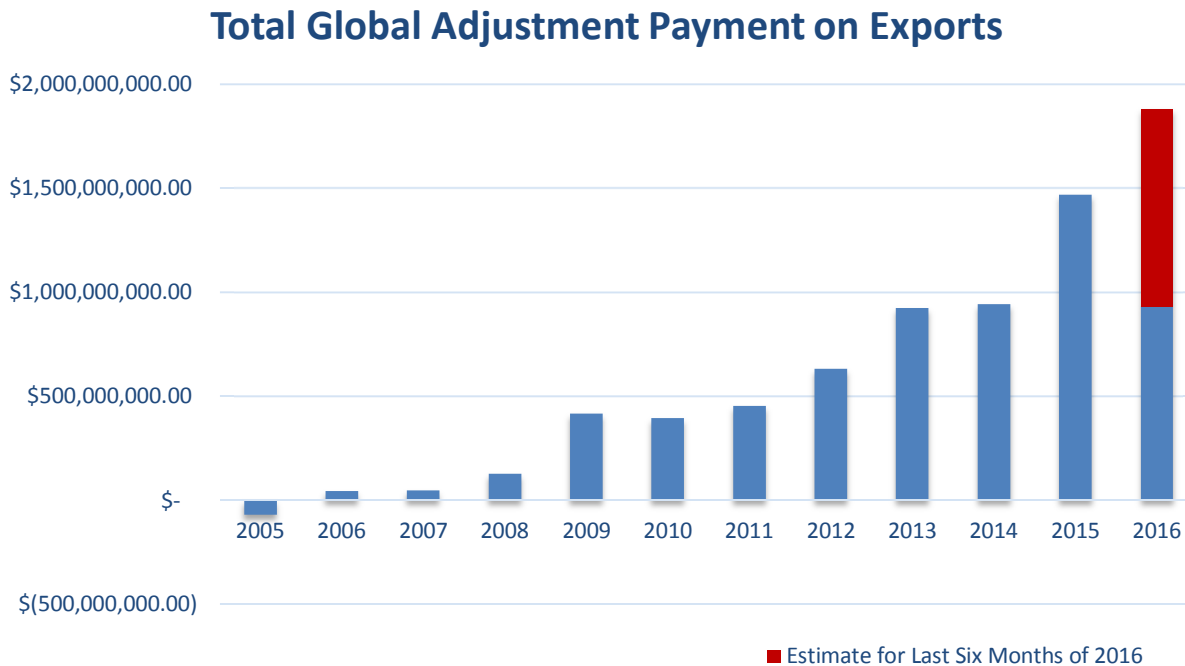


Over the past decade, the cost to Ontario electricity customers of paying the Global Adjustment charge for exported power has increased more than ten-fold. In 2006, that figure was less than

<sup>9</sup> This is the method that the Ontario Auditor General in her 2015 annual report to calculate the cost to Ontario ratepayers for power exports. We use a slightly modified version of this calculation that results in a lower cost estimate of the cost to Ontario's electricity customers on power exports.

\$100 million, while it was more than \$1.4 billion last year. In 2016 alone, using figures from January to June, the Global Adjustment has already surpassed all of 2013 and could reach more than \$1.8 billion for the entire year – marking the highest level since Ontario’s electricity market was redesigned in 2002.

**Figure 2**



Increasingly, generators are relying on the Global Adjustment, not the market price, to reimburse them for the power they generate. Between January of 2005 and June of 2016, Ontario’s electricity generators received just under \$12.9 billion for their exports. However, \$6.6 billion of that figure came from the market value of that power, while \$6.3 billion was paid for by Ontario electricity customers through the Global Adjustment (see Table 1).

In recent years, Ontario ratepayers have paid the lion’s share of the costs associated with power exports. Since 2012, Ontario ratepayers have paid \$4.9 billion to cover the cost of paying generators for their exported power, while customers purchasing that power have paid just \$2 billion.

Table 1<sup>10</sup>

	Global Adjustment paid by Ontario ratepayers for power exports	Market value of power exports	Total Revenue (Global Adjustment and Market value)
2005	-\$70,858,544	\$724,865,524	\$654,006,980
2006	\$43,896,377	\$558,596,299	\$602,492,676
2007	\$46,155,241	\$621,306,747	\$667,461,988
2008	\$126,248,042	\$1,144,980,580	\$1,271,228,622
2009	\$417,028,862	\$484,828,776	\$901,857,638
2010	\$394,976,789	\$563,918,254	\$958,895,043
2011	\$453,401,999	\$403,688,730	\$857,090,729
2012	\$630,572,662	\$348,581,436	\$979,154,098
2013	\$924,980,300	\$480,992,842	\$1,405,973,142
2014	\$941,826,632	\$592,924,713	\$1,534,751,345
2015	\$1,466,851,385	\$526,156,668	\$1,993,008,053
2016 (Jan-June)	\$933,730,153	\$130,782,850	\$1,064,513,004
Total	\$6,308,809,898	\$6,581,623,420	\$12,890,433,318

The market value of exports from Ontario is declining, despite the physical amount of power being exported having increased. Because nearly every unit of electricity is guaranteed a rate that is higher than the market price for power, the per kWh cost of those exports to Ontario ratepayers is increasing. In short, nearly every unit of power that Ontario sells outside of its borders, it does so at a loss – and the more power it sells, the greater the loss.

While the province defends electricity exports for the revenue they<sup>11</sup> bring into Ontario, it ignores the fact that the province's electricity customers are being charged to export that power and in many cases would be better off if it wasn't produced in the first place.

### **Part III. The road less travelled: How Ontario turned its electricity exports into a money loser**

Transforming Ontario electricity exports into a money-losing endeavor for the province's ratepayers, has occurred in tandem with the Ministry of Energy assuming greater control over the electricity sector, particularly in its policies supporting new generation capacity.

When the province redesigned the electricity sector in 2002, it did so to create a more competitive market and consumer-oriented utilities.<sup>12</sup> However, the Ministry of Energy has, over

<sup>10</sup> In 2005, the Global Adjustment was negative, meaning the wholesale rate for power was higher than the rate promised to generators. When that occurs, the generators give a rebate to electricity customers.

<sup>11</sup> [http://www.ontla.on.ca/web/committee-proceedings/committee\\_transcripts\\_details.do?locale=fr&BillID=&ParlCommID=8996&Date=2014-11-18&Business=Ministry%20of%20Energy&DocumentID=28339](http://www.ontla.on.ca/web/committee-proceedings/committee_transcripts_details.do?locale=fr&BillID=&ParlCommID=8996&Date=2014-11-18&Business=Ministry%20of%20Energy&DocumentID=28339)

<sup>12</sup> The province eventually got cold feet and stopped its push to privatize the electricity sector and make it more competitive.

the last decade, slowly taken over nearly all aspects of electricity planning in Ontario, in the process, steadily burying any competitive mechanisms. Ontario's Auditor General has warned, for example, that the Ministry of Energy has ignored the technical planning procedures it is legally required to follow and, instead, issued ministerial directives that block its policies from the oversight of regulatory agencies such as the OEB and the IESO.<sup>13</sup>

In particular, the Ministry of Energy's decision to sign fixed rate contracts with generators outside of any economic analysis from the OEB has incited most generators to dump power onto the province's wholesale market, regardless of whether there is demand for it. The province's control over what rates generators receive for their output ensures that the price of power is determined politically and no longer reflects the supply/demand dynamics of a competitive market.

The province's guaranteed contracts signed with generators have been criticized by both the Auditor General and other oversight bodies. According to the Market Surveillance Panel – a regulatory body that monitors and investigates activities on the province's wholesale electricity market – a recent review highlighted that “the Ontario market design fails to provide prices reflective of the marginal cost of generation, and that the design relies on out of market payments to compensate generators, when more efficient and competitive design features are feasible.”<sup>14</sup>

In 2005, as much as 23% of electricity generated in Ontario came from generators that received the market price for their output, meaning their revenue was obtained solely from the market price and was more in line with demand.<sup>15</sup> This also ensured that many generators only generated power when both demand and the wholesale electricity price that they could earn was rising.

In contrast, the most recent report from the Market Surveillance Panel noted that, “virtually all generation in Ontario” now relies either on the province or the OEB to set their rates, meaning they no longer rely on supply/demand dynamics or financial viability to determine whether they should generate power or not.

The impact of having nearly all of the generators in the province on guaranteed rate contracts has caused such a surplus of power that the wholesale rate of power in Ontario has plummeted to levels that would render any generation uneconomic. The average price per kilowatt hour on the province's wholesale market is about one-seventh what it was in 2005, thanks to the surplus.<sup>16</sup>

To make up the difference, the Global Adjustment, by necessity, has continued to increase, having risen by nearly \$100 per MWh over the last decade. Since the Global Adjustment has increased at a faster rate than the market price has declined, Ontario ratepayers are seeing an increase in the total price they pay for each unit of electricity.

<sup>13</sup> <http://www.auditor.on.ca/en/content/annualreports/arreports/en15/3.05en15.pdf>

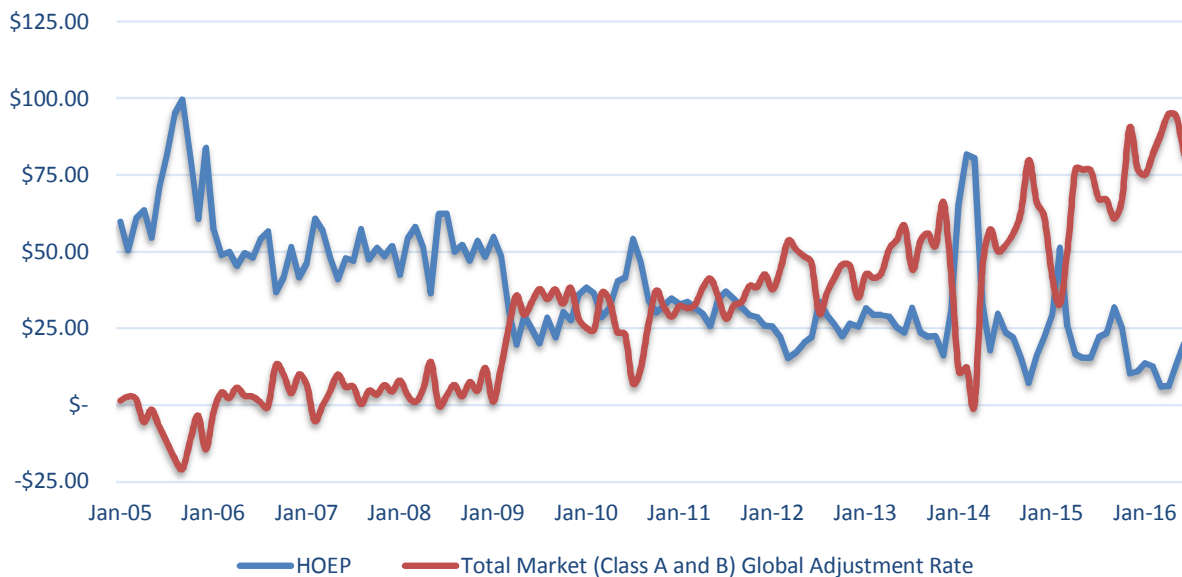
<sup>14</sup> Page 85: [http://www.ontarioenergyboard.ca/oeb/Documents/MSP/MSP\\_Report\\_May2014-Oct2014\\_20151008.pdf](http://www.ontarioenergyboard.ca/oeb/Documents/MSP/MSP_Report_May2014-Oct2014_20151008.pdf)

<sup>15</sup> See page 116: [http://www.ontarioenergyboard.ca/documents/msp/msp\\_report\\_final\\_130606.pdf](http://www.ontarioenergyboard.ca/documents/msp/msp_report_final_130606.pdf)

<sup>16</sup> According to IESO data, the average price per kilowatt in 2016 is 0.97 cents, down from 7.21 cents in 2005. In terms of MWh that's a decrease to \$9.70 per MWh from \$72.10.

Figure 3

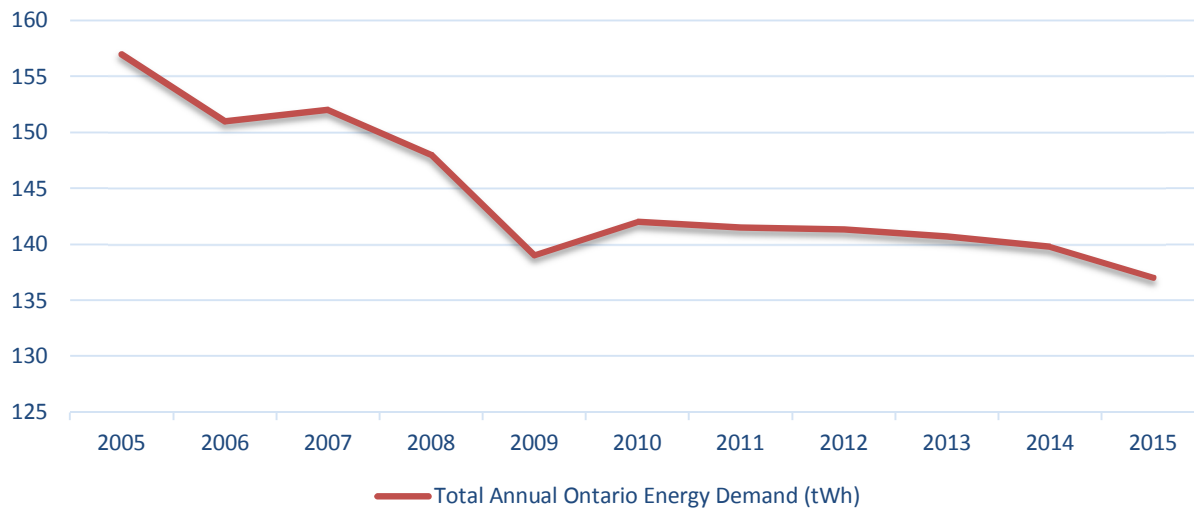
### Monthly HOEP and Global Adjustment Rate (\$ per MWh)



As electricity rates have risen, the economy has slowed, causing the demand for power in Ontario to decline further.

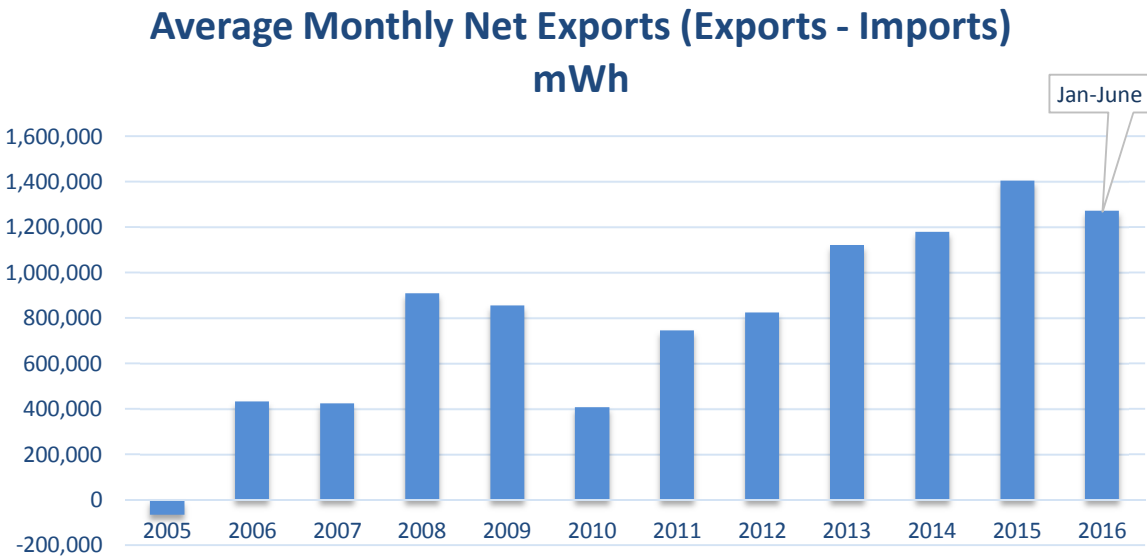
Figure 4

### Total Annual Ontario Energy Demand (tWh)



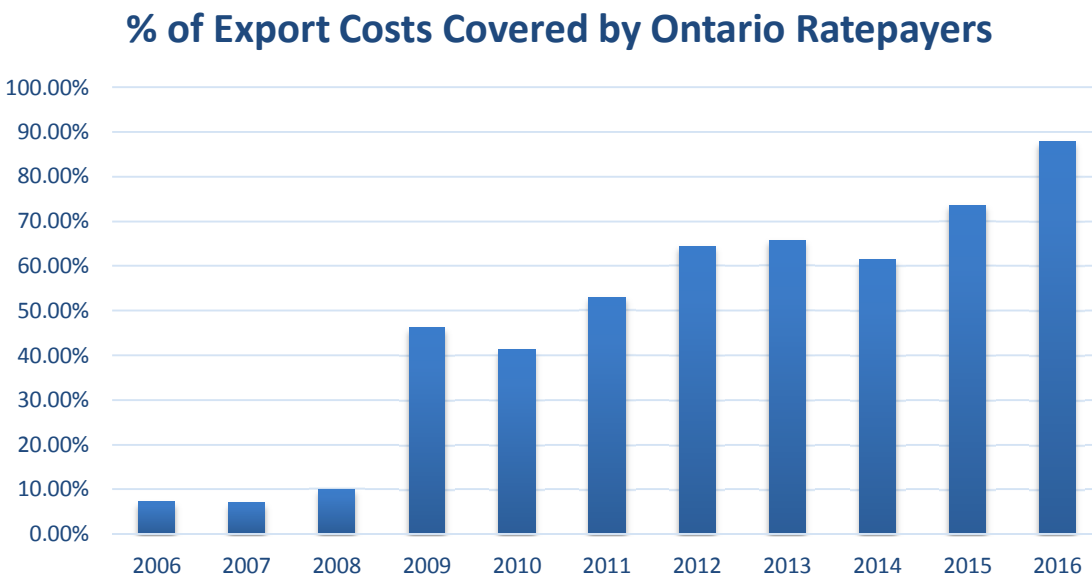
Greater generation capacity and falling demand has resulted in Ontario becoming a net exporter of electricity. The shift to becoming a net exporter has been especially costly for the province's electricity customers, as power exports from Ontario have increasingly been sold at rates that are below their contracted value.

**Figure 5**



Ontario ratepayers now pay a majority of the costs to generate the power that is exported out of the province, not the power purchasers. A decade ago, Ontario generators received 93% of their revenue from the market price they earned for their power exports. That situation has now reversed. In the first six months of 2016, Ontario electricity customers paid 87% of the cost of selling power generated in Ontario to neighbouring customers.

**Figure 6**





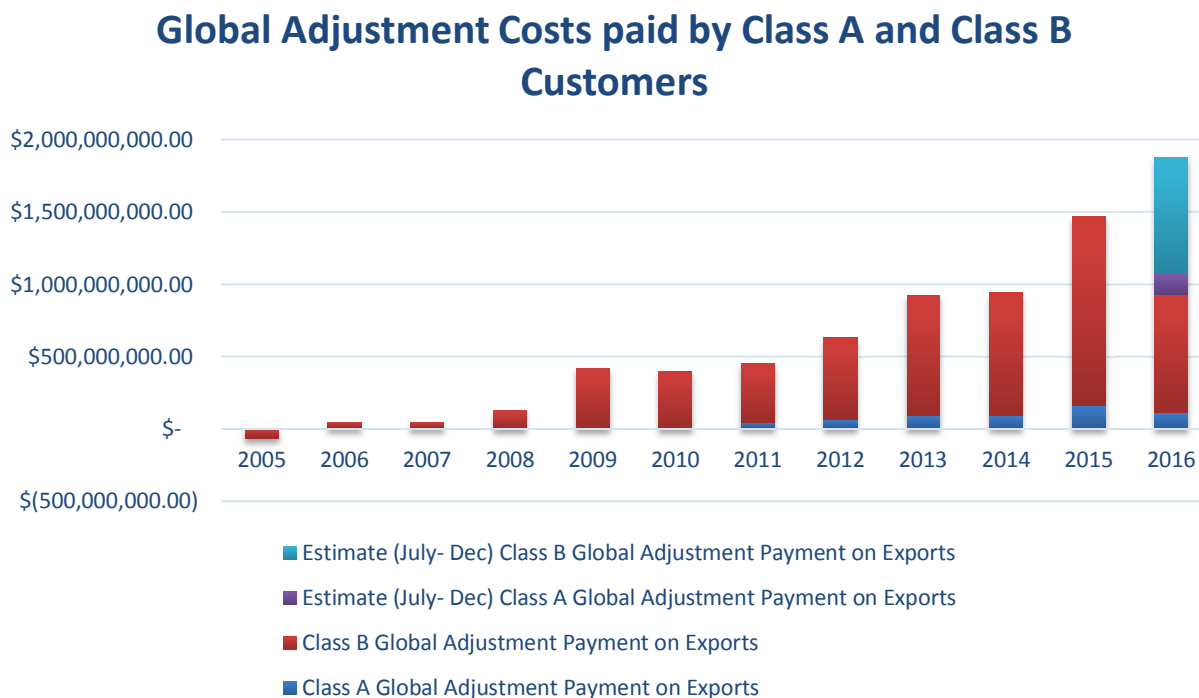
## Part IV: Shifting Costs from Big Business to Households and Small Businesses

Prior to 2011, Global Adjustment costs were allocated to all customers equally, regardless of how much power that customer consumed each month. But in 2011, the province altered the formula for allocating Global Adjustment costs by splitting customers into two rate classes: Class A and Class B.

Class A customers are large energy consumers and total about 300 in the province. They pay the Global Adjustment based on their share of peak electricity demand in Ontario. The IESO calculates peak demand as the percentage of power consumed during the top five hours of electricity consumption in each year.

Class B customers are all of the remaining small consumers in the province, including households and small and medium businesses.

Figure 7

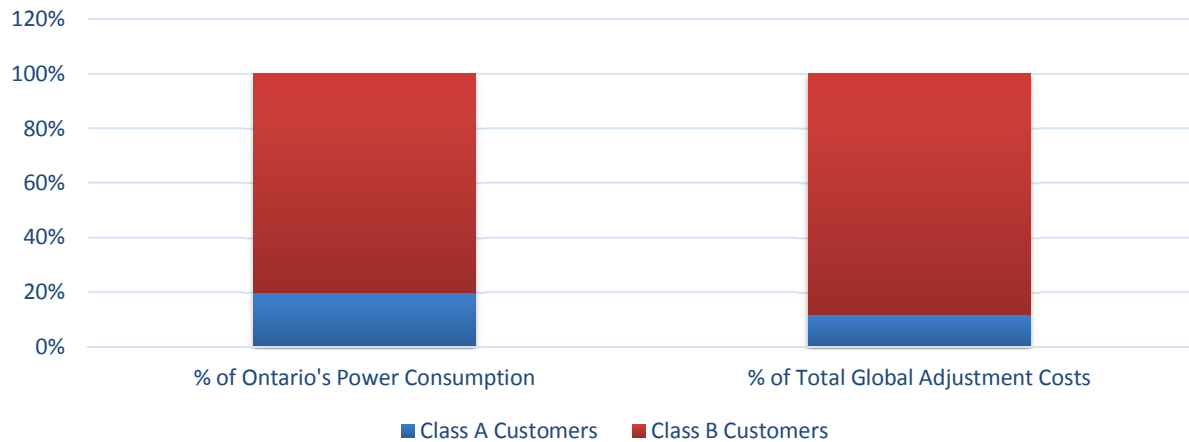


The Class A/Class B division benefits large customers, as they pay less, in percentage terms, of the costs of the Global Adjustment compared to their share of power consumption.

In 2016, for example, Class A customers accounted for 20% of all power consumption in Ontario, but only paid 12% of Global Adjustment costs. Class B customers, meanwhile, accounted for 80% of all power consumed in Ontario, but paid 88% of all Global Adjustment costs.

Figure 8

### Households Pay A Greater Share of Global Adjustment Costs



Households and small business consumers, which account for most Class B consumers, meanwhile, pay the most to subsidize electricity exports for customers in neighbouring states and provinces.



# Request for update please EBR 011-9443 - Amherst Island Wind Project

Deborah Barrett <justdebarrett@gmail.com>

Tue, Oct 25, 2016 at 11:13 AM

To: Elizabeth.spang@ontario.ca

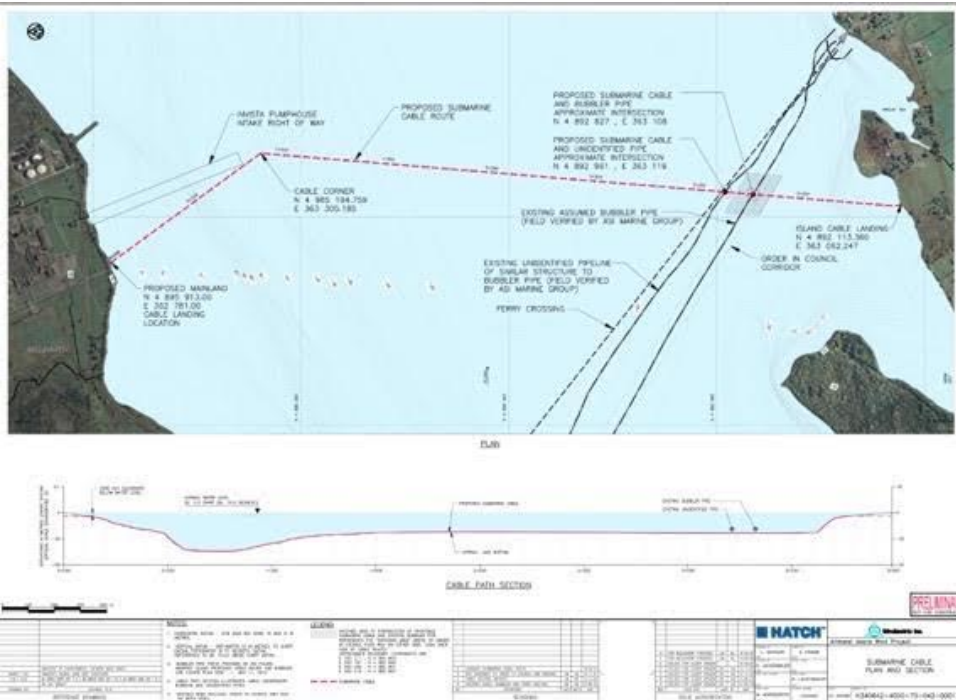
Cc: "Beal, Jim (MNR)" <jim.beal@ontario.ca>, commissioner@eco.on.ca, "skiwala.mpp.co@liberal.ola.org" <skiwala.mpp.co@liberal.ola.org>

Bcc: Michèle Le Lay <mlelay@kos.net>, Laurie Kilpatrick <lauriekilpatrick@rogers.com>

Good day Ms. Spang

Please give me an update on the status of EBR 011-9443 concerning an application by Windlectric Inc. under the Public Lands Act as there has been no information provided on the Environmental Registry since July 17, 2013. What is the current status of the application? What conditions of approval are proposed?

Windlectric has now selected option #1 for the mainland transmission cable landing which appears to conflict with the required 50 m corridor for the water intake pipe as shown on the attached diagram. This is of major concern to Loyalist Township as set out in the attached staff report.



Windlectric has also selected the western option for the mainland dock location.

The MOECC decision document dated July 9, 2015 (attached) notes on Page 12 that:

The flexible options related to the locations of the switching station, temporary dock, cable vault and submarine cable routes and landing locations are all associated with the former Invista Canada property. Invista Canada formerly produced synthetic yarns and nylon products in a facility on the property. However, the buildings on the site have been removed and the property owner is currently trying to obtain a Record of Site Condition (RSC) from the MOECC for the property. The filing of a record of site condition in the Environmental Site Registry can reduce potential liability for property owners, municipalities and other groups. The applicant cannot complete their due diligence with the design engineering of the wind facility on the Invista property at the current time.

Has MNRF consulted with MOECC concerning the contaminated lands subject to the Public Lands Act application and proposed conditions to address the contamination and the environment?

Many residents submitted comments to the Environmental Registry and are waiting for a decision on this matter.

I look forward to your response. Kindly provide notice of any further update concerning this application on the environmental registry.

Thank you

Deborah Barrett

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**2 attachments**



**Algonquin - Comments on Proposed Dock and Submarine Cable Locations.pdf**

1081K



**27 - Decision Document with Appx - Amherst Island.pdf**

3504K



Deborah Barrett &lt;justdebbarett@gmail.com&gt;

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**Request for update please EBR 011-9443 - Amherst Island Wind Project**

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**Spang, Elizabeth (MNRF)** <Elizabeth.Spang@ontario.ca>

Mon, Oct 31, 2016 at 11:56 AM

To: Deborah Barrett &lt;justdebbarett@gmail.com&gt;

Cc: "Peterborough District (MNRF)" &lt;MNRPETERBOROUGHDISTRICT@ontario.ca&gt;, "Beal, Jim (MNRF)" &lt;jim.beal@ontario.ca&gt;

Dear Ms. Barrett:

Thanks for your question about the proposed *Public Lands Act* Authorizations listed under EBR 011-9443 for the Amherst Island Wind Project.

As per MNRF policies and procedures, applications are reviewed to ensure proposed projects contribute to the environmental, social and economic well-being of the province by providing for orderly use and sustainable development of Ontario's public land.

The Ministry of Natural Resources and Forestry (MNRF) has yet to complete the review of all proposed public land authorizations associated with the Amherst Island Wind Project. Provisional land tenure documents have been issued to facilitate the construction phase of the dock facilities. Land tenure applications for a transmission line to be located on the bed of Lake Ontario and Crown land lease applications for the associated docks require further review before a decision can be posted. Please note that the contaminated lands you refer to are not located within the public lands under MNRF authority.

A decision pertaining to the EBR notice will be posted upon further assessment and decision on all noted authorizations.

Again, thank you for contacting MNRF regarding this matter. I trust that this information is of assistance to you.

**Liz Spang, M.Pl**

District Planner

Peterborough District

Ontario Ministry of Natural Resources and Forestry

300 Water Street, 1<sup>st</sup> Floor South

Peterborough, ON K9J 8M5

Tel: (705) 755-3360

Fax: (705) 755-3125

Email: [Elizabeth.Spang@ontario.ca](mailto:Elizabeth.Spang@ontario.ca)

**Help stop the invasion! Do you know *your* action plan? [Ontario.ca/invasionON](http://Ontario.ca/invasionON)**

**From:** Deborah Barrett [<mailto:justdebbarrett@gmail.com>]

**Sent:** October-25-16 11:13 AM

**To:** Spang, Elizabeth (MNRF)

**Cc:** Beal, Jim (MNRF); [commissioner@eco.on.ca](mailto:commissioner@eco.on.ca); [skiwala.mpp.co@liberal.ola.org](mailto:skiwala.mpp.co@liberal.ola.org)

**Subject:** Request for update please EBR 011-9443 - Amherst Island Wind Project

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## Request for update please EBR 011-9443 - Amherst Island Wind Project

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Spang, Elizabeth (MNRF) <Elizabeth.Spang@ontario.ca>

Tue, Nov 22, 2016 at 11:20 AM

To: Deborah Barrett <justdebbarett@gmail.com>

Cc: "Peterborough District (MNRF)" <MNRPETERBOROUGHDISTRICT@ontario.ca>, "Beal, Jim (MNRF)" <jim.beal@ontario.ca>, "commissioner@eco.on.ca" <commissioner@eco.on.ca>, "skiwala.mpp.co@liberal.ola.org" <skiwala.mpp.co@liberal.ola.org>, "Thornton, Bill (MNRF)" <Bill.Thornton@ontario.ca>, "meaghan.croker@ontario.ca" <meaghan.croker@ontario.ca>, "Bevan, Andrew (OPO)" <Andrew.Bevan@ontario.ca>

Dear Ms. Barrett:

Thank you for your follow-up inquiry about the issued authorizations in relation to EBR notice 011-9443. I am happy to clarify.

EBR notice 011-9443 was a voluntary Information Notice that was not required under the Environmental Bill of Rights. Information notices are intended to provide information to the public and are not required to be updated. However, as a good practice, we generally update them once a decision has been made. As previously mentioned, the review of all proposed public land authorizations associated with the Amherst Island Wind Project have yet to be processed. A decision pertaining to the EBR notice will be posted upon further assessment and decision on all Public Lands Act authorizations.

The provisional approval is a land use permit authorizing the construction and the ability to hold tenure on a short term basis (2 year period). Once construction is complete, a survey must be performed to identify specific locations of the improvement to initiate long term tenure.

Conditions associated with the land use permit include standard conditions and an in-water timing window restriction from April 1<sup>st</sup> to June 30<sup>th</sup> to protect fish from impacts of works during spawning migrations and other critical life stages. Further provisions supporting the protection of fish and conditions regarding sediment controls have been described in the Renewable Energy Approval. Further mitigation measures and specific information regarding the construction drawings can be found in the Dock Construction Stormwater Management Brief located on the proponent's public webpage (<http://amherstislandwindproject.com>).

We are unable to provide you with a copy of the proponent's application or permit directly because it contains third party information. However, if you would like to request these records formally, you are entitled to do so in accordance with the Freedom of Information and Protection of Privacy Act (FIPPA). More information about this process can be found here: <https://www.ontario.ca/page/how-make-freedom-information-request>. I encourage you to access the publically available information already provided by the proponent on their webpage.

If you have questions about compliance with the Public Lands Act, you can contact our main line at [705-755-2001](tel:705-755-2001). To report a natural resources violation, you can contact the MNRF TIPS line at [1-877-847-7667](tel:1-877-847-7667). Note that the proponent may also be subject to other legislation (e.g. *Fisheries Act*, *Navigation Protection Act*) that are outside the scope of MNRF's jurisdiction.

Again, thank you for contacting MNRF regarding this matter. I trust that this information is of assistance to you.

Sincerely,

**Liz Spang, M.Pl**

District Planner

Peterborough District

Ontario Ministry of Natural Resources and Forestry

300 Water Street, 1<sup>st</sup> Floor South

Peterborough, ON K9J 8M5

Tel: (705) 755-3360

Fax: (705) 755-3125

Email: [Elizabeth.Spang@ontario.ca](mailto:Elizabeth.Spang@ontario.ca)

**Help stop the invasion! Do you know *your* action plan? [Ontario.ca/invasionON](http://Ontario.ca/invasionON)**

**From:** Deborah Barrett [<mailto:justdebbarrett@gmail.com>]

**Sent:** November-02-16 11:32 AM

**To:** Spang, Elizabeth (MNRF)

**Cc:** Peterborough District (MNRF); Beal, Jim (MNRF); [commissioner@eco.on.ca](mailto:commissioner@eco.on.ca); [skiwala.mpp.co@liberal.ola.org](mailto:skiwala.mpp.co@liberal.ola.org); Thornton, Bill (MNRF); [meaghan.croker@ontario.ca](mailto:meaghan.croker@ontario.ca); Bevan, Andrew (OPO)

**Subject:** Re: Request for update please EBR 011-9443 - Amherst Island Wind Project

[Quoted text hidden]





The Corporation of Loyalist Township  
P.O. Box 70, 263 Main Street Odessa, ON K0H 2H0  
t: 613-386-7351 f: 613-386-3833 [www.loyalist.ca](http://www.loyalist.ca)

D03 – Algonquin-Windlectric

October 24, 2016

Algonquin Power Co.  
354 Davis Road  
Oakville, ON  
L6J 2X1

Attn: Ariel Bautista, Senior Project Manager

Dear Mr. Bautista:

**Re: Review of Draft Operations Plan – Windlectric Project**

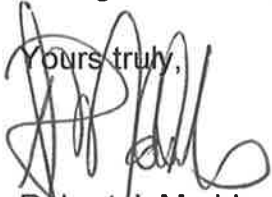
The Township and its consulting engineer have reviewed the Draft Operations Plan. In many key respects, it lacks sufficient detail to enable the Township to provide comments. The stated goal of the Operations Plan is to, “demonstrate how prudent and reasonable practices will be utilized to minimize the level of disruption, disturbance, and inconvenience to the Municipality’s residents...and [demonstrate] how the continuing function of its roads and other municipal services and facilities will be maintained to the extent reasonably possible and how the Municipality’s residents’ access to emergency services will be maintained at all times.”

We take the position that the draft plan is not adequate to trigger Section 36 of the Road Use Agreement. If a public meeting were held on the basis of this document, we fully expect that residents would be left with more questions than answers, defeating the purpose of the public meeting. This is obviously not in either party’s interest.

In order to have a draft plan upon which the Township and its engineer can comment, a number of details must be provided. Until we have received additional detail, it is impossible to provide comments. Rather than setting out the deficient areas in this letter, we propose that senior Township staff and our engineers meet with your team to explain the deficiencies, so that you understand what additional detail is necessary to allow the Township to provide comments on the plan.

We expect that after such a meeting, you will be able to revise the plan. Once we receive a revised plan with the necessary detail, we will provide our detailed comments as required by Section 36.

Please contact David MacPherson, Public Works Manager, at 613-386-7351, ext. 117, to arrange a mutually convenient meeting time.

Yours truly,  


Robert J. Maddocks  
Chief Administrative Officer  
RJM/aka

CC: Sean Fairfield, Algonquin Power  
Jim Stewart, Algonquin Power  
Loyalist Township Council



The Corporation of Loyalist Township  
P.O. Box 70, 263 Main Street Odessa, ON K0H 2H0

t: 613-386-7351 f: 613-386-3833 [www.loyalist.ca](http://www.loyalist.ca)

November 14, 2016

Algonquin Power Co.  
354 Davis Road  
Oakville, ON  
L6J 2X1

Attn: Ariel Bautista, Senior Project Manager

Dear Mr. Bautista:

**Re: Review of Draft Operations Plan – Windlectric Project**

As you are aware, Loyalist Township and its residents have been requesting from Windlectric/Algonquin detailed construction and operation plans in order to fully evaluate the project in order to minimize impacts to its residents, to protect and maintain municipal infrastructure, to preserve Amherst Island heritage, and to ensure effective emergency response services while your project is in the construction phase. The Township's motive has been to protect the public interest.

This need for detail has been communicated to Windlectric/Algonquin on several occasions, first by residents at an open house held on Amherst Island on January 29, 2013, where employees of your firm responded and made commitments to the public. The Township also articulated its concerns in its municipal consultation form package dated April 3, 2013, and staff have made similar requests on numerous occasions, including offers of pre-consultation sessions with your consultants prior to the submission of any documentation. This consistent approach has been taken to be transparent as possible, with the aim of effective, open communication, and most importantly to be fair and reasonable.

The Township was very disappointed to receive an Operations Plan on October 14, 2016, which was prepared and submitted lacking the requisite detail and done so without any pre-consultation, and submitted in isolation without the completed pre-construction study. The Township was surprised when your firm insisted in a letter of October 28, 2016 that you wished to adhere to the submission provisions of the Road Use Agreement to ensure that there were no delays to your firm's schedule. This disappointment is compounded by the fact that your company secured a Renewable Energy Approval on August 24, 2015 and did not submit any substantial material for review to the Township until October 17th, 2016. If your construction timeline was so tight, a much earlier submission would have been prudent and allowed the parties to work towards plans that were satisfactory to both parties, and could have avoided this haste to have the plan approved.

Nevertheless, in an effort to have productive discussions at our meeting on November 21st, the following preliminary comments have been prepared. Please note these

remarks are provided for assistance purposes, and by no means are considered a response under Section 36 of the Road Use Agreement.

## **Section 2.1**

Section 2.1 lists three roads that will require widening and notes four intersections that will require increased radius. The feasibility of undertaking these improvements has not been established. More detail is required so that the Township and residents can assess impacts on trees, drainage, and private lands.

The main body of the operations plan does not contain any of its own mapping nor does it refer specifically to any mapping in the schedules. This makes it very difficult for a reader to assess the content. Appropriate sized mapping should clarify information and assist in answering questions and concerns, such as the issue raised by residents regarding the use of Marshall Forty-Foot Road.

Section 2.1 has not addressed the structural adequacy of the island roads and culverts to support the volume of heavy loads proposed, the need for improvements, and the impact of improvements on the road and adjacent lands.

Section 2.1 has not addressed potential disruptions to electrical and telephone service.

Within Section 2.1 there is no process described in the Operations Plan for the Township to stop activity in the road allowance, where there is substantial deflection of the road base due to loads or pumping/rutting of the road surface. The Operations Plan requires a process to the satisfaction of the Township for repairing road conditions that considers both road base strength and safety.

## **Section 2.2**

Section 2.2 states that "public roads will generally remain open... necessary road closures are not expected to be long term." This is too vague. We have concern that it will not be possible to maintain traffic during collection system installations. We have concern that detour routes may not be passable. The proponent needs to identify lane closures, proposed detours and the adequacy of proposed detours. If road improvements are required, these need to be identified. We are also concerned that detour routes are limited. The proponent needs to provide a schedule to show that traffic detoured by one operation will not be impeded by another operation.

A construction schedule has not been provided in the Operations Plan. It is expected that work will continue through winter months. However, the Operations Plan does not address traffic management while winter control operations, spring flood conditions, or seasonal load limits are in effect. The proponent should indicate when and where detour routes will be required, and how they will be maintained under adverse conditions.

Section 2.2 does not provide adequate information regarding the locations of the electrical collection cables within the road allowances or in the vicinity of any drainage structures or bridges.

### **Section 2.3**

Section 2.3 does not provide adequate detail regarding quantities of wastes to be removed and resulting barge traffic. Section 2.3 refers to a Construction Environmental Management Plan and the Pre-Construction Study, neither of which have been provided.

Section 2.3 does not provide adequate detail regarding handling of surplus soil/rock from the foundation excavations of the turbine towers. Where is this material to be placed? Does the shipping of this material amount to extra vehicle traffic not accounted for in charts? Does the disposition of this material at any location require further investigation for impacts? The proponent should be reminded that the placement of excavated fill is subject to the requirements of the Township's Fill By-law.

### **Section 2.4**

Section 2.4 does not provide adequate detail regarding the number of anticipated barge movements and potential impacts on ferry operations.

### **Section 2.5**

Section 2.5 refers to a Complaint Resolution Protocol. The document does not provide adequate detail regarding the protocol.

Section 2.5 states that roads will be inspected at the end of the day at field entrances. Final Operations Plan should indicate that Windlectric will need to have a continuous program of road right of way inspections during and immediately preceding any construction activity, and any situation that could be deemed hazardous to the road user must be mitigated immediately. Protocols also need to be established to alert Loyalist Township's Public Works and Emergency Services Departments when the issue cannot be immediately brought back to a "safe" condition.

### **Section 2.6**

The Plan should provide detail of construction parking to address concerns regarding vehicles parked on the public right of way.

Section 2.6 does not provide adequate detail regarding the role of the traffic coordinator and proposed procedures.

Section 2.6 does not provide adequate detail on how construction vehicle speed limits will be enforced.

Section 2.6 does not adequately address all types of agricultural traffic such as combines and balers, and it does not reference movement of livestock.

We suggest that the Operations Plan include a list of local cultural events, so that the impact on traffic is minimized.

## **Section 2.7**

Section 2.7 refers to a Construction Environmental Management Plan, which has not been provided.

## **Section 2.8**

Section 2.8 identifies potential situations that may require work outside of municipal by-laws, but does not provide adequate detail on procedures to address these situations.

## **Section 2.9**

Section 2.9 does not adequately address measures to control noise. What is the anticipated increase in noise levels at significant receivers? How much noise will be generated by the concrete batch plant? What will the increase in noise levels be at the school?

## **Section 2.10**

Section 2.10 does not adequately address measures to control dust. How much dust will be generated by the concrete batch plant? What will dust levels be at the school?

Section 2.10 does not provide adequate detail on proposed procedures for dust control.

## **Section 2.11**

Section 2.11 acknowledges that there will be tree impacts but detail is limited. The proponent needs to provide more detail regarding location and extent of tree removals so that the Township and residents can be assured that all efforts to minimize this impact have been made. The Operations Plan should demonstrate where the proponent has utilized tree avoidance and the location where trees will be impacted. The plan should explain how trees are to be protected and how trees will be replaced should they need to be removed.

## **Section 2.12**

Section 2.12 describes a vibration monitoring program for heritage features. The proponent should defend the use of a 50m buffer zone for cultural resources – have tests been conducted to confirm that this buffer is adequate?

Section 2.12 – the proponent should commit to the use of a qualified dry stone waller for repairs to dry stone walls.

Section 2.12 does not adequately address periodic inspections required by the REA.

Section 2.12 does not adequately address procedures for documenting the ferry landscape.

Section 2.12 does not adequately address procedures for mitigating impacts to the village of Stella.

### **Section 2.13**

Section 2.13's discussion of storm water management is inadequate. The proposed development includes numerous new roads which will result in the concentration of sheet flows to road side ditches. The proponent needs to confirm adequate outlets for this new flow. Concerns related to trenching for collection systems and impacts on karst flow need to be addressed.

Section 2.13 discusses moving fencing back onto the property line. The proponent needs to identify where this will take place and what will be the impact on roadside vegetation and private property.

### **Section 2.14**

Section 2.14 discusses mitigation of impacts due to traffic through the village of Stella. The proponent should indicate why the movement of turbines through Stella is better than the alternate route that is being used by heavy loads.

Section 2.14 does not include any discussion regarding the ferry landscape, St. Paul's Presbyterian Church, or the Catholic cemetery.

### **Section 2.15**

Section 2.15 notes that construction traffic for island dock will use ferry at non-peak times. Non-peak times needs to be defined.

Section 2.15 does not provide adequate detail regarding the role of the coordinator and proposed procedures.

### **Section 3**

Section 3 does not adequately address the requirement for a communications plan. A commitment to submit a plan at a future date is not satisfactory, a complete communications plan is a requirement of the Operations Plan.

### **Section 4**

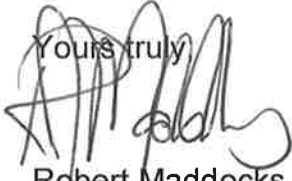
Section 4 (and schedules 08 and 09) do not adequately address the requirement for a public safety plan. A commitment to submit a plan at a future date is not satisfactory; a complete public safety plan is a requirement of the Operations Plan.

Windlectric has committed to hosting a town hall meeting to obtain public feedback on the Operations Plan. Windlectric has committed to making every reasonable effort to address reasonable and valid concerns regarding the Operations Plan arising from the town hall meeting. The Operations Plan as submitted does not contain sufficient detail to allow the public to have meaningful input.

The proponent is reminded that, at a public meeting held on Amherst Island on January 29, 2013, the proponent addressed many questions with a promise that the detail would be in the Operations Plan. The Operations Plan, as submitted, does not satisfy this commitment.

The Operations Plan is being submitted in advance of the Pre-Construction Study. The Township will require as a Condition of the final Operations Plan: "that the Proponent agree to the process whereby changes to the Operations Plan will be made as appropriate with Loyalist Township's approval, as issues may arise as related to the plan or impact of operations."

Yours truly,

A handwritten signature in black ink, appearing to read 'RM', written over the words 'Yours truly,'.

Robert Maddocks  
Chief Administrative Officer  
RM/ka

CC: Dan Fencott, G.D. Jewell Engineering  
Guy Laporte, AECOM (retired)  
Murray Beckel  
Dave Thompson  
David MacPherson  
Tony Fleming, Cunningham Swan Carty Little & Bonham



Ministry of the Environment  
and Climate Change

Ministère de l'Environnement et de  
l'Action en matière de changement  
climatique



Environmental Approvals  
Branch

Direction des autorisations  
environnementales

135 St. Clair Avenue West  
1<sup>st</sup> Floor  
Toronto ON M4V 1P5  
Tel.: 416 314-8001  
Fax: 416 314-8452

135, avenue St. Clair Ouest  
Rez-de-chaussée  
Toronto ON M4V 1P5  
Tél.: 416 314-8001  
Télééc. : 416 314-8452

November 3, 2016

Sean Fairfield  
Director, Project Planning and Permitting  
Algonquin Power Co.  
354 Davis Road  
Oakville ON L6J 2X1  
By email to: [sean.fairfield@algonquinpower.com](mailto:sean.fairfield@algonquinpower.com)

Dear Mr. Fairfield,

The Ministry of the Environment and Climate Change (MOECC) has reviewed the following document which was submitted pursuant to Condition H1 of Renewable Energy Approval (REA) No. 7123-9W9NH2, issued on August 24, 2015:

- *Amherst Island Wind Project, Erosion and Sediment Control and Stormwater Management Plan Report, Phase 1, dated October 17, 2016, revised on November 1, 2016, and prepared by Stantec Consulting Ltd.*

This is to confirm that the Director is satisfied with the above-noted document. As such, please accept this letter as written approval of the stormwater management plan and erosion and sediment control plan (SWM and ESC Plan) for the project components described in the above-noted document.

Please note that in accordance with Conditions H1 and H2 of the REA, Windlectric Inc. must not commence construction of those project components not described in the above-noted document (or in any other document which received approval from the Director pursuant to Condition H2) unless an applicable SWM and ESC Plan for said project components is submitted to and approved in writing by the Director.

Windlectric Inc. is reminded to ensure that prior to the commencement of construction activities at the project location it obtain any applicable permits from appropriate agencies and satisfy any other relevant requirements of the REA and the application which may otherwise prohibit the commencement of construction activities at the project location or result in non-compliance with the conditions of the REA and the application. Of note, please be reminded of the following:

- As Condition H1 requires submission of the SWM and ESC Plan at least one month prior to construction, Windlectric Inc. must not commence construction of the project

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components described in the above-noted document until November 18, 2016, at the earliest.

- Per Condition Q4 of the REA, an Emergency Response and Communications Plan must be prepared prior to construction of the project.
- Per Condition M6 of the REA, Windlectric Inc. must prepare a detailed written and photographic documentation of dry stone walls prior to construction of the project.
- Per Condition M8, Windlectric Inc. must document, including photographically, the ferry landscape prior to any construction activity occurring and in advance of the installation of temporary and permanent project infrastructure in the vicinity of the ferry landscape.
- Per Condition H15, Windlectric Inc. must submit and obtain District Manager approval of a turbidity sampling program prior to construction of the project. Monitoring must be initiated two weeks prior to the commencement of construction.
- As committed to through the REA process, a Marine Logistics Plan addressing barge, ferry and other marine traffic must be prepared prior to construction of the project.
- Any work/action proposed to be undertaken prior to construction, as described in the REA application (e.g. Water Body Report, Natural Heritage Assessment, Archaeological Assessments, Cultural Heritage Assessment), must be completed prior to construction activities, as applicable.

Yours sincerely,



Mohsen Keyvani  
Director, Section 47.5 *Environmental Protection Act*  
MOECC, Environmental Approvals Branch

cc. James Mahoney, District Manager, MOECC Kingston District Office  
Chris Raffael, Senior Environmental Officer, MOECC Kingston District Office