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VIA COURIER and
E-MAIL TO boardsec@oeb.ca

Reference: 00203019/000012

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

Attention: Ms. Kirsten Walli, Board Secretary

RE: H2O Power Limited Partnership, Application to Amend Schedule 1 of Electricity Generation
Licence EG-2006-0124,
RE: H2O Power Holding Limited Partnership, Application to Amend Schedule 1 of Electricity
Generation Licence EG-2016-0369

Dear Ms. Walli:

We are the lawyers for H2O Power Limited Partnership ("**H2O Power**") and H2O Power Holding Limited Partnership ("**H2O Holding**").

H2O Power currently holds the following licences issued by the Ontario Energy Board (the "**OEB**");

Electricity Generation Licence EG-2016-0369, as the owner of eight (8) hydro generation facilities located in Ontario, as listed in Schedule 1 of EG-2006-0124 (the "**Facilities**");
and

Electricity Retailer Licence ER-2016-0289.

H2O Power currently owns an undivided 100% interest in the Facilities. H2O Power has entered into an agreement (the "**Transaction**") to sell an undivided 49% interest in the ownership of the Facilities to Watergen Canada Holdings Inc. (the "**Purchaser**").

The Facilities are presently being operated by H2O Holding pursuant to OEB Electricity Generation Licence EG-2016-0369. After the Transaction closes H2O Holding will continue to operate the Facilities pursuant to its existing licence. In other words, nothing is changing in regard to the operation of the Facilities.

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Purchaser Will be Applying for New Licences

In order to carry out the proposed Transaction, the Purchaser will be applying for the following OEB licences:

- a) a new Electricity Generation Licence authorizing the Purchaser as the owner of a 49% ownership interest in the Facilities; and
- b) a new Electricity Retailer Licence.

The Purchaser's counsel will be submitting applications for these licences contemporaneously with this application to amend Schedule 1 of EG-2006-0124.

Infra H2O Will be Filing a Section 81 Notice of Proposal

Infra H2O GP Partners Inc. and Infra H2O LP Partners Inc. currently indirectly own respectively 92.35% of the general partnership units and the limited partnership units of H2O Power and H2O Holding, and the remaining 7.65% of the partnership units are owned either directly or indirectly by GX Water I LP ("GXW"), and 2467410 Ontario Corp. ("**2467410**") owns shares in two corporations that are affiliated with H2O Power and H2O Holding.

Infra H2O GP Partners Inc. and Infra H2O LP Partners Inc. have signed a non-binding letter of intent to purchase all of GXW's and 2467410's interest in H2O Power and H2O Holding (the "**GXW Purchase**"). If the GXW Purchase is completed as expected, Infra H2O GP Partners Inc. and Infra H2O LP Partners Inc. will together hold 100% of the partnership units of H2O Power and H2O Holding.

Infra H2O GP Partners Inc. and Infra H2O LP Partners Inc. intend to complete the GXW Purchase at the same time that the Transaction with the Purchaser is completed, and they will be filing a Notice of Proposal pursuant to section 81 of the *Ontario Energy Board Act, 1998* in the near future.

Application to Amend Schedule 1 of EG-2006-0124

H2O Power is hereby applying to amend Schedule 1 of its existing Generation Licence as follows:

- A. H2O Power is hereby requesting that the OEB vary, effective as of the date of the closing of the Transaction as will be subsequently advised to the OEB, Schedule 1 of its licence EG-2006-0124 to indicate that H2O Power has a 51% ownership interest in the Facilities; and
- B. Since H2O Power's Generation Licence was last amended, on March 15, 2017, there have been changes to the installed capacity of some of its Facilities as listed on Schedule 1 of the licence. H2O Power has been carrying out upgrades at the Facilities pursuant to amendments to its Hydroelectric Contract Initiative contract (the "**HCI Contract**") with the IESO. After the upgrades are completed at a facility the capacity of that facility is tested as required by the HCI Contract. H2O Power is hereby requesting that the OEB vary the installed capacities of the Facilities to reflect the final tested capacities post upgrade as accepted by the IESO. The upgrades are still

in progress at two of the Facilities, and H2O Power will advise the Board if the final tested capacities for these two facilities differ from the expected capacities. H2O Power is requesting the following amendments:

1. Iroquois Falls Generating Station (located at 1 Park St. Iroquois Falls, Ontario) – no change to the installed capacity of 29.7 MW.
2. Twin Falls Generating Station (located at Teefy Township, Cochrane District, Ontario) – no change to the installed capacity of 27.5 MW.
3. Island Falls Generating Station (located at Menapiat Tolmie Township, Smooth Rock Falls, Ontario) – H2O Power is currently upgrading the capacity of this facility pursuant to an amendment to its HCI Contract with the IESO. H2O Power expects that the capacity of this facility post-upgrade will be 44.3 MW and requests that the licence be amended to show the capacity as 44.3 MW. H2O Power will advise the Board if the final tested capacity post-upgrade is different than 44.3 MW.
4. Calm Lake Generating Station (located at Bennet Township, District of Rainy River, Ontario) - H2O Power requests that the installed capacity be changed to 9.5 MW which is the final tested capacity following an upgrade to this facility pursuant to an amendment to the HCI Contract.
5. Sturgeon Falls Generating Station (located at Bennet Township, District of Rainy River, Ontario) - H2O Power requests that the installed capacity be changed to 8.4 MW which is the final tested capacity following an upgrade to this facility pursuant to an amendment to the HCI Contract.
6. Fort Frances Generating Station (located at 145 Third St. West, Fort Frances, Ontario) - H2O Power requests that the installed capacity be changed to 13.1 MW which is the final tested capacity following an upgrade to this facility pursuant to an amendment to the HCI Contract.
7. Kenora Generating Station (located at 438 Veterans Drive, Kenora, Ontario) - H2O Power is currently upgrading the capacity of this facility pursuant to an amendment to the HCI Contract. H2O Power expects that capacity of this facility post-upgrade will be 5.5 MW and requests that the licence be amended to show the capacity as 5.5 MW. H2O Power will advise the Board if the final tested capacity post-upgrade is different than 5.5 MW.
8. Norman Generating Station (located at 87 Norman Dam Road, Kenora, Ontario) - H2O Power requests that the installed capacity be changed to 12.8 MW which is the final tested capacity following an upgrade to this facility pursuant to an amendment to the HCI Contract.

Application to Amend Schedule 1 of Licence EG-2016-0369

H2O Holding is hereby applying to amend Schedule 1 of its existing Generation Licence to correct the installed capacities of the Facilities. Since H2O Holding's Generation Licence was issued, on March 15, 2017, there have been changes to the installed capacity of some of its Facilities as listed on Schedule 1 of the licence. H2O Power has been carrying out upgrades at the Facilities pursuant to amendments to its HCI Contract with the IESO. After the upgrades are completed at a facility the capacity of that facility is tested as required by the HCI Contract. H2O Holding is hereby requesting that the OEB vary the installed capacities of the Facilities to reflect the final tested capacities post upgrade as accepted by the IESO. The upgrades are still in progress at two of the Facilities, and H2O Holding will advise the Board if the final tested capacities for these two facilities differ from the expected capacities. H2O Holding is requesting the following amendments:

1. Iroquois Falls Generating Station (located at 1 Park St. Iroquois Falls, Ontario) – no change to the installed capacity of 29.7 MW.
2. Twin Falls Generating Station (located at Teefy Township, Cochrane District, Ontario) – no change to the installed capacity of 27.5 MW.
3. Island Falls Generating Station (located at Menapiat Tolmie Township, Smooth Rock Falls, Ontario) – H2O Power is currently upgrading the capacity of this facility pursuant to an amendment to its HCI Contract with the IESO. H2O Holding expects that the capacity of this facility post-upgrade will be 44.3 MW and requests that the licence be amended to show the capacity as 44.3 MW. H2O Holding will advise the Board if the final tested capacity post-upgrade is different than 44.3 MW.
4. Calm Lake Generating Station (located at Bennet Township, District of Rainy River, Ontario) - H2O Holding requests that the installed capacity be changed to 9.5 MW which is the final tested capacity following an upgrade to this facility pursuant to an amendment to the HCI Contract.
5. Sturgeon Falls Generating Station (located at Bennet Township, District of Rainy River, Ontario) - H2O Holding requests that the installed capacity be changed to 8.4 MW which is the final tested capacity following an upgrade to this facility pursuant to an amendment to the HCI Contract.
6. Fort Frances Generating Station (located at 145 Third St. West, Fort Frances, Ontario) - H2O Holding requests that the installed capacity be changed to 13.1 MW which is the final tested capacity following an upgrade to this facility pursuant to an amendment to the HCI Contract.
7. Kenora Generating Station (located at 438 Veterans Drive, Kenora, Ontario) - H2O Power is currently upgrading the capacity of this facility pursuant to an amendment to the HCI Contract. H2O Holding expects that capacity of this facility post-upgrade will be 5.5 MW

and requests that the licence be amended to show the capacity as 5.5 MW. H2O Holding will advise the Board if the final tested capacity post-upgrade is different than 5.5 MW.

8. Norman Generating Station (located at 87 Norman Dam Road, Kenora, Ontario) - H2O Holding requests that the installed capacity be changed to 12.8 MW which is the final tested capacity following an upgrade to this facility pursuant to an amendment to the HCI Contract.

Disposition without a Hearing

In the circumstances described above, it is submitted that no person stands to be adversely affected in a material way by the OEB's decision in these applications having regard to the following:

- (a) Each of the Facilities have been in commercial operation for many years;
- (b) H2O Power and H2O Holding will continue to be subject to the terms of the existing Generation Licences, and the Facilities will continue to be operated in accordance with the terms and conditions of all existing approvals including the existing Generation Licences;
- (c) The same key individuals that have been managing the Facilities will be carrying out the same functions after the Transaction.

It is therefore respectfully requested that the OEB exercise its authority under subsection 21(4)(b) of the *Ontario Energy Board Act, 1998* to dispose of the application made herein without a hearing.

H2O Power and H2O Holding confirm that there has been no change to its contact information or to its key individuals associated with its business. The following individuals are still the key individuals:

Jim Gartshore -- President

Ron McLeod – Vice-President, Finance & Administration and Secretary

Marc Mantha – Vice-President, Operation

The contact name for both licensees should remain as Ronald Medina.

Effective Date of Licences and Terms of Order

It is hereby respectfully requested that:

- (i) The OEB issue an order amending Schedule 1 of H2O Power's Generation Licence EG-2006-0124 to revise the installed capacities of the Facilities as listed above;
- (ii) The OEB issue an order amending Schedule 1 of H2O Holding's Generation Licence EG-2016-0369 to revise the installed capacities of the Facilities as listed above;
- (iii) The OEB issue an order amending H2O Power's Generation Licence EG-2006-0124 to note its ownership interest to be 51%, to be effective on the same date that the OEB makes effective a new Electricity Generation Licence issued to the Purchaser, pending confirmation in writing on behalf of the Purchaser and H2O Power that the Transaction has closed; and
- (iv) The amendment to H2O Power's Generation Licence EG-2006-0124 and the issuance of a new Generation Licence to the Purchaser (with respect to its co-ownership) to take effect as of the effective date of the Transaction as will be subsequently advised to the OEB.

The Purchaser and H2O Power would like to complete the Transaction by September 9, 2019. In order to complete the Transaction, the Purchaser will also have to be registered with the IESO, and the IESO will most likely require proof of the Purchaser having an OEB Generation Licence before completing the IESO registration. Accordingly, it would be very much appreciated if the OEB could issue its decisions with respect to the Purchaser's applications and this application for an amendment to H2O Power's Generation Licence by August 30, 2019.

Please contact the undersigned if you have any questions with respect to this matter.

Yours Truly,



Sharon Wong

SW:

c. Heloise Apesteguy-Reux, McCarthy Tetrault, Counsel to Watergen Canada