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VIA COURIER AND E-MAIL: registrar@oeb.ca

Reference: 00203019/000195

Ontario Energy Board
2300 Yonge Street, Suite 2601
Toronto, Ontario M4P 1E4

Attention: Ms. Nancy Marconi, Registrar

RE: Section 81 Notice of Proposed Transaction

Dear Ms. Marconi:

We are the lawyers for FirstLight Holding Inc. (the “**Applicant**”), which is a wholly owned subsidiary of the Public Sector Pension Investment Board (“**PSP**”). This letter, together with the attached documentation, constitutes a notice from the Applicant of a proposed transaction (the “**Notice**”) under Section 81 of the *Ontario Energy Board Act, 1998* (the “**Act**”).

Description of the Transaction

PSP through its subsidiaries Infra H2O GP Partners Inc. (“**Infra H2O GP**”) and Infra H2O LP Partners Inc. (“**Infra H2O LP**”) indirectly owns H2O Power Limited Partnership (“**H2O Power**”). H2O Power is the co-owner along with Watergen Canada Holdings Inc. (“**Watergen**”) of eight hydroelectric generating stations in Ontario (the “**Facilities**”) and transmission and distribution systems that are used to convey the electricity generated at the Facilities to the IESO-controlled grid. H2O Power and Watergen own, respectively, an undivided 51% interest and an 49% interest in the Facilities and associated transmission and distribution systems. H2O Power and Watergen are licensed electricity generators and retailers.¹

PSP, through Infra H2O GP and Infra H2O LP, also indirectly owns H2O Power Holding Limited Partnership (“**H2O Holding**”). The Facilities are operated by H2O Holding, which holds electricity generation licence EG-2016-01369.

The Applicant has been incorporated under the laws of Canada for the purpose of a corporate reorganization of the H2O entities directly and indirectly owned by PSP. The proposed reorganization contemplates the transfer of the shares of Infra H2O GP and Infra H2O LP from PSP to the Applicant in exchange for shares of the Applicant (the “**Transfer**”). As Infra H2O GP and Infra H2O LP indirectly own

¹ H2O Power holds OEB Generation Licence, EG-2006-0124 and OEB Retailing Licence 2021-0221. Watergen holds OEB Generation Licence EG-2019-0202 and OEB Retailer Licence ER-2019-0201.

H2O Power and H2O Holding, which are both generators, the Applicant is an affiliate of one or more generators.

If the Transfer is completed as expected, the Applicant will hold 100% of the shares of Infra H2O GP and Infra H2O LP. The Transfer would result in the Applicant acquiring an indirect interest in the transmission and distribution systems that are co-owned by H2O Power, and, accordingly, the Applicant is required to provide this Notice pursuant to section 81 of the *Act*.

The Applicant submits, however, that the Transfer will not substantively change the status quo, nor will it affect the development and maintenance of a competitive market, because the relevant transmission and distribution systems co-owned by H2O Power and Watergen are already controlled by the joint venture between H2O Power and Watergen, and the same transmission and distribution systems would continue to be controlled by the joint venture after the transaction closes. The Applicant is not acquiring an interest in any additional transmission and distribution systems beyond those already co-owned by H2O Power.

Pursuant to section 4.0.1 and 4.0.2 of Ont. Reg. 161/99, the Applicant is not required to file a notice pursuant to Section 80 of the *Act*.

The Applicant therefore requests that the Ontario Energy Board (the “**OEB**”) issue a letter of no review.

Current Ownership Structure of H2O Power

A corporate structure chart showing the current relationship between the PSP entities with a direct or indirect co-ownership interest in the Facilities and associated transmission and distribution systems is attached as Appendix 1 to this letter.

Infra H2O GP and Infra H2O LP currently indirectly own respectively 100% of the general partnership units and the limited partnership units of H2O Power and H2O Holding.

Post-Transfer Ownership Structure Chart

Appendix 2 to this letter is a chart showing the expected ownership structure of the Facilities if the Transfer is completed as expected.

Reorganization Timeline

The Applicant would like to complete the proposed reorganization by January 31, 2023. We therefore respectfully request that the OEB make its determination regarding the Notice before the end of January 2023.



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

Yours Truly,

Sharon Wong

SW

Encl.