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Reference: 00200727/000190

September 26, 2023

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

Ontario Energy Board  
2300 Yonge Street, 27th floor Reception  
Toronto, ON M4P 1E4

Attention: Ms. Nancy Marconi, Registrar

**RE: Section 81 Notice of Proposed Transaction**

Dear Ms. Marconi:

We are the lawyers for the Public Sector Pension Investment Board, FirstLight Holding Inc., and 9496-9284 Québec Inc. (collectively, the “**Applicants**”). This letter, together with the attached documentation, constitutes a notice from the Applicants of a proposed transaction (the “**Notice**”) under Section 81 of the *Ontario Energy Board Act, 1998* (the “**Act**”).

**Description of the Transaction**

9496-9284 Québec Inc. (the “**Purchaser**”) has been incorporated under the laws of Québec for the purpose of the share purchase transaction to which this Notice relates. The shares of the Purchaser are held by FightLight Holding Inc. (“**FHI**”), with 89.9% of Class A voting shares being held directly by FHI and the remaining 10.1% of Class A shares being beneficially owned by FHI through two trusts, namely FLH Trust 1 and FLH Trust 2. FHI is a wholly owned subsidiary of Public Sector Pension Investment Board (“**PSP**” and, together with its Electricity Sector Affiliates,<sup>1</sup> the “**PSP Entities**”).

The Applicants are currently affiliates of H2O Power Limited Partnership (“**H2O Power**”) and H2O Power Holding Limited Partnership (“**H2O Holding**”), which are wholly owned by PSP and are licenced by the Ontario Energy Board (“**OEB**”) as generators and retailers.<sup>2</sup> H2O Power is the co-owner along with Watergen Canada Holdings Inc. (“**Watergen**”) of eight hydroelectric generating stations in Ontario (the “**JV Facilities**”). Watergen is not owned by any of the parties to the proposed transaction. H2O Power and Watergen own, respectively, an undivided 51% interest and an undivided 49% interest in the JV

<sup>1</sup> The term Electricity Sector Affiliates has the same meaning as given in s. 1.3.1 of the Section 81 Notice.

<sup>2</sup> H2O Power holds OEB Generation Licence, EG-2006-0124 and OEB Retailing Licence ER-2021-0221. H2O Holding holds Electricity Generation Licence EG-2016-01369 and OEB Retailing Licence ER-2021-0287.



Facilities and associated distribution systems. The JV Facilities are operated by H2O Holding under its electricity generation licence.

The proposed transaction contemplates the Purchaser acquiring all issued and outstanding shares of Hydromega Services Inc. (“**HSI**”) from its shareholders, Hydro7480 Inc. and 1060076 B.C. ULC., as well as all outstanding share capital of Hydromega Energy (Ont) Inc. (“**HEOI**”), a wholly owned subsidiary of HSI. Immediately following the closing of the proposed transaction, the Purchaser will amalgamate with HSI, resulting in an amalgamated corporation that has all of the rights and liabilities of the Purchaser and HSI.

HSI and its subsidiaries are in the business of constructing and operating electricity generation facilities in Ontario and Québec. HSI indirectly owns controlling interests in the following five limited partnerships (the “**Project LPs**”) that operate hydroelectric generating stations in Ontario:

- Okikendawt Hydro L.P., which owns the Okikendawt Generating Station, a 10-MW hydroelectric generating facility located on the French River, under Ontario Energy Board (“**OEB**”) Electricity Generation Licence EB-2011-0366;
- Nipiy-OWF HydroKap L.P., which owns Old Woman Falls Generating Station, a 5.5-MW hydroelectric facility in Kapuskasing, Ontario, under Electricity Generation Licence EG-2010-0391;
- Nipiy-WOF HydroKap L.P., which owns White Otter Falls Generating Station, a 5.5-MW hydroelectric facility in Kapuskasing, Ontario, under Electricity Generation Licence EG-2010-0390;
- Amik-BBF HydroKap L.P., which owns Big Beaver Falls Generating Station, a 5.5-MW hydroelectric facility in Kapuskasing, Ontario, under the authorization of Electricity Generation Licence EG-2010-0388; and
- Amik-CTR HydroKap L.P., which owns the Camp Three Rapids Generating Station, a 5.5-MW hydroelectric facility in Kapuskasing, Ontario, under the authorization of Electricity Generation Licence EG-2010-0389

(collectively, the “**Hydromega Facilities**”).<sup>3</sup>

The Hydromega Facilities are all operated by HSI pursuant to Electricity Generation Licence EG-2010-0387.

<sup>3</sup> HSI currently owns Cochrane Power Corporation (“**CPC**”), which owns the Cochrane Power Corporation Generating Station, a 42-megawatt co-generation facility located in Cochrane, Ontario (“**Cochrane GS**”). CPC holds Electricity Generation Licence EG-2003-0100, which authorizes it to own the Cochrane GS. CPC will be excluded from the proposed transaction by sale and will not be acquired by the Applicants.



The proposed transaction would result in the Applicants acquiring an indirect interest in the distribution systems owned by the Project LPs that are used to convey the electricity generated at the Hydromega Facilities to the local distribution system. Accordingly, the Applicants, as affiliates of two OEB-licensed generators, are required to provide this Notice pursuant to section 81 of the *Act*.

The Applicants submit, however, that the proposed transaction will not substantively change the status quo because the relevant distribution systems owned by the Project LPs will continue to be used for the sole purpose of conveying electricity produced at the Hydromega Facilities to the grid. While the proposed transaction would increase the generation market share of PSP and its subsidiaries, that increase is insignificant relative to the overall size of the market (or any relevant segment of the generation market). If the transaction is completed as expected, the PSP Entities will control generating assets that are anticipated to produce 1,040,183 megawatt hours (or 1.040183 TWh) in 2023. The IESO has stated that in 2022, Ontario's total annual electricity consumption was 137.5 terawatt hours.<sup>4</sup> Therefore, the total estimated production attributable to the generating assets of the PSP Entities following the completion of the transaction will represent approximately 0.757% of Ontario's total electricity demand, up from approximately 0.656%.

Furthermore, it is relevant to note that 902,118 MWh of this anticipated electricity production for 2023 will be produced by the JV Facilities, in which the Applicants only own a 51% undivided interest. Likewise, the 49,690 MWh of the forecast generation for 2023 will come from the Okikendawt Generating Station, which will be only 60% owned by the Applicants following the completion of the transaction. Finally, 65,888 MWh of the 1,040,183 MWh of forecast generation is attributable to the White Otter Falls, Big Beaver Falls, and Camp Three Rapids generating stations, which will be only 80% owned by the Applicants following the completion of the proposed transaction. If the total anticipated electricity generation for 2023 is adjusted based on the Applicants' ownership interest in the relevant generating assets, it would be 561,851 MWh (0.561851 TWh) or less than 0.409% of Ontario's total electricity demand, up from approximately 0.335%. This small increase in market share will not affect the development and maintenance of a competitive market.

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

The Applicants therefore request that the OEB issue a letter of no review.

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

Yours truly,

Ryan McNamara  
Encl.

<sup>4</sup> Source: <<http://www.ieso.ca/en/Corporate-IESO/Media/Year-End-Data>>.