Ontario
MINISTRY OF ENERGY

Greenfield South Generating Station

Next Steps – Advice to Cabinet

Date: October 20, 2011

Stopping Construction

- On September 24, in Mississauga, local Liberal party candidates announced that "construction on the project would be halted" and that "if elected the Government would work with Eastern to choose a new site." The Mayor of Mississauga attended the announcement and endorsed the decision.

- On September 28, the media carried pictures of the plant with construction well underway.

- On October 12 the Mississauga Council passed a motion requesting that the Government and the Premier take immediate action to cancel the contract, stop construction and return the site to pre-construction condition

Issues

- Construction continues at the Greenfield South site. The developer has requested formal notice before ceasing construction.
- The project has an enforceable contract with the Ontario Power Authority and all applicable approvals. The developer's work is in compliance with the contract and current approvals.
- The OPA is party to and administers the contract with Eastern Power. The Province is not a party to the contract. Current circumstances give the OPA no right under the contract to terminate.
- The OPA has asked for instruction from government to approach the developer to begin negotiations to change or to terminate the contract.
- Construction at the site is proceeding. Eastern Power has informed the OPA that it will not 'down tools' until it receives formal notification that the contract has been cancelled.
- Alternative site options and alternative ways to supply Mississauga have not been adequately identified at this time. Alternative sites would require new provincial and municipal approvals processes to be undertaken and are likely to raise new issues.
- Local politicians have stated that the plant would not be relocated to a site in Mississauga or Toronto.

Next Steps Involve the OPA

- The OPA to be asked to approach Eastern Power to initiate discussions. The discussion would likely include potential treatment of costs incurred to date (sunk costs – including equipment costs), treatment of construction and equipment related contracts, estimates and treatment of foregone revenue, and options and Eastern's interest with respect to relocating to an alternative site.

- The OPA has made some preliminary analysis of costs and foregone revenue and has identified several sites that would require government review before being shared with Eastern Power. Each of these alternative sites have various issues associated with them.

- Eastern Power may or may not be interested in developing the proposed alternative sites, may be willing to walk away from the Mississauga plant for a financial cash settlement or may view its prospects as being better though the courts.

- The Government could agree to cover some or all of Eastern Power's price to walk away from the Mississauga plant to reduce the burden on the electricity consumer.

Immediate Legal Risks

- Eastern Power could refuse to negotiate, requiring the Government to consider other options (e.g. legislation).
- Initiating discussions to relocate or otherwise cancel the Mississauga plant may immediately cause Eastern Power to launch a law suit against either or both of the OPA and the Government.
- The Minister's request of the OPA may be contractual interference and may attract liability to the Province.
- The OPA may ask for a "direction" from the Minister under the *Electricity Act, 1998* before undertaking any discussions with Eastern Power. The Minister's authority to direct the OPA in this way is unclear.
- Eastern Power's financiers may have a claim under NAFTA if this project does not proceed.

Cabinet Minute

Cabinet agreed that:

- The Minister of Energy will ask the Ontario Power Authority to immediately begin discussions with Eastern Power with a view to reaching an agreement by December 2011 on: halting all construction at the Greenfield South site; treatment of and verification of project development and construction costs incurred by Eastern Power to date; treatment and verification of equipment costs and construction and equipment contracts; treatment and measurement of expected value of the plant; and, Eastern Power's interest in and feasibility of relocating to an alternative site.

- The Ontario Power Authority be asked to report back to the Minister of Energy on the outcomes of its discussions with Eastern Power by the end of November 2011.

- The Minister of Energy to report back to Cabinet by December 2011 with the details of the discussions with Eastern Power. This report back would include recommendations as to what share, if any, of the cost would be appropriately borne by the Government through the Consolidated Revenue Fund.

Cabinet Minute (Continued)

- The Ministry of Energy to work with Premier's Office/Cabinet Office on a stakeholder management and communications strategy.

MINISTRY OF ENERGY

Appendix

Greenfield South Background

Ontario

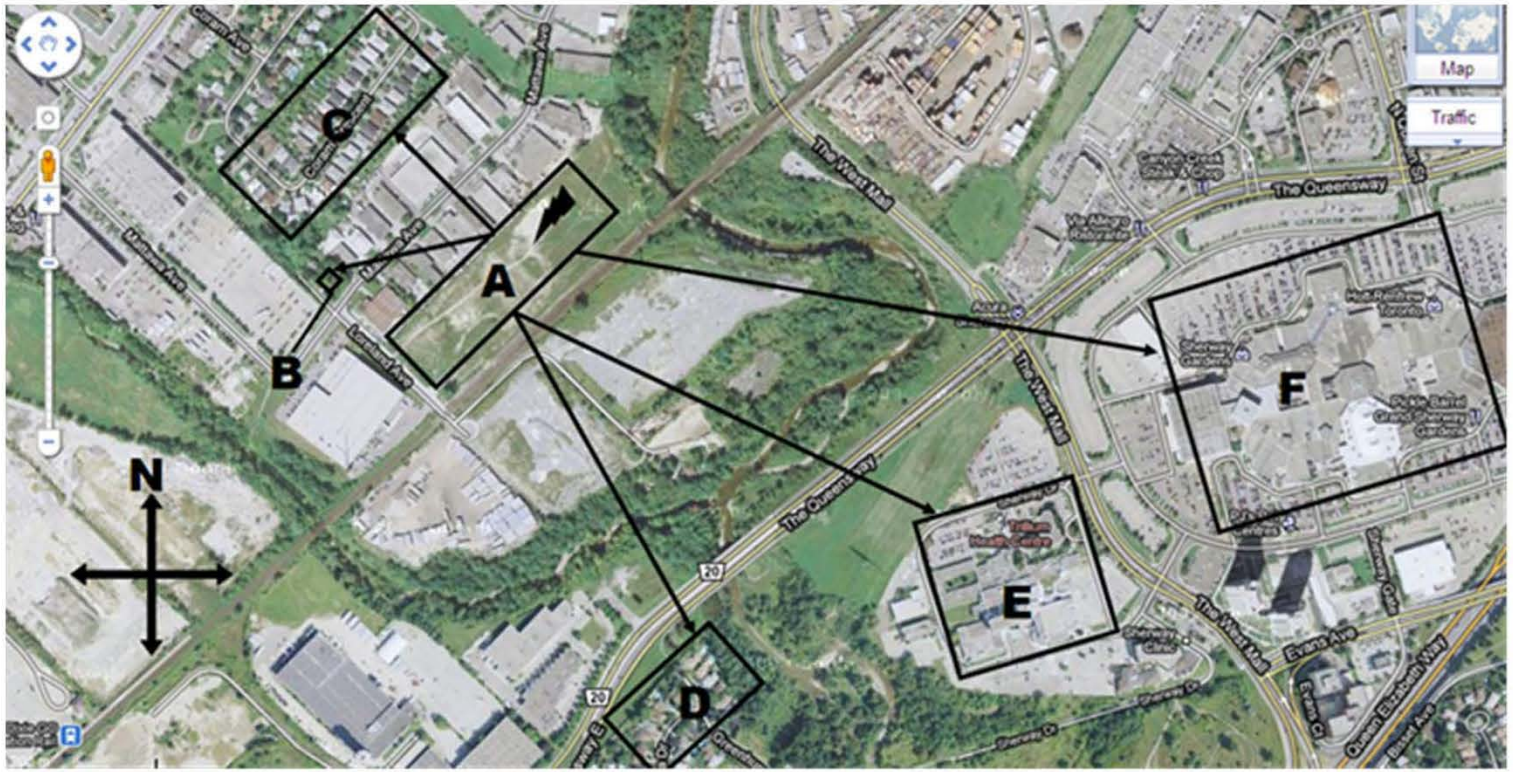
Key Facts About the Greenfield South Plant

- Greenfield South Power Corporation (controlled by Eastern Power Corporation) was the successful applicant in Ministry of Energy run Clean Energy Supply (CES) RFP and signed a contract with the OPA in April 2005.

- Eastern Power, based in Ontario, has received all required provincial approvals, including Environmental Assessment and Certificates of Approval.

- Eastern Power has received all required municipal approvals, including building site approval from the City of Mississauga issued in May 2011.

- Eastern Power has secured debt financing from Credit Suisse and EIG (confirmed by the OPA).



Legend:

A – Proposed Greenfield Site
B – Closest House
C – Closest Subdivision (North)
D – Closest Subdivision (South)
E – Trillium Heath Centre
F – Sherway Gardens Mall

Distance:

A to B:	220 Meters
A to C:	270 Meters
A to D:	500 Meters
A to E:	740 Meters
A to F:	910 Meters

*Plant construction as of 28 September 2011

Cayley, Daniel (ENERGY)

From: Calwell, Carolyn (ENERGY)
Sent: October-20-11 11:17 AM
To: Silva, Joseph (ENERGY)
Cc: Perun, Halyna N. (ENERGY); Jennings, Rick (ENERGY)
Subject: Draft letter
Attachments: Letter to OPA.20 10 2011.doc

Confidential/Solicitor-Client Privileged

As discussed, the draft letter is attached.

Carolyn

Draft: October 20, 2011

Mr. Colin Andersen
Chief Executive Officer
Ontario Power Authority
1600-120 Adelaide Street West
Toronto ON M5H 1T1

Dear Mr. Andersen:

Re: Greenfield South Generation Facility

Community opposition to the Greenfield South Generation Facility, currently under construction in Mississauga, is well documented. On October 12th, Council of the City of Mississauga passed a resolution asking my government to take immediate action to stop construction and return the site to pre-construction condition. In addition, condominium towers were recently constructed in the general area of the plant.

This government has heard the community's concerns about this plant proceeding as originally planned.

Accordingly, I am requesting that the Ontario Power Authority commence discussions with Greenfield South Power Corporation, as project proponent, that would lead to a satisfactory resolution of the Mississauga site.

Cayley, Daniel (ENERGY)

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October-20-11 12:29 PM
To: Kristin Jenkins; Sharkawi, Rula (ENERGY)
Cc: Patricia Phillips
Subject: RE: Any word on Response to Spears?

Thanks Kristin.

Unrelated content removed

From: Kristin Jenkins [mailto:Kristin.Jenkins@powerauthority.on.ca]
Sent: October 20, 2011 11:59 AM
To: Kovesfalvi, Sylvia (ENERGY); Sharkawi, Rula (ENERGY)
Cc: Patricia Phillips
Subject: RE: Any word on Response to Spears?

Hi Sylvia and Rula. I just spoke to Pat. To my knowledge, the OPA actually has never produced technical info on the need for Greenfield South because we did not exist when the procurement was done. Our planning work has assumed that the plant/capacity will be there. The technical work on need presumably was done by the ministry prior to issuing the RFP in 2004. So, if the desire is to provide that kind of info to Spears, perhaps the ministry should provide the response. I am stepping out, so please continue to coordinate through Pat. Thanks.

From: Kovesfalvi, Sylvia (ENERGY) [mailto:Sylvia.Kovesfalvi@ontario.ca]
Sent: October 20, 2011 11:35 AM
To: Kristin Jenkins; rula.sharkawi@ontario.ca
Cc: Patricia Phillips
Subject: RE: Any word on Response to Spears?

Unrelated content removed

From: Kristin Jenkins [mailto:Kristin.Jenkins@powerauthority.on.ca]
Sent: October 20, 2011 10:21 AM
To: Sharkawi, Rula (ENERGY); Kovesfalvi, Sylvia (ENERGY)
Cc: Patricia Phillips
Subject: Fw: Any word on Response to Spears?

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From: Tim Butters
Sent: Thursday, October 20, 2011 10:17 AM
To: Patricia Phillips; Kristin Jenkins
Cc: Mary Bernard
Subject: RE: Any word on Response to Spears?

Unrelated content removed

From: Patricia Phillips
Sent: October 19, 2011 4:02 PM
To: Kristin Jenkins
Cc: Mary Bernard; Tim Butters
Subject: RE: Any word on Response to Spears?

Unrelated content removed

From: Kristin Jenkins
Sent: October 19, 2011 4:00 PM
To: Patricia Phillips; Mary Bernard; Tim Butters
Subject: Any word on Response to Spears?

Cayley, Daniel (ENERGY)

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October-20-11 1:21 PM
To: 'King, Ryan (ENERGY)'
Subject: FW: Mississauga power plant

Importance: High

Unrelated content removed

From: Tim Butters [mailto:Tim.Butters@powerauthority.on.ca]
Sent: October 18, 2011 3:01 PM
To: Kovesfalvi, Sylvia (ENERGY)
Subject: FW: Mississauga power plant
Importance: High

Sylvia,

We just received the following email from John Spears. As noted, he's looking for some planning analysis with respect to the need for Greenfield South.

TB

From: Spears, John [mailto:JSpears@thestar.ca]
Sent: October 18, 2011 2:48 PM
To: Media
Subject: Mississauga power plant

I'm interested in any analysis the OPA has done about the effect of not building Eastern Power's proposed generating station in Mississauga.
Could you please send me any studies or other analysis the OPA has done relating to this decision?
I'm not looking for contractual details with Eastern Power.
I'm looking instead on why the power plant is no longer needed. Why was the plant proposed in the first place? Why is it no longer considered necessary? What is the likely impact on service, safety and reliability? If the proposed plant's supply is not going to be available, what alternatives are likely to be needed to maintain service – e.g. other power plants, additional transmission lines, or the like?
What are the costs associated with the alternatives? (Again, I'm not asking for details of any payments that might have to be made relating to cancellation of the Eastern Power project.)
I'd be grateful for any studies or analyses that the OPA might have done bearing on these questions.
Thank you.
John Spears
Toronto Star
416-869-4353

Cayley, Daniel (ENERGY)

From: Calwell, Carolyn (ENERGY)
Sent: October-20-11 1:21 PM
To: Silva, Joseph (ENERGY)
Cc: Perun, Halyna N. (ENERGY); Jennings, Rick (ENERGY)
Subject: Draft letter - further revised
Attachments: Letter to OPA.20 10 2011.2.doc

Confidential/Solicitor-Client Privileged

Please see revisions from MAG to the second paragraph, tying in the idea of "policy reconsideration".

Carolyn

Draft: October 20, 2011

Mr. Colin Andersen
Chief Executive Officer
Ontario Power Authority
1600-120 Adelaide Street West
Toronto ON M5H 1T1

Dear Mr. Andersen:

Re: Greenfield South Generation Facility

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The government has heard the community's concerns about this plant proceeding as originally planned, prompting a policy reconsideration of its location.

Accordingly, I am requesting that the Ontario Power Authority commence discussions with Greenfield South Power Corporation, as project proponent, that would lead to a satisfactory resolution of the Mississauga site.

Cayley, Daniel (ENERGY)

From: Patricia Phillips <Patricia.Phillips@powerauthority.on.ca>
Sent: October-20-11 1:30 PM
To: Sharkawi, Rula (ENERGY); Kovesfalvi, Sylvia (ENERGY)
Cc: Kristin Jenkins
Subject: Revised response to Toronto Star
Attachments: image001.png

Below is our revised proposed response to John Spears:

Hi John -- The Ministry of Energy procured the Greenfield South plant to address local supply and reliability issues in 2004, prior to OPA being established. OPA's planning work has not included specific analysis of the need for the plant. It has assumed the plant will be there and taken the plant's capacity into account when examining future generation need. Suggest you follow-up with Ministry of Energy for the historical information.

Patricia Phillips . Director, Stakeholder Relations(A)
Ontario Power Authority . 416-969-6326
patricia.phillips@powerauthority.on.ca

Fisher, Petra (ENERGY)

From: Nutter, George (ENERGY)
Sent: October-20-11 1:44 PM
To: Kovesfalvi, Sylvia (ENERGY); Linden, Robert (ENERGY)
Cc: Lindsay, Ken (ENERGY); Morton, Robert (ENERGY)
Subject: RE: Energy and Infrastructure Top Issue Messaging

I am happy with the messaging, with the following exception – the coloured text referencing the review of the Greenfield plant. I suggest this be removed, as this is a campaign commitment, not government policy at this point. It could possibly be replaced by "Note: During the 2011 election, the Premier indicated his government would not proceed with this plant."

George Nutter
Manager, Energy Communications
Communications Branch
Ministry of Energy
Ministry of Infrastructure

4th fl. Hearst Block
900 Bay Street
Queen's Park, Toronto
Ontario, Canada M7A 2E1

416-326-9602 office
416-326-3947 fax

george.nutter@ontario.ca

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October 20, 2011 1:34 PM
To: Linden, Robert (ENERGY); Nutter, George (ENERGY)
Cc: Lindsay, Ken (ENERGY); Morton, Robert (ENERGY)
Subject: Energy and Infrastructure Top Issue Messaging

Hello –

Attached is a summary of key messages for top issues. We've prepared this as an easy reference guide for new MOs.

Can you please review and let Robert know if you have any concerns/suggested changes asap.

Unrelated content removed

Thanks very much.

Ken – I'm cc'ing you in case this document might be a helpful reference for correspondence.

From: Morton, Robert (ENERGY)
Sent: October 20, 2011 12:32 PM
To: Kovesfalvi, Sylvia (ENERGY)
Subject: Energy and Infrastructure Top Issue Messaging

The revised documents are attached. The document file path provided in Erika's email does not exist. So I have filed them under the path provided by Erika in a subsequent email: H:\Corporate – NEW\2011\Administration\Transition.

Cayley, Daniel (ENERGY)

From: King, Ryan (ENERGY)
Sent: October-20-11 2:34 PM
To: Kovesfalvi, Sylvia (ENERGY)
Cc: Silva, Joseph (ENERGY); Sharkawi, Rula (ENERGY)
Subject: RE: Any word on Response to Spears?
Attachments: image001.gif Attachment is image below

Hi Sylvia,
The coal closure commitment created the need for new generation. Should keep in mind that at the time of this RFP the deadline for coal closure was 2007 so there was a real and pressing need (this was the Premier's commitment) to bring new generation that could replace coal (ie meet the potential shortfall). That was the impetus for the RFP. I've pasted below a summary of some of the criteria to do with the actual RFP.
As this was an RFP, all of the bids and evaluations are strictly confidential.
On the technical side, among others, the most relevant requirements were that:

- the projects had to be larger than 5 MW;
- not burn Municipal Solid Waste (MSW) or coal, and they can only use oil less than 10% (for emergencies and back-up);
- could not have been in commercial operation by September 13, 2004
- has "site control" (show ownership, or option to lease/purchase the land)
- has commenced the Environmental Assessment Process (at a minimum, they had to have published the "Notice of Commencement of a Screening")
- had to have notified the relevant local municipality or planning authorities (ie. through letters)
- had to have started the connection assessments and system impact assessments with the IESO and Hydro One
- the "Proponent Team" had to have sufficient relevant experience

On the financial side, they had to demonstrate that:

- a financing plan for the project
- they have commitment or confirmation letters from all equity providers, and demonstrate that these equity providers had the ability to fulifill their commitment and finance (part of) the project (to be specific, they had to have "sufficient Tangible Net Worth", or an Investment Grade Credit Rating, or confirm their available credit, or a debt coverage ratio no greater than 7:1)
- if debt was used as a source of financing, commitment letter(s) from all lenders had to be provided (the lender could only be a major financial institution (so-called "Schedule I or II financial institution") or had to have sufficient credit rating)

The proposals that passed all of the mandatory requirements were "invited" to participate in Stage 3, where we open the bid prices.

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October 20, 2011 1:55 PM
To: King, Ryan (ENERGY)
Cc: Silva, Joseph (ENERGY); Sharkawi, Rula (ENERGY)
Subject: RE: Any word on Response to Spears?

Thank you very much Ryan … appreciate the speedy response.

Is there any kind of study or planning document that we can refer him to that outlines the need for local generation (other than 2007 IPSP), and other potential alternatives that were considered (and what they might cost)?

From: King, Ryan (ENERGY)
Sent: October 20, 2011 1:52 PM
To: Kovesfalvi, Sylvia (ENERGY)
Cc: Silva, Joseph (ENERGY); Sharkawi, Rula (ENERGY)
Subject: RE: Any word on Response to Spears?

This is what we've prepared

- In 2004 and 2005 the Ministry developed and administered a Clean Energy Supply (CES) Request for Proposals that ultimately resulted in 5 successful projects totalling 1,955 MW of gas-fired generating capacity.
- The RFP sought to secure new generation to support coal replacement and support reliability.
- Greenfield South Power Corporation (controlled by Eastern Power Corporation) was a successful applicant in the CES RFP and signed a contract with the OPA in April 2005
- All proposals had to meet rigorous financial and technical requirements, which were examined by an independent Evaluation Team, which consisted of staff from the Ministries of Finance and Energy, the IESO, Hydro One and the OEB. The proposals that met all of these criteria where then stacked according to price (the Net Revenue Requirement) and adjusted for timing, location and transmission requirements. The winners represented the least-cost options for the province.
- All projects are required to meet provincial approvals and municipal approvals including Environmental Assessment and Certificates of Approval.

Sylvia, with regard to alternatives, there have been transmission alternatives related to the SWGTA but the OPA would be able to speak more to that.

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October 20, 2011 12:13 PM
To: 'King, Ryan (ENERGY)'
Cc: Silva, Joseph (ENERGY); Sharkawi, Rula (ENERGY)
Subject: FW: Any word on Response to Spears?

As discussed.

Thank you for your help.

From: Kristin Jenkins [mailto:Kristin.Jenkins@powerauthority.on.ca]
Sent: October 20, 2011 11:59 AM
To: Kovesfalvi, Sylvia (ENERGY); Sharkawi, Rula (ENERGY)
Cc: Patricia Phillips
Subject: RE: Any word on Response to Spears?

Hi Sylvia and Rula. I just spoke to Pat. To my knowledge, the OPA actually has never produced technical info on the need for Greenfield South because we did not exist when the procurement was done. Our planning work has assumed that the plant/capacity will be there. The technical work on need presumably was done by the ministry prior to issuing the RFP in 2004. So, if the desire is to provide that kind of info to Spears, perhaps the ministry should provide the response. I am stepping out, so please continue to coordinate through Pat. Thanks.

From: Kovesfalvi, Sylvia (ENERGY) [mailto:Sylvia.Kovesfalvi@ontario.ca]
Sent: October 20, 2011 11:35 AM
To: Kristin Jenkins; rula.sharkawi@ontario.ca
Cc: Patricia Phillips
Subject: RE: Any word on Response to Spears?

I'm calling Pat to discuss next steps.

From: Kristin Jenkins [mailto:Kristin.Jenkins@powerauthority.on.ca]
Sent: October 20, 2011 10:21 AM
To: Sharkawi, Rula (ENERGY); Kovesfalvi, Sylvia (ENERGY)
Cc: Patricia Phillips
Subject: Fw: Any word on Response to Spears?

Realize there is a lot going on, but can we please have an update on the status of the review of our response asap? Thanks.

From: Tim Butters
Sent: Thursday, October 20, 2011 10:17 AM
To: Patricia Phillips; Kristin Jenkins
Cc: Mary Bernard
Subject: RE: Any word on Response to Spears?

Spears just left a message on my personal line. He would like a call back asap.

From: Patricia Phillips
Sent: October 19, 2011 4:02 PM
To: Kristin Jenkins
Cc: Mary Bernard; Tim Butters
Subject: RE: Any word on Response to Spears?

No – spoke with Sylvia at about 1:00 p.m. b/c she had a couple of questions about wording and differences from their original messaging. She was going to take through approvals in Ministry.

From: Kristin Jenkins
Sent: October 19, 2011 4:00 PM
To: Patricia Phillips; Mary Bernard; Tim Butters
Subject: Any word on Response to Spears?

From: Patricia Phillips [mailto:Patricia.Phillips@powerauthority.on.ca]
Sent: October 19, 2011 12:25 PM
To: Sharkawi, Rula (ENERGY); Kovesfalvi, Sylvia (ENERGY)
Subject: Proposed response to Toronto Star

Hi Rula & Sylvia – Below is our draft response to John Spears' inquiries. Please get back to me as soon as you can. Thanks, Pat

---

Hi John – The Ministry of Energy issued an RFP for the Greenfield South plant in 2004 to address local supply and reliability issues. The 2007 IPSP has info on these issues http://archive.powerauthority.on.ca/Storage/69/6447_D-8-1_corrected_080505__mm_.pdf (please see page 12). The government has committed to relocating the plant. We

understand that next steps will be communicated shortly and we will have more to say then. In the meantime, please contact the Ministry of Energy if you have further questions.

Patricia Phillips . Director, Stakeholder Relations(A)
Ontario Power Authority . 416-969-6326
patricia.phillips@powerauthority.on.ca

Cayley, Daniel (ENERGY)

From: Calwell, Carolyn (ENERGY)
Sent: October-20-11 3:03 PM
To: Silva, Joseph (ENERGY); Perun, Halyna N. (ENERGY)
Cc: Jennings, Rick (ENERGY)
Subject: RE: Gas Plant- Minister of Energy Draft Letter - revised
Attachments: Letter to OPA.20 10 2011.3.doc

Please find revised draft attached.

Carolyn

From: Silva, Joseph (ENERGY)
Sent: October 20, 2011 2:51 PM
To: Perun, Halyna N. (ENERGY)
Cc: Jennings, Rick (ENERGY); Calwell, Carolyn (ENERGY)
Subject: RE: Gas Plant- Minister of Energy Draft Letter - revised

Thanks Halyna.

Carolyn – will you be revising your draft? Thank you.

From: Perun, Halyna N. (ENERGY)
Sent: October 20, 2011 2:25 PM
To: Silva, Joseph (ENERGY)
Cc: Jennings, Rick (ENERGY); Calwell, Carolyn (ENERGY)
Subject: FW: Gas Plant- Minister of Energy Draft Letter - revised

Privileged and Confidential

Hi – The below sets out the instructions from the Deputy Attorney General which reflect apparently discussions that were had earlier today. The Minister of Energy is going to be making a public statement post swearing in and the below is in accord with that statement.

The additions heighten the risks to government, but these are the instructions. Contents of approved letter:

Community opposition to the Greenfield South Generation Facility, currently under construction in Mississauga, is well documented. On October 12th, Council of the City of Mississauga passed a resolution asking the government to take immediate action to stop construction and return the site to pre-construction condition. In addition, condominium towers were recently constructed in the general area of the plant.

The government has heard the community's concerns about this plant proceeding as originally planned, prompting **our intention to relocate the plant**.

Accordingly, I am requesting that the Ontario Power Authority commence discussions **on a priority basis** with Greenfield South Power Corporation, as project proponent, that would lead to a satisfactory resolution of the Mississauga site.

Halyna

Halyna N. Perun
A/Director
Legal Services Branch
Ministries of Energy & Infrastructure
777 Bay Street, 4th Floor, Suite 425
Toronto, ON M5G 2E5
Ph: (416) 325-6681 / Fax: (416) 325-1781
BB: (416) 671-2607
E-mail: Halyna.Perun2@ontario.ca

Draft: October 20, 2011

Mr. Colin Andersen
Chief Executive Officer
Ontario Power Authority
1600-120 Adelaide Street West
Toronto ON M5H 1T1

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Subject: RE: Any word on Response to Spears?
Attachments: image001.gif Attachment is image below

That's fine though I may not encourage additional questions from John Spears

---

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October 20, 2011 3:45 PM
To: 'King, Ryan (ENERGY)'
Cc: Silva, Joseph (ENERGY); Sharkawi, Rula (ENERGY)
Subject: RE: Any word on Response to Spears?

Ok – based on our conversation, his questions and direction I've received, I'm proposing what's below. If you and Joseph are ok with this, we need to run by legal and CO.

Hi John –

In 2004 and 2005 the Ministry of Energy developed and administered Clean Energy Supply (CES) Request for Proposals to secure new generation to support coal replacement and local reliability. Greenfield South Power Corporation (managed by Eastern Power Corporation) was the successful applicant in the CES RFP and signed a contract with the OPA in April 2005.

The need for generation in southwest GTA was outlined in the OPA's 2007 IPSP plan http://archive.powerauthority.on.ca/Storage/69/6447_D-8-1_corrected_080505__mm_.pdf (see page 17).

This matter is currently under review. Next steps will be communicated as soon as possible.

Please contact the Ministry of Energy if you have additional questions.

From: Kovesfalvi, Sylvia (ENERGY)
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Cc: Silva, Joseph (ENERGY); Sharkawi, Rula (ENERGY)
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Hi Rula & Sylvia – Below is our draft response to John Spears' inquiries. Please get back to me as soon as you can. Thanks, Pat

---

Hi John – The Ministry of Energy issued an RFP for the Greenfield South plant in 2004 to address local supply and reliability issues. The 2007 IPSP has info on these issues http://archive.powerauthority.on.ca/Storage/69/6447_D-8-1_corrected_080505__mm_.pdf (please see page 12). The government has committed to relocating the plant. We understand that next steps will be communicated shortly and we will have more to say then. In the meantime, please contact the Ministry of Energy if you have further questions.

Patricia Phillips . Director, Stakeholder Relations(A)
Ontario Power Authority . 416-969-6326
patricia.phillips@powerauthority.on.ca

Cayley, Daniel (ENERGY)

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October-20-11 4:04 PM
To: Perun, Halyna N. (ENERGY)
Cc: Silva, Joseph (ENERGY); King, Ryan (ENERGY); Sharkawi, Rula (ENERGY)
Subject: URGENT: Media Call

Importance: High

Hi Halyna –

OPA received some questions from John Spears yesterday.

Our proposed response (which the OPA will forward via email) is below. Policy-approved.

Please let me know if you have any concerns.

Sylvia
7-4334

Hi John –

In 2004 and 2005 the Ministry of Energy developed and administered Clean Energy Supply (CES) Request for Proposals to secure new generation to support coal replacement and local reliability. Greenfield South Power Corporation (managed by Eastern Power Corporation) was the successful applicant in the CES RFP and signed a contract with the OPA in April 2005.

The need for generation in southwest GTA was outlined in the OPA's 2007 IPSP plan http://archive.powerauthority.on.ca/Storage/69/6447_D-8-1_corrected_080505__mm_.pdf (see page 17).

This matter is currently under review. Next steps will be communicated as soon as possible.

From: Tim Butters [mailto:Tim.Butters@powerauthority.on.ca]
Sent: October 18, 2011 3:01 PM
To: Kovesfalvi, Sylvia (ENERGY)
Subject: FW: Mississauga power plant
Importance: High

Sylvia,

We just received the following email from John Spears. As noted, he's looking for some planning analysis with respect to the need for Greenfield South.

TB

From: Spears, John [mailto:JSpears@thestar.ca]
Sent: October 18, 2011 2:48 PM
To: Media
Subject: Mississauga power plant

I'm interested in any analysis the OPA has done about the effect of not building Eastern Power's proposed generating station in Mississauga.
Could you please send me any studies or other analysis the OPA has done relating to this decision?
I'm not looking for contractual details with Eastern Power.
I'm looking instead on why the power plant is no longer needed. Why was the plant proposed in the first place? Why is it no longer considered necessary? What is the likely impact on service, safety and reliability? If the proposed plant's supply is not going to be available, what alternatives are likely to be needed to maintain service – e.g. other power plants, additional transmission lines, or the like?
What are the costs associated with the alternatives? (Again, I'm not asking for details of any payments that might have to be made relating to cancellation of the Eastern Power project.)
I'd be grateful for any studies or analyses that the OPA might have done bearing on these questions.
Thank you.
John Spears
Toronto Star
416-869-4353

Cayley, Daniel (ENERGY)

From: Perun, Halyna N. (ENERGY)
Sent: October-20-11 4:49 PM
To: Jennings, Rick (ENERGY)
Cc: Calwell, Carolyn (ENERGY); Silva, Joseph (ENERGY); Lindsay, David (ENERGY)
Subject: RE: Gas Plant- Minister of Energy Draft Letter - revised

Privileged and Confidential

Your concerns are certainly noteworthy. We can propose something different – but depends on what was discussed and further direction we receive.

Halyna

Halyna N. Perun
A/Director
Legal Services Branch
Ministries of Energy & Infrastructure
777 Bay Street, 4th Floor, Suite 425
Toronto, ON M5G 2E5
Ph: (416) 325-6681 / Fax: (416) 325-1781
BB: (416) 671-2607
E-mail: Halyna.Perun2@ontario.ca

From: Jennings, Rick (ENERGY)
Sent: October 20, 2011 3:17 PM
To: Perun, Halyna N. (ENERGY); Silva, Joseph (ENERGY); Lindsay, David (ENERGY)
Cc: Calwell, Carolyn (ENERGY)
Subject: RE: Gas Plant- Minister of Energy Draft Letter - revised

Halyna, Carolyn,

"Our intention to relocate the plant" is problematic on several grounds:

1) Immediately raises the media question: "Where will the plant be relocated to" as there are a limited number of welcoming host communities this may raise more problems than it solves.
2) Relocate is not the right word in any event as it implies that the plant (which has foundation poured and appears to be at least one-third built based on photos) will be moved to a new location. In fact, the plant will not, of course, be relocated, the existing development would be abandoned and perhaps later demolished and possibly the developer would be awarded a contract to build a new plant at an alternate site.
3) Given approval risk, the precedent for blocking plants, and a limited number of developable sites, it will be very challenging to obtain a site that is acceptable to the community, acceptable to the developer and which can be connected to the grid. Some sites which could achieve this would preclude developments of other generation projects which do have local support, e.g. Northwestern Ontario sites would likely be instead of Atikokan or Thunder Bay development; a Nanticoke project would likely preclude conversion of the existing coal plant to gas.
4) It is quite possible that the lowest cost solution is a cash settlement, this wording may preclude reaching it.

Better wording would be:

"our intention to have development at the site cease."

From: Perun, Halyna N. (ENERGY)
Sent: October 20, 2011 2:25 PM
To: Silva, Joseph (ENERGY)
Cc: Jennings, Rick (ENERGY); Calwell, Carolyn (ENERGY)
Subject: FW: Gas Plant- Minister of Energy Draft Letter - revised

Privileged and Confidential

Hi – The below sets out the instructions from the Deputy Attorney General which reflect apparently discussions that were had earlier today. The Minister of Energy is going to be making a public statement post swearing in and the below is in accord with that statement.

The additions heighten the risks to government, but these are the instructions. Contents of approved letter:

Community opposition to the Greenfield South Generation Facility, currently under construction in Mississauga, is well documented. On October 12th, Council of the City of Mississauga passed a resolution asking the government to take immediate action to stop construction and return the site to pre-construction condition. In addition, condominium towers were recently constructed in the general area of the plant.

The government has heard the community's concerns about this plant proceeding as originally planned, prompting **our intention to relocate the plant**.

Accordingly, I am requesting that the Ontario Power Authority commence discussions **on a priority basis** with Greenfield South Power Corporation, as project proponent, that would lead to a satisfactory resolution of the Mississauga site.

Halyna

Halyna N. Perun
A/Director
Legal Services Branch
Ministries of Energy & Infrastructure
777 Bay Street, 4th Floor, Suite 425
Toronto, ON M5G 2E5
Ph: (416) 325-6681 / Fax: (416) 325-1781
BB: (416) 671-2607
E-mail: Halyna.Perun2@ontario.ca

Cayley, Daniel (ENERGY)

From: Silva, Joseph (ENERGY)
Sent: October-20-11 5:03 PM
To: Jennings, Rick (ENERGY); Perun, Halyna N. (ENERGY)
Cc: Calwell, Carolyn (ENERGY)
Subject: RE: Gas Plant- Minister of Energy Draft Letter - revised

Thanks very much Rick for raising these points. I discussed with the Deputy, and we'll share with Cabinet Office the DAG-approved version as our draft product for tonight. We'll surface these concerns with the Minister as we prepare for signing.

From: Jennings, Rick (ENERGY)
Sent: October 20, 2011 3:17 PM
To: Perun, Halyna N. (ENERGY); Silva, Joseph (ENERGY); Lindsay, David (ENERGY)
Cc: Calwell, Carolyn (ENERGY)
Subject: RE: Gas Plant- Minister of Energy Draft Letter - revised

Halyna, Carolyn,

"Our intention to relocate the plant" is problematic on several grounds:

1) Immediately raises the media question: "Where will the plant be relocated to" as there are a limited number of welcoming host communities this may raise more problems than it solves.
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3) Given approval risk, the precedent for blocking plants, and a limited number of developable sites, it will be very challenging to obtain a site that is acceptable to the community, acceptable to the developer and which can be connected to the grid. Some sites which could achieve this would preclude developments of other generation projects which do have local support, e.g. Northwestern Ontario sites would likely be instead of Atikokan or Thunder Bay development; a Nanticoke project would likely preclude conversion of the existing coal plant to gas.
4) It is quite possible that the lowest cost solution is a cash settlement, this wording may preclude reaching it.

Better wording would be:

"our intention to have development at the site cease."

From: Perun, Halyna N. (ENERGY)
Sent: October 20, 2011 2:25 PM
To: Silva, Joseph (ENERGY)
Cc: Jennings, Rick (ENERGY); Calwell, Carolyn (ENERGY)
Subject: FW: Gas Plant- Minister of Energy Draft Letter - revised

Privileged and Confidential

Hi – The below sets out the instructions from the Deputy Attorney General which reflect apparently discussions that were had earlier today. The Minister of Energy is going to be making a public statement post swearing in and the below is in accord with that statement.

The additions heighten the risks to government, but these are the instructions. Contents of approved letter:

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The government has heard the community's concerns about this plant proceeding as originally planned, prompting **our intention to relocate the plant**.

Accordingly, I am requesting that the Ontario Power Authority commence discussions **on a priority basis** with Greenfield South Power Corporation, as project proponent, that would lead to a satisfactory resolution of the Mississauga site.

Halyna

Halyna N. Perun
A/Director
Legal Services Branch
Ministries of Energy & Infrastructure
777 Bay Street, 4th Floor, Suite 425
Toronto, ON M5G 2E5
Ph: (416) 325-6681 / Fax: (416) 325-1781
BB: (416) 671-2607
E-mail: Halyna.Perun2@ontario.ca

Cayley, Daniel (ENERGY)

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October-20-11 5:56 PM
To: Silva, Joseph (ENERGY)
Cc: Sharkawi, Rula (ENERGY)
Subject: FW: URGENT: Spears/OPA Media Call

Approved.

From: Robart, Lisa (CAB)
Sent: October 20, 2011 5:47 PM
To: Kovesfalvi, Sylvia (ENERGY)
Cc: Sumi, Craig (CAB); McMichael, Rhonda (CAB)
Subject: FW: URGENT: Spears/OPA Media Call

Hi Sylvia,
P.O. has approved your response. ☺

From: Teefy, Brian (OPO)
Sent: October 20, 2011 5:45 PM
To: Robart, Lisa (CAB)
Cc: Sumi, Craig (CAB); McMichael, Rhonda (CAB)
Subject: Re: URGENT: Spears/OPA Media Call

Good with this.

From: Robart, Lisa (CAB)
To: Teefy, Brian (OPO)
Cc: Sumi, Craig (CAB); McMichael, Rhonda (CAB)
Sent: Thu Oct 20 17:33:22 2011
Subject: URGENT: Spears/OPA Media Call

Hi Brian –

Here's ENERGY's approved response to Spears' questions. Please approve as soon as possible. Mr. Spears is very concerned that the OPA hasn't returned his request for information [made on Oct 18].

FYI. ENERGY says there shouldn't be any new contentious issues raised as a result of providing a link to the 2007 IPSP. This has been a public document since late August 2007.

Hi John –

In 2004 and 2005 the Ministry of Energy developed and administered Clean Energy Supply (CES) Request for Proposals to secure new generation to support coal replacement and local reliability. Greenfield South Power Corporation (managed by Eastern Power Corporation) was the successful applicant in the CES RFP and signed a contract with the OPA in April 2005.

The need for generation in southwest GTA was outlined in the OPA's 2007 IPSP plan
http://archive.powerauthority.on.ca/Storage/69/6447_D-8-1_corrected_080505__mm_.pdf (see page 17).

This matter is currently under review. Next steps will be communicated as soon as possible.

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October 20, 2011 4:21 PM
To: @CAB-Issues; Sumi, Craig (CAB)
Cc: McMichael, Rhonda (CAB)
Subject: URGENT: Media Call
Importance: High

Hi Craig –

Here's our Ministry's approved response to Spears' questions.

As I indicated yesterday, there shouldn't be any new contentious issues raised as a result of providing a link to the 2007 IPSP.

Hi John –

In 2004 and 2005 the Ministry of Energy developed and administered Clean Energy Supply (CES) Request for Proposals to secure new generation to support coal replacement and local reliability. Greenfield South Power Corporation (managed by Eastern Power Corporation) was the successful applicant in the CES RFP and signed a contract with the OPA in April 2005.

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This matter is currently under review. Next steps will be communicated as soon as possible.

From: Tim Butters [mailto:Tim.Butters@powerauthority.on.ca]
Sent: October 18, 2011 3:01 PM
To: Kovesfalvi, Sylvia (ENERGY)
Subject: FW: Mississauga power plant
Importance: High

Sylvia,

We just received the following email from John Spears. As noted, he's looking for some planning analysis with respect to the need for Greenfield South.

TB

From: Spears, John [mailto:JSpears@thestar.ca]
Sent: October 18, 2011 2:48 PM
To: Media
Subject: Mississauga power plant

I'm interested in any analysis the OPA has done about the effect of not building Eastern Power's proposed generating station in Mississauga.

Could you please send me any studies or other analysis the OPA has done relating to this decision?
I'm not looking for contractual details with Eastern Power.
I'm looking instead on why the power plant is no longer needed. Why was the plant proposed in the first place? Why is it no longer considered necessary? What is the likely impact on service, safety and reliability? If the proposed plant's supply is not going to be available, what alternatives are likely to be needed to maintain service – e.g. other power plants, additional transmission lines, or the like?
What are the costs associated with the alternatives? (Again, I'm not asking for details of any payments that might have to be made relating to cancellation of the Eastern Power project.)
I'd be grateful for any studies or analyses that the OPA might have done bearing on these questions.
Thank you.
John Spears
Toronto Star
416-869-4353

Cayley, Daniel (ENERGY)

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October-20-11 9:20 PM
To: Sharkawi, Rula (ENERGY)
Subject: Re: Star Request

Egads! Ok.

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Sharkawi, Rula (ENERGY)
To: Kovesfalvi, Sylvia (ENERGY)
Sent: Thu Oct 20 21:13:08 2011
Subject: Fw: Star Request

Thanks SK. Let's debrief tomorrow.

----- Original Message -----
From: Kristin Jenkins <Kristin.Jenkins@powerauthority.on.ca>
To: Kovesfalvi, Sylvia (ENERGY); Patricia Phillips <Patricia.Phillips@powerauthority.on.ca>
Cc: Silva, Joseph (ENERGY); Sharkawi, Rula (ENERGY)
Sent: Thu Oct 20 17:56:57 2011
Subject: Re: Star Request

Done

----- Original Message -----
From: Kovesfalvi, Sylvia (ENERGY) [mailto:Sylvia.Kovesfalvi@ontario.ca]
Sent: Thursday, October 20, 2011 05:54 PM
To: Kristin Jenkins; Patricia Phillips
Cc: Silva, Joseph (ENERGY) <Joseph.Silva@ontario.ca>; Sharkawi, Rula (ENERGY) <Rula.Sharkawi@ontario.ca>
Subject: RE: Star Request

Hi Kristin/Patricia -

Please share the following message:

_____

In 2004 and 2005 the Ministry of Energy developed and administered Clean Energy Supply (CES) Request for Proposals to secure new generation to support coal replacement and local reliability. Greenfield South Power Corporation (managed by Eastern Power Corporation) was the successful applicant in the CES RFP and signed a contract with the OPA in April 2005.

The need for generation in southwest GTA was outlined in the OPA's 2007 IPSP plan

http://archive.powerauthority.on.ca/Storage/69/6447_D-8-1_corrected_080505__mm_.pdf(see page 17).

This matter is currently under review. Next steps will be communicated as soon as possible.

Fisher, Petra (ENERGY)

From: Lindsay, David (ENERGY)
Sent: October-20-11 9:53 AM
To: Silva, Joseph (ENERGY)
Subject: Re: Vapour Lock

Interesting.

From: Silva, Joseph (ENERGY)
To: Lindsay, David (ENERGY)
Sent: Thu Oct 20 09:52:09 2011
Subject: FW: Vapour Lock

Hi Deputy – fyi.

From: Stafford, Sue (CAB)
Sent: October 20, 2011 9:45 AM
To: Dunning, Rebecca (ENERGY); Artates, Rodina (JUS)
Cc: Brown, Meredith (JUS); Silva, Joseph (ENERGY)
Subject: Vapour Lock

A meeting has just been scheduled today that will take place in Shelly's Office, Room 281, Main Legislative Building at **12:30 p.m.** Would you kindly ensure your DMs are in attendance – the subject is Vapour Lock and the other attendees will be Chris Morley, Minister Bentley and Craig McClelland.

Thanks very much,
Sue

Sue Stafford
Special Assistant to the Secretary of the Cabinet
and Head of the Ontario Public Service
Telephone: 416-325-7641 Fax: 416-314-8980
sue.stafford@ontario.ca

Cayley, Daniel (ENERGY)

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October-21-11 10:44 AM
To: Jennings, Rick (ENERGY); Teixeira, Wanda (ENERGY); Silva, Joseph (ENERGY)
Cc: Perun, Halyna N. (ENERGY); Sharkawi, Rula (ENERGY)
Subject: Urgent: Mississauga power plant

Importance: High

I'm going to suggest Kristin give John a call (or perhaps we can have someone from PO do so) and simply say:

John –

This matter is currently under review. We cannot provide more information at this time. Next steps will be communicated as soon as possible.

From: Kristin Jenkins [mailto:Kristin.Jenkins@powerauthority.on.ca]
Sent: October 21, 2011 10:26 AM
To: Sharkawi, Rula (ENERGY); Kovesfalvi, Sylvia (ENERGY)
Cc: Patricia Phillips
Subject: FW: Mississauga power plant

Heads up - see below. Will follow-up with you shortly.

Kristin

From: Spears, John [mailto:JSpears@thestar.ca]
Sent: October 21, 2011 9:33 AM
To: Kristin Jenkins
Subject: RE: Mississauga power plant

Thanks, Kristin, but that's not the question I asked.
Surely some analysis was done, very recently, about the impact of NOT building the plant.
That's what I'm interested in.
Or are you telling me that the plant was cancelled with absolutely no input or analysis by the OPA?
John

From: Kristin Jenkins [mailto:Kristin.Jenkins@powerauthority.on.ca]
Sent: Thursday, October 20, 2011 5:57 PM
To: Spears, John
Subject: Re: Mississauga power plant

John - please accept my apology for the delay. This should not have taken so long.

In 2004 and 2005 the Ministry of Energy developed and administered Clean Energy Supply (CES) Request for Proposals to secure new generation to support coal replacement and local reliability. Greenfield South Power Corporation (managed by Eastern Power Corporation) was the successful applicant in the CES RFP and signed a contract with the OPA in April

2005.

The need for generation in southwest GTA was outlined in the OPA's 2007 IPSP plan
http://archive.powerauthority.on.ca/Storage/69/6447_D-8-1_corrected_080505__mm_.pdf (see page 17).

This matter is currently under review. Next steps will be communicated as soon as possible.

From: Spears, John [mailto:JSpears@thestar.ca]
Sent: Thursday, October 20, 2011 04:33 PM
To: Kristin Jenkins
Subject: FW: Mississauga power plant

Hello Kristin,
It's now more than 48 hours since I made a simple request.
All I have received is Tim's response of yesterday saying he was seeing it for the first time Wednesday. From the time track on the e-mail, it appears he had seen it late Tuesday.
Since then, nothing. I have telephoned and received no reply.
This is a pretty straightforward request, it seems to me.
If someone wants to get back to me and explain why this will take time, I'm all ears.
But burying OPA's head in the sand hardly seems the appropriate response.
How do I get an answer?
John

From: Tim Butters [mailto:Tim.Butters@powerauthority.on.ca]
Sent: Wednesday, October 19, 2011 10:53 AM
To: Spears, John
Subject: Fw: Mississauga power plant

Hi John,

Sorry, I didn't see this until this morning. When is your deadline?

Tim Butters

From: Tim Butters
Sent: Tuesday, October 18, 2011 04:58 PM
To: Tim Butters
Subject: FW: Mississauga power plant

From: Spears, John [mailto:JSpears@thestar.ca]
Sent: October 18, 2011 2:48 PM
To: Media
Subject: Mississauga power plant

I'm interested in any analysis the OPA has done about the effect of not building Eastern Power's proposed generating station in Mississauga.
Could you please send me any studies or other analysis the OPA has done relating to this decision?
I'm not looking for contractual details with Eastern Power.
I'm looking instead on why the power plant is no longer needed. Why was the plant proposed in the first place? Why is it no longer considered necessary? What is the likely impact on service, safety and reliability? If the proposed plant's supply is not going to be available, what alternatives are likely to be needed to maintain service – e.g. other power plants, additional transmission lines, or the like?
What are the costs associated with the alternatives? (Again, I'm not asking for details of any payments that might have to be made relating to cancellation of the Eastern Power project.)
I'd be grateful for any studies or analyses that the OPA might have done bearing on these questions.
Thank you.
John Spears
Toronto Star
416-869-4353

Fisher, Petra (ENERGY)

From: Cross, Annamaria (ENERGY)
Sent: October-21-11 12:45 PM
To: Smith, Hanna (ENERGY)
Cc: Sermat-Harding, Kaili (ENERGY)
Subject: Fw: OPA Transition Briefing documents
Attachments: BDBUSINESSPLAN updated 20111020.pdf; BBGREENFIELDSouth updated 20111020.pdf; BBCONTRACTMANAGEMENT updated 20111020.pdf; OPA Transition Briefing Documents Oct. 20-11.pdf

Hanna - would you please replace?

Thanks

Unrelated attachments removed: BDBUSINESSPLAN; BBCONTRACTMANAGEMENT and OPA Transition Briefing Documents

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Sent from my BlackBerry

From: Kulendran, Jesse (ENERGY)
To: Cross, Annamaria (ENERGY)
Cc: Silva, Joseph (ENERGY)
Sent: Fri Oct 21 12:23:54 2011
Subject: OPA Transition Briefing documents

Anna,
OPA made some updates to 3 notes (see attached individually and as one PDF).
Thanks, Jesse

GREENFIELD SOUTH GAS PLANT

ISSUE: Greenfield South

Eastern Power began construction in June after completing project financing and being granted a building permit from the City of Mississauga for the 280-MW combined cycle plant. Prior to this, there were significant delays in the project. Public opposition to the plant over environmental concerns has been rising since construction began. The Minister of the Environment announced in June that he would conduct an updated review of environmental approvals granted by the Ministry in 2008 to assess recent developments. The review is expected this fall. During the election campaign, the Liberal Party made a campaign commitment to relocate the plant if re-elected. Construction at the site is well advanced.

Recommendation

- The government should advise OPA on intended next steps for the Greenfield South plant.
- Based on the above, the OPA should provide advice to government on options that address contract management issues as well as the development of a process for siting electricity infrastructure that takes into account issues such as setbacks and community engagement.

Background

The Greenfield South plant is a 280-MW natural gas combined cycle natural gas-fired generating station. The contract was negotiated by the Ministry of Energy and signed by OPA in 2005. The contract is one of the five contracts that resulted from the 2,500 MW Clean Energy Supply RFP initiated by the Ministry of Energy in 2004 as part of the coal shut-down policy. The plant, which is about half the size of the Portlands Energy Centre near downtown Toronto, is designed to operate only when its power is needed. It is expected to operate about 10 to 45 percent of the time. At full capacity, it will be capable of producing enough power for 250,000 homes.

There has been a long delay between the awarding of the contract and plant construction, which got underway in June 2011. The delay was largely due to lengthy environmental approval and municipal permitting processes. Because of the long delay, the public's impression was that the plant would never get built. Now that construction is underway, there has been growing community opposition to the plant.

The project completed its financing at the end of May. Construction at the site is well advanced and continuing. The foundation has been poured and the company has procured its most expensive equipment, including the plant turbine. The project is on track to be fully operational by September 2014, if not earlier.

Key Considerations

- The developer is fulfilling all of its requirements.
- The Minister of Environment announced review of existing environmental approvals, but this does not delay ongoing construction.

Fisher, Petra (ENERGY)

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October-21-11 12:45 PM
To: Perun, Halyna N. (ENERGY)
Cc: King, Ryan (ENERGY); Teixeira, Wanda (ENERGY); Sharkawi, Rula (ENERGY); Jennings, Rick (ENERGY); Silva, Joseph (ENERGY)
Subject: Re: Mississauga power plant

Thank you both. Will circle back with opa and co.

Sent from my BlackBerry Wireless Handheld

From: Perun, Halyna N. (ENERGY)
To: Kovesfalvi, Sylvia (ENERGY)
Cc: King, Ryan (ENERGY); Teixeira, Wanda (ENERGY); Sharkawi, Rula (ENERGY); Jennings, Rick (ENERGY); Silva, Joseph (ENERGY)
Sent: Fri Oct 21 12:43:37 2011
Subject: RE: Mississauga power plant

I'd advise against using the first bullet

Halyna

Halyna N. Perun
A/Director
Legal Services Branch
Ministries of Energy & Infrastructure
777 Bay Street, 4th Floor, Suite 425
Toronto, ON M5G 2E5
Ph: (416) 325-6681 / Fax: (416) 325-1781
BB: (416) 671-2607
E-mail: Halyna.Perun2@ontario.ca

From: Jennings, Rick (ENERGY)
Sent: October 21, 2011 12:41 PM
To: Kovesfalvi, Sylvia (ENERGY); Silva, Joseph (ENERGY); Perun, Halyna N. (ENERGY)
Cc: King, Ryan (ENERGY); Teixeira, Wanda (ENERGY); Sharkawi, Rula (ENERGY)
Subject: RE: Mississauga power plant

The 2nd bullet is good. Does the OPA need to provide the 1st one?

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October 21, 2011 12:16 PM
To: Jennings, Rick (ENERGY); Silva, Joseph (ENERGY); Perun, Halyna N. (ENERGY)

Cc: King, Ryan (ENERGY); Teixeira, Wanda (ENERGY); Sharkawi, Rula (ENERGY)
Subject: Fw: Mississauga power plant

This just in from opa. Pls let me know if you have any concerns.

Sent from my BlackBerry Wireless Handheld

From: Kristin Jenkins <Kristin.Jenkins@powerauthority.on.ca>
To: Kovesfalvi, Sylvia (ENERGY); Sharkawi, Rula (ENERGY)
Cc: Patricia Phillips <Patricia.Phillips@powerauthority.on.ca>
Sent: Fri Oct 21 12:10:05 2011
Subject: Re: Mississauga power plant

In the spring, OPA advised the ministry that:

-Greenfield plant valuable bc of location in SWGTA given local supply and reliability needs. Cancellation of OGS increased value.

-Not having plant in SWGTA would not cause immediate reliability issues but would mean transmission upgrades would have to be accelerated by 2-3 years.

From: Kovesfalvi, Sylvia (ENERGY) [mailto:Sylvia.Kovesfalvi@ontario.ca]
Sent: Friday, October 21, 2011 12:00 PM
To: Kristin Jenkins; Sharkawi, Rula (ENERGY) <Rula.Sharkawi@ontario.ca>
Cc: Patricia Phillips
Subject: Re: Mississauga power plant

Just confirming - there's nothing that can be provided - correct?

Sent from my BlackBerry Wireless Handheld

From: Kristin Jenkins <Kristin.Jenkins@powerauthority.on.ca>
To: Sharkawi, Rula (ENERGY); Kovesfalvi, Sylvia (ENERGY)
Cc: Patricia Phillips <Patricia.Phillips@powerauthority.on.ca>
Sent: Fri Oct 21 10:26:18 2011
Subject: FW: Mississauga power plant

Heads up - see below. Will follow-up with you shortly.

Kristin

From: Spears, John [mailto:JSpears@thestar.ca]
Sent: October 21, 2011 9:33 AM
To: Kristin Jenkins
Subject: RE: Mississauga power plant

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From: Kristin Jenkins [mailto:Kristin.Jenkins@powerauthority.on.ca]
Sent: Thursday, October 20, 2011 5:57 PM
To: Spears, John
Subject: Re: Mississauga power plant

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This matter is currently under review. Next steps will be communicated as soon as possible.

From: Spears, John [mailto:JSpears@thestar.ca]
Sent: Thursday, October 20, 2011 04:33 PM
To: Kristin Jenkins
Subject: FW: Mississauga power plant

Hello Kristin,
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Hi John,

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Sent: Tuesday, October 18, 2011 04:58 PM
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Thank you.
John Spears
Toronto Star
416-869-4353

Cayley, Daniel (ENERGY)

From: Calwell, Carolyn (ENERGY)
Sent: October-21-11 2:39 PM
To: Silva, Joseph (ENERGY); King, Ryan (ENERGY)
Cc: Perun, Halyna N. (ENERGY); Jennings, Rick (ENERGY)
Subject: Draft transition deck
Attachments: Greenfield South Construction Transition Oct 21 2011.ppt

Confidential/Solicitor-Client Privileged

Please find attached a draft deck. It will look familiar to you. I wasn't quite sure how to cast it, as I'm not fully up to speed on any discussion that occurred yesterday. The "Next Steps involve the OPA" slide sort of makes a leap that could be addressed through comments if the Minister hasn't already been prepared for it.

Feel free to edit at will.

Carolyn

Ontario
MINISTRY OF ENERGY

Greenfield South Generating Station

Date: October 20, 2011

Present Context

- Local residents do not support the Greenfield South gas plant in Mississauga, which is currently under construction.

- On October 12 the Mississauga Council passed a motion requesting that the Government and the Premier take immediate action to cancel the contract, stop construction and return the site to pre-construction condition.

- The recent construction of condominium towers in the general area has prompted a policy reconsideration of the location of the gas plant.

Background

- This project is a 280 MW combined cycle gas-fired generation station.
- The project was initiated by the Ministry of Energy through a request for proposals process in 2004.
- In 2005, the project was assigned to the OPA and the OPA entered into a contract with the project developer, Greenfield South Power Corporation.
  - The Province is not a party to the contract
- The project suffered delays in securing approvals for constructing the project.
- The contract was amended in March 2009 to reflect these delays.
- The project has now received all required provincial and municipal approvals, including its Environmental Assessment, Certificates of Approval and building permit.
- Construction of the project is underway and continues.
- The contract requires the project to be in commercial operation by September 1, 2014.

Considerations

- The OPA has advised that it has no right under the contract to terminate in the current circumstances.
- The OPA has asked for instruction from government to approach the developer to begin negotiations to change or to terminate the contract.
- Eastern Power has informed the OPA that it will not 'down tools' until it receives formal notification of next steps.
- The identification of potential alternative site options has not yet been completed. Each of these alternative sites have various issues associated with them.

Next Steps Involve the OPA

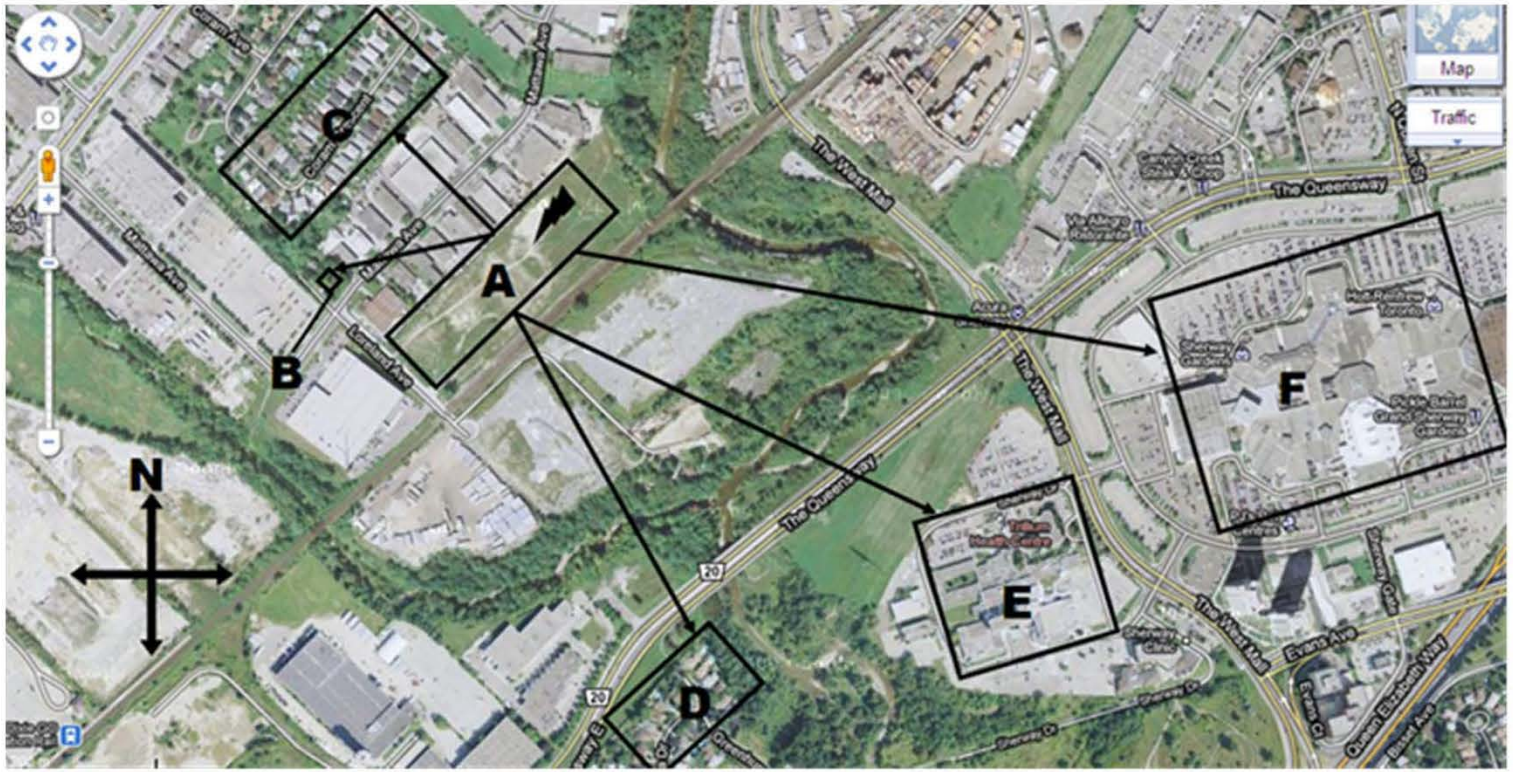
- Discussion with Eastern Power would likely need to address potential treatment of costs incurred to date (sunk costs – including equipment costs), treatment of construction and equipment related contracts, estimates and treatment of foregone revenue, and options and Eastern's interest with respect to relocating to an alternative site.

- At this stage, the OPA has only made a preliminary analysis of costs.

- Eastern Power may or may not be interested in developing the proposed alternative sites, may be willing to walk away from the Mississauga plant for a financial cash settlement or may view its prospects as being better though the courts.

Legal Issues

- Discussion with Eastern Power may not be successful and could require the Government to consider other options (e.g. legislation).
- Initiating discussions to relocate or otherwise cancel the Mississauga plant may cause Eastern Power to launch a law suit against either or both of the OPA and the Government.
- The Minister's request of the OPA may be contractual interference and may attract liability to the Province.
- The OPA may ask for a "direction" from the Minister under the *Electricity Act, 1998* before undertaking any discussions with Eastern Power. The Minister's authority to direct the OPA in this way is unclear.
- Eastern Power's financiers may have a claim under trade law if this project does not proceed.



Legend:

A – Proposed Greenfield Site
B – Closest House
C – Closest Subdivision (North)
D – Closest Subdivision (South)
E – Trillium Heath Centre
F – Sherway Gardens Mall

Distance:

A to B:	220 Meters
A to C:	270 Meters
A to D:	500 Meters
A to E:	740 Meters
A to F:	910 Meters

*Plant construction as of 28 September 2011

Fisher, Petra (ENERGY)

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October-21-11 2:51 PM
To: Robart, Lisa (CAB)
Cc: Sumi, Craig (CAB)
Subject: Fw: Mississauga power plant

Hi lisa - earlier you asked where our response cam from. Given approved po message not sure if you still require this info. It just came in. Pls let me know. Thank you.

Sent from my BlackBerry Wireless Handheld

From: Kristin Jenkins <Kristin.Jenkins@powerauthority.on.ca>
To: Sharkawi, Rula (ENERGY); Kovesfalvi, Sylvia (ENERGY)
Cc: Patricia Phillips <Patricia.Phillips@powerauthority.on.ca>
Sent: Fri Oct 21 14:46:01 2011
Subject: Fw: Mississauga power plant

See below.

From: Kristin Jenkins
Sent: Friday, October 21, 2011 02:33 PM
To: Amir Shalaby; Colin Andersen
Subject: Re: Mississauga power plant

Local supply and reliability issues for Southwest GTA and the preferred option for addressing, were set out in the 2007 IPSP, and took into account the additional capacity that the Greenfield South plant would provide as it had already been contracted. The IPSP recommended another larger gas-fired facility in Southwest GTA that TransCanada subsequently was contracted to build in Oakville. When the Oakville plant was cancelled OPA advised that a transmission solution needed to be pursued as the alternative to address local supply and reliability issues. Transmission alternatives were developed - assumed Greenfield capacity - and this work was shared with ministry. In the spring, OPA was asked the impact of no Greenfield. Based on 2007 IPSP and planning on transmission alternatives for Southwest GTA, OPA advised there would not be immediate reliability issues but that the planned transmission expansion would need to be accelerated by 2 to 3 years.

From: Kovesfalvi, Sylvia (ENERGY) [mailto:Sylvia.Kovesfalvi@ontario.ca]
Sent: Friday, October 21, 2011 01:35 PM
To: Kristin Jenkins; Sharkawi, Rula (ENERGY) <Rula.Sharkawi@ontario.ca>
Cc: Patricia Phillips
Subject: Re: Mississauga power plant

Hi Kristin - question - In the spring the OPA advised the ministry that not having plant in SWGTA would not cause immediate reliability issues but would mean transmission upgrades would have to be accelerated by 2-3 years. Where did this information come from? (I think the question behind the question is is there a report or study that can be referred to?)

Sent from my BlackBerry Wireless Handheld

From: Kovesfalvi, Sylvia (ENERGY)
To: 'Kristin.Jenkins@powerauthority.on.ca' <Kristin.Jenkins@powerauthority.on.ca>; Sharkawi, Rula (ENERGY)
Cc: 'Patricia.Phillips@powerauthority.on.ca' <Patricia.Phillips@powerauthority.on.ca>
Sent: Fri Oct 21 12:14:37 2011
Subject: Re: Mississauga power plant

Got it ... Stay tuned.

Sent from my BlackBerry Wireless Handheld

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To: Kovesfalvi, Sylvia (ENERGY); Sharkawi, Rula (ENERGY)
Cc: Patricia Phillips <Patricia.Phillips@powerauthority.on.ca>
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Cayley, Daniel (ENERGY)

From: Sharkawi, Rula (ENERGY)
Sent: October-21-11 2:53 PM
To: Lindsay, David (ENERGY)
Subject: Fw: URGENT - APPROVED; Spears; Mississauga power plant

Looping....

From: Kovesfalvi, Sylvia (ENERGY)
To: Jennings, Rick (ENERGY); Perun, Halyna N. (ENERGY); Silva, Joseph (ENERGY)
Cc: Sharkawi, Rula (ENERGY)
Sent: Fri Oct 21 14:47:53 2011
Subject: URGENT - APPROVED; Spears; Mississauga power plant

Hi all - pls note P.O. approved message to spears (references relocation).

Pls let me know asap if there are concerns. would like to forward to opa in next 20 mins.

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From: Robart, Lisa (CAB)
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Cc: Sumi, Craig (CAB); McMichael, Rhonda (CAB); van der Valk, Jennifer (CAB); Danyluk, Erica (CAB)
Sent: Fri Oct 21 14:38:11 2011
Subject: APPROVED; Spears; Mississauga power plant

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Subject: Fw: Mississauga power plant

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Subject: RE: URGENT - APPROVED; Spears; Mississauga power plant

The wording is awkward (see red "to") – but no legal concerns but Rick needs to way in -

Halyna

Halyna N. Perun
A/Director
Legal Services Branch
Ministries of Energy & Infrastructure
777 Bay Street, 4th Floor, Suite 425
Toronto, ON M5G 2E5
Ph: (416) 325-6681 / Fax: (416) 325-1781
BB: (416) 671-2607
E-mail: Halyna.Perun2@ontario.ca

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The need for generation in southwest GTA was outlined in the OPA's 2007

IPSP plan
http://archive.powerauthority.on.ca/Storage/69/6447_D-8-1_corrected_080505__mm_.pdf (see page 17).

This matter is currently under review. Next steps will be communicated as soon as possible.

From: Spears, John [mailto:JSpears@thestar.ca]
Sent: Thursday, October 20, 2011 04:33 PM
To: Kristin Jenkins
Subject: FW: Mississauga power plant

Hello Kristin,
It's now more than 48 hours since I made a simple request.
All I have received is Tim's response of yesterday saying he was seeing it for the first time Wednesday. From the time track on the e-mail, it appears he had seen it late Tuesday.
Since then, nothing. I have telephoned and received no reply.
This is a pretty straightforward request, it seems to me.
If someone wants to get back to me and explain why this will take time, I'm all ears.
But burying OPA's head in the sand hardly seems the appropriate response.
How do I get an answer?
John

From: Tim Butters [mailto:Tim.Butters@powerauthority.on.ca]
Sent: Wednesday, October 19, 2011 10:53 AM
To: Spears, John
Subject: Fw: Mississauga power plant

Hi John,

Sorry, I didn't see this until this morning. When is your deadline?

Tim Butters

From: Tim Butters
Sent: Tuesday, October 18, 2011 04:58 PM
To: Tim Butters
Subject: FW: Mississauga power plant

From: Spears, John [mailto:JSpears@thestar.ca]
Sent: October 18, 2011 2:48 PM
To: Media
Subject: Mississauga power plant

I'm interested in any analysis the OPA has done about the effect of not building Eastern Power's proposed generating station in Mississauga.

Could you please send me any studies or other analysis the OPA has done relating to this decision?
I'm not looking for contractual details with Eastern Power.
I'm looking instead on why the power plant is no longer needed. Why was the plant proposed in the first place? Why is it no longer considered necessary? What is the likely impact on service, safety and reliability? If the proposed plant's supply is not going to be available, what alternatives are likely to be needed to maintain service – e.g. other power plants, additional transmission lines, or the like?
What are the costs associated with the alternatives? (Again, I'm not asking for details of any payments that might have to be made relating to cancellation of the Eastern Power project.)
I'd be grateful for any studies or analyses that the OPA might have done bearing on these questions.
Thank you.
John Spears
Toronto Star
416-869-4353

Fisher, Petra (ENERGY)

From: Sharkawi, Rula (ENERGY)
Sent: October-24-11 3:37 PM
To: Kovesfalvi, Sylvia (ENERGY); @CAB-Issues
Cc: Kulendran, Jesse (ENERGY); Silva, Joseph (ENERGY); Gerard, Paul (ENERGY)
Subject: Re: URGENT: Star Request RE: Greenfield

Sylvia - the MO provided comment to Benzie on this...a commitment to relocate the site. There will be no other interviews today.

R

----- Original Message -----
From: Kovesfalvi, Sylvia (ENERGY)
To: @CAB-Issues
Cc: Sharkawi, Rula (ENERGY); Kulendran, Jesse (ENERGY); Silva, Joseph (ENERGY); Gerard, Paul (ENERGY)
Sent: Mon Oct 24 15:34:48 2011
Subject: URGENT: Star Request RE: Greenfield

Hi - OPA just received this call (I was unaware of a Minister's statement going out). Please confirm that Ministry should take this call - thank you.

-----Original Message-----
From: Kristin Jenkins [mailto:Kristin.Jenkins@powerauthority.on.ca]
Sent: October 24, 2011 3:28 PM
To: Kovesfalvi, Sylvia (ENERGY); Sharkawi, Rula (ENERGY)
Subject: Star Request RE: Greenfield

Tanya Talaga from the Star called. She left message saying turbines were seen being delivered to the site today. Her question is, if Eastern Power is to be given a cease-and-desist order on construction, who would it come from? As the primary contract party, would it come from the OPA or would the direction come from the government, or as a result of direction from the government to the OPA. Deadline today. Minister had this to say today on Greenfield - "The Ontario government is committed to relocating the natural gas plant originally planned for Mississauga. The government will work with the company to find a suitable location for this plant. More information will become available as discussions progress."

Given Minister's comments should we refer request to you?

Fisher, Petra (ENERGY)

From: Tully, Keegan (ENERGY)
Sent: October-21-11 3:55 PM
To: MacCallum, Doug (ENERGY)
Subject: RE: Eastern Power

Sure, no problem

From: MacCallum, Doug (ENERGY)
Sent: October 21, 2011 3:54 PM
To: Tully, Keegan (ENERGY)
Cc: Jenkins, Allan (ENERGY)
Subject: FW: Eastern Power

Keegan: can you please start on pulling data from public sources for Rick's request.

Doug

From: Jennings, Rick (ENERGY)
Sent: October 21, 2011 3:47 PM
To: MacCallum, Doug (ENERGY); Jenkins, Allan (ENERGY)
Cc: McKeever, Garry (ENERGY)
Subject: Eastern Power

Can you provide as much detail as we can get on Eastern Power and the principals – Greg Vogt etc.? Can try web sites or ask the OPA. I have tried to explain the nature of the company but do not seem to be believed.

Cayley, Daniel (ENERGY)

From: Kristin Jenkins <Kristin.Jenkins@powerauthority.on.ca>
Sent: October-21-11 4:40 PM
To: Kovesfalvi, Sylvia (ENERGY); Sharkawi, Rula (ENERGY)
Subject: Fw: SWGTA Presentation
Attachments: SW GTA Options Jan 10 2011 Final.pptx; 2010 09 13 Briefing to DM (SW GTA Alternatives Sept 13 2010) FINAL (jt) (2).pptx

Attached is the material referred to in my earlier email.

From: Kristin Jenkins
Sent: Friday, October 21, 2011 04:35 PM
To: Patricia Phillips
Subject: SWGTA Presentation

As discussed

Kristin Jenkins| Vice President, Corporate Communications | Ontario Power Authority | 120 Adelaide Street West, Suite 1600 | Toronto, ON M5H 1T1 | tel. 416.969.6007 | fax. 416.967.1947 | www.powerauthority.on.ca

ONTARIO POWER AUTHORITY

South West GTA - Transmission Options

Presentation to the Deputy Minister of Energy

Jan 10th, 2011

Purpose of Presentation

As announced by the Government of Ontario (on October 7, 2010):

> "A transmission solution can ensure that the growing region will have enough electricity to meet future needs of homes, hospitals, schools and businesses."

This presentation will provide the context and options for transmission system reinforcements required to meet pre-existing and evolving needs in the West GTA in the absence of Oakville GS.

Attached for Context: Alternatives to SW GTA Transmission, September 13, 2010

Cancellation of Oakville GS Will Result in Exceeding Transmission Limits in West GTA

- In the absence of Oakville GS, continued load growth in the GTA and changing sources of generation will increase inbound flows at 3 heavily loaded facilities in the west GTA.
- Limits of these facilities are forecast to be reached around 2018

Impacted Gateways to West and Central GTA System

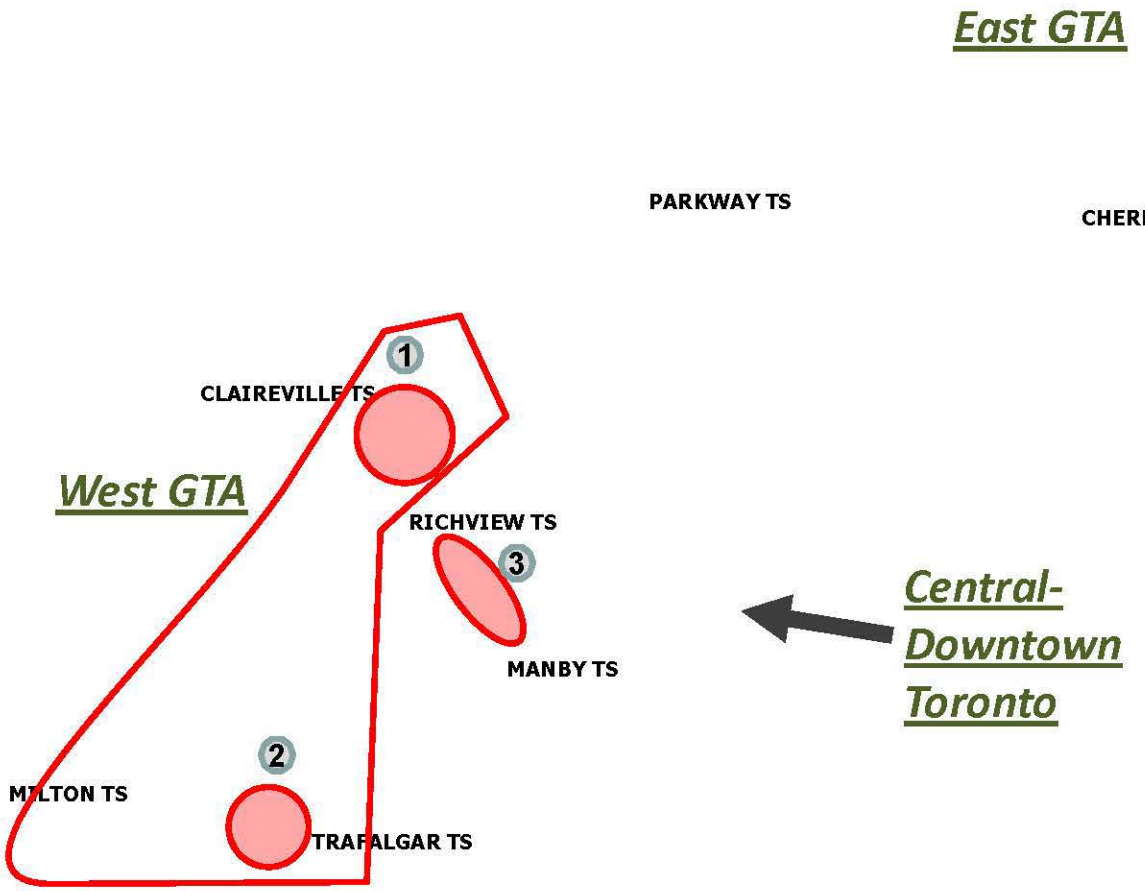
1. Claireville TS 500/230 kV transformers
2. Trafalgar TS 500/230 kV transformers

Impacted Downstream Circuits Supplying Local Load to West GTA

3. Richview to Manby 230 kV circuits

- Solutions will be implemented in 2 stages
  - Create a new 500/230 kV gateway within the west GTA
  - Incorporate new transmission facilities to relieve stress on Richview to Manby circuits
- OPA is working with IESO and Hydro One to identify and analyze options, next steps are to engage with local utilities

Increasing Power Flows into the West GTA is Stressing the System



		System Constraints	Drivers
West & Central GTA Gateways	1	Claireville 500 / 230 kV auto-transformer overloads	West & Central GTA load growth;
	2	Trafalgar 500 / 230 kV auto-transformer overloads	Evolving Southern Ontario supply mix
Local Supply	3	Richview to Manby 230 kV circuit overloads	West Toronto & SW GTA load growth

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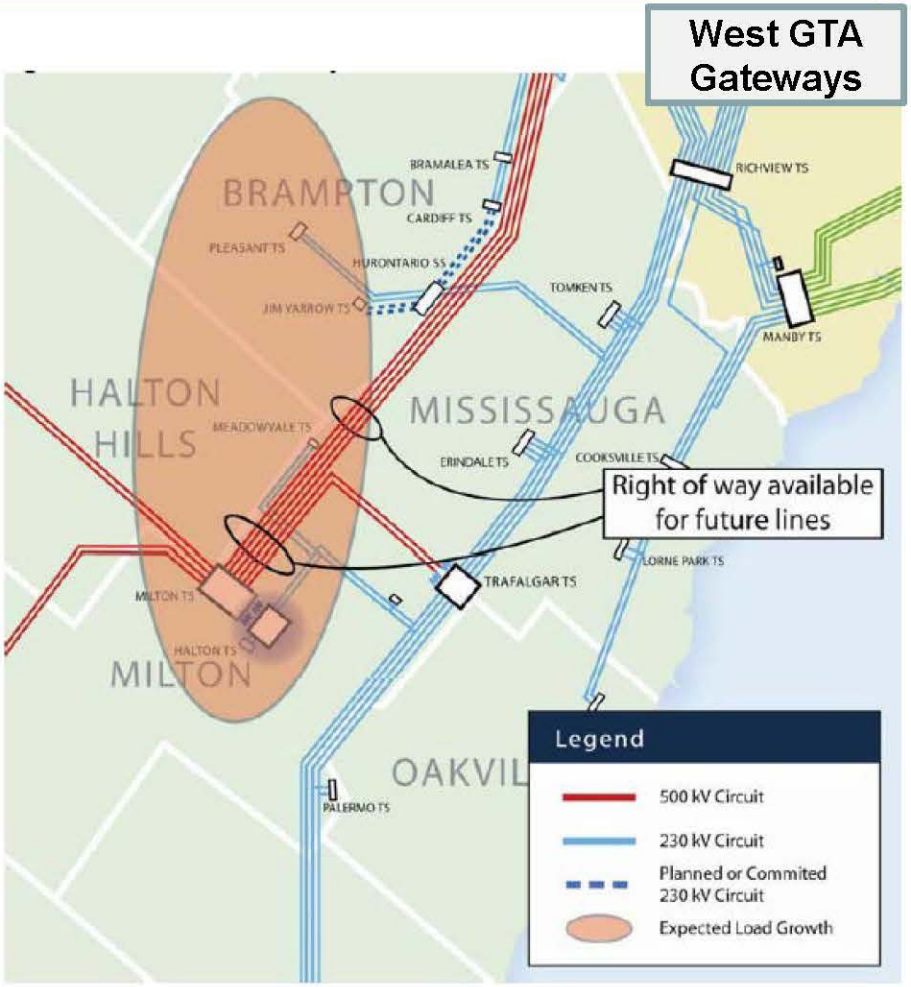
Additional Gateway at Milton TS Resolves West GTA Overloads at Existing Gateways

Evolving System Conditions

- Preliminary studies indicate that flows into the west GTA are increasing from
  - New generation mix in South-western Ontario;
  - Continued strong load growth in SW GTA
- Their combined impact will overload Milton to Claireville 500 kV lines and auto-transformers at Trafalgar TS and Claireville TS around 2018

Integrated Solution

- Installation of 500/230 kV autotransformers at Milton and new regional lines needed to supply local area load directly from Milton TS, mitigating overloads



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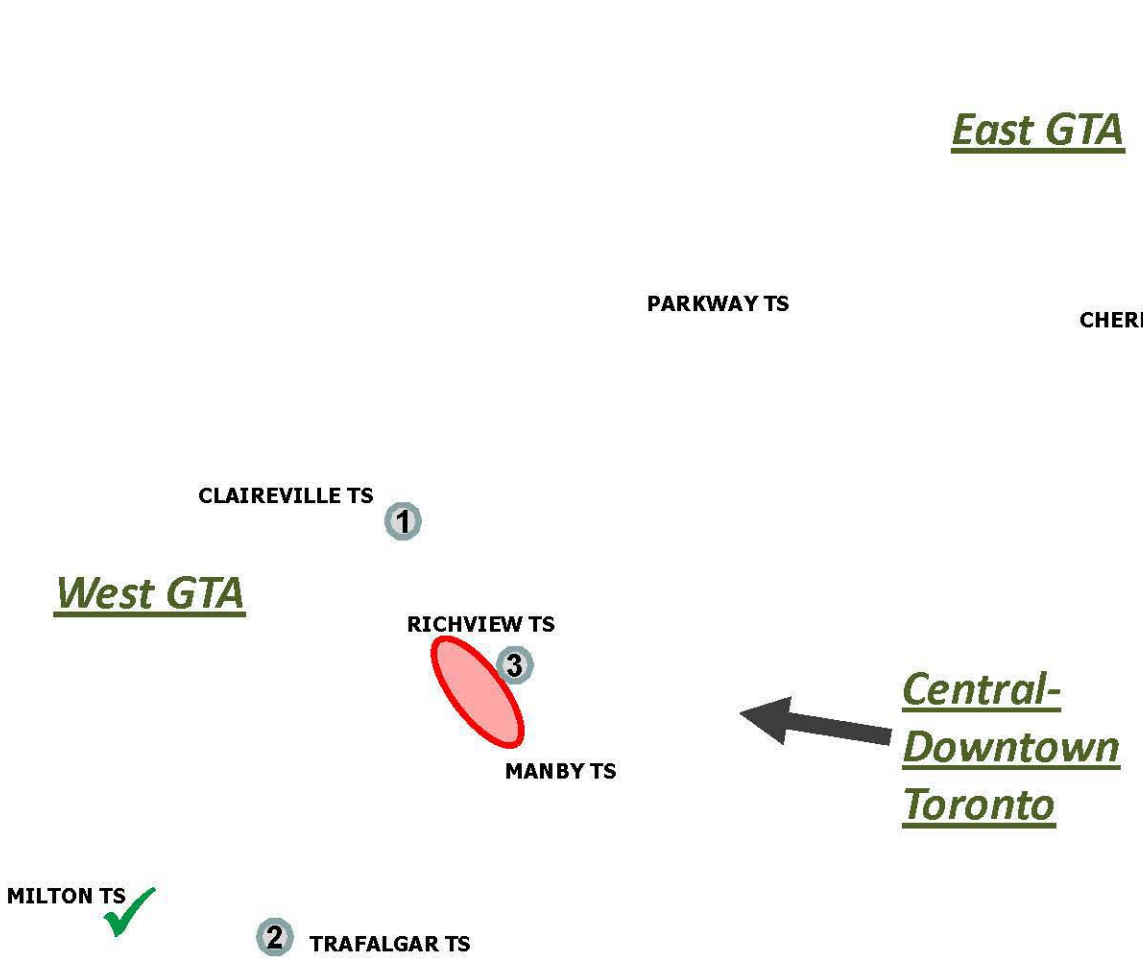
Milton TS Relieves Overloaded Gateways in West GTA, Local Transmission still to be Resolved



		System Constraints	Drivers
West & Central GTA Gateways	1	Claireville 500 / 230 kV auto-transformer overloads	West & Central GTA load growth;
	2	Trafalgar 500 / 230 kV auto-transformer overloads	Evolving Southern Ontario supply mix
Local Supply	3	Richview to Manby 230 kV circuit overloads	West Toronto & SW GTA load growth

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Transmission Alternatives to Resolve Richview to Manby Overload

Local Supply

1. Richview x Manby - Replace Line
   - Replace existing idle 115kV 2-circuit line with a 2-circuit 230kV line along an existing multi-circuit right of way
2. Richview x Cooksville - Additional Circuit
   - Add a second 230kV circuit on double circuit towers, which currently has only one circuit installed
3. Trafalgar x Oakville - New Line
   - Build a new 2-circuit 230kV line along a reserved multi-purpose right-of-way

Transmission Alternatives to Resolve Richview to Manby Overload

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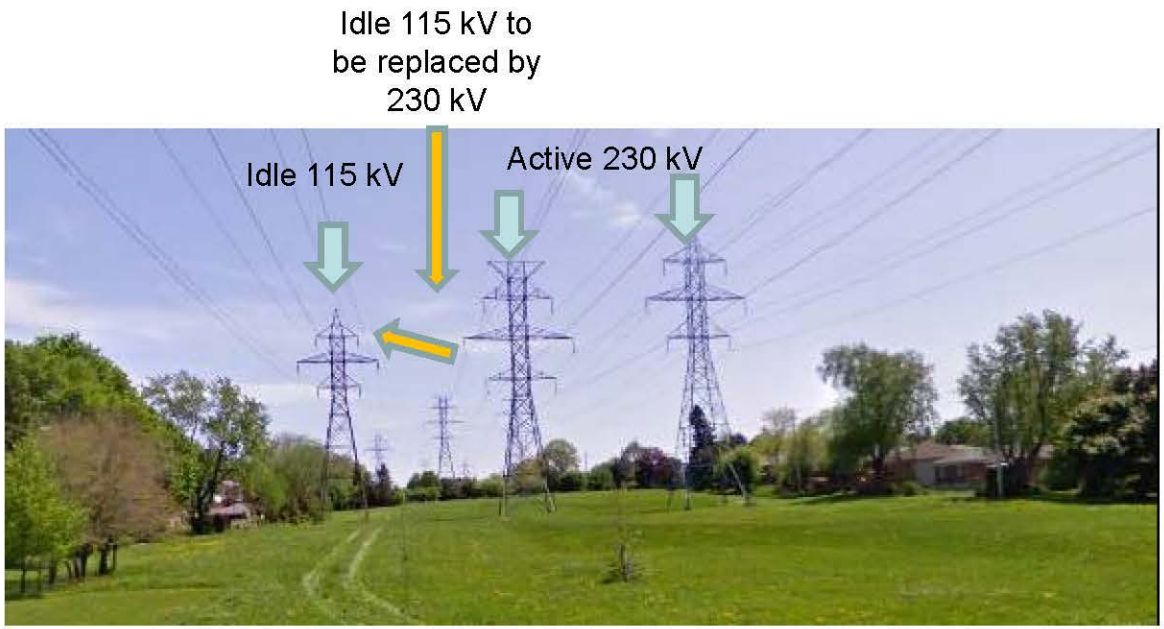
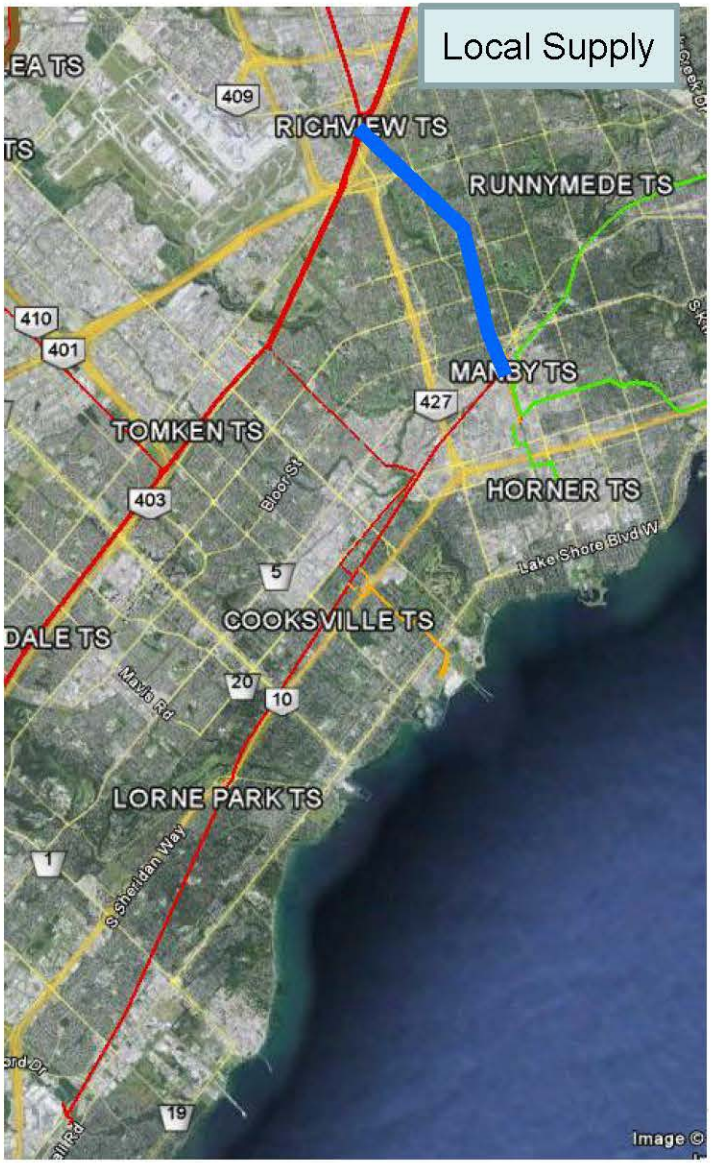
Option 1 – Richview to Manby

- Replace existing idle 2-circuit 115kV line with 2-circuit 230kV
  - Existing right of way already has two 230 kV 2-circuit lines
- Approximately 7 km, all adjacent to residential areas



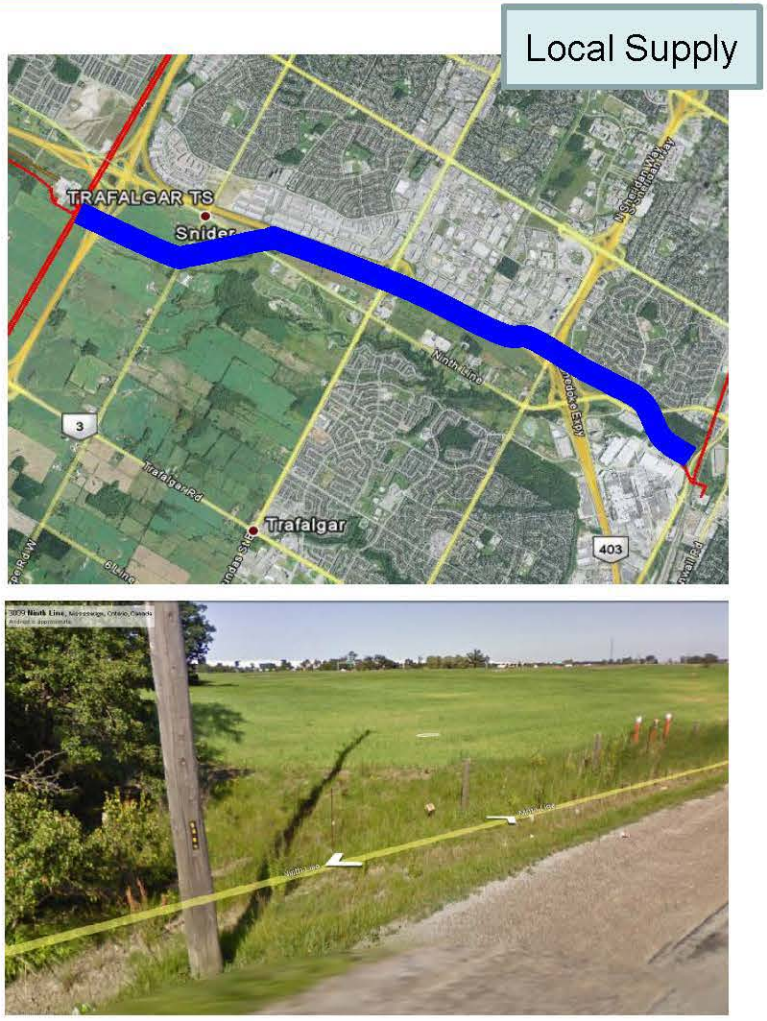


Option 2 – Richview to Cooksville

- String a second 230kV circuit on the existing L24C tower line, increasing the supply to Cooksville TS
  - Existing transmission towers are suitable for carrying a second line
- Approximately 14 km, mostly adjacent to residential areas
- Alternatively, could use series compensation on L24C to relieve Richview X Manby, at reduced cost, but reliability lower than incorporating a new circuit

Option 3 – Trafalgar to Oakville

- New 230kV 2-circuit line along the Parkway Belt West corridor
  - Parkway Belt West Plan was implemented by the Province in 1978, land remains available for transmission
  - Lines on the Parkway Belt, are exempt from EA requirements
  - Previous attempts to build transmission overhead met with local objections (1990s). Proximity to schools was an issue
- Approximately 8 km long, mostly along 403 highway, roughly 1 km of the corridor is adjacent to residential development
- Routing will be chosen to minimize proximity to schools and residences adjacent to the Parkway



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Technical Evaluation of Options to Address Richview to Manby Constraint

Option	Cost	Reliability to SWGTA	Future Options for Toronto	Supports Milton Expansion	Local Impact
Option 1 Richview to Manby • Replace idle 115 kV line with new 230 kV	About $50M over head, if underground required, cost increases	Marginal	Reduced	No	Replace line on existing right of way
Option 2 Richview to Cooksville • New 230 kV circuit on existing towers or right-of-way station for series compensation	About $50M for new circuit Series compensation could reduce cost by about 50%	Better with new circuit Marginal with series compensation	Moderate	No	Additional circuit on existing towers
Option 3 Trafalgar to Oakville • New 2 X 230 kV line on available corridor	About $50M over head, if underground required, cost increases	Best	Best	Yes	New line on approved, but undeveloped corridor

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On Balance Trafalgar to Oakville is the Better Option When Local Impacts are Mitigated

A new line from Trafalgar TS to Oakville TS has the following unique benefits

- Optimizes use of existing assets in the region;
- Improves reliability of supply to SW GTA and Toronto;
- Preserves Richview to Manby for future Toronto expansion;
- Provides increased operational flexibility in the GTA

Local impacts on the community can be minimized by;

- Appropriately positioning the line on the multi-use corridor
- Using underground cables, and appropriate structures in high impact areas

Appendix

SW GTA Gas Generation Cancellation and Options Presentation to Premiers Office, September 2010

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September 13, 2010

Alternatives for Southwest GTA

Prepared by: Power System Planning

S:\Government and Agencies\Ontario\Ministries\ENERGY\Deputy Minister\September 2010\2010 01 10 Briefing to DM (SW GTA Alternatives Sept 13 2010) FINAL (jt).ppt

Scope of this presentation

- Rationale for Southwest GTA when planned in 2007
- Changes since 2007
- Alternatives for replacement
  - Transmission aspects
  - Generation aspects
- Preliminary results of analysis

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Rationale for building gas-fired generation in Southwest GTA

1. Replace coal

2. Complement wind

By placing generation in Southwest GTA:

3. Restore Supply-Demand balance for GTA

4. Relieve constrained transmission
    - *Auto-transformer at Claireville TS*
    - *Auto-transformer at Trafalgar TS*
    - *Richview-Manby transmission corridor*
    - *Reduce transmission losses*

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What has changed since 2007

- **Recession has reduced demand forecast, but not in GTA**
  - *Current demand projection is 1,100 MW lower by 2015*
  - *GTA load forecast is less affected*

- **Supply picture has changed:**
  - FIT program increases the amount of renewable generation
  - Less gas-fired generation planned
  - Prospect of Pickering continued operation
  - Uncertainty about Bruce refurbishment schedule

- **Delays in approvals process for Oakville GS**

The effect of changes since 2007 on drivers for the plant

Factors shaping requirement for Oakville Generating Station	Current relevance in view of changes since 2007	Comments
Replace coal	Less relevant	Delays in OGS approvals will delay OGS in-service to beyond 2014: outside of the coal replacement timeframe
Complement wind	More relevant	FIT program will result more renewables, increasing requirement for flexible supply sources within Ontario's mix
Restore Supply-Demand Balance for GTA	Same	Demand in GTA continues to be robust. Need for transmission reinforcement starts in 2018
Relieve constrained transmission		

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OPA has been asked to evaluate three alternatives to the current Oakville GS

1. GTA transmission expansion and Nanticoke generation

2. GTA transmission expansion and Halton Hills GS expansion

3. Relocate Oakville GS to north Oakville and connect by transmission lines to Oakville TS

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Option 1: GTA transmission and Nanticoke generation

Extensive new transmission in GTA costing $200M :

- Claireville TS auto-transformer relief
  - 7km new transmission lines to Richmond Hill #1 & #2
  - $65M (overhead and underground)
- Trafalgar TS auto-transformer relief
  - New Auto-transformers at Milton SS and lines to Halton Hills TS
  - $90M to $105M (station and overhead)
- Richview to Manby Corridor relief
  - $20M - $30M (TxO or RxM)
    - 7km, $20M for Trafalgar x Oakville
    - 6.5km, $30M for Richview x Manby
- Increased transmission losses

Note 1 - Generation sites available, OPG facilities can be repowered but Gas pipeline has to be extended to Nanticoke: $150 Million, three years or more

Note 2 – With current plan for placing Phase 4 or 5 of Korean Consortium in the Bruce area, only the advancement of Milton station costs now apply

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Option 2: GTA transmission and Halton Hills GS expansion

- **Existing generating site can accommodate added units, but it is in a busy transmission corridor, inadequate to incorporate significant amounts of new generation without major transmission**
- **Requires comparable amount and cost of transmission to option one**
- 12 km new transmission line required from Halton Hills GS to Trafalgar TS to allow for expanded generation (est. cost: $40M)
- This option adds generation to the GTA and thus partially restores GTA supply/demand balance
  - but may only provide partial relief to Claireville TS and Trafalgar TS

Option 3: North Oakville generation connected by 7 Km transmission to Oakville south

- **Limited transmission needed: only 7 Km to the south on an existing right of way designated for transmission, preserves corridors shown for option 1 within GTA for future use**
- **$20M cost of new transmission if it is built as overhead transmission, $100M-$150M if underground**

Results of assessment

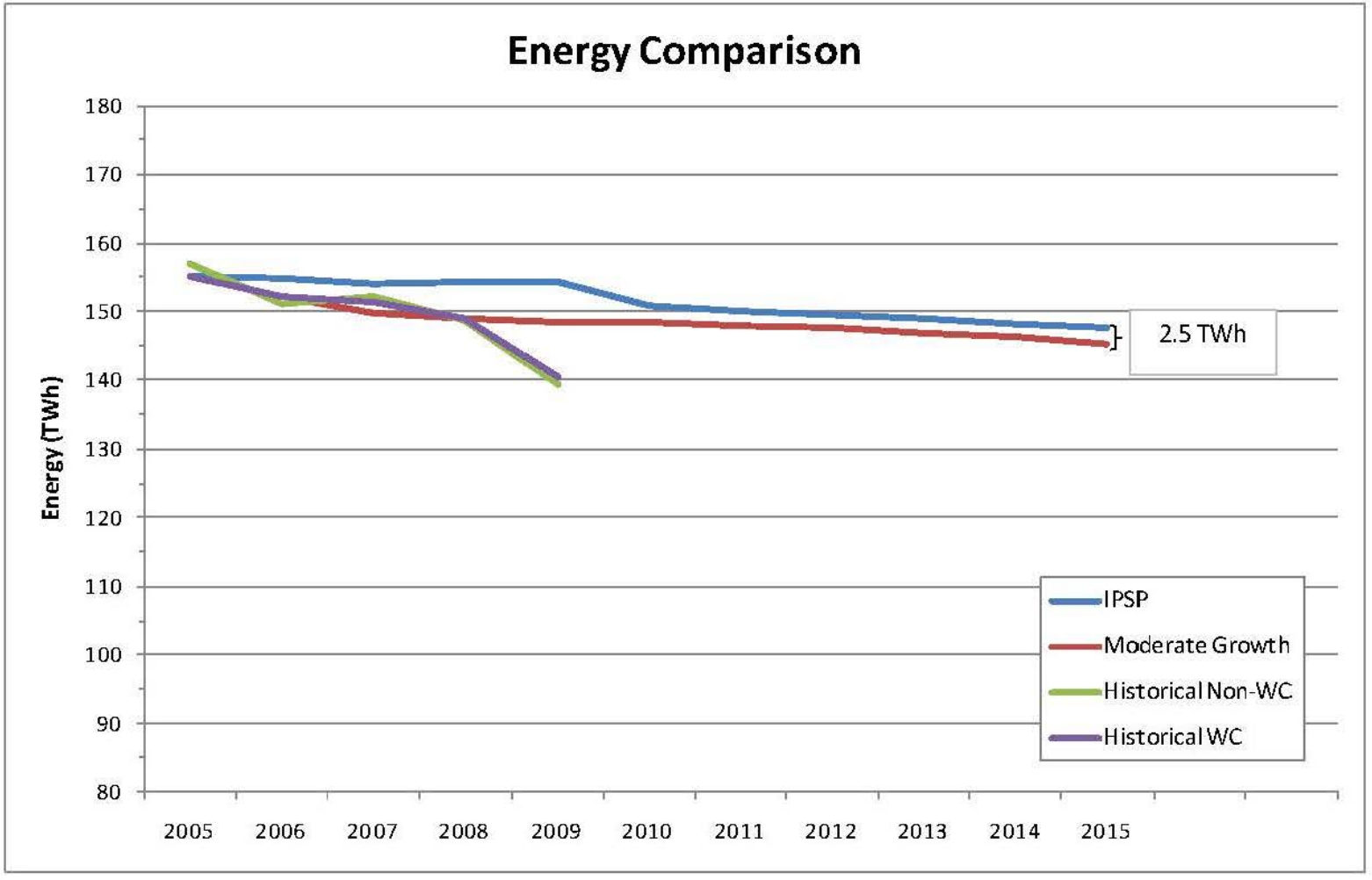
- All alternatives must start with transmission into SW GTA
- Relocating to North Oakville and connecting with 7 Km transmission to Oakville TS achieves best results
- Place higher priority on operational flexibility and transmission relief
  - Build Simple cycle gas turbines not combined cycle (because they can better complement wind)
  - Size to relieve transmission (starting around 2018). Smaller size is possible, around 350-500 MW It can be the first stage of an ultimate combined cycle plant of 850 MW
  - In service date can be delayed from original 2013 date to 2015. If 2015 in-service is not feasible, then other generation options will have to be activated.

APPENDICES

Contents:

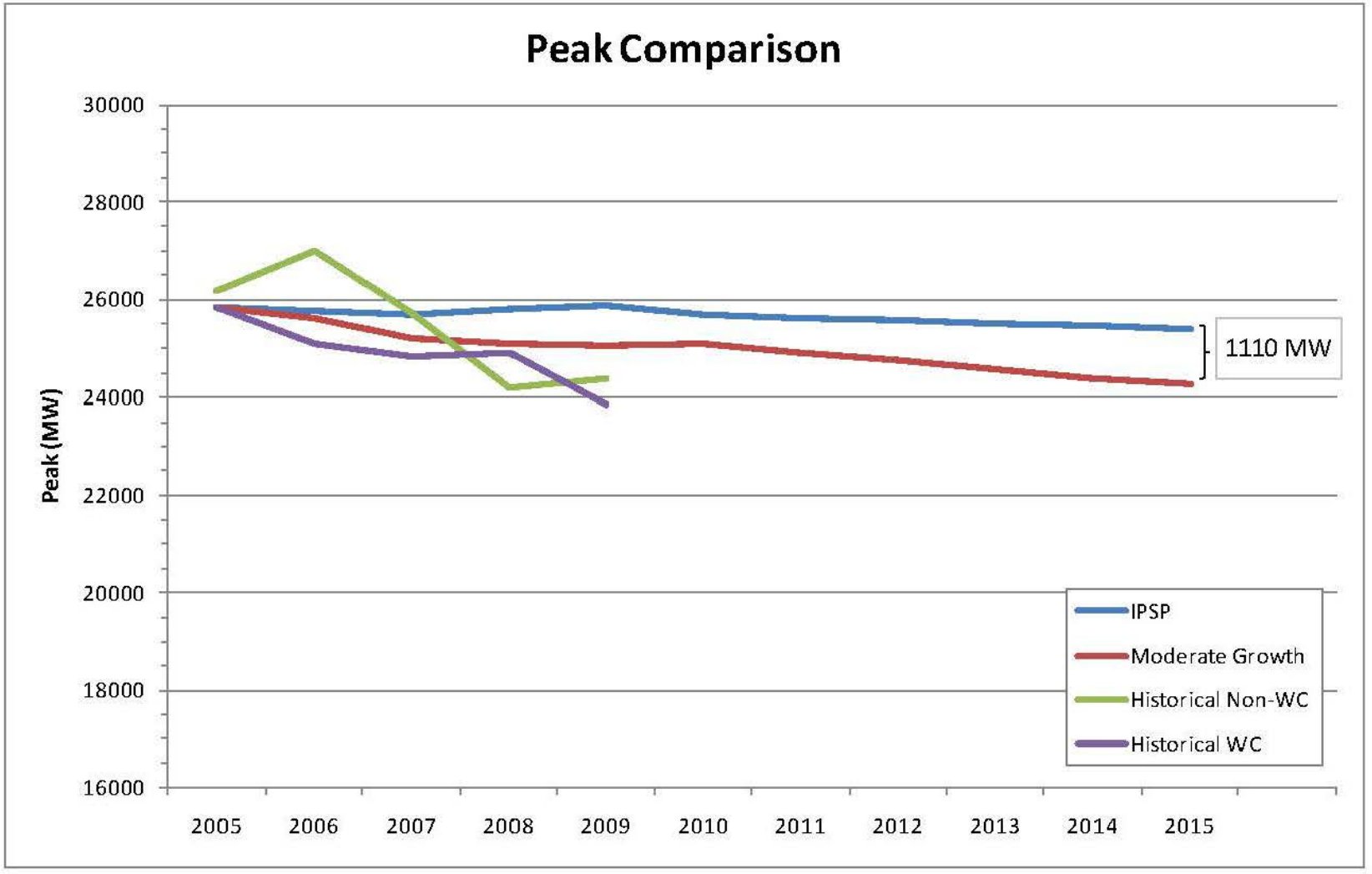
Appendix A:

Energy demand forecast is now 2.5 TWh lower than forecast made in 2007



Appendix A:

Peak demand forecast for 2015 is now 1110 MW lower than forecast made in 2007



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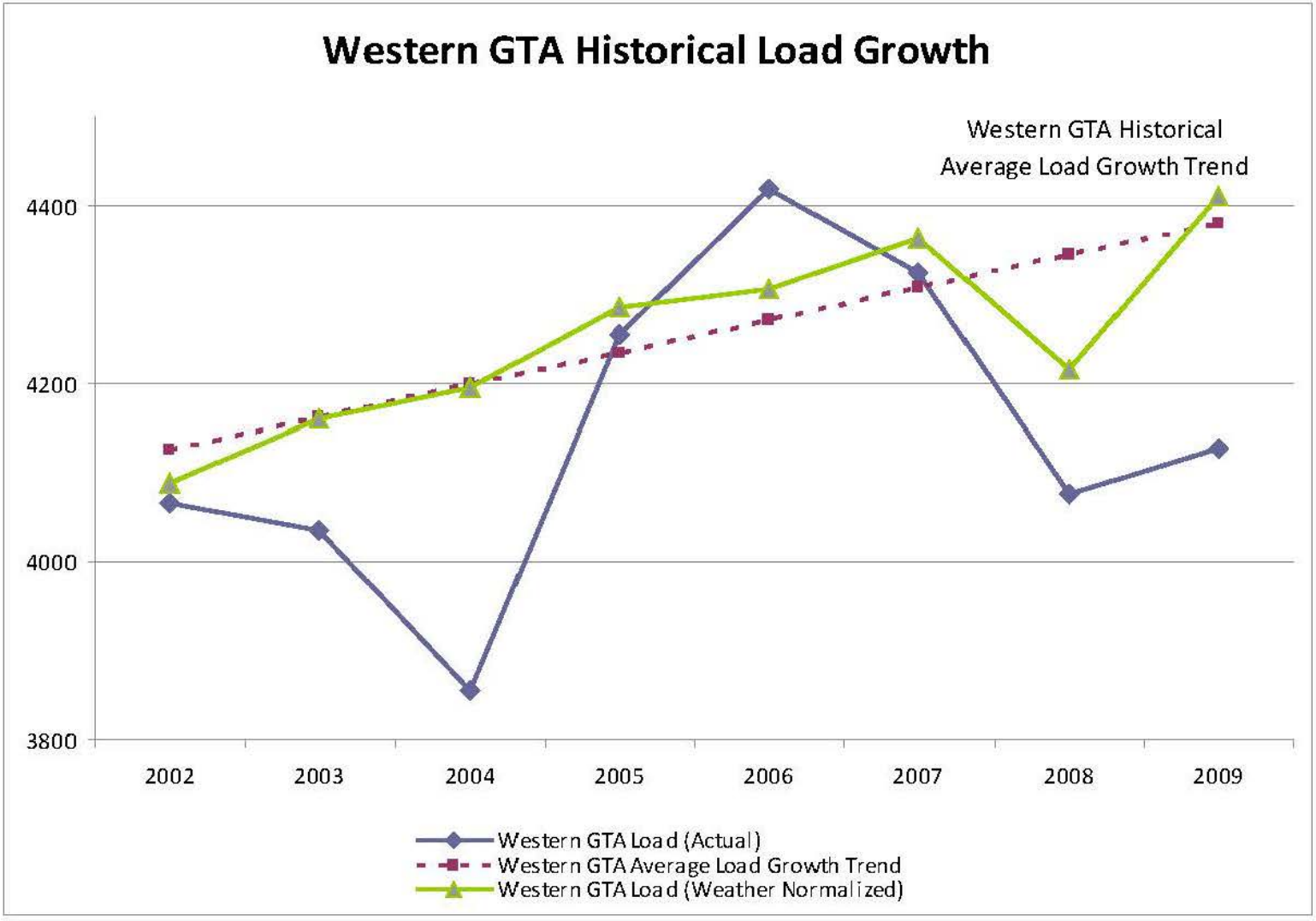
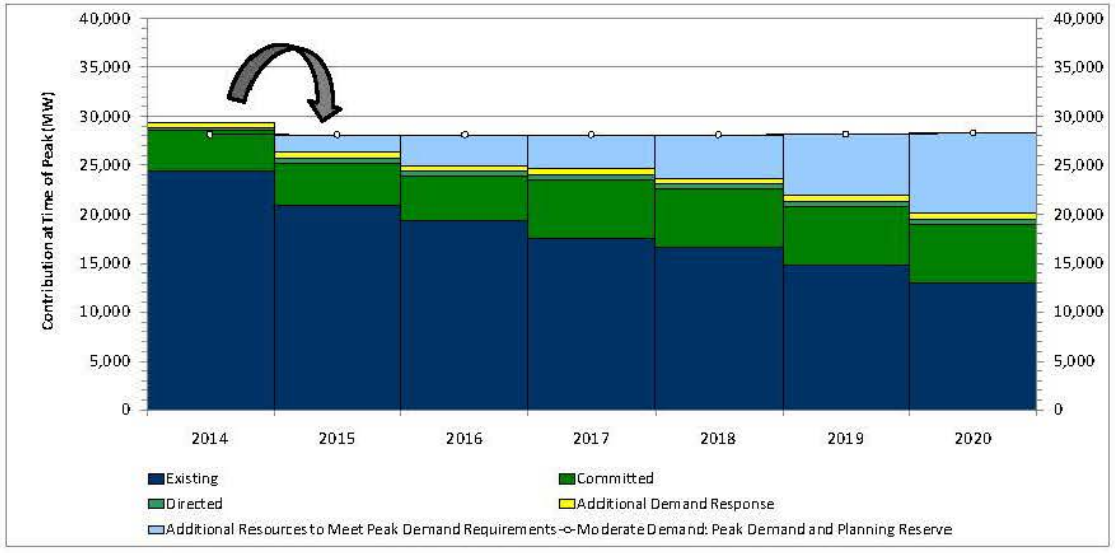
Appendix A:
Demand is robust in western GTA

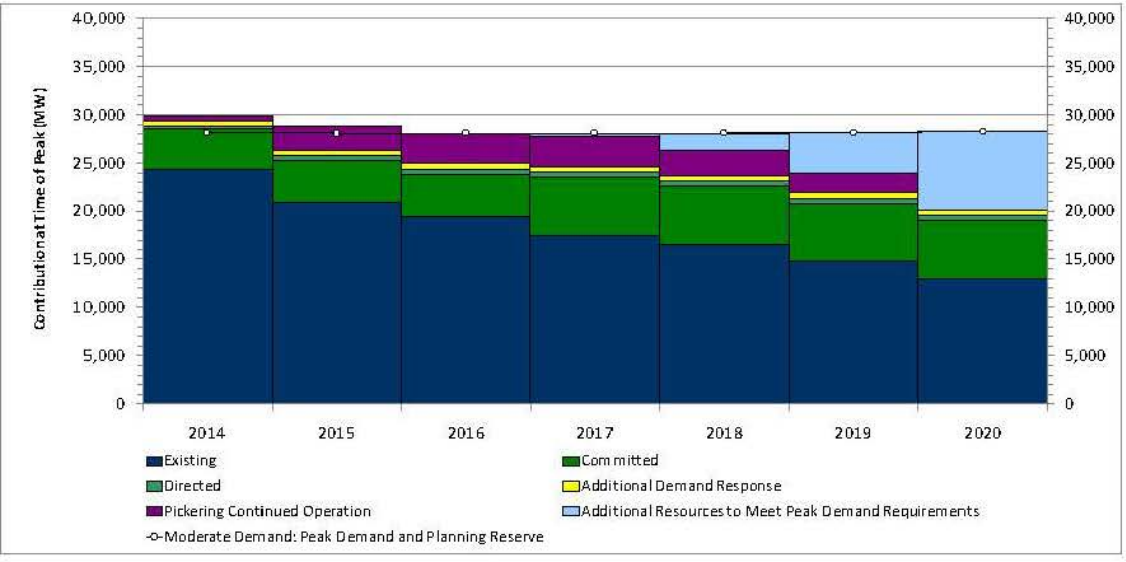


Appendix B:
Supply gap without Southwest GTA starts in 2015



Without Pickering Continued Operation

- 1,760 MW gap starts in 2015 and grows
- *Reduction in supply between 2014 and 2015 is mostly due to Pickering end of life (4 units, 2062 MW) and coal closure (4 units, 1286 MW)*



With Pickering Continued Operation

- Gap starts around 2018

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Appendix B:

Supply outlook by project in the year 2015 (Installed MW)

Status	Resource Type	Commitment	Project	Installed MW
Existing	Nuclear	Bruce	Bruce Units 5 - 8	3,288
		Darlington	Darlington Units 1 - 4	3,524
		Pickering	Pickering Unit 8	516
		CTU	Various	45
	Gas	Accelerated Clean Energy Supply	Portlands Energy Centre	639
			Goreway Station	942
		Clean Energy Supply	Greater Toronto Airports Authority	117
			Greenfield Energy Centre	1,153
			St. Clair Energy Centre	678
		Combined Heat and Power 1	East Windsor Cogen	100
			Thorold Cogeneration	287
			Warden Energy Centre	5
			Durham College District Energy	3
			Great Northern Tri-gen	11
			Countryside London Cogen	12
		Early Movers Clean Energy Supply	Brighton Beach	580
			Sarnia	510
		Lennox	Lennox	2,105
		Non-Utility Generator	Various	926
		Dow Chemical	Dow Chemical	100
		CTU	Various	13
	Renewables	Combined Heat and Power 1	Algoma Energy	63
		Hydroelectric Contract Initiative	Various	983
		Hydroelectric Energy Supply Agreement	Ear Falls	17
			Lac Seul	13
		Renewable Energy Supply 1	Glen Miller/Sidney (Hydro)	8
			Eastview Landfill Gas	3
			Melancthon 1 (Wind)	68
			Kingsbridge 1 (Wind)	40
			Erie Shores (Wind)	99
			Hamilton Community Digester	2
			Trail Road Landfill Gas	5
			Prince Wind Power Project 1	99
			Umbata Falls	24
		Renewable Energy Supply 2	Prince Wind Power Project 2	90
			Ripley Wind Farm	76
			Melancthon 2 (Wind)	132
			Kruger Energy Port Alma Wind Power Project	101
			Enbridge Ontario Wind Farm	182
			Wolfe Island Wind Project	198
		Renewable Energy Standard Offer Program	Various	214
		Hydroelectric	Various	6,874
		Biomass	Various	113
		Other Small Resources	Various	4
	Demand Response	Various Demand Response Programs	Various	140

Status	Resource Type	Commitment	Project	Installed MW
Committed	Nuclear	Refurbishment	Bruce A Units 1 & 2	1,500
	Gas	Clean Energy Supply	Greenfield South	280
			Oakville	900
		Accelerated Clean Energy Supply	Halton Hills	632
		Peaking Generation Contract	York Energy Centre	393
	Renewable	Hydroelectric Energy Supply Agreement	Upper Mattagami	61
		Renewable Energy Standard Offer Program	Various	805
		Renewable Energy Supply 2 & 3	Island Falls	20
			Kruger Wind	101
			Gosfield Wind	50
			Raleigh Wind	78
			Talbot Wind	99
			Greenwich Wind	99
		Combined Heat and Power 3	Becker	15
		Feed-in-Tariff Program, including microFIT	Various	2,805
		Korean Consortium	Phases 1, 2 & 3	1,500
	Demand Response	Various Demand Response Programs	Various	346
Directed	Renewable	Hydroelectric Energy Supply Agreement	Lower Mattagami	450
		Atikokan Biomass Energy Supply Agreement	Atikokan	200
Pickering Continued Operation	Nuclear	Pickering Continued Operation	Pickering Unit 1-7	2,578
Additional Demand Response	Demand Response	Various Demand Response Programs	Various	648
			Total	38,660

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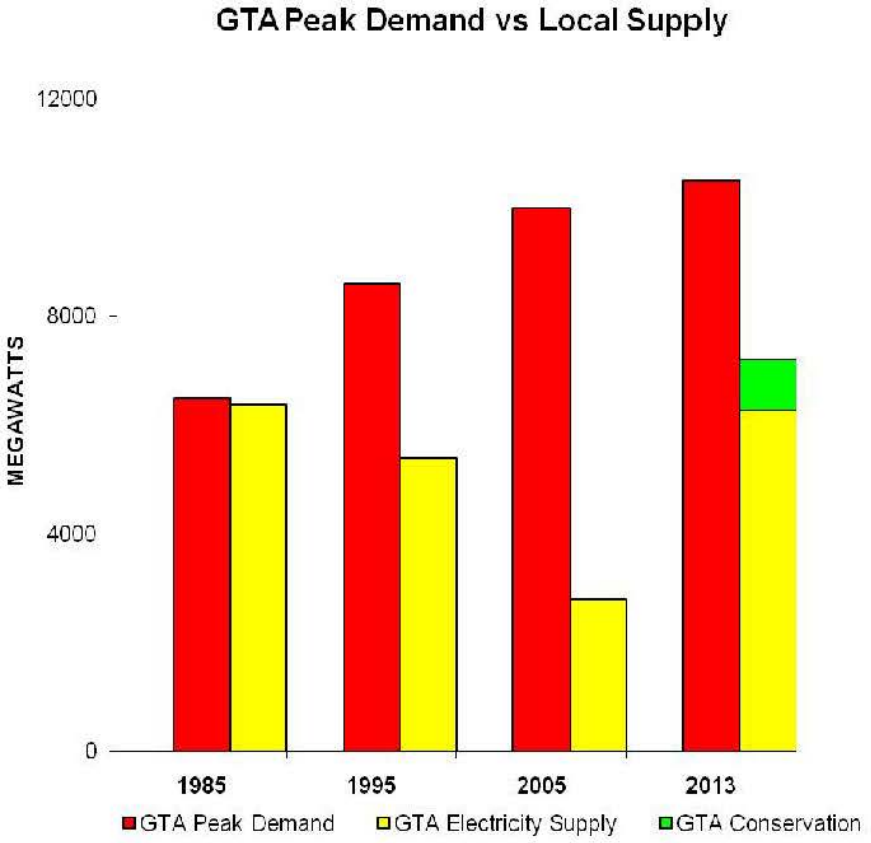
Appendix C:
Supply-Demand balance in GTA

New GTA supply from 2005 to 2013:

- Goreway GS – 860 MW (2009)
- Portlands Energy Center – 550 MW (2009)
- Halton Hills GS – 600 MW (2010)
- Northern York Region – 350 MW (2011)
- Greenfield South – 280 MW (2012)
- Oakville GS – 900 MW (2014)



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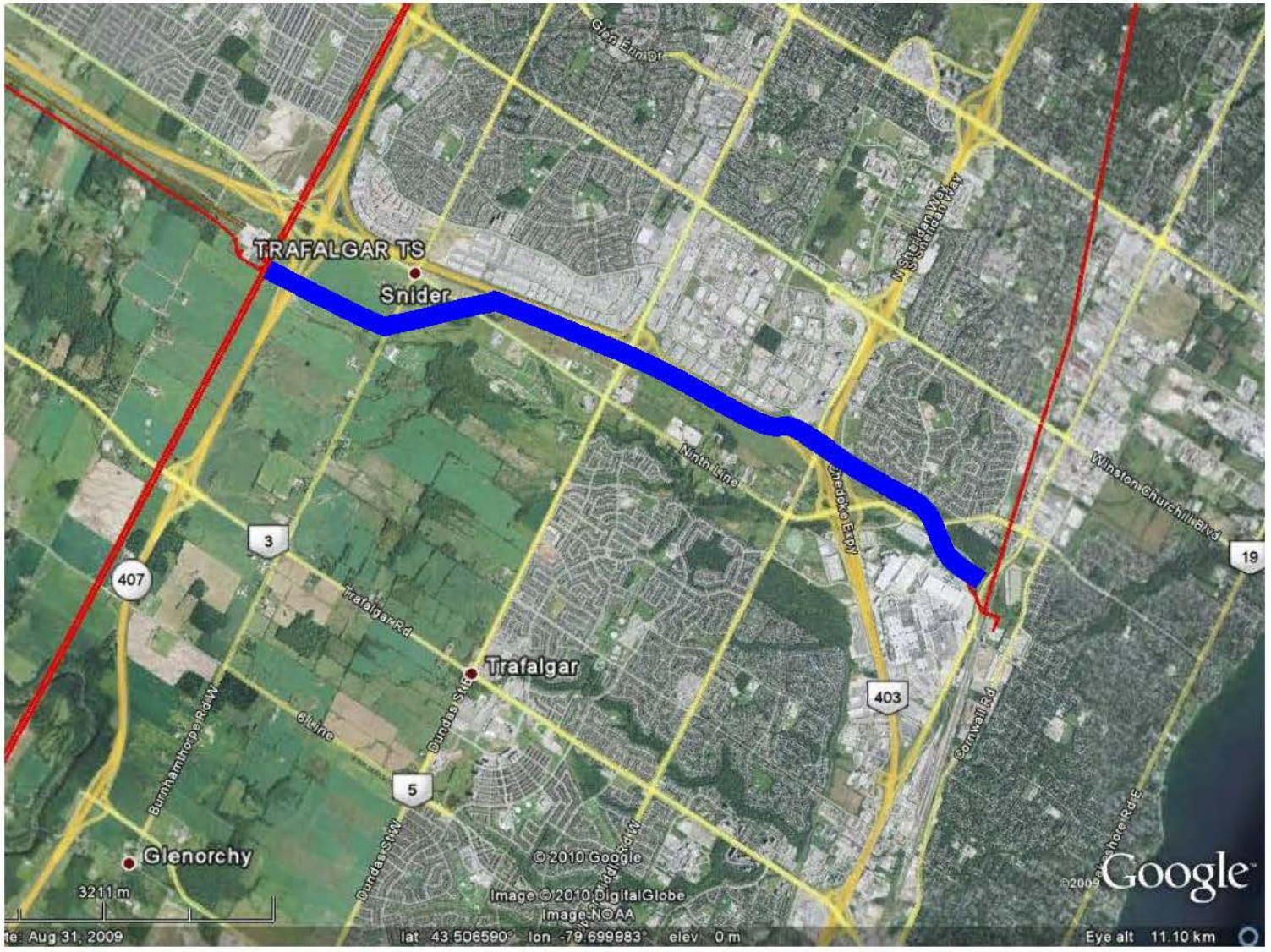
Appendix C:
Western GTA – constrained transmission

- **Key Stations**
  - Claireville TS
  - Richview TS
  - Manby TS
  - Oakville TS
  - Parkway TS
  - Trafalgar TS
- **Constrained transmission**
  - Richview x Manby corridor
  - Transformers at Claireville TS
  - Capacity at Trafalgar TS

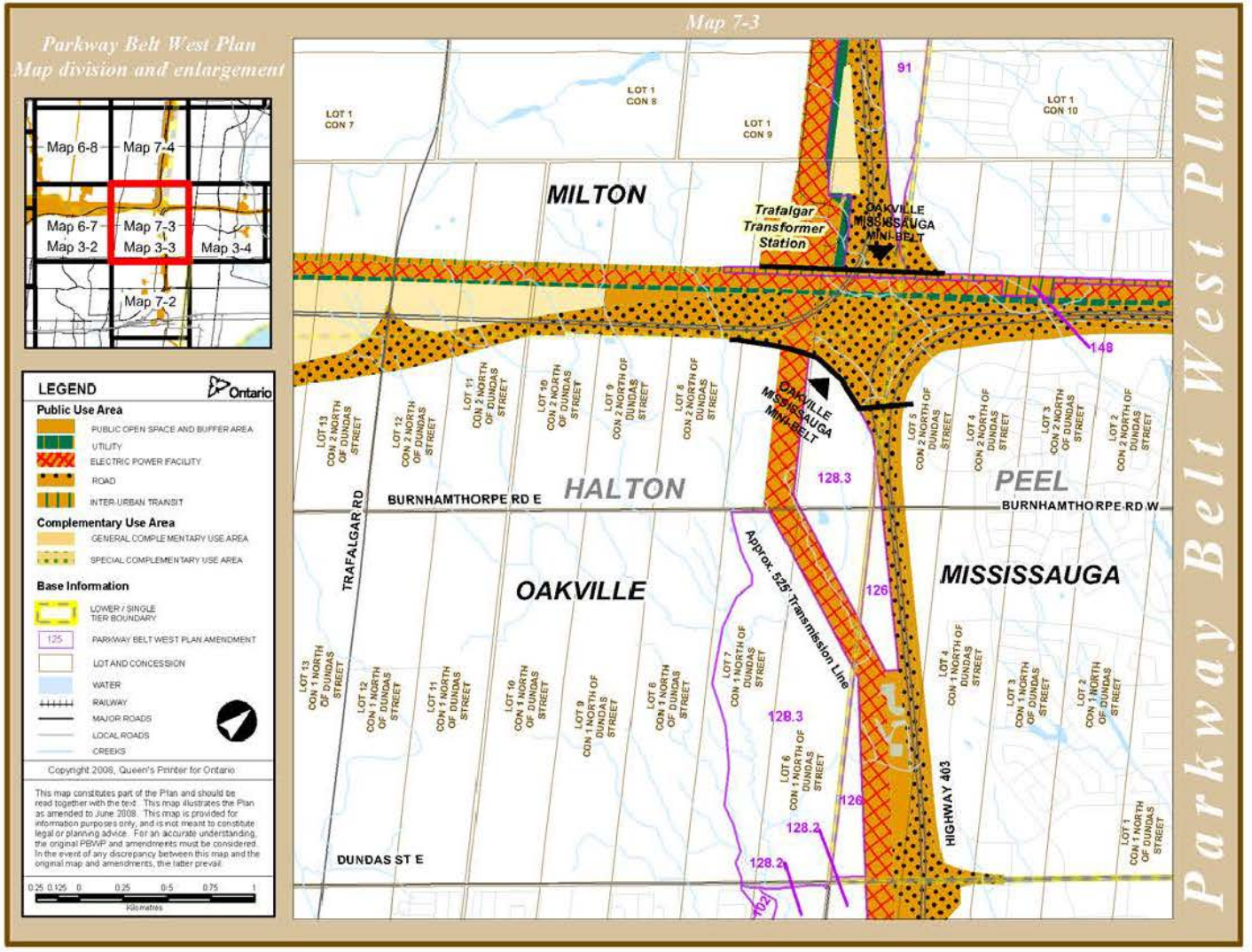
Appendix D:
Transmission corridor information for option three

- Parkway Belt West Plan was implemented by the Province of Ontario in 1978 "for the purposes of creating a multi-purpose utility corridor, urban separator and linked open space system"
- Land corridor is available for transmission, but has no transmission towers on it. Previous attempts to build transmission overhead met with local objections
- Exemption Order OHK-11 under the Environmental Assessment Act provides for certain Transmission ROWs within the Parkway Belt, including Trafalgar TS x Oakville TS, to be exempt from EA requirements

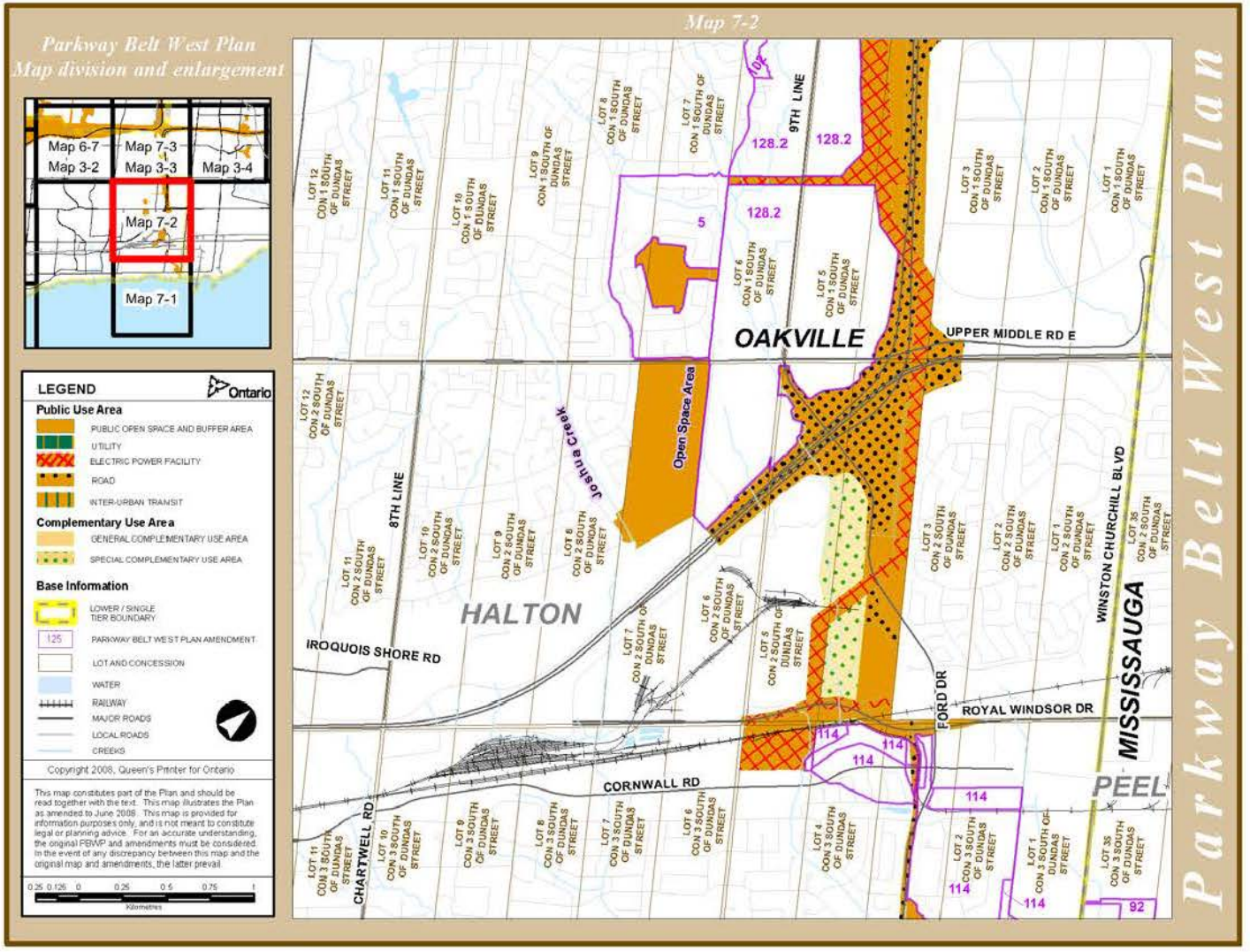
Appendix D:
Approximate Trafalgar x Oakville Right of Way



Appendix D:
North Trafalgar to Oakville TS



Appendix D:
South Trafalgar to Oakville TS



Cayley, Daniel (ENERGY)

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October-21-11 4:50 PM
To: Kristin Jenkins; Patricia Phillips
Cc: Silva, Joseph (ENERGY); Sharkawi, Rula (ENERGY)
Subject: response to spears

Hi –

Here is the approved messaging:

"The absence of a generating station in the southwestern GTA will not cause immediate reliability issues therefore providing an opportunity for the government to find a suitable location to relocate the plant to."

I'm also calling Patricia.

From: Kristin Jenkins <Kristin.Jenkins@powerauthority.on.ca>
To: Kovesfalvi, Sylvia (ENERGY); Sharkawi, Rula (ENERGY)
Cc: Patricia Phillips <Patricia.Phillips@powerauthority.on.ca>
Sent: Fri Oct 21 12:10:05 2011
Subject: Re: Mississauga power plant

In the spring, OPA advised the ministry that:

-Greenfield plant valuable bc of location in SWGTA given local supply and reliability needs. Cancellation of OGS increased value.

-Not having plant in SWGTA would not cause immediate reliability issues but would mean transmission upgrades would have to be accelerated by 2-3 years.

From: Kovesfalvi, Sylvia (ENERGY) [mailto:Sylvia.Kovesfalvi@ontario.ca]
Sent: Friday, October 21, 2011 12:00 PM
To: Kristin Jenkins; Sharkawi, Rula (ENERGY) <Rula.Sharkawi@ontario.ca>
Cc: Patricia Phillips
Subject: Re: Mississauga power plant

Just confirming - there's nothing that can be provided - correct?

Sent from my BlackBerry Wireless Handheld

From: Kristin Jenkins <Kristin.Jenkins@powerauthority.on.ca>
To: Sharkawi, Rula (ENERGY); Kovesfalvi, Sylvia (ENERGY)
Cc: Patricia Phillips <Patricia.Phillips@powerauthority.on.ca>
Sent: Fri Oct 21 10:26:18 2011
Subject: FW: Mississauga power plant

Heads up - see below. Will follow-up with you shortly.

Kristin

From: Spears, John [mailto:JSpears@thestar.ca]
Sent: October 21, 2011 9:33 AM
To: Kristin Jenkins
Subject: RE: Mississauga power plant

Thanks, Kristin, but that's not the question I asked.
Surely some analysis was done, very recently, about the impact of NOT building the plant.
That's what I'm interested in.
Or are you telling me that the plant was cancelled with absolutely no input or analysis by the OPA?
John

From: Kristin Jenkins [mailto:Kristin.Jenkins@powerauthority.on.ca]
Sent: Thursday, October 20, 2011 5:57 PM
To: Spears, John
Subject: Re: Mississauga power plant

John - please accept my apology for the delay. This should not have taken so long.

In 2004 and 2005 the Ministry of Energy developed and administered Clean Energy Supply (CES) Request for Proposals to secure new generation to support coal replacement and local reliability. Greenfield South Power Corporation (managed by Eastern Power Corporation) was the successful applicant in the CES RFP and signed a contract with the OPA in April 2005.

The need for generation in southwest GTA was outlined in the OPA's 2007 IPSP plan http://archive.powerauthority.on.ca/Storage/69/6447_D-8-1_corrected_080505__mm_.pdf (see page 17).

This matter is currently under review. Next steps will be communicated as soon as possible.

From: Spears, John [mailto:JSpears@thestar.ca]
Sent: Thursday, October 20, 2011 04:33 PM
To: Kristin Jenkins
Subject: FW: Mississauga power plant

Hello Kristin,
It's now more than 48 hours since I made a simple request.
All I have received is Tim's response of yesterday saying he was seeing it for the first time Wednesday. From the time track on the e-mail, it appears he had seen it late Tuesday.
Since then, nothing. I have telephoned and received no reply.
This is a pretty straightforward request, it seems to me.
If someone wants to get back to me and explain why this will take time, I'm all ears.

But burying OPA's head in the sand hardly seems the appropriate response.
How do I get an answer?
John

From: Tim Butters [mailto:Tim.Butters@powerauthority.on.ca]
Sent: Wednesday, October 19, 2011 10:53 AM
To: Spears, John
Subject: Fw: Mississauga power plant

Hi John,

Sorry, I didn't see this until this morning. When is your deadline?

Tim Butters

From: Tim Butters
Sent: Tuesday, October 18, 2011 04:58 PM
To: Tim Butters
Subject: FW: Mississauga power plant

From: Spears, John [mailto:JSpears@thestar.ca]
Sent: October 18, 2011 2:48 PM
To: Media
Subject: Mississauga power plant

I'm interested in any analysis the OPA has done about the effect of not building Eastern Power's proposed generating station in Mississauga.
Could you please send me any studies or other analysis the OPA has done relating to this decision?
I'm not looking for contractual details with Eastern Power.
I'm looking instead on why the power plant is no longer needed. Why was the plant proposed in the first place? Why is it no longer considered necessary? What is the likely impact on service, safety and reliability? If the proposed plant's supply is not going to be available, what alternatives are likely to be needed to maintain service – e.g. other power plants, additional transmission lines, or the like?
What are the costs associated with the alternatives? (Again, I'm not asking for details of any payments that might have to be made relating to cancellation of the Eastern Power project.)
I'd be grateful for any studies or analyses that the OPA might have done bearing on these questions.
Thank you.
John Spears
Toronto Star
416-869-4353

Cayley, Daniel (ENERGY)

From: Calwell, Carolyn (ENERGY)
Sent: October-21-11 4:54 PM
To: Silva, Joseph (ENERGY); King, Ryan (ENERGY)
Cc: Perun, Halyna N. (ENERGY); Jennings, Rick (ENERGY)
Subject: Draft transition deck - take 2
Attachments: Greenfield South Construction Transition Oct 21 2011 (2).ppt

Confidential/Solicitor-Client Privileged

Joseph, thank you for taking the time to talk to me about the content of the deck. I have revised the last version that you saw to include the options considered by the OPA. I modified the pros and cons outlined in the OPA's deck in minor ways.

Rick/Ryan, this deck talks about alternate sites – you may want to change or modify these points.

Carolyn

Ontario
MINISTRY OF ENERGY

Greenfield South Generating Station

Date: October 21, 2011

Present Context

- Local residents do not support the Greenfield South gas plant in Mississauga, which is currently under construction.
- On October 12 the Mississauga Council passed a motion requesting that the Government and the Premier take immediate action to cancel the contract, stop construction and return the site to pre-construction condition.
- The recent construction of condominium towers in the general area has prompted a policy reconsideration of the location of the gas plant.

Background

- This project is a 280 MW combined cycle gas-fired generation station.
- The project was initiated by the Ministry of Energy through a request for proposals process in 2004.
- In 2005, the project was assigned to the OPA and the OPA entered into a contract with the project developer, Greenfield South Power Corporation (controlled by Eastern Power Corporation).
  - The Province is not a party to the contract
- The project suffered delays in securing approvals for constructing the project.
- The contract was amended in March 2009 to reflect these delays.
- The project has now received all required provincial and municipal approvals, including its Environmental Assessment, Certificates of Approval and building permit.
- Construction of the project is underway and continues.
- The contract requires the project to be in commercial operation by September 1, 2014.

Considerations

- The OPA has advised that it has no right under the contract to terminate in the current circumstances.
- The OPA has asked for instruction from government to approach the developer to begin negotiations to change or to terminate the contract.
- Eastern Power has informed the OPA that it will not 'down tools' until it receives formal notification of next steps.
- The identification of potential alternative site options has not yet been completed. Each of these alternative sites have various issues associated with them.

Options Considered by the OPA

1. Unilateral termination of contract

- OPA would inform Eastern Power that it will not perform its obligations under the contract
- Pros
  - Eastern Power will be required to begin to mitigate its damages, and should stop construction, and the OPA will avoid damages for Eastern Power's additional costs that could have been avoided after date of termination of contract
- Cons
  - Does not provide opportunity to explore options for relocating project
  - Sends negative message to other OPA counterparties

Options Considered by the OPA

2. Negotiation (recommended)

- OPA or designated negotiator could commence negotiations with Eastern Power regarding stopping construction and developing a new location for a different facility
- Pros
  - Provides the opportunity to assess position of Eastern Power and what it requires to cease construction and end the contract
  - Could consider alternative sites
- Cons
  - Eastern Power may refuse to commence discussions
  - OPA advises that Eastern Power is likely to continue construction while discussion is ongoing unless they receive an incentive to stop
  - May need to revert to other options at a later stage

Options Considered by the OPA

3. Legislation

- The contract could be cancelled by legislation that would include provisions expressly terminating the contract, immunizing the Crown and the OPA from law suits arising from termination of the contract and addressing types of and mechanisms to determine compensation
- Pros
  - Allows Government to control the compensation to be paid
  - Government can specify that no compensation will be paid for costs incurred past certain date (e.g. announcement of Government's policy or date of first reading)
- Cons
  - Will be controversial and requires time to enact
  - Eastern Power could commence law suit before legislation is enacted, although legislation could ultimately preclude liability and damages
  - Has a potential impact on investment climate

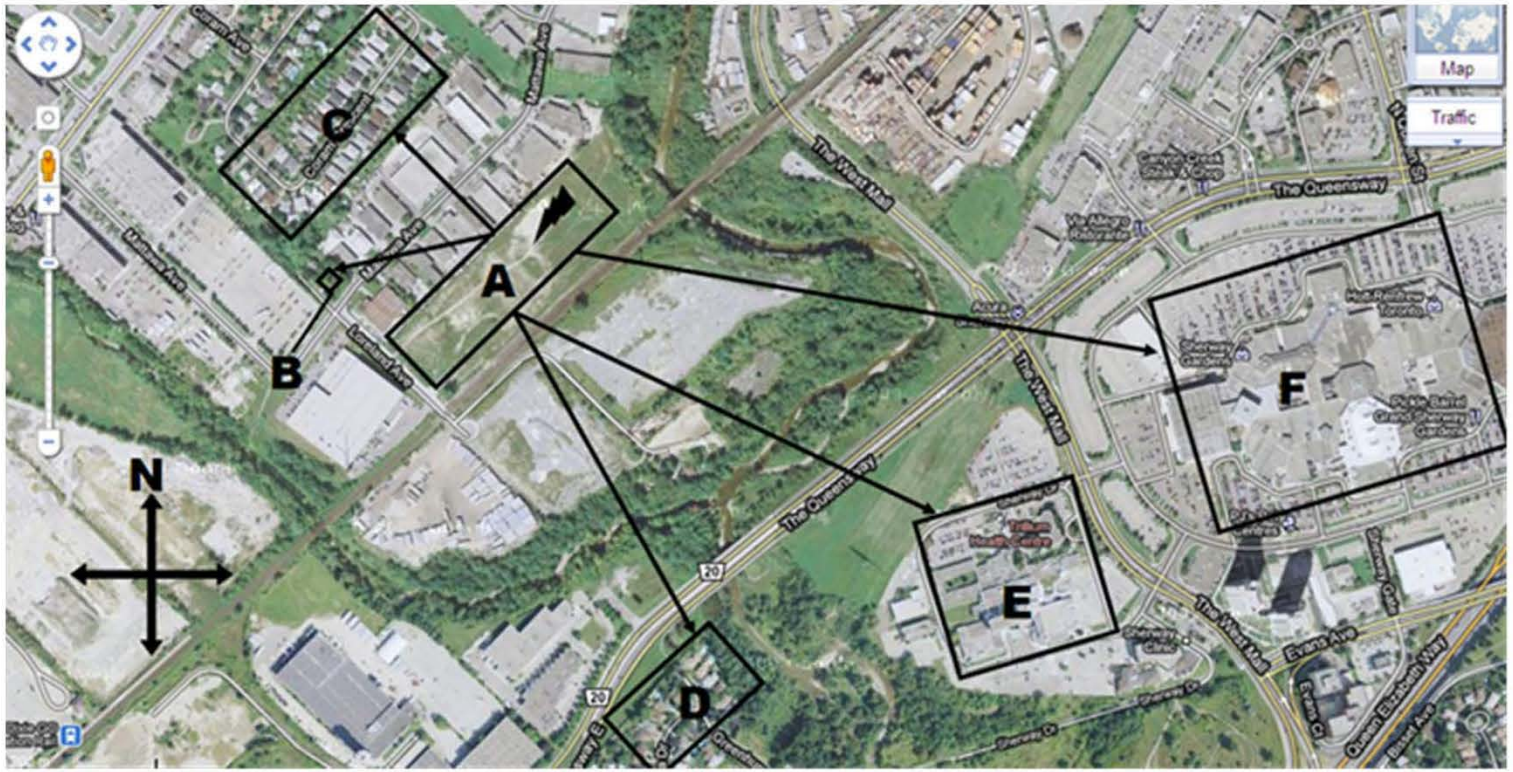
Options Considered by the OPA

4. Pay the plant not to run

- The OPA advises that the plant could be constructed but the developer could be directed to not operate it, using contractual provisions that give the OPA this authority.
- Pros
  - OPA obligations to make monthly payments are low based on outcome of 2005 RFP process and paying plant not to operate over 20 years may be cheaper than paying for sunk costs, remediation of the site and potentially some lost profits
- Cons
  - Will be difficult to convince community that plant will not operate

Legal Issues

- Any discussion with Eastern Power may not be successful and could require the Government to consider other options (e.g. legislation).
- Initiating discussions to relocate or otherwise cancel the Mississauga plant may cause Eastern Power to launch a law suit against either or both of the OPA and the Government.
- The Minister's request of the OPA to terminate the contract or commence discussions with Eastern Power may be contractual interference and may attract liability to the Province.
- The OPA may ask for a "direction" from the Minister under the *Electricity Act, 1998* before undertaking any discussions with Eastern Power. The Minister's authority to direct the OPA in this way is unclear.
- Eastern Power's financiers may have a claim under trade law if this project does not proceed.



Legend:

A – Proposed Greenfield Site
B – Closest House
C – Closest Subdivision (North)
D – Closest Subdivision (South)
E – Trillium Heath Centre
F – Sherway Gardens Mall

Distance:

A to B:	220 Meters
A to C:	270 Meters
A to D:	500 Meters
A to E:	740 Meters
A to F:	910 Meters

*Plant construction as of 28 September 2011

Fisher, Petra (ENERGY)

From: Adkar, Samir (ENERGY)
Sent: October-21-11 5:00 PM
To: Jennings, Rick (ENERGY)
Subject: RE: Eastern Power

I've seen both Greg and Hubert listed as Board Members in various media, but I don't know how accurate that is.

They are definitely a private company… and very difficult to get information about.

If there is a Board, my strong suspicion is that those 2 Vogt brothers hold the balance of power if not own the entire company.

FYI there are 2 other Vogt brothers, but one is not a business person, and the third may still hold some position in the company and be part owner.

Herman Walter was the founder and former president of the company, and I really wonder if he gave some "shares" or ownership to other family. He was in his late 80's when I last worked there 10 years ago. They are a secretive and private company, so I doubt there's any way to get an answer to that.

Regards,
Samir

From: Jennings, Rick (ENERGY)
Sent: October 21, 2011 4:49 PM
To: Adkar, Samir (ENERGY)
Subject: RE: Eastern Power

Thanks Samir, very helpful. Do you know if there is a Board of Directors? I assume that it is a private company i.e. not publicly traded shares.

From: Adkar, Samir (ENERGY)
Sent: October 21, 2011 4:45 PM
To: Jennings, Rick (ENERGY)
Subject: RE: Eastern Power

Hi Rick,

Eastern Power is "affiliated" with Greenfield South Power Corp. In fact, both companies have the same corporate address and same contact, Hubert Vogt, Vice President for their current OEB generation licences. (Eastern Power owns and operates 2 small landfill gas powered sites).

From very recent press that I've seen, it's Hubert who is making statements about the continued construction… I haven't heard anything from Greg recently.

Greg Vogt was vice-president back when I worked there many years ago, but he since became President (Herman Walter was president back when I worked there). I've seen Greg's name and title as President of Eastern Power in many places through the years (including being named in lawsuits), though I have not seen it very recently, though I would assume he's still president as I have not heard anything otherwise. I tried to discretely call Eastern Power, but I'm not getting an answer.

Greg and Hubert are the only principles I know of that are still with Eastern Power (and Greenfield South Power Corp.).

I hope that helps. Please let me know if you need further information.

Regards,
Samir

From: Jennings, Rick (ENERGY)
Sent: October 21, 2011 3:50 PM
To: Adkar, Samir (ENERGY)
Subject: Eastern Power

Samir, I have been asked if we can identify the principals and details around Eastern Power. While I have conveyed this on several occasions it appears that I am not believed. Could you summarize for me, based on your work experience there, who the principals are – Greg Vogt etc. and its structure?

Cayley, Daniel (ENERGY)

From: Silva, Joseph (ENERGY)
Sent: October-21-11 5:14 PM
To: Calwell, Carolyn (ENERGY); King, Ryan (ENERGY)
Cc: Perun, Halyna N. (ENERGY); Jennings, Rick (ENERGY); Dunning, Rebecca (ENERGY)
Subject: RE: Draft transition deck - take 2
Attachments: Greenfield South Construction Transition Oct 21 2011 (2).ppt

Duplicate attachment removed

Thanks very much Carolyn. Really appreciate this.

Rick – please do take a look if you can. The plan is to bring this as the transition document to guide Greenfield discussion.

Joseph

From: Calwell, Carolyn (ENERGY)
Sent: October 21, 2011 4:54 PM
To: Silva, Joseph (ENERGY); King, Ryan (ENERGY)
Cc: Perun, Halyna N. (ENERGY); Jennings, Rick (ENERGY)
Subject: Draft transition deck - take 2

Confidential/Solicitor-Client Privileged

Joseph, thank you for taking the time to talk to me about the content of the deck. I have revised the last version that you saw to include the options considered by the OPA. I modified the pros and cons outlined in the OPA's deck in minor ways.

Rick/Ryan, this deck talks about alternate sites – you may want to change or modify these points.

Carolyn

Cayley, Daniel (ENERGY)

From: Perun, Halyna N. (ENERGY)
Sent: October-21-11 5:17 PM
To: Calwell, Carolyn (ENERGY)
Subject: FW: APPROVED; Spears; Mississauga power plant

Halyna

Halyna N. Perun
A/Director
Legal Services Branch
Ministries of Energy & Infrastructure
777 Bay Street, 4th Floor, Suite 425
Toronto, ON M5G 2E5
Ph: (416) 325-6681 / Fax: (416) 325-1781
BB: (416) 671-2607
E-mail: Halyna.Perun2@ontario.ca

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October 21, 2011 4:54 PM
To: Perun, Halyna N. (ENERGY); Jennings, Rick (ENERGY); Silva, Joseph (ENERGY)
Cc: Sharkawi, Rula (ENERGY)
Subject: FW: APPROVED; Spears; Mississauga power plant

FYI –

I reiterated our concerns with the relocate reference.

PO asked us to go with the approved message they provided, as below.

I've given the OPA the green light to respond with:

> "The absence of a generating station in the southwestern GTA will not cause immediate reliability issues therefore providing an opportunity for the government to find a suitable location to relocate the plant to."

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October 21, 2011 4:51 PM
To: 'Robart, Lisa (CAB)'
Cc: Sumi, Craig (CAB); McMichael, Rhonda (CAB); van der Valk, Jennifer (CAB); Danyluk, Erica (CAB); Sharkawi, Rula (ENERGY)
Subject: RE: APPROVED; Spears; Mississauga power plant

Thank you for double-checking in light of our flags.

I have given the OPA the ok to send this message to Spears.

From: Robart, Lisa (CAB)
Sent: October 21, 2011 2:38 PM
To: Kovesfalvi, Sylvia (ENERGY)
Cc: Sumi, Craig (CAB); McMichael, Rhonda (CAB); van der Valk, Jennifer (CAB); Danyluk, Erica (CAB)
Subject: APPROVED; Spears; Mississauga power plant

Hi Sylvia,

Here is the **P.O.-approved** messaging in response to Spears' last question re: OPA analyses about the impact of NOT building the Mississauga generating station.

> "The absence of a generating station in the southwestern GTA will not cause immediate reliability issues therefore providing an opportunity for the government to find a suitable location to relocate the plant to."

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October 21, 2011 12:48 PM
To: Robart, Lisa (CAB)
Cc: Sumi, Craig (CAB)
Subject: URGENT: Mississauga power plant

Our folks would like to have opa respond with this bullet only.

-Not having plant in SWGTA would not cause immediate reliability issues but would mean transmission upgrades would have to be accelerated by 2-3 years.

Sent from my BlackBerry Wireless Handheld

From: Kovesfalvi, Sylvia (ENERGY)
Sent: October 21, 2011 12:32 PM
To: Robart, Lisa (CAB)
Cc: Sumi, Craig (CAB)
Subject: Fw: Mississauga power plant

Hi lisa - heads up. We've heard back from spears. Our folks are reviewing the opa''s draft response below (so it may change) but wanted to give you a heads up - we will need quick approval once this is finalized).

Sent from my BlackBerry Wireless Handheld

From: Kovesfalvi, Sylvia (ENERGY)
To: Jennings, Rick (ENERGY); Silva, Joseph (ENERGY); Perun, Halyna N. (ENERGY)
Cc: King, Ryan (ENERGY); Teixeira, Wanda (ENERGY); Sharkawi, Rula (ENERGY)
Sent: Fri Oct 21 12:16:18 2011
Subject: Fw: Mississauga power plant

This just in from opa. Pls let me know if you have any concerns.

Sent from my BlackBerry Wireless Handheld

From: Kristin Jenkins <Kristin.Jenkins@powerauthority.on.ca>
To: Kovesfalvi, Sylvia (ENERGY); Sharkawi, Rula (ENERGY)
Cc: Patricia Phillips <Patricia.Phillips@powerauthority.on.ca>
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Subject: RE: Draft transition deck - take 2
Attachments: Greenfield South Construction Transition Oct 21 2011 (2).ppt

Attached are my edits –

Clarification of 2nd and 3rd bullets on Background
Update of 3rd bullet on considerations page
Correction of 4th bullet on Legal Issues page.

From: Calwell, Carolyn (ENERGY)
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Ontario
MINISTRY OF ENERGY

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Date: October 21, 2011

Present Context

- Local residents do not support the Greenfield South gas plant in Mississauga, which is currently under construction.
- On October 12 the Mississauga Council passed a motion requesting that the Government and the Premier take immediate action to cancel the contract, stop construction and return the site to pre-construction condition.
- The recent construction of condominium towers in the general area has prompted a policy reconsideration of the location of the gas plant.

Background

- This project is a 280 MW combined cycle gas-fired generation station.
- In 2004, the Ministry of Energy launched a competitive request for proposals for gas-fired generation in Ontario.
- In April 2005, Eastern Power was selected along with three other gas-fired projects. These projects were assigned to the OPA and the OPA entered into a contract with the project developer, Greenfield South Power Corporation (controlled by Eastern Power Corporation).
  - The Province is not a party to the contract
- The project suffered delays in securing approvals for constructing the project.
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  - Will be difficult to convince community that plant will not operate

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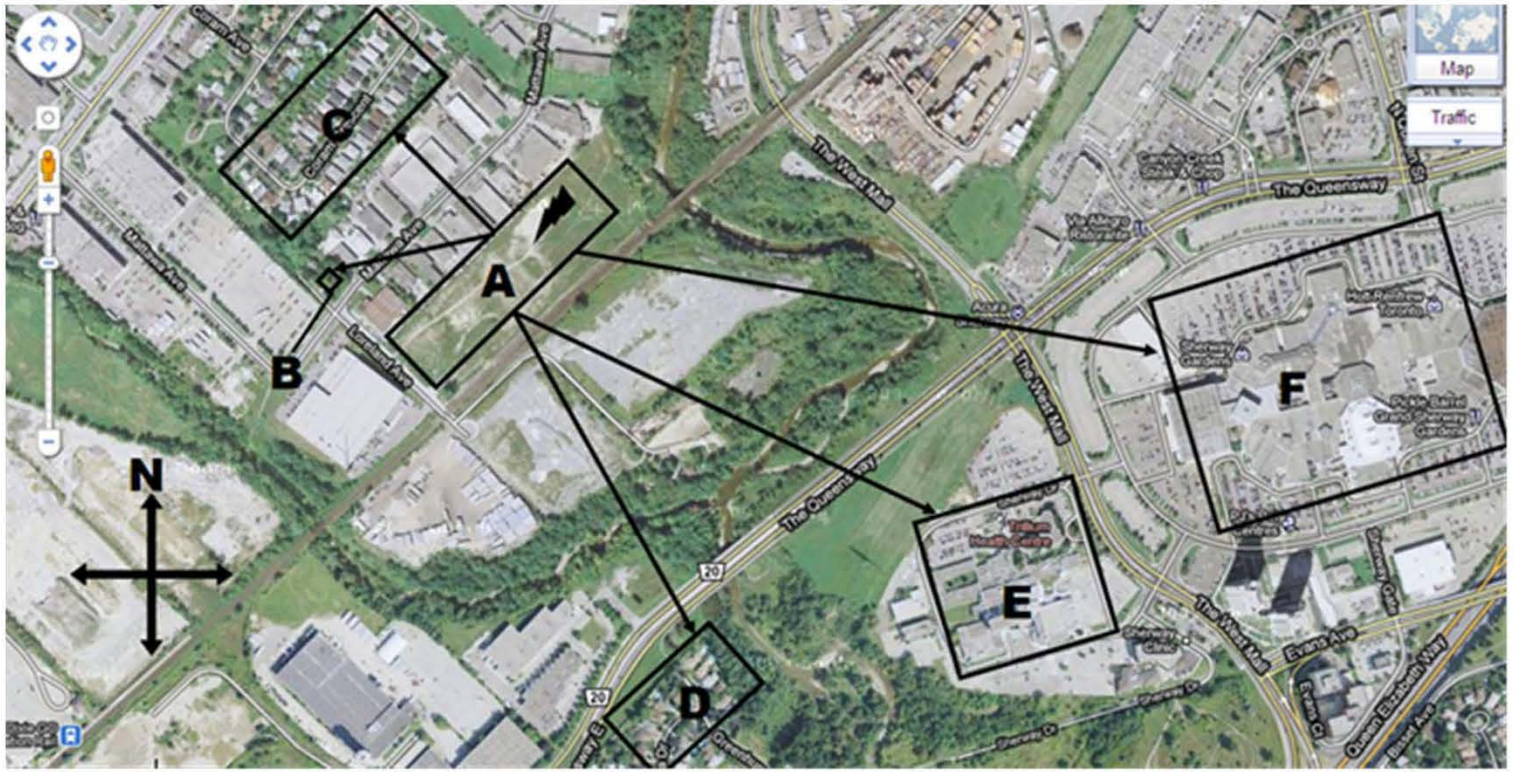
- Any discussion with Eastern Power may not be successful and could require the Government to consider other options (e.g. legislation).
- Initiating discussions to relocate or otherwise cancel the Mississauga plant may cause Eastern Power to launch a law suit against either or both of the OPA and the Government.
- The Minister's request of the OPA to terminate the contract or commence discussions with Eastern Power may be contractual interference and may attract liability to the Province.
- The OPA may ask for a "direction" from the Minister under the *Electricity Act, 1998* before completing a settlement with Eastern Power. The Minister's authority to direct the OPA in this way is unclear.
- Eastern Power's financiers may have a claim under trade law if this project does not proceed.



Legend:

A – Proposed Greenfield Site
B – Closest House
C – Closest Subdivision (North)
D – Closest Subdivision (South)
E – Trillium Heath Centre
F – Sherway Gardens Mall

Distance:

A to B:	220 Meters
A to C:	270 Meters
A to D:	500 Meters
A to E:	740 Meters
A to F:	910 Meters

*Plant construction as of 28 September 2011

Fisher, Petra (ENERGY)

From: Lindsay, David (ENERGY)
Sent: October-21-11 7:32 PM
To: 'Jennings, Rick (ENERGY)'
Cc: 'Silva, Joseph (ENERGY)'
Subject: RE: Eastern Power

Great Rick,

We will most certainly be asked by the SOC for more details on who is behind Eastern and their Financiers so any and all information would be helpful.

David

From: Jennings, Rick (ENERGY)
Sent: October 21, 2011 5:36 PM
To: Lindsay, David (ENERGY)
Subject: Eastern Power

David, further to our discussion I have staff researching this, spoke to Serge Imbrogno, (OEFC has two contracts with the company), and spoke to a former employee of Eastern Power. As far as can be determined Eastern Power is a privately held company with little public disclosure. The principals are two brothers Hubert Vogt and Greg Vogt. Greenfield Power is an affiliate of Eastern Power and the construction company is also an affiliate. Eastern Power holds two non-utility generation contracts for landfill gas sites. These contracts are with the Ontario Electricity Financial Corporation. The contracts will be expiring over the next couple of years. Eastern Power has a law suit outstanding with the OEFC over a dispute about the price escalation it believes that it is entitled to under one of the contracts.

Fisher, Petra (ENERGY)

From: Lindsay, David (ENERGY)
Sent: October-21-11 8:07 PM
To: 'Silva, Joseph (ENERGY)'
Subject: project vapour
Attachments: Project Vapour.doc

As discussed.

Project Vapour-lock

I recommend a similar governance structure to the Vapour transaction as follows:

1. Government oversight committee (same as Vapour):

   Secretary of Cabinet,
   Deputy AG,
   Deputy of Energy,
   CEO of Infrastructure Ontario
   (Could add Deputy of Finance)

2. Government technical working group (same as Vapour):

   Rick Jennings (Energy)
   Serge Imbrogno (Finance)
   Andrew &/or Jonathan (IO)

3. Relationship between OPA and Government is also similar to the Vapour transaction.

As the OPA is the party to the original agreement they need to be involved and offer appropriate technical advice and support. However, with respect to the steps going forward they are very cautious and seem to offer process answers and legal responses pending clear direction from Government. Therefore I recommend we appoint someone from within our ranks (IO) or retain the services of an external advisor to provide the negotiation leadership based on the guidance from the Oversight committee. We keep OPA in the loop but not assume they will be able to lead the negotiations.

4. Lead Negotiator: I've asked OPA for their thoughts on possible negotiators several times and have had no suggestions. Therefore these following suggestions are internally generated:

- Rothchild Financial Advisors (David Drinkwater formerly of Ontario Hydro)
- Blair Franklin Financial Advisors (Fred Mifflin)
- Graham Brown former head of OPG

Should we not want to use the same lead on Vapour-lock as we use on Vapour then I would recommend we retain one of the above immediately.

Next steps: inform OPA that we have a letter from the Minister asking them to immediately approach the company (draft attached) and inform OPA that we have retained (or ask them to retain) the lead negotiator.

MC-2011-3933

(=) FYI C: RJ

Pitkeathly, Doreen (ENERGY)

From: Smith, Margaret (CAB)
Sent: October 21, 2011 11:49 AM
To: Longkines, Minda (ENERGY); Lindsay, Ken (ENERGY); Pitkeathly, Doreen (ENERGY)
Subject: CSU 1001831 - FYI
Attachments: 1-20005319-INCOMING_RUSH.tif; Document2.doc

Re. Premier forwards resolution sent by to MO hard copy Mississauga Mayor Hazel McCallion requesting govt take unmediate action to cancel Mississauga gas plant. S: GTA New Supply

October 21, 2011

Her Worship Hazel McCallion, CM, LL D
Mayor
City of Mississauga
300 City Centre Drive
Mississauga, Ontario
L5B 3C1

Dear Mayor McCallion:

Thank you for your letter of October 13 providing me with a copy of council's resolution regarding the Loreland Eastern Power Plant. The views of our municipal leaders are very important to me and I appreciate your keeping me informed of council's activities.

As this issue falls under the jurisdiction of the Honourable Chris Bentley, Minister of Energy, I have sent him a copy of council's resolution. I trust that the minister will also take council's views into consideration.

Thank you again for writing. Please accept my best wishes.

Yours truly,

ORIGINAL SIGNED BY
PREMIER

October 21, 2011

Dalton McGuinty
Premier

c: The Honourable Chris Bentley

OFFICE OF THE MAYOR

October 13, 2011

The Honourable Dalton McGuinty
Premier of Ontario
Legislative Building
Queen's Park
Toronto, Ontario
M7A 1A1

Dear Mr Premier

Re Loreland Eastern Power Plant

The Council of the Corporation of the City of Mississauga at its meeting on October 12, 2011 adopted the enclosed Resolution 00240-2011 with respect to the Loreland Eastern Power Plant

On behalf of the Members of Council, I urge you to take immediate action on your election promise to the residents of our City

Sincerely,

HAZEL McCALLION, C M , LL D
MAYOR

cc Mississauga MPPs
Southwest Etobicoke MPPs

Enc

MISSISSAUGA
Leading today for tomorrow

THE CORPORATION OF THE CITY OF MISSISSAUGA
300 CITY CENTRE DRIVE, MISSISSAUGA, ON L5B 3C1
TEL 905-896 5555 FAX 905 896-5879
mayor@mississauga ca

RESOLUTION 0240-2011
adopted by the Council of
The Corporation of the City of Mississauga
at its meeting on October 12, 2011

Moved by Jim Tovey Seconded by Chris Fonseca

That the Council of The Corporation of the City of Mississauga request the Premier of Ontario to take immediate action to fulfill their election promise and cancel the contract for the Loreland Eastern Power Plant, and

That as part of the cancellation of the project, the necessary actions be taken to halt construction and return the site to its pre-construction condition, and

That this request be forwarded to the Premier of Ontario and all Mississauga and southwest Etobicoke MPPs

Cayley, Daniel (ENERGY)

From: King, Ryan (ENERGY)
Sent: October-24-11 10:29 AM
To: Bergman, Mark (ENERGY)
Subject: FW: OPA Minister MN -due Tuesday
Attachments: Ministry of Energy - Transition 2011 - OPA Briefing Note - Transition Briefing Documents - FINAL.pdf; OPA Minister MN (23 Oct 2011).doc; OPA DM biweekly (oct 11 2011) REE ESTDP.doc

Importance: High

Hi Mark,
Sending this your way per Tom's out of office

From: King, Ryan (ENERGY)
Sent: October 24, 2011 10:28 AM
To: Chapman, Tom (ENERGY); MacCallum, Doug (ENERGY); Bishop, Ceiran (ENERGY); Jobe, Cedric (ENERGY); Krstev, Viki (ENERGY); Collins, Jason R. (ENERGY)
Cc: McKeever, Garry (ENERGY); Norman, Jonathan (ENERGY)
Subject: OPA Minister MN -due Tuesday
Importance: High

Unrelated content removed

Unrelated content removed

- Unrelated content removed
- Greenfield South Gas Plan (ESTDP)

Unrelated content removed

- Unrelated content removed

From: Dunning, Rebecca (ENERGY)
Sent: October 21, 2011 8:39 PM

To: King, Ryan (ENERGY); Krstev, Viki (ENERGY); Collins, Jason R. (ENERGY)
Cc: Teixeira, Wanda (ENERGY); Wilson, Betty (ENERGY); Prithipal, Shantie (ENERGY); Silva, Joseph (ENERGY); Kulendran, Jesse (ENERGY)
Subject: MNs for Minister's meetings with agencies

Hi everyone,

Unrelated content removed

Thanks a lot.

Transition Briefing Documents

Ontario Power Authority

October 14, 2011

GREENFIELD SOUTH GAS PLANT

ISSUE: Greenfield South

Eastern Power began construction in June after completing project financing and being granted a building permit from the City of Mississauga for the 280-MW combined cycle plant. Prior to this, there were significant delays in the project. Public opposition to the plant over environmental concerns has been rising since construction began. The Minister of the Environment announced in June that he would conduct an updated review of environmental approvals granted by the Ministry in 2008 to assess recent developments. The review is expected this fall. During the election campaign, the Liberal Party made a campaign commitment to relocate the plant if re-elected. Construction at the site is well advanced.

Recommendation

- The government should advise OPA on intended next steps for the Greenfield South plant.
- Based on the above, the OPA should provide advice to government on options that address contract management issues as well as the development of a process for siting electricity infrastructure that takes into account issues such as setbacks and community engagement.

Background

The Greenfield South plant is a 280-MW natural gas combined cycle natural gas-fired generating station. The contract was negotiated by the Ministry of Energy and signed by OPA in 2005. The contract is one of the five contracts that resulted from the 2,500 MW Clean Energy Supply RFP initiated by the Ministry of Energy in 2004 as part of the coal shut-down policy. The plant, which is about half the size of the Portlands Energy Centre near downtown Toronto, is designed to operate only when its power is needed. It is expected to operate about 10 to 45 percent of the time. At full capacity, it will be capable of producing enough power for 250,000 homes.

There has been a long delay between the awarding of the contract and plant construction, which got underway in June 2011. The delay was largely due to lengthy environmental approval and municipal permitting processes. Because of the long delay, the public's impression was that the plant would never get built. Now that construction is underway, there has been growing community opposition to the plant.

The project completed its financing at the end of May. Construction at the site is well advanced and continuing. The foundation has been poured and the company has procured its most expensive equipment, including the plant turbine. The project is on track to be fully operational by September 2014, if not earlier.

Key Considerations

- The developer is fulfilling all of its requirements.
- The Minister of Environment announced review of existing environmental approvals, but this does not delay ongoing construction.

MEETING NOTE

NAME OF ORGANIZATION:	Ontario Power Authority
DATE/TIME OF MEETING:	October 13~~1~~, 2011; 4:00 ~~2:15~~ pm to 5~~3~~:00 pm
LOCATION OF MEETING:	Deputy's Mini Boardroom, 4th Floor, Hearst Block, 900 Bay Street

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PURPOSE: Bi-Weekly Meeting with Colin Andersen

ATTENDEES: Ontario Power Authority (OPA):
Colin Andersen, CEO

Ministry of Energy
David Lindsay, Deputy Minister

Unrelated content removed

9. Greenfield South

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Greenfield South

- On September 24, Mississauga South Liberal candidate Charles Sousa announced that a Liberal government would stop construction of the Greenfield South plant and would work with Eastern Power to choose a new site. The announcement was backed up by the Liberal leader.

- The Ministry has begun tentative examination with OPA and others on different options around the Greenfield South Plant. Discussions are ongoing.

Unrelated content removed

Input from: Allan Jenkins
Senior Policy Specialist, Energy Markets
416-325-6926

Amy Gibson
A/Manager, First Nation and Métis Policy and Partnerships
416-327-2116

Audrey Guillot
A/Manager, Strategic Policy
416-327-7178

Ceiran Bishop
Manager, Transmission Policy
416 327 7204

Karen Slawner, Sunita Chander, Mirrun Zaveri and Leo Tasca
Renewables and Energy Facilitation Branch
416-314-9473/ 416 212 7701

Mark Bergman
Senior Advisor, Energy Economics
416-327-8298

Robert Gordon
Senior Policy Advisor
416-325-6725

Ryan King
Executive Assistant, ADM's Office
416-314-6204

Tim Christie
Senior Advisor, Energy Economics
416-325-6708

Cedric Jobe
Director, Energy Supply, Nuclear
416-325-6545

Paula Lukan
Senior Policy Advisor, Energy Economics
416-325-3606

Approved by: Jon Norman
Director, Transmission and Distribution Policy
416-326-1759

Garry McKeever
Director, Energy Supply and Competition
416-325-8627

Alex Killoch
Director, Planning and Agency Relations Branch
416-326-5572

Pearl Ing
Director, Renewables and Energy Facilitation
416-327-3868

Rick Jennings
ADM, Energy Supply, Transmission & Distribution Policy
416-314-6190

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Pearl Ing
Director, Renewables and Energy Facilitation
416-327-3868

Rick Jennings
ADM, Energy Supply, Transmission & Distribution Policy
416-314-6190

MEETING NOTE

NAME OF ORGANIZATION:	Ontario Power Authority
DATE/TIME OF MEETING:	October 26, 2011
LOCATION OF MEETING:	Executive Boardroom, 4th Floor, Hearst Block, 900 Bay Street

---

PURPOSE: Introductory Minister Meeting with OPA

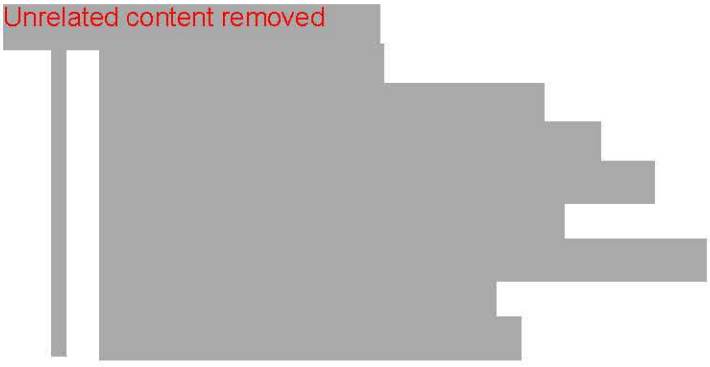
ATTENDEES: Ontario Power Authority (OPA):
Colin Andersen, CEO

Ministry of Energy
The Hon. Chris Bentley, Minister of Energy

Unrelated content removed

- Greenfield South Gas Plan (ESTDP)

Unrelated content removed



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[redacted]

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Rick Jennings
ADM, Energy Supply, Transmission & Distribution Policy
416-314-6190

Cayley, Daniel (ENERGY)

From: Jennings, Rick (ENERGY)
Sent: October-24-11 10:48 AM
To: King, Ryan (ENERGY); Jenkins, Allan (ENERGY); MacCallum, Doug (ENERGY)
Subject: Fw: Eastern Power

See attached

Sent from my BlackBerry Wireless Handheld

From: Jennings, Rick (ENERGY)
To: Lindsay, David (ENERGY)
Sent: Fri Oct 21 17:36:06 2011
Subject: Eastern Power

David, further to our discussion I have staff researching this, spoke to Serge Imbrogno, (OEFC has two contracts with the company), and spoke to a former employee of Eastern Power. As far as can be determined Eastern Power is a privately held company with little public disclosure. The principals are two brothers Hubert Vogt and Greg Vogt. Greenfield Power is an affiliate of Eastern Power and the construction company is also an affiliate. Eastern Power holds two non-utility generation contracts for landfill gas sites. These contracts are with the Ontario Electricity Financial Corporation. The contracts will be expiring over the next couple of years. Eastern Power has a law suit outstanding with the OEFC over a dispute about the price escalation it believes that it is entitled to under one of the contracts.

Cayley, Daniel (ENERGY)

From: Jennings, Rick (ENERGY)
Sent: October-24-11 10:51 AM
To: Imbrogno, Serge (OFA)
Cc: King, Ryan (ENERGY)
Subject: Eastern Power

Serge, further to our discussion on Friday, did you come up with anything on the "corporate structure" of Eastern Power.

Sent from my BlackBerry Wireless Handheld

Fisher, Petra (ENERGY)

From: MacCallum, Doug (ENERGY)
Sent: October-24-11 10:52 AM
To: 'Jenkins, Allan (ENERGY)'
Subject: FW: OPA Minister MN -due Tuesday
Attachments: Ministry of Energy - Transition 2011 - OPA Briefing Note - Transition Briefing Documents - FINAL.pdf; OPA Minister MN (23 Oct 2011).doc; OPA DM biweekly (oct 11 2011) REE ESTDP.doc

Duplicate attachments removed

Importance: High

Allan: please prepare the Unrel ated and Greenfield South portions of the MN.

Doug

From: King, Ryan (ENERGY)
Sent: October 24, 2011 10:28 AM
To: Chapman, Tom (ENERGY); MacCallum, Doug (ENERGY); Bishop, Ceiran (ENERGY); Jobe, Cedric (ENERGY); Krstev, Viki (ENERGY); Collins, Jason R. (ENERGY)
Cc: McKeever, Garry (ENERGY); Norman, Jonathan (ENERGY)
Subject: OPA Minister MN -due Tuesday
Importance: High

The Minister is meeting with OPA on Wednesday. I've attached the OPA's transition material and put together a note template that highlights the key discussion items. For ease I've also attached the most recent OPA note for material. Please provide for Tuesday morning. Agenda items below

Unrelated content removed

- Greenfield South Gas Plan (ESTDP)

Unrelated content removed

From: Dunning, Rebecca (ENERGY)
Sent: October 21, 2011 8:39 PM
To: King, Ryan (ENERGY); Krstev, Viki (ENERGY); Collins, Jason R. (ENERGY)
Cc: Teixeira, Wanda (ENERGY); Wilson, Betty (ENERGY); Prithipal, Shantie (ENERGY); Silva, Joseph (ENERGY); Kulendran, Jesse (ENERGY)
Subject: MNs for Minister's meetings with agencies

Hi everyone,

Unrelated content removed

Thanks a lot.

Cayley, Daniel (ENERGY)

From: Silva, Joseph (ENERGY)
Sent: October-24-11 11:05 AM
To: Perun, Halyna N. (ENERGY)
Subject: FW: Draft transition deck - take 2 1/2
Attachments: Greenfield South Construction Transition Oct 21 2011 (2).ppt

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From: Calwell, Carolyn (ENERGY)
Sent: October 21, 2011 5:39 PM
To: Jennings, Rick (ENERGY); Silva, Joseph (ENERGY); King, Ryan (ENERGY)
Cc: Perun, Halyna N. (ENERGY)
Subject: FW: Draft transition deck - take 2 1/2

Thank you, Rick.

For what it's worth, it would be preferable to refer to "resolution" (or something along those lines – instead of "settlement") in the 4th bullet of the Legal Issues slide because settlement implies litigation, which we hope to avoid. I made that change in the attached.

Carolyn

From: Jennings, Rick (ENERGY)
Sent: October 21, 2011 5:27 PM
To: Calwell, Carolyn (ENERGY); Silva, Joseph (ENERGY); King, Ryan (ENERGY)
Cc: Perun, Halyna N. (ENERGY)
Subject: RE: Draft transition deck - take 2

Attached are my edits –

Clarification of 2nd and 3rd bullets on Background
Update of 3rd bullet on considerations page
Correction of 4th bullet on Legal Issues page.

From: Calwell, Carolyn (ENERGY)
Sent: October 21, 2011 4:54 PM
To: Silva, Joseph (ENERGY); King, Ryan (ENERGY)
Cc: Perun, Halyna N. (ENERGY); Jennings, Rick (ENERGY)
Subject: Draft transition deck - take 2

Confidential/Solicitor-Client Privileged

Joseph, thank you for taking the time to talk to me about the content of the deck. I have revised the last version that you saw to include the options considered by the OPA. I modified the pros and cons outlined in the OPA's deck in minor ways.

Rick/Ryan, this deck talks about alternate sites – you may want to change or modify these points.

Carolyn

Ontario
MINISTRY OF ENERGY

Greenfield South Generating Station

Date: October 21, 2011

Present Context

- Local residents do not support the Greenfield South gas plant in Mississauga, which is currently under construction.
- On October 12 the Mississauga Council passed a motion requesting that the Government and the Premier take immediate action to cancel the contract, stop construction and return the site to pre-construction condition.
- The recent construction of condominium towers in the general area has prompted a policy reconsideration of the location of the gas plant.

Background

- This project is a 280 MW combined cycle gas-fired generation station.
- In 2004, the Ministry of Energy launched a competitive request for proposals for gas-fired generation in Ontario.
- In April 2005, Eastern Power was selected along with three other gas-fired projects. These projects were assigned to the OPA and the OPA entered into a contract with the project developer, Greenfield South Power Corporation (controlled by Eastern Power Corporation).
  - The Province is not a party to the contract
- The project suffered delays in securing approvals for constructing the project.
- The contract was amended in March 2009 to reflect these delays.
- The project has now received all required provincial and municipal approvals, including its Environmental Assessment, Certificates of Approval and building permit.
- Construction of the project is underway and continues.
- The contract requires the project to be in commercial operation by September 1, 2014.

Considerations

- The OPA has advised that it has no right under the contract to terminate in the current circumstances.
- The OPA has asked for instruction from government to approach the developer to begin negotiations to change or to terminate the contract.
- Eastern Power has informed the OPA that it will not enter into discussions with the OPA until there is clear notice of the Government's position.
- The identification of potential alternative site options has not yet been completed. Each of these alternative sites have various issues associated with them.

Options Considered by the OPA

1. Unilateral termination of contract

- OPA would inform Eastern Power that it will not perform its obligations under the contract
- Pros
  - Eastern Power will be required to begin to mitigate its damages, and should stop construction, and the OPA will avoid damages for Eastern Power's additional costs that could have been avoided after date of termination of contract
- Cons
  - Does not provide opportunity to explore options for relocating project
  - Sends negative message to other OPA counterparties

Options Considered by the OPA

2. Negotiation (recommended)

- OPA or designated negotiator could commence negotiations with Eastern Power regarding stopping construction and developing a new location for a different facility
- Pros
  - Provides the opportunity to assess position of Eastern Power and what it requires to cease construction and end the contract
  - Could consider alternative sites
- Cons
  - Eastern Power may refuse to commence discussions
  - OPA advises that Eastern Power is likely to continue construction while discussion is ongoing unless they receive an incentive to stop
  - May need to revert to other options at a later stage

Options Considered by the OPA

3. Legislation

- The contract could be cancelled by legislation that would include provisions expressly terminating the contract, immunizing the Crown and the OPA from law suits arising from termination of the contract and addressing types of and mechanisms to determine compensation
- Pros
  - Allows Government to control the compensation to be paid
  - Government can specify that no compensation will be paid for costs incurred past certain date (e.g. announcement of Government's policy or date of first reading)
- Cons
  - Will be controversial and requires time to enact
  - Eastern Power could commence law suit before legislation is enacted, although legislation could ultimately preclude liability and damages
  - Has a potential impact on investment climate

Options Considered by the OPA

4. Pay the plant not to run

- The OPA advises that the plant could be constructed but the developer could be directed to not operate it, using contractual provisions that give the OPA this authority.
- Pros
  - OPA obligations to make monthly payments are low based on outcome of 2005 RFP process and paying plant not to operate over 20 years may be cheaper than paying for sunk costs, remediation of the site and potentially some lost profits
- Cons
  - Will be difficult to convince community that plant will not operate

Legal Issues

- Any discussion with Eastern Power may not be successful and could require the Government to consider other options (e.g. legislation).
- Initiating discussions to relocate or otherwise cancel the Mississauga plant may cause Eastern Power to launch a law suit against either or both of the OPA and the Government.
- The Minister's request of the OPA to terminate the contract or commence discussions with Eastern Power may be contractual interference and may attract liability to the Province.
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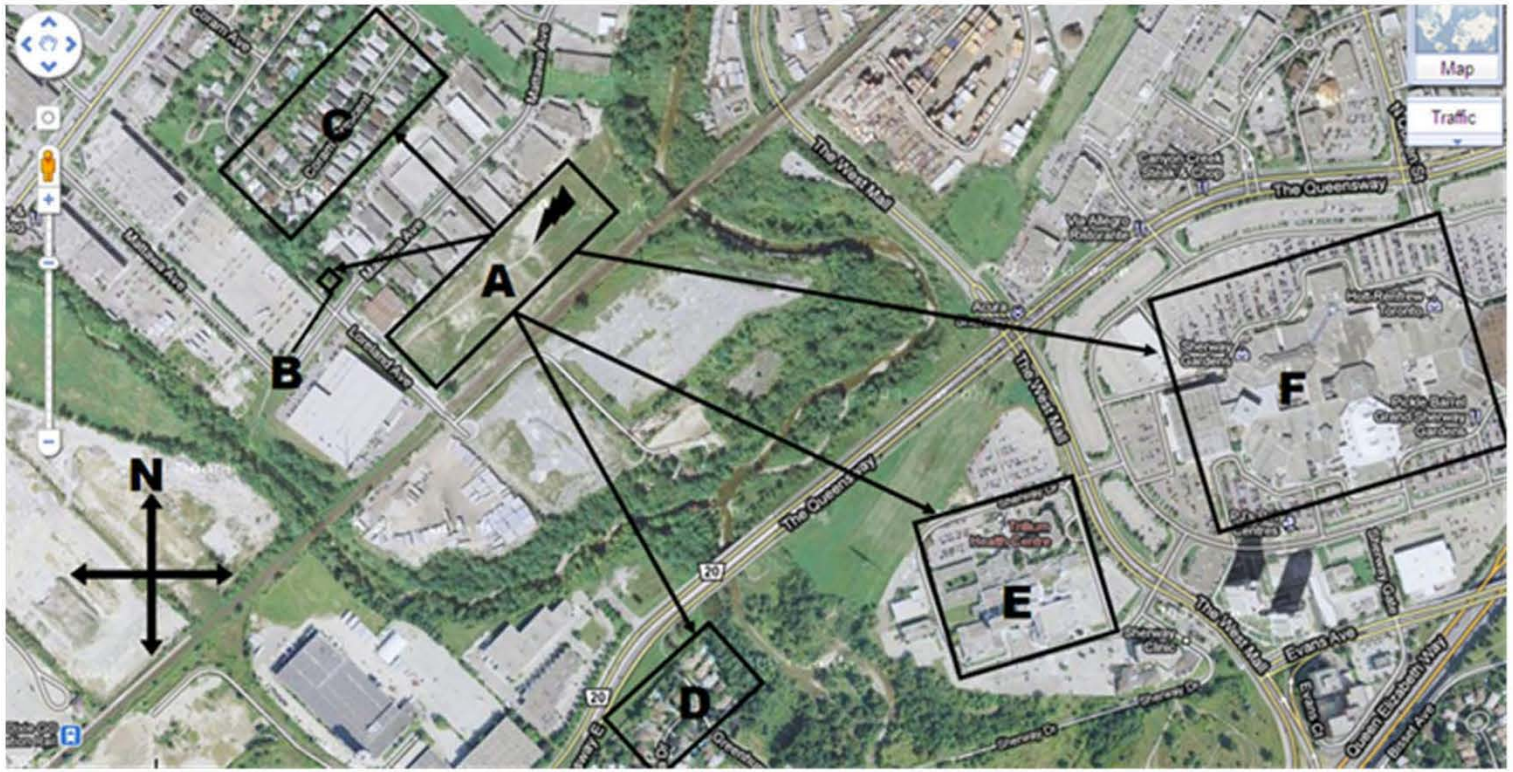

Legend:

A – Proposed Greenfield Site
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F – Sherway Gardens Mall

Distance:

A to B:	220 Meters
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*Plant construction as of 28 September 2011

Fisher, Petra (ENERGY)

From: Perun, Halyna N. (ENERGY)
Sent: October-24-11 11:10 AM
To: Rehob, James (ENERGY); Johnson, Paul (ENERGY)
Subject: FW: Draft transition deck - take 2 1/2
Attachments: Greenfield South Construction Transition Oct 21 2011 (2).ppt

Duplicate Attachment Deleted

This is the deck for the briefing - that will inform you

Halyna

Halyna N. Perun
A/Director
Legal Services Branch
Ministries of Energy & Infrastructure
777 Bay Street, 4th Floor, Suite 425
Toronto, ON M5G 2E5
Ph: (416) 325-6681 / Fax: (416) 325-1781
BB: (416) 671-2607
E-mail: Halyna.Perun2@ontario.ca

From: Silva, Joseph (ENERGY)
Sent: October 24, 2011 11:05 AM
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Subject: FW: Draft transition deck - take 2 1/2

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To: Jennings, Rick (ENERGY); Silva, Joseph (ENERGY); King, Ryan (ENERGY)
Cc: Perun, Halyna N. (ENERGY)
Subject: FW: Draft transition deck - take 2 1/2

Thank you, Rick.

For what it's worth, it would be preferable to refer to "resolution" (or something along those lines – instead of "settlement") in the 4th bullet of the Legal Issues slide because settlement implies litigation, which we hope to avoid. I made that change in the attached.

Carolyn
