

Ministry of Energy

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Mr. Duncan McKinlay
Warden
County of Grey
County Building
595 Ninth Avenue East
Owen Sound ON N4K 3E3

Dear Warden McKinlay:

The collective success of Ontario's municipalities is critical to the success of the province of Ontario. However, such successes can only be realized when communities and governments are pulling in the same direction.

I thought it would be beneficial to provide you with an update on the initiatives Ontario's government is undertaking today to give municipalities more information and control so they can increase their effectiveness – and take advantage of new opportunities – around local energy planning.

Large Renewable Procurement Process

Clean energy is one such opportunity. Building clean, reliable and affordable energy in a way that respects communities is our top priority. Since launching the Feed-in Tariff (FIT) program in 2009, Ontario has firmly established itself as a North American leader in renewable energy. This is remarkable progress and Ontario is proud of the role renewable energy is playing in the supply mix. As a result, on June 12, 2013, I directed the Ontario Power Authority (OPA) to end the procurement of large renewable energy projects through the FIT program and to develop a new competitive procurement process to allow for the consideration of future contract awards for cost-efficient and well-supported projects. I asked the OPA to engage with municipalities to help inform the identification of appropriate locations and siting requirements for future renewable energy projects.

Building on what we've learned through the success of the FIT program, the new Large Renewable Procurement (LRP) process will provide municipalities with a stronger voice going forward and additional opportunities to participate in the development of renewable energy projects. It will include an initial Request for Qualifications (RFQ) process to qualify applicants, followed by a Request for Proposals (RFP) process to evaluate projects, which can only be proposed by qualified applicants. The RFQ process will include robust qualification criteria that contain a requirement to demonstrate previous community engagement experience. After developers are qualified at the RFQ stage they will be required to work directly with municipalities and Aboriginal communities to satisfy a high bar of community engagement and local support before a contract is awarded.

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Two procurements are proposed, commencing in 2014, with the possibility of a third procurement in 2016, should any procurement capacity remain. The procurement targets include up to 300 megawatts (MW) of wind, 140 MW of solar, 50 MW of bioenergy and 50 MW of hydroelectric capacity in 2014. In 2015, the targets would include up to 300 MW of wind, 140 MW of solar, 50 MW of bioenergy and 45 MW of hydroelectricity. Each procurement is expected to take between 12 and 16 months to complete.

As part of the OPA's extensive outreach activities to inform the development of the LRP, the OPA developed preliminary sets of RFQ stage evaluation criteria and possible RFP stage components. These and other related materials were discussed with a wide variety of stakeholders and communities between December 2013 and February 2014. As part of these events, the OPA held four regional community meetings – in Chatham-Kent, Sudbury, Orillia and Napanee – for municipalities, local distribution companies (LDCs) and the general public. More than 850 groups and individuals participated in these activities and more than 65 made written submissions. The OPA and ministry staff also met with representatives from the Association of Municipalities of Ontario (AMO) task forces (Planning, Energy and Economic Development). I and some of my senior officials also met directly with AMO's MOU table.

After considering the feedback received, and building on previous energy procurement experience, the OPA submitted the Final Recommendations Report for the Development of a New Large Renewable Procurement Process on February 28, 2014, which is available online at www.powerauthority.on.ca/sites/default/files/page/LRP-Final-Recommendations-Report-20140228.pdf.

The OPA posted the draft RFQ on April 8 for public comment until May 2. The RFQ is anticipated to run from June to September. The OPA will continue to develop draft RFP rated criteria in consultation with the Ministry of Energy, municipalities and stakeholders with the intention to post the draft RFP later this year. In preparation for the RFP, the OPA plans to post an LRP-specific transmission availability table to identify specific circuits and transmission stations in the province where capacity for potential LRP projects may be available.

I encourage you to provide feedback and/or questions on the LRP at any time to LRP@powerauthority.on.ca.

Regional Planning Process Update

Regional electricity planning and siting is another matter I wish to bring to your attention. On October 8, 2013, Premier Wynne accepted the 18 recommendations made by the OPA and the Independent Electricity System Operator (IESO) to enhance the current processes for planning and siting moving forward.

The cornerstone of regional electricity planning is an open exchange of information and engagement with municipalities, Aboriginal communities, stakeholders and members of the general public. In Ontario, this will include better community outreach, early and often, while providing local governments and communities a greater voice in the planning and siting of energy infrastructure.

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To make sure their voices are heard, municipalities will need to actively participate in electricity planning and siting activities. The OPA has started the regional planning process in eight of the province's 21 regions, and will begin work in the remaining regions in the near future.

This is your opportunity to work directly with the OPA, key electricity stakeholders and the public to contribute to planning and identify the right solutions for your communities.

I encourage you to visit the OPA website at www.powerauthority.on.ca/power-planning/regional-planning to learn more about current and upcoming regional planning processes.

Municipal Energy Plans

When it comes to planning, some municipalities may appreciate having more tools at their disposal. Community energy planning supports the sustainability and long-term economic prosperity of Ontario's municipalities.

The 2014 Provincial Policy Statement (PPS) includes enhanced policies for promoting energy conservation and efficiency and providing opportunities for the development of renewable energy and alternative energy systems, including district energy. It promotes land-use and development patterns, which maximizes energy efficiency and encourages the long-term consideration of electricity generation facilities and transmission systems. It also promotes healthy liveable communities, wise use of land, compact development, transit and active transportation, economic development and investment readiness, all of which are supported by comprehensive energy planning.

I would like to encourage all municipalities to apply to the province's Municipal Energy Plan (MEP) Program, which provides up to \$90,000 to help Ontario municipalities understand their energy use through a community energy planning process.

A MEP aligns energy, the built environment and land use planning. It identifies community-wide energy efficiency and green energy options and supports economic development opportunities. A MEP also supports local conservation, renewable energy, regional energy planning and Ontario's Conservation First policy, Long-Term Energy Plan (LTEP) and PPS. As well, a MEP will help identify future local generation and/or distribution issues.

The ministry will be receiving new applications for the MEP program starting in early May and intake and review will be ongoing. Applications and more information will be available in early May at www.energy.gov.on.ca/en/municipal-energy.

These new processes and initiatives – large renewable procurement, regional electricity planning and the Municipal Energy Plan program – are all part of the government's efforts to change and improve how we work together with municipalities on energy issues.

Significant progress is being made and I fully expect that as we continue with implementation of the LTEP, municipalities will play a crucial role in energy planning and siting. This is the time to step forward in partnership to make sure local voices are heard so we can all work together on building a clean, reliable and affordable energy system.

Sincerely,

A handwritten signature in cursive script that reads "Bob Chiarelli". The signature is written in black ink and is positioned above the printed name.

Bob Chiarelli
Minister