



**association to protect
AMHERST ISLAND**

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Without Prejudice

August 28 2016

Dr. Tim O'Neill
Chair and Members of the IESO Board
Independent Electricity System Operator (IESO)
1600 -120 Adelaide St. West Toronto, Ontario M5H 1T1

Dear Dr. O'Neill,

In August 2015 The Association to Protect Amherst Island requested that the IESO exercise its ability to cancel the Fit Contract dated February 25, 2011 with Windlectric Inc. (Algonquin Power) without penalty because of the inability of the company to achieve its commercial operation date.

In its 2016 Q2 Quarterly Report, extract attached, Algonquin now advises that construction is expected to take 12 to 18 months and that the Commercial Operation Date will be in 2018. This timeline is contrary to what was submitted to the Environmental Review Tribunal and to the Ontario Energy Board. A COD of 2018 is **seven** years from the date of award of the contract.

Cancellation of the contract at this time would enable the IESO to achieve cost avoidance exceeding \$500 million over the next 20 years based on the high cost of power generation at 13.5 cents per kilowatt-hour set out in the contract with Windlectric and based on the IESO's commitment to pay Windlectric to not produce power when capacity exceeds demand. Cancellation of the Windlectric contract could be achieved without penalty due to noncompliance and would address in part the IESO's budget challenges and energy poverty in Ontario.

Accordingly, the Association reiterates its request that IESO cancel the Fit Contract with Windlectric Inc.

Rick Conroy, in the attached article from the Wellington Times, explains the Kafkaesque and cruel nature of allowing the Amherst island project to continue especially in light of the unused power capacity of the nearby Lennox Generating Station and the Napanee Gas Plant under construction.

In summary:

- Windlectric cannot comply with the Commercial Operation Date in its Fit Contract.
- At a time of skyrocketing hydro rates and financial challenges the IESO could save \$500 million over the next 20 years by cancelling the Windlectric Contract without penalty.
- Existing nearby generating capacity is almost never used and will increase when the Napanee Gas Plant comes online. Intermittent and expensive power from wind turbines on Amherst Island is not necessary

Finally, please provide the IESO's understanding of the Commercial Operation Date for Windlectric, any extensions awarded by the IESO, and the number of days granted due to Force Majeure and judicial matters.

Thank you for your consideration.

Sincerely,

Michèle Le Lay
President

CC Premier Kathleen Wynne
Honourable Glenn Thibeault, Minister of Energy
Honourable Glen Murray, Minister of the Environment and Climate Change
Chair and Members of the IESO Board
Mr. Randy Hillier, MPP
Mr. Mike Bossio, MP

Mr. Serge Imbrogno, Deputy Minister, Ministry of Energy
Ms. Cynthia Chaplin, Director
Mr. Murray Elston, Director
Ms. Susanna Han, Director
Mr. Ronald Jamieson, Director
Ms. Margaret Kelch, Director
Mr. Bruce Lourie, Director
Mr. William Museler, Director
Ms. Deborah S. Whale, Director
Ms. Carole Workman, Director
Mr. Bruce B. Campbell, Chief Executive Officer and President

Appendix 1

Extract from a presentation by Algonquin Power – 2016 Q2 Financial Results

GENERATION BUSINESS GROUP

Development Division

The Development Division works to identify, develop and construct new power generating facilities, as well as to identify and acquire operating projects that would be complementary and accretive to the Generation Group's existing portfolio.

The Generation Group's Development Division has successfully advanced a number of projects and has been awarded or acquired a number of PPAs. All of the projects contained in the table below meet the following criteria: a proven wind or solar resource, a signed PPA with credit-worthy counterparties, and meet or exceed the Company's investment return criteria.

Project Name	Location	Size (MW)	Estimated Capital Cost (millions)	Commercial Operation	PPA Term	Production GW-hrs
Projects in Construction or Recently Completed						
Odell Wind Project ¹	Minnesota	200	\$426.3	2016	20	831.8
Bakersfield II Solar Project ²	California	10	34.9	2016	20	24.2
Deerfield Wind Project ³	Michigan	150	391.4	2016/17	20	555.2
Total Projects in Construction		360	\$852.6			1,411.2
Projects in Development						
Amherst Island Wind Project	Ontario	75	\$272.5	2018	20	235.0
Chaplin Wind Project	Saskatchewan	177	340.0	2018	25	720.0
Great Bay Solar Project ⁴	Maryland	75	232.5	2017	10	152.0
Val-Eo Wind Project ⁵	Quebec	24	70.0	2017	20	66.0
Total Projects in Development		351	\$915.0			1,173.0
Total in Construction and Development		711	\$1,767.6			2,584.2

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Projects in Development

Amherst Island Wind Project

The Amherst Island Wind Project is a 75 MW wind powered electric generating development project located on Amherst Island near the village of Stella, approximately 15 km southwest of Kingston, Ontario. The 75 MW project was awarded a Feed-In-Tariff ("FIT") contract by the OPA as part of the second round of the OPA's FIT program.

The Renewable Energy Approval ("REA") was issued on August 24, 2015 following 29 months of review by the Ontario Ministry of Environment. An appeal of the REA was made to the Environmental Review Tribunal ("ERT") in 2015. The appeal process is generally limited to a period of six months, although the ERT may grant extensions in certain cases, and has done so in this case. The ERT decision to uphold the REA was issued on August 3, 2016. The decision to uphold the REA eliminates the risk of the REA being revoked by the ERT, facilitating the final development and construction of the project. Final development and construction is expected to take 12 to 18 months.

Appendix 2

The End of Reason

Rick Conroy The Wellington Times

wellingtontimes.ca

From Amherst Island, you can see the Lennox gas-fired generating station sitting idle most days. The plant sits just across the narrow channel. It burns both oil and gas to produce steam that, in turn, drives generators to create electricity. The plant has the capacity to generate 2,100 MW of electricity—enough to power more than a million homes. But that electricity is rarely ever used. Over the last decade, the Lennox station has operated at less than three per cent of its capacity. That means it is idle much more often than it runs. Yet it earns more than \$7 million each month—whether it runs or doesn't. Such is Ontario's hyper-politicized energy regime.

Last Thursday was a warm day across Ontario— one of the warmest in a hot summer. With air conditioners humming, electricity demand across the province peaked at 22,312 MW. Meanwhile, Lennox sat idle all day. As it does most days.

So it seems odd that yet another gas-fired generating plant is emerging from the ground next to the mostly-idle Lennox station. It will add another 900 MW of generating capacity to a grid that clearly doesn't need any more.

From Amherst Island, it must seem cruel. Within a couple of kilometres, there is enough unused power generating capacity to light millions of homes, yet island residents are being forced to give up their pastoral landscape— for the sake of an intermittent electricity source that nobody needs.

Last week, an Environmental Review Tribunal rejected an appeal by Amherst Island residents seeking to stop Windlectric, a wind energy developer, from covering their island home from end to end with industrial wind turbines, each one soaring 55 storeys into the sky.

Amherst Island is tiny. Just 20 kilometres long and 7 kilometres wide, there is no place, no horizon, no home that can avoid being transformed by this out-of-scale industrialization.

The treachery gets worse. Amherst Island is administered by a council that presides over the larger Loyalist Township from the mainland. Last year, council made a deal with the wind developer, agreeing to receive a \$500,000 payment each year the wind turbines spin. It is a lot of money for a municipality that operates on a \$12-million budget annually.

But perhaps the most disappointing bit of this story is the damage that has been done to friendships and families on Amherst Island. Just 450 people live here. It swells to about 600 in the summer. It was a close community in the way island life tends to be.

Industrial wind energy has, however, ripped this community in two. Property owners hoping to share in the windfall from the development are on one side and those who must endure the blight on the landscape for a generation or more on the other.

Lifelong friends no longer speak to each other. At St. Paul's Presbyterian service on Sunday mornings, the wind energy benefactors sit on one side of the church, the opponents on the other. A hard, angry line silently divides this community.

The Environmental Review Tribunal concluded not enough evidence was presented in the hearings to say the project will cause serious and irreversible harm to endangered species including the bobolink, Blanding's turtle and little brown bat.

The decision underlines the terrible and oppressive cruelty of the Green Energy Act—that the only appeal allowed for opponents is whether the project will cause serious harm to human health or serious and irreversible harm to plant life, animal life or the natural environment. It is a profoundly unjust restriction on the right of people to challenge the policies and decisions of their government as they directly impact their lives.

The folks on Amherst Island weren't permitted, for example, to argue that the power is unneeded—that this project is a grotesquely wasteful use of provincial tax dollars. Their neighbourhood already boasts enough electricity capacity to power a small country, yet it sits idle—at a cost of millions of dollars each month. It might have been a useful addition to the debate—but this evidence wasn't permitted.

Nor were island residents allowed to appeal the fundamental alteration of their landscape. Nor the loss of property value. They can't undo the broken friendships and the hollow feeling that hangs over the church suppers or the lonely trips across the channel.

Wide swathes of reason and logic have been excluded in the consideration of renewable energy projects in Ontario.

To the extent that urban folks are even aware of what green energy policies are doing to places like Amherst Island, they console themselves by believing it is the cost of a clean energy future—that diminishing the lives of some rural communities is an acceptable trade-off for the warm feeling of doing better by the planet.

Yet these folks need to explain to Amherst Island residents how decimating their landscape, risking the survival of endangered species and filling the pockets of a developer with taxpayer dollars for an expensive power supply that nobody needs makes Ontario greener.

Visit Amherst Island. Soon.

Remember it as it is today. Mourn for its tomorrow.