

**Minister of Energy**

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Ontario

June 15, 2005

Ontario Power Authority  
606-175 Bloor Street East  
North Tower  
Toronto, Ontario  
M4W 3R8

**Attention: Mr. Jan Carr, Chief Executive Officer**

**Re: Negotiating and Concluding Contracts with Certain Generation Facilities**

I write in connection with my authority as the Minister of Energy in order to exercise the statutory power of ministerial direction which I have in respect of the Ontario Power Authority (the "OPA") under section 25.32 of the *Electricity Act, 1998* (the "Act").

Pursuant to subsections 25.32 (4) and (7) of the Act, and with the objective of displacing coal-fired generation, I hereby authorize and direct the OPA to negotiate and, subject to achieving the objective of displacing coal-fired generation and subject to approval by the Ontario Energy Board, execute and deliver definitive contracts for the projects listed below. Eligible projects as listed below include those which: entered into service subsequent to passage of the *Electricity Act, 1998*; have no existing contract with a government body for any part of their generation; are not eligible for consideration under the Renewables Request for Proposals; and, apart from timing, otherwise would have been eligible for consideration under the Clean Energy Supply Request for Proposals.

Specifically, the OPA shall engage in negotiations and enter into contracts with the owners or operators of the following facilities or, where applicable, the parties that own or control the electrical output of such facilities, with the objective of displacing coal-fired generation, possibly in combination with other initiatives to be undertaken by the parties, at a reasonable cost to Ontario customers. As a measure of reasonableness, reference should be had to the economic value associated with the Clean Energy Supply contracts, entered into by the OPA in accordance with the direction issued to the OPA on March 24, 2005. Any payments relating to generation under the contracts specific to the generation facilities set out below would cease within the timeframe under which Ontario's coal-fired generation is effectively removed from service, and in any case should not extend beyond five (5) years.

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In pursuing these contract negotiations, the OPA may seek to negotiate other matters with the parties that would provide benefits to Ontario electricity customers or the electricity system.

It is expected that these contract negotiations should be concluded by December 15, 2005.

	Project	Generation Type	Location	Nameplate Capacity (MW)
1	Brighton Beach Power Station	CCGT	Windsor	580
2	Sarnia Co-generation project (Imperial Oil)	Cogen	Sarnia,	95
3	Sudbury District Energy, Hospital Cogeneration Project	Cogen	Sudbury	6.8
4	Sudbury District Energy, District Energy Plant	Cogen	Sudbury	5.0
5	Trent Valley Cogeneration Plant	Cogen	Trenton	8.3
6	Sarnia Regional Cogeneration Plant (TransAlta)	Cogen	Sarnia	575
7	Robert Dunford Generating Station	Hydro	Wawa	45

I further direct you to put any negotiated contract before the Ontario Energy Board for its review before taking on any binding commitments under such a contract. The negotiated contracts will be subject to approval by the Ontario Energy Board based on a review of the reasonableness of the contracts in accordance with this Directive.

Sincerely,



Dwight Duncan  
Minister of Energy