

Minister of Energy
and Infrastructure

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September 17, 2008

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

Dear Mr. Andersen:

Re: Amendments to Supply Mix Directive Issued June 13, 2006

I write in my capacity as the Minister of Energy and Infrastructure pursuant to the authority granted to me under subsection 25.30(2) of the *Electricity Act, 1998*, in order to address more fully certain aspects of the Ontario Power Authority (OPA)'s Integrated Power System Plan (IPSP), which has been under development for several years, and which was submitted to the Ontario Energy Board (OEB) on August 29, 2007.

The Plan itself represents a considerable effort by the OPA to meet the province's demand and supply requirements for the next 20 years and we are grateful for the leadership efforts of the OPA. However, there are various aspects of the plan that have proven to be worthy of further consideration, given the change in circumstances since the development of the IPSP.

Therefore, I require that the OPA revisit its IPSP with a view to establishing new targets in the following areas, and in a manner consistent with further enhancing its current emphasis in these areas:

- The amount and diversity of renewable energy sources in the supply mix;
- The improvement of transmission capacity in the 'orange zones' in northern Ontario and other parts of the province that is limiting the development of new renewable energy supply;
- The potential of existing coal-fired assets to be converted to biomass;
- The availability of distributed generation;
- The potential for pumped storage to contribute to the energy supply during peak times; and
- The viability of accelerating the achievement of stated conservation targets, including a review of the deployment and utilization of Smart Meters.

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Additionally, we would ask that the OPA undertake an enhanced process of consultation with First Nations and Métis communities in light of potential duty to consult obligations. Furthermore, we would ask that the principle of Aboriginal partnership opportunities be considered in matters of both generation and transmission.

The Supply Mix Directive, dated June 13, 2006, and approved of by the Lieutenant-Governor in Council, shall in all other respects remain in full force and effect. In furtherance of this Directive, the OPA shall provide an amended and revised IPSP. It is expected that the revised IPSP would be provided to the OEB by the OPA no later than six (6) months from the date hereof. All other elements of the IPSP outside the specific issues noted above could continue during the six-month review period.

Sincerely,

A handwritten signature in black ink, appearing to read "George Smitherman". The signature is written in a cursive style with a large, stylized initial "G".

George Smitherman
Deputy Premier, Minister