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PROPOSED SITES FOR PRIVATE ELECTRIC POWER GENERATION

The Planning and Economic Development Committee recommends the following:

1. The deputation by Don Sinclair, General Manager, Development and Legal Services, Town of East Gwillimbury, November 4, 2008, regarding Ontario Power Authority procurement for Northern York Region, be received;
2. The following communications be received and referred to staff:
 - (a) A. Garcia-Wright, Director, Environmental Assessment and Approvals Branch, Ministry of the Environment, October 9, 2008, regarding the electricity generating project for the Northern York Region area.
 - (b) B. Panizza, Director of Corporate Services/Town Clerk, Town of Aurora, October 16, 2008, regarding Information Report on Proposed Sites for Private Electric Power Generation.
 - (c) M. Francis, Deputy Clerk, Town of Bradford West Gwillimbury, October 22, 2008, regarding 'Natural Gas Fired Power Generating Facility'; and
3. The recommendations contained in the following report dated October 1, 2008, from the Commissioner of Planning and Development Services be adopted subject to recommendation 1 being amended to read as follows:
 1. All proponents responding to Ontario Power Authority's RFP for a "350 MW peaking plant" *must* conduct a human health and environmental risk assessment *for each site*, in accordance with accepted practices in the professional field of risk assessment, to be provided for public review and comment, as part of the Environmental Assessment process; as recommended by the Medical Officer of Health.

1. RECOMMENDATIONS

It is recommended that:

1. All proponents responding to Ontario Power Authority's RFP for a "350 MW peaking plant" conduct a human health and environmental risk assessment, in

accordance with accepted practices in the professional field of risk assessment, to be provided for public review and comment, as part of the Environmental Assessment process; as recommended by the Medical Officer of Health.

2. The Ontario Power Authority extend the commenting period for the Environmental Assessments to after it has made its decision on the preferred site which is expected in early January 2009.
3. Staff report back to Committee on the status of any comments provided to the Ministry of the Environment on the Environmental Assessments for the proposed peaking plant.
4. The Regional Clerk forward a copy of this report to the local area municipalities, Ontario Power Authority, Ministry of Municipal Affairs and Housing, Minister of Energy, Minister of the Environment, Northland Power, Pristine Power Inc, and Sithe Global Canadian Power.

2. PURPOSE

This report:

- Provides a response back to Committee and Council on the potential environmental and health issue raised at the September 3, 2008 Planning Committee, and the issue of exporting of power to United States, raised by the Committee at the same meeting.
- Summarizes the other issues identified by the deputants at the September 3, 2008 Regional Planning Committee meeting.
- Updates the number of proponents & sites submitted in response to Ontario Power Authority's RFP, as of October 1, 2008, identifies applications submitted to amend the York Region Official Plan to facilitate the approval of a 350 MW peaking plant, and highlights applicable Provincial and Regional policies that may need to be addressed by the proponents.
- Provides an overview of the Environmental Assessment process for the proposed peaking plant.
- Describes Ontario Power Authority's evaluation process to select a preferred site.

3. BACKGROUND

The initial information report prepared by Planning staff on the proposed 350MW peaking plant recommended staff report back with a further report on the status of the applications received from the proponents. At the September 3, 2008 Planning

Committee meeting, this recommendation was modified by adding the following:

“and that:

- i. The report also address the issue of exporting power to the United States; and,
- ii. The Medical Officer of Health be requested to report on the health and environmental risks relating to air emissions from electric power generation.”

These two specific issues are dealt with in the analysis section of this report along with other issues identified by deputants which are noted below.

Issues presented by Deputants at the September 3, 2008 Planning Committee

At the September 3, 2008 Planning Committee there were 5 deputations by members of the public. Some of the issues presented by the public include the following:

- Whether the peaking plant is the most cost effective solution.
- Are other alternative forms of electric power more suitable to serve York Region?
- Upgrading the transmissions lines and having them buried.
- Satisfying the Provincial Plan policies and Lake Simcoe Act.
- Is it appropriate for more senior levels of government to override decisions of lower levels of government?
- Should the OPA working group of 2005 be reactivated to assess all options to the proposed peaking plant?

Current status of responses to the Ontario Power Authority's RFP includes one additional new site proposed by Pristine Power

As of October 1, 2008 there are a total of eight sites being proposed in response to Ontario Power Authority's (OPA) RFP, compared to the seven identified in the September 3, 2008 report presented to Regional Planning Committee. Since September 3, 2008, Pristine Power has advised that they are proposing a new site in the Township of King and their initial site in the Town of Georgina is now considered a secondary priority for them. The known sites are shown on *Attachment 1* and briefly described in *Attachment No. 2*.

As of October 1, 2008 the Regional Planning Department has received three applications for amendment to the Regional Official Plan to facilitate the approval and construction of the peaking plant. All of the applications are from Northland Power.

OPA's Evaluation Process will take place in November and December of 2008 and a preferred site is expected in January 2009

Ontario Power Authority's RFP indicates that all proposals must be submitted by October 30, 2008 after which the OPA will begin its evaluation of the proposals. A decision is anticipated by the end of December 2008 or early January 2009.

Evaluation is conducted by OPA in four distinct stages, as follows:

- Stage 1 – Proposal Completeness Requirements
- Stage 2 – Mandatory Requirements
- Stage 3 – Rated Criteria – proponents are awarded up to a total of 100 points based on their responses to rated criteria that include among other things: Environmental Assessment, Municipal and Regional Approvals, Community Outreach.
- Stage 4 – Economic Bid Evaluation and Selection – each proponent will have its evaluated cost discounted by a factor that is proportional to the total points received in Stage 3. The proponent with the lowest adjusted evaluated cost will be selected and required to enter into a contract with OPA for the development, construction and operation of the facility.

4. ANALYSIS AND OPTIONS

The decision to move forward with a peaking plant to provide additional electric power supply to York Region and southern Simcoe County rests with the Ontario Power Authority (OPA) and the Ontario Energy Board. The Ontario Power Authority has established submission requirements, an evaluation process, and a decision timeline to assess proposals submitted in response to their RFP. York Region supports the provision of additional electric power to serve both existing residents and businesses and the expected future growth within York Region.

Responses to the two specific issues raised by Planning Committee are provided below.

The Regional Medical Officer of Health has provided a report recommending the proponents undertake a human health and environmental risk assessment

The response from the Regional Medical Officer of Health to the request from the September 3, 2008 Planning Committee is set out in *Attachment No. 3*. The Medical Officer of Health has provided comments in respect to the emissions from peaking plants, and a recommendation for the proponent to carry out a human health and environmental risk assessment. The human health and environmental risk assessment would appropriately form part of the proponent's submission in connection with the Environmental Assessment process.

Ontario Power Authority has indicated that exporting power to the United States generally occurs only when there is low demand locally

In respect to the issue raised at Planning Committee regarding the exporting of power to the United States, Regional staff are not qualified in this area to provide a response and have therefore contacted staff from the Ontario Power Authority who have indicated that:

“Ontario exports power to the U.S. and other neighbouring jurisdictions only when Ontario electricity needs are met and surplus power is available – usually during periods of lower demand. The proposed plant in northern York Region is needed to meet demand during peak periods – during these times, exports are not likely to occur because all resources are required to meet Ontario demands. In fact, it is usually during peak periods when Ontario has to import power to meet needs, often from coal-fired resources in the United States.

Northern York Region has experienced robust growth in the past few years and this has resulted in the area’s demand exceeding the capability of the electrical infrastructure serving the area. The addition of gas-fired generation in northern York Region is needed to address two Regional needs: inadequate capacity of the transmission line from Vaughan and a lack of supply diversity (reliance on a sole transmission line in this area to serve a large load). A major supply reinforcement – either transmission or generation – is required in northern York Region to address these needs. Changing export patterns on the system will not address northern York Region’s needs. A local solution is still required.

The OPA’s Integrated Power System Plan evaluates the need for additional resources on a system-wide basis, and has determined that new supply is required to meet reliability requirements and replace coal with cleaner sources in the earliest practical timeframe. The OPA plans to meet Ontario’s requirements for the next 20 years. Given that there is a need for a major supply reinforcement in northern York Region and that there is a need for additional system resources, placing generation in northern York Region can effectively address both system and local needs. This can defer or avoid transmission reinforcements that would otherwise be required to solve northern York Region local reliability needs.”

Discussion on other issues raised by deputants at the September Planning Committee

Other issues raised by deputants, including cost, alternate technologies or forms of electricity, and burying transmissions lines are part of the process and responsibilities of the Ontario Power Authority or the Ontario Energy Board and they will be assessing them. Regional staff do not have the expertise in these areas to provide expert technical responses.

In respect to the issue of whether a more senior level of government can override decisions of lower levels of government, the Ontario Power Authority has established a process that takes into consideration municipal comments; however, OPA has the ability to make a decision that deviates from a municipal recommendation.

In respect to the issue of reactivating the OPA 2005 Working Group, the Mayor of Georgina provided an invitation to Mayors of the other municipalities and informal discussions have taken place.

Proponents are required to demonstrate that the application conforms to Provincial and Regional planning policy

Attachment No. 4 to this report provides a general comparison of the eight sites in terms of the applicable Provincial and Regional designations and key policies that the proponent may be required to address. Six of the eight sites are located within the Provincial Greenbelt. Regional Official Plan Amendment applications have been received for only 3 sites and information for the other sites has been obtained from notices of public meetings in connection with the related Environmental Assessment process. As Regional staff have no formal submissions for 5 of the sites, and no formal response from the Province regarding compliance to the Greenbelt Plan, the information provided in *Attachment No. 3* should be considered as a general guide that may change if new information is received.

As noted in staff's initial report, only 18 of the 100 points awarded by the Ontario Power Authority for a proponent's response to their rated criteria are allotted to the Municipal and Regional Approvals category. The Environmental Assessment, and Community Outreach are two other rated criteria that have a large percentage of points awarded by the OPA in response to submissions.

The Environmental Assessment Process

Regional Council has recommended that the Ministry of the Environment ensure a proper environmental assessment(s) is carried out that meets the highest standards set by the Ministry of the Environment for such facilities, and takes into consideration, among other things:

- Environmental, social and economic impacts on existing and future residential communities.
- Detailed analysis in respect to the Provincial Greenbelt Plan and Oak Ridges Moraine Plan, if applicable.
- Visual impact, including an assessment of the potential economic impact on affected homeowners.

The Ministry of the Environment's Guide to Environmental Assessment Requirements for Electricity Projects may allow proponents to follow a Category B process

The Ministry of the Environment's "Guide to Environmental Assessment Requirements for Electricity Projects" provides an overview of the EA requirements for electricity projects in conjunction with Ontario Regulation 116/01. In accordance with this guide and the regulation, a new electricity project utilizing natural gas and producing less than 5MW could proceed as a Category A project, and projects producing greater than 5MW could proceed as a Category B project. Category B projects are projects which have potential environmental effects that can likely be mitigated. Proponents of these projects are able to complete the Environmental Screening Process instead of completing an Individual or "full" EA, subject to requests at the end of the project to elevate the project to a higher category or to an Individual EA. The Environmental Screening Process sets out public and agency consultation opportunities, and opportunities to review any of the reports and request that the project be elevated to a higher category or to an Individual EA.

As part of the Environmental Screening Process, proponents are responsible for identifying any potential negative environmental effects and developing mitigation and impact management. Negative environmental effects may include, but are not limited to, the harmful alteration, disruption, destruction, or loss of natural features, flora or fauna and their habitat, ecological functions, natural resources, air or water quality, and cultural or heritage resources.

Next steps

Next steps include the completion of the Environmental Assessment process that includes receiving comments from the public and agencies and having the Ministry of the Environment provide a response to any requests to elevate the EA to the next category or to an Individual EA. As the Environmental Assessment process allows the proponents to proceed using a Category B, comments from the Region will be required for each EA that is being carried out to ensure Regional Council's request that the highest standards for such facilities are implemented.

To reduce the amount of staff time required to review all of the Environmental Study Reports when eventually only one site will be chosen by the Ontario Power Authority, the Ontario Power Authority should extend the commenting timeframe to after it has made a decision and selected the preferred site which is expected in January 2009. This will enable staff to direct their review to the one preferred site and not all of the other sites for which EA's are being filed.

The peaking plant project involves unique and specialized technical consideration that is beyond the expertise of Regional staff. Regional staff will monitor the Environmental Study Reports during the 30 day commenting timeframe to ensure any issues will be

identified and appropriately addressed by the MOE and/or the proponent. Following established practise, staff will comment on the EA's, where appropriate, and confirm our comments to Committee and Council in a future report as soon as possible. Comments forwarded to the MOE are likely to be cursory in detail if the commenting timeframe is not extended to after the OPA makes its decision and due to the short 30 day period available to review the documents.

Northland Power has indicated it expects to file Environmental Study Reports (ESR) for its four sites on October 30, 2008 and Sithe Global has also indicated it expects to file its ESR by the end of October 2008.

A formal decision on the preferred site from the Ontario Power Authority is expected in January 2009 and, subsequent to this decision, it may be necessary to process an amendment to the Regional Official Plan and also amendments to the local Official Plan and the Zoning By-law(s). If applicable, statutory Public Meetings will be held and decision reports on the ROPA and LOPA will be presented to Regional Committee and Council. Noted below are estimates of key dates in the Environmental Assessment, Planning and OPA process.

Initiation of Environmental Assessment by proponents. Public Information Centres held.	August to October 2008
Filing of Environmental Study Report (ESR) by proponents	October 30, 2008 for the 4 Northland sites. Filing dates for the other ESR's are not known but will be after October 30, 2008.
Proposal Submission Deadline by OPA	October 30, 2008
30 Day Review Period of ESR by public and agencies	November/December 2008 depending on filing date.
Evaluation of submissions by Ontario Power Authority	November/December 2008
Decision on preferred site by Ontario Power Authority	January 2009
Review of application to amend Regional Official Plan, if required	January – March 2009
Statutory Public Meeting for Regional Official Plan Amendment, if required	March 2009
Decision report on ROPA and LOPA to Regional Planning Committee and Council, if required	May 2009
Decision by MOE on any requests to elevate the Environmental Assessment(s) to a higher category	30 to 45 days from the end of the 30 day commenting period.

5. FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

Once a preferred site and proponent has been selected by the Ontario Power Authority, and if it is determined that a Regional Official Plan amendment is required, the proponent will be required to provide fees for the cost to review the background studies submitted in support of the Regional Official Plan amendment.

6. LOCAL MUNICIPAL IMPACT

Northland Power has also submitted applications to amend the Official Plans of the affected local municipalities. Regional staff will be consulting with local planning staff on the processing of both the local and Regional Official Plan amendment applications.

7. CONCLUSION

As of October 1, 2008 proponents have initiated 8 potential sites within York Region for the proposed peaking plant. Applications for an amendment to the Regional Official Plan have been submitted for 3 sites. Certain proponents have also verbally indicated that it is their opinion that the proposed peaking plant facility is a permitted use and does not require an amendment to the Regional Official Plan.

All proposals are subject to the Environmental Assessment process. Previous Regional Council positions for electricity projects have recommended that the Ministry of the Environment ensure a proper environmental assessment(s) is carried out that meets the highest standards set by the Ministry of the Environment for such facilities, and takes into consideration, among other things:

- Environmental, social and economic impacts on existing and future residential communities.
- Detailed analysis in respect to the Provincial Greenbelt Plan and Oak Ridges Moraine Plan, if applicable.
- Visual impact, including an assessment of the potential economic impact on affected homeowners.

Regional staff will monitor the Environmental Study Reports and if necessary provide comments to the MOE during the 30 day commenting timeframe to ensure any issues will be identified and appropriately addressed by the MOE and/or the proponent.

In keeping with the recommendation of the Region's Medical Officer of Health, the proponent shall complete a human health and environmental risk assessment, in

accordance with accepted practices in the professional field of risk assessment that is provided for public review and comment.

For more information on this report, please contact Paul Belton, Manager of Development Review, Ext.1507, or Heather Konefat, Director of Community Planning at extension 1507.

The Senior Management Group has reviewed this report.

(The four attachments referred to in this clause are attached to this report.)