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INFORMATION REPORT ON PROPOSED SITES FOR PRIVATE ELECTRIC POWER GENERATION

The Planning and Economic Development Committee recommends the following:

- 1. The following presentations, deputations and communications be received:**
 - (a) JoAnne Butler, Vice-President of Electricity Resources, Ontario Power Authority;**
 - (b) Harvey Tenenbaum, Harten Consulting;**
 - (c) Debbie Gordon, Member of Megawhat, and communication;**
 - (d) Jack Gibbons, Chair, Ontario Clean Air Alliance, and communication;**
 - (e) Sam Mantenuto, Chief Operating Officer, Northland Power Producers of Ontario;**
 - (f) Jake Brooks, APPrO, the Association of Power Producers of Ontario and communication dated September 3, 2008;**
 - (g) Olah Cap, Resident, Newmarket;**
 - (h) communication from G. White and Families, residents, Holland Landing, dated September 3, 2008; and**
- 2. The recommendations contained in the following report dated August 25, 2008, from the Commissioner of Planning and Development Services, be adopted with the following amendments:**
 - (a) Recommendation 1 be amended by deleting the second bullet containing the following words:**
 - “York Region supports alternative forms of hydro, such as local private electricity generation”;**

and

 - (b) Recommendation 2 be amended by adding the following words:**

“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.

1. RECOMMENDATIONS

It is recommended that:

1. Specific resolutions and positions of Regional Council on the principles of providing new electric power facilities be reconfirmed and applied to the proposed peaking plant, as noted below:
 - The legislative and regulatory authority for provision of electricity to York Region consumers rests with the Province and the local distribution companies;
 - York Region supports alternative forms of hydro, such as local private electricity generation.
 - 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.
2. Regional staff prepare a further report for presentation to a future Planning Committee meeting in the Fall of 2008, that provides a status update on the applications received.
3. The Regional Clerk forward a copy of this report to the local municipalities, Ontario Power Authority, Ministry of Energy and the Ministry of Municipal Affairs and Housing.

2. PURPOSE

This report informs Council of:

- The Ontario Power Authority process to select a proposal, including a site, for a peaking plant that provides approximately 350 MW of electric generation to northern York Region and southern Simcoe County.

- Key dates and timelines as set out in the Request for Proposals by the Ontario Power Authority.
- Information on proposals received by York Region as of August 1, 2008.
- Local municipal Council resolutions adopted in response to submissions made in their municipalities.
- Provincial and Regional Planning policy generally affecting the proposals/sites.
- Preliminary high level review from a Regional planning perspective of the proposed sites.
- Staff's potential hiring of outside planning consultants and legal assistance to review proposals, if required.

3. BACKGROUND

Set out below is a brief history leading up to the draft Request for Proposals by the Ontario Power Authority, some key points from the draft Request for Proposals, and related information received by the Regional Planning Department.

Need for Additional Electrical Power in York Region dates back to 2004

- In 2004 Hydro One and the local utility companies identified the need to supply additional power to York Region. Hydro One commenced an Environmental Assessment (EA) and the preferred solution to address this need was to upgrade the hydro electric transmission lines running from Buttonville Station in Markham to Armitage Station in Newmarket.
- For various reasons, including strong opposition from the public and a lack of support from local and Regional Councils, the EA was abandoned.
- The Ontario Power Authority (OPA) was recently formed and its mandate is to ensure reliable, long term electricity supply for Ontario.
- In an effort to find an alternate solution to the electric transmission lines, the Ontario Power Authority (OPA) initiated stakeholder consultation meetings and as part of Ontario's plan for ensuring the adequacy of the provincial electrical system, developed a plan to address the urgent electrical needs of northern York Region and southern Simcoe County. OPA has indicated that "the electricity demand in Northern York Region is beyond the planned capacity of the existing infrastructure. It is crucial that new supply options – either in the form of new local generation or additional transmission capacity – be pursued."
- In September 2005 OPA recommended a 3 pronged solution to provide the additional power to benefit all of York Region. The solution consisted of demand reduction, construction of a new transformer station at Holland Junction and a

possible second transformer station in Aurora, and additional supply provided by a natural gas fuelled simple cycle generating plant to be provided by private companies.

Previous Regional Council Resolutions

On June 24, 2004, December 16, 2004, and March 31, 2005 Regional Council adopted three separate resolutions concerning the provision of additional electricity to York Region. The resolutions require or state, among other things, that:

- “greater consideration be given to environmental, social, and economic impacts on existing and future urban areas, and established and future residential communities”;
- “the legislated and regulatory authority for provision of electricity to York Region consumers rests with Hydro One and the local distribution companies”;
- “Hydro One and the Minister of Environment ensure that a proper, full individual environmental assessment is carried out...”;
- “the Region supports alternative forms of hydro generation”

The resolutions are appended as *Attachments 1, 2 and 3* to this report.

Ontario Power Authority’s 2008 Request for Proposals

On June 6, 2008 the Ontario Power Authority issued a draft of its Request for Proposals (RFP) that is directed to private corporations in order to provide the additional power to York Region. Key dates from the draft RFP are:

Release of draft RFP,	June 6, 2008
Release of Final RFP	July 31, 2008
Registration deadline for Qualified Applicants to become Registered Participants	August 21, 2008
Proposal Submission Deadline	October 30, 2008
Evaluation of Proposals	November 2008
Completion of Evaluation and announcement (target date)	December 2008

The RFP indicates that the submissions will be evaluated against criteria and awarded points in response to how the criteria have been met. Criteria include:

Overview of Rated Criteria	Maximum Point Scores
Electrical Connection Point	20
Environmental Assessment	18
Municipal and Regional Approvals	18
Community Outreach	17
External Contractor Arrangements	8
Equipment Availability	5
Fuel supply	5
Water Use	4
Water Supply	3
Proposed Milestone Date for Commercial Operation	2
Total Maximum Point Score	100
Minimum Required Total Point Score	40

Municipal and Regional Approvals account for 18 of the 100 total points and it is this category which involves potential planning applications with supporting background information by proponents. Review of this information may be required by York Region and the local municipalities. According to the RFP, OPA is expecting a response from planning authorities, prior to October 30, 2008, which indicate if amendments to the Regional and local Official Plans, zoning by-laws, and variances are required.

Proponents are awarded points by OPA in the Municipal and Regional Approvals category depending on whether their application conforms to the relevant official plan, planning policy or zoning by-law. York Region legal staff has advised that greater emphasis and a higher point total should be awarded to a submission that complies with the existing zoning compared to one that complies with the Official Plan, because zoning has greater influence in determining land use rights.

As noted in the above table, there are 9 other criteria, including the Environmental Assessment, to which submissions will be evaluated. Planning approvals account for only 18% of the total.

Proposed 350MW Single Cycle Natural Gas Generating Facility

OPA's website indicates that an average 350 MW single cycle natural gas generating plant will require approximately 10 acres for the building and parking lot and additional land will be required for appropriate set backs. The plant would consist of multiple turbines and each turbine would have an exhaust stack to vent hot air, CO₂ and NO_x. The height of the stack will likely range from 80 to 100 feet.

OPA has advised that wind, hydroelectric and solar generation were considered but eliminated because no capability was identified in the area, or technologies do not effectively address the supply need, or it is prohibitively expensive.

OPA's website also indicates that a number of conservation programs have been initiated and these initiatives are expected to meet conservation targets of an immediate nine megawatts of electricity in 2007, growing to 58 megawatts by 2017.

The OPA is working with local electricity distribution companies and other service providers to deliver conservation programs in northern York Region communities and around the Province. In northern York Region, the OPA contracted with Rodan to provide about 15 megawatts of demand response to reduce the peak demand in the area.

Proposed Submissions and Sites

As of August 25, 2008 six potential sites have been identified based on notices advertized by proponents in the local newspapers. Three formal submissions to amend the Regional Official Plan have been made to the Regional Planning Department by Northland Power. Other formal submissions are expected. Dillon Consulting, on behalf of Pristine Power, has requested a meeting with Regional staff to discuss a new site in King Township. As Regional staff will truly only know the final number of submissions and associated sites on the proposal submission deadline date set out in the RFP (October 31, 2008), a future planning report containing a more thorough evaluation may be required for consideration by Regional Planning Committee.

Of the six known sites, one is located in Oak Ridges Moraine, four are located in the "Protected Countryside" designation of the Greenbelt Plan, and one is located in a settlement area. Table 1 identifies the site location, size, and proponent. The location of the sites is also shown on *Attachment No. 4* to this report.

Table 1
Proposed Sites

Municipality	Proponent	Location and Size of Site
1. King Township	Northland Power	1170 Miller Side road, east of Dufferin St. North of Hwy 9, adjacent to Holland Junction Transformer Station. (1.2 ha)
2. King Township	Northland Power	18156 Dufferin St., south of Miller Sideroad, north of Hwy 9. (10 ha)
3. East Gwillimbury	Sithe Global Canadian Power	48 Sluse Rd., in Holland Landing, (1.1 ha)
4. East Gwillimbury	Northland Power	1160 Holborn Rd., east side of Leslie Street, (1.6 ha)
5. Aurora	Northland Power	North side of Bloomington Road, west of Leslie Street, (2.8 ha)
6. Georgina	Pristine Power	South side of Glenwoods Avenue, west side of McCowan Road, (8.1 ha)
7. Aurora		Confidential – not provided at this time

Meetings between OPA/Region/Area Municipal staff

On May 16, 2008 and July 28, 2008 Regional and local planning staff met with representatives from Ontario Power Authority. Issues discussed at the meetings included difficulty in meeting the timelines proposed by OPA, and the process in general.

4. ANALYSIS AND OPTIONS

The Ontario Power Authority is responsible for confirming the need for the additional power supply to northern York Region and identifying the most appropriate method of providing this additional supply. The choice of which technology to use, the design of plant and its preferred location rests with OPA and the Province.

Provision of adequate electrical supply to York Region consumers is an important issue. Provision of local electric power generation is part of an integrated solution to provide the required energy supply that is required by growth in York Region and southern Simcoe County. The local private generation option was recommended by OPA to the Ontario Energy Board after consulting with various stakeholders, including representatives from the industry, municipalities, local utility companies, and the public, in 2005.

The following sections provide highlights of Provincial and Regional Planning documents that impact the site selection. This includes Places to Grow, Greenbelt Plan, Oak Ridges Moraine Plan, Planning Act and the Regional Official Plan.

Province's Places to Grow Plan forecasts substantial growth for York Region that will require additional Power

The Places to Grow Plan forecasts York Region to grow to 1.5 million people by 2031 from approximately 1 million in 2008. Jobs are forecast to increase to 780,000 – 800,000 by 2031 from the current estimate of approximately 500,000 jobs.

Regional Planning staff are in the process of finalizing its Growth Management Strategy that identifies population and employment forecasts by municipality to 2031. *Attachment No. 5* to this report shows the preliminary anticipated growth forecasts, by municipality, for specific time periods to 2031. These new forecasts should be included in any demand forecasts calculated by the Ontario Power Authority. All of the additional growth in York Region, as well as the current businesses and residents, requires and expects a reliable supply of electrical power.

Submissions should address policies and provisions of the Greenbelt Plan and Oak Ridges Moraine Plan

Six of the seven known sites are located within, or partially within, the Greenbelt Plan, including the one site located in the Oak Ridges Moraine. The Greenbelt Plan provides a definition of Infrastructure, and policies identifying permitted uses within the “Protected Countryside” designation of the Greenbelt Plan. A submission that includes a site within the Greenbelt is required to demonstrate that it meets the tests of the Greenbelt Plan and complies with the policies.

Oak Ridges Moraine Plan

One of the sites is located on the Oak Ridges Moraine. The Oak Ridges Moraine Plan forms part of the Greenbelt Plan and the policies of the Oak Ridges Moraine Plan generally prevail except in the case of conflict, in which case, the more restrictive policies prevail. Similar to the above statements, a submission that includes a site within the Oak Ridges Moraine is required to demonstrate that it meets the tests of the Oak Ridges Moraine Plan or the Greenbelt Plan, whichever is more restrictive. Regional staff will work with the proponents and Provincial staff to assess conformity to the Provincial Plans.

Submissions could potentially be exempt from Planning Approvals by Section 62.0.1 of the Planning Act

Section 62.0.1 of the *Planning Act* deals with matters that are not subject to the *Act* and may provide a possible exemption of the required planning approvals for the proposed

peaking plant. Section 62.0.1 is quoted in *Attachment No. 7* to this report. Section 62.0.1 exempts an undertaking or class of undertakings that relate to energy if it has been approved under the Environmental Assessment Act or is the subject of an order or an exempting regulation under that Act, and a regulation made by the Lieutenant Governor in Council pursuant to Section 70 (h) of the Planning Act. To-date no regulation exists but the Province still has the option of passing such a regulation if it chooses to do so.

Other provisions within planning documents that could impact the site selection include the public use provisions typically found in local Official Plans and Zoning By-laws. These provisions typically permit public uses within all land use designations and zoning categories, with possible requirements for performance criteria being met to the satisfaction of the municipality. Public electrical facilities would typically fall in this category; however the submissions for the proposed peaking plant are being made by private companies who will construct and operate the plant, in association with other public infrastructure.

Submissions should address policies of the Regional Official Plan

Five of the six known proposed sites are located within lands designated either “Rural Policy Area” or “Agricultural Policy Area” by the Regional Official Plan. Policies of the Regional Official Plan generally direct uses similar to a peaking plant to fully serviced urban areas or towns and villages; however, it is acknowledged that the proposed plant will be required to locate in close proximity to the existing transmission line; a somewhat unique situation. Proposals located within an “Agricultural Policy Area” or “Rural Policy Area” likely require an amendment to the Regional Official Plan, provided there is no regulation passed that exempts the application from the provisions of the Planning Act, no determination that a peaking plant qualifies for permissions granted under a Public Use provision in a local Official Plan or Zoning By-law, or other provisions in local Official Plans or Zoning by-laws that have the affect of “grandfathering” the application from the provisions of the Regional Official Plan.

Applications for a Regional Official Plan amendment within the “Agricultural Policy Area” must address applicable Regional policy, including Policy 5.8.7 which requires proposals to meet various tests including “whether suitable alternative locations on lower-capability agricultural land or in hamlets, towns, villages or urban areas have been considered.”

Applications within the “Rural Policy Area” likely require an amendment to the Regional Official Plan because the proposed peaking plant is not considered to be a limited rural industrial use as the majority of its customers are residents and businesses located within settlement areas and not the rural area. Also, the three submissions received indicate the building footprint to be significant in size. Regional Official Plan amendment applications in the “Rural Policy Area” should address Policy 5.9.2 which includes among other things, the proponent demonstrating that the proposed use cannot be accommodated in partially or fully serviced settlements.

The policies of the Regional Official Plan are considered relevant and must be considered in conjunction with the Greenbelt Plan and Legislation. Section 5.4 of the Greenbelt Plan indicates that where there are regulations or standards that are more restrictive than the Greenbelt Plan, the more restrictive provisions prevail.

Preliminary review of the sites from a Regional Planning perspective

It is not the intent of this report to evaluate individual submissions or sites; the intention is to provide general guidance to proponents and identify what planning policies are applicable and the overall direction of these policies. Notwithstanding the wording of specific policies of Provincial Plans that require further interpretation, the general direction of the Regional Official Plan is to direct industrial uses such as a peaking plant to the industrial business park areas located within urban or settlement areas; however, it is acknowledged that the proposed plant will be required to locate in close proximity to the existing transmission line; a somewhat unique situation. If a suitable site cannot be located in such areas, other areas may be considered and will require the appropriate planning applications, supporting background studies, and policy interpretation that justify the application. Noted below is a hierarchy of lands located outside of settlement areas that Regional staff will refer to when reviewing submissions for the peaking plant.

- i. Lands within the “Rural Policy Area” of the Regional Official Plan that are not within the Natural Heritage System of the Greenbelt Plan.
- ii. Lands within the “Rural Policy Area” of the Regional Official Plan that are within the Natural Heritage System of the Greenbelt Plan.
- iii. Lands within the “Agricultural Policy Area” of the Regional Official Plan that are not located within the Natural Heritage System of the Greenbelt Plan.
- iv. Lands within the “Agricultural Policy Area” of the Regional Official Plan that are located within the Natural Heritage System of the Greenbelt Plan.
- v. Lands within the Oak Ridges Moraine that are located outside of the Settlement Areas, and not located within a “Natural Core Area” or “Natural Linkage Area”.

When evaluating individual submissions the above hierarchy will be supplemented and adjusted by an assessment of the proposal’s impact on the surrounding lands.

Need for review of submissions by outside consultants

As of August 25, 2008 three submissions for amendment to the Regional Official Plan have been received, and others are anticipated. Each submission received to-date contains 15 background studies, including hydrogeological, traffic, economic, noise and architectural studies. As noted in the previous sections of this report, there are many

Provincial policies and/or definitions that must be taken into consideration in determining if a peaking plant is permitted. Some of these policies and definitions may require legal interpretations. Local planning policies and permissions will also require a detailed review in order to determine if a peaking plant is permitted. Regional Planning policies likely require proponents to submit extensive detailed planning documents and/or applications with supporting background information that would take considerable staff time and resources to assess.

It would be appropriate for the Regional Planning Department to engage outside consultants, time permitting, to assist in the review of the proposals, if required. Such a review would determine the applicable policies from a Provincial, and Regional, planning perspective and determine if each proposal addresses the relevant policies and would be at the cost of the applicant. Given the time constraints OPA has imposed, it is likely not practical to provide such a review at this late date prior to the October 30, 2008 deadline.

5. FINANCIAL IMPLICATIONS

There are no direct financial implications resulting from this report. If application reviews are required, the costs of the reviews will be at the applicant's expense.

6. LOCAL MUNICIPAL IMPACT

Attachments 8, 9, 10 and 11 are Council resolutions from the Township of King, Town of Aurora, Town of East Gwillimbury and the Town of Georgia. Each of these local Councils has adopted resolutions that do not support the peaking plant being located within their municipality.

Attachment No. 12 is a Memorandum from the Markham Commissioner of Planning that was adopted by Markham Council on June 24, 2008. It recommends among other things, that a greater emphasis be placed on environmental, municipal consultation and community outreach in the scoring and evaluation of the proposals.

7. CONCLUSION

In 2005, Regional Council supported local private electric power generation to assist in providing additional supply to serve businesses and residents of northern York Region. Three applications to amend the Regional Official Plan to permit a peaking plant have been received by the Regional Planning Department. These and subsequent applications may require review at the applicant's expense, time permitting. Staff will report back to Committee and Council in the Fall of 2008 and provide an update on the status of the applications.

For more information on this report, please contact Paul Belton, Manager of Development Review, Community Planning at (905) 830-4444 Ext. 1507 or Heather Konefat, Director of Community Planning at Ext. 1502.

The Senior Management Group has reviewed this report.

(The 12 attachments referred to in this clause are included with this report.)