

**Ministry of Energy,
Northern Development
and Mines**

Office of the Minister

77 Grenville Street, 10th Floor
Toronto ON M7A 2C1
Tel.: 416-327-6758

**Ministère de l'Énergie,
du Développement du Nord
et des Mines**

Bureau du ministre

77, rue Grenville, 10^e étage
Toronto ON M7A 2C1
Tél. : 416-327-6758



MC-994-2020-1089

January 15, 2021

Mr. Terry Young
Interim President and Chief Executive Officer
Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto ON M5H 1T1

Dear Mr. Young:

I am writing in regard to the existing Power Purchase Agreement (PPA) between Atlantic Power and the Ontario Electricity Financial Corporation (OEFC) for the Calstock generating facility.

Earlier this year, the facility was granted a six-month extension until December 16, 2020, to address the substantial economic impact on the community of shutting down the facility. The government of Ontario recognizes the importance of the forestry sector and supports a longer-term transition plan to find alternative uses for the waste biomass, however this transition plan will take time to implement (i.e., approximately five-years).

In light of the implementation considerations, I am asking the Independent Electricity System Operator (IESO) to enter into preliminary discussions with Atlantic Power and report back on potential options to contract the Calstock facility for five-years.

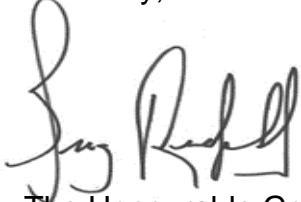
These discussions should ensure ratepayer value while considering Atlantic Power's revenue requirements. The IESO may also wish to consider reducing the generator output where feasible while considering impacts on local forestry operations. Re-contracting Calstock would help mitigate impacts to the waste biomass supply chain in northern Ontario, while they transition to alternative uses over the long-term. As a part of the extension process, we have asked Atlantic Power to engage in a respectful negotiation with Constance Lake First Nation (CLFN). We understand that dialogue is being established and suggest Atlantic Power explore, with the IESO, providing incremental commercial benefits to CLFN from a new contract.

The Minister of Finance has extended the existing PPA between Atlantic Power and the OEFC for an additional 12 months to allow the IESO sufficient time for discussions with Atlantic Power.

.../cont'd

I look forward to the IESO's detailed assessment and analysis of options for a new contract for this facility.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Rickford". The signature is fluid and cursive, with the first name "Greg" and last name "Rickford" clearly distinguishable.

The Honourable Greg Rickford
Minister of Energy, Northern Development and Mines

- c: The Hon. Joe Oliver, P.C., Board Chair, IESO
 Leonard Kula, Vice President, Planning, Acquisitions and Operations, and Chief
 Operating Officer, IESO
 Michael Lyle, Vice President, Legal Resources and Corporate Governance,
 IESO
 Aaron Silver, Chief of Staff to the Hon. Greg Rickford, Minister of Energy,
 Northern Development and Mines
 Stephen Rhodes, Deputy Minister of Energy, Northern Development and Mines