

Minister of Energy

Hearst Block, 4th Floor
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6715
Fax: 416-327-6754

Ministre de l'Énergie

Édifice Hearst, 4e étage
900, rue Bay
Toronto ON M7A 2E1
Tél.: 416-327-6715
Téléc.: 416-327-6754



MAY 23 2006

Mr. James F. Hankinson
President and Chief Executive Officer
Ontario Power Generation
700 University Avenue
Toronto, Ontario
M5G 1X6

Dear Mr. Hankinson:

I am writing to you about OPG's proposal to expand the capacity of four hydroelectric generating stations on the Lower Mattagami River – Little Long, Smoky Falls, Harmon and Kipling stations.

OPG recently proposed two alternatives for developing these sites to its board of directors and has discussed them with Ministry of Energy officials. One alternative involves replacing Smoky Falls generating station and expanding the other three stations for an additional 450 net megawatts of generation capacity. The second alternative is to replace Smoky Falls station only, resulting in 140 net megawatts of additional generation.

I understand that Hydro One has studied the availability of transmission capability in the area and that, subject to verification by the Independent Electricity Systems Operator, believes the current transmission system is capable of handling the additional power flows that would result from the first proposal with reinforcement of the existing lines. This could proceed in advance of the Integrated Power System Plan.

As a result, I am directing OPG to proceed immediately with the definition phase for the replacement of Smoky Falls station and the expansion of Little Long, Harmon and Kipling stations and to initiate discussions with ministry staff on a power purchase agreement.

As well as the prospect of a significant new supply of clean, renewable power, the Lower Mattagami offers the potential for partnership with First Nations.

Please accept my best wishes.

Sincerely,

Original signed by:

Donna Cansfield
Minister