



Northwestern Ontario

...ready to grow

Submission re: Regional Economic Development
Pilot Project for Northwestern Ontario

To: The Ontario Ministry of Northern
Development and Mines, Ontario

From: The Northwestern Ontario Joint Task Force



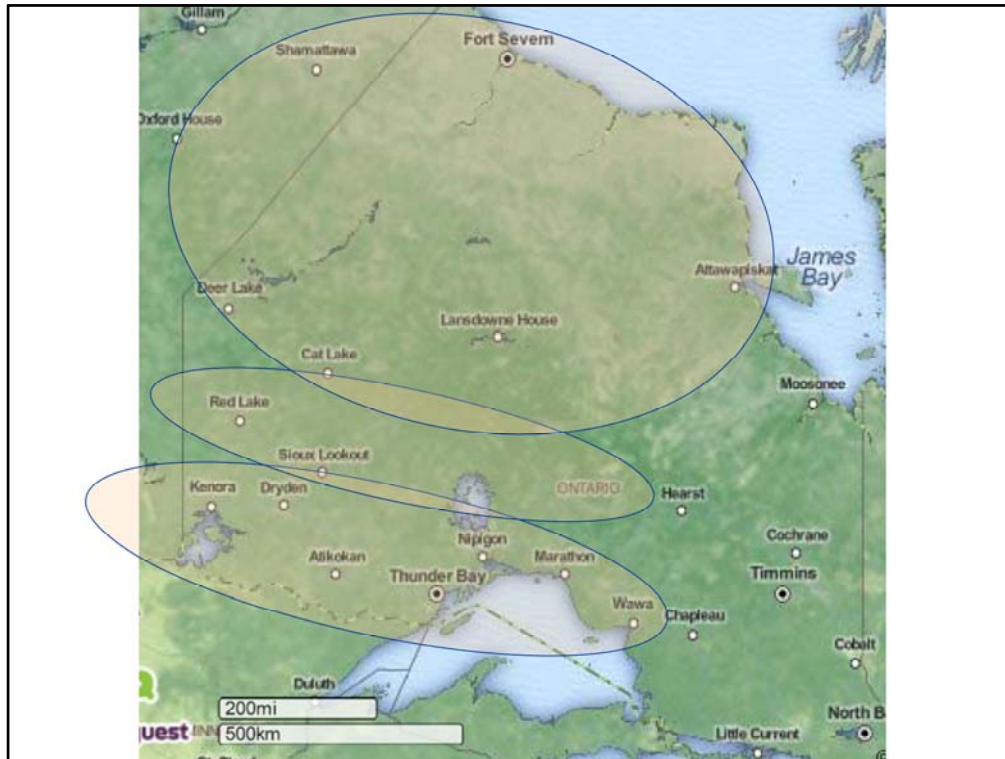
Minister

As it relates to the planning for the electrical needs of the Northwest we have identified three separate tiers in the current level of service

The first tier represents the area with the greatest level of service and stability. It is served by a network of 230 KV and 115 KV lines and has a decent level of redundancy



The second tier is served by Radial Lines, has no redundancy and has capacity issues.



The third and final tier covers all of the remote First Nations who obtain their electricity by diesel generation. This is expensive and ineffective, from both an economic and an environmental basis. There are capacity issues with a number of First Nations unable to expand the number of homes needed for new families and to support the infrastructure required for new business ventures that would bring much needed jobs to their communities because they are already at the limit of their local generation capacity.



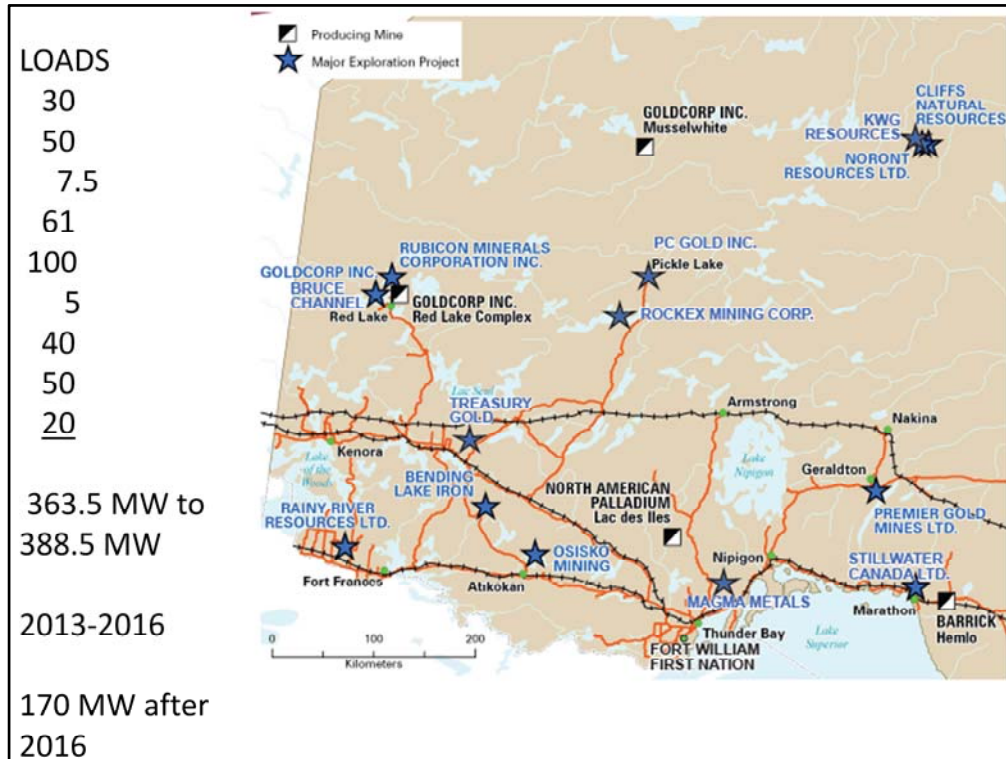
REQUIREMENTS PLANNING VS NEEDS-ANALYSIS PLANNING

Requirements-type infrastructure planning starts on the premise that a problem has already been accurately identified and properly understood by the planner and that the proposed change will address the problem. The planning that results involves selection of a process, structure or system that will bring about the change. The final steps are the efficient implementation of the process, structure or system selected and an assessment as to whether it has been effective in addressing the identified problem.

By contrast, needs-analysis starts with a broad inquiry as to what the end users or beneficiaries of the infrastructure actually need and should reasonably expect to have. The planning that is involved turns on development of changes that can be expected to address the needs that the users or beneficiaries of the infrastructure have identified.

The distinction between requirements planning and needs-analysis planning is useful because what the Northwest Region has not had, in relation to power system infrastructure development in particular, is adequate needs-analysis planning.

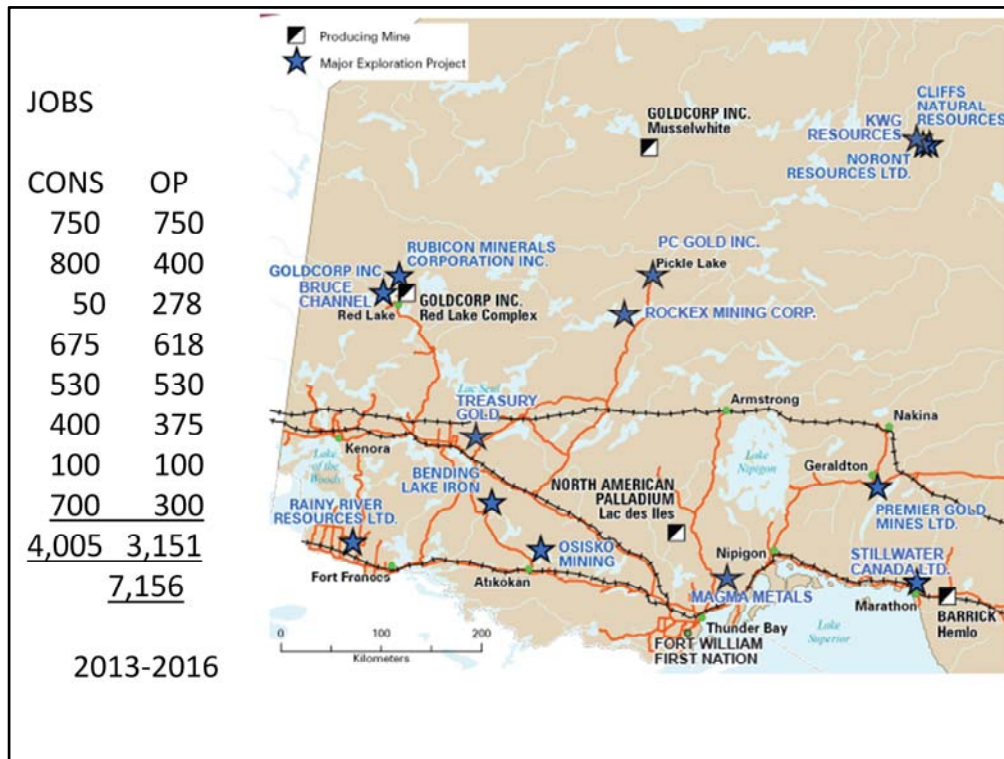
Our presentation today will outline why we need the Ministry to move to needs analysis planning for the Northwest



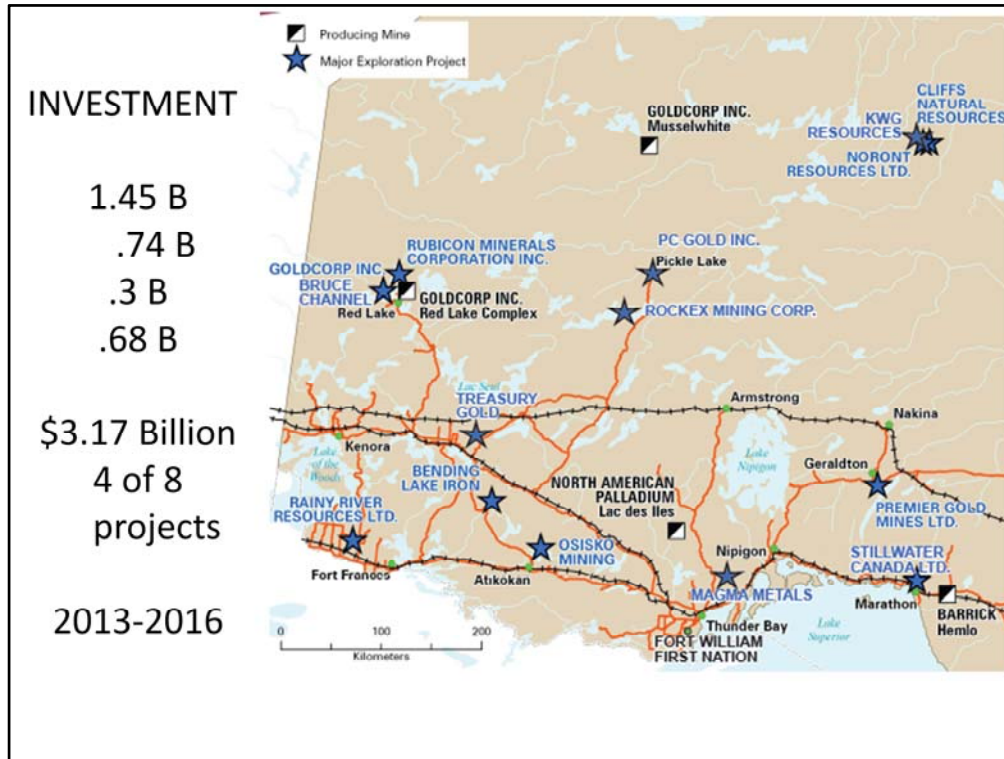
The next 10 to 20 years and beyond will be a remarkable time of growth for Northwestern Ontario – IF, and I emphasise IF, proper needs based planning is done and the correct building blocks are in place.

Let me start with new electrical demand that must be met: We project that by 2016 the electrical load will increase by between 363 and 388 MW with an additional 170 MW coming on stream after 2016. And that is just the 14 known mineral exploration projects that will convert to mines in the short term.

As you can see from the stars on the maps, this growth is much more than the Ring of Fire which has garnered all of the attention.



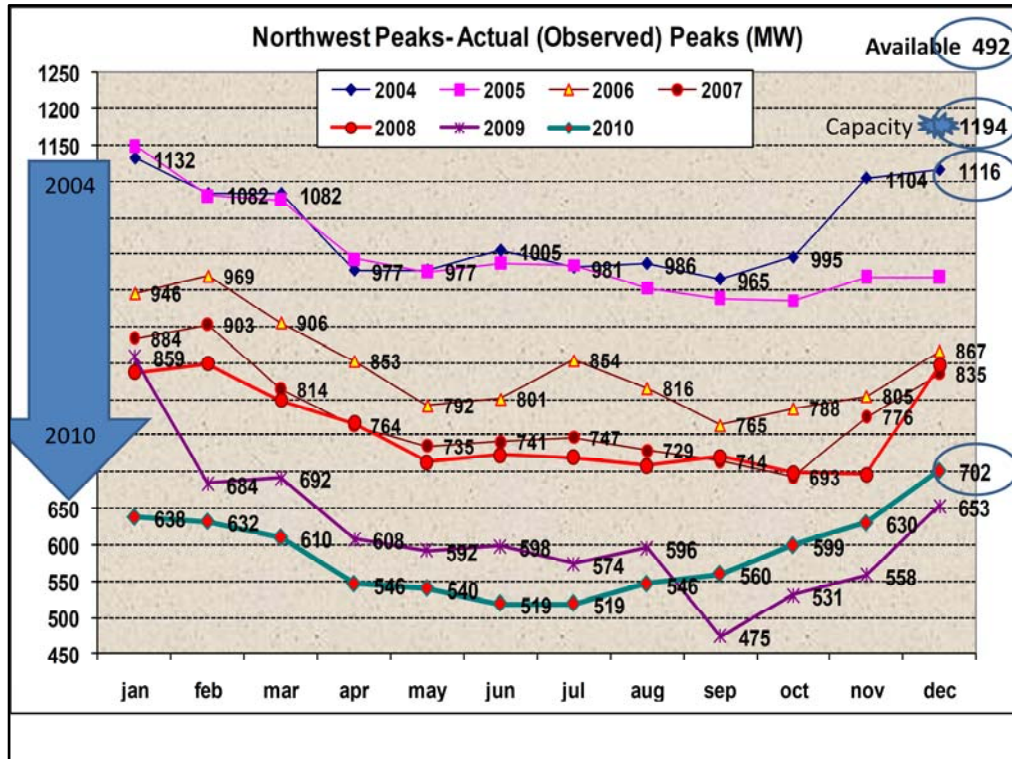
So electricity aside, what are the economic impacts of this massive mining activity: We estimate there will be the need for 4,000 construction workers between 2013 and 2016 and over 3,100 mine workers from then on. A total of 7,156 jobs will be created in the Northwest in three very short years. This does not include the processor which is going to Capreol in the Northeast.



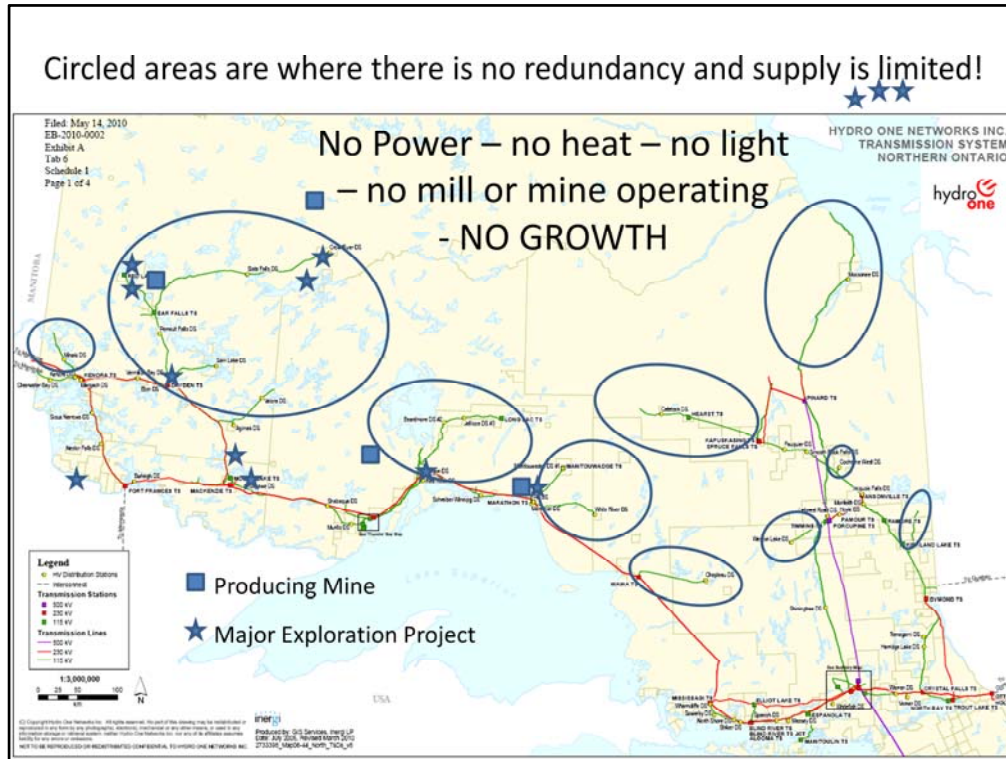
We have been able to determine the capital investment of only 4 of the 8 projects due to come on stream by 2016 - \$3.17 billion. The remaining 4 of the short term projects and the 6 longer term initiatives will be in the multi-billion dollar range of investment.

What isn't even on this list is a discovery west of Pickle Lake that we have been told is larger than the Kid Creek discovery of decades ago.

Minister, this is a once in a lifetime opportunity for the Northwest and for the Province of Ontario and a needs assessment method of planning will ensure that we will be able to take advantage of our natural heritage in the ground.



So returning to the energy building block – in the short term we have the electricity available in the Northwest to power those facilities that come on line in the near term. We have just under 500 MW of surplus generating capacity available in the region. The closure of all but three of our pulp and paper mills and most of our sawmills has created this excess capacity that we want to be used for economic development purposes across the region.



However, the challenge is to get the 500 MW to where it is needed and to do so on a consistent basis.

Minister, as we have pointed out to you before, the Northwest has a number of areas served by a single set of wires – a radial line in technical terms. As you can see from the map there are four areas in the region that have no redundancy. When those lines are broken there is no redundancy by which power supply can be continued without interruption. Supply of power will resume only when the problem has been located and repaired – and it is not unusual to have that take days. That means that everything shuts down – home heating in many cases, mines and their processing facilities, businesses, hospitals etc. And it could be a day or more before the lines can be restored.

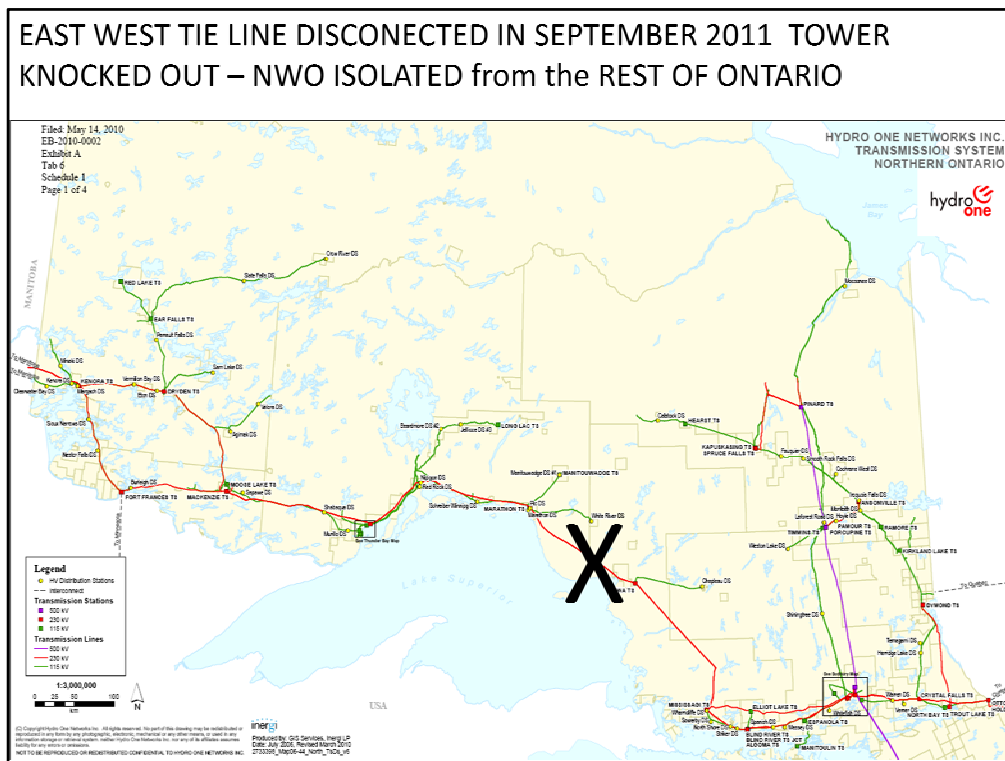
At the same time, most of the existing radial lines are maxed out – there is no additional capacity available for growth, whether it is industrial, residential or institutional.



A review of the map of Southern Ontario shows how much redundancy exists there as compared to many of our more northerly communities.



In 2011, Pickle Lake was cut off from the grid for 10 days as a forest fire wiped out a section of the line serving the community and areas beyond.



And it is not just the radial lines that are at risk. The main east-west transmission line between Wawa and Marathon was down for 10 days last September as a result of a tower being knocked down during a severe storm. We were able to supply our own needs during this outage from power generation right within the Northwest Region – demonstrating how essential it is to have dispatchable generation within the Northwest Region – the Thunder Bay and Atikokan Generating Stations in particular. Northwestern Ontario was truly the energy island we have spoken of in the past, with no connection to the rest of Ontario.

On a related note, when Ontario was hit by the major blackout a number of years ago, the Northwest continued to have full power and everything was operational.

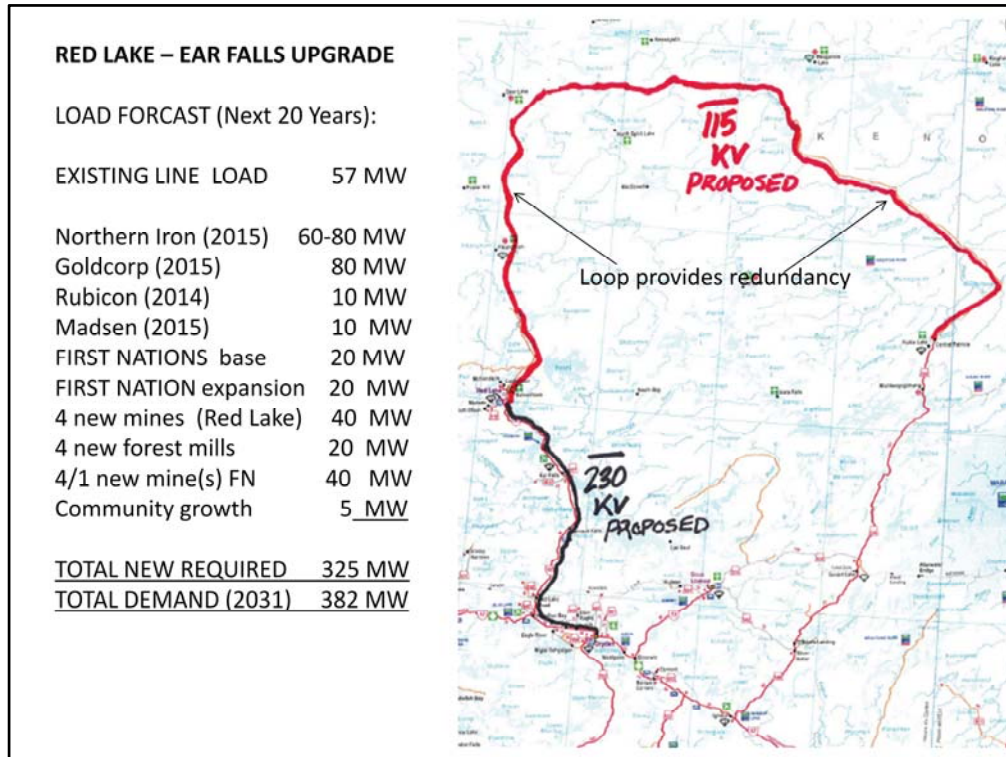
Ironically, the Northwest was ordered to participate in rolling brown-outs later on as part of a one-size-fits-all approach to high energy demand even though no power was flowing from this region at that time.



Examples of Needs-Analysis Planning

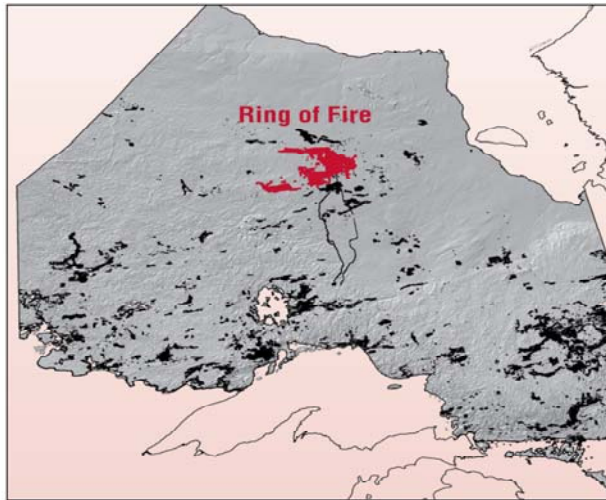
We want to provide you with two specific examples of why we require a needs-analysis planning for the Northwest.

For the first one, I want to call on Bill Greenway, Economic Development Officer for the Municipality of Red Lake to briefly outline how the Requirements Planning by the OPA is not meeting the needs of the area.

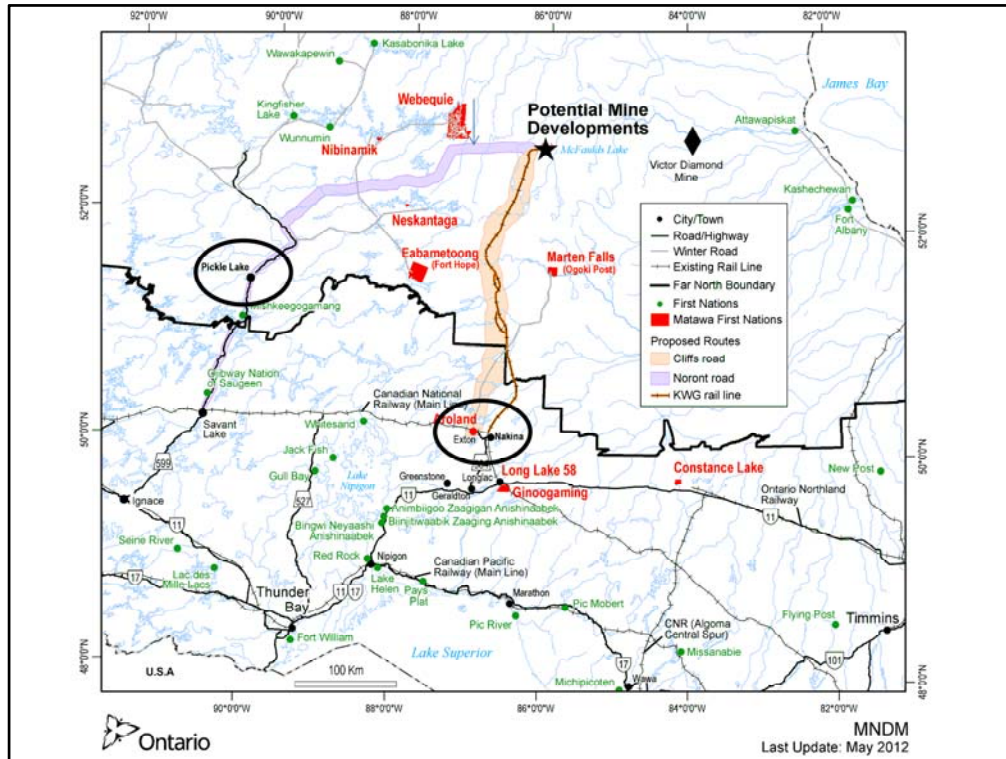


We have identified new loads in the range of 325 MW over the next few years. In spite of advising the OPA of this, they continue to propose a solution that does not come close to meeting the need, instead relying on their Requirement Planning approach. They propose to construct a second 115 KV line which would give us 200 to 250 MW of capacity when we have identified a new 230 KV line as a viable option ensuring that the Red Lake Area would have between 300 to 500 MW of new capacity in place to encourage the development of all of the mines and forestry operations that have been identified.

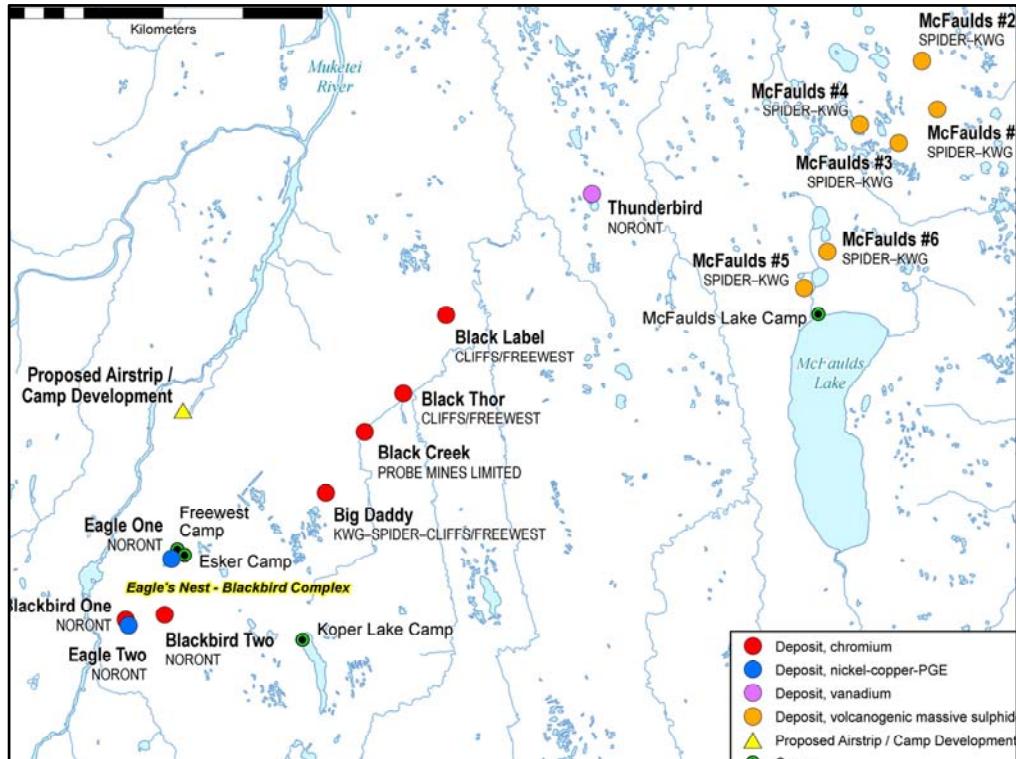
Ring of Fire Infrastructure



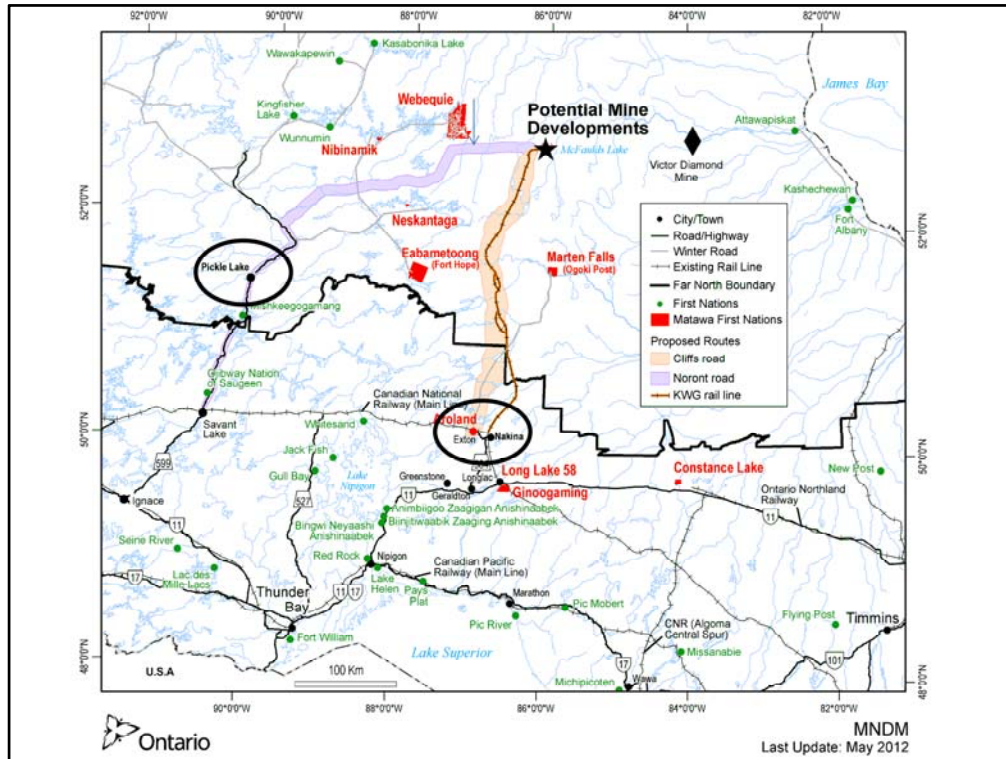
Let me now turn to the Ring of Fire and the need for infrastructure – including electricity.



As you are aware there are two separate private sector proposals for infrastructure corridors to the Ring of Fire – one from the Pickle Lake Area (the East-West corridor) and one from Nakina north (the north-south corridor). That being said the east west corridor proponent has put their planning on hold as they evaluate the implications of the north south corridor on their operation.



It is important to note that this is not just about 3 individual mines but at least 15 different mines that will come on stream over the next 50 years or so. Needs based infrastructure planning by the Province is essential if this massive discovery is to come to fruition.

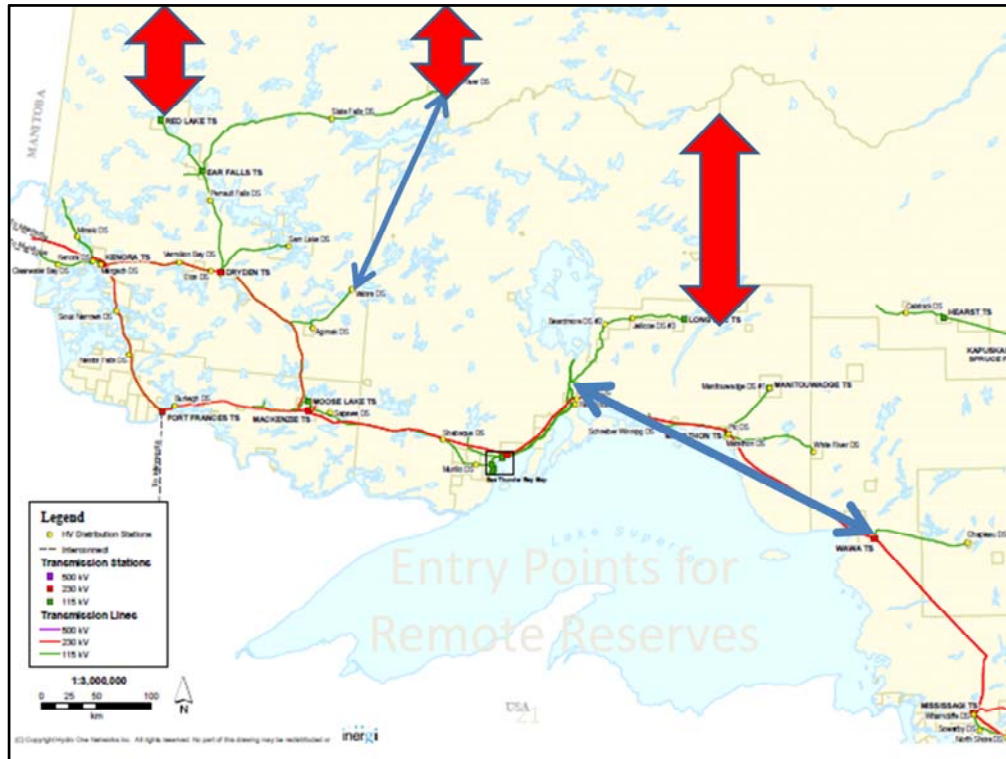


Both Pickle Lake and Nakina are served by Radial Lines and have insufficient power to feed into the Ring of Fire Development. Recent provincial planning has identified a new line to connect to Pickle Lake. In spite of all sorts of requests, proposals and interventions before the OEB, there continues to be no plan to upgrade the power to Nakina or the entire Municipality of Greenstone.

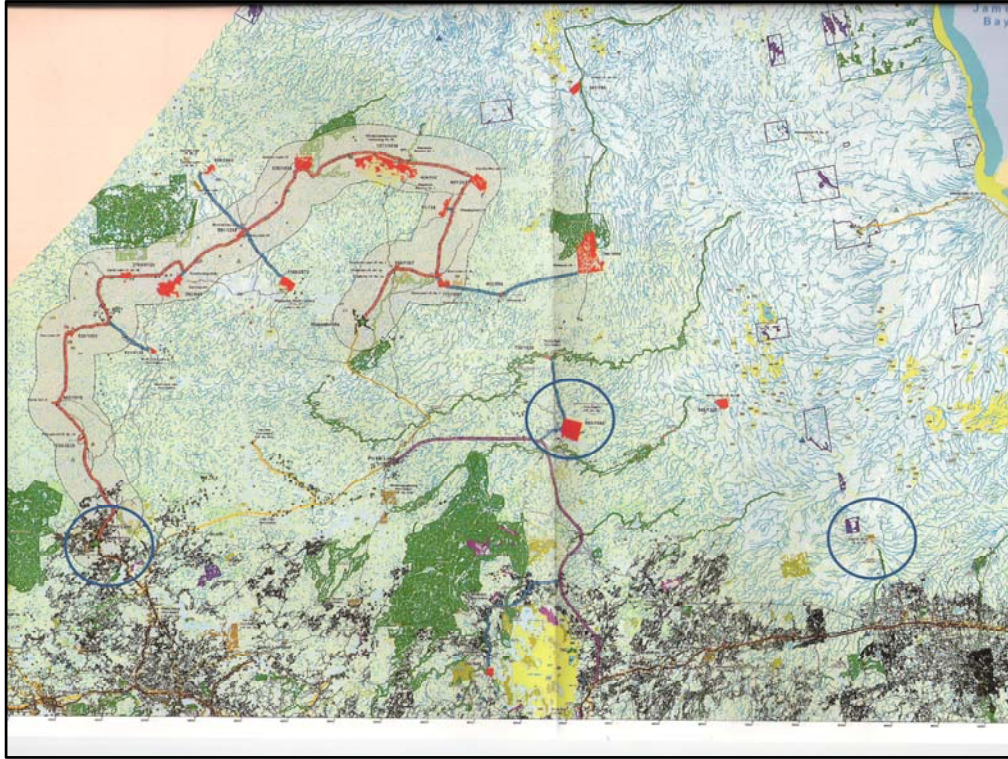


Powering Remote First Nations

Minister, we understand that there is ongoing dialogue between your Ministry and Government with the remote First Nations of Northwestern Ontario. We see it essential that all of those communities have adequate and secure power supply for a range of reasons, from giving them the ability to grow their economy , creating needed jobs within their communities, to being able to build new homes for growing populations, to the environmental benefits to all of us to get them off of diesel. We leave it to them to work out how best to accomplish that connection.



That being said, there are only three points on the Hydro One Networks System where connecting to the grid makes sense – Red Lake, Pickle Lake and Longlac. Again needs-analysis planning must drive this connections along with this planning must be Aboriginal led.



This is one scenario developed by NAN a few years ago with a connection at Red Lake.

The Growth Plan has certainly highlighted the need to developing strategic infrastructure partnerships between First Nations and other communities, and we believe that electrical transmission is one key opportunity.



Business Case

- Creation redundancy for radial lines
- Implications for multiple projects on a line
- Powering First Nations

One broad issue we want to raise with you today is the requirement that all new transmission or generation must meet a business case requirement for a connection to the grid to be allowed. It also means that a particular project must be financially viable in its own right.

We see this as discriminatory in that throughout the history of Ontario the vast majority of electrical infrastructure development has been based on the principle of the public good. That is the entire rate payer, or in the early years, the tax payer have paid for the expansion of the system. Now that the Northwest is ready to boom, each project must meet the business case test. We ask that this requirement be waived in the case of the Northwest.



Needs Analysis Planning

Let me return to today's theme:
Needs Analysis Planning

Needs-Analysis Planning

- What do end users (communities, industries etc.) who are the beneficiaries of new infrastructure, actually need over a reasonable time frame
- The planning can be expected to address the needs that the users or beneficiaries of the infrastructure that have identified.

needs-analysis starts with a broad inquiry as to what the end users or beneficiaries of the infrastructure actually need and should reasonably expect to have.

The planning can be expected to address the needs that the users or beneficiaries of the infrastructure that have identified.



As a localized example of needs analysis planning, the City of Thunder Bay, Fort William First Nation and the Thunder Bay CEDC have joined forces to develop a mining readiness strategy and regional economic development plan. We have been joined by a number of regional organizations, including NOMA to fund this project.



Vision

- Capitalize on exploration and mining related industrial development opportunities in the Region, including but not limited to the *Ring of Fire*, to sustain and grow all NWO communities.
- In turn, the growth and diversification of the Region will contribute significantly to the economic and social development of all NWO host communities including aboriginal and local.



The map shows the province of Ontario, Canada, with major cities and roads marked. Cities include Red Lake, Sioux Lookout, Kenora, Fort Frances, Kakabeka Falls, Thunder Bay, Grand Portage, Lake Superior, Sault Ste. Marie, and James Bay. Roads are shown as red lines with route numbers. The map also shows the borders with Manitoba to the west and the USA to the south.

We want this plan to:

Maximize job creation opportunities for people living in the Region

Maximize business opportunities, use of regional companies related to exploration, construction and operation of mines

Identify, develop and train regional workforce to support all new employment requirements.

Implement Strategic Infrastructure to enable industrial development with focus on transportation, energy, telecommunications and workforce education & training

Enable opportunities for improved quality of life and sustainability particularly for remote northern communities (e.g. road access and hydro-electric improvements)

Develop local partnerships and business clusters centered around mining supply and services, research and development and education & training

Plan for and provide sufficient industrial & residential land supply for new mining related development

Pursue and maximize industrial development opportunities including mineral processing and value added businesses

Future Planning Tools

- Regional Economic Development Area Pilot Project
- Northern Policy Institute
- Northern Ontario Growth Plan

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June 2012

Minister, there are three Ontario Government initiatives working their way through the process. One is the Regional Economic Development Area Pilot Project which we presented to Minister Bartolucci on June 5. In it we outline the creation of a Regional Planning Board that will develop a 5 year economic development strategy for the entire Northwest – electrical demand will be part of that plan. This is one pillar of the Northern Growth Plan

The second pillar in the Growth Plan is the proposed Northern Policy Institute and we eagerly await its creation. We see it as a key body that will assist Northern Ontario in understanding its needs.

Finally, there are a number of other recommendations that are in the Growth Plan that we understand are working their way through Government. We anxiously await further announcements from your colleagues.

It is important that the Province provide the leadership in terms of strategic infrastructure planning and development. The Ring of Fire is one key example that has been identified as a "world class diversified mineral deposit that represents one of Ontario's largest (if not the largest) economic development opportunity. It is reasonable to expect that the Province will have a 10 year plan for infrastructure including Energy on how to capitalize on this opportunity and the others we have identified throughout the Northwest.



NEEDS-ANALYSIS PLANNING

Minister, as we stated at the beginning:

needs-analysis starts with a broad inquiry as to what the end users or beneficiaries of the infrastructure actually need and should reasonably expect to have.

Our second request to you today, from both NOMA which represents all of the municipalities in Northwestern Ontario, and the City of Thunder Bay, is that in the matter of electrical energy generation and transmission that you create a Northwestern Ontario planning body that has the responsibility to identify the needs – both current and future of the region and to develop specific plans to meet those needs.

We are quite prepared to present to you some specific ideas on how this can work at AMO in Ottawa in August if you would like to explore further this concept.



QUESTIONS & DISCUSSION