

**Ministry of Energy
and Infrastructure**

Office of the Minister

4th Floor, Hearst Block
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6758
Fax: 416-327-6754
www.ontario.ca/MEI

**Ministère de l'Énergie
et de l'Infrastructure**

Bureau du ministre

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JUN 28 2010

Mr. Colin Andersen
Chief Executive Officer
Ontario Power Authority
1600-120 Adelaide Street West
Toronto ON M5H 1T1

Dear Mr. Andersen:

I was troubled to learn how the Ontario Power Authority's intent to postpone the imposition of liquidated damages for up to 120 days for some 200 contracts under the Feed-In-Tariff program has been characterized as extending timelines for domestic content.

Ontario's Feed-In-Tariff program, administered by the OPA, is without question a success. It is helping to build Ontario's leadership in both renewable generation and in the development of a competitive clean energy manufacturing and services sector, both key aims of the Green Energy Act (GEA).

There has been considerable enthusiasm around the GEA and I know you have received thousands of FIT applications from companies eager to invest in Ontario to provide clean, renewable energy.

Equally important, we already have at least 10 companies, in addition to the Korean Consortium, that are building solar and wind turbine manufacturing facilities in Ontario and we anticipate many more companies will either come to Ontario or expand their operations to meet the demand for goods and services in this industry.

To ensure this development, a key element of the GEA, and its target to help create 50,000 Ontario jobs in its first three years, is the requirement that projects under FIT utilize Ontario-based products and services. As you know, for 2010, wind projects require 25 per cent domestic content, 40 per cent for small solar, and for large solar projects, 50 per cent. In future years, this will increase to 50 per cent for wind projects (2012), and 60 per cent for solar (2011).

.../cont'd


I am aware that the very success of the FIT program has created administrative challenges, as the OPA works to establish relationships with the many firms and individuals attracted to generating clean energy in this province.

Ontario's targets and timelines for the FIT program, including domestic content, are ambitious, but we believe them achievable. We do not believe we need to, nor can we afford to, alter our timelines for creating jobs and investment in Ontario.

Our targets for domestic content, for both 2010 and 2011 were, as you know, carefully considered. With them, Ontario has enjoyed great success in both growing existing companies and in attracting new firms to Ontario. I believe that on a go forward basis, we can confidently maintain the current timelines. I would ask that you proceed on this basis, and work with FIT applicants to meet them.

We are confident in the ability of Ontario renewable energy generators to embrace the promise of the FIT program, recognized as one of the best renewable energy programs in the world. We are equally confident in the ideas, technology and the people of Ontario to build the best wind turbines, solar panels and related equipment and services, for both our own needs and to supply the world in this increasingly important sector.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad Duguid'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Brad Duguid
Minister