

Welcome to *Renew* – a quarterly publication of the Ontario Waterpower Association (OWA). This issue focuses on the theme of “shovels in the ground” and in particular on the critical need to address and rationalize the regulatory and policy frameworks inhibiting the achievement of the province’s renewable energy targets in general and waterpower projects in particular. Calls for expedited project approvals are numerous. In its latest Reliability Outlook, the IESO reported that “Lags in approvals represent the biggest risk to meeting the province’s need for new supply and transmission facilities over the next 20 years.” The issue was raised in the Report of the Agency Review Panel, which recommended that “the government enact legislation that would create a single integrated approvals process for electricity projects on a permanent basis.” And as featured in this issue, the results of the OWA’s benchmarking initiative (see *Renew* Spring 2007) concluded that significant improvements are required in existing approvals processes.

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Power Pioneer – Mr. Clary Gatien was chosen as the 2007 recipient of the OWA’s Ronald A. Dodokin Award, recognizing outstanding contribution to Ontario’s waterpower industry. Clary has been involved in the electrical industry for 68 years. In 1983 he obtained the first private water power lease with MNR and Ontario Hydro, before the NUG program existed. He founded Cobalt Power Company in 1988, and from 1988 to 1991 built the 6 MW Ragged Chutes project on the Montreal River. Accompanying Mr. Gatien (left to right) is Rick Donnelly (Hatch Energy), Ms. Clare Young (Mr. Gatien’s Executive Assistant), David Boileau (OWA Board member) and Ian Baines (OWA Chair).

Benchmarking the State of Project Development

A Review of Waterpower Development and Approvals

In the fall of 2007, the OWA finalized an initial “Benchmarking” report to document the current status of waterpower project development in Ontario and to identify areas of critical concern. The report’s information was primarily derived from the examination of existing legislation in Ontario and from interviews and surveys conducted with OWA developers and proponents. The survey was specifically designed to help determine and examine the impediments that proponents are encountering through the various stages of development. The report concluded

that the development of a waterpower facility in Ontario is often a long and arduous process, requiring an average of seven years, or even longer under certain circumstances (see flowchart, pg. 2), regardless of project size. While the current policy climate is supportive of renewable generation (including waterpower) and encourages new investment, the myriad and confusion of regulatory approvals are inhibiting project development. Moreover, potential conflicts with broader provincial policy initiatives have created uncertainty in the industry. The instability created by

Continued on page 2.

A Review of Waterpower Development and Approvals *continued*

changing and conflicting policy and the length of time required for development presents a significant challenge to a waterpower project developer. Waterpower development has a very high initial capital cost and proponents must commit to construction and production under a price fixed before the lengthy approvals process. Significant delays, uncertain approvals requirements and shifting policy priorities can all impact a project's viability. As a result, development of hydroelectricity in Ontario is seen as a poor option by some, relative to hydro in other jurisdictions, to other Ontario energy projects and to other investments in general.

The following key concerns are summarized in the report's findings:

- Overall, the process for development is not clearly laid out; proponents found it difficult to identify steps in the process (such as what permits were necessary), specific requirements

for development, necessary contacts and costs and resources required;

- Regulatory agencies were often viewed as having a regional/local rather than broad-scale mindset which hindered development, and as being poorly informed about the approvals process ;
- Working with regulatory agencies often entails long and indefinite waiting periods for responses to questions and comments and approvals on documents, creating uncertainty for the proponent and delaying the process;
- The public is poorly informed about waterpower, the approvals process and the value of new development;
- The burden of proof for addressing opposition to a development is solely on the proponent and not the opponent;
- There is no fixed and timely endpoint to the public consultation process;
- Requirements for environmental assessment and supporting studies

are not identified in advance, but build throughout the assessment;

- Multiple agencies administer permits and legislation so that identified requirements differ and may conflict and are additive to one another;
- The proponent is in direct control of a relatively minor percentage of the process; and
- Access to the resource has wait times for approval which are perceived to be unnecessarily long.

The report's findings point to opportunities not only for government, but for industry leadership and partnerships as well. For example, creating improved awareness, understanding and appreciation of the contribution and benefits of new renewable waterpower is at the very least a shared responsibility. The report also provides an important starting point for targeted improvements to the existing process and a means to measure progress. ■

The full report is available on the OWA website, www.owa.ca (what's new).

Figure 1: Waterpower Project progressive timeline based on current averages and assuming a relatively complication-free development process

6-18 months: Pre-Feasibility and Feasibility	Assess initial site feasibility and create preliminary proposal	
18-38 months: Site Access	<ul style="list-style-type: none"> • Submit initial application documents • Create and submit plan of development/site strategy • Receive Applicant of Record Status 	Submit applications for connection assessment
30-62 months: Environmental Assessment	<ul style="list-style-type: none"> • Coordination of EA processes and issue Notice of Commencement • Consult with public and First Nations • Perform environmental impact studies/design mitigation • Address public concerns and submit EA report • Review and revise as necessary • Complete EA 	
36-80 months*: Permitting	Additional permitting	* Permitting may take as long as 36 months; however, much of this can be anticipated while Environmental Assessment is being conducted.
48-104 months: Construction	Construction and Tenure	
52 - 110 months: Connection and Commissioning	<ul style="list-style-type: none"> • Final Waterpower Lease Agreement • Connect to the grid • Commissioning 	
Total: 4 + to 8 + years		



Sharing Perspectives

Stephane Boyer, Hydromega Inc. shares his experience on the Kapuskasing River project and working with First Nations communities. Jason Batise offered the perspective of the Wabun Tribal Council, who worked on behalf of the communities. Both Hydromega and Wabun Tribal Council are OWA members.

Building a Community of Practice – Expanding Business Relationships

Coincident with the OWA Fall Annual General Meeting and Conference a one-day session was convened to bring together waterpower project proponents and First Nations members involved in active projects. The event was designed to share experiences, successes and challenges in the emerging business relationships in waterpower, and was facilitated by Karen Wianecki. Communities of Practice are defined as “groups of people who share”:

- a passion for something that they know how to do and who interact regularly to learn how to do that better; and
- a common concern or set of concerns, problems, mandate or sense of purpose.

The session was conceived by the “Waterpower Working Group,” comprised of OWA, First Nations and provincial

government representatives and built upon the successful “Building Capacity Together” workshops (see *Renew*, Summer 2006). Participants reflected on lessons to date, considered opportunities for improvements and developed priorities for follow-up action. In the theme of “capacity,” key observations were as follows:

- There is a need to recognize that it is not just First Nations who have capacity issues – government and industry are learning too; this issue of capacity building affects all of us;
- Current government programs are not tailored to meet the needs of the waterpower sector, in particular with respect to the involvement of First Nations – program eligibility criteria should be reviewed and revised or created to reflect needs of waterpower projects on the ground;

- There are specific training needs among First Nation communities: Negotiating Agreements; Financial Structuring and Equity Contributions; and
- There is a need to look at building capacity within First Nation communities as a whole – not just hiring outside expertise but building that capacity from within.

In addition, participants considered issues associated with provincial policy for new development, challenges with First Nations consultation, the unique impediments to off-grid projects and enhancements to communications and information exchange. A report of the proceedings is to be tabled with the Waterpower Working Group and will be used to inform the group’s 2008 Action Plan. ■

“Splendid Isolation is Out...Collaboration is In”

Guest Editorial by Karen Wianecki

Acting As Social Change Agents and Engaging in a Networked World

There has been a seismic shift in the landscape of public engagement. Our world is changing. Democratic realignments, economic shifts, demographic change, technological innovation and geo-political shifts in the balance of power are dramatically affecting the way we do business, and the kind of business we are in. Since the early 1950s, there has been a logarithmic increase in the number of Non

Governmental Organizations and as a result today the NGO sector is worth over \$1 trillion a year globally.

At the same time, our decision making landscape is changing. Across corporate North America, individual businesses and government are recognizing key drivers that are requiring organizations to act as social change agents. The 21st Century offers a poignantly new set of realities, placing value on such intangibles as knowledge, innovation, competencies,

intellectual property and social capital. Social capital, according to Svendsen and Laberge, is the “glue” that cements collaborative action. Those on the cusp of innovation are recognizing that the only way to meet the changing demands of clients, partners and civil society is to embrace collaboration and co-creative engagement because collaboration is the key to securing that social licence to operate. *Continued on page 4.*



Above left: The International Hydropower Association’s Sustainability Guidelines (2004). take the approach that sustainable development requires the integration of three components – economic development, environmental responsibility and social justice – as interdependent, mutually reinforcing pillars.

**"Splendid Isolation is Out...
Collaboration is In" *continued***

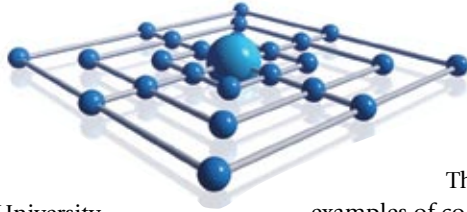
To quote Paul Skidmore in his epic paper *Leading Between*, "splendid isolation is out... collaboration is in." The value of building social capital has been studied extensively and the linkages between social capital and economic advantage are now apparent. Research by Boston College, as reported by Interpraxis, provides evidence that companies that build mutually supportive relationships with stakeholders also tend to enjoy enhanced financial performance. This evidence is further supported by a longitudinal study conducted by Harvard University that found "stakeholder balanced" companies show four times the growth rate and eight times the employment growth when compared with companies that were only stakeholder focused.

Securing a social licence to operate is essential and in the resource development and management arena, we are witnessing an awakening. There is a decided move away from simply "managing" stakeholder interests and toward co-creative stakeholder engagement. In the past, our approach to public consultation adopted an organization-centric view where individual linkages were created through one-off connections with partners and clients. Today, there is emerging a "system-centric" view – one that applies systems thinking to stakeholder relationships.

There are compelling reasons for applying systems thinking and for widening the circle of involvement. Simply put, it creates social capital that in turn, promotes innovation, adaptation and learning. Involving a diversity of interests supports innovation increases everyone's concept of what can be achieved and it allows us to see issues (and solutions) from beyond the spectrum of our own lens.

Today we face two critical challenges: doing things right and doing the right things. In order to remain adaptable, we need to be able to execute today's activities in order to survive not simply the

challenges of today, but those we will face tomorrow. Management of environmental issues generally and management of our water resources in particular, continue to be at the forefront of public concern. The nature of water is such that it belongs to everyone and to no one. Like other natural resources, issues concerning water use and management are complex and multi-dimensional. These multi-faceted issues demand a different approach to decision making – one that promotes a whole system view.



There are many stellar examples of co-creative engagement in the hydroelectric industry.

The IHA has taken a collaborative approach in creating Sustainability Guidelines for the sector. Several waterpower companies have engrained collaborative models into Corporate Social Responsibility metrics. And innovative and leading edge approaches to engaging First Nation communities and creating sustainable communities of practice are placing Ontario at the forefront of co-creative jurisdictions.

The social licence to operate is premised on a corporate philosophy that advocates collaboration, minimizes risk and builds relationships that are resilient to change. Fostering an atmosphere of trust and partnership among stakeholders and interests is a key ingredient for short term success and long term survival.

Securing a social licence to operate is now a business imperative. Promoting co-creative engagement by adopting and applying systems thinking to stakeholder relationships is the foundation for innovation, learning and business success. Where are you on the seismic scale of change? ■

Karen Wianecki is the Director of Practice, Planning Solutions Inc. (an OWA member) and is actively engaged in facilitating resource management policy and planning initiatives across Canada.

Last Word

**What gets measured,
gets controlled**

With attribution to our outgoing Chair, Ian Baines and acknowledgement to Lord Kelvin, ("When you can measure what you are speaking about, and express it in numbers, you know something about it...;"), "what gets measured, gets controlled and gets done. It has never been more apparent that the key to achieving our renewable energy targets in waterpower is the explicit measurement of progress against objectives and directed control over the critical elements that can facilitate or frustrate new projects. By any measurement, waterpower has been significantly underrepresented in its contribution to the province's electricity targets to date. Leading up to the submission of the Integrated Power System Plan, the Ontario Power Authority reported the following as a result of procurement to date:

	Water	Wind	Biomass	Solar
RES RFPs	43	865		
Standard Offer	25	431	30	109
Total	68	1,296	30	109

With the first tranche of Renewables RFP III imminent, and a total of 2,000 MW of new renewable energy to be commissioned by 2014, it is obvious that the requirement for regulatory rationalization is immediate. Waterpower can and must play a more dominant role in meeting the province's electricity and system reliability requirements. For it is certainly true that the total of our electricity plan must be greater than the sum of its parts. Without more waterpower and soon, it just doesn't add up. ■

Paul Norris
President, Ontario Waterpower Association