



cc Walt.

Ministry of Natural Resources

Ministère des Richesses naturelles

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June 24, 2008

Township of Muskoka Lakes  
P.O. Box 129  
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ATTENTION: Susan Pryke, Mayor

Dear Mayor Pryke,

SUBJECT: Bala Waterpower Proposal



I would like to take this opportunity to provide you some background information on the Bala waterpower proposal and some of the roles MNR is responsible for as a commenting and regulatory agency for such renewable energy initiatives. As you may be aware, Anne Collins and Steve Taylor met with Walter Schmid and Noel Waters, District Municipality of Muskoka last week to discuss the Swift River Energy waterpower proposal for the MNR Bala North dam.

As part of the overall renewable energy program in the province of Ontario, the MNR initiated the Competitive Site Release process in 2004 to identify and release sites for potential waterpower development. Based on a screening process undertaken by each MNR district, a number of sites in the province including the MNR Bala North Dam were chosen for potential release.

In the case of the Bala site, the screening process verified that Crown land was available at the dam to accommodate a waterpower facility, and the distance of the transmission line to connect to the hydroelectric grid was very short therefore in MNR's opinion, reducing the potential impact to private lands or other values. Through the Environmental Assessment requirements for electricity projects, the proponent will address all social, economic, and environmental values for the site. MNR has provided a number of initial comments during an earlier meeting with the proponent and other agencies, and will continue to provide comments and direction through the various stages of the EA process.

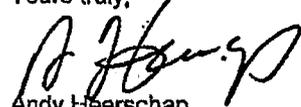
After the initial screening and selection of the Bala site as a Competitive Site Release location, a detailed *Request for Proposals* was issued by the MNR. Swift River Energy was chosen as the Applicant of Record based on the merits of the RFP document submitted. Applicant of Record status authorized the company to proceed with the EA process and requirements, and seek all required multi-agency approvals and authorizations.

At this time, the MNR Parry Sound District is in the process of having the parcels of Crown land associated with the Bala Dams transferred from the Ontario Realty Corporation to the MNR. Once transferred, the MNR will have the authority to issue a Lease for Construction or Water Power Lease Agreement once the proponent satisfies all EA requirements, and obtains multi-agency approvals and authorizations.

Further to the extensive Competitive Site Release process resulting in the selection of the Bala North Dam, Swift River Energy's RFP document, and the requirements of the EA process for electricity projects, I can assure you that MNR will continue to work with Swift River Energy to help ensure they meet their EA and public consultation requirements, and meet their commitments to the public as identified in their North Bala Dam Proposal released on July 5, 2005.

Please do not hesitate to call or e-mail Steve Taylor, Water Resources Coordinator at (705) 646-5531 [steve.taylor@ontario.ca](mailto:steve.taylor@ontario.ca) regarding further information or questions related to the Bala waterpower proposal.

Yours truly,



Andy Heerschap  
District Manager  
Parry Sound District MNR