

Ministry of the Environment

Environmental Assessment and
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MAR 25 2011

Mr. Mitchell Shnier
Mitchell_Shnier@ieee.org

Dear Mr. Shnier:

Thank you for your interest in Swift River Energy Limited's (SREL) proposed North Bala Small Hydro Project (Project). I welcome your comments on this Project.

On November 27, 2009, you requested, on behalf of Savethebalafalls.com, that SREL be required to prepare an individual environmental assessment (EA) for the Project. I am taking this opportunity to inform you that I have decided an individual EA is not required.

In making this decision, I have given careful consideration to the Project documentation, the provisions of the *Guide to Environmental Assessment Requirements for Electricity Projects* (Electricity Guide), and the issues raised in your request. The reasons for my decision are documented below. I am satisfied that the issues and concerns have been addressed by the work done to date by SREL or will be addressed in future work that is required to be carried out.

The Environmental Screening Process (ESP), as set out in the Electricity Guide, is a process by which proponents plan and develop projects of this type, including assessing environmental effects, developing mitigation measures, and consulting with relevant stakeholders, including government agencies, public and aboriginal communities, without having to obtain approval from me for each individual project.

The Project documentation indicates that SREL has planned and developed the Project in accordance with the provisions of the Electricity Guide. I am satisfied therefore that the purpose of the *Environmental Assessment Act*, "the betterment of the people of the whole or any part of Ontario by providing for the protection, conservation and wise management in Ontario of the environment," has been met for the Project.

In your request, you state that the Project will restrict access to public areas, such as the municipal boat docks located near the proposed Project intake and other areas surrounding the North and South Bala Falls. You are concerned that the public will lose



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access to the shoreline and water in the area between the proposed Project and the north falls, and that the project would make over 500 feet of precious Muskoka shoreline too dangerous for use.

The Environmental Study Report (ESR) documents existing shoreline access and considers the potential for disruption after the Project is constructed. The ESR notes that existing accessible areas, such as the shoreline between the North Dam and the new upstream navigational safety boom, where the Purk's Place building is currently located, will be the area which will contain the intake, and thus will be restricted to prevent the accidental entry of persons into the high velocity waters. This means that no persons will be able to access the area for swimming, boating, or portaging. In addition, the area surrounding the Project tailrace (approximately 25 metres (m) of shoreline) will also be restricted by a navigational boom for safety reasons. Only these two areas will be publicly restricted.

SREL confirms to the Ministry of the Environment (MOE) that existing recreational areas, located both upstream and downstream of the Project, will be maintained. SREL has committed in the ESR to maintaining unrestricted access to the shoreline between the North Dam and the Project, as well as maintaining access to the shoreline between the Project and the South Dam. In order to better accommodate visitors to the area, the Project will include pedestrian paths and steps to allow easier access to the area between the North Dam and the Project. The municipal dock located upstream of the Project will be maintained and access to these facilities will be unrestricted and function as they do currently after the Project is in operation. Transport Canada (TC) has confirmed to MOE staff that these areas will maintain their navigational properties, and will not be negatively impacted by the Project's implementation.

I am satisfied that SREL has considered access to the shoreline areas around the North and South Dams and the potential impacts as a result of the implementation of the Project.

You contend that the Project will negatively impact boating in the areas surrounding the facility, and specifically that the Project will create significant navigational difficulties for users of the town docks.

The ESR noted that there may be increased risks posed by increased flows and velocities as a result of the Project. The ESR documents the specific areas where velocities and flows will be consistently high during operation. In order to protect public and boating safety, these high velocity areas will be restricted by safety booms, signage and/or

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fencing, and will be inaccessible by boats. TC reviewed the Project documentation and confirmed to SREL that the proposed intake boom location, upstream of the Canadian Pacific rail bridge, is reasonably placed and will provide continued access the municipal dock and Diver's Point. TC states that the downstream tailrace boom is also reasonably located and will not remove access to navigation of any significant water area. As the velocity from the tailrace will eliminate the swirling (circular) flow which presently occurs in that area during high flows, easier handling of small vessels in that zone will result and enhance public safety.

With regards to the existing use of the public municipal dock, TC also concluded that water velocities upstream of the boom during Project operation will allow boating to continue as it currently does. The annual regatta, which accommodates several boats at the municipal dock over the Civic Holiday weekend, will be able to proceed without any disruption. TC stated it is satisfied that the Project will not negatively impact the surrounding environment from a navigational perspective.

SREL will also be submitting the Project for review under the Canadian Environmental Assessment Act process, as the Project will be required to obtain an approval from TC under Subsection 5(1) of the Navigable Waters Protection Act prior to construction. This ensures that the Project will maintain safe navigation conditions throughout construction and operation.

MOE staff have reviewed the ESR, in addition to TC's documentation of its review of the Project, and I am satisfied that SREL has met the requirements of the Electricity Guide for assessing potential impacts to the surrounding environment with respect to boating safety and navigation.

In your request, you cite several concerns with the potential impacts to the water flows and levels of both the upstream Lake Muskoka (Lake) and the downstream Moon River (River). You indicate that the Project's impacts to the surrounding water levels and flows will not be in accordance with the existing Muskoka River Water Management Plan (MRWMP).

The ESR documents that as a result of the Project's operation, there will be reduced average flows over both the North and South Dam following the construction of the Project. SREL has assessed the hydrology of the river system for the years 1960 through 2005 using data from the Ministry of Natural Resources (MNR). Daily flows have been used to determine high and low periods and for SREL to prepare an operation plan which accommodates these periods.

The MNR data shows that the North Dam typically sees flows of approximately 10 cubic metres/second (m^3/s) or less, on average, during the period from May-October. However, during the prime tourist season (July-September) the actual flow is considerably less, in the 1-5 m^3/s range for the drier periods of the summer season. As documented in the ESR, and also during a site visit by MOE staff on August 5, 2010, the only flow that passes through the North Dam during this time is through leakage of the stop logs.

The existing MRWMP stipulates that a summer minimum of 1 m^3/s be released at each of the two Dams. The ESR documents proposed flows of 1 m^3/s over the North and South Dam throughout the year with an increase to 2 m^3/s proposed at the South Dam during the summer tourist (viewing) period. This flow distribution proposed in the ESR is preliminary estimates and subject to changes during detailed design. The ESR also states that the minimum flows required to operate the Project is 20 m^3/s . Any incoming flows of 20 m^3/s or less (which may occur during the summer season) will be distributed entirely over the two Dams and the Project will shut down until the flow increases to operating conditions, i.e. water flows over 20 m^3/s .

The Project will be required to maintain Muskoka Lake levels and flows and levels through the Moon River (Bala Reach) according to the requirements of the MRWMP to protect water levels and flows. There will be no increase or decrease in the water levels in the Lake and River as a result of the Project operation. SREL will be required, prior to construction, to prepare an amendment to the existing MRWMP. The amendment will include documentation that this Project will be within the area encompassed within the MRWMP, and must document any relevant flow and level changes to the Lake, River and North and South Dams which will need to be in accordance with the requirements of the MRWMP, committed to by SREL and approved by MNR.

The MNR is responsible for ensuring that water levels and flows are managed appropriately. The MRWMP regulates water levels and flows for the waterbodies encompassing the proposed Project. As owner of both Dams, MNR will be responsible for ensuring SREL is in compliance with its standards.

In addition, a Flow Distribution Committee (FDC) established by SREL, has been organized by SREL which includes local residents and businesses. The FDC met with SREL on October 13, October 20 and October 27, 2010 to discuss the adequacy of the proposed scenic flows over the North and South Dams, primarily during the summer tourist period. SREL will ultimately determine if scenic flows over the North and South

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Dams are adequate or if modifications will need to be made to ensure the tourist industry and overall character of the area are not impacted.

MNR has submitted correspondence to MOE staff which states that while it currently has no outstanding concerns with the Project as proposed, SREL will be required to fulfill the *Lakes and Rivers Improvement Act* (LRIA) approvals and the amendment to the MRWMP before the Project is allowed to proceed.

I am satisfied that SREL has assessed water flows and water levels in consultation with a number of agencies, including Fisheries and Oceans Canada (DFO) and MNR, and the approvals which will be issued by MNR will ensure that the Project will avoid impacts to the surrounding natural environment, specifically the surrounding waterbodies.

You express concerns with the potential impacts to public safety, especially for the existing in-water recreational activities both upstream and downstream of the proposed Project. Specifically, you state that the Project will negatively impact scuba diving that is currently enjoyed in the area.

The ESR documents the assessment of the potential negative impacts to the current recreational uses of the area. With regards to potential impacts to swimming and recreation for the area immediately downstream of the North Dam, MNR has confirmed to MOE staff that this area is currently designated as a "no swimming" zone due to its proximity to the North Dam.

SREL has indicated that the areas around the North Dam will be unaffected by the operation of the Project and will continue to be signed as a restricted area, however it will not be further fenced off or physically inaccessible. This area will continue to be unsafe to permit swimming or other recreation uses due to its proximity to the Dam and not as a result of the Project operation.

SREL has documented in the ESR that areas restricted from public access will be clearly marked by safety booms and appropriate signage. These areas are immediately downstream of the tailrace and upstream of the intake. It is noted in the ESR that these areas will no longer be a safe place to scuba dive, given the possibility of the diver to become disoriented and to venture past the overhead boom. However, SREL has indicated that other nearby areas, such as Diver's Point, will continue to be unaffected by the Project operation and will continue to be a safe location for scuba diving.

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With regards to snowmobiling, SREL has documented in the ESR that during construction, a narrow snowmobile access will be maintained along the south side of Bala Falls Road so snowmobilers may be able to continue to use the trail without disruption. I understand that SREL is in discussions with the Township to assist with the installation of a proposed new, year round snowmobile/pedestrian bridge that would cross the river upstream of the North Dam and negate the need for snowmobilers to use the current passage over Highway 169. This proposal for a new bridge is separate from this Project and at this time is in its preliminary conceptual stage with the Township.

I am satisfied that SREL has assessed potential impacts to the recreational uses of the surrounding area.

You believe that the Project will negatively impact the current portage routes that exist in the area between the Lake and the River and that SREL has not proposed an alternative route for those who wish to utilize the area for canoeing or kayaking.

The ESR documents that, in order to ensure public safety, the existing upstream navigational boom will have to be relocated, which will replace the existing portage at the Purk's Place dock in the public restricted area, and thus not available. The existing portage entrance into the River, located just south of the Dam and adjacent to the Project, will continue be available, as will the easily accessible public boating docks located on the River approximately 100 m downstream from the Dam outfall. These alternatives ensure that portage will not be significantly impacted as a result of the Project.

TC, the responsible authority for impacts to navigation, including portages, has reviewed the ESR and has confirmed that the alternative portage routes are acceptable.

MOE staff have reviewed the ESR, and the subsequent documentation from TC, and I am satisfied that the Project has met the requirements of the Electricity Guide for assessing potential impacts to navigation and public safety.

You raise concern that the Project will significantly impact the local economy. Specifically, as you state that the economy of the area is completely dependent on tourism, the proponent has not done any study of how this loss of shoreline, restriction to in-water recreational activities, and significant visual impact would have on the businesses in the area.

On August 24, 2010, I made a decision that SREL complete an Economic Impact Study (EIS) to document potential economic impacts.

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The EIS was completed by the Centre for Spatial Economics on behalf of SREL, and utilized Statistics Canada data for population and employment figures for the Village of Bala. The EIS acknowledges that economic data for the Village of Bala is non-existent, and therefore the actual impact (positive or negative) the Project will have on the local economy could not be determined. The Ministry of Tourism and Culture (MTC) confirmed to the MOE that economic data for the Bala community is not available, and thus the conclusions cannot be quantified.

During the EIS, a survey was distributed to 119 local businesses in an attempt to quantify the potential impacts to the local economy. In the surveys completed, local business owners note that while the Project may have potential negative impacts as a result of short term road closures and noise-related disturbances during the construction phase, they also expressed that the Project may have positive benefits due to providing services to the construction team during this same period.

The EIS concluded that although the Project may lead to short-term minimal negative economic impacts during the construction period due to potentially lower tourism numbers because of vehicle access restrictions, it may also provide opportunities for positive economic growth through local spending by those working to construct the Project. The EIS also predicts an anticipated larger attraction for the local tourism industry when the Project is in operation because of the proposed landscaped public viewing area.

Mitigation measures have been proposed in the ESR, such as construction timing schedules which avoid conflict with key tourist events/festivals during the year, which further show the extent of SREL's consideration of potential impacts to the surrounding area.

MOE staff have reviewed the ESR and the EIS and I am satisfied that SREL has made a reasonable attempt to document the Project's potential impacts on the local economic environment, and has met the requirements of the Electricity Guide. I have determined that an individual EA is not required for the Project as a result of the assessment of potential impacts and the conclusions made by SREL.

In your request, you state that the impacts due to noise and vibration have been virtually ignored.

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As part of the ESR, SREL prepared an acoustic assessment for the Project. This study assessed potential changes in noise levels after the Project is in operation and if any mitigation is required as a result. As part of this assessment, SREL determined the baseline sound level limits at five points of reception (POR) near the proposed Project. The sound level limits were determined using MOE's "Sound Level Limits for Stationary Sources in Class 1 and 2 Areas" (sound level limits) (1995). According to the sound level limits, the maximum sound that can be recorded for Class 1 areas, defined as urban areas is 50 A-weighted decibels (dBa) during the daytime hours (07:00 to 19:00) and 47 dBa during the night time hours (19:00-23:00). For Class 2 areas, which is also characterized as urban but also requiring lower ambient sound levels during the night time hours, the sound level limits are 50 dBa during the daytime hours and 45 dBa during the night time hours. SREL determined that for all five POR's (all categorized as either Class 1 or 2 locations), which included the Stone Church and Purks Place, the sound levels recorded were lower than MOE's sound level limits. In addition, SREL determined that the existing recorded background sound levels, produced primarily by the North Falls itself and vehicle traffic traveling in close proximity to the Project, is such that the noise produced from the Project will be masked by the existing ambient noise and will not be significantly noticed by the surrounding population.

SREL has proposed mitigation measures to reduce noise during the Project's operation, which include installing the transformer within the underground powerhouse and locating generator cooling fans in areas where the exhaust directionality is toward existing sources of noise, such as Muskoka Road 169 and the railway line.

The acoustic assessment was reviewed by MOE technical staff as part of its review of the draft ESR. SREL incorporated MOE technical staff's comments and concerns in its final ESR, released October 2009. MOE technical staff subsequently confirmed to SREL that it has no outstanding concerns with the Project with respect to noise. In addition, noise produced during the construction period would have to comply with municipal noise by-laws.

I am satisfied that SREL has assessed potential impacts to the surrounding natural and social environment with regards to noise.

You state that the Project will negatively impact fisheries and fish habitat. You contend that SREL did not provide any supporting documentation in the ESR regarding information on fish habitat.

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SREL completed an assessment of potential impacts to fish and fish habitat as a result of the Project's construction and subsequent operation. The ESR notes that there are walleye spawning beds located adjacent to the Project's proposed outfall, and that construction activities such as excavation and blasting may temporarily or permanently affect these habitats and/or fish populations. DFO, the federal agency responsible for fish habitat, provided comments to SREL and cited specific concerns with regards to compensation proposed for fish and fish habitat. DFO asked SREL to address issues that the Project may lead to the harmful alteration, disruption and destruction (HADD) of fish habitat. As the Project will be required to obtain approvals from DFO under subsection 35(2) of the Fisheries Act for authorization of works leading to the HADD prior to construction, SREL must address these issues prior to that stage. After discussions with DFO, SREL documented changes to the Project with respect to excavation and blasting procedures, in addition to documenting modified mitigation measures to ensure that DFO's issues with fish and fish habitat were addressed. These modifications were prepared and submitted to DFO in a letter of intent by SREL for approval and DFO confirmed with SREL and MOE that it is satisfied that all fish and fish habitat related concerns have been adequately addressed.

MOE staff have reviewed the ESR and subsequent SREL letter of intent to DFO, and in consideration of DFO's satisfaction that the Project will not significantly impact fish and fish habitat as a result of construction or operation, I am satisfied that SREL has assessed potential negative impacts to the surrounding natural environment. Further, SREL will be required to obtain permits/approvals from DFO prior to construction of the Project.

You believe that SREL inadequately assessed potential alternatives for the Project. You contend that other options should have been considered as the preferred alternative for the Project which would have addressed many of the outstanding significant concerns raised by the public.

As owners/operators of both the North and South Bala Dams, the MNR has jurisdiction over the potential development of these sites for hydropower development. The MNR states that under the competitive release process of the MNR Waterpower Site Release Policy, MNR selected the North Dam only as a potential location for waterpower development, due to the availability of Crown land at its location and that MNR cannot direct development onto private/municipal land. In addition, MNR states that the South Dam was not considered as a potential location for development due to the fact that it is the principle dam for controlling water levels on Lake Muskoka and for flood mitigation, and that a waterpower facility in this location would likely impact or impede the South Dam's discharge capacity which would significantly impact the surrounding

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environment. Therefore, with respect to alternative sites for hydropower development, the South Dam was never considered to be an alternative for this Project by MNR or SREL.

I am satisfied that SREL has met the requirements of the Electricity Guide for assessing potential alternatives for the Project.

You cite several issues with the public consultation undertaken for this Project. Specifically, you state that public review period was too short and an extension should have been required to review the lengthy ESR and provide comments to SREL. You also state that reasonable requests by the public for further extensions to review the documentation were ignored by SREL.

The Electricity Guide sets out the requirements for public consultation. MOE staff have reviewed the ESR prepared for the Project with regards to public consultation. The Notice of Commencement for the Project was posted on August 8 and 9, 2006. SREL held two Public Information Centres (PIC) for the Project, on August 29, 2007 and August 13, 2008 respectively. Given the level of public interest for the Project, the review period was extended from the required 30 days to allow the public and stakeholders to additional time to review the Project documentation and provide comments to SREL. The Notice of Completion (NoC) was posted by SREL on October 13, 2009 and the ESR was provided for review by the public for an extended period of 44 days, concluding on November 27, 2009.

SREL has hosted and attended many public and council meetings since the conclusion of the public review period. After reviewing the Project documentation, I understand that approximately 25 meetings have been attended by SREL, mostly with public and stakeholder groups, in addition to Township of Muskoka Lakes (Township) Council meetings to discuss outstanding issues with the Project. In addition, SREL has provided numerous information notes and Project status updates on the Project web site since the NoC was issued.

You indicate that SREL has made a poor choice in locating a hydro-electric facility in the middle of Bala, and that other alternatives should have been considered.

As owners/operators of both the North and South Bala Dams, the MNR has jurisdiction over the potential development of these sites for hydropower development. The MNR states that under the competitive release process of the MNR Waterpower Site Release Policy, MNR selected the North Dam only as a potential location for waterpower

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I am satisfied that SREL has met the requirements of the Electricity Guide for assessing potential alternatives for the Project.

You raise concerns with the aesthetics of the Project. Specifically, you state that SREL refused to provide the public with a realistic rendering of the Project, and that the current renderings do not include several key components of the constructed facility.

The Project is intended to be constructed primarily underground, and will be topped by a landscaped viewing area, which will allow the public to utilize for recreation and tourist purposes once the Project is in operation. Final details of the visual elements of the Project, such as direct access to the shoreline from the Project site, in addition to locations of vents and hatches required for the Project and signage and fencing considerations will be determined during the detailed design phase.

SREL has committed to forming a Public Advisory Committee during the detailed design phase to allow the public to provide input for the final appearance of the landscaping and other aesthetic elements of the Project.

MOE staff have reviewed the ESR and I am satisfied that SREL has met the requirements of the Electricity Guide for assessing potential impacts to the surrounding natural environment and has proposed appropriate mitigation. Further, I have imposed a condition on SREL to reinforce SREL's commitment to developing this Public Advisory Committee and to consider any recommendations from meetings of the Project's Public Advisory Committee into the final visual design of the Project.

You state that the Project will negatively impact key tourism events and festivals which take place throughout the year in the area. You believe that as a result of construction, traffic impacts will be significant and will deter people from visiting the area during the Project's construction period.

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SREL has documented in the ESR the procedures it intends to take to facilitate traffic management during the anticipated 18 month construction period. This includes construction of the Project after the Cranberry Festival, construction of a temporary bridge during the off-peak winter season, and construction of the intake pipe under Highway 169 during the winter season.

As the Project construction will be ongoing during one full tourist season from May-October, SREL has proposed a timing schedule and mitigation measures to ensure that traffic along Highway 169 is not significantly interrupted at any time during the construction period.

The ESR also proposed mitigation measures to ensure that the impacts from construction are minimized, i.e. the presence of having flag men and installation of temporary traffic lights to facilitate traffic management so vehicles are able to move through the area without significant delay. SREL has proposed to construct a landscaped viewing deck above the facility to minimize visual impacts from vegetation removal during construction.

The ESR documents the key construction activities and timing schedule that has been coordinated by SREL to ensure that key events and festivals throughout the year will not be significantly impacted by the Project. The ESR documents the construction schedule and notes that the placement of the temporary bridge over Highway 169 will begin after the Cranberry Festival. Any traffic delays will only occur during this two week period. The bridge will be removed prior to the 2012 Victoria Day long weekend, so there will be no potential traffic delays occurring during the summer tourist season.

The Town Docks located upstream of the Project, will be unaffected by construction and operation with regards to access or navigation and will have no impact to the annual boat regatta during the August Civic holiday weekend. The falls will not be closed to public access during any of the construction period, and the recreational characteristics of the falls will be maintained and available to be enjoyed by the visiting public during this time.

I am satisfied that SREL has adequately assessed the potential impacts to the tourism events/festivals during the construction of the Project. The mitigation measures proposed in the ESR with regards to traffic and construction ensure that any potential impacts will be minimized. In my decision, I have imposed a condition on SREL to adhere to the

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commitments made to follow the original construction timing schedule, to not impact any tourism festivals and key periods throughout the year, as expressed in the ESR.

You contend that the construction of the Project will impact and disturb the existing utilities located under Highway 169, and will disrupt service.

As the Project will require construction under the existing Highway 169, local municipal utilities will be required to be relocated during this period. SREL documents in the ESR that currently there are three underground municipal utility lines which cross the Highway within the Project area. There is a 50-millimetre (mm) diameter low pressure forcemain, a 150-mm diameter forcemain and a 350-mm diameter water main. Any relocation of these pipes will require permits and approvals from the District of Muskoka. SREL will work with the District of Muskoka and possibly the Township with respect to any disruption of services associated with the relocation of the lines discussed above. SREL confirms to MOE that discussions with the District of Muskoka pertaining to the relocation of utilities have begun and details will be confirmed during the detailed design stage of the Project.

I am satisfied that SREL has considered potential impacts to existing municipal services as a result of the Project and that all discussions and plans to relocate such service utilities will be made at the municipal level.

You state that the Project will negatively impact water pollution. You contend that the operation of the Project cause significant water pollution, specifically from the cooling water, contaminants and wash sink water used within the facility.

The ESR documents the potential impacts to surface and groundwater as a result of the Project and the mitigation measures proposed to ensure that the water surrounding the facility is not polluted by various materials utilized for Project operation.

The Project will require certain hazardous materials to operate the equipment; such as hydraulic fluids, oils and fuels. However, the ESR documents that the facility will be equipped with containment systems, such as an oil-water separator, to ensure that any spills inside the facility will not leak into the downstream River watercourse. A Certificate of Approval (CofA) under the *Ontario Water Resources Act* for Industrial Wastewater Discharge will be required to operate the oil-water separator. In addition, the ESR documents that spill containment materials will be kept at the facility at all times, and that any spills will be immediately reported to the MOE Spills Action Centre and disposed of at a MOE approved site in accordance with the MOE waste disposal

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procedures of Ontario Regulation 347 under the *Environmental Protection Act*. Furthermore, SREL will be required to obtain a waste generator number and submit a Generator Registration Report to the MOE for each waste generated at the facility, as per the requirements of Ontario Regulation 347. These requirements will ensure that the surrounding environment will be protected and that pollution to the surrounding water will be avoided as much as possible. These approvals will need to be issued prior to implementation of the Project.

I am satisfied that SREL has assessed potential impacts to the natural environment, specifically water pollution. The CofA that is to be required by SREL will further ensure that impacts to the surrounding water will be properly assessed.

After the public comment period, many have expressed concerns relating to the land lease agreement that is required in order for SREL to construct the Project on Township and District of Muskoka land. SREL has documented in the ESR, and through subsequent correspondence with MOE, that it has been in discussions with the District of Muskoka, beginning in 2008, to reach a land lease agreement for land that is required to construct the Project. Although a lease agreement in principle was documented in 2008 by the District of Muskoka, pending EA clearance, the details of the lease agreement are still being assessed and discussed by SREL and the District of Muskoka. If the District of Muskoka, or the Township does not lease the land to SREL, required for the Project as it is currently planned, SREL has indicated that the Project will need to be moved onto Crown land, originally considered as Option 1. Any changes to the Project will be required to meet the requirements of the Electricity Guide.

The outstanding Township and District of Muskoka land lease agreements with SREL does not affect the Director's decision on the elevation requests. The Project that is being considered is the Project as documented in the current ESR.

In accordance with the ESP, my decision will become final 15 calendar days after this notice of my decision is received, unless a request is made by you within that time that the Minister of the Environment (Minister) review my decision. This notice is deemed to be received on the fifth day after it is mailed. Please note that the details for requesting that the Minister review my decision are outlined in section B.4.1.2 of the Electricity Guide. If you do not have a copy of this guide, it is available on the MOE's web site. If no request is made to the Minister to review this decision, SREL may submit the required Statement of Completion and then may proceed with the Project, subject to any other permits or approvals required. SREL must implement the Project in the manner in which it was developed and designed, as set out in the Project Report, inclusive of all

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commitments made during the review of the elevation requests, mitigating measures, and environmental and other provisions therein.

Again, I would like to thank you for participating in the ESP and for bringing your concerns to my attention.

Yours sincerely,



Agatha Garcia-Wright
Director
Environmental Assessment and Approvals Branch

Attachment

c: Ms. Karen McGhee, Project Manager, Swift River Energy Limited
Mr. Larry King, Consultant Project Manager, Hatch Energy

