



October 1, 2015

Municipality of West Nipissing,
225 Holditch Street,
Sturgeon Falls, ON P2B 1T1

RE: River Valley Small Waterpower Project

Council of the Municipality of West Nipissing,

On September 1, 2015, the Water Power Group Limited Partnership (“WPG”) re-signed a Letter of Intent for the Development of hydro-electric project on his property at River Valley with Tony de Boer, a resident of River Valley. A Municipal Council Support Resolution was passed by your council March 19, 2013. WPG conducted a successful community information meeting in River Valley with a group of the residents of with the River Valley. WPG would like to re-submit a request for Municipal Council Support Resolution for the project. The project is identical to the previous project with the exception the size has been reduced from kilowatt output on the turbine name plate of the turbine from 948 kW to 498 kW.

We have attached the following documents to assist you in your review of this request:

1. Municipality of West Nipissing deposition January 8, 2013.
2. Signed letter of intent between WPGLP and Tony de Boer dated September 1, 2015.
3. Copy of the Prescribed Form/Template: Municipal Council Support Resolution supporting the River Valley Small Waterpower Project.
4. Presentation to the Community meeting held on May 9, 2013.
5. Project description brochure – French and English version.

The Water Power Group works in partnership with communities to develop small hydro generation in their neighborhood. We recognize and value that strong local economic participation results in less project opposition, faster regulatory approval and lower costs on projects, as well as creating local jobs and trade for regional suppliers.

Early engagement with local communities, with a focus on building strong communications and collaboration, helps to ensure that projects run smoothly from day one as witnessed by the open house/community meeting held in River Valley May of 2013. With Municipal Council’s consent, the Council will be briefed following this meeting and kept up to date regarding the status of the Ontario

Water Power Group Limited Partnership
721 Sugarloaf Street, Port Colborne, Ontario L3K 2R6 Tel: 905-401-750
www.waterpowergroup.com



Power Authority's FIT application process. Subsequent community meetings will be held following the submission of the FIT application, when project timelines can be estimated.

This approach is being used by WPG on other projects where community stakeholders such as paddling groups, historical societies, and the Ontario Rivers Alliance have been engaged through well-publicized open houses and are providing input and feedback. One such project is the Cedar Rapids Waterpower Project, located in Capreol, Ontario, where Water Power Group will be participating in the next meeting of Capreol CAN (Capreol Community Action Network), the local community action group.

It is important to note that in addition to community meetings, Water Power Group will undertake a Class Environmental Assessment for the River Valley waterpower project. This EA includes prescribed engagement and consultation requirements. Water Power Group will consult with landowners, the local community, and aboriginal communities: usually 2 to 3 times during the EA, once during construction, and once following construction. There is also a prescribed coordination and notification process, Water Power Group is required to convene a proponent-agency coordination meeting, issue a mandatory public notice at the beginning of the project (Notice of Commencement) and a second broad public notice (Notice of Completion).

In terms of investment, Water Power Group's corporate mandate is to encourage local individuals, municipalities, Aboriginal people and energy co-operatives made up of residents to invest in each project. WPG normally provides 80% of the project cost through a 40-year loan from a third party, and the remaining 20% of costs are funded by equity. Water Power Group will make a substantial portion of the available to local investors, with expected returns of over 10% for 40 years.

Water Power Group typically asks the local landowner, then the local community (in this case, the residents of West Nipissing) and/or the respective Municipality (West Nipissing), if they are interested in investing. Through broad public notice, local investors would be welcomed on a first come first served basis. Then, if needed, investors outside the local community may be approached. WPG has additional equity financing available if local money is insufficient.

Water Power Group is committed to strong local engagement and partnership. We welcome any further questions you may have. Our contact information is listed below.

Best Regards,
Water Power Group Limited Partnership

Colin V. F. Digout
Chief Financial Officer

Sudbury
Contact *Harvey Prudhomme*
E-mail harveyprudhomme@gmail.com
Phone 705-691-6468

Port Colborne
Colin Digout
cdigout@cogeco.ca
905-401-7504

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August 4, 2015

Mr. Tony de Boer
40 Rochon Road, Box 148
River Valley, ON
POH 2C0

Dear Tony:

RE: Letter of Intent: Development of River Valley, Ontario

We are writing to confirm the intention of Water Power Group Limited Partnership, an Ontario limited partnership ("WPGLP") and a hydro electric site management company, to enter into negotiations with you Tony de Boer ("Site Owner"), the owner of the Spring Valley sites identified as roll # 4555060001175000000 and 465506000119614000000 (the "Site") for the purpose of developing and operating a hydro-electric project at the Site (the "Project") through the submission of a Feed-in-Tariff application under the FIT 4.0 guideline no later than October 23, 2015. The parties acknowledge that this is a binding agreement, except as expressly indicated below and that it shall form the basis of a definitive agreement to be entered into between the parties.

The following terms and conditions form the basis of our understanding with respect to the Project:


1. **Lease.** The parties agree to enter into a lease with the following terms and conditions:
 - (a) The lease will be for a term of 40 years.
 - (b) The lease will be for an area of land that encompasses both shores at weir area of the Site: the shore area containing the intake, penstock, powerhouse and discharge; an access road: a transmission line to the LDC connection point; and reasonably sufficient to allow WPGLP to operate the Site.
 - (c) The lease will provide WPGLP the right to develop and operate the Project, and to the revenue generated by the Project, subject to s. 1 (g).
 - (d) WPGLP will have the right to register the lease on title.
 - (e) The lease will permit the construction of an access road to the Site, construction and access to the power house and the turbine, installation of an inflatable weir, and the installation of the transmission line to the LDC connection point (including any overhead wiring).
 - (f) The lease will provide for public access to the land leased to WPGLP.
 - (g) The Site Owner will receive a 3 percent royalty of gross revenues from the Project.



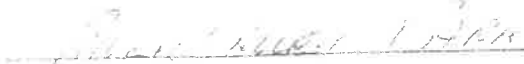
- (h) For the purpose of obtaining financing for the Project, WPGLP may assign all related contracts to an affiliated corporation or other affiliated legal entity.
 - (i) The Site owners will be granted the right to name the Project.
 - (j) The dam on the Leased Lands and all work connected thereto and to the Project will comply in all respects to the provisions of the *Lakes and Rivers Improvement Act*, R.S.O. 1990 c. L.3 and O. Reg 454/96 and other applicable Acts and regulations.
- 2) **Due Diligence.** WPGLP has completed sufficient due diligence.
- 3) **Project Agreements and FIT 4.0 Documents.** Between now and the time the FIT 4.0 application is filed ("the FIT 4.0 Application Period"), the parties agree to sign all documents required to file the FIT 4.0 application, including the lease, necessary to give effect to the terms and conditions in this letter of intent and as required by the Project (the "Project Agreements"). WPGLP will pay for filing the FIT 4.0 application and for any and all costs related to developing and filing the FIT 4.0 application. The Land Owners are responsible for legal and other professional incurred to review this and other related documents.
- 4) **Access and Indemnity.** During the FIT 4.0 Application Period, WPGLP and its agents, consultants and employees shall have reasonable access to the Site, at WPGLP's sole risk and expense, for the purpose of carrying completing the FIT 4.0 Application In exercising its rights under this section, WPGLP will take all reasonable steps to avoid causing damage to the Site, and it agrees to repair forthwith, at its own expense, any damage it causes. WPGLP hereby indemnifies the Site Owner against any and all claims resulting from WPGLP's access to the Site during the Due Diligence period.
- 5) **Confidentiality.** The parties agree to keep in strict confidence this letter of intent, the Project Agreements, and all matters related to the Due Diligence.
- 6) **Termination.** If the FIT 4.0 application is not approved, a party may by written notice to the other party withdraw from the Project ("Termination"). Upon receipt of notice of Termination, the parties will return all data and information related to the Project in its possession belonging to the other party.
- 7) **Assignment.** The parties acknowledge that WPGLP may assign the Project Agreements to facilitate income tax planning, accommodate the term-debt lenders, equity investors, and to comply with OPA policy or directives.



Please confirm that you are in agreement with the foregoing terms and conditions by executing a copy of this Letter of Intent where indicated below.

Water Power Group Limited Partnership.

Per: 
Colin V. F. Digout, Chief Financial
Officer

This Letter of Intent reflects accurately the parties understanding and agreement with respect to the matters set out above.

Confirmed this 1st day of September, 2015.

Insert Company name.

Per: 
Tony de Boer, Owner
Title: 



River Valley Waterpower Project

COMMUNITY VALUES

EFFECTIVE LOCAL ENGAGEMENT AND PARTNERSHIP

POSITIVE ENVIRONMENTAL IMPACT

LONG-TERM ECONOMIC PERFORMANCE

FIRST NATIONS PARTICIPATION

COMMUNITY ENGAGEMENT: A WATER POWER GROUP COMMITMENT

"West Nipissing has a history of energy sustainability which today can be demonstrated through several innovative public and private initiatives including West Nipissing Power Generation's ownership of the former Weyhauser hydro-electric generating station, as well as a number of independent private solar projects operated by the local agricultural community. The addition of the River Valley water power project will offer West Nipissing residents an opportunity to directly participate in the ownership of a cooperative model, state-of-the-art green energy project."

- Paul Finley
Councillor, Ward 6



About the Technology

The project will make use of an adjustable inflatable rubber weir to create turbine submergence and direct part of the naturally flowing water through two very low-head type turbines. The water is not removed from site or used, just channeled through the turbines. The weir is made of a very durable special rubber compound developed specifically for this purpose, allowing the weir to be inflated or deflated in a short period of time. The 2 VLH type turbines will be submerged and installed in two specially constructed bays, designed to be as unobtrusive and integrated into the environment as possible. The turbines and weir combination can be automated to respond to changes in the river flow and level to maintain optimal efficiency, be controlled remotely or locally, and is virtually 100% fish friendly.

Contact

Harvey Prudhomme, Community Liaison
Water Power Group

Email: hprudhomme@waterpowergroup.com

Phone: 705-691-6468





River Valley Waterpower Project

CAPACITY

APPROXIMATELY 1 MW

TECHNOLOGY

KAPLAN TYPE TURBINE (VLH)

PROJECT COST

APPROXIMATELY \$5 MILLION

GREENHOUSE GAS (GHG) EMISSION REDUCTION

APPROXIMATELY 6,000 TONNES/YEAR

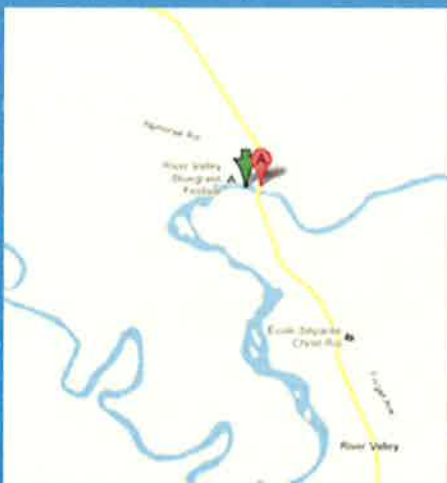
PROPOSED OPERATIONAL DATE

2016

PROJECT LOCATION

RIVER VALLEY, BLUE GRASS PARK
LATITUDE 45.5973
LONGITUDE - 80.1908

MAP



About the Project

Working with local stakeholders, Water Power Group is developing the site as a small community waterpower project. The objective is for it to be a low-impact, run-of-river type project, on a short section of the Temagami River using natural occurring flow and elevation drop (head) at the site.

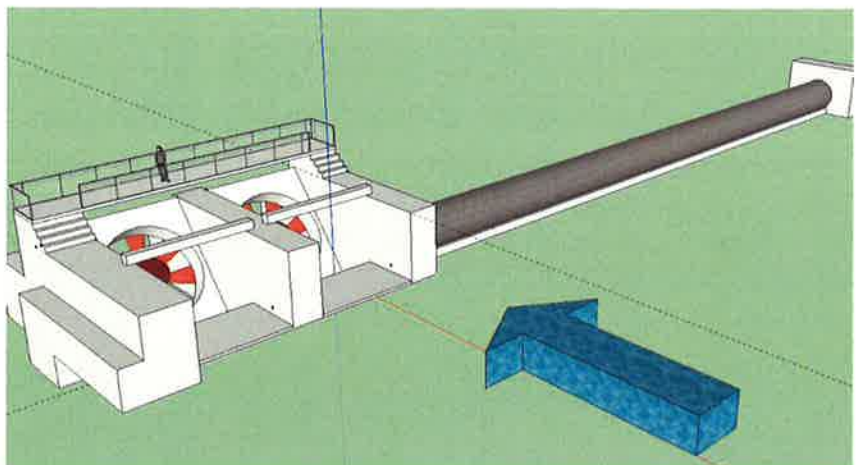
The aim of the project is to develop a community supported and participated in project, providing local benefits, generating clean renewable energy for generations. The project will be connected to Provincial electrical grid, for which Water Power Group will apply for a FIT contract.

About the Site

Being sensitive to environmental conditions as well as local community interest, means not every site with water is suitable for hydro power. The River Valley site represents a unique opportunity: the Temagami River has a natural drop in elevation with sufficient flow to present an opportunity for sustainable, responsible development. The project will be built, taking into consideration the various uses of the water way, the Blue Grass and camping site as well as upstream and downstream shoreline neighbours.

Conceptual Design

The conceptual design makes use of two low-head turbines and an inflatable weir to make best use of the naturally occurring head and flow at the site. The design allows for existing uses at and around the site for the most part to continue, except where a safety concern.





Projet hydroélectrique de River Valley

PUISSANCE

ENVIRON 1 MW

TECHNOLOGIE

TURBINE DE TYPE KAPLAN (VLH)

COÛTS DU PROJET

ENVIRON 5 MILLIONS DE DOLLARS

RÉDUCTION DES ÉMISSIONS DE GAZ À EFFET DE SERRE

ENVIRON 6 000 TONNES/AN

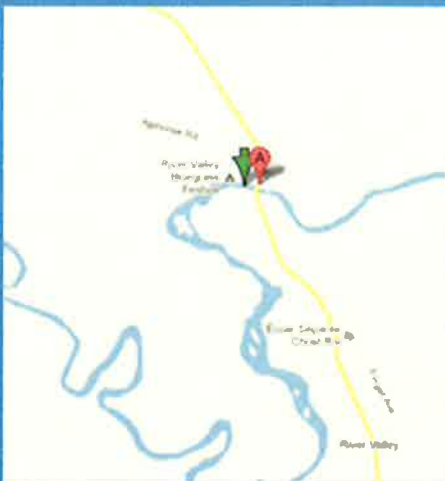
DATE PROPOSÉE DE MISE EN SERVICE

2016

LIEU DU PROJET

RIVER VALLEY, PARC BLUE GRASS
LATITUDE 45.5973
LONGITUDE - 80.1908

PLAN



Le projet

Water Power Group travaille en collaboration avec les intervenants locaux pour faire de ce projet un projet communautaire de petite hydraulique. Ce projet, qui vise une petite section de la rivière Temagami, se veut à faible impact et de type au fil de l'eau, c'est-à-dire respectueux du débit et du dénivelé naturels existants.

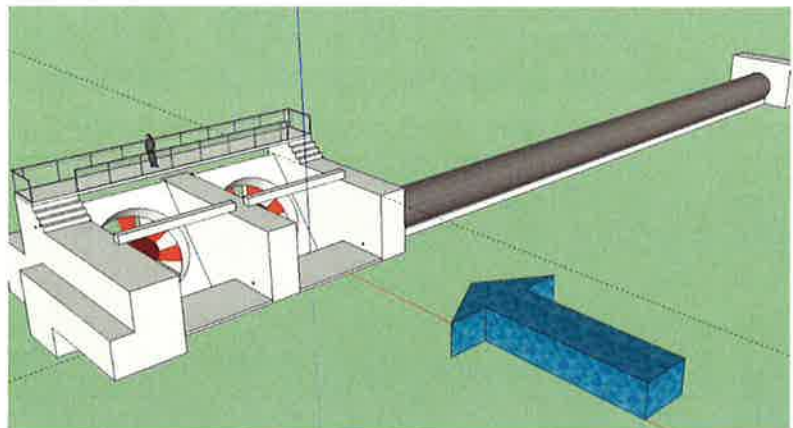
Water Power Group désire mettre sur pied un projet qui reçoit le soutien et la participation de la communauté, qui a des retombées positives sur la localité et qui est une source d'énergie renouvelable et propre pour les générations à venir. L'installation en question sera raccordée au réseau électrique de la province, raccordement pour lequel Water Power Group devra faire une demande de contrat de tarification incitative (FIT).

Le site

Être sensible aux conditions environnementales et à l'intérêt de la communauté locale signifie que tout cours d'eau n'est pas adapté à l'hydroélectricité. Le site de River Valley quant à lui représente une occasion unique : la rivière Temagami offre un dénivelé naturel et un débit suffisant pour un projet durable et écoresponsable. Le projet prend en compte les différents usages de la rivière, le site du festival Blue Grass, le terrain de camping, et aussi la présence de résidents sur les rives à proximité, en amont et en aval.

Le dessin conceptuel

Le dessin conceptuel prévoit deux turbines de très basse chute (VLH) et un barrage gonflable pour tirer parti le mieux possible du dénivelé et du débit naturels du site. Le projet est conçu pour permettre la continuité des usages actuels de la rivière, à l'exception des cas où la sécurité est en jeu.



Template: Municipal Council Support Resolution
Section 5.1(g)(i) of the FIT Rules, Version 4.0.1

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|-------------|----------|---------------------|
| Page 1 of 1 | Apr 2015 | IESOMRD/f-FIT-010r3 |
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Resolution Number: 2015 /

FIT Reference Number: _____

Date Resolution was passed: October 6, 2015

(The FIT Reference Number must be inserted by the Applicant in order for the resolution to comply with the FIT Rules, even where Local Municipality letterhead is used. This is not to be inserted by The Local Municipality.)

WHEREAS capitalized terms not defined herein have the meanings ascribed to them in the FIT Rules, Version 4.0.1.

[AND WHEREAS] Water Power Group Limited Partnership (the "Applicant") proposes to construct and operate a small water power run-of-river hydro-electric power generating station (the "Project") on Pat Lot 3 Concession 5 Crerar Township (the "Lands") in the Municipality of West Lincoln under the Province's FIT Program;

AND WHEREAS the Applicant has requested that Council of the Municipality of West Nipissing indicate by resolution Council's support for the construction and operation of the Project on the Property.

AND WHEREAS pursuant to the FIT Rules, Version 4.0.1, Applications whose Projects receive the formal support of Local Municipalities will be awarded Priority Points, which may result in the Applicant being offered a FIT Contract prior to other Persons applying for FIT Contracts;

[NOW THEREFORE BE IT RESOLVED THAT]:

Council of the Municipality of West Nipissing supports the construction and operation of Project on the Lands.

This resolution's sole purpose is to enable the Applicant to receive Priority Points under the FIT Program and may not be used for the purpose of any other form of municipal approval in relation to the Application or Project or any other purpose.

Signed: _____

Signed: _____

Title: Councillor, Municipality of West Nipissing

Title: Councillor, Municipality of West Nipissing

Date: October 6, 2015

Date: October 6, 2015

(Signature lines for elected representatives. At least one signature is required.)

| | YEAS | NAYS |
|------------------------|------|------|
| BRISSON, Denise | | |
| DUHAIME, Yvon | | |
| FORTIER, Guy | | |
| LARABIE, Roland | | |
| MALETTE, Léo | | |
| RESTOULE, Jamie | | |
| ROBERGE, Normand | | |
| TESSIER, Guilles | | |
| SAVAGE, Joanne (MAYOR) | | |

| |
|---------------------------|
| Carried: _____ |
| Defeated: _____ |
| Deferred or tabled: _____ |