

Minister of Energy

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JUN 16 2006

Mr. James Hankinson
President and Chief Executive Officer
Ontario Power Generation
700 University Avenue
Toronto, Ontario
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Dear Mr. Hankinson:

I am writing to you regarding our June 13, 2006 announcement, which outlined the Ontario Government's response to the Supply Mix Report issued by the Ontario Power Authority (OPA). The report, released in December 2005, recommended a plan for supply and demand management options to meet the province's electricity needs to 2025.

The Ontario Government announcement directed the OPA to ensure adequate baseload electricity supply, while maintaining the nuclear generation component of that baseload at today's level of 14,000 MW of installed capacity.

Recognizing that maintaining the current level of nuclear baseload through 2025 would require a combination of refurbishment of existing units and construction of replacement units, and given the long lead times required for licensing approvals of these activities, I am directing OPG to:

- a) begin feasibility studies on refurbishing its existing nuclear units. As part of this initiative, OPG is directed to also begin an environmental assessment on the refurbishment of the four existing units at Pickering B, and
- b) begin a federal approvals process, including an environmental assessment, for new nuclear units at an existing site.

Staff of the Ministry of Energy will be available should your staff have any questions on this directive.

.../cont'd.

Please accept my best wishes.

Sincerely,

Original signed by:

Dwight Duncan
Minister