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Feb. 27, 2009

The Honourable Jean Charest  
Premier of Quebec  
Edifice Honore-Mercier  
835, boulevard Rene-Levesque Est  
Quebec G1A 1B4

The Honourable Dalton McGuinty  
Premier of Ontario  
Legislative Building  
Queen's Park  
Toronto M7A 1A1

Dear Premier Charest and Premier McGuinty:

**Re: Potential benefits of further integrating the Quebec and Ontario power systems**

Just over eight months ago, your governments set the stage for a new era of climate awareness and action during your historic joint cabinet meeting in Quebec City. As part of this meeting, you signed a farsighted Memorandum of Understanding on Energy that called for “building on synergies between the two provinces' electricity systems and [working] toward more interconnected electricity systems by identifying and acting on opportunities to improve planning coordination, cooperate on system operations, and encourage greater electricity interconnectedness, where practical.”

We believe that achieving the vision outlined in the Memorandum will be key for both provinces in assuring future prosperity while reducing our collective climate impact. Leadership in building cooperation on electricity usage and generation will help both provinces to become North American leaders in developing green economies. The “synergies,” as you have rightly noted in your Memorandum, are vast – from significantly reduced greenhouse gas emissions to major cost savings on new generation and new revenue flows to fund vital public services. We encourage you to further develop this Memorandum into a full cooperation agreement in order to fully realize these benefits.

With the completion of the new 1,250 megawatt (MW) interconnection between Quebec and Ontario, the total electricity transfer capacity between our two provinces will rise to 2,788 MW. Furthermore, all of Ontario's coal-fired generation will be phased-out by 2014 and most of the province's nuclear generation capacity will come to the end of its life during the next 10 to 15 years. As a result, we believe that the opportunity exists to achieve very significant economic and ecological benefits by integrating Quebec's and Ontario's electric power systems.

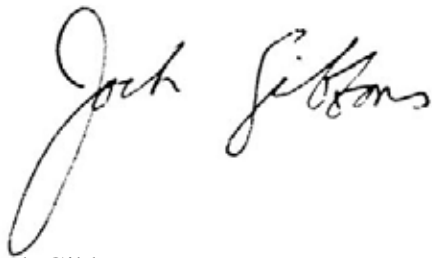
As just one example, Quebec hydro power could provide Ontario with important "firming" support for its growing fleet of wind power generators, while Ontario could export surplus wind power to Quebec in winter months to help Quebec build up its hydro reserves during its peak demand period. Quebec, meanwhile, benefits from long-term supply contracts during a period of economic contraction, while Ontario enjoys significant avoided costs.

Most importantly, these important environmental and fiscal benefits can be realized mostly through the use of existing energy assets with an existing environmental footprint. As well, increased electricity supplies for export to Ontario can be realized through the power of greater efficiency and the further development of wind power, one of the lowest impact electricity sources.

Meanwhile, greater system cooperation will also guarantee a successful coal phase out in Ontario and allow the province to reduce emissions from natural gas fired generation. Finally, it will also help avoid the need for the construction of costly new nuclear plants that will delay greenhouse gas emission reductions and raise reliability concerns. In fact, we believe that greater use of hydro imports from Quebec is one of the most secure and cost effective way to ensure the success of Ontario's coal phase out efforts, which in turn represent the largest greenhouse gas emissions reduction initiative underway anywhere in North America.

We therefore urge you to instruct your appropriate Ministers to develop a full-fledged cooperative agreement as soon as possible.

Yours sincerely,



Jack Gibbons  
Chair  
Ontario Clean Air Alliance



Steven Guibeault  
Coordonnateur général adjoint  
Équiterre

Cc .The Honourable George Smitherman, Minister of Energy and Infrastructure  
Colin Andersen, CEO, Ontario Power Authority  
Dan Gagnier, Chief of Staff, Office of the Premier of Quebec  
Thierry Vandal, CEO, Hydro Quebec