

MEETING NOTE

NAME OF ORGANIZATION: Goldcorp
DATE/TIME OF MEETING: November 7, 2016
LOCATION OF MEETING: TBD

PURPOSE: To understand Goldcorp's perspective on the role of electricity and industrial competitiveness.

ATTENDEES: Ministry of Energy
TBD

Goldcorp
TBD

LAST MEETING: Include date of last meeting, if known. (Otherwise, delete.)

AGENDA:

1. Industrial electricity prices
2. Industrial electricity price mitigation
3. Cap and trade
4. Supply/Transmission Infrastructure for Mining Growth

NOTES ON AGENDA ITEMS:

4. Supply/Transmission Infrastructure for Mining Growth
 - Goldcorp may have concerns about costs associated with a load transfer that was done to accommodate Rubicon's Phoenix Gold project which has now been suspended.
 - Goldcorp may also be interested in creating additional capacity in the area for additional mining operations.

Suggested Response:

- **Our priority is to ensure there continues to be a stable, reliable and cost-effective supply of electricity.**
- **Electricity needs in the Northwest region are being driven by mining and forestry operations as well as growth in the communities that support them.**

The Independent Electricity System Operator (IESO) is conducting a review of these needs on the bulk system and through regional plans.

- **The 2013 Long-Term Energy Plan (LTEP) identified several priority transmission projects in the Northwest to ensure reliable and adequate electricity supply and enable growth in the region. These include the East-West Tie, the Northwest Bulk and the connection of remote First Nation communities including enabling infrastructure such as a new line from the Ignace/Dryden area to Pickle Lake.**
- **These projects are all under development and proceeding towards securing required approvals.**
- **Electricity capacity and the transmission system will be assessed as part of the next Long-Term Energy Plan.**
- **Over the coming months, the Ministry will be conducting engagement sessions across the province to inform Ontario's Long Term Energy Plan. I encourage you to participate in this process.**

If asked about Red Lake area capacity:

- **I am aware that there have been a series of discussions between Hydro One and Rubicon and between Hydro One and Goldcorp regarding capacity in the Red Lake area. Do you anticipate any changes in Goldcorp's load forecast for the area?**

If asked about connection cost responsibilities:

- **As you are aware, electricity transmission in Ontario is built on a "beneficiary pays" basis. This is done so that costs for a new line that only benefits certain customers are not applied to rates paid by all ratepayers.**
- **This is an important principle because it helps to keep electricity rates from increasing, which benefits families and businesses across the province.**

Background:

- **The 2013 LTEP noted four priority transmission lines in the northwest: the East-West Tie, Northwest Bulk, Line to Pickle Lake and the connection of remote First Nation communities that currently rely on diesel generation.**

Regional Planning

- The IESO has completed Integrated Regional Resource Plans for North of Dryden, West of Thunder Bay, and Greenstone-Marathon. A plan for Thunder Bay sub-region is expected later in 2016.
- The IESO North of Dryden plan recommends the new line to Pickle Lake as well as upgrades to the existing infrastructure between Dryden and Red Lake in order to support load growth and enable mining development. Hydro One has been in communication with a number of customers in the Red Lake area to ensure that upgrades are being made as the needs materialize.

Red Lake Area Capacity

- Where there is no capacity for connection, the customer is expected to pay for system upgrades required for them to be connected and upfront capital contributions may be required from load customers as set out in the Ontario Energy Board's Codes.
- Goldcorp operates four mines in the area, with a total demand of about 38 MW served by Hydro One Distribution via Red Lake Transformer Station (TS) and the new Balmer TS, which is owned by Goldcorp.
- Rubicon was developing its flagship Phoenix Gold project and had initiated work to connect the project to the grid. Demand from this project was expected to reach approximately 8-10 MW or greater over time requiring both upgrades to the existing system and a side agreement with Goldcorp to transfer some load to Balmer TS.
- However, the company suspended the project in November 2015. There is significant doubt the company can continue and they may have to seek creditor protection.
- Rubicon is no longer funding the Hydro One upgrades between Ear Falls Transmission Station and Dryden that were already underway and work on the upgrades is currently halted.
- Initially Goldcorp would have also benefited from these upgrades, although it has since revised its load forecast down.
- These upgrades are expected to be needed as part of Wataynikaneyap's remote connection project.

Load Transfer Agreement Between Goldcorp and Rubicon

- Goldcorp built its own transformer station - Balmer TS - and an associated 115kV transmission line connecting to Hydro One's transmission system in response to their own concerns about electricity and costs.

- For a while, Goldcorp did not transfer its electricity load to the Balmer TS due to regulatory rules that would mean they would need to pay a penalty called bypass compensation.
- Rubicon was interested in seeing this transfer of load occur as transferring Goldcorp's load to Balmer TS would free up capacity at Red Lake TS, enabling new load, such as Rubicon's Phoenix Gold Mine, to connect.
- Hydro One worked with Goldcorp and Rubicon to help them reach an agreement, where both mining companies could save substantially, the load would be transferred, freeing up capacity for Rubicon to connect, and Hydro One is kept whole regarding the bypass compensation.
- The load transfer was completed in April 2015. Goldcorp may now have concerns regarding the status of this agreement given the reported issues with the Phoenix Gold mine.

Pikangikum and Connection of Remote Communities

- Wataynikaneyap Power (Watay) is a transmission company partnered with 20 First Nation communities that is proposing to connect remote communities north of Red Lake. These connections will require additional capacity at Red Lake.
- Watay is also looking to connect Pikangikum First Nation to the grid in an accelerated fashion. Discussions are ongoing between Hydro One, Pikangikum, Watay, and the Ministry of Energy on this issue.
- Any grid-upgrades that are needed to connect remote communities could also be of interest in creating capacity for mining operations. Mining companies would still be required to pay their share of costs for any upgrades.

KEY FACTS:

- Goldcorp is a Canadian company headquartered in Vancouver and is major gold producer with projects in North and South America. Assets in Ontario include its Red Lake mine (Red Lake), Porcupine mine (Timmins), Musselwhite mine (Opapamiskan Lake, Borden project (near Chapleau) and Cochenour Project (near Timmins). This section is not required when the meeting is with a well-known stakeholder.

ATTACHMENTS:

1. List any attachments that are included with the note. Delete if not necessary.