

ASSURANCE OF VOLUNTARY COMPLIANCE

**Pursuant to s. 112.7 of the
*Ontario Energy Board Act, 1998***

Algoma Steel Inc.

Licence No. EG-2020-0167

OEB File No. EB-2021-0328

April 21, 2022

I. BACKGROUND

Ontario Energy Board (OEB) staff conducted an inspection of Algoma Steel Inc. (Algoma). The inspection was initiated following the issuance of the OEB's decision and order in proceeding EB-2020-0167 (the Decision), wherein the OEB stated that Algoma may have been operating as an electricity generator in Ontario without a licence, in non-compliance with the *Ontario Energy Board Act, 1998* (OEB Act).¹ In full and final resolution of the matter, Algoma provided this Assurance of Voluntary Compliance to the OEB, under section 112.7 of the OEB Act.

II. STATEMENT OF FACTS

Algoma is a corporation incorporated under the laws of the Province of Ontario, with its head office in the City of Sault Ste. Marie.

Algoma filed an application on June 24, 2020, for an electricity generation licence, relating to a 110 MW cogeneration facility that it owns and operates in the City of Sault Ste. Marie, Ontario (the facility). The application was accepted by the OEB as complete on July 20, 2020.

The evidence filed with the licence application included information relating to the history of ownership of the facility as well as information regarding its intended future usage. Among other things, the evidence also indicated that Algoma had been generating electricity at the facility since December 2018 and that, during that period, it did not hold a valid licence from the OEB to do so. During this period, the intended usage of the facility was to provide self-generation, for which a licence is not required. However, the facility did generate small amounts of

¹ Decision and Order, EB-2020-0167, issued September 17, 2020

electricity that was in excess of electricity needs of Algoma and there was an unintentional injection of electricity in the IESO-administered markets.

Generating electricity for sale into the IESO-administered markets or directly to another person without a licence is a contravention of section 57 (c) of the OEB Act, which provides as follows:

Requirement to hold licence

57 Neither the IESO nor the Smart Metering Entity shall exercise their powers or perform their duties under the *Electricity Act, 1998* unless licensed to do so under this Part and no other person shall, unless licensed to do so under this Part...

(c) generate electricity or provide ancillary services for sale through the IESO administered markets or directly to another person.

The OEB stated that the findings in the Decision and the issuance of the licence to Algoma was being done without prejudice to any future compliance and enforcement actions that may be taken by the OEB.

During the inspection, OEB staff met, and exchanged further information, with Algoma. Algoma confirmed that it had been generating electricity at the facility from 2018 to 2020, without a licence, in contravention of section 57 (c) of the OEB Act. Algoma explained that the purpose of the facility has always been to generate electricity for Algoma's own use (and not for sale into IESO administered markets or directly to another person). However, due to the fact that, over the course of the unlicensed period, a small amount of the electricity generated at the facility was unintentionally sold into the IESO administered markets, Algoma further advised that it would apply for a generation licence to

ensure that any future sale into the IESO-administered markets, including unintentional instances, would be authorized under its generation licence.

III. ASSURANCE

Algoma confirms to the OEB that during the 2018 – 2020 period when Algoma owned and operated the facility without a licence, the sale of electricity from the facility into the IESO administered markets was unintentional, and that the primary purpose of the facility was and remains for self-generation.

Algoma hereby assures the OEB that it has taken all appropriate measures to comply with the requirement to hold a licence under section 57 (c) of the OEB Act such that it will be in compliance with the OEB Act should Algoma generate electricity or provide ancillary services for sale in the IESO-administered markets or directly to another person.

IV. ADMINISTRATIVE MONETARY PENALTY

Algoma agrees to pay an administrative monetary penalty to the OEB in the amount of \$4,000. Payment will be made electronically, together with notice sent to the Registrar, within two weeks of Algoma having received notice of the acceptance of this Assurance of Voluntary Compliance by the OEB.

V. FAILURE TO COMPLY

This Assurance of Voluntary Compliance has the same force and effect as an order of the OEB pursuant to section 112.7 (2) of the OEB Act and any failure to comply with its terms shall be deemed to be a breach of an order of the OEB.

VI. EXECUTION

I have the authority to bind Algoma Steel Inc. to the terms set out in this Assurance of Voluntary Compliance.

Name: John Naccarato

Title: VP, Strategy & General Counsel

Company: Algoma Steel Inc.

Signature:  _____

Dated this 21st day of April, 2022.