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November 1, 2022

Jay Grewal
President & Chief Executive Officer
Manitoba Hydro
360 Portage Ave (16)
P.O. Box 815, Stn. Main
Winnipeg MB R3C 0G8
jgrewal@hydro.mb.ca

Dear Jay Grewal:

Thank you for Manitoba Hydro's letter dated April 14, 2022, seeking a Short-Term Extension Licence (STEL) for the Kettle Generating Station (Kettle). The request is according to The Water Power Act and Regulation.

Enclosed is Manitoba Hydro's STEL for Kettle. The STEL expires on November 1, 2027. Manitoba Hydro must submit supporting documentation (e.g., severance line details and compliance reports) for Kettle's renewal licence within the next five years. Section 35 consultation with affected Indigenous communities will occur during this time.

Manitoba Environment, Climate and Parks is creating a new approach to water power licensing that will have a direct impact on Kettle's renewal licence. More information on this matter will be shared shortly.

In addition to the enclosed requirements and following section 87 of the Water Power Regulation, Manitoba Hydro must:

- Work with the province to expand the Coordinated Aquatics Monitoring Program (CAMP) to include shoreline erosion, shoreline wetland issues, shoreline health, and shoreline terrestrial components. CAMP must also expand to include riparian components. The expansion must incorporate Indigenous participation and traditional knowledge.
- Participate in the modernization of water power licensing.

If you have any questions regarding this matter, please contact James Capotosto, Director, Environmental Approvals Branch at James.Capotosto@gov.mb.ca or 431-374-7443.

Sincerely,



Jan Forster
Deputy Minister

Enclosure

- c. Honourable Jeff Wharton
James Capotosto

Issue Date / Date de délivrance: November 1, 2022

In accordance with The Water Power Act (C.C.S.M. c. W60) /
Conformément à la LOI sur l'énergie hydraulique (c. W60 de la C.P.L.M.)

Pursuant to Section 92 of the Water Power Regulation (M.R. 25/88R) of The Water
Power Act (C.C.S.M. c. W60) /
Conformément à l'article 92 du Règlement sur l'énergie hydraulique (R.M. 25/88R)
de la Loi sur l'énergie hydraulique (c. W60 de la C.P.L.M.)

THIS SHORT TERM EXTENSION LICENCE IS ISSUED TO:

MANITOBA HYDRO, "the licensee"

being duly incorporated by an Act of the Legislature of the Province of Manitoba
whose head office address is at 360 Portage Avenue,
Winnipeg, Manitoba, R3C 0G8,

for the development of water power at Kettle Rapids Site on Nelson River.

WHEREAS:

- A. The licensee is the holder of a final licence for the Kettle Rapids site, a licence issued under The Water Power Act, dated the 19th day of July, 1990 for a term of fifty years (50 years) from the 1st day of November, 1972 (a copy of the final licence is attached as Schedule A of this Short-term Extension Licence);
- B. The licensee by letter dated September 12, 2017, signed by W. V. Penner, Manager, applied for a renewal of the Kettle Rapids final licence;
- C. The final licence has not yet been renewed. The licensee has applied by a letter dated April 14, 2022, signed by W. V. Penner, Manager, to the Director of Environmental Approvals Branch of Manitoba Environment, Climate and Parks for a Short-term Extension Licence for the Kettle Rapids development following section 92 of the Water Power Regulation and has done all things which, in the opinion of the Director, are required to be done by the licensee before issuing this Short-term Extension Licence;

- D. It is contemplated that decisions will be made about the application for a renewal licence during the term of this Short-term Extension Licence;
- E. The licensee has duly executed an acceptance of the terms and conditions of this Short-term Extension Licence and has undertaken to observe and fulfill all the terms and conditions which the licensee is required to observe and fulfill under this Short-term Extension Licence:

This Short-term Extension Licence is issued, allowing the licensee the right to:

- (a) impound, divert, and use water of the Nelson River at and near the Kettle Rapids site;
- (b) develop electric power and energy from the said waters;
- (c) generate, transmit, distribute, sell, and deliver the said electric power and energy and for that purpose to use and occupy the lands of the Province described in the final licence; and
- (d) operate and maintain the undertaking as defined in The Water Power Act, the location and description of which is shown upon the record plans numbered and filed in the office of the Director at Winnipeg.

on the same terms and conditions as set out in the final licence dated the 19th day of July, 1990, subject to the following specific terms and conditions:

1. This Short-term Extension Licence shall apply from November 1, 2022 to and including November 1, 2027.
2. The licensee shall, on the second day of January in each year, pay an annual rental in advance for the use and occupation of lands of the Province described in clause 4 of the final licence at the rates set from time to time by Regulation under The Water Power Act.¹
3. The licensee shall pay an annual rental for the use of water for the development of power at the rates set from time to time by Regulation under The Water Power Act and payable at the times and in the manner provided for by Regulation under The Water Power Act.²
4. The terms and conditions set out in the final licence apply as if set out specifically in this Short-term Extension Licence, except where the terms and conditions of the final licence are inconsistent with the terms and conditions set out specifically in this document, the terms and conditions set out in this document will apply.

¹ Rental rates for land use are currently set out in s. 48(3.1) of the Water Power Regulation.

² Rental rates for the use of water for the development of power are currently set out in s. 48(3.2) of the Water Power Regulation.

5. The licensee shall participate in future planning, studies, and other initiatives as instructed by the Minister, in areas impacted by the undertaking along with affected communities and other stakeholders.
6. The licensee shall within eight months of the issuance of this Short-term Extension Licence, and annually thereafter submit a report to the director documenting the licensee's engagement with Indigenous communities on the continued operation of the undertaking.
7. The licensee shall comply with The Water Power Act and the Water Power Regulation.



Jan Forster
Deputy Minister