



March 5, 2021

Ministry of Natural Resources and Forestry  
Attn: P. Desroches & M. Vandenheuvel  
300 Water St  
Peterborough, ON K9J 8M5

**Re: Access Capital Corp. Comments/Observations re MNRF Reg 019-2935**

Dear Ms. Pauline Desroches and Ms. Maria Vandenheuvel:

We are grateful for the chance to provide our comments and observations regarding the above mentioned Draft MNRF Regulation.

Access Capital Corp. (“Access”) has been consistently active over the past 30 years in the Ontario electricity sector, primarily in assisting power project developers with financial structure advice, arranging debt and related additional capital raising as well as acting as Principal on 177 Mw of power generation projects. We would like to offer some business insight into how your proposed regulation could be implemented in a positive, business-like manner. Our limited recommendations are geared to allowing for more efficient financing of these types of energy storage projects, irrespective of whether they may be in rock, or using other mediums for energy containment and redeployment.

While our main submission speaks to the *form of security*, and the need for *flexible blanket regulatory permitting* for the wells being drilled – then operated for decades, we offer a couple of other observations.

- A. We assume that the pinnacle structures referred to in the draft regulation are within the Lockport Group of geological formations. Can other geological rock containers formerly used for gas production be considered secure and suitable for CAES? Perhaps some method of applying for these alternative formations could be made available in the regulation now, rather than wait for the regulation amendment process to recommence later.
- B. The statement on page 5: *Compressed air energy storage in depleted gas reservoirs involves new technology that has not been fully demonstrated to date. To the Ministry’s knowledge, the technology has not been demonstrated at a commercial scale anywhere in the world.* Is the Ministry aware of the Siemens/Dresser Rand projects?

- C. *The 1-year timeframe for licence expiry and termination of authority to drill would be calculated January 2021 pg. 7 of 15 based on a date specified as a condition of the licence (e.g., a date on which the licence holder is authorized to commence drilling).* To be clear, from a financing and overall business perspective, all permits once issued (to drill and operate) will need to be in place and confirmed for the life of the project, plus a year or two, to give lenders adequate time to amortize their loans - plus a cushion. A shortened license period will define the maximum term of the loan(s) and could impair the project's viability. A one-year licence as proposed here makes any project requiring a significant capital expenditure unfinanceable.
- D. For greater clarity, the business of drilling multiple wells within a proposed time period within a designated boundary must be implemented in a way that effectively blankets the CAES project. Investors who are financing this type of large scale project will look to the regulators issuing the permits to ensure that the "permits work together", i.e. the permits are practical and hangover regulatory permitting on individual wells coming from the oil and gas industry practices should and must not linger over a broader comprehensive well-based, dependent project, where all the wells must be drilled at one time sequentially with several rigs operating concurrently. Financiers will be closely examining the development permitting to ensure that delays and hang-ups on well drilling administration and reporting do not impair the project. This is very important, even if the advent of CAES means slight amendments to the OGSRAAct, which are worth the effort.
- E. The form of security would be required to be provided or established in:
- a. *a trust, in accordance with the existing provisions of the regulation (section 16),*  
*or*
  - b. *an irrevocable letter of credit.* It is critical that required security only be posted upon commencement of works (which should occur **after** Financial Close) as the amount of security required will likely be material in amount.

Thank you again for your practical and business-like approach to inviting public comment, and for ultimately allowing sensible CAES projects the opportunity to be developed here in Ontario.

Sincerely,



Robert McLeese, CPA  
President, Access Capital Corp.