

January 20, 2011

Ministry of the Environment  
London Regional Office  
2nd Floor, 733 Exeter Road  
London, ON N6E 1L3

Attn: Mr. Craig Newton  
Environmental Planner

Dear Sir:

Subject: Notice of Commencement of Environmental Screening Project  
2132656 Ontario Inc. (REMASCO) Energy Production Facilities  
Kingsville, Ontario

As you are probably aware, REMASCO has been in possession of a Part V Waste Disposal Site Approval to allow operation of a pilot plant to test and develop a gasifier that utilizes, amongst other fuels, the ENERPAX pellets manufactured by the Dongara Pellet Factory from residual MSW collected in York Region. The facilities have been installed at the Southshore Greenhouses in Kingsville, ON. Work started on this development several years ago and under the terms of the Approval the facility has been tested several times to measure the air emissions associated with the operation. Testing has shown that the facility has been successful in meeting the A-7 guidelines for MSW incinerators. Final testing was undertaken in December 2010 to complete the requirements of the Pilot approval, and application has been made to extend that approval until July 2011 to enable the facility to meet the heating needs of this winter. This extension also addresses the extra time REMASCO anticipates needing to complete an Environmental Screening Assessment of their proposal to:

1. enlarge the existing facility to serve an expanded greenhouse operated by the Mucci Group;
2. install a new co-gen facility at site to generate steam to power an electricity generating turbine and provide additional heat to the expanded greenhouses; and,
3. replace an existing wood fired heating plant at the Mucci Agriville greenhouse in Kingsville with the REMASCO technology.

The technology to be used in the various facilities is identical, and as mentioned in the attached Project Opportunity, REMASCO has secured the supply of sufficient ENERPAX pellets to fuel the three developments. Using these pellets for energy will reduce the need for non-renewable fossil fuels to generate heat in the greenhouses. The greenhouses are operated by the Mucci Group and when expanded they will operate 170+ acres of greenhouse facilities.

*Environmental Management Consultants*

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A review of O.Reg. 101/07 has determined that the facilities would be classified as exempt from the requirements of Part II of the regulation according to §2(2):

2. (2) Subsection (1) does not apply to the establishing of a thermal treatment site described in paragraph 2 of that subsection if,
- (a) the site is located at a commercial, industrial or manufacturing facility;
  - (b) the primary purpose of the facility is not the management of municipal waste, hazardous waste, liquid industrial waste or any other kind of waste;
  - (c) more than 100 tonnes of waste are received at the facility per day; and
  - (d) of the energy or fuel generated by thermal treatment at the site that is used,
    - (i) all of the energy or fuel is used at the facility, and
    - (ii) not all of the energy or fuel is used to dispose of waste. O. Reg. 101/07, s. 2 (2).

Furthermore, the facilities are included in Part §11(2) which defines facilities that are exempt from Part II provided an Environmental Assessment Screening Project is completed:

2. A thermal treatment site, if,
- i. the site does not use coal, oil or petroleum coke as a fuel for thermal treatment at the site, and
  - ii. of the energy or fuel generated by thermal treatment at the site that is used, not all of the energy or fuel is used to dispose of waste.

Even though part of the proposed facilities incorporates a co-generation facility for the generation of heat and electrical power, O.Reg 101/07 specifically exempts the facilities from consideration under O.Reg. 116/07 according to Part IV, §21.

21. Ontario Regulation 116/01 (Electricity Projects) made under the Act does not apply to anything that is designated under Part II or III of this Regulation as an undertaking to which the Act applies. O. Reg. 101/07, s. 20.

Based upon this evaluation REMASCO has concluded that it can embark on the Environmental Screening Process, and the attached Notice of Commencement will be published in local papers within the next week. REMASCO will also be forwarding this letter to Aboriginal leaders that could have an interest in the project. Since the Guide to EA Requirements for Waste Management Projects states that the notification provided to the Aboriginal leaders should include the Opportunity Statement, and the Project Description along with the Proponent's initial evaluation of the Screening Criteria they are included with this letter. The guidelines recommend the form that these statements should take as outlined below:

The proponent shall develop a problem or opportunity statement that identifies the factors which lead to the conclusion to move forward with applying for approvals to proceed with the project.

*This step is intended to lead to the development of a clear statement of the problem or opportunity being addressed by the proposed project. Proponents should utilize existing studies or reviews to assist in defining this problem or opportunity. For municipalities his may include studies such as waste studies, diversion strategies, etc., and for private sector proponents, these may be business plans.*

*In assessing the magnitude and extent of a problem or opportunity, it is important that the project not be broken down or "piecemealed" into component parts or phases, with each part being addressed as a separate project. If the component parts are dependent on each other, then the component parts must all be described in the project*

*description.*

The proponent shall develop a detailed description of the project that shall include all phases and components of the project and shall address the construction, operation, and retirement of the project as applicable. If the component parts are dependent on each other, then all of the components must be combined and dealt with as a single project.

The proponent shall describe for thermal treatment sites the facility's efficiency expressed in terms of energy output to tonnage input.

*The proponent prepares a description of the project for the purposes of the Environmental Screening Process. In describing the project, proponents shall include all phases and components of the project. For any project that involves the establishment of, or change to a facility, the project description needs to include a discussion on the project phases of construction, operation, use and/or retirement of a facility, depending on what is applicable to the project. Including these components of the project life cycle in the project description will provide a comprehensive view of the project and will aid in determining whether or not the project should proceed. Facilities related to waste disposal projects, such as an access road or fuel handling facilities, are to be included as part of the project description.*

*Some aspects of the project description may change during the Environmental Screening Process based on environmental effects, mitigation measures, etc., that are identified in subsequent steps of the Process. Thus the project description may be "fine-tuned" during the Screening Process. However, the Environmental Screening Report must include the finalized version of the detailed project description.*

The opportunity statement and project description are attached to this letter.

With respect to the screening criteria, we have added several criterion to those in the Guide for EA Requirements for Waste Management Projects to reflect some of the concerns raised in the Guide for Electricity Projects related to resource use. We consider that 11 of the criteria need to be evaluated in more detail. Some criteria were eliminated from further consideration due to the fact that facilities are currently in place that perform the same function, so changing facilities will not create additional impacts. Furthermore, the project description incorporates not only the gasifiers that comprise the thermal treatment system but also the system that is required to clean the flue gases before a portion can be recirculated to the gasifiers as combustion air, thus the remaining flue gases that are released are clean. Moreover, because the facility has been proven to meet the A-7 Guidelines for emissions as required in the existing pilot CofA, the air pollution control system that is an integral part of the design would be required.

Some brief comments on the impacts of the facilities on the various environmental components in the criteria checklist follow:

Surface and Ground Water - since the facility will require new construction on site it has the potential to change the runoff characteristics of the land as they currently exist. With the potential for increased runoff comes the potential for soil erosion. There will be no water taken, nor any non-sewer water discharges from the facility thus there is no potential to influence ground water.

Land - the facilities that will be used for the heating plants at both sites currently exist although some alterations to the buildings might be required, including the installation of fuel storage siloes at the Agriville site which will be next to the existing building. The size and form of these facilities will have no effect on development on surrounding lands, nor on the use of those lands, and they will meet municipal standards. The co-generation plant at Southshore will be a new facility with siloes, air pollution control equipment housed in a new building on the site. Since a facility

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of similar size would be required to support the heating needs of the expanded greenhouses, this will have no impact on land issues surrounding the facility. None of the lands to be used for these purposes are unstable or hazard lands, nor are they contaminated.

Air and Noise - while REMASCO is confident in the long run the evaluation will show no long term negative impacts on air quality or greenhouse gas emissions, we recognize that this category is of great concern to many people. As such this area has been slated for study including the preparation of a human health risk assessment study, so these criteria are marked as YES. The trucks delivering pellets to the facility are limited and they will not be operating round the clock so we have suggested that they will not create an issue from the point of view of operations on site.

Natural Environment - the sites are close to existing greenhouse operations in fields that have been cultivated in the past. As such there is little potential for disturbing aspects of the natural environment.

Resources - the purpose of the facilities is to produce thermal and electrical energy for use on site at the highest efficiency possible. As such the first 2 criteria will be easily met, although it will be demonstrated in the environmental report. The ENERPAX pellets are created at a facility approved for processing residual waste and thus using this fuel to recovery energy is totally consistent with policies in the province. Moreover, as pointed out earlier, the use of this fuel to heat the greenhouses will reduce the use of non-renewable fossil fuels that are used for heating at most facilities. The fact that the facilities support intensive agricultural activity means they will have a positive effect on agriculture. The land has no known mineral, aggregate or petroleum resources, nor is it forested, nor are there and game and fishery resources or inaccessible areas that will be affected by the project.

Socio-Economic - with the exception of potential traffic concerns that will be addressed, and public concerns about health and safety that will be addressed in the human health risk assessment document, the facilities will have no negative impact on other aspects of the Socio-economic environment.

Heritage and Culture - as the facilities are in currently occupied buildings or on agricultural lands that have been cultivated extensively, there is no potential to create negative impacts in this category.

Other - the facility will generate solid waste - some non-hazardous and other that might considered hazardous and the handling of these materials will be addressed to establish the long term impacts.

Should you have an questions, comments or suggestions for this project REMASCO and their consultants would be pleased to meet with you to discuss them.

Yours truly

A.J. Chandler & Associates Ltd.



John Chandler

Principal

cc: Mr. Jim Gallant, REMASCO, 2132656 Ontario Inc., 1746 Seaclyff Dr E., Kingsville, Ontario N9Y 2M6

enclosures: Notice of Commencement  
Project Opportunity Statement  
Project Description  
Screening Criteria List