

**IN THE MATTER OF Subsection 34(19) of the Planning Act, R.S.O.
1990, c. P.13, as amended**

MINUTES OF SETTLEMENT

BETWEEN

SARAH McDERMOTT and DR. JAMES DAY

(the "Appellants")

and

CANADIAN RENEWABLE ENERGY CORPORATION

("CREC")

and

THE CORPORATION OF THE TOWNSHIP OF FRONTENAC ISLANDS

(the "Township")

WHEREAS the Township has enacted By-law 27-2006 (the "By-law") in response to an application by CREC;

AND WHEREAS the Appellants have appealed to the Ontario Municipal Board (the "Board") herein in respect of the enactment of the By-law;

AND WHEREAS the Appellants, CREC and the Township wish to settle the appeal as set out in these Minutes of Settlement;

AND WHEREAS the Parties agree that the assessment and mitigation of environmental issues is of paramount importance and that it is the intent and understanding of the Parties that these issues are to be addressed through the Environmental Screening Process under Ontario Regulation 116/01 and the holding symbol will not be removed until that process is completed;

AND WHEREAS the Appellants and CREC have entered into a settlement agreement;

NOW THEREFORE THE PARTIES HERETO AGREE AS FOLLOWS:

1. The Appellants, the Township and CREC support the issuance of a decision of the Ontario Municipal Board allowing the appeal of the

Appellants in part so as to modify the By-law in the manner set out in Appendix A hereto.

2. The Parties shall request the Board to issue its decision herein as soon as possible, but to withhold its Order herein until the successful completion of the environmental screening process being currently conducted pursuant to Ontario Regulation 116/01 (the "ES Process")
3. The Parties will provide the Board with a revised form of the Zoning By-law which reflects the modifications referred to herein and in the event the Parties cannot agree on the form of the revised Zoning By-law the Board may be spoken to.

Shadow Flicker

4. CREC shall, prior to the issuance of a Notice of Completion under the ERR Process and therefore prior to the commencement of the 30 day review period provide to the Appellants and to the Township a table prepared using a recognized modeling tool such as "WindFarm" showing, for all residences within 1000 metres of any turbine (excluding residences owned by persons who have entered into agreements with CREC or its affiliates allowing the siting of turbines) the total number of annual hours of shadow flicker for each such residence.
5. The Parties agree that the annual maximum potential hours of shadow flicker as calculated by WindFarm reflect a theoretical worst case scenario according to which any trees or other screening between turbines and residences is ignored, and it is assumed that there is never any cloud cover, rain, fog or haze, and that the wind always blows so that the blades are spinning, and that the wind direction is always so as to align the blades at right angles to the line of sight between the residence and the turbine. The Shadow/Flicker report prepared for the Wolfe Island Energy Project indicates that actual hours of shadow flicker on each residence would be only approximately 18% of the numerical values generated by the WindFarm assumptions
6. The Parties further agree that, in recognition that the WindFarm assumptions are not realistic, and for purposes of settlement only, the annual maximum potential hours of shadow flicker as calculated by WindFarm shall be reduced by 82% as indicated in the Shadow Flicker report.
7. The Parties agree that a reasonable objective for the design of the Wolfe Island Wind Energy Project is that for any non-participating receptor the number determined under paragraph 5 shall not exceed 30 hours. This shall not be asserted to be relevant to or applicable to any other wind

energy project and is agreed to only as an element in a comprehensive settlement of these appeals.

Certification

8. CREC shall confirm to the Appellants the standard according to which the wind turbines are certified and particulars of such certification.

Icing, Safety and Maintenance

9. CREC shall provide the Appellants with information concerning:
 - (a) the features of the turbine which may among other things indicate icing;
 - (b) the ice conditions or indicators of ice formation that cause the turbine to shut down;
 - (c) the inspection protocol prior to commissioning start up; and
 - (d) the maintenance/inspection protocol, and
 - (e) a protocol for visual inspection before restarting after icing events;

provided that nothing herein shall oblige CREC to breach any confidentiality obligations it may have to the manufacturers of the turbines nor to release information in advance of it being available to CREC using its reasonable commercial best efforts to obtain same. CREC will investigate and if feasible incorporate additional ice detection features and will investigate a protocol similar to that to be used in Melancthon II to predict ice formation and take responsive measures.

Community Liaison

10. CREC shall participate in a Community Liaison Group, to be commenced as soon as practicable upon the execution of these Minutes, the members of which could comprise:
 - (a) two residents (full time and/or seasonal) of Wolfe Island who is not party to an agreement with CREC or its affiliates to host a turbine;
 - (b) a resident (full time or seasonal) of Wolfe Island who is a party to an agreement with CREC or its affiliates to host a turbine; and
 - (c) a representative of CREC.

Alternates are permitted but continuity of attendance is desirable.

11. The Community Liaison Group shall during construction of the Wolfe Island Wind Energy Project meet not less frequently than every three months, and after completion semi annually, and shall provide a forum for the community to provide comments, suggestions, questions and complaints, if any, as between the participants and to increase awareness of facts and issues as perceived by each constituent group. In the event of a dispute which the Parties cannot resolve they will endeavour to engage the services of a third party mediator to find a constructive solution. The Parties will build upon the goodwill evidenced under these Minutes to continue to address issues which may arise in this spirit.

Aviation Lighting

12. CREC shall ensure that the Wolfe Island Wind Energy Project is equipped with aviation safety lighting that is as much in accordance with the published CANWEA recommendation as Transport Canada will permit it to be.

Studies

13. CREC shall advise the Appellants and the Township of the commencement of, and terms of reference for, and the consultants conducting, any additional formal studies commissioned by it in relation to the potential effects of the Wolfe Island Wind Energy Project on bird or bat populations. This obligation applies to the Echotrack study and any other studies commissioned thereafter for a period of 2 years after commissioning.

Agency Comments

14. CREC shall provide the Appellants and the Township with copies of formal agency comments as they are received by it in relation to such studies or in relation to the ERR process.

ERR Report

15. CREC shall provide each of the Appellants with a hard copy (and a CD version) of the Environmental Review Report prepared pursuant to the ERR Process promptly upon the issuance of the Notice of Completion;
16. CREC shall include in its Environmental Review Report a cumulative effects assessment.

Additional Lands to be Zoned and Lands to be Deleted.

17. The Appellants shall not oppose or appeal the enactment of a zoning by-law to apply the WP-H zone to those properties identified in Appendix B and upon which turbine locations have been indicated in the draft ERR Report provided that the By-law to add such lands shall not be enacted, and the statutory public meeting in respect thereof shall not be held, until the completion of the Environmental Screening Process under Ontario Regulation 116/01. At this time, CREC will also apply to the Township for the deletion of the WP or WP-H zone from lands on Simcoe Island and from lands not required for turbines or accessory buildings on Wolfe Island.

Amendments

18. Nothing herein prevents CREC seeking amendments to, or variances from the Zoning By-law, and nothing herein prevents the Appellants from objecting or appealing any amendments or variance not expressly contemplated herein.


No Admission

19. Nothing herein constitutes:
- (a) an admission by the Township or CREC of any deficiency in the planning merits By-law 27-2006 as it was enacted by Council; nor
 - (b) an admission by the Appellants of any deficiency in the planning merits of the appeals they were prepared to advance at a hearing of this matter.
20. These minutes are entered into to avoid the delay and expense of a hearing and to enhance the relationship between the parties for the long term.

Enurement

21. These Minutes enure to and are binding upon the respective personal representatives, successors and assigns of the Parties.

IN WITNESS WHEREOF the parties have entered into these Minutes of Settlement this 25th day of July, 2007.

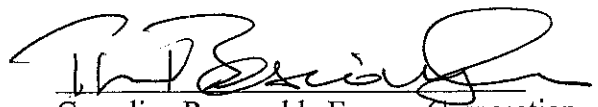


Sarah McDermott (personally or by her
Counsel)

Dr James Day (personally or by his
Counsel)



The Township of Frontenac Islands
(by its Counsel)



Canadian Renewable Energy Corporation
(by its Counsel)

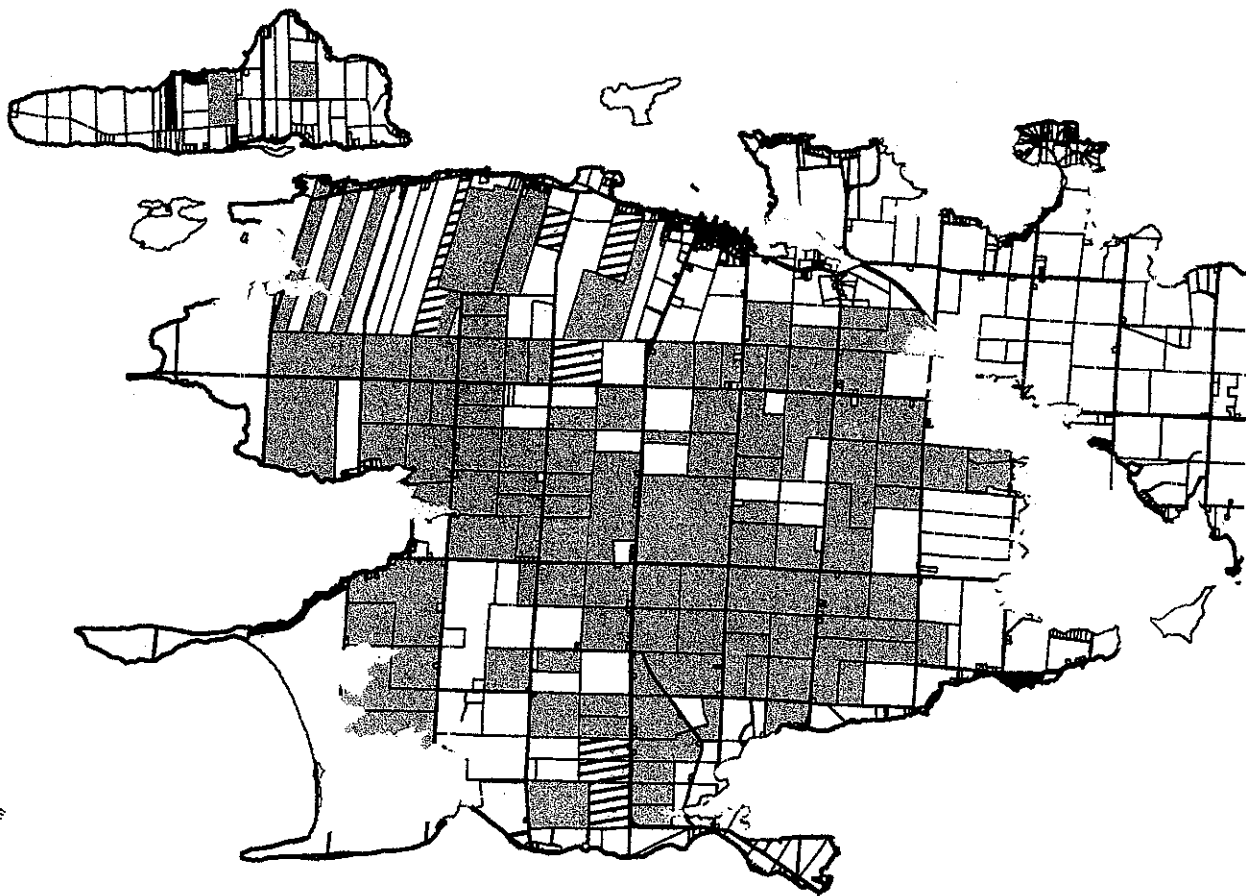
Appendix "A"



Modifications to Zoning By-law

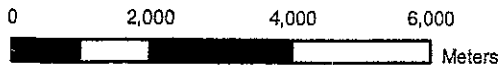
1. The holding symbol removal condition shall be modified to stipulate that the condition for removal in section 4.20.2(1) is the completion of the Environmental Screening Process in accordance with Ontario Regulation 116/01.
2. The By-law shall contain a provision limiting the number of turbines on the lands zoned by the Zoning By-law, together with the lands referred to in paragraph 16 of the Minutes of Settlement, to 86.
2. The locations of each turbine, as determined by the completion of the ERR Process, shall be identified in the Zoning By-law by UTM coordinates;
3. The turbines shall be permitted to be erected and used only within a circle the centre of which shall be the UTM coordinates referred to in paragraph 3 and the radius of which circle shall be 50 metres;
4. Section 4.20.1 of the Zoning By-law shall be modified as follows:
 - (a) Subsection (e) shall be amended apply to the Village Residential (RV) zone and to public and separate schools and to increase the setback to 600 metres;
 - (b) Subsection (c) shall be amended apply to sensitive receptors and dwellings not located in the WP zone and to increase the setback to 400 metres;
 - (c) Despite subsection (f) the minimum separation from lands in the Wetland (WL) zone shall be 120 metres;
 - (d) Subsection (g) shall be amended apply to improved public streets and limited service streets and that portion of the 2nd Line between Baseline Road and the shore of Reeds Bay and to increase the setback to 120 metres;
 - (e) Subsection (g.1) shall be added and shall provide a setback from all unopened road allowances (except as otherwise provided in subsection (g)) of 50 metres;
 - (f) Subsection (b) shall be amended to change the setback to 50 metres;
 - (g) For the purpose of subsection (b) a sensitive receptor shall mean a home for the aged and a hospital

APPENDIX "B"

Kep Map
Wind Plant Zone (WP-H)
July 2007



-  Lands subject to Wind Plant Overlay Zone (Bylaw 27-2006)
-  Additional lands proposed for Wind Plant Overlay Zone



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July 2007