



April 3, 2025

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Dear Ms. Iglesias and Ms. Ferris:

**RE: Addendum Letter - Official Plan Amendment & Zoning By-law Amendment for 6235 Guelph Street, Fergus
OUR FILE 23405A**

As a follow-up to our meeting on March 5, 2025, we have prepared this letter as an addendum to our Planning Justification Report (September 6, 2024) to supplement the policy analysis for Aypa's proposed Battery Energy Storage System (BESS) facility at 6235 Guelph Street, Centre Wellington. Specifically, this letter provides additional policy analysis as it relates to the proposed designation and zoning amendments, land use compatibility and County urban area protection policies. For the purposes of this letter, an *energy storage system* is defined as per the 2024 Provincial Planning Statement as:

"a system or facility that captures energy produced at one time for use at a later time to reduce imbalances between energy demand and energy production, including for example, flywheels, pumped hydro storage, hydrogen storage, fuels storage, compressed air storage, and battery storage."

As you are aware, Aypa Power is proposing to use approximately 6 hectares (14 acres) of the subject property to accommodate a BESS facility. The intent of the facility is to support Ontario's electricity grid and improve reliability and deliverability of electricity as Ontario experiences a shortfall in energy generation. In July 2023, the Ontario Government released *Powering Ontario's Growth*, which establishes a plan to ensure availability of reliable, affordable and clean energy. The plan includes procurement of electricity storage. The Minister of Energy has directed the Independent Electricity System Operator (IESO) to acquire new electricity generation and storage resources through capacity

procurements of 2,500MW operational by 2027 and 1,600MW operational by 2034, and energy procurement of 15 TWh operational by 2034. The IESO is a provincial entity that manages Ontario electricity system.

The project is under a contract with the IESO, who have been mandated by the government to secure alternative energy solutions to support Ontario's electricity. While the facility will be privately owned and operated, it is a government initiative that is under provincial directive. The facility is expected to have operational capacity until 2052, at which point the BESS will be decommissioned. At the time of decommissioning, the project area will be rehabilitated back to its current agricultural use.

POLICY ANALYSIS

Proposed Amendments

The September 2024 Planning Justification Report takes the position of implementing BESS facilities in accordance with the 2024 Provincial Planning Statement (PPS) that permits BESS facilities in prime agricultural areas as an on-farm diversified use (OFDU). By including energy storage systems in the definition of an OFDU, there is a clear intention by the province to permit such a use within rural areas and in particular prime agricultural areas. However, after additional consideration, we are of the opinion that BESS facilities are also a form of infrastructure, as defined in the PPS.

The PPS defines 'infrastructure' as:

"physical structures (facilities and corridors) that form the foundation for development. Infrastructure includes: sewage and water systems, septage treatment systems, stormwater management systems, waste management systems, electricity generation facilities, electricity transmission and distribution systems, communications/telecommunications including broadband, transit and transportation corridors and facilities, active transportation systems, oil and gas pipelines and associated facilities."

Core components of Ontario's electricity system include generation facilities, transmission lines and substations, and distribution networks. The Elora BESS will be directly integrated into the electricity system. The facility will connect to Hydro One transmission infrastructure with the purpose of supporting overall electricity system reliability. The BESS will contribute directly to Ontario's energy system and will form a critical component of energy infrastructure.

Therefore, the facility can be implemented in prime agricultural areas in one of two ways: (1) as an on-farm diversified use per policy 4.3.2 of the PPS, or (2) as a limited non-residential use per policy 4.3.5.1(b) of the PPS, considered to be infrastructure.

Provincial Publication 851, *the Guidelines on Permitted Uses in Prime Agricultural Areas* provide guidance on uses in prime agricultural areas. The Guidelines recommend that OFDU's be limited in area with a recommended maximum area of 2% of the farm parcel or 1 hectare in size (whichever is smaller). When the OFDU exceeds the 2% recommendation, consideration of policy 4.3.5.1(b) of the PPS is to be given, which speak to limited non-residential uses in prime agricultural areas. The proposed facility exceeds the 2% lot coverage threshold.

The 2024 Planning Justification Report and the Agricultural Impact Assessment prepared in support of the amendments assessed the facility in accordance with Policy 4.3.5.1(b) of the PPS 'Non-agricultural Uses in Prime Agricultural Areas'. Therefore, the appropriate policy considerations with respect to non-agricultural uses in prime agricultural areas have been had and consistency has been demonstrated with this policy, regardless if the proposed use is considered an OFDU or infrastructure.

Based on the March 5th meeting, it was noted that the proposed facility exceeds the scale considerations for OFDU. To address this, we are of the opinion that the BESS could be implemented as limited non-residential use considered to be infrastructure. Therefore, the draft planning instruments proposed in the 2024 Planning Justification Report could be revised slightly to remove reference to a BESS as an OFDU. Rather, the amendments could simply add a BESS as a permitted use to the agricultural designation and zone. This revision would have no implication on the original policy analysis completed as the Planning Justification Report and the Agricultural Impact Assessment both assessed the proposal for consistency with policy 4.3.5.1(b) of the PPS and section 2.3 of Publication 851.

Notwithstanding that the BESS can still be recognized as an OFDU, we are proposing an alternative land use approach for implementing BESS facilities. We are recommending that County and Township staff assess the BESS as a from infrastructure and consider the facility as a limited non-residential use. Included as Attachment 1 and Attachment 2 to this letter are a revised instruments of the Official Plan Amendment and Draft By-law. The amendments still maintain the agricultural designation and propose site specific policy/provisions that permit the BESS use. The only difference in this approach is the removal of permitting the BESS as an OFDU. The amendments would simply recognize the BESS as a permitted use, without reference to OFDU.

Land Use Compatibility

The policies for Land Use Compatibility are provided in section 3.5 of the PPS and are intended to avoid and/or minimize adverse impacts of major facilities on sensitive land uses.

Major facilities are defined in the PPS as: *"Major facilities: means facilities which may require separation from sensitive land uses, including but not limited to airports, manufacturing uses, transportation infrastructure and corridors, rail facilities, marine facilities, sewage treatment facilities, waste management systems, oil and gas pipelines, industries, energy generation facilities and transmission systems, and resource extraction activities."*

The Elora BESS project is part of the transmission system and is considered a major facility.

Sensitive land uses are defined in the PPS as: *"means buildings, amenity areas, or outdoor spaces where routine or normal activities occurring at reasonably expected times would experience one or more adverse effects from contaminant discharges generated by a nearby major facility. Sensitive land uses may be a part of the natural or built environment. Examples may include, but are not limited to: residences, day care centres, and educational and health facilities."*

Nearby sensitive land uses include the future development of the South Fergus Secondary Plan, located on the north side of 2nd Line, which is approximately 200 metres from the project site as well

as the residential dwelling on the property, which is approximately 300 metres from the project site. There are no other residential dwellings in proximity.

The PPS policies require major facilities, and sensitive land uses to be planned and developed to avoid, or if avoidance is not possible, minimize and mitigate adverse effects from odour, noise and other contaminants, minimize risk to public health and safety, and to ensure the long-term operational and economic viability of major facilities in accordance with provincial guidelines, standards and procedures.

Provincial guidance for land use compatibility is provided in the provincial *D-6 Compatibility between Industrial Facilities* document (the 'D-6 Guidelines'). BESS are not specifically defined within the D-6 Guidelines, however, for the purposes of this application a BESS would, in our opinion, be considered a Class I facility: *"A place of business for a small scale, self contained plant or building which produces/stores a product which is contained in a package and has low probability of fugitive emissions. Outputs are infrequent, and could be point source or fugitive emissions for any of the following: noise, odour, dust and/or vibration. There are daytime operations only, with infrequent movement of products and/or heavy trucks and no outside storage."*

The BESS facility is considered a Class 1 facility as it will be a self-contained facility with minimal emissions (if any) and infrequent activity. Class 2 and 3 facilities are associated more with manufacturing with high outputs, higher opportunities for emissions and nuisance and greater activity and movements.

The D-6 Guidelines establishes potential influence areas and recommended separation distances between an industrial facility and sensitive land uses. Class I uses have a potential influence area of 70 metres, with a recommended separation distance of 20 metres. The proposed BESS facility is well beyond the recommended separation distance for Class I uses. The recommended separation distance for Class II uses is 70 metres. The proposal is also well beyond the recommended separation for Class II facilities. The BESS will be approximately 200 metres from the future secondary plan area and approximately 300 metres from the dwelling on the lands.

Notwithstanding that the facility is consistent with the D-6 Guidelines, mitigation measures have been included in the design of the facility. Such measures include noise attenuation integrated into the noise source equipment, a sound barrier on north-side of the facility facing 2nd Line, landscaping and screening along road frontages, and a generous front yard setback. Measures related to emergencies (such as fire) are also provided in the Emergency Response Plan, which is a detailed document that outlines procedures and policies in the event of an incident.

Urban Area Protection

The County of Wellington Official Plan contains policies on urban area protection, set out under policy 4.7. These policies provide that:

1.7.1 Distinct Urban-Rural Boundary

In order to allow the efficient expansion of urban areas, and to maintain a clear distinction between urban and rural areas, the County of Wellington:

- a) prohibits new development adjacent to existing primary and secondary urban centres, hamlets or cities unless part of an urban expansion (adjacent will normally mean within 1 kilometre of an urban area boundary);*
- b) requires that livestock operations adjacent to existing urban boundaries shall only be permitted in accordance with the Minimum Distance Separation Formulae.*

This policy does not apply to prevent the completion of previously approved development, logical infilling or development of a minor nature which does not impede the efficient expansion of the urban area. Additionally, the expansion of existing developments may be considered if the overall intent of this section is met.

The Urban Area policies are intended to deter incompatible land uses that distort the rural line from the built-up area or otherwise fragment the County structure. The proposed facility will be located on a portion of an agricultural property that will be leased. No lot creation is proposed and no permanent change in land use is proposed. The primary agricultural use of the property is not proposed to change. While a portion will be temporarily removed, it will be restored to agricultural use once the facility is decommissioned. The facility will also be screened by landscaping and be well setback from proposed sensitive land uses, thus avoiding land use compatibility issues. As a result, the development is minor in nature and will not impede the efficient expansion of the Fergus Urban Area.

It should also be noted that the County is undergoing a review of the potential urban expansion areas in the Township of Centre Wellington as part of Official Plan Amendment No. 126. OPA 126 does not consider these lands for urban expansion, even though the Township Planning Staff had originally identified the lands for expansion (see Township Report PLN2024-38, dated October 28, 2024). Therefore, the County had an opportunity to identify these lands for urban expansion in accordance with the Township's recommendation, but chose to direct growth elsewhere in order satisfy projected growth needs.

Lastly, it is noted that the existing livestock barn on the subject property already limits the ability to expand the Fergus urban area south onto the lands. Through the County's OPA 126 process, a Minimum Distance Separation (MDS) Study was undertaken and identified a beef operation on the subject lands requiring a setback of 603 metres. This setback effects most of the property and would effectively prohibit any urban expansion onto these lands in accordance with provincial policy.

Therefore, the proposed placement of the BESS facility does not impact the ability for future urban expansion given it's temporary nature. Existing livestock operations already constrain the ability to expand onto the subject lands, and this is likely the reason the County has chosen a different growth direction from the Township's recommendation as part of OPA 126.

CONCLUSION

Amendments

The BESS facility can be considered infrastructure as well as an OFDU, and can be implemented as either in accordance with the 2024 PPS. Therefore, the planning instruments could be revised to implement the BESS as a form of infrastructure through PPS policy 4.3.5.1(b), which contemplates

limited non-residential uses in prime agricultural areas. Consideration for these policies has been demonstrated in both the 2024 Planning Justification Report and the Agricultural Impact Assessment. The revised amendments would simply remove reference to the BESS as an OFDU and add BESS as a permitted use in the agricultural designation and agricultural zone. The intent of the amendments would remain.

Land Use Compatibility

The proposed BESS facility is a major utility and is subject to land use compatibility considerations. While BESSs are not yet classified under provincial guidance material, they should be considered a Class I facility based on the self containment and minimal on-site activity. Class I facilities are recommended to have a setback of 20 metres from a sensitive land use. The facility significantly exceeds this setback relative to existing and proposed sensitive land uses. Even if considered a Class II use, the facility would continue to comply with provincial land use compatibility guidelines.

Urban Area Distinction

The proposed facility is a form of infrastructure and is therefore not required to be compliant with the urban area policies of the Official Plan. However, the facility will not impact the rural-urban area distinction. The facility will be located on an agricultural property where the primary use will continue to be agricultural. The facility will be screened by landscaping in order to ensure it integrates into the agricultural landscape. The use is temporary, and will be removed and not preclude any future urban expansion on the lands should that be the direction identified through future County growth management exercises.

We trust that this letter satisfies any outstanding policy questions as it relates to the proposed Official Plan and Zoning By-law amendments. This letter is being provided as supplemental to the original Planning Justification Report. We confirm that the analysis contained in the original Planning Justification Report remains accurate and unchanged. If you have any questions or require any further information, please do not hesitate to call.

Yours truly,

MHBC



Pierre J. Chauvin, MA, MCIP, RPP
Partner



Gillian Smith, MSc, MCIP, RPP
Senior Planner

Encl.

c: Ondrej Benjik

Attachment 1 –
Revised Draft By-law

The Corporation of the Township of Centre Wellington

By-law 2025-xx

A By-law to amend the Township of Centre Wellington Zoning By-law 2009-045, as amended, to change the zoning of the subject land from "A.19.3" to "A.X.X"

Whereas the Council of the Corporation of the Township of Centre Wellington deems it desirable to amend By-law No. 2009-045, as amended, pursuant to Section 34 of the Planning Act, R.S.O. 1990;

Now therefore the Council of the Corporation of the Township of Centre Wellington hereby enacts as follows:

1. Schedule "A" Map 19 to By-law No. 2009-045 is hereby amended in accordance with the attached Schedule "A" which forms part of this By-law.
2. Section 15 of By-law No. 2009-045, as amended, is hereby further amended by adding the following Exceptions:

<i>15.X.X</i>	<i>A.X.X</i>	<p>Notwithstanding any other provision of this By-law to the contrary, on lands zoned A.X.X, the following special provision shall apply:</p> <ol style="list-style-type: none">a. A battery energy storage system and associated equipment is a permitted use.b. Energy Storage Systems means a system or facility that captures energy produced at one time for use at a later time to reduce imbalances between energy demand and energy production, including for example, flywheels, pumped hydro storage, hydrogen storage, fuels storage, compressed air storage, and battery storage.
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3. All other applicable provisions of By-law No. 2009-045 shall continue to apply to the lands affected by this amendment.
4. This By-law shall come into effect on the date of final enactment by the Council pursuant to Section 34 of the Planning Act, R.S.O., 1990.

Read a first, second and third time and finally passed this X day of X, 2025.

Mayor – Shawn Watters

Municipal Clerk – Kerri O’Kane

Attachment 2 –
Revised Official Plan Amendment

AMENDMENT NUMBER _____

**TO THE OFFICIAL PLAN FOR THE
COUNTY OF WELLINGTON**

Applicant: Elora BESS LP

Proposed BESS Facility

Lot 11, Concession 3

Township of Centre Wellington

County File No. OP-2024-##

AMENDMENT NUMBER _____
TO THE COUNTY OF WELLINGTON OFFICIAL PLAN

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PART A – THE PREAMBLE

The Preamble provides an explanation of the proposed amendment including the purpose, location and background information, but does not form part of this amendment.

PART B – THE AMENDMENT

The Amendment describes the changes and/or modifications to the Wellington County Official Plan which constitute the Official Plan Amendment Number _____.

PART C – THE APPENDICES

The Appendices, if included herein, provide information related to the Amendment, but do not constitute part of the Amendment.

PART A – THE PREAMBLE

PURPOSE

The purpose of this proposed Amendment is to amend Schedule B1 of the Official Plan to allow for a battery energy storage system (BESS) use on a portion of the lands.

LOCATION

The subject lands are located at the south-east corner of Guelph Street and 2nd Line in the Township of Centre Wellington, and municipally addressed as 6235 Guelph Street. The lands have a total area of 43 hectares (106 acres) with 420 metres of frontage on 2nd Line and 1,000 metres of frontage on Guelph Street.

BASIS

The subject lands are designated Prime Agricultural. There is no change to the agricultural use of the lands. The lands will remain in the Prime Agricultural designation and a special policy is proposed to permit the battery energy storage system (BESS) use on a portion of the lands. The portion of the lands will be returned to an agricultural use when the BESS ceases to operate.

OTHER APPROVALS

The proposed facility forms part of a provincial initiative to improve energy reliability. The proposed facility went through the LT1 procurement process with the Independent Electricity System Operator (IESO), which included various requirements prior to approval and contract. A Class Environmental Assessment screening is being completed concurrently with the Planning Act approvals. A Zoning By-law Amendment has also been submitted to the Township of Centre Wellington to permit the battery energy storage system (BESS) use.

SUPPORTING INFORMATION

In support of the proposed facility, ELORA BESS LP has prepared a Planning Justification Report, Agricultural Impact Assessment, Archaeological Assessment, Geotechnical Study, Hydrogeological Study, Stormwater Management Plan, Noise Study, Natural Heritage Site Assessment, Phase I ESA and a Cultural Heritage Assessment .

PART B – THE AMENDMENT

All of this part of the document entitled PART B – The Amendment, consisting of the following text and maps constitute Amendment No. _____ to the County of Wellington Official Plan.

DETAILS OF THE AMENDMENT

The Official Plan of the County Wellington is hereby amended as follows:

1. THAT Schedule B1 (Centre Wellington) be amended by adding a site specific policy on a portion of the lands described as Lot 11, Concession 3, in the Township of Centre Wellington from Prime Agriculture to Prime Agriculture Special as illustrated on the attached Schedule "A" of this Amendment, permitting a battery energy storage system.

AMENDMENT NUMBER_____

TO THE COUNTY OF WELLINGTON OFFICIAL PLAN

Schedule "A"

Amendment to Schedule B1 (Centre Wellington)