

A visionary and a builder

There are many people who try to envision a better future and inspire others to bring it about. Very few actually devote themselves to the hard work of making it happen. But Stephen Probyn was such an individual. On his death in March of this year, Canada lost a great example and a great man.

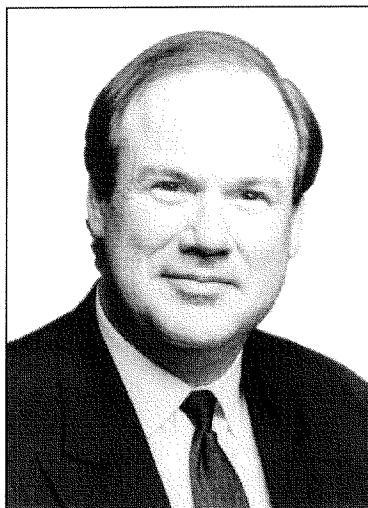
Whether in the realm of finance, renewable energy or public policy, this modern-day visionary left his mark not just by seeing a better world, but by facing the tough choices that have to be made to bring it about. He was constantly designing and building businesses and institutions — public and private companies and joint ventures in Canada, the U.S., the U.K. and Europe, as well as industry organizations and advisory groups — that could drive forward a vision while also maintaining viable businesses able to manage the operational realities of the day. Stephen was a master at meeting the challenge of compromise, where workable solutions can only approximate the original vision, where imperfect tradeoffs have to be crafted that do justice to the ideal while also looking after the practical necessities. These are the labours that actually make the world a better place in which to live.

Contemplating lost opportunities to act on climate change, for example, Stephen never understood industry representatives and other experts who turned down the chance to establish a Renewable Portfolio Standard for Ontario on the grounds that the RPS achievable at the time was not perfect. “The perfect is the enemy of the good,” he would say in dismay — and then go right on to find another way to benefit the environment.

Stephen Probyn did good. It was in the nature of his pragmatism that, for a solution to be sustainable, it had to deliver concrete benefits to all parties involved. Rarely were the benefits purely monetary. In fact, one of the qualities that set Stephen’s efforts apart from many others was the sense of touching the intangible, that the project was grasping hold of a greater good — which, of course, was pulling everything else about the project along with it. Liking a vision of Canada’s first major wind farm rising in the foothills of the Rockies to a personal favourite, *Field of Dreams*, he urged: “Build it and they will come!”

“The greater good” was Stephen’s natural aim from the start of his working life. Straight out of the London School of Economics, the 22-year-old Canadian got his first job as advisor on energy policy to Margaret Thatcher, then Leader of the Opposition. He went on to spend a total of 13 years in government in England and Canada, only taking time out in 1983 to earn his Master’s degree in Public Administration at Harvard’s John F. Kennedy School of Government, specializing in energy economics and science policy.

The climax of his public sector career came as Senior Policy Advisor to then Minister of Energy, Mines and Resources, Pat Carney. Stephen was part of the team that, in just two short years, 1984 to 1986, dismantled the National Energy Program; repaired Canada’s energy relations with the U.S.; and conducted the whole range of intergovernmental negotiations that achieved the National Conservation & Alternative Energy Initiative, the Atlantic Accord, the Natural Gas Pricing Agreement, and the Government of Turkey’s selection of CANDU — a \$1.8 billion success for the Canadian nuclear power industry.



Stephen Probyn, 1951-2008

Leaving government for Bay Street, Stephen Probyn went on to found and lead The Probyn Group™ of companies from 1987 until his death. But the success of those businesses did nothing to change the man known as “Straightarrow” to his colleagues from the Thatcher years. It simply gave him more platforms and greater scope, in Canada and internationally, to work on changing the world.

Over the course of his private sector career, this remarkable man devised enduring techniques for financing renewable energy; pushed ahead the development of practical mechanisms to recognize the environmental values of clean power; created or led a number of non-profit organizations; was responsible for the development of more renewable power than any other individual or institution in his own country; and continued to shape the public policies that brought competition to the gas and electricity markets in North America and Western Europe. One can only marvel at how much more could have been achieved had it not been for the tragic illness that cut short his extraordinary life.

Combining the skills of an elder statesman with those of a businessman and an engineer, Stephen Probyn was able to explain project risk and environmental issues to Canada’s largest financial institutions and international investment banks, and money matters to the project owners and developers.

“The horizons of the power industry were ideal for the man Stephen was,” said Dr. Barbara Eastman, his partner and later wife, and President of The Probyn Group™ for the past 20 years. “He went about his goals and his relationships with colleagues, clients, lenders, investors and federal and provincial regulators, looking whole decades ahead. You had a very real sense of *personal* commitment with Stephen. In a transaction-oriented business, others might walk away from a problem. Not Stephen. He would find a way to fix it, however long it took. He would see you through. That’s really how he got everyone on board — and kept them there. He was *trusted*. And rightly so.”

Reflecting on his 14 years with Probyn & Company, Chief Operating Officer Nathan Vettyvelu noted: “Proof of

Stephen's commitment is that we don't just use 'other people's money' in the power deals we recommend to our lenders and investors. The Probyn Group™ companies have always been co-investors, from the first of our cogen acquisitions in 1991, to the public companies specializing in renewables that we launched on the TSX and London's AIM market in 2001 and 2005. At every opportunity, we put our own money in."

It is no wonder that Stephen Probyn was able to assemble projects where no one else had succeeded before, or that The Probyn Group™ has been responsible for financing power projects in Canada, the U.S., the U.K., the Caribbean and Eastern Europe with a total value of some \$3.5 billion, to date.

"Stephen built to last," Barbara Eastman said. "Power production and investment is the long-term business of The Probyn Group. Along with our plant operations in Ontario, Québec and Alberta, we are always on the look-out for new ventures and projects that can use our management experience, our financing capabilities, or both. Part of Stephen's legacy is that you have to be flexible and adapt. Renewables, for example, have yet to feel the impact of climate change. Carbon taxes have yet to bite North America's coal and gas plants. Today's energy technologies will have to keep evolving. And so will we, thanks to Stephen's leadership."

An impressive range of friends and colleagues spoke about Stephen at the reception hosted by Barbara on April 7. Mike Crawley of AIM Powergen described his passion: "The one thing that stands out for me with Stephen is that in every moment of life he was completely engaged – applying all that he had and gaining all that he could. And that's why Stephen had a life of such accomplishment and, more importantly, one blessed with relationships of such depth and meaning."

APPrO, one of the organizations that he helped to build, is planning to publish a set of pages on its website with a number of documents and images commemorating the life of this important Canadian. In future, interested members of the public will be able to visit the following site to learn more about Stephen Probyn: www.appro.org/Probyn.html.

There are probably as many ideas about what made Steve particularly special as there are people who knew him. One of these has to be how he somehow combined the qualities of someone who dreams big with someone who was "a Do-er," who actually made things happen. He saw a world full of possibilities, and at the same time he saw the complex work of building realistic projects. He was known as a happy warrior and he attracted others to his cause. No matter how challenging the work became, he would not allow practical realities to dim his optimism. He believed in dreams, but few would describe him as a dreamer. Rather, he was a builder who always kept one eye on the stars. "Onwards and Upwards!" he often said, reminding those around him to keep their ideals in mind, come what may.

Despite the prominence of climate change policy today, there were many years when sustainable development in general and renewable energy in particular were passed over lightly in policy circles at home and abroad. Steve followed all these ups and downs closely, not only because his business operated in

the field but because he wanted public policy to make sense. When he had to shift his attention to business opportunities outside of Canada, he spoke frankly about the shortcomings of Canadian energy policy. Despite this openness, as noted by his long-time friend and colleague Les Horswill, "he was not one of those Canadians who complains abroad or automatically defers to European policy makers. Indeed, he worked to attract capital to Canada." In the process he made alliances that might have seemed incongruous to some of his colleagues. He seemed energized to be in a room full of environmental advocates, government officials and policy wonks, as long as they were truly developing workable solutions to the problems of the day. Even though he had little to gain by doing so, he eagerly sought out First Nation leaders to let them know about the opportunities available to them.

He had friendships and colleagues that spanned boundaries of all types – intellectual, political, geographic, and professional. He was a conservative but he was excited by the prospect of change, and he actively pursued major projects designed to change the world. He understood the need for collective social action, like a lot of people on the Left. He believed firmly in the value of markets as a means of determining value and allocating goods, like a lot of people on the political Right. His friends and colleagues may have wondered if he took on his efforts more to sensitize the financial community to environmental needs, or to make the environmental community more aware of financial realities. Whatever his motive, he helped move the discussion forward on both sides of the equation, and made a lasting contribution to society in the process.

As Canada's tireless, indomitable pioneer in renewable energy, it's hard to overestimate Stephen Probyn's leadership role in sustainable development. To a large extent, he made the Canadian renewable energy industry what it is today. He created not just new ventures, but new industries.

Canada's first major wind farm, Alberta's Cowley Ridge, became a symbol of innovation when it was originally developed, and then a second time when it brought long-term money from life insurance companies to the financing of Canadian wind power – both thanks to Stephen Probyn. The logic almost seems too obvious in retrospect: Those wind farms would be at the peak of their financial production just at the time that the life insurance policies would start paying out benefits to their owners. In fact, the idea of using life insurance as a source of financing had been developed and refined years earlier by The Probyn Group™. By the time it was used at Cowley Ridge, the group had secured more than \$1 billion in what was then highly innovative financing, for 14 independent power projects totaling 660 MW – including more than 200 MW of new biomass, hydro and landfill gas facilities. In effect, one innovation led to another until the whole industry began to change. What seemed like innovation at Cowley Ridge was, in fact, only the latest in a series of innovations that kept on coming.

Steve was brilliant at finding a strategic match between the needs of the financiers and the needs of project developers. Similarly, when he raised the money in 1998 to build a 100 MW windfarm in Quebec – Canada's largest for many years – he

Stephen Probyn (Cont.)

again broke new ground. It was the first time in Canada that utility-grade debt was used to build wind farms. He managed to allocate risk so well that Hydro-Quebec could put its imprimatur on the project. This key innovation made it possible for wind power to use a type of capital previously unavailable to the sector in Canada, and significantly reduced costs for consumers and everyone involved. He applied the same approach to multiply international development opportunities as well. For example, he brought Canadian lenders into the 193 MW project in the U.S. that was the largest acquisition and financing in the history of wind power in its day, and later financed the largest wind project in Central and Eastern Europe.

Stephen Probyn's achievements are too extensive to enumerate here, but he was known for his work in renewable energy, sustainable development, public policy and innovative financing, among other things. He led the participation of IPPSO (the Independent Power Producers' Society of Ontario) APPrO's predecessor, in Ontario's market design process during the 1990's and he fought ardently and patiently for substantive renewable energy requirements in countless jurisdictions. In every possible forum including "Probyn on Power," his regular column on energy and environmental issues for *The Financial Post* from 1996 to 1999, he supported the Kyoto Accord despite the differences it created with many of his colleagues and business associates. He was a major force in the development of markets for renewable energy credits worldwide. He laboured on stakeholder committees of many varieties. He was a significant contributor to the development of rules for the EcoLogo^M certification of "green power" — including The Probyn Group's financing and operating the Whitecourt biomass facility in Alberta, that was the first power plant in Canada to earn the federal EcoLogo^M designation. He guided IPPSO through some of its most difficult times when the industry was stalled due to policy uncertainty, and he helped set up new organizations when the need arose. He was one of the instigators of IPPSO's own re-development following market opening in Ontario, which resulted in the organization we now know as APPrO. His commitment to environmental issues was reconfirmed through his federal government appointment as Chair and a director of Sustainable Development Technology Canada (SDTC) from 2007 until his death in late March 2008.

As the CEO and trustee of the TSX-listed income fund that he created to invest exclusively in renewable energy in 2001, Stephen Probyn foresaw the policy challenges ahead as trusts became the vehicle of choice for Canadians saving for retirement, fueling the sector's spectacular growth and transforming Canada's capital markets. By 2002, he had founded a new organization, the Canadian Association of Income Funds or CAIF, serving as its Chairman and a director until 2006. He spearheaded several of CAIF's most successful campaigns for legislative and regulatory change because he could see the benefits not only to the funds and their investment in the economy, but to the majority of Canadians who cannot look forward to a government employee's inflation-proof pension plan. Margaret

Lefebvre, Executive Director of CAIF, remembers Stephen as "a pathfinder, not just an achiever." He had the ability to envision a cause or a project and then to bring the right people together to make it happen. CAIF, like many of his other initiatives, is set for the long-term.

Stephen was equally quick to recognize other longstanding organizations that could use an injection of his boundless energy and entrepreneurial talents. Soon after Stephen met Barbara Eastman, she brought him into the Couchiching Institute on Public Affairs (CIPA), of which she was President (1988-1990). Stephen joined Barbara on the volunteer board of directors in 1990 and became President himself in 1994-96.

"But it wasn't a case of nepotism!" Barbara says. "In fact, Stephen had once attended Couchiching's Annual Summer Conference back in the 1960s on a Rotary Club scholarship. I had been serving as a director since 1985 because the Conference on the shores of Lake Couchiching is a truly great Canadian tradition — begun by the YMCA in 1932 and soon broadcast coast-to-coast by CBC Radio when there was no "free speech" to rival it in the U.S. and no other public affairs programming worthy of the name for a couple of decades. Now, 76 years later, the Conference continues to draw a cross-section of thinking Canadians of all ages and persuasions and brings you together for an entire long weekend with wonderful minds from around the globe. Stephen quickly came to love and work for Couchiching just as much as I did."

In recent years, the Probyn Eastman Fund was established to provide scholarships to the 4-day Annual Conference for deserving students — as Steve himself was, when he first attended Couchiching. The Fund has collected \$30,000 so far. As with so many of the initiatives in his life, the concept almost perpetuates itself.

Stephen Probyn was an inventor, an instigator, and someone who inspired others to join in a good cause. He was creative, passionate, positive, a ground-breaker and a bridge builder. He had endless curiosity, saw problems as opportunities, and frequently delighted people with his sense of humour. He enjoyed intellectual exchange and the free flow of ideas and helped build institutions to foster it. He was a force for change in his industry, Canada, and the international community.

He will be remembered for leaving behind a better world.

Postscript:

Discussions are underway amongst colleagues and friends of Stephen Probyn about how best to establish a lasting tribute in his memory. APPrO is collecting suggestions from all sources for options that can be developed to commemorate his contribution to society. Suggestions include such ideas as collecting funds for a scholarship dedicated to sustainable development, establishing an award in his name, or a foundation for the promotion of renewable energy. Everyone interested is invited to contact Jake Brooks at APPrO (jake.brooks@appro.org) with any ideas in this regard.

For further information, please see the APPrO website and the article from April 2007 IPPSO FACTO "The remarkable success of the Probyn Group."