
Building a Community Power Program in Manitoba

Creating a Sustainable Future for Manitobans

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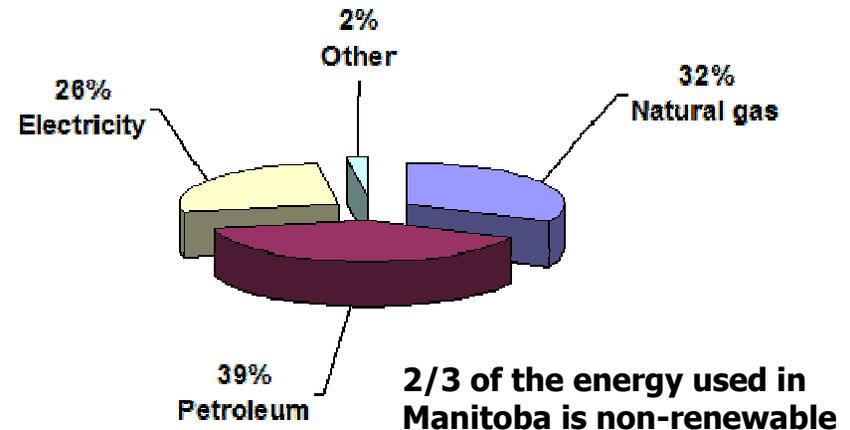
Agenda

- The Challenge
- The Solution
- About Elton Energy Cooperative
- The Community Power Investment Model
- What We Are Seeking



The Challenge

- Manitoba exports hard-earned dollars to pay for non-renewable energy
- As energy prices increase, we lose significant wealth
- How do we maintain our high standard of living in the long term?



\$2.5 billion/year leaves Manitoba to pay for non-renewable energy



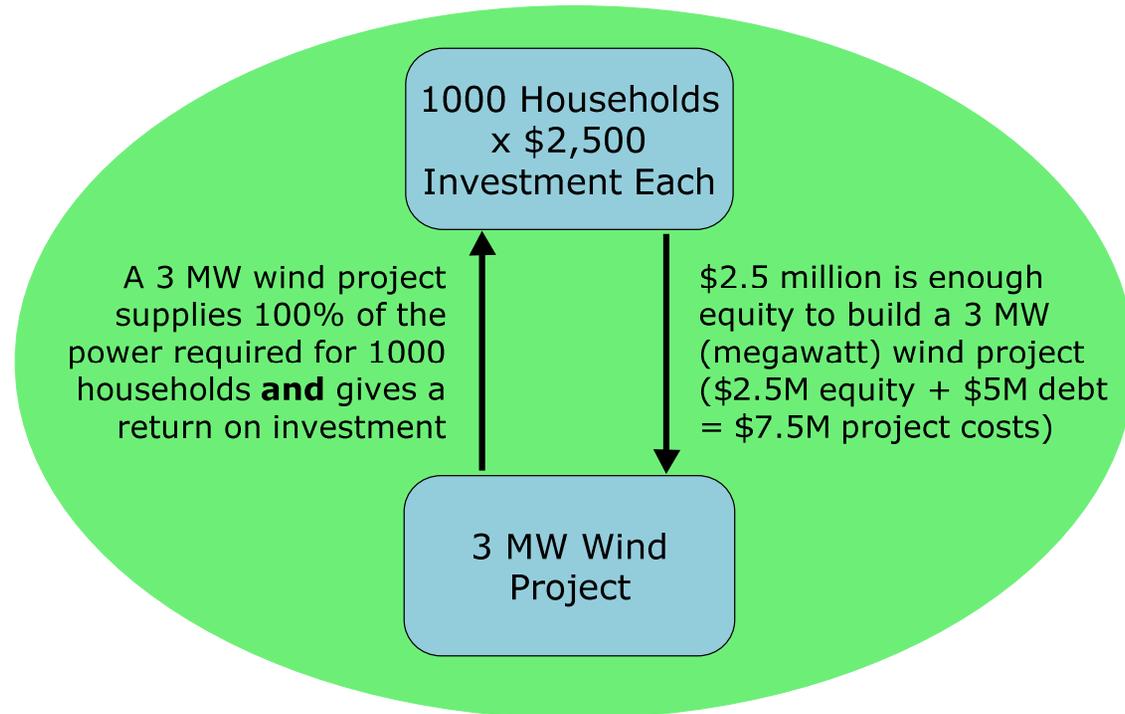
What Does \$2.5 Billion Mean to Rural Manitobans?

- \$2,200/year for every man, woman and child
- Rural Municipality (RM) of Elton, population 1285 = \$2.7 million/yr
- RM/Town of Birtle, pop 1328 = \$2.8 million/yr
- RM of Blanshard, population 686 = \$1.4 million/yr
- Brandon, population 46,584 = \$97 million/yr

Imagine the benefits if we could keep those dollars local!



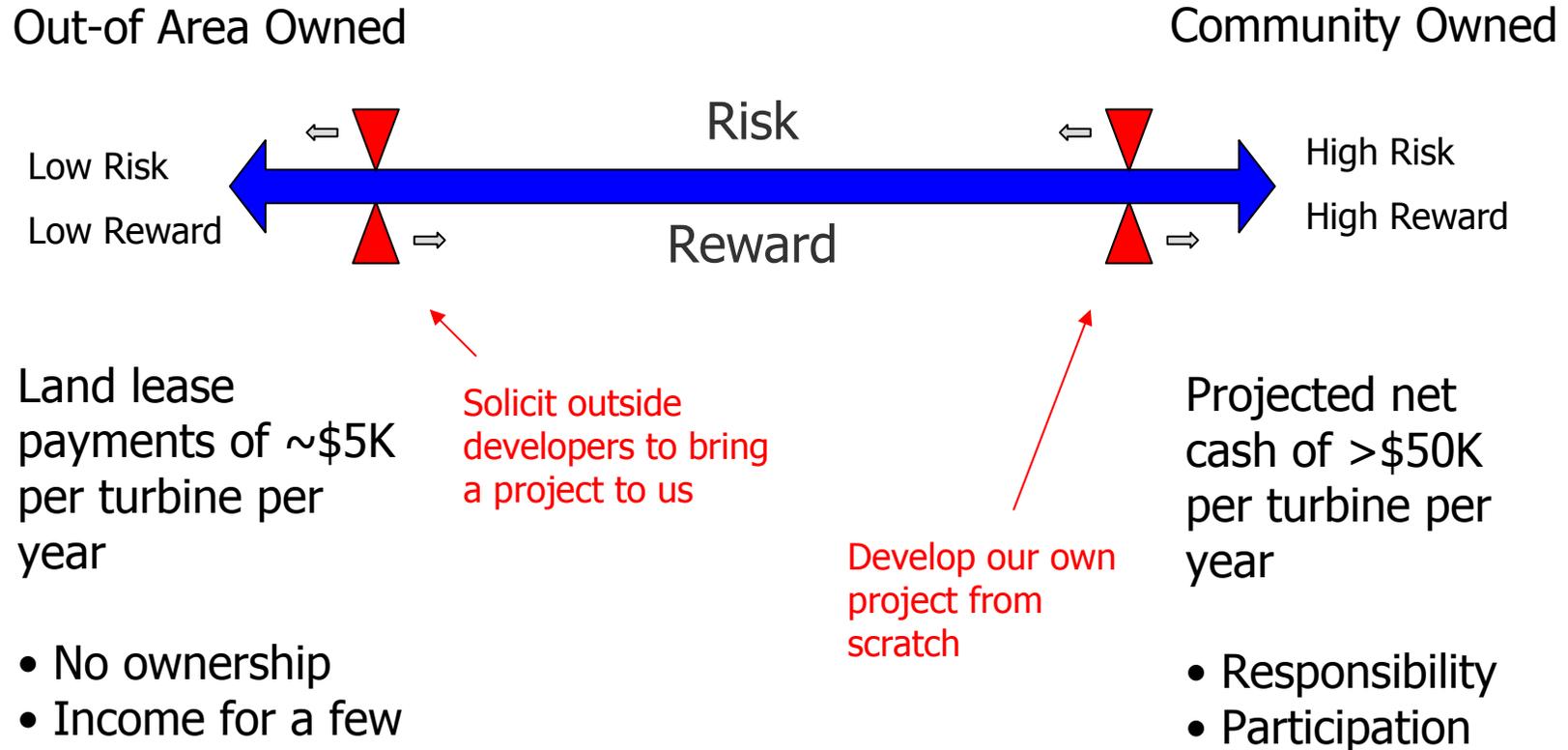
The Solution: Invest in Community-Based Renewable Energy



- We developed a model that leverages renewable energy development in order to enhance rural economic development
- By building sustainable communities, we build a more certain future



The Risk and Reward Continuum



Our model uses many techniques to reduce risk and increase reward



The Elton Energy Cooperative (EEC) Project

- Located 8 miles north of Brandon
- 2-3 large turbines = ~3-5 megawatts
- Landowner-friendly transparent land lease agreement
- Meteorological tower erected in June 2009 one mile east of Forrest to gather data for two years
- Once we have the data, we intend to negotiate a 20-year power purchase agreement with Manitoba Hydro
- We are sharing what we learn with other interested communities



In 2006, EEC Was Formed With a Community-Based Mission

- In 2006, Elton Energy was formed to investigate building renewable energy in the RM of Elton
- Vision: "To develop community-owned renewable energy projects."
- Mission: "Elton Energy envisions communities in Manitoba working together to develop renewable energy projects. Elton Energy intends to pool resources of knowledge to coordinate these projects with Manitoba Hydro, Manitoba government, and our communities. This will be done in a transparent manner by and for the communities, citizens and investors of Manitoba."



EEC Developed a Province-wide Community Power Program

- In 2007, Elton Energy obtained funding from the Coop Secretariat (federal dollars) to complete a feasibility study on developing a wind project in the RM of Elton
- We identified that a project was feasible, but we also felt there were untapped opportunities to reduce risk significantly
- We researched community power programs in Minnesota and Ontario
- We learned that Manitoba would be an ideal place to create a province-wide community power program

BUT

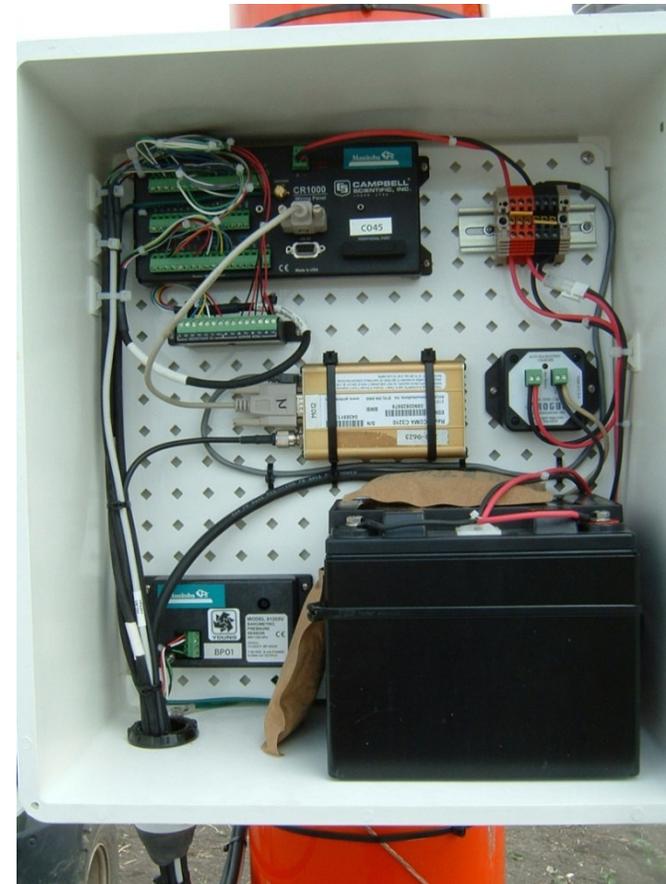
- There was no province-wide program set up in Manitoba for these projects to flourish

SO

- We developed our model in order to fill the need



EEC's Meteorological Tower: We Have Captured 1 Year of Data (1 More to Go)



What Is Community Power?

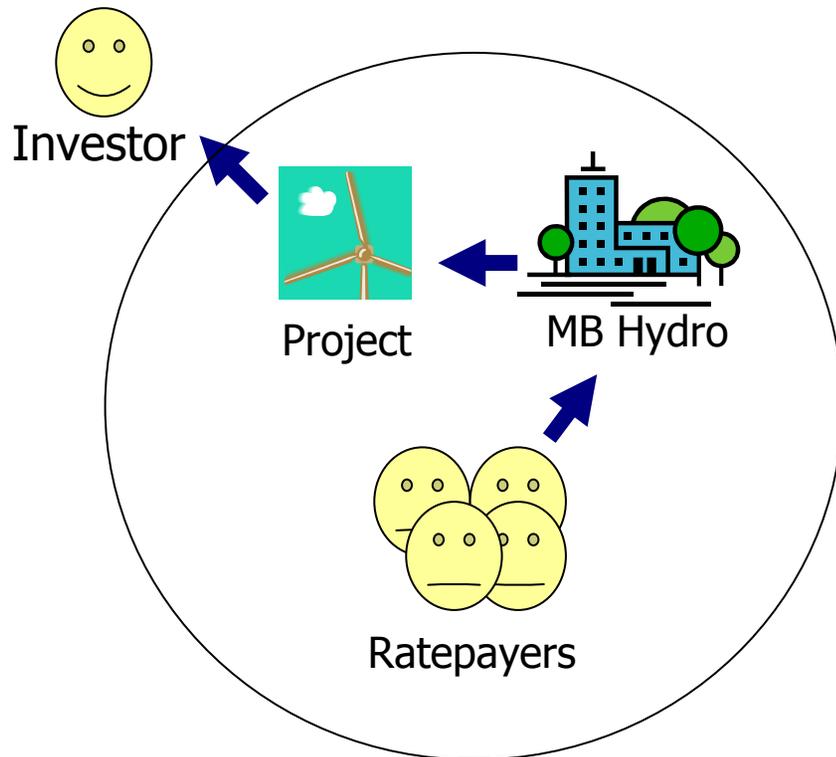
- A way to make an investment with favourable returns, while supporting our local communities and helping the environment
- Enables 100% community ownership of commercial scale renewable energy projects
- Encourages broad participation from individuals of varying incomes
- Supports non-competitive relationships among communities



Advantages of Community Power Over the Out-of-Area Investor Model

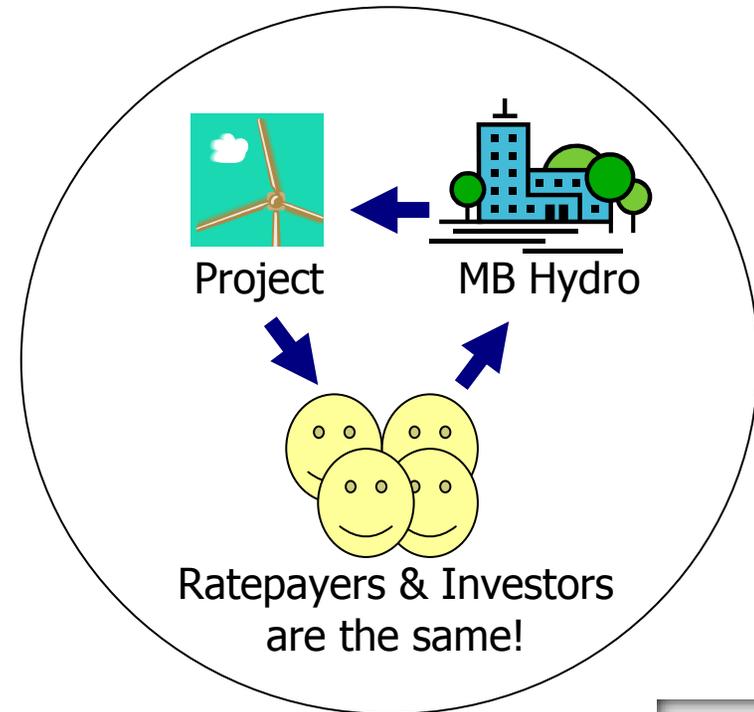
Conventional Model

- Investors are from outside rural Manitoba
- Profits leave rural Manitoba

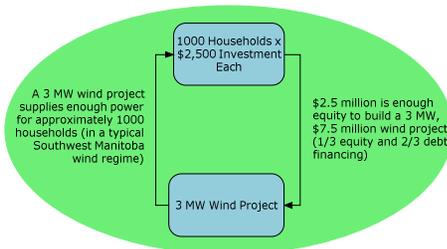


Community Model

- Investors are from inside rural Manitoba
- Profits stay in rural Manitoba



Best Uses for Community Power Compared to Large Hydro Power

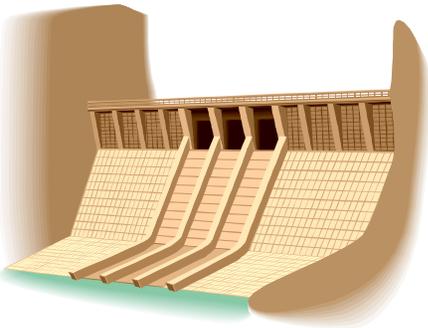


Deploy Community Power for Local Needs

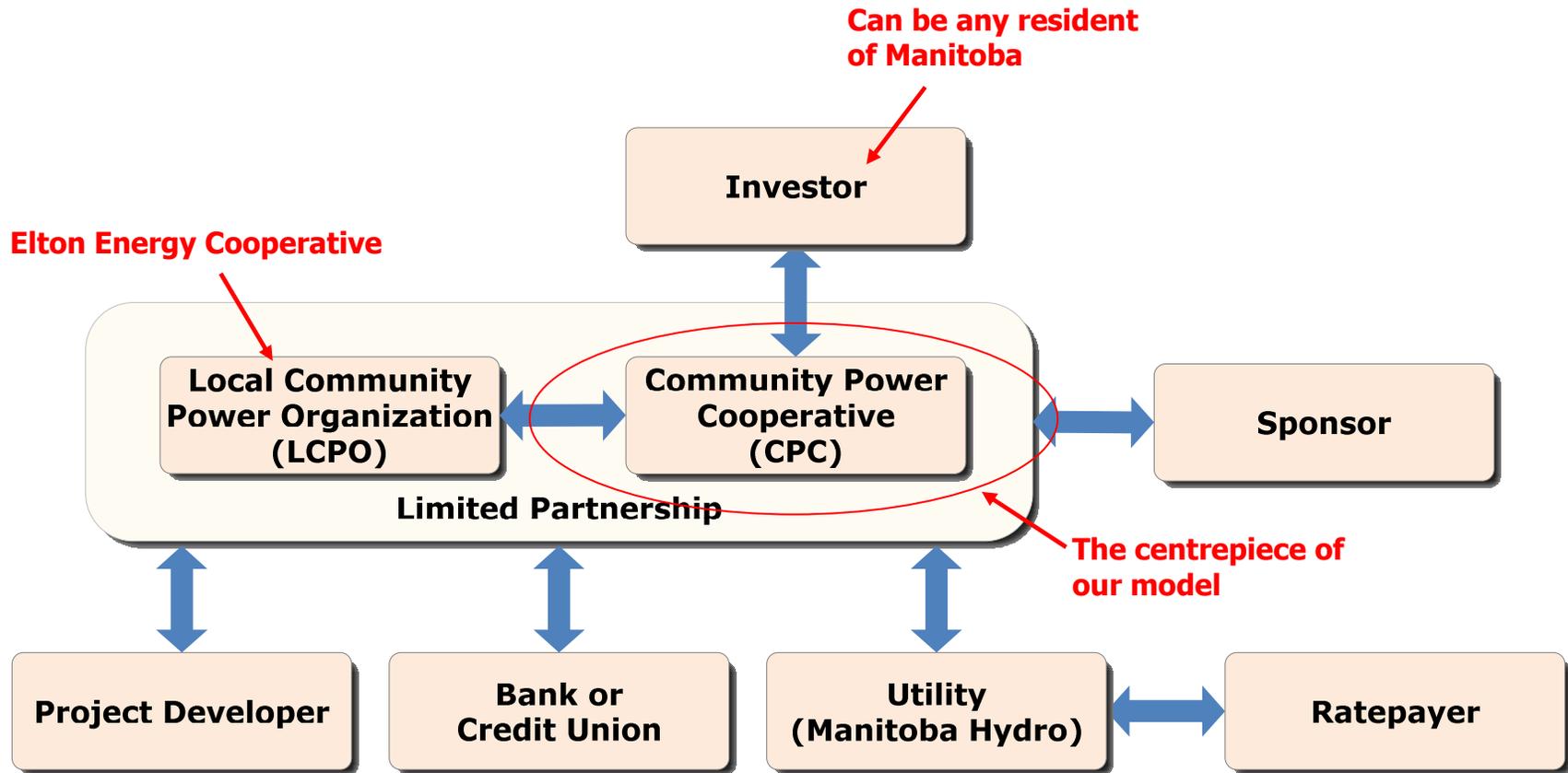
- Keeps dollars local
- Encourages conservation and efficiency
- Allows citizens to directly participate in environmental initiatives

Deploy Large Hydro Power Primarily for Export

- Provides coverage of intermittency of community power
- Provides clean power to other jurisdictions that are willing to pay top dollar for carbon credits
- Increases Manitoba's net income



The Manitoba Community Power Model



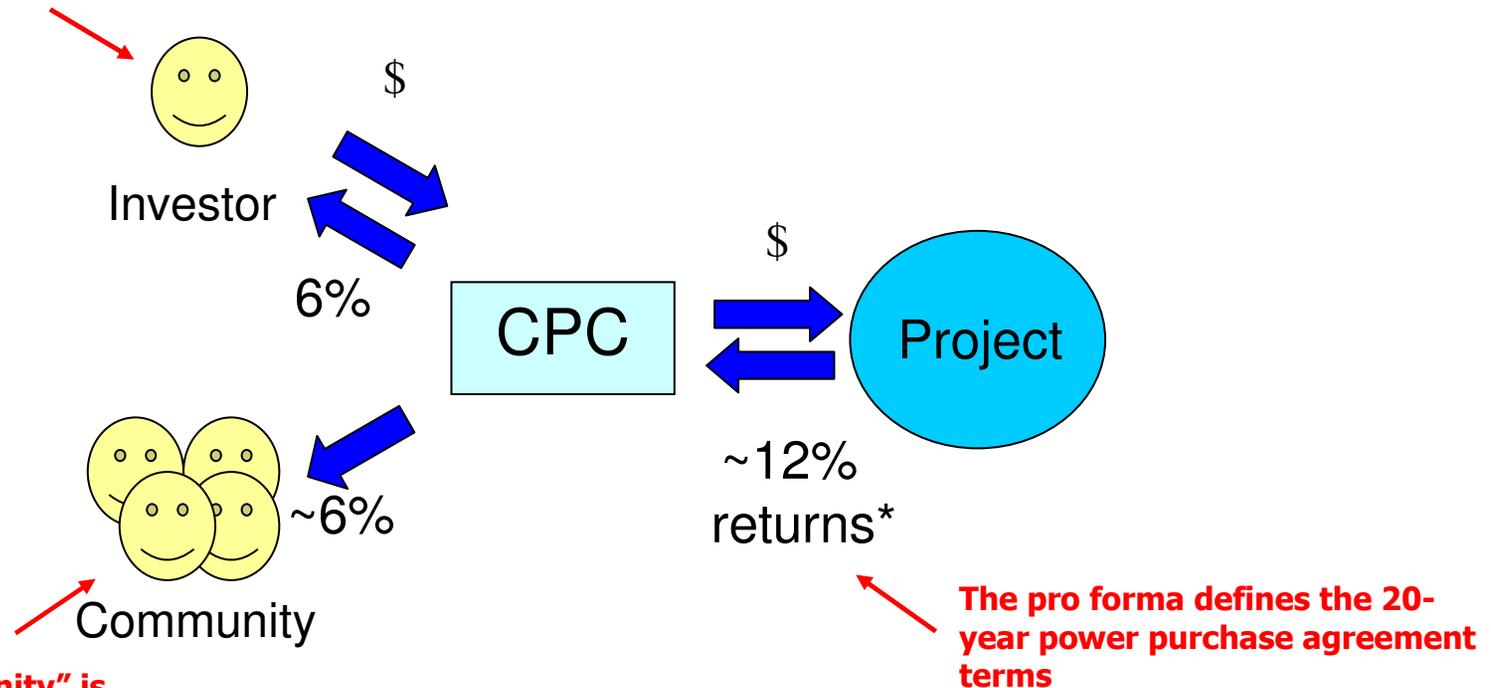
The Four Key Functions of the Community Power Cooperative

- 1. The CPC centralizes technical and financial expertise** that addresses technical requirements, vendor relations, investor communications, tax reporting, and financial audits for Manitoba's community power program, freeing the local communities from highly specialized financial and fiscal management requirements.
- 2. The CPC sells and manages investment shares** in order to allow any resident of Manitoba to participate in the direct ownership of community projects in a manner similar to buying and selling shares in a mutual fund.
- 3. The CPC distributes a portion of the profits to communities directly** so that rural communities are strengthened by the development of renewable energy projects.
- 4. The CPC manages an innovative pro forma** that (a) ties returns to prevailing interest rates in order to protect projects against inflation and (b) levelizes net cash by varying the price in order to reduce cash flow challenges.



Targeted Financial Returns

The Investor lives anywhere in Manitoba



The "Community" is defined by the location of the Investor, not the location of the project

* Specific returns to be negotiated with Manitoba Hydro

Creates a **stable** funding source for investors and communities



Benefits of Supporting the CPC

- By becoming a supporter of the CPC, the government gets to associate its name with this highly unique, Manitoba-grown initiative
 - This opportunity has very far-reaching marketing potential for rural Manitoba in both the short term and long term
 - This opportunity also has very far-reaching marketing potential for non-Manitoba jurisdictions that may seek to emulate and/or “franchise” this model (which we welcome)
- By being associated with this community-based renewable energy program, the government positions itself as an environmental leader in Canada and internationally



What We Are Seeking

1. Leverage contacts within Manitoba Hydro to support the CPC model and provide services to assist us in getting this model accepted and deployed in Manitoba (est. 160 hrs of various high level resources; deploy an inter-departmental SWAT team)
2. Provide funding of \$204,400 to launch the CPC as described in the model – no ongoing funding is required once the first project is launched

Note: the in-kind contributions below would directly reduce the funding requirements shown above

3. Provide EEC and the CPC with accounting assistance of our pro forma, and legal assistance where necessary (est. 200 hrs of financial resources and est. 80 hrs of legal resources)
4. Provide application development resources to assist in deploying the community returns management web-based application on the CPC web site (est. 800 hrs one-time plus 50 hrs/yr technical staff time)



Conclusion: A Win-Win Scenario and a Brighter Future for Manitoba's Communities

- The way that we deploy renewable energy has long-term impacts on rural economic development
- Renewable energy has a huge future in Manitoba
- The key question is not whether renewable energy will grow (it will!)
- The key question is "Who is going to benefit?"

Let's do it right!



We've Received a Lot of Community Support Along the Way

- RMs (Rural Municipalities) of Elton, Blanshard, Sifton and Cornwallis
- Town of Oak Lake
- Melita Economic Development Corporation
- Shoal Lake Economic Development Corporation
- Association of Manitoba Municipalities (AMM)
- The Southwest Region of AMM
- Assiniboine Community College (ACC)
- Keystone Agricultural Producers (KAP)
- Manitoba Agriculture Food and Rural Initiatives (MAFRI)
- Cooperative Promotions Board (Provincial)
- Cooperative Development Initiative (Federal)
- Quebec's Val Eo
- Minnesota Community-Based Energy Development (C-BED)
- Ontario Sustainable Energy Association (OSEA)
- Toronto Renewable Energy Co-operative (TREC)



Thank You!



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www.eltonenergy.org

