

Elton Energy Community Wind Project

General Meeting Discussion

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Challenges with a Conventional Renewable Energy Project

- Land lease payments, representing the primary income, go to only a few lucky landowners
- Our community is likely to be viewed primarily as part of an economic equation: as a cost of doing business and an impediment to extracting the resource
- Terms are likely secret; are we getting the best deal possible?
- We're passive onlookers—we have little ability to participate, and over time we may feel resentful of someone else getting the primary benefit of our resource
- At the end of the 20-year contract, someone else owns the residual value (which may be considerable)

Note: a community may choose a conventional project in the end, but the choice should be made with complete information

Primary Benefits of Community Ownership

- Studies have shown a significant increase in rural economic development as a result of community-owned projects compared to conventional projects
- A community owned wind project results in a great degree of transparency with regard to control of the natural resource in the community
- Community ownership reduces NIMBY (“not in my backyard”) challenges by allowing everyone to financially benefit from the significant flow of resource dollars in our community
- The resource belongs to the community over the long term

The Stakes are High

- We already know that there will be a significant amount of additional renewable energy generation built with or without a strong community program
- The more important question is: Who benefits from this substantial additional renewable energy generation?
- We seek to ensure that the considerable growth in renewable energy maximizes benefits to local communities and to Manitoba residents

Key Requirements for a project to be called “Community Owned”

1. More than 50% of all gross revenues over the 20-year life of the project must accrue to local and Provincial residents
2. Ownership must be widely distributed (no single owner may own more than 15%), and more than 50% ownership control must be retained by local and Provincial residents at all times
3. Transparency of the technical details of the project is required
4. Local residents must be able to participate financially by having the ability to buy shares *
5. It is desirable to have a mechanism through which share holders can sell shares at any time

* Note: a low risk, socially ethical and environmentally beneficial investment with a return of at least 7% is likely to attract participation from Manitoba’s institutional investors

Risk & Reward Continuum

Conventional

Community-owned



Land lease payments of \$4K per turbine per year

- No ownership
- Easy \$ for a few

Solicit outside developers to bring a project to us

Develop our own project from scratch

Projected net cash of >\$50K per turbine per year

- Responsibility
- Participation

We need to find ways to minimize the risk and maximize the reward

Ways to Minimize the Risks & Maximize the Rewards

1. Work toward developing a Province-supported, centralized set of tools to manage community energy projects (e.g. membership through the web, shared spreadsheets, shared land lease option agreements, shared offering statements, etc.). Leverage the following:
 - Toronto Renewable Energy Co-operative
 - Ontario Sustainable Energy Association
 - Val-Eo (Quebec)
 - C-BED (Minnesota)
 - Others? (BC, Nova Scotia, PEI, NB, etc.)
2. Leverage trusted independent project developer expertise to act as a resource for the community

Tasks to Deploying a Project

- Secure the land (through land lease agreements)
- Select the site
- Assess the wind resource
- Complete environmental reviews
- Acquire regulatory approvals and permits
- Complete economic analysis
- Complete the transmission study
- Finalize interconnection agreement
- Acquire a power purchase agreement
- Select and procure turbines
- Build the project

General Phases of a Wind Project



The Sweet Spot for Elton Energy

- The most desirable project size, economically, is likely to be in the 10-40 MW range (many factors can influence this, and the final project may even use a phased approach over time)
- Total “all in” project costs are roughly \$2.5 million/MW
- Total annual gross revenues from electricity sales are roughly 10% of the capital cost, or \$250K/MW

Next Steps

1. Ensure that land lease agreements aren't signed away to non-community parties
2. Network with other community energy advocates in North America on community-based approaches to developing the project [also, gather information from commercial developers (Windcor has approached Elton Energy) to understand possible "joint venture" approaches]
3. Propose to the Province to jointly develop a straw-man community-owned model; maybe an opportunity for Elton Energy to be the pilot project
4. Approach Manitoba Hydro about interconnection challenges
5. Erect a met tower

Discussion



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