
TO: GENERAL COMMITTEE

SUBJECT: SOLAR LEASE AGREEMENT WITH POWERSTREAM INC.

WARD: WARD 5

PREPARED BY AND KEY CONTACT: BARRY THOMPSON, C.E.T., C.E.M. *Barry Thompson*
MANAGER OF ENERGY EXT. 4557

SUBMITTED BY: *for* K. BRADLEY BA, MLA *Barry Thompson*
DIRECTOR OF FACILITIES AND TRANSIT

GENERAL MANAGER APPROVAL: R. J. FORWARD, MBA, M.Sc., P. Eng. *R. J. Forward*
GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER *C. Ladd*

RECOMMENDED MOTION

1. That the City Clerk be authorized to execute a lease agreement subject to the approval of the Director of Legal Services and the Director of Facilities and Transit with PowerStream Inc. for the lease of land at the City of Barrie Landfill site for the purpose of installing solar photovoltaic panels, based on the following terms and conditions;
 - a) That the lease period is twenty years
 - b) The City of Barrie will incur no capital or operating costs
 - c) The city will receive a lease rate of \$10/kW
 - d) The form of the lease shall be subject to the satisfaction of the Director of Legal Services.
2. That Powerstream Inc be provided with a Blanket Council Support Resolution as attached as Appendix B to staff report FCT005-15

PURPOSE & BACKGROUND

Report Overview

3. The purpose of this staff report is to gain Council authorization to sign a lease agreement with PowerStream Inc. to use land at the landfill site for the purpose of installing a ground mounted solar power array.
4. On September 30, 2009, the Province of Ontario enacted the regulations for the Green Energy and Green Economy Act. These regulations established the conditions under which utilities could become generators of renewable electricity and participate in the Provincial Feed In Tariff (FIT) program.
5. PowerStream Inc. has elected to move forward as a renewable power generator.

6. In June 2010, the City entered into a lease arrangement with PowerStream Inc. for the lease of City facilities roof spaces for the installation of solar photovoltaic panels.
7. PowerStream Inc. has installed five projects on City facilities with a total connected load of 840 kW and the City is receiving lease payments presently totalling \$58,477.50 per year.
8. As part of the Re-Engineering project at the landfill being undertaken by Golder Assoc. a design for a ground mount solar installation was completed for the landfill (see figure A).
9. The Provincial FIT program is opening a window for applications for projects 500kW or smaller on September 30 and PowerStream Inc. would like to apply for a project at the landfill under this program and will use the design completed by Golder in the location approved by the City of Barrie.

ANALYSIS

10. The installation will allow the City to generate revenue from a renewable power source on otherwise vacant land.
11. The FIT program allows for ground mounted solar systems and specifically allows for systems at closed landfill sites. Golder is indicating the site chosen for the panels will never have any more garbage added but PowerStream Inc. along with Golder and Barrie's Environmental Services Department must confirm how the Ministry of the Environment and Climate Change will view the land designation which impacts whether the project will be eligible for FIT. Based on the results of these discussions PowerStream Inc. will determine whether they can or will proceed with the project.
12. Regardless of the discussion between City, PowerStream Inc. and the Ministry of Environment and Climate Change, the FIT program is an application process and the project is only economically viable if granted approval by the Ministry of Environment and Climate Change to be a part of the FIT program. This will likely be known in spring 2016.

ENVIRONMENTAL MATTERS

13. The following environmental matters have been considered in the development of the recommendation:
 - a) Facilitation of the installation of a renewable energy project in Barrie.
 - b) Reduction of green house gas emissions

ALTERNATIVES

14. The following alternative is available for consideration by General Committee:

Alternative #1

General Committee could choose to not pursue a solar project at the landfill.

This Alternative is not recommended as there is no risk to the corporation and PowerStream Inc. has proven to be a reliable solar partner with the City and although the revenues are not large there is opportunity to expand the project and thus revenues in the future.

FINANCIAL

15. There are no capital costs or annual operating and maintenance costs to the City resulting from the proposed recommendation in regards to the solar equipment. The proposed lease would result in \$5,000 a year in revenue.
16. PowerStream Inc. agrees that, as a shareholder, the City of Barrie should enjoy the best customer pricing in the marketplace and, as such, has agreed to the following clause within the lease agreement.

“The rental rates specified in this Lease will be fixed for the term of this Lease, except, if PowerStream Inc. enters into a lease of Landfill space for the purpose of ground mount solar electricity generation with a third party (a “**Third Party**”) for the purpose of submitting a FIT 4 ground mount application, and PowerStream Inc. provides such Third Party with a lease compensation rate (whether by way of Development Term Rent or Operating Term Rent, or otherwise) that is greater than that provided to the Lessor, then PowerStream Inc. will promptly notify the Lessor and increase the lease compensation rates in this Lease so that they are equal to those provided to such Third Party. Such increase will be retroactive to the start of the Development Term of this Lease and PowerStream Inc. will pay to the Lessor the amount of such retroactive adjustment within 60 days following Commercial Operation with respect to such Third Party’s generation facility. The foregoing is subject to PowerStream Inc. receiving in respect of such Third Party: (i) a FIT 4 Contract; and (ii) receipt of a Notice to Proceed (as defined in the FIT Contract) from the IESO.”

17. The proposal from PowerStream Inc. indicates the City would receive yearly lease payments of \$5,000. This revenue will be applied to the operating budget to offset the corporation’s annual operating requirements.

LINKAGE TO 2010-2014 COUNCIL STRATEGIC PLAN

18. The recommendation(s) included in this Staff Report support the following goals identified in the 2010-2014 City Council Strategic Plan:

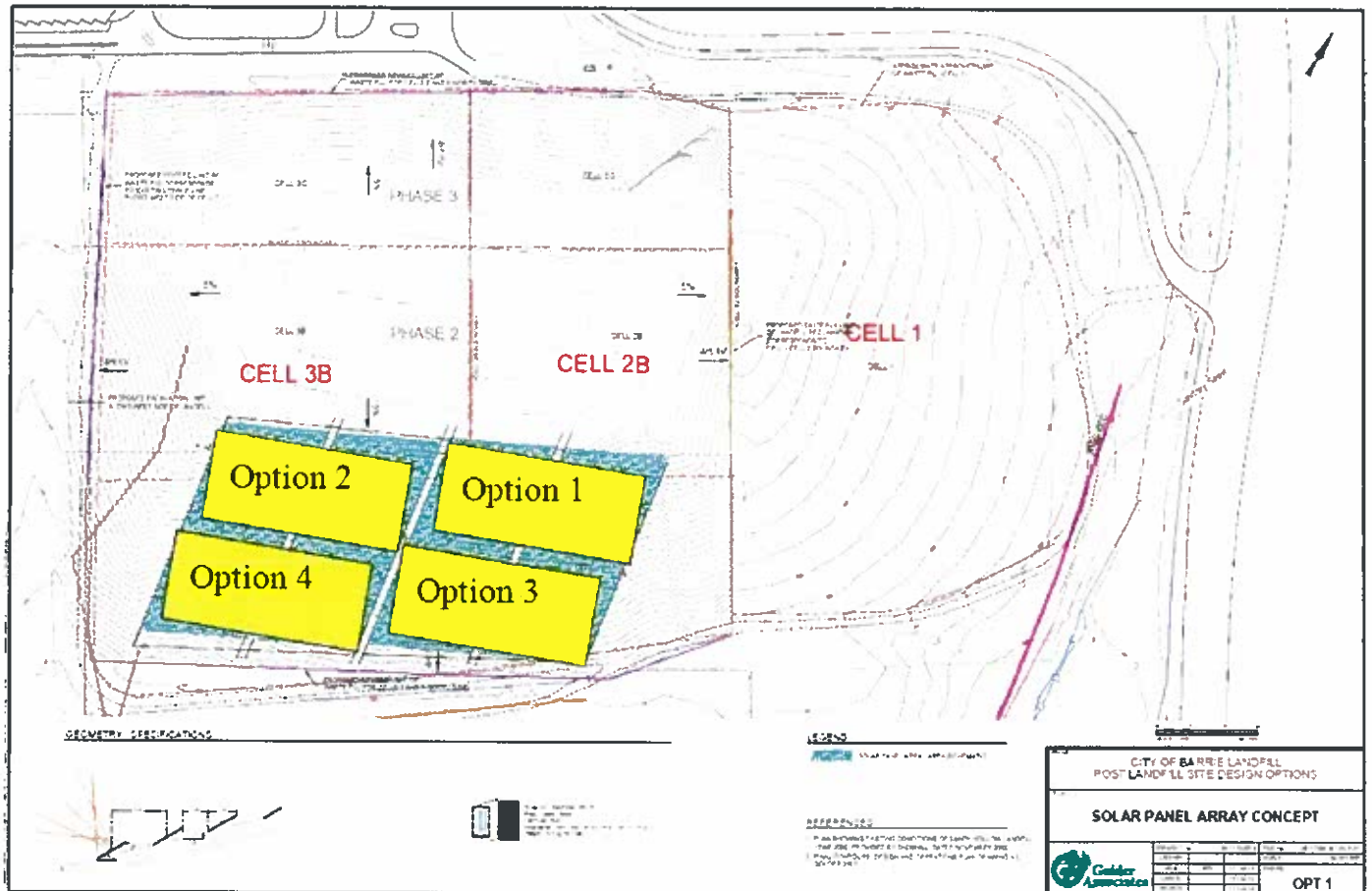
- Manage Growth and Protect the Environment
- Strengthen Barrie’s Financial Condition

19. The project will increase renewable power generation in Barrie and provide revenue for the City.

APPENDIX "A"

Solar Array Design

City of Barrie Landfill



Location options for 500kW Ground Mount Solar