



City of  
**Peterborough**

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**To:** Members of the Committee of the Whole

**From:** Allan Seabrooke, Chief Administrative Officer

**Meeting Date:** June 19, 2017

**Subject:** Report CAO17-006  
Peterborough Solar Projects Corporation (PSPC) 500 kW  
Ground Mount Solar Projects Approval

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## **Purpose**

A report to provide a presentation on the Peterborough Solar Projects Corporation Ground Mount Solar Projects and to seek Council approval to proceed to construction.

## **Recommendations**

That Council approve the recommendations outlined in Report CAO17-006 dated June 19, 2017 of the Chief Administrative Officer, as follows:

- a) That the presentation by John Stephenson, CEO of the Peterborough Utilities Group, regarding Peterborough Solar Projects Corporation Ground Mount Solar Projects be received for information; and
- b) That Council approve the City of Peterborough Holdings Inc. (CoPHI) recommendation to proceed with construction of 15 ground mount solar projects at an estimated cost of \$24.991 million.

## **Budget and Financial Implications**

The total project cost is \$24.991 million to construct the 15 ground mount solar projects. They are Feed in Tariff (FiT) 3.0.1 and FiT 3.1 20 year term contracts with fixed base rates of \$288/MWh and \$275/MWh respectively plus an additional municipal price adder of \$10/MWh. Project funding will be in traditional debt/equity proportions and funded by the CoPHI group, subject to completion of financing. Expected project return is

approximately 10%, which is consistent with equity market return rates and CoPHI's project return thresholds.

These ground mount solar projects contribute to the overall City return through the normal channel of Peterborough Utilities Inc. (PUI) and CoPHI. Notwithstanding the City's ownership interests in PSPC, the project funding and risk is structured to lie solely with PUI as per any other generation project undertaken by PUI.

## **Background**

The City of Peterborough By-Law Number 13-152 passed on October 21, 2013 states:

- a) That City staff be authorized to take all necessary steps to create a new Company entitled "Peterborough Solar Projects Corporation" (PSPC); and
- b) At incorporation, 100% of the initial voting shares of PSPC be owned by the City, and after incorporation staff be authorized to take all appropriate steps to amend the ownership of PSPC so the City retains a direct economic non-voting interest of 51% of PSPC equity and PUI own 100% of the voting interest and 49% of the equity of PSPC;
- c) If the application submitted by the PSPC to the Fit 3.0 program is successful, the Mayor and Clerk be authorized to enter into agreements with PUI based on terms and conditions that meet the approval of the City Solicitor and the Chief Administrative Officer.

This ownership structure enabled IESO priority points and financial consolidation at the PUI level. It further, enabled financing and project development at the PUI level and the PSPC level to occur, as in other projects all project returns will route through PUI as a requirement of project lending, and this contributes to the City return.

## **Discussion**

On May 25, 2017, the CoPHI Board approved Management's recommendation to proceed with construction of 15 ground mount solar projects which are all located outside of City and County of Peterborough boundaries (Appendix A). The CoPHI board approvals are conditional upon receiving shareholder approval in accordance with the Shareholder Direction and Unanimous Shareholder Declaration (SDUSD) and completion of project financing.

All projects have completed the Environmental Sector Activity Registry (EASRI) process which is a streamlined screening and review process. Site specific permits and approvals are ongoing and no issues or concerns are associated with these permits.

The City as shareholder faces no added risks if PSPC defaults in its obligations or becomes insolvent save and except in a worst case scenario the City taking over a failed project. This is highly unlikely. In the near future, however, the City will examine SDUSD to ensure the subsidiaries of CoPHI are covered.

The projects are grid connected to Hydro One's Network distribution system and will generally be constructed in groups of four projects with commercial operations dates between February and August, 2018. The contract for construction is anticipated at the end of June, 2017, followed by design and procurement. A single Engineer-Procure-Construct (EPC) contract strategy is proposed for the portfolio of projects and Endura Energy Projects Corporation has been selected as the EPC contractor. This approach facilitates project funding as an EPC contract structure is more readily accepted by lenders.

Submitted by,

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Appendix A – Portfolio Summary – Location Map: PSPC FiT 3 Ground Mount Solar Projects

# Portfolio Summary

Location Map: PSPC FIT 3 Ground Mount Solar Projects

