

Motive, Means & Method

“Steps Towards A Community Power Project?”

*Presentation to the LMLGA Pre-Conference
Workshop*

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MOTIVE

Economic

- Economic development
- Long term addition to the tax base
- Options for ownership

Environmental

- Home-grown GHG offsets
- Increased community awareness

Political / Social

- Positive response to the climate change challenge
- Constructive engagement by the community

MEANS

Legal / Organizational

- Understand the various interests (protect v. invest)
- Develop relationships, governance and contracts
- Make a project into a stand-alone legal entity
- Create a non-possessory 'title' to the resource

Financial

- Make the project 'finance itself'
- Use funding appropriate to the risk stage of the project
- A transparent 'stand-alone' legal & accounting identity

METHOD

Technical / Engineering

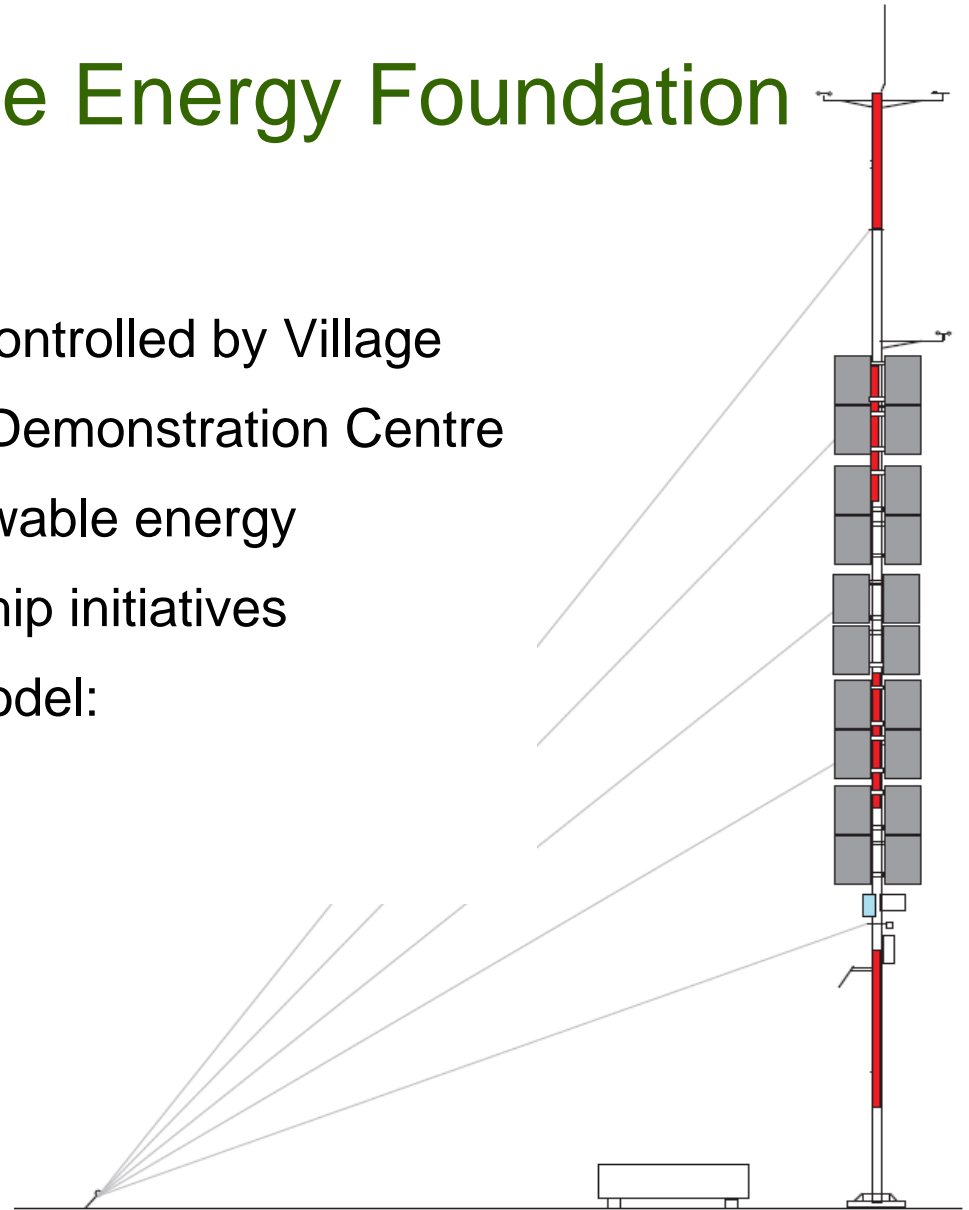
- Getting engineers to use 'lay' language
- Use 'open' source' project management
- Project moves forward (or not) according to milestones

Why 'Community Power Projects'

- Why 'CPPs' instead of 'IPPs'
- CPPs in addition to BC Hydro's own-build program
- Creating the conditions for fundamental change

Anmore Renewable Energy Foundation

- Organized as a Trust controlled by Village
- Revive the BC Hydro “Demonstration Centre
- Explore for micro-renewable energy
- A platform for partnership initiatives
- ‘Hybrid’ governance model:
 - 3 elected councilors
 - 3 selected advisors





Anmore's Solar Array

- Demonstration project
- Powers Village Hall
- Net metered by BC Hydro
- Funded by grants and donations
- Owned by the Anmore Renewable Energy Foundation

Anmore Community Power Project

Buntzen Tunnel

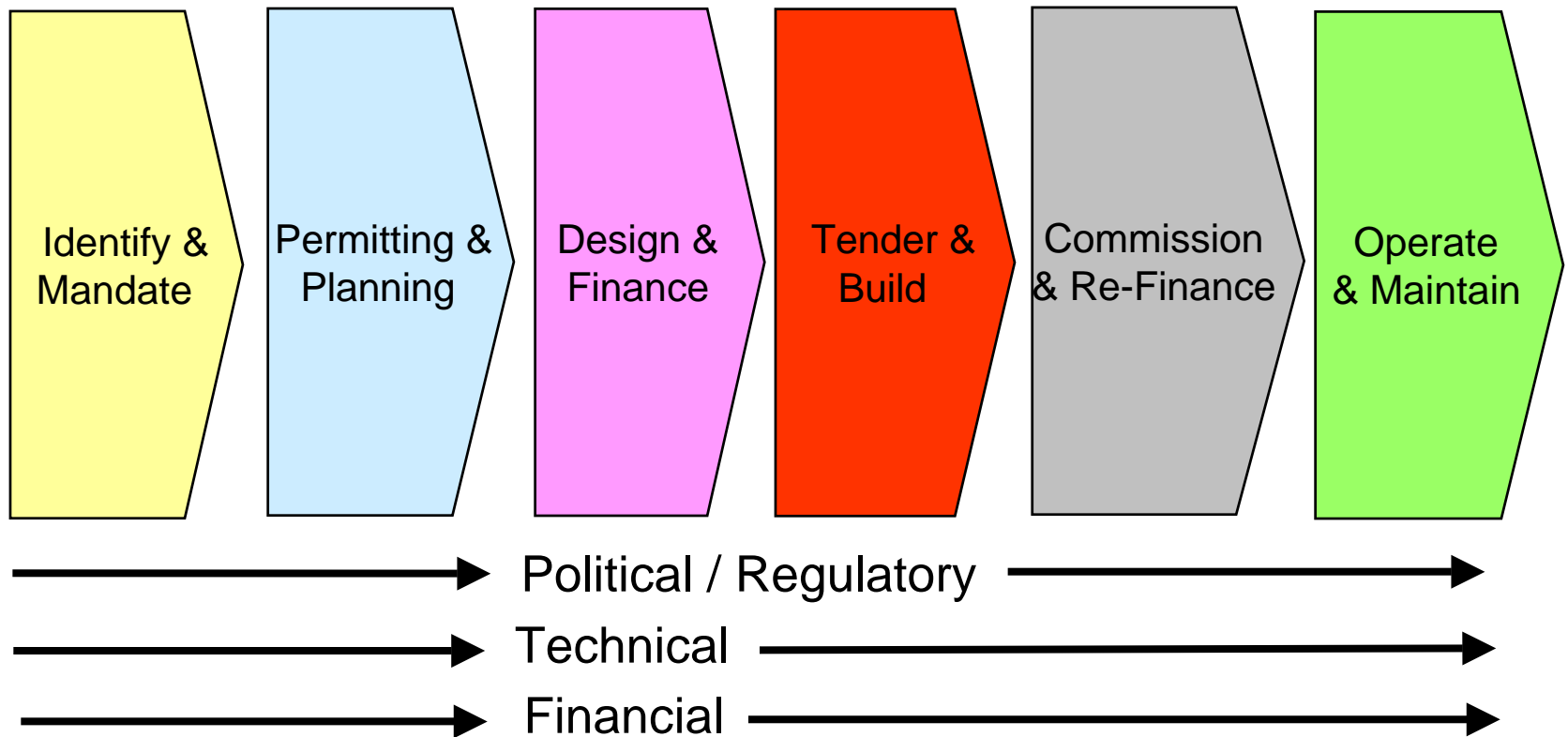
- Existing 103 year old tunnel
- Potential 3 MW power plant
- Operational benefits to BC Hydro

Community Benefits

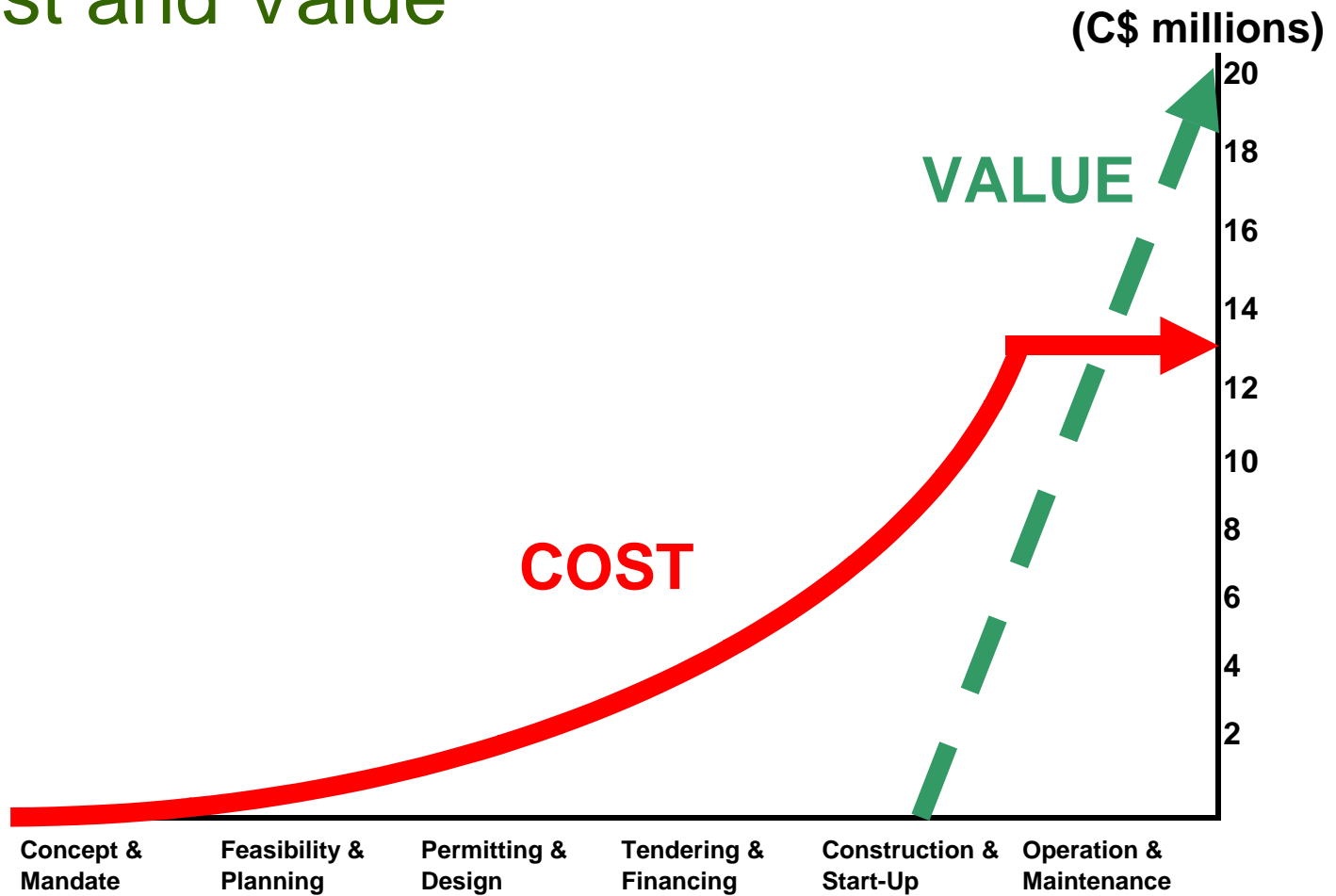
- ~\$1 million annual cash flow
- Sponsorship/Ownership
- Revenue via taxes/royalty
- GHG offsets



Steps in a power project...



Cost and Value

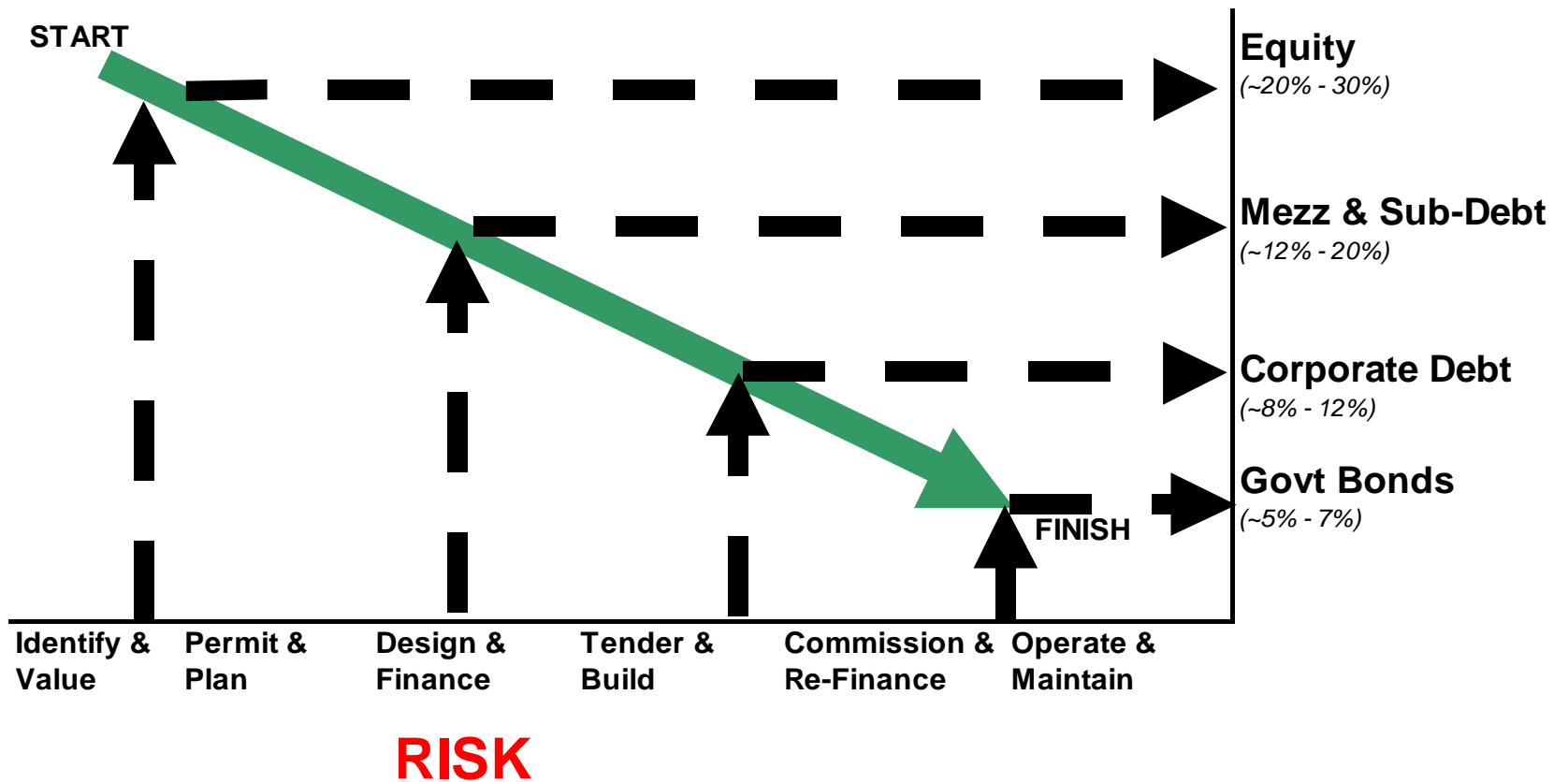


TIME SPAN - 2 YEARS+

Risk and Cost of Capital

PROJECT

COST



'Flow-Through' Risk Capital

'Flow-through' financing key to oil & gas, mining

- Funds exploration, testing, exploratory drilling ("CEE")
- 100% of the cost immediately 'flows through' to investors
- Cash cost is \$0.55 for each \$1 invested (@45% tax)

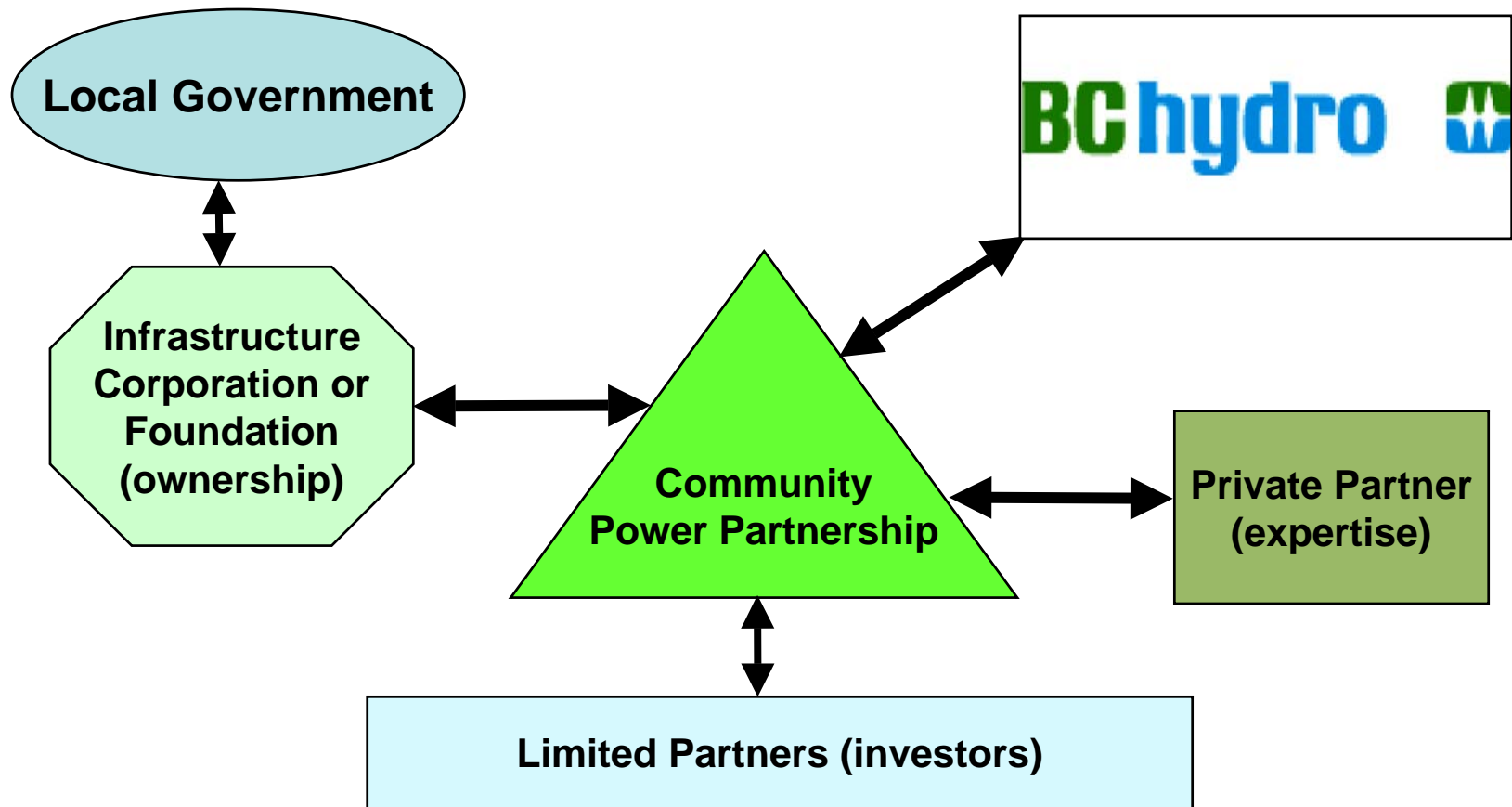
Tax Act supports renewable energy exploration

- Canadian Renewable & Conservation Expenditures ("CRCE")
- Amendments to the Tax Act made in 1996

Obstacles to funding 'green power exploration'

- Opportunities located in and around public infrastructure
- Institutional structures, legal precedents, relationships, track record

Legal / Organization Structure



Conclusion: Steps Towards a CPP

Step 1: Notice of Motion

- Council discussion to review challenges, opportunities
- Mandate for staff to generate options

Step 2: Letter of Intent

- Statement of mutual objectives
- Clarify roles & responsibilities
- Initiate more formal binding agreement

Step 3: Co-Development Agreement

- Use precedents where possible
- Work out what success and lack of success looks like

“There is no such thing as failure – just ‘learning opportunities’ that are more or less comfortable!!”

Alternative approaches...

People urged to chip in for hydroelectric project

Wed Apr 30, 2008 12:46pm EDT

DUSHANBE (Reuters) - The impoverished Central Asian nation of Tajikistan urged its people on Tuesday to give up their salaries to help build a new hydroelectric plant. Millions of people in the Muslim nation north of Afghanistan struggled without heating and electricity during a record-cold winter this year, prompting the government to speed up efforts to finish the construction of the Rogun power plant.

Makhmadsaid Ubaidulloyev, speaker of the upper house of parliament, said on Tuesday the government could raise about \$10 million for its construction if all residents of the capital Dushanbe were to give up half their wages in May and June. "Makhmadsaid Ubaidulloyev appealed on all companies to transfer 50 percent of employees' salaries to help Rogun's construction," said Shavkat Saidov, a Dushanbe city spokesman.

One of the world's poorest countries, where the average monthly wage is about \$63, estimates the cost of completing Rogun at between \$1.3 and \$3.2 billion.

Thank You!

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