

# Burchill Wind Update





**COMMITTED  
TO SAINT JOHN  
SINCE 1922**

As a community-owned energy company, we are proud of our service to Saint John. Our reputation is built on our commitment to the city and our customers.

**LOW RATES**

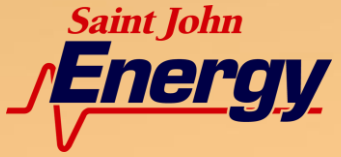
Our rates are the lowest in Atlantic Canada, about a \$10M savings for our customers.

**HIGH RELIABILITY**

Outage frequency & duration among the lowest in the nation.

**STRONG SATISFACTION**

Customer satisfaction among the highest in the country.



# CREATING A UTILITY FOR THE FUTURE

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**Saint John Energy has bold  
aspirations for the years  
ahead**

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**We are pursuing a strategy of  
growth to ensure our customers  
and the City of Saint John  
continue to reap the benefits of  
our low rates, our high  
reliability and our commitment  
to innovation.**

**Our strategy will grow  
prosperity and jobs for Saint  
John. It will propel innovation  
here and beyond. And it will  
sustain Saint John Energy into  
the future.**

# A COMMITMENT TO SUSTAINABILITY



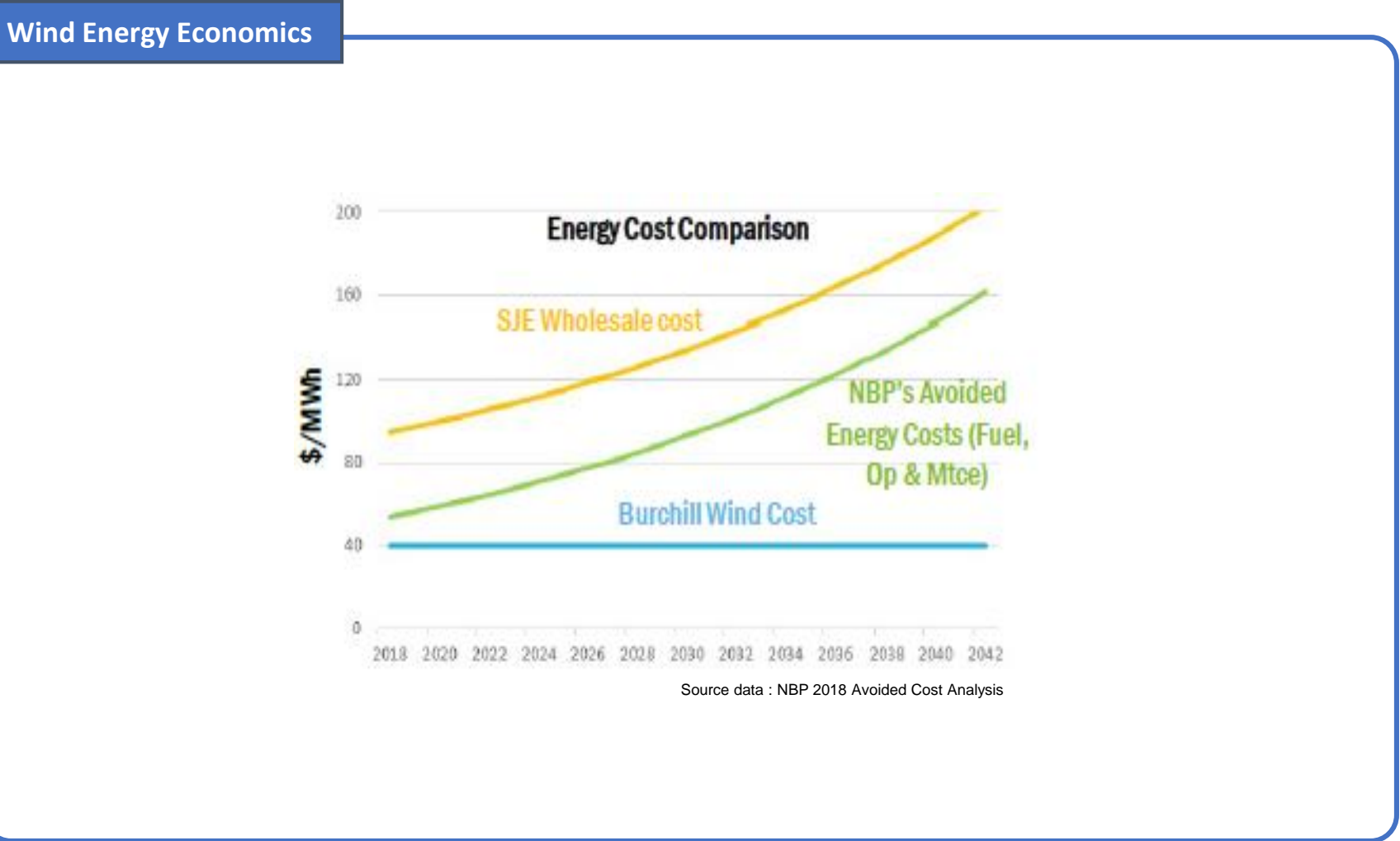
We are proud to be the first utility in Eastern Canada to receive the Sustainable Electricity Company designation.



The Canadian Electricity Association bestows the designation in recognition of commitment to responsible environmental, social and economic practices, and to the principles of sustainable development.

# Burchill Wind Project: Economics

The below illustrates how wind energy can deliver savings to SJE



The cost of Burchill wind energy is less than NBP's price of fuel and is fixed for 25 years



## Burchill Wind Project

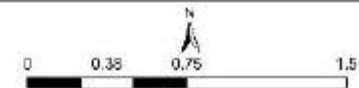
Amended Proposed Wind Turbine  
and Substation Locations

### Legend

- Proposed Turbine Locations
- Proposed Substation Location
- Crown Land License

### Notes

- 1) Based on the results of the wind resource and environmental studies carried out for this project, Natural Forces has modified the proposed wind turbine and substation locations from those included in the original Development Submission.
- 2) Natural Forces plans to move forward with up to 10 of the 13 wind turbine locations shown here.





Kilometers  
1:23,369

Spatial Reference: WGS 1984 UTM Zone 19N  
Date: 2020-06-11

natural forces

# Burchill Wind Project: SJE and Natural Forces

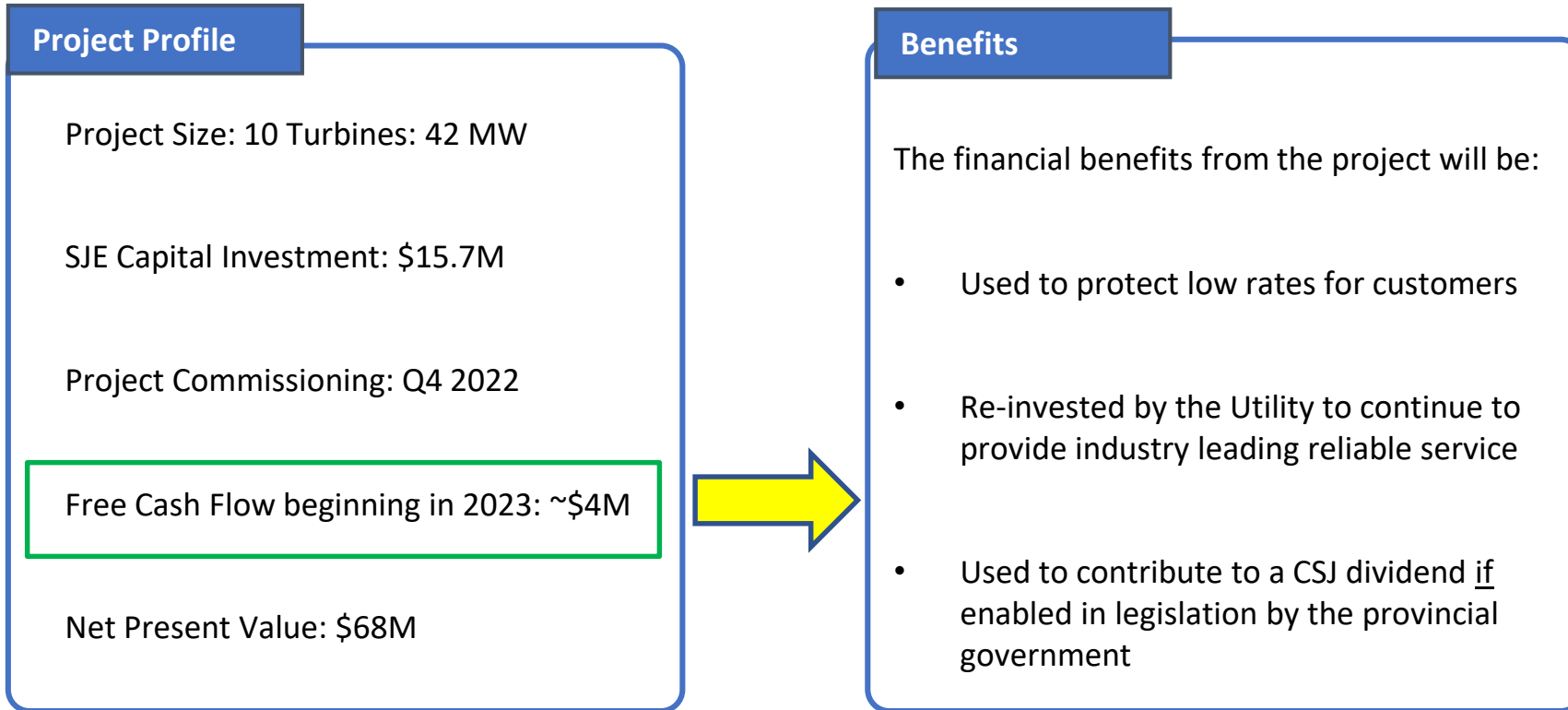
The below represents a high-level summary of the relationship between the utility and the wind developer

Responsibilities		
		
Ownership	the traditional electric distribution system to interconnect to the wind farm	wind farm ie. turbines and localized electrical infrastructure
Commercial Relationship	buy the wind energy	provide the wind energy
Operational Responsibility	maintain the distribution system	maintain the wind farm
Capital Infrastructure Investment	~\$15M	~\$60M

Saint John Energy will be responsible for the traditional distribution system assets and not the wind farm

# Burchill Wind Project: Financial Summary

The below represents a high-level financial summary of the Burchill Wind Project



The Burchill Wind Project will benefit both our customers and our owner



## Burchill Wind Project: Other Benefits

Below is a list of some other benefits associated with the project over its life

### Summary

- ~\$32M of project expenses staying in the Province
- >\$11M of taxes and land royalties paid to the municipal and provincial governments
  - ~\$168k in property tax per year
- +100 jobs during construction and ~5 full-time jobs for life of project
- ~15% of energy from local renewable source
- Local ownership potential with Community Economic Development Corporation
- The Burchill infrastructure investment will support industrial load and future renewable energy development in the Industrial park ie. community solar, storage, etc...

The Burchill Wind Project offers a broad array of environmental and economic benefits

# Burchill Wind Project: Risk Mitigation

The below represents a high-level summary of risk mitigation

## Mitigation

- **Energy Price:** Fixed for term (no escalation)
- **Contract Term:** 25 years with option to extend for 5 additional years
- **Redevelopment following term:** SJE has first option at end of term
- **Construction Performance Security from Developer:** \$1M
- **Liquidated Damages:** compensation for any delay beyond Dec 2022
- **Minimum Guarantee:** min Net Annual Output (MWh) achieved, otherwise Performance damages paid by Seller

Appropriate risk mitigation measures have been implemented in the power purchase agreement

# Burchill Wind Project: SJE COVID Considerations

The below represents a high-level financial summary related to COVID

## Background

- Given the uncertainty of the financial impacts of COVID, SJE took prudent steps to explore internal and external options to effectively manage the business.
- SJE developed a plan to address up to a 10% reduction of sales volume and customer payment deferrals that would impact receivables by over \$3M by the end of July.
- SJE reduced operating expenses, and capital spending to address these challenges.
- The impact to SJE has been more favorable than what was planned for. Sales volume reductions never reached a 10% reduction and have been improving. At the end of June, sales volume was 2% less than last year and the negative impact to receivables was ~50% more favorable than planned for.
- COVID has delayed the Burchill project by approximately 12 months.

Up to this point and anticipated to continue, SJE has been able to address impacts associated with COVID-19 without assistance from external government agencies

# Burchill Wind Project: Timeline

The below represents a high-level summary of the Burchill Wind Project progress

## Background

- 2003 – 2008
  - SJE and UNB collected five years of wind data from the Burchill location
- 2017
  - SJE licensed the Burchill property from RDC exclusively for further project studies
  - SJE initiated studies related to the project potential (Deloitte, WSP, Enercon, and Fundy)
- 2018
  - 95% of SJE customers polled supported SJE pursuing the development of renewable energy
  - Further studies completed by Hatch and CBCL
  - 14 wind developers responded to an expression of interest, confirming favorable project economics
- 2019
  - Twenty-three proposals received in response to the Request for Proposal (RFP)
  - Project awarded to Maritime based company Natural Forces
  - NB Power completes feasibility study
  - Common Council approved the Community Energy Plan which included Burchill's GHG benefits
- 2020
  - SJE Board approves distributed generation policy that enables Burchill
  - Natural Forces completes two community open houses in Lorneville
  - NB Power completes system impact study and facilities study allowing the project to proceed
  - SJE Board approves borrowing and signing the power purchase agreement with Natural Forces

The Burchill Wind Project is enabled in existing legislation and the project development has been supported by internal and external expertise over the last 3 years

**Alternative**  
RESOURCE ENERGY AUTHORITY

274 Main Street  
Antigonish, NS  
B2G2C4

August 5, 2020

Common Clerk's Office  
City Hall  
PO Box 1971  
Saint John, NB  
E2L 4L1

To members of Common Council,

Alternative Resource Energy Authority (AREA), is a partnership between the Towns of Antigonish, Berwick and Mahone Bay. The towns each operate electric utilities and distribute power to customers within their service areas. The organization is structured to further the clean technology pursuits of its municipal owners, along with other municipalities in NS.

At the Ellershouse Wind Farm the Alternative Resource Energy Authority (AREA) operates 10 Enercon wind turbines near the community of Ellershouse, Nova Scotia. The maximum output of the farm is 23.15 Megawatt. The Ellershouse Windfarm supplies 40% of the annual energy requirements for the municipal electric utilities of Berwick, Mahone Bay and Antigonish and the Riverport Electric Light Commission.

The total investment in excess of \$51 million, was significant, for our Communities of nearly 10 000 residents. The Windfarm has continued to exceed its production expectations and proved to be a very successful project for AREA and its municipal owners. The success of the Ellershouse Windfarm has allowed us to develop plans for expansion of our renewable energy portfolio to include community solar and eventually energy storage.

Saint John Energy's competitive procurement approach to purchase wind energy from a third party mitigates investment risk yet will realize many of the same financial and environmental benefits for your community.

Based on our experiences, I would encourage Common Council to support Saint John Energy in their efforts to enable renewable energy in your community.

Regards,



Aaron Long  
Director of Business Services

Summerside Electric  
94 Ottawa Street  
Summerside, PEI  
C1N 1W3

August 6, 2020

Common Clerk's Office  
City Hall  
PO Box 1971  
Saint John, NB  
E2L 4L1

To members of Common Council,

In 2009, The City of Summerside deployed four turbines with a nameplate capacity of 12 MW, which we continue to own and operate to this day. Of the total \$28.3 million project cost, Infrastructure Canada funding provided \$12.8 million and the remaining investment of \$15.5 million was a significant investment for our community of 15,000 people. I am pleased to report that this project has been a very favourable project for our municipality, created permanent local jobs and injects \$2 million (net of debt servicing) per year into the community. Based on that projects success, we have expanded our development efforts to include significant investments into our current \$65 million solar and storage project.

Saint John Energy's competitive procurement approach to purchase wind energy from a third party mitigates investment risk yet will realize many of the same financial and environmental benefits for your community.

Based on our experiences, I would encourage Common Council to support Saint John Energy in their efforts to enable renewable energy in your community.

Regards,



Gerald Giroux, PEng, BSc  
Acting Director of Municipal Services

## **It is recommended that:**

1. The Finance Committee endorse the Burchill Wind project;
2. The Finance Committee recommend Common Council approve the debenture application respecting Saint John Energy projects;
3. The Finance Committee recommend Common Council direct staff to enter into a debt repayment agreement with Saint John Energy to repay the City for any principal and interest payments on debentures associated with Saint John Energy projects in addition to an administration fee;
4. The Finance Committee recommend Common Council direct staff of the City of Saint John and Saint John Energy to bring forth a Dividend Agreement that reflects the flow of dividends from the growth agenda;
5. The Finance Committee recommend Common Council direct the City Manager to request the Province of New Brunswick to make necessary legislative changes to allow the City of Saint John to obtain a dividend from Saint John Energy.