



Staff Report

To: Dan Best, Chief Administrative Officer

From: Don Giberson, Environmental Services Director

Date: June 19, 2017

Report: ESD.17.17

Subject: Update on Goshen Wind Agreements

Recommendation:

That South Huron Council receive the report from Don Giberson, Environmental Services Director Re: Update on Goshen Wind Agreements.

That South Huron Council authorize that the \$19,108.30 received from Goshen Wind as compensation for damage to the rural gravel roads be recognized in the 2017 Transportation Services Operating budget.

That South Huron Council authorize the establishment of a Tree Replacement Reserve in the amount of \$10,000 from funds received from Goshen Wind as compensation for tree removal, subject to a future tree policy.

Background and Analysis:

The purpose of this report is to update Council on the status of the Goshen Wind Agreements.

There are four Agreements for the Goshen Wind projects: Community Funding Agreement, Development Agreement, Road Use Agreement and a Transmission Line Agreement. Each Agreement has conditions, obligations and milestone dates for payment of an annual amenity fee, provision of documents, reports, cost estimates and release of securities. The project is now beyond the one year anniversary of the commercial operation date and

various obligations came due as of that date. There have been ongoing discussions with Goshen Wind and all Agreement matters are up to date or considered resolved.

The following is a brief summary of matters discussed:

Community Funding Agreement

- There was some ambiguity in the language between two different sections of the Agreement with respect to how the amenity fee was calculated. After some discussion, it was agreed that the amenity fee would be based on the original rated capacity of fifty one turbines identified in the Agreement. An Addendum to the Community Funding Agreement is currently being prepared by Goshen Wind to clarify the amenity fee calculation and this Addendum will be presented to a future Council Meeting for Council approval.

Development Agreement

- In accordance with Section 4 Goshen Wind has worked collaboratively with South Huron's Fire Chief and provided an Emergency Response Plan.
- In accordance with Section 11(a) a Scrap Value Assessment report was completed by Goshen Wind and submitted to the Municipality.
- In accordance with Section 11(b), a Decommissioning Costs report was provided by Goshen Wind.
- In accordance with Sections 14 and 15, Goshen Wind compliance was confirmed with respect to removal of solid waste and handle hazardous waste.
- In accordance with Section 16 and 17 navigation lights were determined to be in compliance as they met *Standard 621 – Obstruction Marking and Lighting* from Transport Canada and more specifically Chapter 12 *Marking and Lighting of Wind turbines and Wind farms*.
- In accordance with Section 21, Goshen Wind provided a toll-free number to the public for any complaints during construction and during the operating life of the project.
- In accordance with Section 24, it was confirmed that Goshen Wind coordinated with the Pineridge Snowmobile Club regarding signage along snowmobile trails within the vicinity of the project.
- In accordance with Section 25, Goshen Wind provided acceptable information regarding landscaping around the project substation.
- In accordance with Section 31, Goshen Wind prepared an Annual Report with a summary of post-construction monitoring activities as required by the REA and posted a copy on their public website.

Road Use Agreement

- Section 5(d), obliges Goshen Wind to maintain the surface of the Road Allowance for a period of twelve months following the Completion Date. Post construction damage to gravel roads was observed and Goshen Wind agreed to compensate the Municipality for estimated tonnage of gravel used to restore gravel roads. A cheque in the amount of **\$19,108.30** was received from Goshen Wind to resolve this issue.
- In accordance with Section 5(j) Goshen Wind provided a \$250,000 Letter of Credit as security for any Single Trip Oversized Load/Weight Permits issued during the construction phase. This Letter of Credit is no longer required and the Municipality is in the process of releasing this security.
- Under Section 17, Goshen Wind met their obligation relating to Traffic Effects. This remains an ongoing obligation through the term of the Agreement.
- Under Section 23, Goshen Wind met their obligation to notify Emergency Service Providers. This remains an ongoing obligation through the term of the Agreement.
- Under Section 24, Goshen Wind met their obligation to join and maintain member status in the Ontario "One Call" service.
- In accordance with Section 25 Goshen Wind provided a \$250,000 Letter of Credit as security to guarantee Goshen's performance of its obligations under this Agreement. Section 31 of the Agreement sets out that this \$250,000 Letter of Credit can be reduced to \$100,000 upon meeting certain conditions. Goshen Wind has met their obligations and the Municipality has agreed to replace the first \$250,000 LC with a second \$100,000 LC.
- Under Section 26, Goshen Wind met their obligation to keep an inventory of all trees damaged or removed within the road allowances. It was confirmed that no trees were damaged or removed within the road allowances.
- Under Section 28, Goshen Wind met their obligation to provide a written notice upon completion of road restoration, conducted an inspection and provided a Post-Installation Report.
- Under Section 35, Goshen Wind is to comply with a Decommissioning Report. This remains an ongoing covenant through the term of the Agreement.
- In accordance with Section 41, Goshen Wind met their obligation to replace South Huron Structure #1020 on Babylon Line at its sole cost and expense (final cost was \$257,482.38)

Transmission Line Agreement

Update on Goshen Wind Agreements

- Under Section 14, Goshen Wind met their obligation relating to Traffic Effects. This remains an ongoing obligation through the term of the Agreement.
- Under Section 18, Goshen Wind met their obligation to notify Emergency Service Providers. This remains an ongoing obligation through the term of the Agreement.
- Under Section 20, Goshen Wind met their obligation to keep an inventory of all trees damaged or removed within the road allowances.
- It was confirmed that 63 trees removed in the road allowances, resulting in an obligation to provide 126 trees. In accordance with the Agreement, trees were offered to the adjacent property owners; however, there were no takers. Goshen Wind agreed to pay compensation in the amount of \$10,000 in lieu of providing the trees to the Municipality. A cheque in the amount of **\$10,000** was received from Goshen Wind to resolve this issue.
- Under Section 25, Goshen Wind met their obligation to comply with the REA and the Decommissioning Plan. This remains an ongoing covenant through the term of the Agreement.
- Under Section 28, Goshen Wind met their obligation with respect to the potential relocation of a pole on Dump Road to lands owned by South Huron.

Operational Considerations:

As this report is being presented for information purposes only, no alternatives are presented.

South Huron's Strategic Plan:

Section 6.2.2 of the Municipality of South Huron 2015- 2019 Strategic Plan identifies key objectives that are reflective of the collective perspectives of the strategic planning process.

The recommendations and actions outlined in this report are reflective of the following strategic objectives:

Administrative Efficiency and Fiscal Responsibility

Ensuring compliance with the terms of the Agreements, demonstrates fiscal responsibility.

Update on Goshen Wind Agreements

Increased Communications and Municipal Leadership

Communicating information to Council related to these Agreements, keeps Council and the public informed.

Transparent, Accountable and Collaborative Governance

Public reporting of the status of these Agreements, demonstrates commitment to transparent, accountable and collaborative governance.

Dedicated Economic Development Effort

Informing Council of status of these Agreements, results in increased public confidence; retention/attraction of businesses and economic development opportunities.

Financial Impact:

There are no financial implications for the Corporation resulting from the proposed recommendation.

Legal Impact:

There are no legal implications for the Corporation resulting from the proposed recommendation.

Staffing Impact:

There are no staffing implications for the Corporation resulting from the proposed recommendation.

Policies/Legislation:

1. Goshen Wind Community Funding Agreement
2. Goshen Wind Development Agreement
3. Goshen Wind Road Use Agreement
4. Goshen Wind Transmission Line Agreement
5. Approved 2017 Transportation Capital Budget

6. Approved 2017 Transportation Operating Budget

Consultation:

Sandy Becker, Financial Services Manager and Jason Parr, Transportation Services Manager were consulted in the review of Goshen Wind Agreements.

File or Reference

E05

Attachments:

None

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, loopy 'D' followed by several vertical strokes and a horizontal line at the bottom.

Don Giberson
Environmental Services Director

I concur with this report.

Dan Best MPA, BA
Chief Administrative Officer