

Building Partnerships

10 Jun 2012 – HHEAT Summit

About TREC



WindShare turbine at Ex Place

- TREC is a not-for-profit co-operative
- Established in 1998 to build community owned renewable energy projects (co-op model)
- Built the first wind co-op in Canada (WindShare) – Ex Place turbine completed in 2002 - a Joint Venture with Toronto Hydro
- Completed the first RE co-op in Ontario under FIT 1.0 - SolarShare (18 sites operational since 2011)



SolarShare installation in Mississauga

What, Why and How

OVERVIEW OF PARTNERSHIPS

Why Talk about partnerships?

- Building “community” in community power
- Sharing resources and knowledge to build collective capacity
- Meeting FIT 2.0 – community – private partnerships



Sharing Private
Roles Working
together Goal
Responsibility Public
Partnerships Legal
Trust Contracts
Common

Ways we work in partnerships

Informal

- Community relationships
- Working relationships
 - Internal (board, staff, volunteers)
 - External (government, utilities, businesses)
- Funders

Formal

- Legal agreements
- Site and land leases
- Power purchase agreements and distribution companies
- GPs and Joint-Ventures

Working together, co-operatively

DAY-TO-DAY PARTNERSHIPS

The Co-operative Context

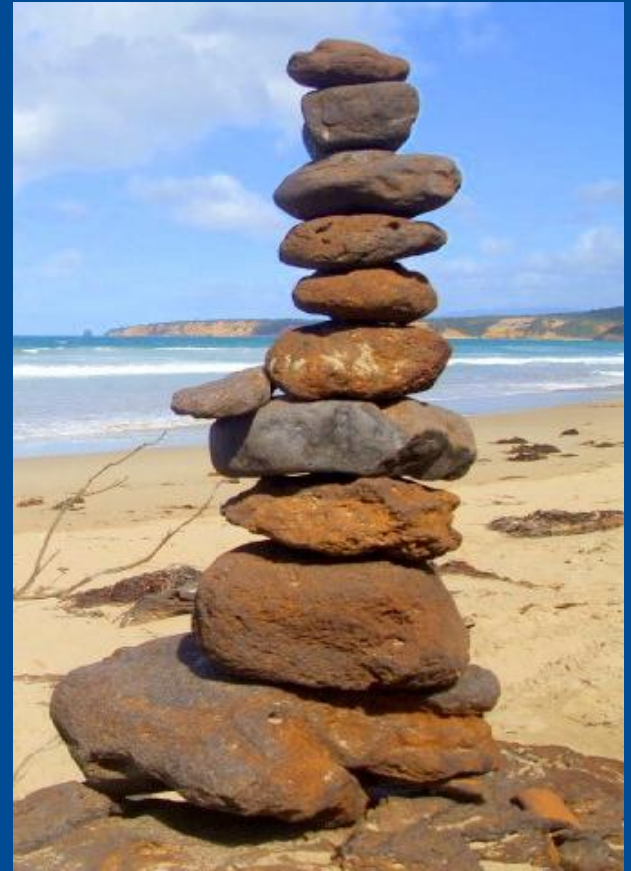


- Governance – working collectively
 - Board
 - Management
 - Volunteers
- Co-ops helping co-ops
- Education, training and information

Working through it Together

- Many private business, regulatory bodies and agencies are new to RE co-ops

- Many RE co-ops are unfamiliar with working with regulatory bodies and agencies



- Collective learning, patience and understanding

Meeting FIT 2.0

CONSIDERATIONS FOR COMMUNITY-CORPORATE PARTNERSHIP

Why Form a Partnership?

Corporations

- Large body of technical know-how and experience
- Access to credit and debt lenders
- Larger share of grid capacity
- Already have projects on the ground

Partnerships

- Collective resources
- Strong project development and community engagement
- Shared grid access for a
- Hold corporations accountable to local communities

Community Partner

- Valuable community engagement capacity
- Knowledge of the local landscape and residents
- Reduce opposition to project development
- Raise money from local community

Balancing Needs



What Makes a Good Partnership?

- Shared values / common objectives
- Commitment to an equitable relationship/shared control
- Nimble decision-making processes
- Resources available to make the project happen (HR, funding, legal, etc.)
- Due diligence!

How Much Should We Own?

- CP groups will often be a minority participant
- Commercial partners seeking high returns on investment
- Ensure that percentage ownership represents the time and energy you invest
- Ensure you get a return on investment that meets the expectations of your CP group members and residents

GUIDELINES FOR COMMUNITY-CORPORATE PARTNERSHIP

Structuring the Deal

- Keep it simple
 - Create straightforward structure for relationships with partner
 - Ensure it is easy to explain to investors and CP group (e.g. potential co-op members)
- Not limited liability partnership
 - Since tax issues are not of priority for CP groups, this structure is not a priority

- Not a special-purpose corporation
 - Should NOT create a new corporation jointly-owned by both the parties
- Best to Have a Direct Ownership Stake
 - Co-ops MUST own their portion of the assets – a requirement of the *Co-operative Corporations Act* and the *Electricity Act*
 - It is strongly suggested that non-profits follow the same approach

- FIT Application
 - Application is in the name of both project owners
- Joint Venture Agreement
 - An agreement between all project owners
 - Outlines:
 - Percentage of ownership
 - How project decision are made
 - Rights and responsibilities of each project owner

THE JOINT VENTURE AGREEMENT

The Reference Document

- Many terms are standard, but some may be negotiated
- Avoid one-sided agreements that place too much power in one party's hands
- **Strike a balance in:**
 - Day-to-day decisions
 - Project decision-making
 - Transparency and accountability
 - Timing of Investment
 - Business plan and budget
 - Termination
 - Project management
 - Mortgaging and Project Assets

Capacity Building Services, Tools & Templates

- Designed for groups who have the internal capacity to self-organise, self-educate and move forward with their projects
- Help groups overcome common, but challenging barriers
- Reduce common legal and consultant costs incurred in getting your co-op and project started

Topic
Assignment Agreements
Construction contract
ESCROW Agreement
Land lease agreement
OM&M Agreement
Offering Statement
Roof Lease Agreement
Share Purchase Agreement
Trust Agreement
RE Co-op By-laws
Financial Modelling (Workshop only)

Co-op Development and Management Services

- More intensive services
- Focus on a closer relationship with TREC

Service	Description
Co-op Administration	Includes most administrative, bookkeeping and financial transactions required by RE co-ops
Member Management	Responding to inquiries, tracking member interaction, regular communications, organizing member events (AGM, etc)
Operations, Maintenance & Monitoring	Provide first point of contact for O&M issues, oversee scheduled maintenance, site performance monitoring and utility reconciliation
Marketing and Sales	Design, implement and manage an annual Marketing and Engagement Plan to raise a target amount of community investment
Co-op Development	Implement quarterly Co-op Development Plans (i.e. tasks not covered by other Service Schedules), including business plan development, strategic planning, financial planning, securing financing, negotiating RRSP etc.

For more information

www.trec.on.ca

Contact: James Law

James (at) trec.on.ca / 416 977 5093 ext. 2350

- Tools Series (including info contained in this presentation – Tool #3) :
<http://www.trec.on.ca/services-resources/toolkit>