

### The Project

Construction and ownership of a **9.2 megawatt wind energy facility** (enough to power 2,750 homes). The project will be located in the Municipality of the District of West Hants, Nova Scotia. The Town of Antigonish is expecting to have an approximate 60% share in the project. The wind turbines are expected to be in service by mid 2015, with construction starting in 2014.

### Proposed Ownership

Nova Scotia has five active **municipal electric utilities**. They are the **Town of Antigonish Electric Utility, the Berwick Electric Commission, the Town of Mahone Bay Electric Utility, the Riverport Electric Commission and the Town of Lunenburg Electric Utility**. The project is presently before Nova Scotia officials for approval. On Provincial approval of municipal borrowing for the project, 4 of the 5 units will be participating.

### Purpose

To establish their own **supply of renewable electricity** allowing long term stabilization of pricing, participation in wholesale markets, and increasing the economic marketability of their respective municipal units.

### Costs

Cost and installation of Wind Turbines	\$16.6 million
Road construction	\$900,000
Interconnection upgrades and transformers	\$3.5 million
Project Management and engineering	\$475,000
Studies and other development costs	\$750,000
Legal, insurance and finance fees	\$376,000
Contingency and other	\$1.0 million
<b>Total Project cost</b>	<b>\$23.6 million</b>

## Municipal Electric Utility Background

There are six **municipal electric utilities** in Nova Scotia presently operating under the Municipal Electric Utilities of Nova Scotia Co-operative. Five of those are active (**Antigonish, Berwick, Lunenburg, Mahone Bay and Riverport**), while the fate of one (Canso) remains in question. The utilities purchase the bulk of their electricity from Nova Scotia Power Inc. at wholesale rates. The municipal utilities then distribute electricity to their own municipal electricity customers on municipally owned infrastructure.

The Nova Scotia electricity market remains closed to retail competition, but is open to wholesale competition. The municipal utilities are the only wholesale customers of Nova Scotia Power Inc. and represent less than 2% of Nova Scotia Power Inc's sales.

Throughout the last ten years, the **municipal utilities have been testing the market** trying to find a cheaper supplier of electricity having green components and long term price stability. The utilities have examined a number of proposals over that time but had seen none that fit those requirements.

All past proposals for an alternate supplier of energy did not consider municipal ownership of the wind energy producing facility. The current project is **assuming 100% municipal ownership** of the wind energy producing facility.

The municipal electric group as a whole have sales over \$20 million, or almost 200,000,000 kilowatt hours of electricity. **Antigonish (with 3,000 residential and 550 commercial customers) is responsible for approximately one half of those figures**, with the other utilities combined making up the other half.

The Province of Nova Scotia has set **renewable energy targets** of 25% by 2015 and 40% by 2020. If municipal electric utilities wish to participate in a wholesale market, they **must have a renewable source** of energy in their electricity portfolio.

The municipal electric utilities have always been an example of **municipal co-operation**. They are excited to add another participant, The Municipality of the District of West Hants, into the mix.



## **Benefits of the Project**

**The project will help the municipal utilities to meet provincial renewable targets by supplying approximately 18% of municipal electricity needs.** It will also help to stabilize power costs, and accordingly rates charged to customers, over the long term. Renewable components are essential to the municipal utilities participating in a wholesale market.

**The utilities hope to use less expensive power with green attributes as a selling point for business and residents to move to, or at least remain in, the municipal electric utility coverage areas.** The municipal electric utilities are located primarily in three areas of the Province of Nova Scotia. The South Shore, the Annapolis Valley and the Strait of Canso area. All three areas have been hit over recent years with shutdowns and cutbacks by major industry. It is widely known that the cost of electricity played a part in at least some of those shutdowns and cutbacks. The municipal utilities presently charge electricity rates that at least rival those charged by Nova Scotia Power Inc. in other parts of the Province not served by municipal electric utilities. In most cases, municipal electric utility rates are lower. It is the municipal electric utilities belief that a strategy to reduce and stabilize power purchase costs and accordingly reduce and stabilize the rates charged to its customers should create an economic advantage.

**Stimulate economy** immediately through use of local resources when possible, creation of jobs, municipal taxation.

**Reduction in greenhouse gases of 21,100 tonnes per year.**

**Improve the sustainability of the municipal utilities.** Municipal utilities exist for the benefit of the areas they serve. Profit is not their prime objective. Remaining as wholesale customers of Nova Scotia Power Inc exposes the municipal utilities to electricity prices driven by factors outside of the control of the municipal utilities. Moving away from a sole source supplier of electricity allows more control and flexibility and less reliance on a supplier who is pressured to maximize shareholder return.

## **Contact**

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