

MUNICIPAL COMMUNITY GENERATION CHALLENGE

FREQUENTLY ASKED QUESTIONS

Updated: December 16, 2019

This document provides an overview of, and answers to, the frequently asked questions received to date regarding the Municipal Community Generation Challenge (MCGC) administered by the Municipal Climate Change Action Centre and Alberta Innovates.



**Municipal
Climate Change
Action Centre**

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NETWORK PARTNER QUESTIONS

Q) How many Network Partners are required for a MCGC project?

Each project must have a minimum of 3 Network Partners:

1. The Lead Municipality
2. An Alberta-based SME (Small to Medium Sized Enterprise)
3. Either a regional co-benefit partner, network/service provider, another Alberta SME, or other.

There is no cap on the maximum number of Network Partners a project can have. Municipalities should, however, consider the complications that may arise from a large group of network partners.

Q) Will the contact information for the Lead Municipalities be made publicly available?

A list of the municipalities participating as Lead Municipalities in the Challenge will be shared amongst other participating municipalities but will not be made available otherwise.

For this Challenge, participating municipalities are empowered to lead their own network formation process. Potential project partners interested in connecting with these municipalities should register to be included in the Network Partner Database. This database list will be shared with participating municipalities, who will then be able to reach out to potential partners that they believe will provide the best value for their project needs.

Q) Do Alberta Innovates or MCCAC vet or actively facilitate collaborations between potential partners and Lead Municipalities?

Beyond providing the Network Partner Database and ensuring that registered Network Partners are legally able to operate in Alberta, Alberta Innovates and MCCAC will not vet any of the listed Network Partners prior to the submission of the Expression of Interest (EOI), nor will they actively suggest or facilitate connections between Network Partners and Lead Municipalities.

It is the responsibility of the municipalities to assess their project needs and contact potential partners for their project either through the Network Partner database or their own channels. Through dialogue with these potential partners the municipalities will assess the value of potential partners and how they might contribute to their proposed project.

The municipalities are responsible for vetting their project partners to:

Ensure they meet the minimum Challenge requirements

Assess their level of technical and/or business expertise

Identify a history of previous project successes relevant to their proposed project

Municipalities are welcome to reach out to both Alberta Innovates and Municipal Climate Change Action Centre should they have questions or require assistance in assessing any of the above criteria.

TECHNOLOGY QUESTIONS

Q) Can more than one energy generation technology be funded under the same project proposal?

Provided both renewable/alternative energy generation technologies are part of the same overall community generation project, they could be funded together as part of one proposal. It should be noted that both technologies will need to be connected to the distribution grid as a single generating unit to be considered a single community generation project and must still meet the Greenhouse Gas (GHG) Emissions standards defining renewable or alternative generation for the MCGC. These standards state that the emission intensity of the electric energy produced, or the total energy produced from the simultaneous generation of electric energy and production of thermal energy from the same fuel source must be less than or equal to 418 kg CO₂e MWh.

Q) How do we know if the technology we are proposing will be compliant with the Greenhouse Gas (GHG) Emissions standards defining renewable or alternative generation?

The technology provider or partner that you are working with should be able to provide this information about their technology.

Alternatively, Alberta Innovates has developed a project GHG data collection template that will be available as part of the EOI application template (embedded in the EOI application). You will fill in this template with information about your proposed technology/project and then a GHG consultant, as part of the Challenge, will use that information to calculate a high-level estimate of the GHGs that will be produced, per MWh, for your generation unit. This initial calculation will categorize your project into low, medium, or high emissions brackets and will be used to assess whether your project is eligible to move on to the next stage of the Challenge.

The template questions and calculations done at the Full Project Proposal (FPP) stage will be more detailed to arrive at exact emissions ratings.

Should you have questions about the GHG emissions of your proposed project before submitting your EOI or FPP, please contact Christine Schuh, GHG Consultant with Alberta Innovates, at ghgmanager@albertainnovates.ca.

Q) How much land is needed for 1 MW of ground-mount solar PV capacity?

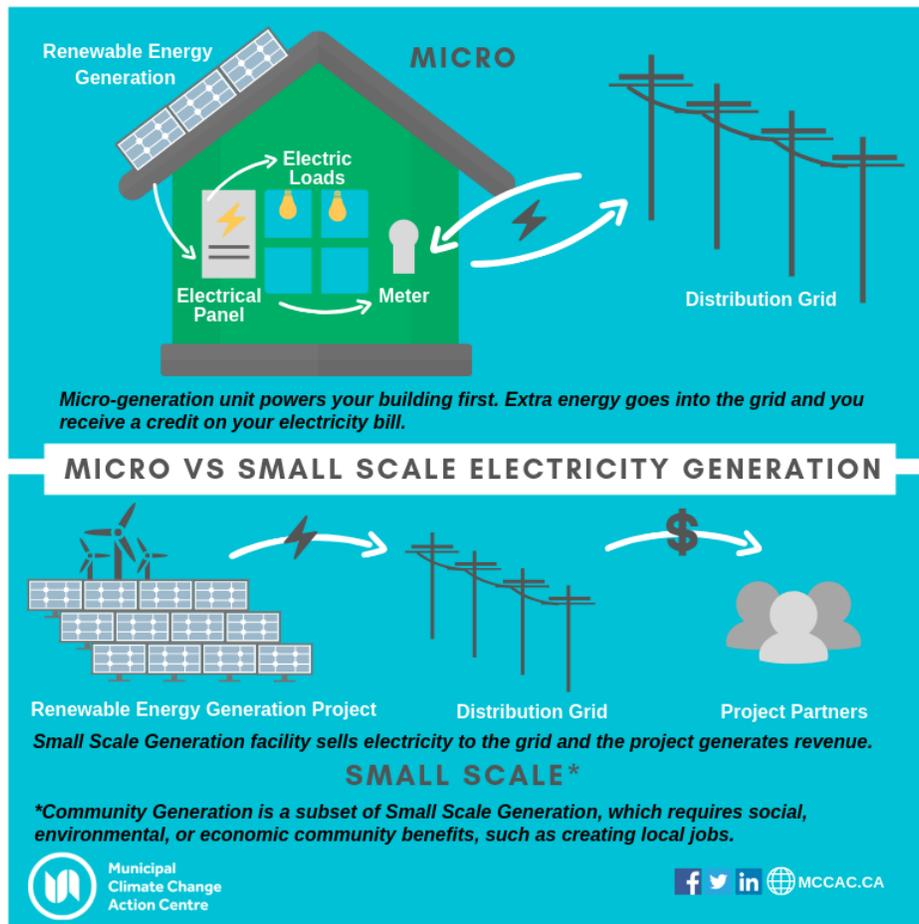
There are many technical and environmental variables that will have an impact on the space required for a ground-mount solar PV array, or small 'solar farm', as it is sometimes called. These include everything from your specific location and annual solar resource, to the geographic features of your proposed site, the racking used to mount the modules, the tilt of the installed modules, the spacing between the rows of solar panels, and many other factors. A high-level estimate that can be used to give a very rough estimate of land required is about 4-5 acres for every 1 MW of installed ground-mount solar PV capacity, however final numbers for your project should be explored independently.

REGULATORY AND TECHNICAL QUESTIONS

Q) What is the difference between Micro-generation and Small Scale Generation?

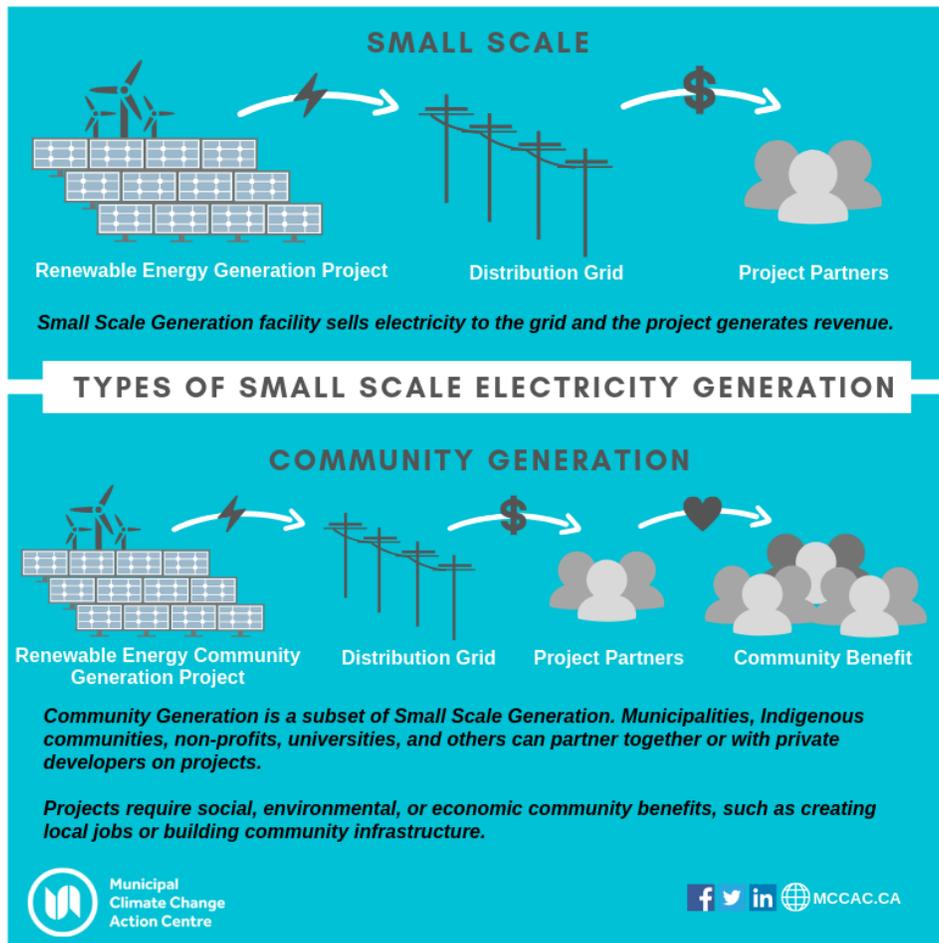
Micro-generation:

An electrical generation unit, using renewable or alternative energy sources, connected 'behind the meter' and producing electricity to offset onsite electrical consumption (self-supply). Micro-generation units cannot be sized to produce more electricity than what will be consumed onsite over the course of a year. Electricity produced in excess of what is being consumed is seen as a credit on the generator's electricity bill. Micro-generation producers are not participants in the Alberta power pool. This type of generation is governed by Alberta's Micro-generation Regulation.



Small Scale Generation:

An electrical generation unit, using renewable or alternative energy sources, connected to the distribution grid and producing electricity for sale to the grid. These units cannot be connected 'behind the meter' and are only limited in size by the capacity of the local distribution network to off take the electricity produced (typically less than 25 MW). This type of generation is governed by Alberta's Small Scale Generation Regulation. The Small Scale Generation Regulation also establishes the Balancing Pool as the default market participant for small-scale generators.



Community Generation is a subset of Small Scale Generation that demonstrates tangible social, economic and/or environmental benefits to communities, such as training and development opportunities, contributions to a community endowment fund, development of community infrastructure, and more. Community Generation projects need to have either a Community Benefits Statement (CBS) or a Community Benefits Agreement (CBA) approved by the Alberta Utilities Commission before they will be approved as community generating units.

While the above regulations are put in place by Government of Alberta through the Electric Utilities Act, the Alberta Utilities Commission (AUC) is the body that creates the Rules that govern and outline acceptable practices within these regulations. Rule 024 establishes these details for microgeneration. The AUC is in the process of developing the rules for small scale generation. Information on their current engagement and rule development process can be found here. The AUC has already met and consulted wire owners and Rural Electrification Associations as part of this process. The next step will be a meeting with small-scale generation proponents (date TBA).

Q) What is the difference between a Community Benefits Statement (CBS) and a Community Benefits Agreement (CBA)?

A CBS is required when the municipality is the full owner of the generating unit. A CBA is required if the municipality is part owner or does not have an equity stake in the generating unit but is receiving other benefits from the project (as agreed to in the CBA).

Q) How and when does the CBA or CBS need to be approved by the AUC?

The AUC is still in the process of developing details around small scale and community generation processes. As such the CBA/CBS approval process is not yet finalized. CBA or CBS approvals, however, are not required as part of the EOI or FPP stages of the Challenge. An outline of what will be included in such a document is sufficient for the EOI stage, with a greater level of detail expected at the FPP stage. CBA's used in other development scenarios can be used as reference points as to what these documents might look like, prior to having final detail from the AUC.

Q) What rate will the generating unit receive for electricity sold to the grid?

The Small Scale Generation Regulation establishes the Balancing Pool as the default market participant, in dealings with the ISO, for small-scale generators, unless the small scale power producer requests otherwise. As per section 7(3) of the Regulation, the small scale power producer will be paid monthly "for the electric energy they have supplied to the grid...at the hourly pool price for each hour in the previous ISO settlement period".

Q) Will Section 95 of the Electric Utilities Act prevent municipalities from owning all or part of a proposed generating unit?

Section 95 of the Electric Utilities Act states that municipalities cannot be full or partial owners of an electrical generating unit without Ministerial approval. This regulation is in place to ensure fair, efficient, and open competition within Alberta's deregulated electricity market, as established by Alberta's Fair, Efficient and Open Competition Regulation. As many municipalities have access to tax advantages that investor owned companies do not, this additional level of approval will ensure that proposed municipal projects are structured in such a way that they do not have an unfair advantage in the marketplace.

As such, municipal ownership is not prohibited but municipalities will require an additional level of approval within government should they aim to own all or part of the community generation unit.

To apply for ministerial approval, the municipality would send a letter to Alberta Energy requesting procedures be established for an independent assessment of the municipality's proposal to hold an interest in a generating unit pursuant to Section 95(11) of the Electric Utilities Act.

When the letter is received, Alberta Energy will assign an Independent Assessor (separate from the government and ministry) from a pool of pre-qualified consultants, who will work directly with the municipality to review the project. The Independent Assessor will be primarily seeking to confirm that the proposed municipal ownership does not result in any tax or other financial advantages over an investor-owned utility. 'Advantages' could also take many other forms depending on the project, so the Independent Assessor will be in direct contact with the municipality to request documentation, ask and answer questions, and discuss mitigation of any potential concerns. They will provide time and opportunity for the municipality to make amendments to the proposal, prior to the final report submission, should

concerns arise during the assessment. When the assessment process and amendments are complete, a final report will then be submitted back to Alberta Energy for final sign-off by the Minister of Energy. If the Independent Assessor's final report returns a positive result, the Minister is obligated to provide official approval for the project.

Municipalities should be prepared, and plan, for the time that this approval process will take and get in contact with Alberta Energy as soon as possible if they intend to pursue ownership of a generating unit. This process can however run concurrently with a number of other project approvals in order to streamline the process.

It is also important to note that there are many ways which a municipality may be involved in a community generation project without being a full or part equity owner of the project. These other types of arrangements would be established through Community Benefit Agreement (CBA).

If your project has been invited to the FPP Stage and you have questions about the implications of Section 95 on your proposed project before submitting your FPP please contact Chris Perret, Section 95 Consultant for this Challenge, at chris@classicvaluations.ca.

For any other regulatory questions please contact electricity@gov.ab.ca.

Q) Does the generation facility have to be located on municipal property or near the participating municipality?

The Small Scale Generation Regulation does not provide any restrictions on location of a community generation project in terms of proximity to load. Projects participating in the Municipal Community Generation Challenge must demonstrate a clear benefit to the lead applicant Municipality.

Q) Can the municipality or a Network Partner claim the environmental attributes associated with the proposed renewable generation facility?

As the project is being supported with funds from the Government of Alberta, the environmental attributes associated with the renewable generation facility will be retired and counted towards provincial emissions reductions. To ensure the attributes are not claimed twice, these attributes cannot be claimed by the municipality or another party involved in the project.

As stated in the MCGC Program Guide:

The Municipality Applicant or Partner(s) may not register or claim any environmental attributes generated by the Project. The Municipality or applicant may not transfer or assign any rights, title and interests, if any, in all environmental attributes generated by the Project to any person.

The Municipality or applicant must warrant that no environmental attributes generated by the Project have been claimed, sold or otherwise transferred to a third party and that no other person has any claim to or ownership of the environmental attributes generated by the Project.

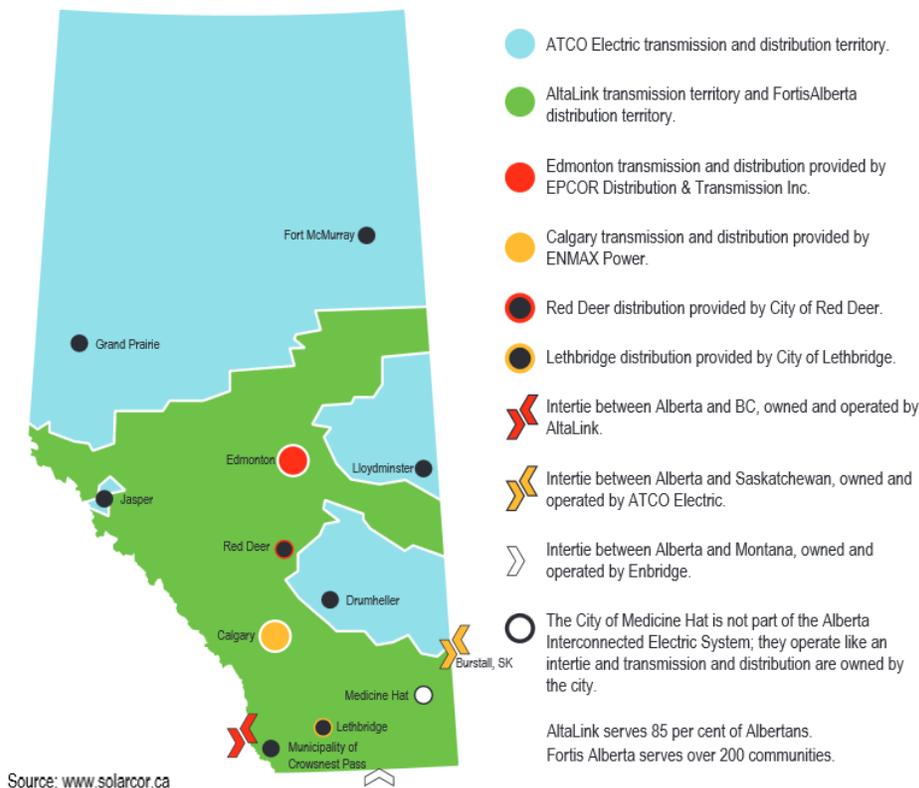
"Environmental attributes" are defined as: emission offsets, renewable energy certificates, renewable energy credits, and any and all other current or future credits, benefits, emissions reductions, offsets or allowances, however entitled, named, registered, created, measured, allocated or validated

- (a) that are at any time recognized or deemed of value, or both, by any buyer, applicable law, or any voluntary or mandatory program of any government or other person and
- (b) that are attributable to
 - (i) generation by the Project and
 - (ii) the emissions or other environmental characteristics of such generation or its displacement of conventional or other types of energy generation through the avoidance of environmental impacts on air, soil or water, including but not limited to the emission of greenhouse gases.

Q) Is there a map of the Alberta electrical grid that shows all substation locations?

The transmission and distribution lines in Alberta are owned and operated by private companies (see map). Depending on the proposed area for your community generation project, the appropriate company will need to be contacted for information about the distribution or transmission line details in that area.

In areas where Fortis Alberta owns and operates the distribution lines, a hosting capacity map is available online that shows colour coded information about the current available capacity of the distribution lines in their service areas.



CHALLENGE DETAIL QUESTIONS

Q) Is the project expected to have signed contracts with Network Partners prior to the EOI or FPP stages?

A formal contract is not required at this stage, but it is recommended that you obtain a commitment from your Network Partners regarding roles and responsibilities in submitting the EOI and associated project workplan. Delineations of each partner's responsibilities should also appear in the work plan.

Q) Do engineering, environmental, or other studies for the project need to be completed prior to submitting the FPP?

The FPP does not require the completion of any project specific studies, prior to the project being funded and officially starting. Details on any studies already executed or planned as part of the project requirements should, however, be clearly outlined in the project workplan, and projects with these studies completed already may be viewed more favourably.

Q) Is there funding available to assist with completing the EOI or FPP?

Funding is not available for the completion of the EOI or FPP, nor will costs associated with developing the FPP be considered eligible expenses if the project is successful. All involved parties are expected to understand that they are entering into a risk/reward partnership during the application stages. Lead Municipalities and Network Partners will invest in-kind resources to develop and submit the EOI and FPP for the potential reward of being selected successful for the Challenge.

Q) Why is there a deadline of September 20, 2022 for completion of the full project?

Grant funding for the Challenge provided by the Government of Alberta expires shortly after this September 20, 2022 deadline, and any unspent funding beyond this date is returned to Government as per the Grant Agreement. The deadline for project completion has been set so that there is sufficient time to complete all necessary project close out activities, report on project results to Government, and distribute all outstanding funds, before the funding is no longer available.

Q) Are municipalities that successfully received funding through the Community Generation Capacity Building program (CGCB) eligible to participate in the MCGC?

Both successful and non-successful CGCB Applicants are eligible for the MCGC. Successful CGCB applicants cannot apply to cover costs for work already covered through CGCB.

* Note: Successful project(s) funded through the Municipal Community Generation Challenge are not eligible to participate in the Alberta Climate Change Office Community Generation Program.

Q) Will the MCGC be an annual offering, or is this a one-time event?

The funding available through the Municipal Community Generation Challenge is a one-time event. There are no current plans for an additional round of the Challenge. The expectation from program administrators is that the successful project(s) through the MCGC will participate in knowledge transfer

(KT) activities to share learnings for scale and spread of the successful development model to other municipalities for independent replication.

Q) Can land be considered part of the 25% in-kind contribution from the municipality or project partners?

Appendix A of the Program Guide on Eligible Expenses states acquiring land to be an ineligible expense (i.e. Challenge funding cannot be used to buy land for the project). However, if land is already owned by a municipality or one of their network partners, can be accurately appraised, and is provided for the project to be built on it could be considered an eligible in-kind contribution.

Q) Once an EOI application is submitted can amendments be made if sent in prior to the August 9th deadline?

Provided the application with amendments is submitted prior to the August 9th deadline, it will be accepted.

Q) Is there any flexibility to change the SME over the course of the project (i.e.: a different SME at EOI stage and FPP stage) should something change?

Although it is not required that a contract be signed with network partners prior to the EOI stage it is expected that all parties have made a commitment to the project and understand that they are expected to see the project through to completion should the application be successful. As the selection of a project to move past the EOI stage and on to the FPP stage is partially based on the merit of the submitted technology and network partners, changing the primary SME partner or proposed technology in the FPP stage will put the project's ability to be successful in the Challenge at risk.

FULL PROJECT PROPOSAL STAGE QUESTIONS

NOTE: There are questions and responses in the previous sections that also pertain to the FPP Stage. The questions below have arisen specifically since commencement of the FPP Stage and are compiled here for ease of access.

Q) Does the land on which the project is being planned have to be purchased or leased prior to submitting the FPP?

No. Land required for the project does not need to be purchased or leased prior to submitting the FPP, although projects with secured land will be scored more favourably in the relevant sections of the application. Projects which do not have secured land for the project should make every effort in the FPP to provide proof that should the project be successful in the Challenge the land required for the project will be secured. This could be in the form of a Letter of Understanding with the current landowner, a signed Land Agreement that includes a clause allowing for the Agreement to be void should the Applicant not be successful in securing Challenge funding, or other.

Q) When calculating the Return on Investment (ROI) for the project without a Power Purchase Agreement (PPA), how should accurate Power Pool pricing forecasts be obtained?

If one of your project partners is an experienced energy developer, they will likely have a Power Pool forecasting model to help with these calculations. If you do not have access to this kind of expertise within your project team, a 24-month electricity supply and demand forecast is publicly available on the [Alberta Electric System Operator's \(AESO\) website](#). This data can be used, along with historical Pool Price and supply/demand data, to create a basic forecasting model, based on historic trends and future predictions.

Regardless of the method that you use to arrive at your ROI, please ensure details of the model used are included with the FPP submission to ensure reviewers have access to the calculations and assumptions used.

The project team will also have an opportunity during the FPP presentations in January to demonstrate and discuss the details of the model used for their ROI calculations.

Q) Can an MCGC project use money from the Federal Low Carbon Economy Fund (LCEF), or other available Government grant or rebate programs, as a source of project funding?

Funds available through the Challenge do not originate with the Federal Government, so there are not issues around “double-dipping”, should a project secure LCEF funding. Other grant or rebate programs can also be used as sources of funding for MCGC projects, provided the “stacked” funds do not exceed 100% of total project costs and the requirement for 10% of project costs contributed by the Project Network Partners is met.

Presentation Questions

Q) Where will the presentations take place on January 29th and 30th?

The Alberta Innovates offices in Bell Tower: 1500, 10104 – 103rd Avenue NW, Edmonton, AB, T5J 0H8

Q) Can project team members simultaneously be presenting both in person and virtually?

Yes, both in-person or virtual presentations are available to all applicants. If only some of your team members can be in Edmonton for the presentation, the remaining presenters can join the presentation virtually.

Q) Should all project partners be part of the presentation, and if not, are there particular partners (e.g. SME and/or Municipality) whose presence is mandatory?

At minimum, a representative from the Lead Applicant Municipality must be present (in-person or virtually). Additional representatives from all other project network partners are welcome. Whomever is present should be able to provide answers to any questions the panel may have.

Q) Do the full details of the GHG calculations need to be presented, and if a third-party consultant has been hired to complete this component should they be present for the presentation?

A presentation of full details of GHG calculations is not required, nor is the attendance of a third-party consultant if used. However, whomever is present should be able to provide answers to questions about GHG calculations if they are raised.

Q) Is there a template available or preferred format for the presentations?

There is no presentation template provided. Presentations can be in whatever format works best for the presenters and should aim to enhance the information provided in the FPP Application documents. Regardless of format, all presentation files need to be submitted as PDF or PowerPoint files. Please see the Presentation Outline document for more information.

CONTACT US

For more information please contact:

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Greenhouse Gas Emissions Questions:

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