WRPS PARTICIPATES IN ELECTRICITY CONSORTIUM - WIND FARM

During 2005/06, 36 School boards (including WRPS) negotiated collectively procuring an electricity contract which ended December 2012. Although each School Board signed their own individual electricity contract, the collective process enabled the boards to negotiate a much lower rate than they would have been able to had they negotiated individually. At the time of signing, savings to each board was approximately $1.50 per gigajoule. Collectively this saved millions that were used to provide services and programs for students.

In 2009/10, considering projected future electricity markets and in anticipation of the end of the electricity contracts, 38 School Boards formed the Alberta Schools Commodity Purchasing Consortia (CPC). The purpose of the consortium is to collectively procure the best price in the short-term while considering and investigating possible options which would meet long-term electricity needs of school boards. Alternative procurement options were ranked by cost and whether costs were predictable.

The CPC worked with an energy consultant who performed extensive research and provided a substantial amount of analysis on the future of the electricity market. Based on this information, the CPC concluded that the best option for School Boards would be to enter into a partnership with a developer to build a fit for purpose Wind Power Project to supply the CPC’s long-term energy requirements for at least 25 years. Through a competitive public process, the CPC selected BluEarth Renewables Inc., a Calgary based company, to become the lead developer and operator of the Wind Power Project. The proposed Wind Power Project will have a capacity of approximately 70 megawatts (MW) and has an expected capital cost of approximately $160 M.

At first it was thought that the boards could have the option of investing up to 25% of their annual electricity consumption costs into the Wind Power Project and that school boards would also be able to fund their share of the project equity through the issue of debenture debt through the Alberta Capital Finance Authority (ACFA), subject to approval by the Minister of Education. It was understood that investment in the project was not necessary to participate in the project and that boards could elect to only purchase their power from this project through a long-term Power Purchase Agreement (PPA) without becoming an equity partner. A clear commitment to a long term Power Purchasing Agreement (PPA) from the School Boards was necessary to further advance this project from the planning phase to full development.

In January 2012, School Boards were asked to sign a Letter of Intent indicating the Boards willingness to purchase electricity from the Wind Power Project. A Letter of Intent was signed and submitted on behalf of WRPS. The background was presented to the trustees of WRPS at the June 12, 2012 meeting. At the June 26, 2012 Regular Board meeting the trustees passed a motion directing administration to proceed with the CPC to collectively procure the best price for electricity to meet the long-term needs of the Division. At that same meeting another motion was passed directing administration to provide more information on the possible capital investment in the CPC equity partnership.
Subsequent to the Board meeting, after much discussion and review of the existing School Act and the new Education Act, it is believed that investing in the equity of a limited company may be problematic for school boards. Therefore, a discounted pricing option is being offered where Boards will be able to prepay a portion of their electricity cost and then receive a cash rebate (discounted price on their electricity) on an annual basis. This option removes any notion of ownership in the limited company but still allows the participating boards to share in the profits of the project.

School Boards will not own the wind farm. Instead the capital required to build the wind farm will be funded by external investors and financial institutions.

This project is an example of a sound public-private partnership endeavor that allows the School Boards to benefit from lower long term power costs, long term predictable electricity costs, and will allow the preservation of resources to support classroom instruction. In addition, the School Boards’ support of a renewable energy project such as wind advances Alberta’s environmental goals by contributing to a reduction in its carbon footprint, and by demonstrating how Alberta can be a diversified global energy leader.

The project further demonstrates innovation and leadership from the participating School Boards by supporting sound environmental stewardship while making a significant investment in the future of our students. A project such as this supports the vision of the Province to pursue innovation and environmental sustainability.

WRPS has agreed to purchase electricity for the next 25 years at a reasonable, predictable cost and has agreed to pre-pay $100,000 in order to receive further cost reductions over the next 10 years.

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