



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Growth Management Division

TO:	Chair and Members Planning Committee
COMMITTEE DATE:	July 7, 2015
SUBJECT/REPORT NO:	Proposed Oshawa-Danilexa JV 10,000 Kilowatt (kW) Solar Project located at 1541 Fiddlers Green Road, Ancaster (PED15102) (Ward 12)
WARD(S) AFFECTED:	Ward 12
PREPARED BY:	Guy Paparella (905) 546-2424 Ext. 5807
SUBMITTED BY:	Jason Thorne General Manager Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That the Mayor and Council acknowledge the receipt of the letter entitled “Large Renewable Procurement 1 RFP: Proposed Scotch Block Solar Farm Project in Hamilton” dated June 9, 2015 from Oshawa-Danilexa JV (Appendix “A” to Report PED15102);
- (b) That the Mayor and Council not provide support at this time for the Province’s Independent Electricity System Operator (IESO) “Prescribed Template – Municipal Council Support Resolution” Form IESORP/f-LRP1RFP-031r2 provided in Appendix “B” to Report PED15102, supporting the development, construction and operation of the proposed 10,000 kilowatt (kW) ground-mounted solar photovoltaic project and connection line located at 1541 Fiddlers Green Road for the purpose of receiving Rated Criteria Points but not for the approval of the proposed project as outlined in Appendix “B”; and,
- (c) That the City Clerk or designate be authorized to execute the IESO’s “Municipal Meeting Confirmation” Form IESORP/f-LRP1RFP-011r2 provided in Appendix “C” to Report PED15102 confirming a meeting has been held between the Registered Proponent (Oshawa-Danilexa JV) and representatives of the City of Hamilton but does not constitute an agreement, approval or contract.

EXECUTIVE SUMMARY

Oshawa-Danilexa JV, a joint-venture between Oshawa Power and Utility Corporation and Danilexa Holdings Inc., is proposing to develop a 10,000 kW ground-mounted solar photovoltaic project at 1541 Fiddlers Green Road in Ancaster, entitled the “Scotch Block Solar Farm” (see Location Map in Appendix “E” to Report PED15102). In a letter dated June 9, 2015 (see Appendix “A” to Report PED15102), Oshawa-Danilexa JV is respectfully requesting City engagement and support so as to satisfy the requirements of Ontario’s Independent Electricity System Operator (IESO) for siting of proposed renewable energy projects. The proponent is requesting a timely response so as to meet the stringent timeline requirements set forth by the Province.

On December 16, 2013, the IESO (formerly the Ontario Power Authority or OPA) received a Ministerial Directive to develop a competitive province-wide procurement process for large renewable energy projects, including ground-mounted solar photovoltaic projects. This procurement, entitled by IESO as the “Large Renewable Procurement 1 (“LRP1”) requires proponents to first qualify based on financial and technical experience, and then to submit project proposals into IESO’s Request for Proposal (RFP) process. Oshawa-Danilexa JV was determined by IESO to have the required financial and technical experience and was awarded “Qualified Applicant” status on November 4, 2014. Oshawa-Danilexa JV hopes to submit the proposed Scotch Block Solar Farm Project (see Location Map in Appendix “E” to Report PED15102) into IESO’s LRP1 RFP process in September 2015.

The final LRP1 documents, posted by the IESO on March 10, 2015, set forth both mandatory and optional steps of engagement with municipalities. A municipal support resolution may be submitted as evidenced by the IESO’s “Prescribed Template – Municipal Council Support Resolution” included as Appendix “B” to Report PED15102.

At least one meeting to discuss the particulars of the Project with officials from each of the communities is required as evidenced by the IESO’s “Prescribed Form-Municipal Meeting Confirmation” included as Appendix “C” to Report PED15102. Additionally, a municipality may enter into a binding agreement with the proponent as evidenced by the IESO’s “Prescribed Form – Municipal Agreement”, included as Appendix “D”. This Municipal Agreement documents commitments made by the Oshawa-Danilexa JV to the City of Hamilton, including the protection and preservation of the heritage house at 1541 Fiddlers Green Road in the letter of June 9, 2015 (Appendix “A” to Report PED15102).

The proposed Scotch Block Solar Farm Project would consist of a 10,000 kW ground mounted solar PV installation at 1541 Fiddlers Green Road. The installation will consist of an installation of solar panels mounted on racks approximately 10 feet high, covering approximately 80 to 90 acres of the 111 acre property. In addition to the solar panels, several inverter / transformer units will be required to convert the direct current (DC) from the solar panels to alternating current (AC) used in local distribution lines. A

number of underground electrical collector lines will connect the inverters / transformers to the existing local distribution line system owned by Hydro One Networks Inc. Utilizing the existing municipal right-of-way will be required to make a connection to the Hydro One controlled distribution system nearby. The power will then flow to the Nebo transformer station (TS) from where electricity is being fed into urban and rural areas of Hamilton.

The proposed project has been strategically sited to fall into the “Specialty Policy Area C – Future Growth District” near the Airport, so as to avoid locating the project in rural areas designated as “Protected Countryside” in the Official Plan. However, since the property is designated “Prime Agriculture” in the Rural Official Plan, the proposed project does not represent development that is consistent with the activity envisioned by the Rural Official Plan at this time. Ordinarily, an Official Plan Amendment (OPA) would be required to be processed, however, should the proposed project be awarded an LRP1 contract by the Province, and a subsequent REA, such projects are exempt from the *Planning Act* approvals like OPA’s.

Regardless of Council’s decision of this resolution, the proposed Scotch Block Solar Farm Project would be subject to rigorous environmental assessment under the Renewable Energy Approvals (REA) process. REA sets forth specific requirements for consultation with the public and the City, thereby ensuring that extensive further consultation will occur prior to finalizing the development plans. The REA process would be conducted in 2016 / 2017, provided that IESO selects the Scotch Block Solar Farm as a winning project in the LRP1 RFP process later this year.

There is some urgency in procuring the City of Hamilton’s signatures on the prescribed IESO forms in Appendices “B”, “C” and “D” to Report PED15102 as a completed LRP1 bid must be submitted to the IESO by July 13 to 25, 2015.

Alternatives for Consideration – See Page 7

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: No financial support is being requested from the City. The form or support requested consists of non-financial steps, such as the resolution to support the application of the proposed project into the IESO LRP1 RFP process. The project, if built, would result in a re-assessment of the property from rural to commercial uses. A significant increase in tax revenue would result from the re-assessment.

Staffing: No additional staffing is required. If approved by the Province, City staff would be involved in future review aspects as the project proceeds through Ontario’s Renewable Energy Approval (“REA”) process. Such review work would be dealt with in normal course using existing staff.

Legal: N/A

HISTORICAL BACKGROUND

Oshawa-Danilexa JV is a joint venture between Oshawa Power and Utilities Corporation and Danilexa Holdings Inc. of Mississauga. The proponent is looking to develop a 10,000 kW ground mounted solar PV project at 1541 Fiddlers Green Road, Ancaster entitled the “Scotch Block Solar Farm” (see Location Map in Appendix “E” to Report PED15102) and is looking for a municipal support resolution in the attached format (see Letter in Appendix “A” to Report PED15102) by July 13 to 25, 2015.

1541 Fiddlers Green Road is located within the Airport Employment Growth District – Stage 2 (AEGD) land as is described on the Location Map in Appendix “E” to Report PED15102. This area was identified within the Growth Related Integrated Development Study (GRIDS) for preferred economic growth up to 2031. The property is located in the Stage 2 development lands. Under the Official Plan, the lands around the airport are expected to be developed for commercial / industrial use over time. The lands represent one of the few areas in rural Hamilton that is not designated as “Protected Countryside”. However, the proposed site represents an area which is designated “Prime Agriculture” in the Official Plan and, as such, is not the most compatible location within rural Hamilton from a planning perspective.

On December 16, 2013, the Ontario Power Authority (now IESO) received a Ministerial Directive to shift large renewable projects away from the Feed-in Tariff (FIT) Program and begin development on a procurement process for these large projects; this has become the Large Renewable Energy Procurement 1 (LRP1) initiative, a Request for Proposal (RFP) style procurement process requiring bidders to qualify based on a host of criteria, including among other items previous experience permitting, constructing, owning and operating facilities of the same technology and size. Oshawa-Danilexa JV qualified using the combined technical and financial capabilities related to previous successful renewable energy projects, including a very similar 10,000 kW ground mounted solar project near Aylmer, Ontario. Qualified Applicants were publically announced on November 4, 2014. On January 1, 2015, the Ontario Power Authority merged with the Independent Electricity System (IESO) Operator and the LRP1 process was transferred to the IESO. At that time, the LRP1 process became known as the IESO LRP1.

Both the FIT and LRP1 program were enabled by the *Green Energy and Green Economy Act, 2009* which was passed into law on May 14, 2009. The Independent Electricity System Operator (IESO) (which has been combined Ontario Power Authority (OPA) which historically had jurisdiction over these projects) is responsible for implementing these programs.

The IESO's LRP1 requires qualified bidders to actively engage with local communities, municipalities and aboriginal communities directly affected by the projects being proposed. There are prescribed processes required for this consultation, including one public open house, the completion of a public consultation plan, the development of a Project website and notification of abutting landowners, aboriginal communities and discussions with municipal communities. The final LRP1 bid submission will be scored based on the completion and submission of these items to the satisfaction of the IESO.

The final IESO LRP1 documents, posted by the IESO on March 10, 2015, set forth both mandatory and optional steps of engagement with municipalities. A municipal support resolution may be submitted as evidenced by the IESO's "Prescribed Template – Municipal Council Support Resolution" included as Appendix "B" to Report PED15102. At least one meeting to discuss the particulars of the Project with officials from each of the communities is required as evidenced by the IESO's "Prescribed Form-Municipal Meeting Confirmation" included as Appendix "C" to Report PED15102. Additionally, a municipality may enter into a binding agreement with the proponent as evidenced by the IESO's "Prescribed Form – Municipal Agreement", included as Appendix "D" to Report PED15102. This Municipal Agreement documents commitments made by the Oshawa-Danilexa JV to the City of Hamilton, including the protection and preservation of the heritage house at 1541 Fiddlers Green in the letter of June 9, 2015 (Appendix "A" to Report PED15102).

Should this Project be awarded an LRP1 contract, it will be required to obtain a Renewable Energy Approval (REA) which are issued by the Ministry of the Environment and Climate Change (MOECC) under the *Environmental Protection Act* (EPA) as part of Ontario Regulation 359/09 which came into effect in September 2009. A REA exempts renewable energy projects from *Planning Act* approvals; however, a significant amount of municipal consultation continues to be important to the process. Additionally, renewable projects are still subject to approvals under the *Conservation Authorities Act*, *Heritage Act*, *Ontario Building Code Act*, and may still be subject to approvals for Municipal Entry Permits for new access roads. An overview of the REA process detailing the opportunities for the City of Hamilton's input and participation is included as Appendix "F" to Report PED15102. It is important to note that at the conclusion of the REA process any party including the municipality has the opportunity to raise a Third Party appeal to the REA decision.

There is some urgency in procuring the City's Letter of Agreement and subsequent forms as a completed LRP1 bid must be submitted in early September 2015.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The subject lands are designated "Agriculture" on Schedule D to the Rural Hamilton Official Plan. The "Agriculture" Designation encompasses lands designated as Canada

Land Inventory Classes 1 – 3 and associated areas of Class 4 – 7 lands where there is a local concentration of farms which exhibit characteristics of on-going agriculture.

Prior to adoption and approval of the Rural Official Plan, the subject lands were identified in the Region of Hamilton-Wentworth Official Plan as being “Prime Agriculture Lands”.

With respect to renewable energy projects, the following policies apply:

“Increased Energy Supply

3.7.3 The City shall promote increasing the supply of energy and in particular, the supply of sustainable energy by:

1. permitting energy generation facilities to meet existing and planned needs, including *renewable energy systems* and *alternative energy systems*, both as principal and *accessory* uses. These facilities shall be permitted in all land use designations subject to the other relevant policies of this Plan, Policy B.3.7.2, *compatibility* with the surrounding land uses, and in accordance with the provisions of the Zoning By-law; and,
2. protecting existing and future utility corridors.

Renewable Energy and Alternative Energy System Locations

3.7.4 *Renewable energy systems* and *alternative energy systems* shall be permitted in accordance with all federal and provincial requirements and Policy B.3.7.3 a).

3.7.5 *Renewable energy systems* and *alternative energy systems* may be subject to studies to demonstrate how the potential adverse impacts, such as noise, dust, vibration, air quality, and water quality and quantity shall be mitigated.”

Green Energy and Green Economy Act, 2009, Renewable Energy Approval - As this Project is a Renewable Energy Project it will not be subject to the *Planning Act* requirements, through an exemption made under the *Green Energy and Green Economy Act of 2009*. However, extensive consultation with the municipality will be required throughout the subsequent permitting steps should the Oshawa-Danilexa JV be awarded a contract under the LRP1 process. The REA process requires municipal consultation including municipal sign-off. Additionally, following the submission of the documents to the Ministry of the Environment and Climate Change (MOECC), any party including the municipality has the opportunity to appeal the approval to the Environmental Review Tribunal (ERT). Finally most renewable power Projects are still subject to the *Heritage Act*, *Conservation Authorities Act* and *Ontario Building Code Act* dependent on their design and location.

Innovate Now - Supports the Public Works Business Plan in terms of being a leader in the greening and stewardship of the City.

Hamilton Economic Development Strategy 2010-2015 – Supports the Economic Development Strategy, specifically Clean Technology development related to the development of skills and experience in Power Generation.

RELEVANT CONSULTATION

Planning and Economic Development Department - Economic Development and Real Estate Division - A meeting to discuss this proposed 10,000 kW ground-mounted solar photovoltaic project at 1541 Fiddlers Green Road, Ancaster as it relates to the submission to the IESO's LRP1 process was held between Oshawa-Danilexa JV's consultant, ORTECH Consulting, and Guy Paparella, Director of Growth Planning on April 16, 2015.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The proposed project has been strategically sited to fall into the "Specialty Policy Area C – Future Growth District" near the Airport, so as to avoid locating the project in rural areas designated as "Protected Countryside" in the Official Plan. However, since the property is designated "Prime Agriculture" in the Rural Official Plan, the proposed project does not represent development that is consistent with the activity envisioned by the Rural Official Plan at this time. Ordinarily, an Official Plan Amendment (OPA) would be required to be processed, however, should the proposed project be awarded an LRP1 contract by the Province, and a subsequent REA, such projects are exempt from the *Planning Act* approvals like OPA's.

ALTERNATIVES FOR CONSIDERATION

That the Mayor and Council provide support for the IESO's "Prescribed Template – Municipal Council Support Regulation" form provided in Appendix "B" to Report PED15102. As such, municipal input would be required for many steps in the approval process.

General Terms of the Municipal Agreement

If this proposed project were to proceed, the municipal agreement to be negotiated would contain the following commitments, at minimum, by Oshawa-Danilexa JV upon a successful LRP1 bid outcome:

- The City of Hamilton will retain the rights to review and comment on the Renewable Energy Approval documents and process;

- The developer commits to restoring and maintaining the Heritage building on site, the Forest Lane Farms House (aka the Russell-Christie House), for the lifetime of the Project's operation of 20 years;
- The developer commits to working with the City to mitigate any potential visual impacts through berms or vegetation;
- The developer commits to working with the City to address any potential drainage or grading concerns;
- The developer commits to maintaining noise levels below the MOECC guidelines during the lifetime of the Project's operation;
- The developer commits to working with the City on all right-of-way concerns;
- The developer commits to collaborating on traffic flow concerns during construction; and,
- The developer commits to restricting physical construction of the Project to a 12 month time frame.

The site is the location of a historical property locally known as "Forest Lane Farms House" or as the "Russell-Christie House". The house is an excellent example of architecture of early Scottish settlers in the "Scotch Block" of Ancaster. Subject to the project proceeding, the proponent is committing to prepare a Built Heritage Assessment during the REA phase of Project Development and, in addition to following the recommendations of this assessment, will preserve and ultimately restore this property and consult with the municipality in regards to possible future uses of the building. The commitments made by the proponent would be captured in a binding agreement.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.1 Continue to grow the non-residential tax base. This project will occur in the Airport Employment Growth District Secondary Plan Stage 2 lands. Should the proponent be awarded an LRP1 Contract, a successful Project will change the tax base from agriculture to industrial.

1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

APPENDICES AND SCHEDULES ATTACHED

Appendix "A"	Letter to Mayor and Council "Large Renewable Procurement 1 RFP: Proposed Solar Project in Hamilton" dated June 9, 2015 from Oshawa-Danilexa JV
Appendix "B"	Independent Electricity System Operator (IESO)'s "Prescribed Template – Municipal Council Support Resolution" Form IESORP/f-LRPIRFP-031r2
Appendix "C"	IESO's "Municipal Meeting Confirmation" Form IESORP/f-LRPIRFP-011r2
Appendix "D"	IESO's "Prescribed Form – Municipal Agreement" Form ESORP/f-LRPIRFP-015r2
Appendix "E"	Location Map
Appendix "F"	Overview of the REA process including areas for Municipal Input

GP/mah