

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE JANUARY 8, 2013
FROM:	MARTIN HARWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	ROOF LEASE AGREEMENT FOR EMPLOYING SOLAR PV SYSTEMS ON CITY OF LONDON'S MUNICIPAL BUILDINGS AND PROPERTIES

RECOMMENDATIONS

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions **BE TAKEN** with respect to implementation of Phase 1 of the rooftop solar PV (photovoltaic) strategy:

- a) the attached proposed bylaw (Appendix A) **BE INTRODUCED** at the Council meeting of January 15, 2013:
 - (i) **TO APPROVE** the solar facility roof lease agreement between the small FIT project applicants and the Corporation of the City of London for the use of the City's roof space as hosts for solar PV power generating systems, substantially in the form attached and as approved by the City solicitor; and
 - (ii) **TO AUTHORIZE** the Mayor and City Clerk to execute the agreement in (i) above.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Relevant reports that can be found at www.london.ca under City Hall (meetings) include:

- Phase 1 Strategy for Employing Solar PV Systems on City of London's Municipal Buildings and Properties (September 25, 2012 meeting of the Investment and Economic Prosperity Committee, [Agenda Item #5](#))
- Strategy for Employing Solar PV Systems on City of London's Municipal Buildings (September 11, 2012 meeting of the Investment and Economic Prosperity Committee, [Agenda Item #2](#))
- Proposed Land Leases for Solar Power Production Facilities (February 10, 2010 meeting of the Board of Control, [Agenda Item #9](#))

BACKGROUND

As directed by Council in the meeting of October 9, 2012, Civic Administration is implementing the Phase 1 rooftop solar PV (photovoltaic) strategy for the implementation of generating systems on City of London property. This strategy applies specifically to the small FIT (feed-in-tariff) project application window that opened on December 14, 2012 and is closing January 18, 2013.

City of London's Role as a Participant

The Phase 1 rooftop solar PV strategy noted that there is no material difference in the financial benefit to the City either being a system host (leasing its roof space) or being a part-owner of the rooftop systems. Full ownership by the City is not a viable option as it would preclude the projects from qualifying for the priority points which are critically important in the competition for contracts. With the Ontario Power Authority's (OPA) program rules and the Ontario Energy Board (OEB) rules taken into account, it is most suitable for the City to participate in the rooftop solar PV projects as a system host.

Roof Lease Agreement

In order for the City to have a chance of realizing rooftop solar PV systems on its municipal buildings and properties, the proposed projects needed to qualify for the maximum possible number of priority points.

The remaining priority point for which the currently proposed projects have not yet qualified is *Project Readiness*. In order for the projects to qualify for the *Project Readiness* priority point within the context of the OPA's current FIT 2.0 program rules and OEB rules, the City needs to enter into roof lease agreements with the project applicants.

Key points in the attached roof lease agreement include:

- Term length of 20 years and 11 months. The OPA's contract is for 20 years, however, there is an allowance for a gap in electrical production to accommodate roof repairs and/or replacement should they be required.
- The tenant is responsible for all costs associated with the removal and re-installation of the rooftop equipment to accommodate the work.
- At the end of the term the solar PV system is to be removed by the tenant. Alternatively, the roof lease can be extended/re-negotiated or the system's ownership can be transferred to the City of London.
- The final roof lease rates will be such that the successful projects maintain their required 8% return on investment with all project costs considered with the stipulation that the City will not incur any costs by hosting the solar PV systems.
- The targeted lease rate is \$80 per kilowatt of system capacity per year.
- The tenant will pay any additional insurance premium and/or additional taxes owed by the City which may arise due to the presence of the rooftop solar PV systems on City Buildings.

PREPARED BY:	SUBMITTED BY:
STEVEN MACDONALD, P.ENG. CORPORATE ENERGY MANAGEMENT ENGINEER	BILL CAMPBELL DIVISION MANAGER, FACILITIES CORPORATE ASSET MANAGEMENT
RECOMMENDED BY:	
MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

c. David Munteer, Assistant City Solicitor

APPENDIX A

Bill No.
2013

By-law No.

A By-law to approve the Roof Lease Agreement for the use of Municipal Building roofs as solar photovoltaic generating system hosts and to authorize the Mayor and the City Clerk to execute the agreement with *small FIT* program applicants.

WHEREAS subsection 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other act;

AND WHEREAS section 10 of the *Municipal Act, 2001* provides that the City may provide any service or thing that the City considers necessary or desirable for the public, and may pass by-laws respecting same, and respecting economic, social and environmental well-being of the City, and the health, safety and well-being of persons;

NOW THEREFORE the municipal Council of The Corporation of the City of London enacts as follows:

1. The Roof Lease Agreement attached as Schedule "A" to this by-law between *small FIT* program applicants and The Corporation of the City of London for the installation of solar PV systems on City of London's Municipal Buildings.
2. The Mayor and City Clerk are authorized to execute the agreement authorized and approved under section 1 of this by-law.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council

, 2013.

Joe Fontana
Mayor

Catherine Saunders
City Clerk

First reading –
Second reading –
Third reading –