

The Corporation of the City of Elliot Lake

Staff Report SR 2018-**

Report of the Chief Administrative Officer for the consideration of Council

RE: Opportunity for MOU with Samsung Renewable Energy Canada

OBJECTIVE

To provide Council information related to an opportunity to build a relationship with Samsung Renewable Energy Canada (Samsung) for energy cost savings and community economic development.

RECOMMENDATION

THAT Staff Report SR 2018-** dated March 26, 2018 of the Chief Administrative Officer be received;

AND THAT the establishment of a long term relationship with Samsung Renewable Energy Canada with a memorandum of understanding be approved in principle pending more research and a presentation by Samsung officials in the near future.

Respectfully Submitted

- Original signed by -

Daniel Gagnon

March 26, 2018

BACKGROUND

Since 2016, Pele Mountain Resources (Pele) has been exploring and researching green energy options for their corporate interests in the Elliot Lake area and based on the development agreement with the city signed in the spring of that year. Part of Pele's research led them to discussions with Samsung. In the summer of 2017 Samsung officials visited the Elliot Lake area and Samsung and Pele remain in discussions. Based on that relationship, the city was invited to consider how Samsung may be able to assist for green energy production and storage in the future in Elliot Lake.

The Mayor and CAO met with Samsung officials in Toronto in January 2018 and learned that Samsung has a track record of working with municipal governments around the globe. It did not take long to realize that there could be a mutually beneficial arrangement between the 3 parties that could lead to long lasting positive results for the city's corporate bottom-line and future community economic development.

ANALYSIS

To summarize, the city can take advantage of Samsung's considerable expertise in green energy capture and storage to realize cost savings on utility costs for various municipal facilities and operations. But the concept can be taken much further for future phases that could either generate revenue into a "smart grid" and/or rollout to future residential, commercial or industrial developments in years to come.

Given the size and scope of the planned \$41 M multiplex, Samsung's green energy expertise and technology could realize significant results if the building is designed with green energy production and storage in mind. Managed carefully and deliberately, Samsung's contribution could make the building industry leading and a showpiece regionally if not nationally. Further, Samsung's presence in the multiplex equation may actually improve the odds of securing senior level government funding.

Even if the multiplex project does not materialise in the coming months, the relationship with Samsung will remain worth pursuing. The province requires that the municipality maintains a plan to assess and curb greenhouse gas emissions and report annually. Green energy and storage fits nicely into larger funding streams and Samsung's technological expertise would be helpful for all municipal facilities including the existing aging rec recreational assets.

In order to facilitate and frame future cooperation, a Memorandum of Understanding (MOU) is desired. The draft MOU is attached for reference. A very similar MOU was signed with the City of Summerside PEI (population: 13,800) and that relationship is ongoing and already proven fruitful. Samsung has indicated it wishes to establish a similar relationship with a community in Northern Ontario and since they already have a relationship with Pele, Elliot Lake is a natural choice.

The draft MOU is not finalized and remains subject to comments from both parties and legal review as needed.

The Mayor and CAO called the City of Summerside to gather their impressions from the MOU exercise with Samsung. A summary of that call is below and some media articles are attached.

Mike Thususka

Economic Development Dept. – City of Summerside PEI

Summary of call (January 2018)

- City has a power corporation and was an early adopter of green technology
- Entered into MOU with Samsung Renewable Energy in 2016
- 3 phases: Initial phase a \$3.0 M solar project on an existing recreation facility. Future phases larger scale green energy and storage, joint venture with power corporation.
- Energy storage is the key, decrease demands at peak times and save on costs overall by capturing renewable energy for facilities and/or feed excess energy into the grid
- 50% funded via \$1.5M federal grant and 50% from the city. Costs savings represent \$100k / year.
- Samsung contributed in-kind only but donated:
 - Significant technical / engineering expertise that was essential to the project completion and far more sophisticated than could have been sourced locally or regionally
 - Purchasing / procurement power for key components that helped drive costs down
 - Worked with local contractors to transfer knowledge and expertise to local sub contractors on the project wherever possible
- Federal government encouraged cooperation with Samsung
- Although Council was apprehensive initially, Samsung delivered on all their promises and were incredibly responsive and professional
- Council reallocated cost savings from utility costs into recreation programming and community grants
- Large scale wind turbines had already fallen out of favour and not included in the scope of the Samsung / Summerside MOU.
- The city continues to work with Samsung and the energy corporation for future phases as part of their MOU

Samsung officials are prepared to come to Elliot Lake and present more information and context to the opportunity in the near future, ideally the meeting of April 9, 2018 or a special meeting as needed.

Attachments:

- Draft MOU
- PowerPoint presentation by Samsung
- Summerside PEI Council briefing material
- News clippings related to Samsung in PEI

FINANCIAL IMPACT

There is no immediate financial impact to acting on the MOU opportunity with Samsung. Some staff time will need to be dedicated to working with Samsung and Pele as the relationship develops.

The opportunity presents potential for significant utility cost savings for municipal facilities both planned and existing. Some incremental costs may be associated with using green technology in the multiplex design or other projects which would have to be weighed in more detail and a business case established.

LINKS TO STRATEGIC PLAN

The Samsung opportunity supports various themes from the municipal strategic plan as summarized below:

- Continued investment into infrastructure (including aging rec facilities)
- Developing strong partnerships
- Environmental stewardship and
- Strong financial foundation for the municipality.

SUMMARY

The opportunity to develop a long standing relationship with a partner such as Samsung is worth pursuing further with a MOU and future discussions.