
Private & Confidential**Economic Development Regina Inc.
Property Tax Exemption & SAF Deferral Recommendation**

Subject:

Property tax exemption and service agreement fee “SAF” deferral request to support a large-scale solar project.

Background:

Dream is currently working with a major international renewable energy company, hereafter referred to as the “the company” to facilitate a solar energy project in Regina. SaskPower is procuring 10 MW of solar power through an RFP process. Dream is providing 80-100 acres of land to facilitate the project.

In order to enhance the competitiveness of the proponents bid, Dream has requested a tax exemption and SAF deferral has been requested. Specifically, Dream is requesting a tax exemption be provided on the incremental increase of axes on the land for a five-year period. A letter illustrating the specifics of this has been provided to the City of Regina.

The confidentiality of the company is due to commercially confidential information associated with the bid. EDR is aware of the company, has reviewed their 35 major renewable energy projects across North America and has met with their senior leadership.

Renewable Energy: Climate Change & Production Considerations

Over the past century, average global temperatures have been on the rise. According to Environment and Climate Change Canada, Canada’s rate of warming is twice the global rate

Projections moving into the future show CO₂ concentration in our atmosphere increasing. To stabilize earth’s climate GHG emissions must equate to net zero and in order to do so, Canada is one of 195 countries to sign the Paris Agreement, committing to limiting the rise of global temperatures well below the 2-degree threshold.ⁱ

The observed effects of climate change in Canada are noticeable. We have longer growing seasons, more heat waves and fewer cold spells, permafrost melt, earlier river ice break-up, increased precipitation, earlier spring runoff, and earlier budding of trees. Canada is already feeling the effects of warmer, wetter, and stormier weather.

As it pertains to Regina, water quality, agriculture and prairie ecosystems will be most heavily affected. Climate change could lead to impacts on agricultural production (crop yields) and related financial loss, livestock production, and farming infrastructure. Climate change may also disrupt our energy supplies during extreme weather events, increased stress of transmission infrastructure, and increased demand on electrical generation. Furthermore, buildings, roads, bridges, pipelines, and electricity transmission may become more sensitive to extreme precipitation patterns and changes in temperature.

Renewable energy is energy derived from natural sources that are replenished at a faster or equal rate by which they are consumed. Due to its geographical positioning, Canada has substantial potential to derive energy from renewable sources, and currently, renewable sources provide 18.9% of Canada's primary energy supply

Solar energy comes from radiated heat and light from the sun. Generally, solar power has been used to passively heat and provide lighting to buildings, but it can also be harnessed to produce electricity.

Regina is third in Canadian cities that get the most sunlight, totaling 322 of sunshine each year. More specifically, Regina receives approximately 1400 kWh of solar energy annually, and when we compare this to the average power consumption needs of an average household, Regina is in a favorable position to supply renewable energy to consumers. The average Regina household requires 2000 watt-hours, and a 200 kW PV system can supply thisⁱⁱ

Renewable Energy Economic Impact

Regina's potential wind, solar, biomass energy industries covers the supply chain from raw materials to component manufacturers, and system integrators to developers, retailers and distributors. We are far behind in power production technology, but in terms of components, service, repair, maintenance, and research on climate change, we have immense opportunity to support and create jobs with renewable energy development.

Regina's economy stands to benefit from a focus on, and support for, renewable energy. Supporting renewable energy projects need not come at the expense of the fossil fuel industry, but it may help support, sustain and grow the industries which serve the oil and gas sector, including professional services, financial, electrical, manufacturing, instrumentation, technological, training and transportation

There are almost 10 million renewable energy jobs around the world. Slightly over 3 million are employed in solar power. Since 2012, the world has brought more renewable than fossil power online each year—and that trend continued in 2017. Overall, the amount of new renewable power capacity installed in 2017 came in just shy of the record set in 2016, with 150 GW installed. To put that in context, last year alone the world added more clean power capacity than we have in all of Canada today, from all sourcesⁱⁱⁱ

Companies that sell appliances, lightening, green energy materials, home building supplies, HVAC systems, or steel, stand to benefit from renewable energy projects. Companies that provide financial services and loans, provide architecture, engineering and electrical services or own a construction company stand to benefit. Companies providing blockchain and smart tech can benefit across the supply chain. Multiple research disciplines can be advanced within the GRA at the University and Polytechnic, including Waste to Energy, Water, Smart Grid Technologies, Transmission Infrastructure, and Bio-Energy.

Power-Production, large and small, private, public and cooperative, including indigenous owned, stand to benefit from a system that encourages developing projects that can self-sustain, and sell into the grid. There is also a trend in clean energy projects away from large, institutionally funded energy projects, to smaller and community-based project.

In summary, "the company" and the project has the potential to rapidly advance what is currently an emerging renewable energy sector in Regina.

Alignment with City & EDR Direction

On October 29th Regina City Council voted unanimously in favor of being "100 per cent renewable" by 2050; and further directed City administration has been asked to return to council in 2019 with a proposed framework for becoming 100 per cent renewable. An amendment to the motion, suggested by Councilor Hawkins, was passed, and with it, administration is tasked to come up with four possibilities for improving the environmental sustainability of Regina for implementation in 2023.

The provincial government has promised to have 50 per cent of the province's electricity come from renewable resources by 2030. SaskPower recently said it is on track to meet that goal.

It is expected that a 10 MW solar development project in Regina will support both goals.

Economic Development Regina advances projects and initiatives, which support the metal fabrication, manufacturing, advanced technology and professional service sector. This project aligns with the interests of those industries.

Recommendation

EDR is recommending that a tax exemption consistent with option 2 in the report from City Administration be applied to the land in question as well as a deferral on the service agreement fees that are normally collected at the time of subdivision until such time that the land is developed, specifically, urban development.

ⁱ Government of Canada, 2016 <https://www.canada.ca/en/environment-climate-change/services/climate-change/paris-agreement.html>

ⁱⁱ National Energy Board: The Economics of Solar Power in Canada, 2018, <https://www.neb-one.gc.ca/nrg/sttstc/lctrct/rprt/cnmcsfslrpwr/index-eng.html>

ⁱⁱⁱ National Energy Board, National Energy Analysis, 2018