HAMILTON RENEWABLE POWER INC.

Presentation Committee of the Whole March 27, 2007

PRESENTATION AGENDA

- Introduction – HRPI Chair – Councillor Dave Mitchell
- Background on Hamilton Renewable Power Inc.
- Glenbrook Landfill Project Update
- Report FCS07XXX Recommendations
HRPI

Background

- Corporation created in December 2004 to respond to the Ministry of Energy RFP for Renewable Energy
- Initial Project was a 1.6 MW generator at the Woodward WWTP at a cost of $4.4 M
- Renewable Energy Supply (RES) signed with the Ontario Electricity Financial Corp. (OEFC) Dec 2004 to supply Green Energy for a 20 year term
- Officers and Board Members assigned in Dec 2004
- New Board Members assigned in Dec 2006

HRPI

Background Con’t.

- Officers of the Corporation:
  - Joe Rinaldo – President
  - Jim Harnum – Vice-President
  - Kevin Christenson – Recording Secretary
- Board Members:
  - Dave Mitchell – Previous Chairman of the Board
  - Mayor Eisenberger – Voting Board Member
  - Brad Clark – Voting Board Member
  - Scott Duvall – Voting Board Member
  - Lloyd Ferguson – Voting Board Member
  - Scott Stewart – Non-Voting Board Member
Glanbrook Landfill
Gas Project

- April 2006 Budget approved for the collection and flaring of landfill gas with possible energy production
- KPMG hired to determine potential payback of energy project based on estimated Capital / Operating costs
- Project break even @ 6 cents and profitable at 8 cents (avg. price to date) and very attractive at 11.5 cents
- Two companies known for large scale landfill gas to energy projects invited to bid on Design/Build/Operate/Maintain RFP for potential partnership
- Companies were GE Jenbacher and Toromont CAT

Glanbrook Landfill
Gas Project
Progress

- The Standard Offer Terms have been finalized
- The final version of the Design/Build contract has been reviewed and is nearly ready for execution
- The preliminary design of the landfill gas collection system is complete
- The contractor is ready to begin construction of the gas collection system
- The internal combustion engines have been ordered and secured by the contractor
- Negotiations have begun on the O&M Contract for a minimum of 5 years and a maximum of 20 years
Glanbrook Business Case

Forecasted average annual:
- Electricity sales $2.9M
- Operating costs $0.530M
- Earning before taxes $1.5M
- Net Income $0.960M

- Capital depreciation would be accelerated
- Losses carried forward
- Loan repayment $3.8M principal and $1.55M interest

HAMILTON RENEWABLE POWER INC.

HRPI CAPITAL STRUCTURE & LOAN REQUEST
Existing Capital Structure

- 50% Debt and 50 Equity – similar to Local Electricity Distribution Corporations

**Current Funding**

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital loan</td>
<td>$2.2 million</td>
</tr>
<tr>
<td>Short-term operating loan</td>
<td>$2.5 million</td>
</tr>
<tr>
<td><strong>Total Loans</strong></td>
<td><strong>$4.7 million</strong></td>
</tr>
<tr>
<td>Shareholder's Equity</td>
<td>$2.2 million</td>
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<tr>
<td><strong>Total City Funding</strong></td>
<td><strong>$6.9 million</strong></td>
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</tbody>
</table>

Glanbrook Landfill Energy Project

<table>
<thead>
<tr>
<th>Project Description</th>
<th>2006 Approved</th>
<th>2007 Budgeted</th>
<th>2008 Budgeted</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glanbrook landfill gas collection system</td>
<td>$0.38M</td>
<td>$3.2M</td>
<td>$0.5M</td>
<td>$4.03M</td>
</tr>
<tr>
<td>Glanbrook landfill gas to energy</td>
<td>$0.80M</td>
<td>$5.6M</td>
<td>$0.5M</td>
<td>$7.1M</td>
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<tr>
<td>Glanbrook electrical generation (3 stage power)</td>
<td>$0</td>
<td>$0.5M</td>
<td>$0</td>
<td>$0.5M</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1.18M</strong></td>
<td><strong>$9.3M</strong></td>
<td><strong>$1.0M</strong></td>
<td><strong>$11.68M</strong></td>
</tr>
</tbody>
</table>
HRPI Capital Structure

[Diagram showing capital structure with HRPI, Woodward, and Glanbrook]

Proposed Funding

- Amended capital loan: $6.0 million
- Short-term operating loan: $2.5 million
- Total Loans: $8.5 million
- Shareholder's Equity: $6.0 million
- Total City Funding: $14.5 million
  - Increase in funding: $7.6 million