

## West Lincoln Glanbrook Wind Action Group—IWT Revenue Stream

### Examining the Revenue Stream for the Industrial Wind Developers!

<u>Developers Estimated Revenue:</u>		<u>(000)</u>	
		<u>Annual</u>	<u>20 Years</u>
Gross Revenue: <sup>1.</sup>		\$85,450	\$1,709,100
<b>Less: Taxes</b> <sup>2.</sup>	\$425	\$8,500	
<b>Lease Payments</b> <sup>3.</sup>	\$410	\$8,200	
<b>Operations/Maintenance</b> <sup>4.</sup>	\$430	\$8,600	\$ 25,300
<b><u>Operating Profit</u></b>		<b><u>\$84,185</u></b>	<b><u>\$1,683,800</u></b>

1. Estimated Revenue based on 249 MW of industrial wind turbines at 29% of rated capacity will produce approximately 632,000 MWh of electricity annually and paid \$135.00 per MWh (original FIT)
2. Estimated Taxes to be paid to Municipality at the 2012 Industrial mill rate on “assessed value of \$9,960,000 (239 MW @ \$40K per MW X mill rate)
3. Estimated at \$5,000. per turbine per year based on 82 turbines.
4. Estimated at 5% of Gross Revenue.

**NB:** All numbers are rounded.

Estimated capital costs of 249 MW calculated at \$2 million per MW produces Total Capital Costs of \$500 million.

Based on the estimated capital costs the developers will recover all capital costs in 6 years (rounded)!

It should be recognized that industrial wind turbines are granted “accelerated” depreciation meaning corporate taxes are deferred and the “IWT” stand alone development therefore is easy to sell/flip to other buyers with taxable income who will secure the accelerated depreciation along with a known and **GUARANTEED** cash flow. This makes them attractive to companies like Enbridge, TransCanada, etc.

### Township Revenue Estimate:

If property values drop 30% (per presentation to Council titled: “Property Value Inputs on West Lincoln from NRWC and NPC IWT's dated August 24, 2012) the impact of depreciated values will be \$213 million. That devaluation (if assessed by MPAC) will negatively affect tax revenues by approximately \$2.7 million per annum for the Township. The \$425 paid by the wind development company will only partly offset this loss. The Township may be forced to either reduce services or raise taxes to offset the loss. Over 20 years the Township could lose in excess of \$45 million.

Prepared by Parker Gallant,  
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