



Ground Mount Solar PV Lease Frequently Asked Questions

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DISCLAIMER: This publication is intended to provide a general overview of matters relating to proposed leasing of your property for the purposes of developing a solar generating facility (the "**Project**") that will be connected to the Ontario electricity grid and that will sell power under the Independent Electricity System Operator's Feed-in Tariff program (the "**Program**"). It is not intended to be a comprehensive review of the leasing arrangement, the Project, the development process or the Program, or of your rights and obligations in connection with any of the foregoing. This publication is not intended to provide you with advice of any kind, including without limitation technical, financial, tax or legal advice, and we expressly disclaim any reliance by you on this publication. It is recommended that you seek independent legal advice before entering into any agreement. Errors and omissions excepted.

1. Who is Soventix Canada Inc. ?
 - a. Soventix Canada Inc. is a renewable energy development firm in Ontario with a specialization in solar photovoltaic power. With over 50 MW of solar projects in development and over 12 MW currently under construction, Soventix has been a key player in the Ontario PV market since 2010.

2. Ownership/Use of the lands
 - a. Soventix will develop, engineer and construct the solar project. Soventix' long-term financing partners will own the system for the 20-years.
 - b. Soventix works with long-term investors and community investment partners to own and operate the system for 20 years.
 - c. At no point will Soventix take any ownership of the lands but will always own the equipment mounted upon it.
 - d. Soventix will enter into an Option to Lease agreement (up to 4-years). During this time you are free to use your lands for whatever purposes you choose including year-to-year leasing for agricultural purposes. Soventix may require periodic access to perform studies, surveys, etc. Primarily, Soventix requires the Option to Lease to prepare the application to the Independent Electricity System Operator (IESO).
 - e. If the application is successful and all permits are approved, Soventix will enter into a 20-year contract for the operation. Once the project is operational it is considered a generating facility and is treated as such. Landowners are granted access as needed but Soventix maintains exclusive use of the Leased Lands and the solar resources falling thereupon.

3. Doesn't Ontario have enough electricity?
 - a. Ontario is currently oversupplied with base-load (overnight) power but is in need of peak-power during the daytime, especially on hot summer days. Solar photovoltaic power is strongest around noontime, matching with demand across the province.

4. Tax Implications
 - a. **Private, individual Property:** Personal Income tax – The lease payments you collect must be declared to CRA as income tax. This additional income may affect your personal income tax scenario.
 - i. Harmonized Sales Tax - Soventix will also be responsible for paying HST payment within the lease amount.
 - b. **Properties registered to Businesses:** If rent is paid to a business entity the income must be declared to the CRA as such.
 - i. Harmonized Sales Tax - Soventix will also be responsible for providing HST payment within the lease amount.

- c. **Property Tax:** Any increases in property tax related to the presence of the project are paid for by Soventix.
- 5. Hazardous/ Toxic Materials
 - a. There are no listed hazardous materials used in the construction or operation of a solar project. Major materials are galvanized steel, aluminum, glass, copper, silicon cells, Kevlar, possibly concrete, and silver. The project requires a transformer in order to connect to the electrical grid and transformers typically contain a limited amount of mineral oil for cooling and are protected with the required preventative measures.
- 6. Site Access & Construction
 - a. During Construction – Soventix will require road access to the Leased Lands as the majority of materials will arrive by tractor-trailer. The largest piece of heavy equipment utilized is typically a grader/excavator/bulldozer or in certain geographies, a pile driver/drill. Construction typically takes 6-8 weeks to fully complete, with the second half consisting primarily of electrical connections and testing.
 - b. Soventix will give greater than 24 hours notice before entering the leased lands, unless in the case of an emergency.
- 7. Ongoing Ownership & Maintenance requirements
 - a. Periodic Maintenance. Twice annually local contractors perform routine maintenance. Panels are washed once annually at a minimum, possibly more in dusty areas (nearby quarries, crop harvesting, manufacturing or during pollen season). Once annually all cables and connections are tested to ensure optimal conductivity, worn or defective cables are replaced.
 - b. As the landlord you are free of any ongoing obligations to the operation of the project. All required services would be contracted out to service providers. The system is remotely monitored 24/7 with various sensors and cameras to provide security and system performance information. From time-to-time Soventix may require on-site inspections, technicians would be dispatched and you will be informed of any issues and plans for remedy.
- 8. Rent
 - a. The lease amount is paid once annually to the landowner by cheque or direct deposit or as mutually agreed to.
 - b. Rent is a fixed rent independent of the system performance.
- 9. Construction methods

- a. Mechanical - Approximately 2,400 modules (each 250W) are required for a 600kW system. They are installed on racks from heights of 3ft to 8ft above ground level.
- b. Construction requires; selective tree removal and limited grading, pile driving (approximately 100-200 total) or boring, cable trenching, module installation, electrical connection, and grass seeding.
- c. Fencing - The facility is surrounded with a security fence and kept locked at all times.
- d. Visual Screening - Lastly, solar installations in Ontario are now required to have a 'visual screen' of a regulated thickness, height and spacing of local, native species of plants, bushes and trees. These screens provide a visual cover from any nearby homes, streets or businesses.

10. Decommissioning

- a. When the Lease contract has expired, there is a full decommissioning and remediation of the Leased Lands back to their original condition. This includes re-grading the land, and replanting natural features as required. The budget sets aside a portion of the income every year to pay for this, in addition the scrap value of the material covers a large portion of the cost.

11. Change in Provincial Government?

- a. The Independent Electricity System Operator, an arm's-length provincial body, issues feed-in Tariff contracts. As such, once issued, the Ontario Government guarantees FIT contracts for the full 20-year term. The only political risk exists before and/or during application phase wherein the Energy Minister would have an opportunity to cancel the application process and prevent any further contracts. Once we have Notice To Proceed the IESO can no longer cancel the Contract.