

March 23, 2012

Letter to the editor,

I am writing to clarify the contents of an article from the Turtle Island News on March 21, 2012 captioned "SN Band Council Samsung deal could cost community millions".

In an effort to provide clarity I am addressing each key comment with factual information and I encourage all community members to research these issues for themselves.

Point 1: "Six Nations Band Council's Samsung deal could end up costing the community millions of dollars in revenue. According to Ontario Energy guidelines that stipulate green energy sales start at 1.5 cents per kW hour, Six Nations should be receiving at least \$90 million over 20 years, without making any investment, compared to the band council's negotiated maximum of \$55.2 million in royalty payments."

Within the Ontario Feed-In-Tariff Program, a First Nation is eligible to receive revenues from the "Aboriginal Adder". This Adder is paid based on the Community's equity (ownership) in renewable energy projects provided that ownership is not less than 10%. Depending upon the amount of ownership held the Aboriginal Adder is adjusted as follows:

- *At 50% or greater equity investment, the First Nation is entitled to receive the full value of the Aboriginal Adder of 1.5 cents per kWh;*
- *At the minimum 10% equity investment, the value of the Aboriginal Adder to First Nations is 0.3 cents per kWh (20% of 1.5 cents);*
- *At less than a 10% investment, First Nations are not eligible to receive any Aboriginal Adder revenues.*

Equity = Ownership = Investing money. For Six Nations to have 50% ownership and therefore receive the full 1.5 cents per kWh the estimated investment cost that would be required from the community would be \$142,500,000. Clearly, this large of an investment is not manageable for Six Nations at this time. However, 10% is much more manageable.

If the project is not supported Six Nations will lose a potential revenue source of at least \$34 million.

Point 2: "In addition the band council is tying up 519 acres of lands, promised to be returned to Six Nations during the Confederacy led land negotiations for 20 years for just \$9.2 million or \$460,000 a year."

The development lands are Class III Agriculture land; there is no clear cutting of trees required and currently the lands do not have servicing for any type of development. The use of these lands for this project will yield rent payable to Six Nations for the next 20 years. The amount of \$9.2 million is certainly more than we receive now and is not insignificant as it will provide a very reliable revenue source for Six Nations. If the land is not used for this purpose there is no financial benefit for Six Nations.

In addition to the money, in principle, the assignment of 100% of lease revenue is a tremendous acknowledgement from Ontario that Six Nations is in fact the rightful owner of the lands.

Lastly, since this potential agreement does not extinguish our land rights one would hope that the land claim itself might be resolved within the next 20 years; should that happen the land could potentially be returned to us.

Point 3: "The band council project does not tell the community what rate Samsung is paying Ontario for energy or in lease payments for Six Nations lands."

The rates for power to be produced by the project and purchased by Ontario are published in the Feed-In-Tariff Program pricing schedule that is available on-line.

As outlined in the community presentation, Ontario is paying 13.5 cents per kW hour for Wind energy and 44.3 cents per kW hour for Solar energy.

As for the lease payments, Ontario will be remitting 100% of the financial benefit in the leases to Six Nations. The lease rates are calculated using a base rent of between \$350 and \$450 per acre per year. In addition to the base rent, land holding wind turbines also receive a percentage of revenue produced by the turbine.

Point 4: "The Samsung/Ontario/Band Council deal does not include consultation with the Confederacy Council or its followers."

The structure of the Community engagement process was designed to encourage all members of the Six Nations community to come together and review a proposal that has significant benefit for future generations.

A website (www.sixnationsfuture.com) also has been created for those who could not make one of the engagement sessions. This site also allows for community members to privately provide their feedback and comments.

All written and oral comments of all members of the Community are welcome. The process is best described as 'consultation by inclusion'.

Point 5: "Haudenosaunee Development Institute (HDI) spokesman Aaron Detlor said the deal itself is costing Six Nations. "Why would Six Nations in any situation pay someone money to invest in a project that is infringing on its lands and its treaties. It's ludicrous." Detlor said the HDI will be proposing to Confederacy chiefs a plan based on Ontario grid guidelines, as a base."

The proposed Grand Renewable Energy Park does not require an investment by Six Nations. There is a royalty option that has been made available that provides for an estimated financial benefit of \$34 million over 20 years in addition to scholarships and jobs opportunities.

The option to invest is Six Nations choice. If the community would like to capitalize on owning an interest in these assets an investment will be required. Further, if we want to gain access to the Aboriginal Adder as outlined above then an equity or ownership position is required.

This opportunity is not theoretical it is real; if the community chooses to support the project the community can begin receiving benefits as soon as the development is complete.

Point 6: "Ontario's own guidelines tell us that at 1.5 cents per kw hour Six Nations should be receiving, annually \$7.5 million a year (\$90 million over 20 years) in just energy royalty payments."

As discussed in Point 1 above, the only way Six Nations could receive 1.5 cents kW hour is if the community were a 50% or greater owner of the project. In order to achieve this, an investment of \$142.5 million would

be needed. This approach would appear to be conflict with foundation of the argument outlined in Point 5 above.

Point 7: "lease payments would have to reflect the Six Nations loss of use of the lands. "Right now, we don't know what revenues Ontario is receiving for use of Six Nations lands. Lands that Ontario had agreed at the land rights table to turn back to Six Nations.""

The opportunity does not include any commitments that might adversely affect land that Ontario had agreed to turn back to Six Nations. The proposed project relates only to the surface use of the land while the underlying title is left to resolve by way of future land claim talks.

In the meantime, the assignment of lease revenues to the Community is ground-breaking. Six Nations has negotiated what is the first major advancement toward ownership of these lands, and the Province has indirectly assisted us in this progress.

Point 8: "He said the band council proposal does not include a base or plan that would allow for negotiations with other companies."

Six Nations Elected Council has made no commitments to anyone (including Samsung) that would preclude Six Nations from negotiating with other companies for any type of business initiative.

A fundamental question is to determine if the community is interested in the ownership of renewable energy assets, once we know this answer that will provide strong guidance on how future negotiations might be handled.

In the meantime, while we consider whether to support or invest in the project, other proponents are watching closely to see if Six Nations is a potentially a good business partner or whether the community is simply too divided and therefore too difficult to do business with.

It is important to note that the purpose of the community engagement sessions is to provide community members with an opportunity to clarify these types of questions. In addition to myself there is a project team composed of Lonny Bomberry, Phil Monture, Amy Lickers, Paul General, Joanne Thomas and Caron Smith.

The next community engagement and technical sessions are planned for March 28th, April 2nd and April 3rd.

Thank you for the opportunity to clarify these important matters for your readers.

Sincerely,



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Director of Economic Development
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