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A. General Information Questions

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Question 2: Why was the project halted 10 years ago?

Question 3: When did the talks with ENERGY and Hydro One begin? Who was involved?

Question 4: After all these years, what changed in the negotiations to make this happen?

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B. ENERGIZE: Construction Related Questions

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D. OPTIMIZE: Set-Aside Related Questions

Question 15: What if no renewable energy generation is needed, how will the 300 MW set-aside be of benefit to Six Nations then? What is the dollar value of 300 MW?

A. General Information Questions

Question 1: What work remains on the Niagara Transmission Line? Where does it run and does it cross more Six Nations territory or lands Six Nations has an interest in?

Answer 1: The final 7.5 km of transmission line work will connect the Middleport Transmission Station and will require rerouting around the Caledonia Transmission Station.



Question 2: Why was the project halted 10 years ago?

Answer 1: Work was halted in May 2006 when Hydro One's equipment was damaged amid land dispute issues. Hydro One took the position that they would not interfere with the local issues and would complete the work in the area until local issues settled. Hydro One completed all available work on the project outside of the lands involved in the dispute.

Question 3: When did the talks with ENERGY and Hydro One begin? Who was involved?

Answer 3: SNGRDC began to engage in conversations with Ontario in 2013 to explore a resolution that involved another project- the Niagara Region Wind Farm (NRWF), however nothing substantive was achieved at that time. The discussion was restarted in August 2016, when SNGRDC proposed a three-phase bundled solution to potentially energize the line in exchange for long term benefit for the Six Nations Community.

SNGRDC's joint venture- A6N Utilities, after building up its internal capacity and reputation, submitted an unsolicited bid to complete the transmission line to Hydro One as Phase One of the bundled solution. At the same time, SNGRDC also proposed the acquisition of an equity interest in the line (Phase Two) and a long-term commitment from the province to Optimize Six Nations participation in future renewable energy projects (Phase Three).

Question 4: After all these years, what changed in the negotiations to make this happen?

Answer 4: Elected Chief Ava Hill and Matt Jamieson, President/CEO of SNGRDC have made significant in-rounds with the new leadership team at Hydro One. When presented with the bundled solution, Hydro One quickly saw an opportunity to collaborate and energize a long-stranded transmission project. As a result, SNGRDC, ENERGY and Hydro One have tentatively agreed to pursue the solution pending the receipt of general support from the Six Nations Community. A 60-day engagement period began on Monday, October 16 and will continue until Friday, December 15, 2017.

The objective of the engagement is gather community feedback, assess support for the project, and identify any community concerns that SNGRDC may be able to address through definitive agreements.

Question 5: What is included in the community engagement process?

Answer 5: *SN Future and SNGRDC encourages the Six Nations community to participate in the conversation about the NRL project through the following avenues:*

1. **Attend** 1 of 10 scheduled engagement sessions to ask verbal questions (either one-on-one at information sessions or publicly at formal sessions)
2. **Book** a Lunch & Learn by contacting tcurley@sndevcorp.ca
3. **Submit** written questions & comments at www.snfuture.com or at any of the engagement session or Lunch & Learn
4. **Watch** the NRL video on the Six Nations of the Grand River Development Corporation's Facebook Page (@SNGRDC)

Once engagement is complete, all feedback will be gathered and summarized in a final report which SNGRDC will present to our Board of Directors and Advisory Committee. The Advisory Committee will make a recommendation to Six Nations Elected Council (SNEC) to either support the project or not. It will be up to SNEC (SNGRDC's Shareholder) to ratify the decision on behalf of the community.

Question 6: What impact can the community have on the decision to pursue the project and how will the decision be made?

Answer 6: *Throughout the engagement process, SNGRDC staff collect community feedback from multiple avenues (in person, comment cards, online submissions, etc.). All findings are compiled into a final report with a recommendation on how to proceed. This report is provided to the SNGRDC Board of Directors who then independently reviews the findings, assess the merits of the investment, and make a formal recommendation to the Advisory Committee. The Advisory Committee then independently reviews the findings, assess the merits of the recommendation, and then makes a final decision on how to proceed which is then ratified by the Six Nations Elected Council (as the sole shareholder of SNGRDC).*

Question 7: What do the details of the proposed solution mean for Six Nations? How does this project benefit the community?

Answer 7: *Six Nations of the Grand River Development Corporation's (SNGRDC) mandate is to pursue economic self sufficiency for the people of Six Nations Community. SNGRDC generates revenue through 1) Nation Enterprise (On-reserve Assets) 2) Economic Interests (Off-reserve investments) 3) Joint Partnerships (A6N Utilities).*

If the project receives general community acceptance, SNGRDC joint partnership-A6N will complete the construction (Phase One), SNGRDC will manage the investment in the project (Phase Two) and the future renewable energy projects made available through the 300 MW set-aside (Phase Three). All three phases will generate revenue for the Six Nations Community, which will be consolidated into SNGRDC's annual finances. Surplus profits generated by SNGRDC ultimately benefit the community collectively through capital re-investment by SNGRDC into community owned assets (i.e. the redevelopment of the Old Bingo hall into the Gathering Place by the Grand Event Centre) or through annual distribution from SNGRDC to the Six Nations of the Grand River Economic Development Trust (EDT).

Since SNGRDC's establishment in May 2015, just over \$7 million has been distributed to the EDT for community investment by trustees in the 2016, 2017 and 2018 calendar year. The EDT is an annual, application based, Trust available to organizations whose projects or initiatives benefit the Six Nations Community collectively.

B. ENERGIZE: Construction Related Questions

Question 8: Will there be local job opportunities created through the ENERGIZE phase of the solution? If so, how do I apply?

Answer 8: If the project receives general community acceptance, A6N and their sub-contractor Thirau, will be installing 7.5 km of transmission line and erecting approx. 21 additional towers. The build will take approx. 5 months. Construction Component (3-4 Weeks), Electrical Component (3-4 Months) with a start date of Spring 2018 and commercial operation date of Fall 2018.

Employment Opportunities

1. A6N will hire 5-10 new workers and redeploy their 40 current First Nations workers to complete construction. A6N will be seeking qualified Labourer's and Equipment Operators. Interested applicants can apply at GREAT office.
2. Thirau will hire 20-25 workers to complete the electrical component of the construction. Thirau will be looking for: Linepersons, Ground persons, or Operating Engineers. As Thirau is a union employer, interested applicants should contact IBEW (Local 353) or Operating Engineers (Local 793).

A6N is a joint partnership between SNGRDC (51%) and Aecon Group Inc. (49%). Profits generated by A6N are consolidated with all SNGRDC entities. SNGRDC annually distributes surplus profits to the Economic Development Trust for community investment for the collective benefit of the people of Six Nations.

It is also important to note, all First Nations employees of A6N (40 of 44) are working tax-free regardless of whether the work is performed on-reserve or off. This tax protection is a result of SNGRDC's corporate structure.

C. ACQUIRE: Financial Related Questions

Question 9: How will the project be financed?

Answer 9: Hydro One will provide equity bridge financing until an Aboriginal Loan Guarantee or alternative long-term financing is secured for the purchase of the 25% equity in the project. ENERGY has agreed to assist SNGRDC to secure an Aboriginal Loan Guarantee (ALG) from the Ontario Financing Authority (OFA).

Question 10: What is equity bridge financing?

Answer 10: Equity bridge financing is an interim financing solution that enables investors to reach financial close of a project, after which the investors (i.e.. SNGRDC) will contribute its own equity secured through its financings. Equity bridge financing is often used to allow a project to meet its obligations and regulatory approvals in advance of commercial operation.

Question 11: What is an Aboriginal Loan Guarantee (ALGP)?

Answer 11: The Aboriginal Loan Guarantee Program (ALGP) is a tool to allow aboriginal communities to partner in project development within their traditional territories. A guarantee is a form of security document that accompanies a financial transaction- where a third party agrees to make loan payment if a borrower cannot. A government guarantee is an attractive incentive to a lender because of the government's stability. This decreases the repayment risk and allows a lender to loan money to a borrower at a significantly lower interest rate, which increases returns to the borrower.

Question 12: What happens if we can not secure a loan through the Aboriginal Loan Guarantee Program?

Answer 12: ENERGY has agreed to assist SNGRDC in accessing the ALGP. *If for some unforeseen reason an Aboriginal Loan Guarantee is not secured, the project will be financed utilizing normal equity modelling. Hydro One will provide financial credibility and bankability to secure financing from traditional lending institutions.*

Question 13: How much is Six Nations investment in the project? What are the terms of the loan, payback period and expected profits?

Answer 13: *The final investment total will be based on a 60:40 debt to equity ratio at the senior level. Our share in the limited partnership will be 25% of the equity total. The terms of the loan are not finalized as the project has not yet received general community acceptance. However initial assessments estimate that 25% equity interest in the NRL, will cost Six Nations approximately \$10-12 million. The financing will be structured using a model that will let SNGRDC produce a positive cash flow. Should the project advance, we will make available the final terms of the loan.*

The payback period of the loan will depend on the Ontario Energy Board regulatory limitations on debt repayment.

SNGRDC is currently in the process of obtaining a third party assessment of the project's value, along with the debt repayment structure and distribution structure. Once available this assessment will be shared with the Six Nations Community via www.snfuture.com.

Question 14: Who is paying for community engagement on this project? How much is this costing our community?

Answer 14: *The Ministry of Energy and Hydro One Inc. has agreed to fully fund the 60-day community engagement process with Six Nations.*

D. OPTIMIZE: Set-Aside Related Questions

Question 15: What if no renewable energy generation is needed, how will the 300 MW set-aside be of benefit to Six Nations then? What is the dollar value of 300 MW?

Answer 15: *In the event a new renewable energy procurement process is not initiated in the 15 year timeframe or if Six Nations is not able to enjoy the benefits of this transaction, SNGRDC has negotiated a \$15 million termination fee. This is a measure designed to ensure Ontario carries out its promise of the set aside. The value of the termination fee is designed to cover our investment cost at 25% of the NRL.*

It is difficult to determine the dollar value of 300 MW as this will depend on the type of renewable energy being constructed, the type of financing we secure for its construction and the power purchase agreement at the time of the procurement (i.e. the price of power at the time of the agreement).

In general terms, 300 MW is worth several hundreds of millions of dollars of new investment- meaning more jobs, economic impact and financial distributions, over the life of the project(s). It is undoubtedly in Six Nations' best interest to receive the 300 MW set-aside to develop versus the termination fee.



To submit additional questions, email tcurley@sndevcorp.ca.