

October 26, 2019

Re: Chappice Lake Solar Community Notification Letter

Dear Stakeholder,

My name is Dan Eaton, I am the Director of Project Development at Elemental Energy Inc. (Elemental Energy). Elemental Energy is a Canadian owned renewable energy development company with an operating portfolio of wind, solar and hydro projects located across Canada. We own and operate the 15MW Brooks Solar facility – Alberta’s first utility scale solar project – and are currently constructing the 22MW Innisfail Solar facility. Elemental Energy is developing a new solar project, Chappice Lake Solar Project (the Project), which is proposed to be located at NE 35-14-04-W4M in Cypress County.

I have prepared this letter and the enclosed Project Information Newsletter to (1) notify and provide you with information about the Project, and (2) invite you to be involved in the Project’s public consultation process. The following pertinent information is included in the Project Information Newsletter:

- A map of the Project site and surrounding areas;
- The Project’s expected development and construction timeline;
- Information on community benefits and potential impacts;
- An invitation to attend our public open house on Tuesday, November 12th at the Medicine Hat Lodge from 4:00 pm to 7:30 pm.

The Alberta Utilities Commission Brochure: Public Involvement in a Proposed Utility Development is also enclosed to provide you with background on the public consultation process. More information on the Project can also be found on our website: <http://elementalenergy.ca/chappice-lake-solar/>

We are excited to discuss the proposed Chappice Lake Solar project, and we welcome your feedback at any time. If you would like to meet or talk prior to the open house event, please let us know. We will be happy to arrange a meeting to answer any questions.

If you have any questions please feel free to contact me.

Sincerely,



Daniel Eaton, P. Eng.
Director of Project Development, Elemental Energy Inc.
Email: deaton@elementalenergy.ca | Tel: 604-648-6609
Address: Suite 2150 – 745 Thurlow Street, Vancouver, BC, Canada V6E 0C5

Chappice Lake Solar

Photo: Elemental Energy's Brooks Solar Project

You are receiving this package because you live on, or own land near, the proposed Chappice Lake Solar Project and we want your input!

About the Project

The proposed Chappice Lake Solar Project (the "Project") is an approximately 15 megawatt (MW) solar farm to be located on approximately 160 acres of private land in Cypress County.

The Project is located on the NE 35-14-04 W4M, which is between Highway 43 and Range Road 43, south of Township Road 150. A map of the Project location is attached for reference.

The Project is estimated to generate enough **clean renewable electricity to power approximately 3,000 homes** and the total capital cost is estimated to be \$25M.

The Project is expected to start construction in either 2020 or 2021 (date TBD). Once constructed the Project is expected operate for 35 years; after which time the Project will be retrofitted with new equipment or decommissioned.

About Elemental Energy

Elemental is a private, family-owned and operated, Canadian company headquartered in Vancouver, BC. Founded in 2007, Elemental is a renewable energy developer, investor, and operator focused on distributed and utility scale projects in Canada and the United States.

Elemental Energy is the owner of the operating 15MW Brooks Solar facility, Western Canada's first utility scale solar project, and is currently constructing Innisfail Solar (22MW).

Public Open House

We are pleased to invite you to meet our team, learn more about the Project and provide your feedback at our Public Open House, details below:

When: **TUESDAY, November 12TH**
4:00 pm to 7:30 pm

Where: **Medicine Hat Lodge**
1051 Ross Glen Dr SE, Medicine Hat, AB T1B 3T8

If you are unable to attend our Public Open House and you would like learn more about the Project, please email info@elementalenergy.ca or call us toll-free at **1-855-477-7419**.

What's Included

About the Project
Estimated Project Timeline
Community Benefits
Key Project Details
Location and Map
Project Layout
AUC Approval Process
Next Steps
Contacts
AUC Brochure

Community Benefits

Employment: Projected to create **50+ jobs during construction**. Over 60% of the construction labour from our Brooks Solar project was locally sourced.

Tax Revenue: The Project's substantial tax revenue will support municipal services and infrastructure for decades to come.

Economic Boost: Construction and operations rely on local supply chain and services. Leading by example, construction of Brooks Solar contributed over **\$4.5M of direct local economic activity within the County of Newell and \$7.0M within Alberta**.

Local Charity Support: Elemental Energy is committed to supporting various local community organizations and initiatives.

Energy Diversification: Alberta is rich in both renewable and non-renewable natural resources. Diversification of Alberta's energy resources helps to ensure consistent and sustainable energy supply for consumers.

Key Project Details

Racking: Solar panels are typically supported by either fixed-tilt or single-axis tracking racking systems. Brooks Solar uses a fixed-tilt racking system; the racking selection for Chappice Lake Solar is currently designed as a single-axis tracking system.

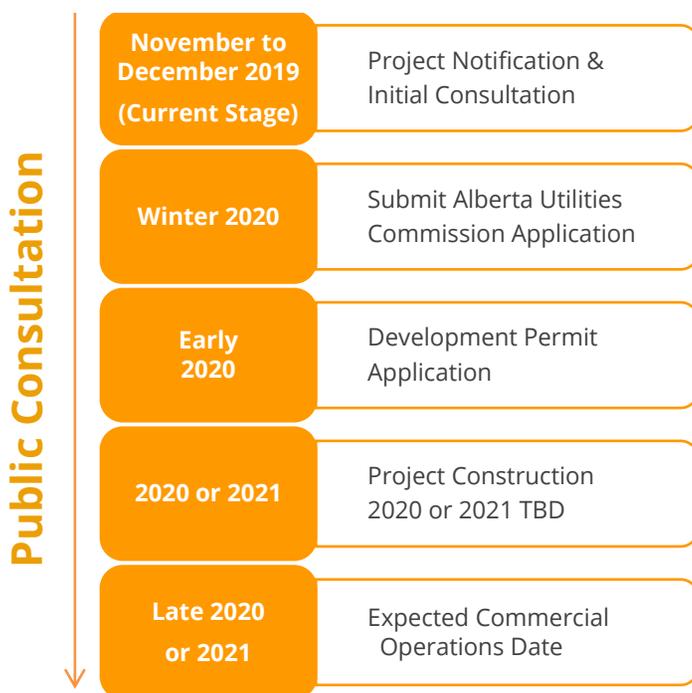
Solar Panels: Solar panels generate electricity when exposed to the sun's irradiation. While the final design for Chappice Lake Solar is not yet complete, Elemental will source panels from a Tier 1 manufacturer.

Inverter: The inverters convert the electricity produced by the solar panels from direct current (DC) to alternating current (AC). Alternating current allows the electricity to be transported to and used in your home or business.

Access Roads: Gravel roads are constructed within the project boundary to facilitate construction and operations/maintenance of the project.

Interconnection: The Project will connect directly to FortisAlberta's electrical grid, providing electricity to neighbouring industrial facilities and residences.

Estimated Project Timeline



Community Involvement

Elemental strives to build lasting partnerships with the communities in which we work. One way we do this is through broad community consultation. In the coming weeks, Elemental will be meeting with the community and industrial operators that are near the Chappice Lake Solar project to provide information about the Project and seek feedback.

After this initial consultation is complete, we will file an application with the Alberta Utilities Commission (AUC). The AUC will review the application through a process in which stakeholders can participate.



Project Impacts

Noise: Solar panels do not generate noise and the minimal noise generated by the inverters and transformers is nearly imperceptible outside project limits. A noise impact assessment is currently being completed for the Project.

No noise complaints have been received to date from the Brooks Solar project which has been in operation since December, 2017.

Environment: A third-party environmental review has been performed which found that the Project is anticipated to have no adverse environmental effects.

Visual: The proposed Project will be a utility scale solar farm that will look similar to the Brooks Solar facility. Photos from Brooks Solar are included in the headers of this newsletter.

Approval Process

Alberta's electrical system is regulated by the Alberta Utilities Commission (AUC), an independent agency of the province that ensures fair and responsible delivery of utility services. Before Elemental can begin construction of the proposed project, the AUC must approve the facility application. For more information on about how you can participate in the AUC approval process, please refer to the enclosed AUC brochure *Public Involvement in a Proposed Utility Development*.

Next Steps – Public Consultation

As Elemental moves through the regulatory and permitting process, we are committed to working with all landowners and stakeholders to maintain a strong relationship with the community. We encourage you to provide feedback and we are committed to responding to all questions and concerns in a timely manner.

Contact Us

Your comments and feedback are important to us. Please contact us if you would like to provide your feedback on and/or learn more about this project and/or set up a personal consultation meeting.

Phone Number: 1-855-477-7419

Email Address: info@elementalenergy.ca

Visit us online: <http://elementalenergy.ca/chappice-lake-solar/>

Environmental Studies and Assessments

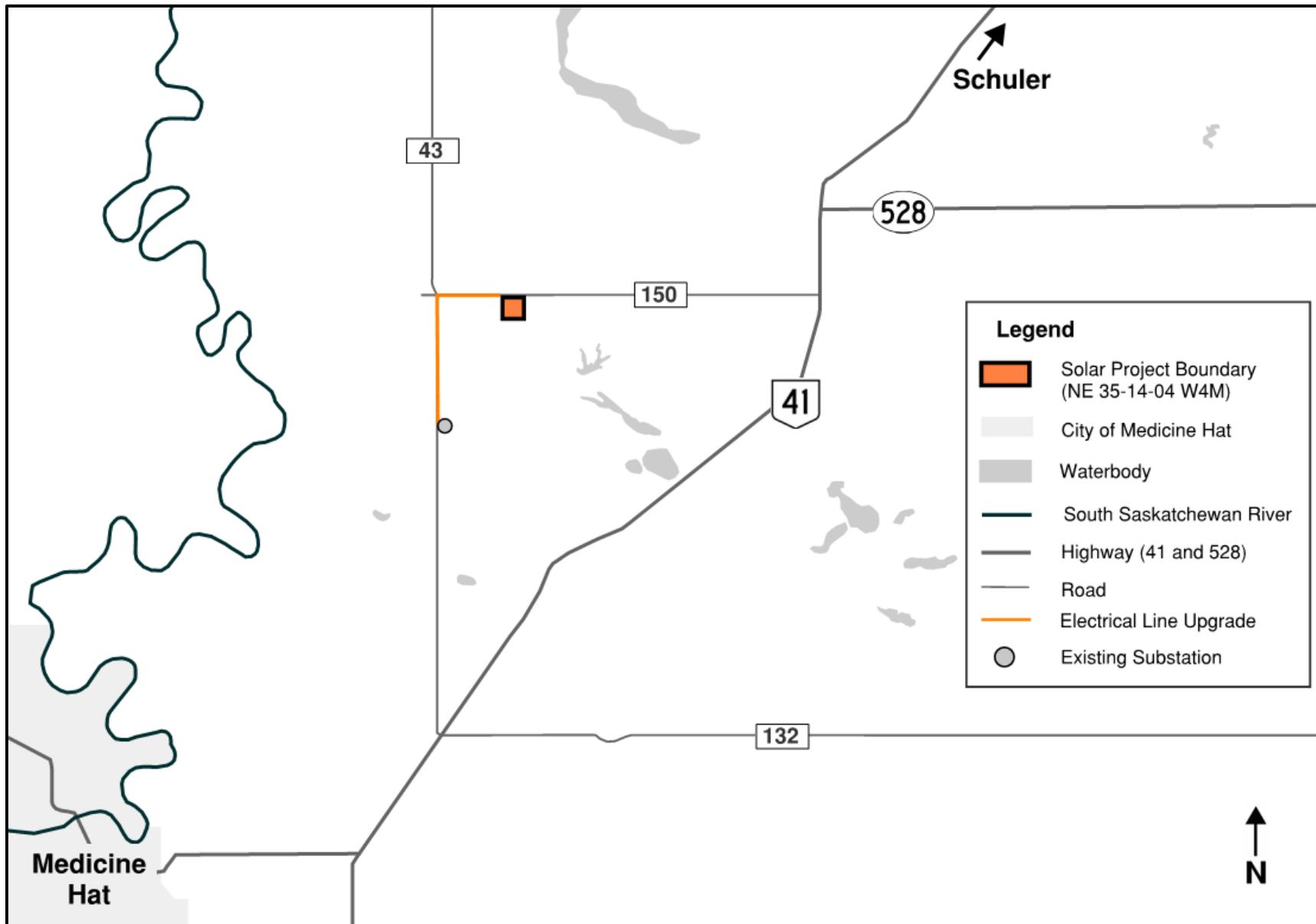
As part of the regulatory process and government review process, solar projects require various environmental studies and have reporting requirements. To ensure that we meet these requirements and design the Project layout, Elemental is conducting a number of desktop and field studies:

Noise: A Noise Impact Assessment will be completed to ensure the Project complies with AUC Rule 12: Noise Control

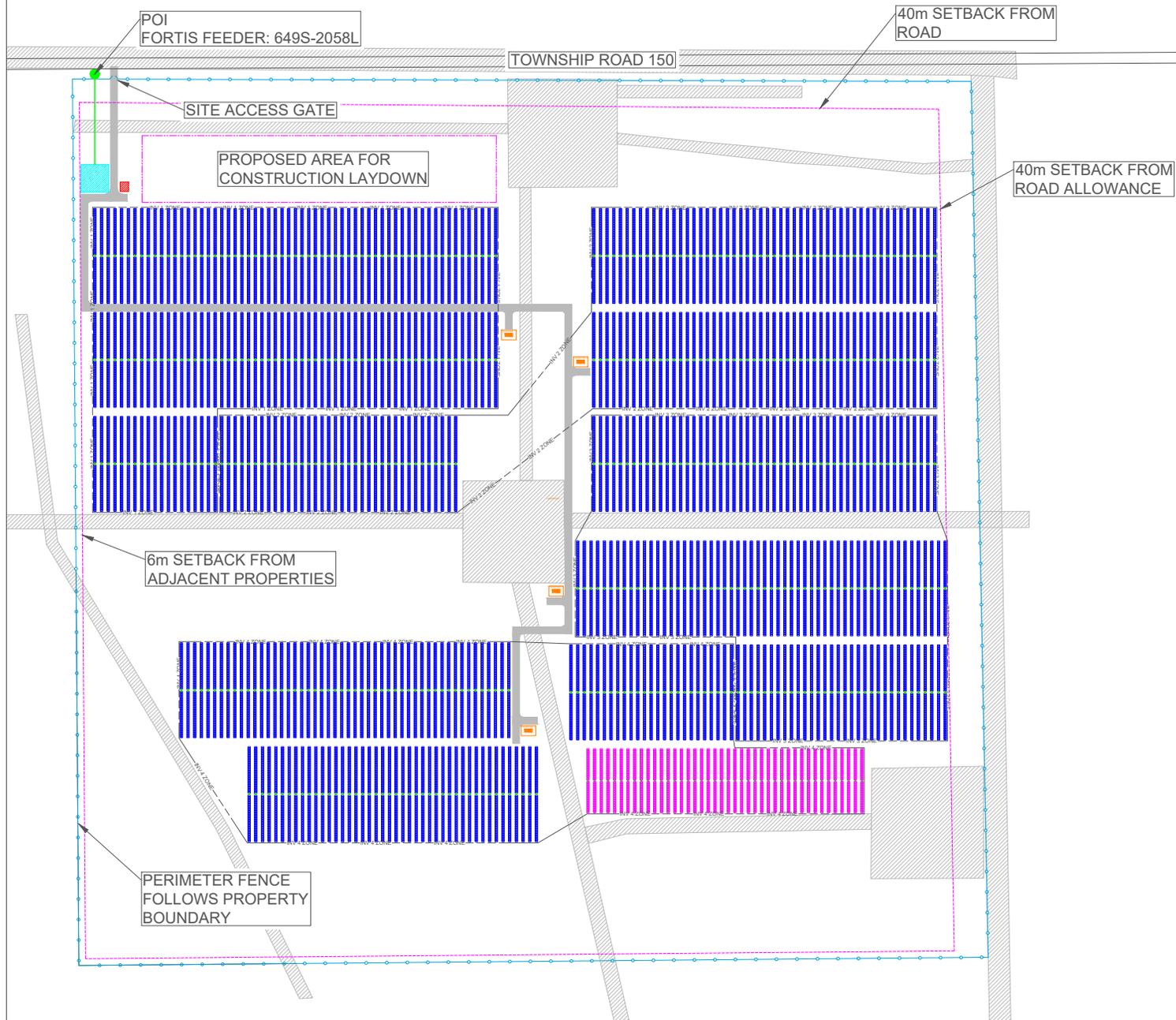
Environment: In accordance with Alberta Environment and Parks (AEP) permitting guidelines, a third-party environmental assessment has been performed and will be submitted to AEP and the AUC for review.

Historical Resources: A Historic Resources Impact Assessment will be completed to ensure the Project complies with Alberta's Historical Resources Act.

Chappice Lake Solar – Public Notice Map



Chappice Lake Solar – Layout



TRUE NORTH

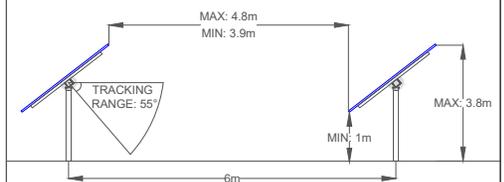


SYSTEM CHARACTERISTICS	
MODULE QUANTITY	44,304
SAT MOTORS	582
MODULE P _{MP}	425 W
DC NAMEPLATE	18.81 MW _{DC}
AC NAMEPLATE	15.00 MW _{AC}
DC/AC OVERBUILD	1.25
ROW SPACING	6m
FENCED AREA	~160 acres
FENCE LENGTH	~3,000m
ACCESS ROAD LENGTH	~1,100m
ACCESS ROAD WIDTH	6m

LEGEND:

-  INVERTER PAD WITH MV TX (4MVA SMA MVPS-4000-S2 TYP.)
-  MV SWITCHGEAR AREA
-  ACCESS ROAD
-  PERIMETER FENCE
-  ENCUMBRANCE
-  SAT - SOLAR FLEXRACK TDP 2.0 - 78 MODULES
-  SAT - SOLAR FLEXRACK TDP 2.0 - 52 MODULES
-  SITE OPERATIONS SHED

SAT ELEVATION PROFILE (NOT TO SCALE):



SCALE:
NTS

Application review process

Step 1: Public consultation prior to application by proponent

Step 2: Application filed with the AUC

Step 3: Public notice issued by the AUC

Step 4: Public submissions to the AUC

Step 5: Consultation and negotiation

Step 6: The public hearing process

Step 7: The decision

Step 8: Opportunity to appeal

Step 9: Construction, operation and compliance

www.auc.ab.ca

The AUC's regulatory role in needs and facility applications and its independent review and hearing process:

The AUC uses an established process, outlined in this brochure, to review social, economic and environmental impacts of facility projects to decide if approval is in the public interest. Approvals from the AUC are required for the construction, operation, alteration and decommissioning of transmission lines and electric substations.

Approvals are required for:

- The need for transmission upgrades.
- The route and location of transmission facilities.
- The siting of power plants, including renewables such as wind and solar more than five megawatts.

Sometimes a needs application is considered together with a facility application in a single hearing; sometimes separate hearings may be held to consider each application.

Step 1: Public consultation prior to application*

Prior to filing an application with the AUC for the approval of a proposed utility development, the applicant must engage in a public consultation program in the area of the proposed project, so that concerns may be raised, addressed and, if possible, resolved.

The application guidelines and requirements for facility applications can be found in AUC Rule 007: *Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations and Hydro Developments*, and AUC Rule 020: *Rules Respecting Gas Utility Pipelines*.

Potentially affected parties are strongly encouraged to participate in the initial public consultation, as early involvement in discussions with an applicant may lead to greater influence on project planning and what is submitted to the AUC for approval.

The Alberta Electric System Operator, as the system planner, will notify potentially affected stakeholders of applications on the need for transmission development.

Step 2: Application filed with the AUC

When the participant involvement requirements have been completed, the applicant files its application with the AUC through a public filing system, called the eFiling System, on the AUC website.

The application is then reviewed to ensure the information required by the Commission is included. If the required information is not provided, the AUC may close the application or request more

information from the applicant. In the application, any issues that were raised during the public consultation and any related amendments to the proposal should be identified. All unresolved objections or concerns identified during the public consultation must be described in the application.

Step 3: Public notice

The AUC generally issues a notice by mail directly to those who live, operate a business or occupy land in the project area who may be affected by the Commission's decision on the proposed project. The notice for larger facility projects with potentially greater impacts may also be published in local newspapers.

The notice will specify a submission deadline. The information required by this deadline is general in nature as outlined in Step 4. Additional opportunities to provide evidence and additional information will arise after this deadline.

Step 4: Public submissions to the AUC*

The AUC review process is referred to as a proceeding. Anyone with unresolved objections or concerns about the application can file a brief written statement with the AUC on the proceeding. The easiest way to file a statement is to fill out the form through the eFiling System found on the AUC website. The statement must include your contact information, where you reside or own property in relation to the proposed facility, your concern or interest in the application, an explanation of your position and what you feel the AUC should decide.

The AUC uses the information it gathers through the forms to decide whether to hold a hearing on the application(s). The Commission must hold a hearing if a person can demonstrate that he or she has rights that may be directly or adversely affected by the Commission's decision on the application. Such a person is said to have standing before the Commission. If the AUC decides to hold a hearing, the AUC will provide further opportunities for participants with standing to understand the application and present their position on the application either in writing or in person.

Subject to some limited exceptions, all information and materials provided as part of an AUC proceeding will become part of the public record and will be available through the eFiling System. The AUC's treatment of some types of information as confidential is rare and only available under limited circumstances to ensure that the AUC's process is open and transparent.

AUC eFiling System

The eFiling System is the tool that the AUC uses to manage applications and submissions in its proceeding-based review. The eFiling System gives access to all public documents associated with an application and is how to provide your input to the AUC and monitor the related proceeding filings. Those who do not have access to the internet can send submissions, evidence and other material by mail and the AUC will upload the submission on their behalf.

***Opportunity for public involvement**

Step 5: Consultation and negotiation (if applicable)*

The Commission supports ongoing efforts to reach an agreeable outcome for the applicant and all affected parties. The Commission encourages the applicant and those who have filed a statement to continue to attempt to resolve any outstanding issues. If all concerns can be satisfactorily resolved this may eliminate the need for a formal hearing. However, if there continues to be unresolved issues, those matters will typically be addressed at an AUC hearing.

Step 6: The public hearing process*

The AUC will issue a notice of hearing if there continues to be legitimate unresolved concerns with the application. The notice of hearing will provide a hearing date and location in addition to a process schedule. The AUC conducts public hearings in its Edmonton and Calgary hearing rooms and, where suitable venues exist, in communities closer to the proposed project area.

The public hearing process allows persons with standing that have unresolved concerns about the application, to express their views directly to a panel of Commission members.

An AUC hearing is a formal, evidence-based, court-like proceeding. The public can attend the hearing in person or listen to hearings online through the AUC's website.

Participants in a hearing can either represent themselves or be represented by a lawyer. In addition, participants may hire experts to assist in preparing and presenting evidence to support their position.

Cost assistance

A person determined by the Commission to be a local intervener can apply for reimbursement of reasonable costs. Those who hire a lawyer or technical experts must be aware that while reimbursement for the costs of legal and technical assistance is available under AUC Rule 009: *Local Intervener Funding*, recovery of costs is subject to the Commission assessing the value of the

contribution provided by the lawyer and technical experts. People with similar interests and positions are expected to work together to ensure that expenditures for legal or technical assistance are minimized and costs are not duplicated.

Step 7: The decision

The AUC's goal is to issue its written application decision no more than 90 days after the hearing is complete. The Commission can approve, or deny an application and can also make its approval conditional upon terms or conditions. All AUC decision reports are available to any member of the public on the AUC's website or by obtaining a printed copy from the AUC.

Step 8: Opportunity to appeal

An applicant or dissatisfied participant may formally ask the Court of Appeal of Alberta for permission to appeal a Commission decision. An application for permission to appeal must be filed within 30 days from the date the decision is issued.

An applicant or dissatisfied participant can also ask the Commission to review its decision. An application to review a Commission decision must be filed within 60 days from the date the decision is issued and satisfy the limited grounds described in AUC Rule 016: *Review and Variance of Commission Decisions*.

Step 9: Construction, operation and compliance

An applicant that receives approval to build and operate a facility from the Commission must adhere to any conditions that were set out in that approval. If concerns about compliance with approval conditions and post-construction operations cannot be resolved with the applicant, they can be brought to the AUC's attention for consideration. The AUC has significant compliance and enforcement powers for all approved applications. Additional information is available on the AUC website under "Compliance and enforcement."

*Opportunity for public involvement

The Alberta Utilities Commission is an independent, quasi-judicial agency of the Government of Alberta that ensures the delivery of Alberta's utility services take place in a manner that is fair, responsible and in the public interest.

Contact us

Phone: 310-4AUC (310-4282 in Alberta)
1-833-511-4AUC (1-833-511-4282 outside Alberta)
Email: info@auc.ab.ca

Eau Claire Tower 106 Street Building
1400, 600 Third Avenue S.W. 10th Floor, 10055 106 Street
Calgary, Alberta T2P 0G5 Edmonton, Alberta T5J 2Y2

The Alberta Utilities Commission is committed to ensuring that Albertans whose rights may be directly and adversely affected by a utility development project are informed of the application and have the opportunity to have their concerns heard, understood and considered.



Participating
in the AUC's
independent
review process