



November 13, 2020

Dear Members,

We would like to thank you for your past membership support helping us to achieve the vision and mission of moving forward SAEWA in finding a solution to landfilling that will reduce environmental and economic impact.

SAEWA by way of this letter is happy to provide clarification on the benefits of being a member of SAEWA and of continuing to be a member.

It is important to explain that on a pragmatic level, we all know that as a non-profit organization the only way SAEWA can and has driven successful outcomes is through leveraging per capita membership funds in order to apply for grants that are the foundation for the project planning, feasibility, and engineering accomplished to date which has brought us to site selection and preparing to submit an application to the Emissions Reduction Alberta Shovel Ready Program Funding to take the project to procurement and construction which is really quite remarkable considering the non-profit per capita membership revenue model.

With the \$596,800 total membership contribution received to date through membership proceeds since end 2012 we have masterly leveraged \$2.3 million dollars which is extremely successful considering that most project Provincial and Federal driven grants require 1:1 matching. We have been strategic in fund raising to move forward \$2.3 million dollars in engineering completed to date. By the nature of the delays in sourcing, applying and waiting for a response for funding it has definitely been a burden in slowing the project timelines.

Understandably the project momentum has been directly tied to project outcomes however we have weathered the ebbs and flows of membership momentum and maintained 80% of the membership since developing SAEWA as a registered society in 2013; even despite 3 Provincial Elections and 3 Municipal Elections. Within those election years and changes in Government SAEWA has maintained steadfast engagement and as a result has managed to develop the best line of communication and support from the current Government which is fitting as they identify opportunities for Economic Recovery through Clean Energy development and 2030 GHG (CO2 and Methane) reduction priority.

By design of moving a large scale \$400 million plus project of this nature and cost forward private industry notably takes 12 years on average as Durham York / Covanta to which we have modelled our business plan after took over 12 years in planning to develop with private investor funding.

SAEWA registered as a corporation the end of 2012. All feasibility and organized planning & engineering has been commissioned since end 2012. In 7 years because of the support of the membership SAEWA has completed:

2012 – Energy from Waste Feasibility Study

Task 1: Waste Generation and Sizing

Task 2: Combustion Technology Evaluation

Task 3: Waste Collection, Transportation and Handling

Task 4: Heat Recovery and Cogeneration Options

Task 5: Air Emissions GHG & Control Options

Task 6: Permitting Requirements

Task 7: Capital and Operating Costs

2013 – Energy from Waste Process Planning & Communication Plan

2014 – SAEWA Initial Business Plan

2015 – SAEWA Member Waste Characterization Study and Report

2016 – SAEWA Detailed Business Plan

2017 – U of A Transportation Study and Tool completed

2018 – Energy from Waste Life Cycle Analysis (LCA) completed proving 300, 000 tonnes waste conversion to mitigation of 7 million tonnes GHG

2019 - Siting Expression of Interests and Site Study Analysis and Geo Testing

2020- Siting Selection Review & Analysis and Newell County Site Announcement

In addition to the above Brownlee LLP was commissioned to provide a Governance Model Plan which our Members signed a Memorandum of Understanding (2014).

Questions proposed to SAEWA:

- Will there be any benefit to the Association if the SAEWA Energy-From-Waste Facility comes to fruition?
- Will the investment be returned if SAEWA sells the technology to a third party?
- If DDSWMA chooses to not re-new their membership will they be eligible for any return on their investment?
- What benefits has the Association received in the previous nine years from these membership fees?

SAEWA Responses to the above questions are as follows:

1. The investment model will determine this for example if this is decided by the members to become a Utility model their will be a stock option and dividends (ref. Governance Model established 2013) otherwise if it becomes a P3 model other benefits will come into play. Also, a key benefit will be member tipping fees compared to non member tipping fees. Other outside of the box benefits will include social, carbon credits and potential direct energy purchase agreements for industry attraction.
2. SAEWA will not sell the technology to a third party unless **all** the membership approves the negotiation and if profitable those proceeds would go back into the non-profit as is required by the Corporations Act.
3. No. Recognizing that membership has scaled up in interest since 2012 and those that have maintained membership will be recognized as an investor / owner and have equal power in decisions otherwise those choosing to cancel their membership at this juncture so close to procurement and construction would unfortunately surrender their investment. The greatest value of membership is when the project goes to

commercialization / procurement as it is then that it is recognized as financeable project by investors. As a member you will have increased your value by maintaining membership from planning stage to the commercial development stage to investment.

****Notably there will also be an end date to the window for membership investment that is rapidly closing as we enter into negotiations for investment to develop the EfW facility.***

4. By maintaining the membership over the 7 years you have invested into a vision for success to develop a stronger future for all member communities socially, environmentally and economically. There will be direct economic benefits tied to this project for enhancing member communities through attraction of industry that requires direct energy, co-generation asset partnership capacity building, and leveraging education for your waste membership community. How you leverage marketing of this project innovatively increases your capacity to benefit through membership. As an example – certain municipal member regions are at the forefront of Renewable Energy and Storage Capacity Investment attraction and as a member to SAEWA you are strategically positioned to leverage opportunities to attract and build partnerships for toxic waste conversion and transport as will be a requirement for those type Economic projects and as well steward EfW education for your students to expand entrepreneurship and careers in EfW or WtE conversion and innovation. In reality, as a member, owner the benefits are tied to your strengths & abilities, vision or limitations in stewardship of the EfW project facility.

We would also like to point out how important your contribution has been by way of your representative in longstanding commitment to SAEWA from it's inception as an informal organization of communities exploring ways of reducing society's reliance on landfills through the establishment of a non-profit society to where SAEWA is strongly positioned to move forward with procurement.

Thank you for your membership and vision into the benefits of this project for all of us!

SAEWA is available to present further information or presentation to your Board on request.

Our sincere appreciation,

SAEWA Chair, Tom Grant

