

Condominium/Future Business Development Discussion Paper

Greensmart has developed a unique, comprehensive package of service solutions for the condominium marketplace place, that will position Greensmart as the industry leader. Based upon current market knowledge, no other organization will have the capabilities to offer the complete package of solutions as offered by Greensmart. The suite of solutions to be offered will include, but not be limited to:

- **Time of Use** (electricity cost reduction)
- **Gas Procurement** (gas cost reduction)
- **Building System efficiency upgrades:** Building audit to look at consumption reduction in gas and electricity through upgrades of various systems through design, control and new equipment installations (ex: vfd's, BAS controls, viscosity, etc.). See www.greensmart.ltd
- **Fully financed package of solutions and services**

Client Introduction:

Introduction to this offering will be focused on the principles of various property management organizations within the GTA, based upon the personal/professional relationships that have been established and maintained by two of Greensmart business partners (Ray Deveau and Dean Brigham). From these initial meetings of program introduction, Greensmart will ask for a single site under that management company's control, with the "best" relationship with the board of directors as a "test" site for the program offering.

It will then be the management company's responsibility to arrange for a direct, face-to-face meeting with the site manager and board president with Greensmart to introduce the offering. At this meeting, Greensmart will introduce, discuss and answer questions regarding the offering process for development and provide a simple Letter of Intent(LOI) for the building to agree to. This LOI will be the basis of understanding for how Greensmart and the corporation will work together (sample attached). The LOI will become a binding agreement between the two organizations based upon a simple payback – **less than 4 years ROI**.

If Greensmart, through the design and engineering of the solutions, meets the requirements of the LOI, then the Corporation agrees to proceed or cover the agreed costs for proposal development. If Greensmart does not meet with the terms, then the Corporation has the option to opt out at no cost to the Corporation or still agree to proceed.

Project Engineering and Design

Upon signing of the LOI, Greensmart, now engaged by the Corporation, will complete a full Engineering and Design review for the facility. Through this site-specific review, Greensmart will complete the following, but not limited to:

Energy audit:

Site review of all common element building systems and development of potential upgrades to any and all systems with the express purpose of reducing annual utility consumption (gas and electricity)

Identify eligible Incentive:

Greensmart will determine what gas and electrical incentives are available for the various system upgrades in the facility.

Electricity Modeling Profile:

A detailed, hour-by-hour profile of electricity consumption profile will be developed through a modeling profile program to determine how the facility uses electricity hourly and season to season. Through this profile, Greensmart can determine the right package of solutions (battery back-up, micro-turbine, gas-fired chiller, etc) to allow for the facility to convert to a Time of Use billing format through the local utility. Through this conversion, it is estimated upfront that this will yield a potential of **30% reduction** in the annual cost of electricity (note: has no effect on consumption).

Virtual Power Plant and Premium Time of Use power sales to the grid:

Recent trials are underway whereby the Utilities in Ontario and BC are placing batteries into key large buildings in neighborhoods where the distribution power lines are currently insufficient and at maximum capacity since new multi-unit high rise construction has occurred in areas where recently single family residential or low density was zoned. It has now become more cost effective to add batteries than to add more transmission lines in some areas.

New buildings and retrofits for large multi-unit buildings will deliberately consume more electricity at low rate night-time hours to enable more energy storage than the building needs so that extra electricity can be sold to the grid at premium rates at peak demand periods.

Water heating and air-conditioning might run on natural gas during peak periods and electricity at night thus freeing up more capacity to sell excess stored power to the grid. Time of use could involve the prospect of allowing natural gas co-generation of heat and electricity from natural gas generators during peak hours. Greensmart will conduct a techno-economic analysis of these new options.

Gas Procurement:

Through a long-term, fixed rate gas contract, the Corporation will reduce annual gas supply costs (not consumption) through a reduced cost per M3 supply agreement (Greensmart will have an annual percentage mark-up built into the supply contract).

Proposal Development Phase

Once Greensmart has completed the engineering and design phase for the facility, a formal proposal for the Corporation can be developed, complete with:

- Full scope of work
- Detailed project costs
- Annualized savings
- Available incentives

Through the above values, Greensmart can now identify a simple project payback. Applying this to a funding package (which provides a small annual margin to Greensmart) a final simple payback for the proposal can be determined.

Proposal Presentation

With a final proposal now completed, Greensmart would request an opportunity to present the proposal to the Board of Directors/Management for the corporation to discuss in detail and answer all questions raised.

Proposal Approval and Implementation Phase

Upon facility acceptance of the project, Greensmart will enter the implementation phase of the project. The following management steps will be completed by Greensmart:

- A formal contract for the project and funding contract will be provided to the site manager for execution.
- A down payment invoice will be issued to the facility based upon the terms and conditions of the contract (generally 25%)
- Greensmart will complete all required applications and processes required to secure any and all available incentives for the project
- Greensmart will issue purchase orders to the various sub-contractors involved in the completion of the identified scope of project work
- Sub-contractors will agree to terms and conditions and apply and provide all applicable permits, insurance for the project and warranties upon completion of the project

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- Based upon scope of work and terms of contract, Greensmart may progress bill the client
- Greensmart will oversee and manage the full installation of the project
- Upon completion of project, Greensmart will provide a final bill and all applicable warranties, assurances and permits to the client.

Project Close Out

With the successful completion of the project, Greensmart will complete a client centric survey with the manager and board to understand and adapt our process to be better received and accepted. We will also ask if the site has any close relationships with other facilities and ask that they recommend us to them through an introduction.

Future Evolution for Greensmart

Based upon a successful introduction and business development of the above within the GTA for the Condominium marketplace, Greensmart would then look to expand out to the following:

- Other management companies in GTA new to Greensmart
- Other vertical markets within the GTA (ie. Hospitality, Rental Buildings, and offices)
- Future expansion into other geographical markets based upon the availability for TOU and Gas Procurement options

Yours Truly

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