



Christopher Bentley  
Minister of Energy Ontario  
Queens Park  
Toronto  
Ontario

April 20, 2012

Dear Minister Bentley:

**Re: The Future of the Ontario FIT Program**

The Ottawa Renewable Energy Co-operative (OREC) was incorporated as a Renewable Energy Co-op in 2010 and received approval of its preference share offering statement in 2011. It currently has 64 members and is negotiating lease options with several Ottawa building owners. We are poised to raise sufficient capital from our members to finance up to 750 kW of community owned solar PV systems.

We commend the Government of Ontario for its continuing commitment to clean energy and the FIT Program and its objective of establishing a 21<sup>st</sup> Century clean energy economy in Ontario. We also commend the Government for directing the Ontario Power Authority (OPA) to make the FIT program more sustainable and affordable in 2012 – with a clear emphasis on encouraging community participation and ownership.

However, there are several areas where the proposed FIT 2.0 Rules will actually limit the ability of Co-ops like OREC to implement our own projects and greatly reduce the market for clean energy technology to the point where the provincial objective of creating a viable industry will be threatened.

We would also like to point out that in order for the FIT program to be truly successful the capacity of the Financial Services Commission of Ontario (FSCO) will need to strengthened community investment in FIT projects made RRSP eligible.

OREC's Concerns and Recommendations on the draft FIT 2.0 Rules

- 1. The requirement that members of Renewable Energy Co-operatives be property owners to qualify for Community Participation priority points should be replaced by a simple local residency requirement.**

The proposed rule is discriminatory and will prevent OREC from qualifying as a Community Investment Member and investing in FIT projects. Many OREC

members live in rental property and joined OREC because they could not invest in their own system.

**2. Proposed restrictions for the placement of ground mounted solar on industrial/commercial property should be removed.**

This rule will greatly reduce the opportunities for the placement of FIT projects on the un-used parts of sites in urban and suburban areas.

**3. The “Set Aside” for Community Owned Projects recommended in the FIT 2.0 Review Report should be defined.**

This recommendation is not addressed in the draft FIT 2.0 Rules and without it, co-ops like OREC will have great difficulty in competing for grid capacity.

**4. Application Periods for both small and Large FIT projects should be open throughout 2012 and 2013.**

Delaying application for Large FIT projects will severely affect larger community projects and kill many new renewable energy industries already hurting from the slow down of the Program.

**5. All reference to (as yet unpublished) Procurement Limits should be removed from the FIT 2.0 Rules.**

While the current Long Term Energy Plan includes short-term targets for renewable power, the OPA should not be allowed to use these targets to limit procurement. When the modernization of the Ontario grid is completed it will have the capacity to absorb much higher renewable energy capacity. This is also what will drive the growth of Ontario’s new clean energy industry. To limit it now would be disastrous.

Connection capacity allocation is the only measure needed to match deployment with grid capacity.

**6. FIT Contracts should be based only on AC capacity.**

There proposed arbitrary 120% limit on DC capacity will adversely impact the profitability of the FIT/MicroFIT project, add unnecessary design complexity, and may adversely impact the optimal use of inverters.

OREC’s detailed responses to the OPA Draft FIT 2.0 Rules are attached.

OREC’s Concerns over FSCO Capacity and RRSP Eligibility

**1. The Ministry of Finance needs to ensure that Financial Services Commission of Ontario (FSCO has sufficient resources to review and approve Renewable Energy Co-op share offerings in a timely manner.**

It took FSCO over six months to approve OREC’s first Share Offering Statement and we understand that other renewable energy co-ops are still waiting for their approval. FSCO has also recently re-assigned staff familiar with these offerings. Delays in share offering approval could jeopardize the new community ownership objectives of the FIT Program.

**2. The Finance Ministry should also examine ways in which RRSP eligibility could be more easily applied to investments by members of Renewable Energy Co-ops.**

Opening the cooperative sector to RRSP eligibility will greatly increase the amount of money that people will be interested (and able) to invest in the sector.

We ask that you work with the OPA and Ministry of Finance to remove the above restrictions to the FIT Program. Without your intervention there is a real danger all that the FIT Program will falter and not achieve its objectives.

We look forward to hearing from you. Please feel free to contact me if you would like to discuss these issues in more detail.

Sincerely



Roger Peters  
President, Ottawa Renewable Energy Co-operative  
90 Cameron Avenue  
Ottawa, ON  
K1S 0X1  
613 521-4004  
[roger.peters@sasktel.net](mailto:roger.peters@sasktel.net)  
[www.ottawarenewableenergycoop.ca](http://www.ottawarenewableenergycoop.ca)

cc: Yasir Naqvi, MPP Ottawa Centre

cc: John Fraser, Executive Assistant, Premier Dalton McGuinty

Attachment: OREC FIT 2.0 Feedback Submission Form

# FIT Rules, Contract and Standard Definitions Feedback Submission Form

Completed forms should be sent to [FITsubmissions@powerauthority.on.ca](mailto:FITsubmissions@powerauthority.on.ca). Please identify the section number of the rules, contract and standard definitions you are providing feedback on. Note that there are separate sections for feedback on each of these documents. Feel free to add additional rows to the form.

Note that there is a separate form for microFIT submissions – please refer to the microFIT website for more information – [microFIT.powerauthority.on.ca](http://microFIT.powerauthority.on.ca)

*Optional Information:*

Name: Roger Peters, President

Company: Ottawa Renewable Energy Co-operative (OREC)

## FIT Rules

Section	Feedback
1.2 and 7.5	<p><u>Procurement Limits:</u></p> <p>Procurement Limits were not mentioned in FIT 2.0 Review report or in the Government's directive to the OPA. There is also no indication in the draft FIT 2.0 rules as to what these limits would be based on or why they are necessary.</p> <p>Procurement Limits effectively put an artificial and unnecessary cap on development of renewable energy and the development of a renewable energy industry and jobs.</p> <p>It is up to Government of Ontario to set limits on renewable power deployment and to set targets. There are no firm targets in place at the present time and Government will be reviewing Ontario's Long Term Energy Plan in the next few years. There is no reason to set procurement limits at this stage. With the Government's expressed intention of increasing grid capacity and converting Ontario's grid to a Smart Grid, there are currently no long term limits to the renewable energy capacity that can be added to the grid.</p> <p>In the meantime, capacity allocation tests are sufficient to ensure deployment of renewable power capacity matches grid capability as it is upgraded.</p> <p><b>We recommend that all reference to Procurement Limits be removed from the FIT 2.0 Rules, that only grid capacity be used to manage procurement of renewable energy, and that renewable energy capacity be increased without limits as grid capacity is upgraded and a Smart Grid is introduced.</b></p>

2.1 (d)	<p><u>Restrictions on Non-Rooftop Solar:</u></p> <p>There are many situations in Ontario where the owner of an industrial/commercial site or which contains a residence, may wish to install a ground mount solar PV system on the un-used part of site. The new FIT 2.0 rules do not allow these projects to go ahead, even if the ground mount has no impact on current or future uses of the site.</p> <p>This rule will severely restrict the number of potential solar projects in Ontario - particularly where there is potential for community participation. It will also impact the growing market for solar systems in Ontario. There are much less punitive ways of ensuring local support for solar projects, such as requiring warranty from site owners that the area in question is un-used.</p> <p><b>We therefore strongly recommend that the restrictions on the placement of ground mounted solar on residential and industrial/commercial property be relaxed so that these systems can be installed on un-used land that is part of a larger property or parcel.</b></p>
2.2 (d)	<p><u>Solar Contracted Capacity Limits:</u></p> <p>The electrical grid requires an AC input from the customers premise Inverter. There is no valid reason for the grid operator to be concerned with the DC power supply. It should be the responsibility of the FIT/MicroFIT supplier and manufacturer to configure their system optimally. Placing arbitrary restrictions on the DC configuration can adversely impact the profitability of the FIT/MicroFIT operator, will add unnecessary design complexity, and may adversely impact the optimal use of inverters.</p> <p>Over sizing the DC side of a system allows the producer to more evenly and steadily produce power in the off peak periods. This should be good for the electrical grid as more power will be predictably produced by the FIT/MicroFIT operator. As solar panel costs reduce, their proportional share of the overall system cost drops, improving the generators profitability if there is a over-sizing of the DC power supply. As well, many inverters are designed to run 'hot', therefore a 10kw inverter is most efficient if configured with larger than 10kw DC solar panels. It is arbitrary for the regulator to specify a particular DC nameplate maximum number, configuration designs are best left to the evolving practical experience of the manufacturing and installation sectors. Prescribing a DC nameplate maximum serves no technical advantage to the operator, causes unnecessary restrictions on installations and presupposes R&amp;D and implementation advancements.</p> <p><b>We recommend that all references to DC power level production be removed from the FIT 2.0 Rules, and that FIT or MicroFIT rate levels be restricted to the specified AC capacity limits only.</b></p>
1.2	<p><u>Application Periods:</u></p> <p>The nascent solar industry in Ontario is already suffering because of the backlog of applications during FIT 1.0 and the delays in completing the FIT 2.0 Review. Delay in procurement of larger FIT projects until 2013 will mean many of these new industries</p>

	<p>will close or have to lay off staff - nullifying the gains made since 2009 in establishing Ontario as a leader in solar manufacturing. This goes against the spirit and goal of the Green Energy Act and the FIT Program and will threaten the employment goals and targets of the Government of Ontario.</p> <p>There is also no real reason given in the proposed FIT 2.0 rules as to why large FIT projects should be delayed, and it was not one of recommendations in the FIT 2.0 Review report, or included in the Ministerial Directive to the OPA.</p> <p>There is also no reason to limit Application Periods for any type of FIT project. The Green Energy Act provides guaranteed access to the Grid as long as there is capacity. The proposed points priority system and connection capacity allocation tests are sufficient to ensure that deployment matches grid capability. There is no reason for the delay in moving forward on larger projects or for limiting the length of application periods.</p> <p>OREC is considering the co-financing of larger pre-application FIT projects with commercial partners. Not allowing these projects to apply until 2013 will affect both OREC's cash flow and business plan, and reduce community participation in the Ottawa area.</p> <p><b>We recommend that both Small and Large FIT Projects be included in the 2012 and 2013 Application Periods and that these Application Periods run continuously from May 2012 to April 2014.</b></p>
N/A	<p><u>Set Aside for Community Controlled Projects:</u></p> <p>The FIT 2.0 Review recommendations included a set aside of a minimum FIT contract capacity for local community projects with greater than 50 per cent equity participation yet there is no reference to this in the proposed FIT 2.0 Rules.</p> <p><b>It is important that the OPA provide draft rules for the set aside and provide additional time to respond to these draft rules beyond the April 27 consultation deadline.</b></p> <p><b>We propose that community projects that qualify for the set aside be prioritized by date stamp only ahead of those prioritized by the Points System.</b></p> <p><b>We also propose that to qualify for the set aside, a community project must include 50% equity investment by a co-operative, not for profit organization, or charity whose investors are individual residents of Ontario or small business not in the business of commercial power generation composed of individual residents of Ontario.</b></p>

## **FIT Standard Definitions**

Section	Feedback
52 and 55	<p><u>Community Investment Member and Community Project Participation Declaration:</u></p> <p>OREC was incorporated as a Renewable Energy Co-op in 2010 and received approval of its preference share offering statement in 2011. It currently has 60 members and is negotiating lease options with several Ottawa building owners. We are poised to raise sufficient capital from our members to finance up to 750 kW of solar PV systems. We feel that we have done everything right to meet the spirit of the FIT program and the new emphasis on community participation and ownership.</p> <p>However, many of our members do not own property. In fact they joined OREC BECAUSE they did not own property and were not able to have their own MicroFIT system. The proposed property owner rule means that OREC may not qualify as a Community Investment Member and therefore have little chance of implementing our projects or of joining others in co-financing at &gt;15% investment. We see this as discriminatory and against the whole spirit of the Green Energy Act and the FIT Program.</p> <p>It is also discriminatory in that many age, income, and ethnic groups who can only afford to rent apartments are excluded from participating in the FIT program.</p> <p>It is also discriminatory and breach of privacy to ask a Co-op member about their private living arrangements such as whether they own property or not.</p> <p><b>We therefore strongly recommend that the requirement that Co-op members be property owners be replaced with a requirement that the members live in Ontario, and that the requirement for individual members to sign off on a project also be dropped.</b></p> <p><b>We propose the following:</b></p> <p><b>That a Community Investment Member be defined as a co-operative, not for profit organization, or charity whose members are permanent local residents of the municipality (or country or region if the municipality is less than 20,000 households) where the project is located</b></p> <ul style="list-style-type: none"> <li>- minimum 35 investors with minimum 15% investment interest in the project <u>or</u></li> <li>- minimum 35 neighbouring landowners/residents who are part of the project's land lease agreement</li> </ul>