

# Blakes Bulletin

## CleanTech/Energy

### Ontario Announces 184 Feed-in Tariff Contracts for 2,421 MW of Renewable Energy

Ontario's Minister of Energy and Infrastructure, Brad Duguid, announced on April 8, 2010, that Feed-in Tariff (FIT) Contracts have been offered for 184 large-scale projects representing 2,421 MW of renewable energy generation throughout Ontario. This is enough energy to power 600,000 homes. The approved large-scale projects include 76 ground-mounted solar projects representing 651 MW, 47 onshore wind projects representing 1,229 MW, 46 waterpower projects representing 192 MW, and one offshore wind project representing 300 MW.

#### Feed-in Tariff Program

The FIT Program is North America's first comprehensive guaranteed pricing structure for renewable electricity production and is a centre-piece of Ontario's bid for an international leadership position in clean energy. It offers stable prices under long-term contracts for energy generated in Ontario from renewable sources, such as bioenergy (biomass, biogas and landfill gas), onshore and offshore wind, solar photovoltaic (PV) (ground-mounted or roof-top) and waterpower (naturally flowing water).

The FIT Program was launched by the Ontario government in September 2009 under the Green Energy and Green Economy Act, 2009, which was passed into law on May 14, 2009. The Ontario Power Authority (OPA) is responsible for implementing the FIT Program. More information on programs under the Green Energy Act can be found in the *Blakes Bulletin* titled "Ontario Launches Programs to Implement its Green Energy Act" available on the Blakes website.

The Minister's announcement on April 8 follows a previous announcement on March 10, 2010, that Capacity Allocation Exempt FIT Contracts were awarded by the OPA for 510 mid-sized projects representing 112.2 MW of renewable energy generation. Of these

510 projects, there were 476 roof-top solar PV projects representing 101.8 MW. Capacity Allocation Exempt projects are defined as (1) projects with no more than 250 kW of rated generating capacity where the facility is connected to a less than 15 kV line, and (2) projects of 500 kW or less of rated generating capacity where the facility is connected to a 15 kV or greater line. Capacity Allocation Exempt projects can be developed without significant impact on the transmission or distribution systems, through a streamlined and expedited connection process.

The FIT Program also has a separate stream called "microFIT" for renewable energy generation projects of 10 kW or less. This subset of the FIT Program is designed for homeowners and small businesses interested in generating and selling power typically from existing premises. The first 700 microFIT conditional offers were issued on December 16, 2009. As of March 8, 2010, more than 180 microFIT projects were connected to the grid and will be receiving payment for the electricity they generate. As of April 6, 2010, the OPA had sent approximately 3,000 conditional microFIT offers, after receiving approximately 8,500 microFIT applications representing 76.5 MW of capacity, including 8,424 applications for solar photovoltaic projects representing 76.0 MW of capacity. The OPA is accepting microFIT applications on an ongoing basis and eventually anticipates a 30-day turnaround for conditional offers.

By encouraging the development of renewable energy in Ontario, the FIT Program will help Ontario honour its commitment to phase out coal-fired electricity generation by 2014, boost economic activity and the development of renewable energy technologies, and create new green industries and jobs. The FIT Program is expected to create 20,000 jobs and attract approximately C\$9-billion in private-sector investment. The OPA continues to accept and process FIT applications. Applicants to the FIT Program must register online and submit a FIT application to the OPA.

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### Future Rounds of FIT Contracts

Applicants to the FIT Program for non-Capacity Allocation Exempt projects who were not offered a FIT Contract but who are otherwise eligible to receive such an offer must now wait for future rounds of decisions to award FIT Contracts. The OPA uses an Economic Connection Test (ECT) to identify transmission or distribution system expansion projects that support renewable generation and meet economic requirements. The OPA will conduct ECTs every six months, with the first ECT beginning in August or September 2010. Additional FIT Contracts will be offered to eligible applicants based on the results of the ECTs, once work begins on the expansion projects. The OPA is conducting regular presentations and consultations regarding the ECT. The first such ECT presentation was conducted by the OPA on March 23, 2010.

In contrast to the large-scale FIT projects, the ECT does not apply to the mid-sized Capacity Allocation Exempt projects. Under the FIT Program, Capacity Allocation Exempt projects proceed directly to a FIT Contract after the application is complete. Furthermore, Capacity Allocation Exempt Projects are not required to submit application security, nor are they subject to the transmission and distribution availability tests, the FIT production line or the FIT reserve.

### Domestic Content Requirements

The FIT Program also contains Domestic Content Requirements, under which wind and solar projects are required to include a minimum percentage of goods and services from Ontario. The Domestic Content Requirements are based upon actual activities on the project, as opposed to restrictions on ownership or equity interests or benefits. For example, the Domestic Content Requirement for wind projects over 10 kW is 25% if the milestone date for commercial operation is before January 1, 2012, and 50% if the milestone date is on or after January 1, 2010. For solar projects over 10 kW, the Domestic Content Requirement is 50% if the milestone date for commercial operation is before January 1, 2011, and 60% if the milestone date is on or after January 1, 2011. The OPA determines domestic

content based on pre-determined qualifying percentages associated with designated activities (as specified in Exhibit D to the FIT Contract), which are indicative of overall project value. The OPA is carrying out regular consultations to provide clarifications and certainty regarding the Domestic Content Requirements.

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If you are considering investing in or developing renewable energy projects, or if you would like to submit an anonymous inquiry to the OPA regarding the Economic Connection Test, the Domestic Content Requirements, or any other aspect of the FIT Program or microFIT Program, please contact:

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or any member of the Blakes CleanTech or Energy Groups.

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