



192 Rodney Crescent, Ottawa, Ontario
<http://ottawarenewableenergycoop.com>

Independent Electricity System Operator

RE: feedback on changes to FIT and microFIT program proposed on December 1, 2014

January 23, 2015

The Ottawa Renewable Energy Co-operative (OREC) welcomes the opportunity to provide feedback on proposed changes to the FIT and microFIT program outlined in the *“Discussion Paper: Enhancements to the Feed-in-Tariff Program”*. We thank the IESO/ Ministry of the Environment for soliciting this input.

As the FIT program has evolved, so too has OREC, and we are keenly aware of the importance of the FIT program in stimulating the positive benefits of renewable energy generation in Ontario communities. In the less than five year since OREC was founded it has invested over \$2 million of citizens’ capital in seven rooftop PV projects. We are in the midst of our third share offering which will double that investment to over \$4 million dollars in an additional six projects. All of our projects have FIT or MicroFIT contracts and are enabled by the FIT program. Our building partners range from housing coops to schools and commercial warehouses. All are located in the city of Ottawa and close to urban electricity loads. Residents of Ottawa are embracing the social, environmental and technical benefits of the community power model offered by the OREC and we have seen our membership grow to over 320 residents.

The attached feedback form responds to the specific changes proposed in the December 1 discussion paper. Our key message is that renewable energy cooperatives like OREC offer a unique and important set of policy benefits and that care should be taken to ensure that coops remain part of the renewable energy development model supported by the Province. Specifically renewable energy coops:

- Broaden participation in the FIT program by giving a wide range of Ontario residents a chance to participate and own renewable energy generation;
- Build and invest in the urban based projects which are located closest to the points of highest electricity loads thereby offering efficiency benefits and system resilience benefits;
- Invest in the small to medium size projects (50 to 250 kw) on community buildings (e.g. schools, community centers) which are typically less attractive to organizations solely looking for high returns on investment;

- Contribute to local economic development and an economic multiplier effect as profits stay in the community
- Build social capital and social cohesion by bringing citizens together in a common effort around the promotion of renewable energy and climate friendly energy policies; and
- Encourage energy literacy among coop members and their networks.

Do not hesitate to contact us to discuss any of these points or those in the feedback form.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stewart Fast', written over a faint horizontal line.

Stewart Fast
Board Member, OREC

cc by email: Bob Chiarelli, Ontario's Minister of Energy
 Jim Watson, Mayor, City of Ottawa
 David Chernushenko, Chair City of Ottawa's Environment Committee
 Dick Bakker, President, Ottawa Renewable Energy Cooperative (OREC)

FIT and mFIT Discussion Papers: Feedback Form

Feedback on the FIT and mFIT Discussion Papers must be sent to FIT@powerauthority.on.ca or microFIT@powerauthority.on.ca, respectively, by **January 23, 2015**. Please identify the section number of the Discussion Paper that you are providing feedback on.

Submitter Information

Organization: Ottawa Renewable Energy Cooperative
 Name: Stewart Fast
 Email: stewart.fast@ottawarenewableenergycoop.ca

Section	Feedback
4.1 (FIT) Award price bid-down Priority Points	<p>OREC believes the FIT program should not allow for 'Bid-down Priority Points". Such a change would be detrimental to the programs' objectives and has the potential to enable predatory pricing by large international organizations with low cost of capital.</p> <p>The price schedule price should be the only price bidders can expect, this will encourage cooperatives, municipalities, Aboriginal groups and companies to invest in projects that may have a higher cost of implementation but meet other policy objectives of the FIT program (being 'close to load'/urban, rooftop, 'broad set of participants' and community participation).</p> <p>Instituting a pricing 'bid-down' mechanism would effectively pit applicants that choose to address the broader set of programs policies against applicants that have a low cost of capital. Such a situation will decrease the number of innovative projects and lower the general quality of applicants. Large international integration companies, with a low cost of capital, looking to do large projects would have a distinct advantage. Localized companies and Cooperatives, looking to do mid and small sized projects in the community close to load requirements, would be seriously disadvantaged.</p> <p>If bid-down priority points are maintained as a mechanism to reduce costs, it should not apply to community participation projects including cooperatives. We strongly recommend against bid-down priority points in all cases.</p>
4.2 (FIT) Remove Project Type Priority Points while maintaining Contract Capacity Set Asides	<p>OREC supports the IESO position that a guaranteed portion of the renewable procurement target should be set aside for projects with community participation. Therefore we are supportive of the decision to maintain contract capacity set asides. If these are maintained, the removal of the priority type points is acceptable.</p> <p>If project priority points are maintained we suggest the following: (i) consider reducing the number of priority points for projects with a municipal or public sector entity host as this tranche tends to be overrepresented; (ii) for community participation projects, award extra priority points to projects with greater than the minimum economic interest. For, example projects with 100% co-op ownership could be awarded an extra point, those with 75% ownership 0.5 points, those with 60% ownership 0.2 points and so on. This would encourage robust coop involvement in projects; (iii) for community participation projects, promote opportunities for collaboration between neighbouring communities. For example, projects in which a local cooperative has a 50% economic interest, and which are able to partner with a neighbouring cooperative to raise the portion of overall co-op ownership above the 50% threshold should be prioritized; and (iv) consider awarding priority points for projects which can demonstrate a contribution to reducing summer peak loads.</p>

FIT and mFIT Discussion Papers: Feedback Form

	<p>Regarding the considerations outlined in the discussion paper (1) OREC believes that an economic interest level of 50% should be maintained for projects with cooperative involvement in order to qualify for the capacity set-aside (2) as indicated above a mechanism that awards and prioritizes projects with higher levels of co-op ownership would be welcomed, and (3) at least 25% of the 100 MW set aside for community participation projects be retained for cooperatives</p> <p>Additionally, we suggest that the FIT program have a built in mechanism to increase the amount of contracted capacity set-aside for cooperatives in future procurement rounds if it is oversubscribed. The benefits of cooperative ownership (see cover letter) are such that no cooperatively owned projects able to generate electricity at the price schedule price should be turned away.</p> <p>Finally, we note that if priority points for project types are removed, a subsequent change to the general eligibility requirements applicable to all projects should be considered. Currently there is a requirement that all applications must receive at least one priority point. This needs to be removed or else applications with participation (Economic Interest) from Municipalities and Public Sector Entities, Aboriginal Communities and Co-ops but lacking the priority points from other categories may be inadvertently disallowed.</p>
<p>4.3 (FIT) Remove the System Benefit Priority Point</p>	<p>OREC supports this change</p>
<p>4.4 (FIT) Reconsider the eligible fuel types</p>	<p>OREC would like to see a wide range of technologies open to the FIT program. The FIT program offers price stability and predictability. Cooperatives need this as we build our business model and develop community support. We have pursued solar because it is an easy to understand technology and it is relatively “scaleable” from small to medium size. Being able to invest in a 10 kw technology and learn from that experience before investing in 200 kw technology and higher was important. We would like to diversify our projects/risk/revenue stream into other technologies as appropriate. A wide range of technology types provides the entire industry with the potential of revenue stability and flexibility. Removing other fuel types from the mix at this point, before the industry / cooperatives have attempted them is premature, and would needlessly limit innovation from the renewable energy cooperative sector.</p> <p>Reducing the number of eligible fuel types would also reduce the range of flexibility of electricity inputs into the grid. Maintaining the present fuel types, and even expanding the options, (geothermal/co-generation) would enhance the overall resilience of Ontario’s electricity system.</p>
<p>4.5 (FIT) Incorporate the Unconstructed Rooftop Solar Pilot into FIT</p>	<p>OREC supports this change</p>
<p>4.6 (FIT) Provide municipal exemption for</p>	<p>OREC supports this change</p>

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residential, commercial and industrial land-use restrictions	
4.7 (FIT) harmonize land-use restrictions with the 2014 Provincial Policy Statement	OREC supports this change
4.8 (FIT) Replace Application time stamp with a random draw	Unless it is certain that the contracted set-aside for cooperatives will not be oversubscribed OREC would like to see the time stamp maintained for cooperative owned projects applying for FIT contracts.
4.3 (mFIT) 3 Inclusion of In-Series Metering	<p>OREC would like to see in-series metering allowed for FIT projects as well as microFIT projects. The recognized benefits of in-series metering (less complex, improve project economics) would help more cooperatively owned projects reach fruition. This change would reduce the ‘soft costs’ of installations as it dramatically reduces the amount of interaction required with the Local Distribution Company (coordination is simplified, load shut down/restart is avoided, etc.) The savings of this change will benefit both the installation costs of the new system and the operational costs of the LDC.</p> <p>The benefit to microFIT systems are very dramatic, up to 12% of the installation costs (and much coordination time) can be attributed to the present parallel metering requirements.</p> <p>Urban FIT projects can also benefit from a move to in-series metering, especially where there is a ‘micro-grid’. OREC faced such a situation with our Samuel Genest High School project and experienced cost overrun in order to integrate properly into this system (as well as significant time delays).</p> <p>There may be accounting challenges for the LDC’s with the introduction of in-series metering. This should be addressed through assistance from the IESO in a onetime accounting upgrade, with a specific deadline for completion. The entire industry should not be hamstrung with ongoing installation costs due to ‘accounting’ resistance.</p> <p>It is our understanding that in-series metering is the common practice in many countries (e.g., UK) and is very simple to monitor.</p> <p>OREC strongly recommends that in-series metering be introduced for FIT and microFIT systems. We believe that the introduction of in-series metering should be made a matter of policy and be allowed by every LDC in the province.</p>