

Solar Policy in Ontario:  
“Ontario’s Green Power Feed-in Tariff Program”

A presentation by

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CHECK AGAINST DELIVERY

Thank you, Elizabeth, for this kind invitation. And congratulations to CanSIA for a sold-out conference.

Today is a wonderful opportunity to exchange information, but it is also a chance to celebrate how far the solar industry has come – particularly here in Ontario.

Walking around the trade floor and looking at the industry today – at all that state of the art technology – you have to remind yourself that the quest to harness the power of the sun traces back centuries.

Back to ancient Greece, where warriors reflected sunlight with their shields to fend off invading forces. Back to the 1800s, with the invention of the first solar-powered steam engine. And these are only two small examples.

The quest to harness electricity from the greatest source of power in our solar system was made in steps. But over the past decade or so, we've made great leaps.

On our solar farms, acres and acres of solar panels are visible as far as the eye can see – land where the crop being harvested is green energy.

In my previous job, when things were particularly stressful (which was a good chunk of the time), I'd say to people, "Take it outside, let's go get some Vitamin D," and we'd go outside for some sunshine. Little did I know then how much interest I'd have in the sun in my next job – in an entirely different way, of course.

A thriving solar industry is taking root across Ontario.

We need look no further than places like Arnprior and Stone Mills outside of Napanee to see how far we've come.

In Napanee, for example, Canada's largest solar farm will produce enough energy each year to power a small town.

And there's a lot more of that in the pipeline. Soon, we'll see the opening of another large solar farm in Sarnia.

And hundreds of more projects are in the works – roughly the equivalent to covering the entire downtown core of Toronto with solar panels.

In fact, we're now a North American leader: Ontario has the most solar PV capacity online of any Canadian jurisdiction and is in the top 10 jurisdictions in Canada and the United States. And if projects continue to come online as expected, according to the most recent full-year data, we'll soon be in third place, behind only California and New Jersey.

Clearly, technology has helped propel us into this new energy age.

But that's only part of the story.

None of this could have happened without a dramatic shift in our social and energy policies.

There have been changes in legislation – but also in our thinking – about how to produce energy while providing a lasting legacy for generations to come.

We truly are at a watershed moment. A time to clean our air. To produce energy without polluting our environment. And to erect the foundation for Ontario's future prosperity.

We believe the solar industry has a critical role to play in Ontario's future.

If there's one thing I'd like you to take away from me being here today, it's that the Ontario Power Authority is committed to working with you every step of the way.

We are committed to working with you to build a world-class solar industry. We want to set the benchmark for other nations around the world.

Today, I'd like to talk a little about where we've been and where we're going. I'd like to give you an update on projects that got their start under our standard offer program or RESOP.

I'll also talk in detail about what many of you are anxious to hear more about: our Feed-in Tariff Program. It's the most comprehensive feed-in tariff in North America and it's getting a lot of attention – deservedly so.

But first, I'd like to give you a snapshot – how we got to the cutting edge of green energy.

I'd like to tell you Ontario's story. Because Ontario has a very good story to tell.

As many of you may already know, the Ontario government passed a groundbreaking piece of legislation in May. And here kudos must go to Premier McGuinty and George Smitherman for a very visionary piece of legislation.

The Green Energy Act positions Ontario as a global leader in conservation and renewable energy.

The Act is expected to encourage billions of dollars in investment in Ontario's electricity sector. It is also expected to create 50,000 direct and indirect jobs in communities across the province in the first three years.

Ontario is uniquely positioned. It is Canada's richest market with a population of 13 million and the country's highest personal incomes. Its business community is export-focused with easy access to NAFTA and other world markets. In fact, there are more than 135 million consumers within a day's drive of southern Ontario.

In other words, Ontario is now open for business – green and clean business. So, if you haven't set up shop in Ontario, perhaps you should be thinking about it.

But, economic prosperity is only one goal of the new legislation.

The province also wants a cleaner environment. We all do.

Conservation and energy efficiency are a key element to reducing our carbon footprint. Combined with what we are doing with our supply mix, the plans we have in place have us well on our way to reducing the electricity's sector's carbon footprint by 75 percent.

Conservation will always be first on our list.

After all, the cheapest megawatt of electricity is the one you don't use in the first place.

We are working hard to foster a culture of conservation in Ontario.

We're already well on our way to meeting our target of reducing peak demand by 6,300 megawatts by 2025. For Ontario, this target is the equivalent of removing one in five households from the grid over that period.

We're already one-quarter of the way there. And we're always looking at ways to accelerate our target.

The province also made a decision to get completely off coal-fired generation for the health of the environment and its citizens.

Coal-fired generation has traditionally accounted for about 20 percent of our electricity supply, and we will completely eliminate it by the end of 2014. This is the single largest climate-change initiative in North America over the next few years.

As far as we know, we're the only jurisdiction in the world that is getting rid of coal altogether as a source of electricity generation.

The Green Energy Act will help replace this supply with cleaner, greener sources.

The Act positions Ontario to be a North American leader in green energy – whether it's solar power, wind, water or bioenergy projects.

Our Feed-in Tariff Program is really the cornerstone to the province's renewable energy plan.

To put this in some sort of context, we currently have 35,000 megawatts of installed capacity in Ontario serving 13 million people.

We now have contracts for about 1,800 megawatts of renewable power. This doesn't include what we expect to contract under the Feed-in Tariff Program.

FIT essentially opens the door to those wanting to invest in renewable energy projects in Ontario in a way that is simpler and more certain than before.

It offers developers and entrepreneurs guaranteed incentives to invest in projects. Our prices are designed to cover capital, operating, maintenance and connection costs and a reasonable rate of return.

It's an open-ended program with no limits. Projects have the "right-to-connect" – if a project is economic to connect, it will be connected.

Also, it will be easier for developers to build their projects – Ontario has streamlined the upstream approvals process, including environmental approvals.

FIT offers ownership opportunities not just for the private sector, but many other groups. Special funding is available to encourage municipalities, Aboriginal and community groups to become involved in renewable energy.

And on that note, I'd also like to mention that not only is the Power Authority working closely with today's developers, we are also working to ensure the viability of a strong solar future. The OPA is currently investing hundreds of thousands of dollars in research money to developers and universities through our technology development fund.

I'd like to say a few words about solar projects under RESOP – the precursor to FIT.

We saw significant interest from the solar industry under our previous standard offer program. Some of those who got in early may have been taken by surprise by the new regime under the FIT Program.

The FIT regime has different prices but also different requirements. The FIT domestic content requirements, for example, ensure that at least 50 percent of the cost of solar projects larger than 10 kilowatts will come from Ontario goods and labour – a figure that will increase to 60 percent starting in 2011.

Clearly the goal is to drive green jobs, build the foundation for a manufacturing industry in Canada and home-grown expertise.

We got lots of feedback from many early adopters, and we have worked things out.

Those proponents were all offered a one-year contract extension and the vast majority of them chose to take advantage of it – of 520 MW solar projects contracted under RESOP, close to 400 MW opted for this contract extension.

We are confident that these projects will be built.

So on to the question that is really on everyone's mind – or at least some of you. “Yeah, yeah, when do I get my contract?”

As many of you know, we've just wrapped up our launch phase of our new program, and we're moving into the contracting stage for those initial applications.

The response has been phenomenal. About 2,000 applications were received under both FIT and microFIT, which is for projects that are 10 kilowatts and less. This is an indication of the tremendous interest in the programs, which we are very excited about.

I could ask for a show of hands – who in the room has already put in an application – as a very visible proof of that interest.

Solar projects represent a good portion of these applications – we'll be in a better position probably by next week, once the applications have been reviewed and verified, to provide more specific numbers.

During these early days, we're going to be interested in the projects that are the most shovel-ready.

That early response has been even stronger than we anticipated, and it will take us well into the new year to work our way through the FIT applications, assessing them for completeness, shovel-readiness and system capacity. For microFIT, we are anticipating starting conditional offers next week.

In case you are wondering where all the OPA people are today instead of here – the answer is that they are back at the ranch going through stacks of applications!

Of course, there would be no point in bringing new green energy onto the grid without an acknowledgment that we seriously need to rejuvenate our transmission system.

In early October, the government announced that the provincial transmission network will see a \$2.3-billion expansion over the next three years. This will unlock significant

potential for greener, cleaner electricity all over the province. Where there is critical mass, we will be building out the transmission system in every new phase of our renewable energy program.

It's been a very exciting and busy time to be in the electricity industry. And we expect we'll be busy for the next while as we implement the FIT Program.

FIT was designed with extensive stakeholder consultation. We listened to you. We responded to your concerns – for example, we took out the automatic price degression for solar that was in the original tariff schedule.

And Elizabeth, I am sure, will agree that we did, as you put it, “get it right in Ontario”.

As we have said, we'll be reviewing the program and pricing again in two years.

It's always a balancing act: Weighing environmental goals against the need for a reliable and sustainable electricity system for the future. Those goals also have to be balanced against ratepayer considerations – cost-effective electricity is important to all of us.

We're mindful that the solar industry is interested in the long-term stability of renewable energy policy, and we will continue to work with you.

Ontario has a lot to offer right now – whether you are a developer, a manufacturer or a lender, it's a great time to be investing here, and if you haven't already set up shop, you should be seriously considering doing so.

As I've said, it's an incredible time to be working in electricity.

As a Canadian, at this time of year I'm used to paying someone to take me to the sun. Now I get to be in the enviable position of being in a job where we pay people to bring it to us.

We believe the solar industry has a key role to play in Ontario's future. And we're looking forward to working with you every step of the way to build an industry that will be a showcase to the world.

Thank you.