

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 Discussion Paper that you are providing feedback on.

Submitter Information

Organization: Conservation Ontario (CO), the network of Ontario's 36 Conservation Authorities (CAs)*

*Note: this submission does not preclude the submission of comments by individual Conservation Authorities

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Section	Feedback
3 FIT	<p data-bbox="331 716 428 751">Context</p> <p data-bbox="331 793 1443 1003">The context section of the Discussion paper observes that solar projects have dominated the FIT procurement to date, yet fails to address whether this has been or should be the desired outcome of program design. Conservation Ontario is supportive of the province's green energy agenda and of maintaining and expanding the diversity of Ontario's supply mix. It is recommended that the FIT program be specifically designed so as to procure a diversity of renewable fuel types.</p> <p data-bbox="331 1045 1443 1287">An analysis of the FIT program should be undertaken to determine whether there are systemic barriers to the participation of other, more reliable, energy sources. It has been Conservation Ontario's observation that the FIT program, as currently constituted, does not appreciate the complexity of the waterpower industry. Rather than considering the removal of waterpower as an eligible renewable fuel type, the program should be seeking to reduce the barriers for success. Waterpower is an excellent source of renewable electricity and has great potential for southern Ontario.</p> <p data-bbox="331 1329 1443 1507">Conservation Authorities alone have over 280 dams, some of which would be suitable for retrofitting to produce electricity in the 500 kW or less category. These dams are often located near the points of use and are ideally suited to connect to the distribution system. Utilizing an existing structure also helps to reduce the environmental footprint of green energy development.</p> <p data-bbox="331 1549 1443 1822">The recently announced price for waterpower would greatly improve the potential for uptake on this very reliable technology. Eliminating waterpower project development opportunities in the next round of FIT procurement prior to the industry having had any real ability to bring forward new projects at the recently adjusted price regime would only serve to further compromise investment in the section. Conservation Ontario believes it would be premature to remove waterpower from FIT 4.0 since it is our belief that the offer price of 24.6 cents per kWh better reflects the cost to develop small hydro and removes one of the barriers to its successful development.</p> <p data-bbox="331 1864 1443 1892">At present, Conservation Authorities seem to have no place within the list of Municipalities</p>

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	<p>and Public Sector Entities contract set-asides of the FIT program. In many ways, Conservation Authorities are ideal community organizations that embody the spirit of the green energy FIT program. Conservation Authorities are created at the request of municipalities and the province, and are governed by a Board representing their member municipalities. Waterpower will not simply benefit CAs, but will benefit the municipalities represented by the CA. Revenue generated by the CA will benefit the public through reduced costs and improved environmental services. New investment in existing infrastructure is a win-win proposition, both for renewable energy and for dam safety.</p> <p>For waterpower to succeed in this process there are a few suggestions that would benefit both the program and the ratepayer.</p> <ol style="list-style-type: none"> 1) Provide a contact person that can be approached to give advice, screen out errors in understanding in the application process and answer direct questions. 2) Provide a cure period to allow for misunderstandings on applications to be corrected. <p>Waterpower generation operates at high capacity factors, often better than most renewables. In addition to retaining waterpower on the eligible renewable fuel types list, opportunities to remove penalties for over-production should also be explored.</p>
4.1 FIT	<p>Award price bid-down Priority Points</p> <p>Provided that the same approach is implemented in the FIT Program as in the HESOP (i.e. a maximum of 1 priority point), Conservation Ontario is supportive of the approach in principle. We note, however, the disproportionate effect a reduction of each 1/10th of a cent per kwh would have across technologies with differing standard prices. To ensure equitable treatment of all technologies, an approach is required that awards a Priority Point (or a portion thereof) premised on a relative percentage bid down. This will introduce competition in a standard offer construct while recognizing the need to maintain a simplified process relative to larger projects.</p> <p>Given that waterpower is a reliable source of renewable energy production and has an important place within the proposed energy mix, FIT 4.0 should also find a place for new small hydro within the procurement targets for FIT. If not within contract set-asides as it is currently conceived, then perhaps offer a separate block of capacity for waterpower that could be competitively allocated through the bid down process.</p>
4.2 FIT	<p>Remove Project Type Priority Points while maintaining Contract Capacity Set Asides</p> <p>No objection to removal of project type priority points.</p> <p>Conservation Ontario strongly recommends that Conservation Authorities be included in the Municipalities and Public Sector Entities definition. Conservation Authorities are created by and are accountable to member municipalities therefore as municipalities meet this definition, it makes sense to include Conservation Authorities in the definition of public sector entities.</p>

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	<p>Conservation Ontario supports the Ontario Waterpower Association’s recommendation that, for waterpower projects, the definition of Public Sector Entity be amended to: Public Project Host” includes a Person that is either a Conservation Authority, Ministry of Natural Resources and Forestry, Parks Canada, School, College, University, Hospital, Long-Term Care Home, Public Transit Service Entity or Metrolinx.</p> <p>Conservation Ontario recommends a contract set aside or procurement target be established for waterpower. This is in keeping with the spirit of the Long Term Energy Plan for Ontario which has a goal of maintaining a diversity of Ontario’s supply mix. A specific procurement target for hydro power projects would assist in achieving this goal in the FIT procurement category.</p>
4.3 FIT	<p>Remove the System Benefit Priority Point</p> <p>Conservation Ontario disagrees with removing the system benefit priority points. Waterpower provides a more consistent supply and more consistent capacity factor than some other renewable fuels. This consistency provides a benefit to the electrical system and should be recognized. Recommend retention of system benefit priority points for waterpower and other renewable fuels that provide a benefit to the electrical system.</p> <p>The costs to connect are lower with distributed generation. However, the FIT rules requiring various connection voltages should be eased or eliminated. We feel it should be left up to the LDCs to determine the connection Voltages and not prescribe this in the applications.</p>
4.4 FIT	<p>Reconsider the eligible Renewable Fuel types</p> <p>Conservation Ontario strongly recommends that waterpower continue to be considered as an eligible renewable fuel in the FIT <500kw category.</p> <p>The IESO recently changed the rate for waterpower projects. This new rate of 24.6 cent/Kwh will result in many more waterpower projects being feasible to develop and should result in many more waterpower applications in the next FIT procurement round.</p> <p>Forcing waterpower into the Large FIT Program will disadvantage small waterpower sites since smaller sites do not have the same economies of scale. Smaller waterpower projects are best suited in the FIT procurement category.</p> <p>Conservation Ontario is aware that the Ontario Waterpower Association has been working closely with the Ministry of Natural Resources and Forestry as well as the Ministry of the Environment and Climate Change to streamline the approval process for waterpower projects which should also assist the feasibility and predictability of developing waterpower projects.</p> <p>There are ancillary benefits to maintaining small hydro projects in this category. Development of small hydro projects at existing dam sites can have less of an impact on the</p>

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	<p>environment and renewed investment can help improve dam safety at these dams. Maintaining waterpower projects in the FIT category helps leverage investment in existing infrastructure.</p> <p>The new FIT rate for waterpower projects of 24.6 cent/Kwh will help avoid over-developing or over- optimizing small waterpower sites. Less water is now needed to create a feasible revenue stream which will allow for a better balance of water used for hydro production and water maintained for environmental and aesthetic reasons at small hydro sites.</p> <p>Creating a procurement target for waterpower projects in the FIT category would help encourage more waterpower projects and better achieve the Long Term Energy Plan’s objective of a diversity of supply mix in Ontario.</p> <p>Including Conservation Authorities in the definition of Municipalities and Public Sector Entities would assist Conservation Authorities in their efforts to develop waterpower projects in the FIT category. As previously indicated, Conservation Authorities are owners of over 280 small dams across the province. Waterpower projects could now be more feasibly developed at some of these sites with the new FIT waterpower rate. Conservation Authorities are created by and are accountable to member municipalities therefore as municipalities meet this definition, it makes sense to include Conservation Authorities in the definition of public sector entities.</p>
4.7	<p>Harmonize land-use restrictions with the 2014 Provincial Policy Statement</p> <p>Conservation Ontario is supportive of harmonizing the FIT Rules, Contact and supporting program material with the 2014 PPS.</p>
4.8 FIT	<p>Replace Application time stamp with a random draw</p> <p>Conservation Ontario is supportive of the concept of a draw in order to break ties to help ensure a better quality of application.</p>