

Green Energy (and Economy) Act: Lessons from the First Year

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Green Energy and Economy Act 2009 (GEEA)

GEEA provides preferential treatment to renewable energy developers to provide new energy sources to Ontario.

GEEA streamlines the following:

Procurement
(F.I.T.)

Environmental
Permitting

Connection
Process

Green Energy and Economy Act 2009 (GEEA)

Feed In Tariff (F.I.T.): What is it:

Provides guaranteed pricing structure for renewable electricity production. It offers stable prices under long-term contracts for energy generated from renewable sources, including:

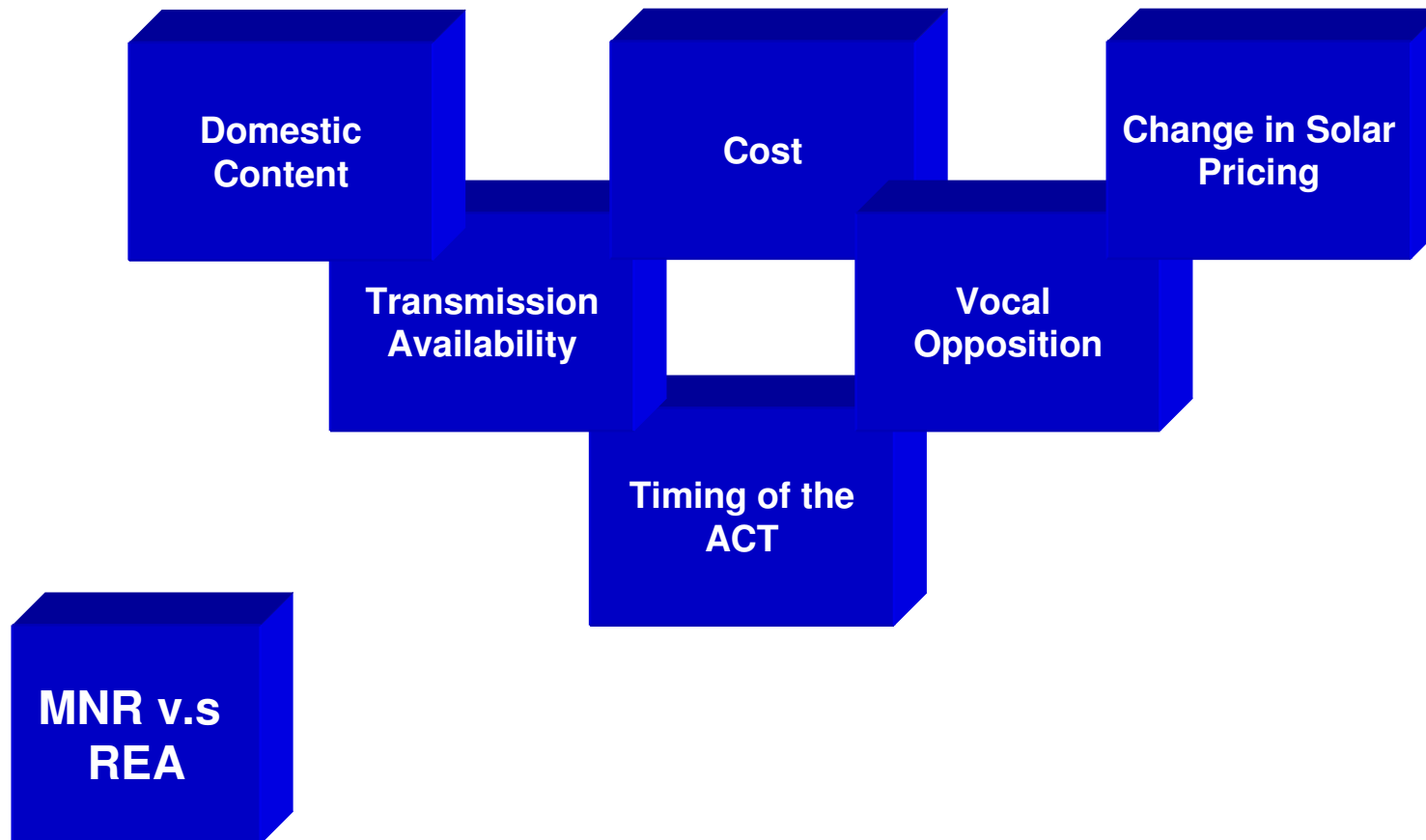
- Biomass,
- Biogas,
- Landfill gas,
- On-shore and off-shore wind,
- Solar photovoltaic (PV), and
- Waterpower.

Green Energy and Economy Act 2009 (GEEA)

Why:

- Help Ontario phase out coal-fired electricity generation by 2014 - the largest climate change initiative in Canada
- Boost economic activity
- Develop renewable energy technologies
- Create new green industries and jobs.

Issues



Domestic Content


- **For Ontarians**
 - Job creation offsets higher F.I.T price
 - Focus on Ontario's Mfg sector (diversification)
 - Common practice in other jurisdictions
- **For Developers**
 - Struggle to make DC levels
 - Limits choices of Bankable vendors
 - More expensive components v.s market price
- **For Manufacturers**
 - Debt financing difficult to obtain
 - Uncertain demand
 - Minimum time to build (1yr)
 - Uncertain F.I.T. Future, policy could change

Vocal Opposition

- NIMBYism and BANANAism
- Anything ANTI-RE was unheard of 5 years ago
- Environmentalists are shifting sides (don't shoot the messenger)
 - 5 years ago, “anything but coal and/or nuclear”
 - Now, conservation
- Associations need to be more proactive, but learn from past mistakes.

Transmission Availability

- Limiting factor for GEEA and F.I.T. is transmission
- Ontario Grid old and not built for Renewable Energy
- Cost issues related to grid improvements
- After further engineering studies by HydroOne, a number of transmission stations were downgraded, 2 months after F.I.T. deadline
 - Developers' struggled to manage pipeline and investor
- HydroOne caught in the middle (mandate v.s expansion)



Cost on the system

GEEA will affect a cost to the system and the political environment

- Transmission expansion
- H.S.T.
- Grist for Mill-Political Opposition

MNR vs REA

- For projects on Crown land:
 - MNR has created a structure in place for designated coordinators and methodology but...
 - MNR “separate mandate”
 - MNR pre REA requirements
 - Developers must satisfy MNR requirements before REA application begins

Change in Solar Pricing

- Shadow of former changes, no consistency is a market killer
- Any change makes whole market nervous:
 - Developers
 - Financing
 - Suppliers
 - Manufacturers
- CanSIA did a good job to help modify decision of solar price downgrade.
- Ontario needs a clear and transparent pricing system

Timing of the GEEA

- Too much, too soon, 2500MW in one year?
- Could have been rolled out over 5 years, 500MW a year
- Limited transmission capacity, no chance to build
- Manufacturers hesitate to setup in Ontario due to uncertain demand beyond the current round

Thank You!
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AWMA Ontario Section
Annual Conference 2010

