



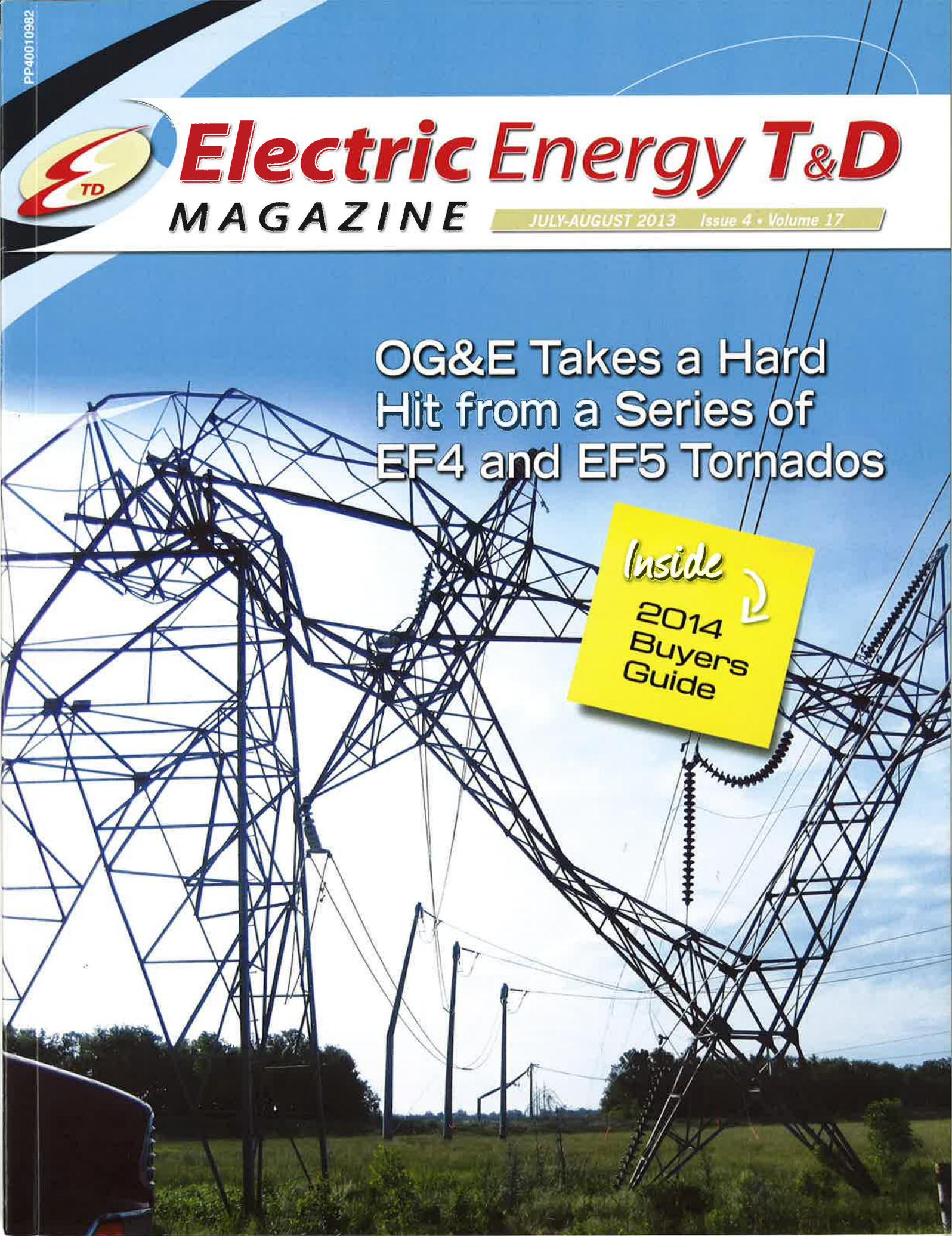
# Electric Energy T&D

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## OG&E Takes a Hard Hit from a Series of EF4 and EF5 Tornadoes

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2014  
Buyers  
Guide





# THE BIGGER PICTURE

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## The Chameleon in the Sun, or Wind – Ontario's Feed-in Tariff Program (FIT) A Status Check

### FIT 2.0 – The First Procurement Window

As expected, the first procurement window launched under Ontario's Feed-in Tariff Program ("FIT") 2.0 opened on December 14, 2012 and closed on January 18, 2013. Approximately 4,000 applications were submitted. The Ontario Power Authority ("OPA"), with an independent evaluation monitor, completed the review of the applications in May to determine which applications were complete and eligible. The OPA employed an independent evaluation monitor for the purpose of ensuring that the reviews were conducted in an objective and consistent manner. Those applications that made it through this first round of review will proceed to the transmission and distribution availability testing ("T&D Test") in the order in which they have been ranked, according to the priority points received during the initial review process. Time stamps will be used to break any ties in points awarded. During the summer of 2013, the OPA expects to award up to 200 MW of contracts to applications that pass T&D Testing.

Unsuccessful applicants will be able to reapply during the next Small FIT window, which is expected to open in the fall of 2013.

### The Process of Elimination

Future applicants can learn some lessons from this first procurement window. The OPA has provided the following summary of some of the most common and most frequently occurring issues that caused an application to fail the first round of review:

- Missing supporting materials submission. Applications required both an online electronic submission and a follow-up hard copy package that included supporting materials. Some applicants only provided online applications;
- Wrong fees and securities provided (incorrect amounts, improper format, for example, cheques not certified);
- Wrong or inconsistent legal names. An applicant may have identified a certain legal name but identified a different name or entirely different entity on supporting materials;
- Missing required originals of supporting documents;
- FIT reference numbers were not included on documents;
- Missing required forms altogether;

- Incomplete forms;
- Inconsistent and inaccurate forms;
- Unacceptable locations. Some projects were attempting to locate on prime agricultural lands, or to build on or next to residential properties;
- Lease, Option and Site Access Rights were not in the name of the applicant; and
- Lease, Option and Site Access Rights conditions were in favour of the landlord.

The errors described above were fatal to an application. The FIT Rules provide that the decision of the OPA is final. There is no appeals process for those applicants that were unsuccessful following the first round of review. The moral of the story – pay attention to the detail, get it right, and get it right the first time.

### Future Procurement

While renewable procurement policies continue to evolve, Ontario remains steadfast in its commitment to renewable energy projects, and in particular, small projects. The province plans to make 900 megawatts (MW) of new capacity available between now and 2018 for the Small FIT and microFIT programs. During the fall of 2013, the OPA will open a new procurement window for both programs. Beginning in 2014, annual procurement targets will be set at 150 MW for Small FIT and 50 MW for microFIT.

### New Procurement Stream

Ontario's FIT Program continues to change colour as the province's new government takes hold of its constituents' demands. Just past the one year anniversary of the FIT Program's first major revision (FIT 2.0), the renewables sector will see yet a few more changes. But the FIT chameleon will still be a chameleon with renewable energy remaining a key component of the new government's energy policy.

On May 30, the province announced that it will work with the Ontario Power Authority ("OPA") and municipalities to develop a competitive procurement process for renewable projects over 500 kilowatts (kW). This new procurement stream will replace the existing large project stream of the FIT Program (i.e. Large FIT).

### The Government's Response

An objective of the new stream is to better meet the needs of communities. Energy planners and developers will be required to work directly with municipalities to identify appropriate locations and site requirements for future large renewable energy projects.

To achieve this, Ontario says that it will:

- Revise the Small FIT (projects between 10 and 500 kW) program rules to give priority to projects partnered or led by municipalities;
- Work with municipalities to determine a property tax rate increase for wind turbine towers; and
- Provide funding to help small and medium-sized municipalities develop Municipal Energy Plans - which will focus on increasing conservation and helping to identify the best energy infrastructure options for a community.

The FIT Program's current priority points system already awards 2 points for projects that come with municipal council support. The planned revisions would place even further priority on those projects that demonstrate a municipality's actual involvement rather than simply support.

The province's plans appear aimed at assuaging longstanding critics of the thwarted ability of municipalities to have some say over project siting within their boundaries.

Ontario's new government says it will change how the province plans and builds large energy infrastructure projects in the future, and place increased focus on the needs of communities. In this light, the government has asked the OPA and the Independent Electricity System Operator ("IESO") to develop a new regional energy planning process based on formal input from municipalities, communities and the energy sector.

The IESO and OPA are expected to report back to the Minister of Energy with a joint implementation plan by August 1st, 2013. The recommendations are to include proposals that:

- set out a method for regional energy plans, including procedures for the development of such plans;
- include transparent mechanism for consultation with municipalities, Aboriginal communities and other stakeholders in the development of regional energy plans;
- include processes to ensure that municipalities are engaged in the siting of large energy infrastructure projects; and
- reflect recommendations with respect to siting large energy infrastructure projects made by the Standing Committee on Justice Policy.

The actual power that will be given to municipalities in siting decisions remains to be seen. The notions above suggest that while municipalities must be consulted, the province is expected to retain decision making authority over the siting decisions on large energy infrastructure projects.

# THE BIGGER PICTURE

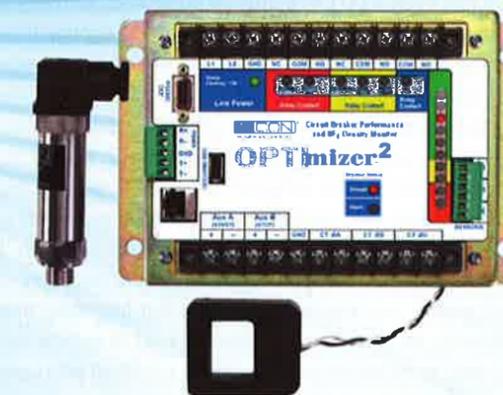


The government also recently announced a review of Ontario's Long-Term Energy Plan, to determine the best energy supply mix for the province over the next 20 years. The review will be based on a public consultation process and be completed within six months.

### ABOUT THE AUTHOR

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