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## ONTARIO UNVEILS NORTH AMERICA'S FIRST FEED-IN TARIFF

*Price Guarantees for Large and Small Renewable Energy Projects will Create Jobs*

March 12, 2009

Ontario is poised to introduce new electricity pricing to encourage the development of renewable energy from a diverse range of producers including homeowners, community-based groups and larger scale commercial generators.

As North America's first guaranteed pricing structure – called a feed-in tariff (FIT) – for various forms of electricity production, it would offer a stable, competitive price combined with a long term contract. A FIT would establish prices for energy generated from renewable sources, including on-shore and off-shore wind, hydroelectric, solar, biogas, biomass and landfill gas. Proposed prices and program guidelines announced today will form the basis of an eight-week consultation process with renewable energy stakeholders and several general information sessions for the interested public.

“The proposed feed-in tariff program would help spark new investment in renewable energy generation and create a new generation of green jobs,” said George Smitherman, Deputy Premier and Minister of Energy and Infrastructure. “It would give communities and homeowners the power and tools they need to participate in the energy business in the new green economy.”

“Ontario has made great progress in procuring renewables, becoming Canada's leading province for wind power,” added Colin Andersen, CEO of the Ontario Power Authority. “This proposed FIT program would build on our success and ensure that more contracts turn into projects sooner.”

The proposed Green Energy Act (GEA), if passed, would establish Ontario as North America's leader in renewable energy, drive green investment in the province and create 50,000 jobs in the first three years. Additional changes proposed under the GEA would also make it easier and faster for projects to get connected to the grid. Other countries – particularly Germany, Spain and Denmark – have successfully used FITs to encourage the development of renewable energy projects.

The proposed FIT prices were developed based on experience here in Ontario and in other jurisdictions. Prices differ based on project size and type of renewable energy technology. They cover capital, operating and maintenance costs and allow for a reasonable rate of

return on investment over an approximate 20-year period. They also provide special categories for community based projects.

Ontario's Emerging Energy Supply Mix			
SUPPLY TYPE	FUEL TYPE	LOCATION	CURRENT/PROPOSED PRICE (kWh)
Peaking fuel for reliability	8% natural gas	various plants	8.5¢ - 14¢
Renewable Opportunities	TBD% – new renewables portfolio	wind solar biomass biogas landfill gas new hydro	8¢ - 44.3¢
	1-2% rooftop solar*		53.9¢ - 80.2¢
Baseload 76%	53% nuclear	Pickering Darlington Bruce	6¢ - 7¢
	23% hydroelectric	Niagara Falls St. Lawrence River Northern rivers	5.7¢ - 6.2¢

\*1% = approximately 100,000 residential rooftops

Solar micro-generation, 10 kilowatts and under, will enjoy the highest tariff in order to incent Ontarians to participate. If the proposed FIT program leads to 100,000 residential solar rooftop installations, it will amount to one percent of Ontario's supply mix.

The OPA will begin consulting with renewable energy stakeholders on the proposed design of a FIT program, including eligibility criteria and proposed pricing next week. Weekly sessions run from March 17 to May 5, 2009.

### Quick Facts

- In 2008, 25% of Ontario's electricity generation came from renewable energy sources.
- Nearly 1,200 megawatts of wind capacity will be online by end of 2009, enough to power almost 325,000 homes.
- Investments in new renewable energy projects already in place or under construction in Ontario total about \$4 billion.
- Rooftop solar prices should drive installations in urban centres, matching areas with high summer air conditioning demand.
- Methane capture at landfill sites will provide significant greenhouse gas emission reductions.
- Many waterpower projects and partnerships with First Nations and Métis involvement are anticipated, especially in the North.
- In some cases, like farm-based biogas and hydroelectric production, an on-peak producing incentive will be offered.

Proposed Feed-In Tariff Prices for Renewable Energy Projects in Ontario		
Technology	Proposed size tranches	Proposed ¢/kWh
<b>Biomass*</b>		
	Any size	12.2
<b>Biogas*</b>		
	≤ 5 MW	14.7
	> 5 MW	10.4
<b>Waterpower*</b>		
	≤ 50 MW	12.9
Community Based	≤ 2 MW	13.4
<b>Landfill gas*</b>		
	≤ 5MW	11.1
	> 5 MW	10.3
<b>Solar PV</b>		
Rooftop	≤10 kW	80.2
	10 – 100 kW	71.3
	100 – 500 kW	63.5
	> 500 kW	53.9
Ground Mounted	≤ 10 MW	44.3
<b>Wind</b>		
Onshore	Any size	13.5
Offshore	Any size	19.0
Community Based	≤ 10 MW	14.4

\*on/off peak pricing applies (see Backgrounder for details)

### OPA Media Contact

Tim Taylor, 416-969-6307/ Toll Free: 1-800-797-9604