Submission on the Draft FIT 2.0 Rules, Contract and Standard Definitions (vFIN.2)

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Introduction

In 2009, Ontario passed its *Green Energy and Green Economy Act* that created the feed-in tariff programs (FITs). By almost any measure of performance – applications, investment, jobs, industrial development, it has been a great success. And in order to recognize the full transformative impact of Ontario's FIT programs we must build on what has worked; trim away any inefficiencies and fix the links in the development chain that are not working as intended.

Following the release of the FIT Review Report, we are pleased the Government listened to OSEA and applauds its re-engagement and willingness to improve Ontario's FIT Program. This renewed commitment will further strengthen Ontario's leadership role in renewable energy.

OSEA championed the role of local citizens as project proponents through a Community Power model and as more meaningful partners in projects with commercial developers. We believe the enhanced role of municipalities combined with the changes that ease community and First Nations participation will fortify Ontario's growing green economy. Although the FIT Review Report recommends important steps toward maximizing local benefits, creating jobs and addressing legitimate local concerns, clarification surrounding the definition of Community is required.

The FIT Review Report has brought some uncertainty regarding the FIT 2.0 Rules and this is creating significant pressure on developers and stalling further development of the green energy manufacturing sector and the timeliness of the re-launch can mitigate these added risks.

Background

The Ontario Sustainable Energy Association (OSEA) is a non-partisan, member-based, non-profit organization dedicated to inspiring and enabling the people of Ontario to improve the environment, the economy and their health by conserving and producing clean, renewable energy in their homes, businesses and communities. Members include individuals, manufacturers, installers, developers, municipalities, First Nations, farmers, co-operatives and other community organizations supportive of, and engaged in, sustainable energy in Ontario.

OSEA was a key player in the Green Energy Act Alliance and a major voice in the development of policies and tariffs for the FIT and MicroFit programs and the Renewable Energy Standard Offer Program that preceded them. OSEA commends the McGuinty government staff for the significant progress Ontario has made on green energy to date.

At the core of our recommendations is belief that we must build a thriving Community Power sector where sustainable energy is owned, operated and desired by communities if we are to advance a more sustainable energy system and a thriving Ontario based green energy industry.

Build on Success

Two years ago, some of our key recommendations were deemed to be too complex for the initial FIT Program design. Yet some of our original suggestions have been recommended in the FIT Review Report. For example, open and transparent annual price assessment will avoid the negative response to continued high MicroFIT tariffs for solar; a stronger preference for community ownership will reduce the degree of opposition by local governments and others regarding the export of revenues to other provinces or offshore interests, and; the Government's review of Ontario's electricity supply and demand forecast to explore potential for higher renewables capacity targets.

Some of the recommendations in the FIT Review Report represent variations from those principles and should be revisited and are identified herein.

7 Steps to FIT 2.0 Success

OSEA recognizes that there will be significant input into the FIT review process from divergent stakeholders. We have identified 7 primary considerations that our members and stakeholders believe must be incorporated into the final FIT 2.0 Rules. We have included additional secondary recommendations that will further strengthen the Program. The 7 primary recommendations are:

1. Grandfather previous applications and re-instate the definition of community previously endorsed by the Community Power sector with slight modifications;
2. Require all projects to have a minimum of 15% Community and/or Aboriginal participation
3. Create a Community Power Advisory Committee to advise the CEPP, Deloitte and the OPA on the challenges and needs of the sector;
4. Allow each Aboriginal Support Resolution granted by an Aboriginal Community to achieve the required criteria, granting 1/2 a priority point per up to a total of 2 points;
5. Offer system benefits priority points and adders to all renewables if they provide the desired System Benefits through the incorporation of storage or other solutions;
6. Continue to use the regional allocation model for ground-mounted solar PV on Class 3 Soils, while requiring certification from an Agrologist until OMAFRA has updated its maps with more accuracy; and
7. Raise the target for renewables and indicate capacity targets over the next 5 years.

Redlined edits

We have included the redlined text with specific edits in support of the 7 Primary Recommendations in the Appendix at the end of this document.

Community Participation

Applications that have either private, public and/or Aboriginal Community ownership should be given priority to improve the likelihood such projects will receive contracts. Renewable energy projects with private, public and/or Aboriginal Community ownership create economic opportunities and jobs for the community. Anticipated results include positive financial returns for the community, as well as additional local benefits, such as new manufacturing facilities and direct and indirect jobs that support projects.

Residents of Ontario should get first dibs on remaining and future capacity. Ontario residents have paid for the grid over the past 100 years. Research shows that Community Participation not only reduces social friction but also leads to greater social cohesion resulting in greater support for renewable energy. Community ownership also has proven to increase job opportunities and increase revenues from taxes and investment for communities.

OSEA **does not** recommend further restricting the current definition of Community ownership und FIT 1.5.1. We do recognize that the Minister of Energy has clearly stated that he is seeking to establish long-term participation, benefit and support for renewables across the province through increased community involvement. To maximize participation we recommend a broad definition that allows for creativity and a mandatory level of community involvement in all projects.

PRIMARY RECOMMENDATION 1: For the purpose of the adder, access to the CEPP and the MW set-aside, grandfather previous applications using the old definition and *re-instate the definition* of Community with the following modifications:

1. A Registered Charity with its head office in the municipality where the project is located, which owns or leases the site on which the project is located and has a mandate to serve residents of the local community;
2. A Not-For-Profit Organization with its head office in the municipality where the project is located, which owns or leases the site on which the project is located and has a mandate to serve residents of the local community;
3. A "co-operative corporation", as defined in the Co-operative Corporations Act (Ontario), with at least 35 Co-op members that are Property Owners; or

4. A "corporation", as defined in the Corporations Act (Ontario) with at least 35 Corporate members that are Property Owners.

The Challenge

- The revised definition in the draft FIT 2.0 rules would:
    - Unfairly punish legitimate community projects that were submitted under the previous definition with a corporate structure that is now excluded
    - Constrains community innovation and excludes a number of key types of community groups
- Ensuring that the structures serve legitimate community groups and are not gamed by other parties undermining the intent of the program

The Benefit

- Significant streamlining for the OPA
- The previous definition of community in FIT 1.0 was based on extensive consultation and was ~~has been~~ endorsed by OSEA, the Community Power Fund, Ontario Federation of Agriculture and the Ontario Power Authority – the new definition has not (**NOTE:** *Please note that the modifications of the original FIT 1.0 Standard Definition of a Community Investment Member are OSEA's suggestions based on a meeting with the OPA on April 27th, 2012. Last minute changes were made while other supporting comments were not updated. These inconsistencies may have implied that this recommendation was endorsed by other parties. It was not and is solely OSEA's recommendation. We apologize for any misunderstanding, take sole responsibility for any errors and thank everyone who contributed to the shaping of this document. Thank you also to our allies in the sector for bringing the inconsistencies to our attention and for their understanding.*)
- The modified definition of community builds on the earlier consensus among OSEA and other stakeholders from the Community Power sector
- Grandfathering earlier applicants under the original definition spurs innovation, broad participation and does not punish those groups already established and invested in a community based model

PRIMARY RECOMMENDATION 2: We recommend that <u>all small and medium sized projects be required to have a minimum of 15% aboriginal or non-aboriginal community participation</u> involving at least one <u>*Property Owner*</u> from within the <u>*municipality*</u> where the project is located.

The Challenge

- To minimize administrative burden for the OPA and unnecessary costs to the ratepayer
- To build long term community acceptance and support for renewable energy projects across Ontario
- To distribute greater benefit to local aboriginal and non-aboriginal communities
- To increase participation and build capacity in communities
- To spur increased renewable energy and create a culture of conservation
- To level the playing field and create a stable business environment for developers

The Benefit

- Reduced administration burden for the OPA and in turn lower cost to the rate payer by simplifying the point system
- Increases long term support and distribution of benefits
- Prevents the "purchase of priority"
- Increase the stability of the project development and investment environment

Studies have shown that Community Projects generate about 10 times more economic activity in the local community and province than other conventional ownership models[2]. By looking to the Danish approach regarding a minimum community equity participation level of 20% we can come up with a made in Ontario approach based on best practices.

[2]www.iowapolicyproject.org

Community projects and partnerships have become the priority. To effectively enable community participation the Ontario government and its agencies need to keep their fingers on the pulse of the Community Power sector, regularly engaging with those who represent the grassroots groups undertaking projects. Unfortunately there has been very little regular dialogue with the Community Power sector with only a few select splinter groups being consulted in depth leading up to the draft FIT 2.0 Rules. For this reason we recommend the following:

PRIMARY RECOMMENDATION 3: Create a Community Power Advisory Committee to advise the CEPP, Deloitte and the OPA on the challenges and needs of the sector.

The Challenge

- The CEPP Administrator is not an association and does not represent a stakeholder group nor actively engages all stakeholders on issues of program development and policy
- Recommendations like the change of the definition of Community Power to only include co-operatives (one form of Community Power) is contrary to the sector's broader definition and vision of Community Power

The Benefit

- The government and its agents would have direct formal and regular access to constructive feedback from those on the ground that represent and support local residents and community groups including the Ontario Sustainable Energy Association, the Ontario Federation of Agriculture, the Christian Farmers Association, the Ontario Co-operative Association, the Non-profit Network and Greening Sacred Spaces
- Assurance that certain models and proponents are not being favored by the CEPP Administrator

PRIMARY RECOMMENDATION 4: When there are more than four Aboriginal Communities listed by the MOE for consultation, allow each Aboriginal Support Resolution granted by an Aboriginal Community to achieve the required criteria, granting 1/2 a priority point, up to a maximum total of 2 points. For projects located on reserve land not owned by the Aboriginal Community, a resolution passed by Chief and Council will result in 2 points.

The Challenge

- In some instances proponents may find themselves with four or more Aboriginal Communities on the MOE roster. Recognizing that the support resolution is the beginning of a consultative process, proponents should not be penalized for failing to obtain Support Resolutions in the short timeline proposed while incenting the beginning of the consultative process

The Benefit

- This approach is in line with the level of engagement that will garner 2 points for Municipal Support Resolutions
- The Support Resolution is an endorsement in principle for the project that initiates the consultative process

PRIMARY RECOMMENDATION 5*: Offer system benefits priority points and adders to all renewables* if they can provide the desired System Benefits through the incorporation of storage or other solutions.

The Challenge

- Desired System Benefits are not defined, only preferred technologies are currently indicated
- The variability of wind and solar
- Voltage quality
- Shortage of supply in load centers
- A lack of innovation and support for the transition from the rigid *Baseload* paradigm to a flexible and resilient *Auxiliary Load* paradigm

The Benefit

- Captures surplus supply and shifts it to when and where it is needed
- Firms up renewable supply and responsiveness
- Can address voltage quality issues
- Spurs developer investment rather than ratepayer investment, while avoiding costly transmission and system upgrades
- Spurs innovative solutions for export without choosing "winners"

PRIMARY RECOMMENDATION 6: Continue to use the regional allocation model for ground-mounted solar PV on Class 3 Soils while requiring certification by an Agrologist until OMAFRA has updated its maps with more accuracy.

The Challenge

- OMAFRA's maps have an error of 2-3kms and are out of date
- Farmers are interested in doing larger projects than 10kW
- Municipal leaders are frustrated that their control is being taken away

The Benefit

- Sites are certified by an on the ground expert
- Developers have the opportunity to demonstrate that their site is usable utilizing expert certification
- Controlled release of some sites
- Farmers and municipalities regain control and opportunity

PRIMARY RECOMMENDATION 7: *Raise the target for renewables* and *indicate capacity targets* over the next 5 years to ensure predictability and manage risk for communities, developers, manufacturers and investors.

The Challenge

- There is only ~1,000 MW of the 10,700 MW of capacity left

- To build a strong export market there needs to be a healthy domestic market
- To spur community and aboriginal development there needs to be real support and accountability to measure whether the targeted progress is being made
- The remaining capacity is not enough to retain the current manufacturers and attract new investment

The Benefit

- Spread development while building up necessary supply to fill the gap in 2015 while controlling surplus supply
- Create surety in the market for community and commercial developers and the manufacturers that are going to supply them
- Minimum targets serve as success indicators and allow for review and improvement to ensure the appropriate support is being provided to ensure community, aboriginal and commercial projects are operational within a reasonable timeframe

Secondary Recommendations

Inclusion of Municipalities

SECONDARY RECOMMENDATION 1: We recommend **expanding** the program definition of Community by including municipalities and municipally-owned local distribution companies (LDCs).

Contract Capacity

SECONDARY RECOMMENDATION 2: OSEA applauds the recommendation to set aside a minimum of 10 per cent of remaining FIT contract capacity for Community and Aboriginal projects with economic interest greater than 50 per cent. OSEA recommends that the OPA immediately translate this 10% set aside into MWhrs per year, post the set aside in MWhrs and once the initial contracts have been awarded, post the set aside in MWhrs on a monthly basis.

SECONDARY RECOMMENDATION 3: OSEA recommends that the OPA post remaining 2012 procurement limits once the initial contracts have been awarded and on a monthly basis thereafter. These measures will assist all participants in evaluating the likelihood of securing a FIT Contract or determine whether or not to revise or withdraw an existing application.

Transmission and Distribution Capacity Availability

SECONDARY RECOMMENDATION 4: Although the FIT Review Report recommends that the OPA regularly update and publish FIT transmission availability tables following, at a minimum, each round of FIT contract awards, OSEA recommends that TA/DA tables by provincial region should be posted immediately to assist participants determine risk, and whether or not to withdraw their application.

SECONDARY RECOMMENDATION 5: OSEA recommends that participants are given the opportunity to change their connection point.

SECONDARY RECOMMENDATION 6: OSEA recommends that participants are given the opportunity to decrease application capacity.

Technical Recommendations

Kinectrics Report

Currently, the Institute of Electrical and Electronics Engineers (IEEE) and the Federal Energy Regulatory Commission (FERC) standards are more widely interpreted in other jurisdictions which increases micro embedded grid capacity from 15% to 50% of peak capacity.

Although Hydro One Networks Inc. retained Kinectrics to conduct a study which confirmed that in some parts of the province the existing electrical system can take up to 10% private generation on M-class feeders and up to 7% on F-class feeders without danger or fear of islanding, the study recommends a much more detailed analysis of HONI's distribution system to improve the system's capacity to take additional privately generated electricity.

SECONDARY RECOMMENDATION 7: OSEA recommends that Government directs HONI to immediately develop the studies work plan and schedule and subsequently set new limits for each DS feeder.

Co-operativess and Constrained Projects

SECONDARY RECOMMENDATION 8: OSEA recommends that all co—operatives the opportunity to offer a solution to constrained participants, even if they do no hae a constrained project.

Security Deposits

SECONDARY RECOMMENDATION 9: OSEA recommends that Community and Aboriginal projects under the Small FIT program be exempt from the application deposits as was previously the situation under FIT 1.0.

Community Energy Partnership Program

Recognizing that community groups will want to apply for Community Energy Partnership Program (CEPP) funding now in order to be ready to secure a FIT contract during the soon to be released 200MW of Small FIT capacity, we recommend the following.

SECONDARY RECOMMENDATION 10: OSEA recommends that costs associated with Representation and Warrant for the FIT application process be recoverable under the CEPP if a community group successfully secures a grant.

Program Continuity

In order to ensure program continuity, OSEA recommends the following:

SECONDARY RECOMMENDATION 11: Awarding contracts according to capacity set annual limits and availability, not in batches.

SECONDARY RECOMMENDATION 12: Processing FIT 2.0 applications and awarding contracts prior to setting and publishing prices in November.

SECONDARY RECOMMENDATION 13: Provide clarification regarding the manner in which applications will be processed while setting and publishing prices in November that will take effect on January 1st the following year.

Timing for Capacity Agreement and Ownership

There is significant concern that the capacity agreements and having ownership are required by May 17th in the draft rules, while the Ministry of the Environment's streamlined Renewable Energy Approvals process for small projects won't be released until September or October. To provide sector participants more time to prepare we recommend the following.

SECONDARY RECOMMENDATION 14: OSEA recommends that the date for final submission be moved to July 1, 2012. Rather then batch releases we reinforce Secondary Recommendation 11 that contracts should be released as processed not in batches.

Other Technologies

There was broad support for reduction of FIT prices to reflect lower technology costs and include other forms of technology, such as storage.

SECONDARY RECOMMENDATION 15: OSEA recommends considering the value of clean technologies such as thermal energy, smart grid and electric vehicles as part of the FIT Review.

SECONDARY RECOMMENDATION 16: As for the creation of a domestic content grid for concentrated solar PV to facilitate participation in the FIT Program, OSEA recommends doing so for other technologies as well.

Conservation

SECONDARY RECOMMENDATION 17: Since the FIT Review Report states that stakeholders supported a greater focus on conservation, OSEA recommends a FIT approach to conservation to obviate the need for costly and unwieldy conservation programs and as part of the FIT Review.

Renewable Electricity, Green Heat and Storage

SECONDARY RECOMMENDATION 18: OSEA supports lowering FIT Program prices for solar and wind technologies by more than 20 per cent depending on size, and 15 per cent respectively. However, given the extremely high fixed costs, no solar project under 7kW or small wind project can be profitably realized as per recommended Price Schedule. In order to address this concern, OSEA recommends adding a solar rooftop project size tranche at 7kW and under, and a small wind project size tranche at 100 kW and under to enable the development of smaller distributed projects and support our Ontario manufacturers that focus on these technologies.

Moreover, OSEA recommends adding tariffs for green thermal energy, storage and conservation.

SECONDARY RECOMMENDATION 19: OSEA further recommends establishing an adder for renewable energy projects located on brownfields and other low or distressed value lands such as municipal landfill and buffer zones, mine reclamation areas, low-grade lands not registered on the Canada soils inventory (mostly in northern Ontario) and clear-cut lands in northern Ontario.

Micro FIT

SECONDARY RECOMMENDATION 20: Definition 47 in the Micro FIT rules regarding Nameplate Capacity may undermines the financial case for solar PV facilities. OSEA Recommends that the definition be edited as follows: "***Nameplate***

Capacity means the manufacturer's total installed rated capacity of the microFIT Project to generate electricity and, in the case of a solar (PV) facility, means the lesser of (i) the manufacturer's total installed rated capacity of the solar panels, and (ii) the manufacturer's specified maximum power output of the inverter~~, neither of which may be greater than 10kw.~~"

SECONDARY RECOMMENDATION 21: OSEA recommends that any co-operative should be permitted to acquire constrained contracts, not only those that already have a constrained project.

Appendix – Redlined FIT 2.0 Documents

FIT Rules, Contract and Standard Definitions Feedback Submission Form

Completed forms should be sent to FITsubmissions@powerauthority.on.ca. Please identify the section number of the rules, contract and standard definitions you are providing feedback on. Note that there are separate sections for feedback on each of these documents. Feel free to add additional rows to the form.

Note that there is a separate form for microFIT submissions – please refer to the microFIT website for more information – microFIT.powerauthority.on.ca

Optional Information:

Name: Kristopher Stevens

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FIT Rules

Section	Feedback
2.1	**We recommend that the rule regarding CLI Class 3 land previously defined under FIT 1.5.1 2.1 (iv) (A) should be maintained and the draft rule in Section 2.1 (1) (i) removed.** ~~1.in the case of a Non-Rooftop Solar Project, not be located on a Site that is comprised (in whole or in part) of:~~ ~~(i) CLI Class 1 Lands, CLI Class 2 Lands or CLI Class 3 Lands;~~

	2.1(iv) (A) CLI Class 1 Lands, CLI Class 2 Lands or CLI Class 3 Lands that have not been designated on the Website as Class 3 Available Lands, unless any such lands were zoned by the applicable municipality to permit non-agricultural uses as of October 1, 2009; **NOTE:** OSEA recommends continuing to use the regional allocation model for ground-mounted solar PV on Class 3 Soils while requiring certification by an Agrologist until OMAFRA has updated and accurate maps. **NOTE 2:** OMAFRA's maps are out of date and have an error of 2-3 kms.
3.2	**We recommend deleting Section 3.2(a)(v)(B) regarding developer built enabler lines:** ~~(B) [NTD: distance referred to in s. 3.2(a)(v)(B) subject to special consultation] farther than <*> kilometres from the Connection Point;~~ **NOTE:** OSEA recognizes that a limitation on transmission and distribution line length is necessary where the interconnection is funded as an Enabler Line paid for by Ratepayers and/or Tax Payers; *where the interconnection line is fully paid for by a generator developer(s), there is no need for any pre-determined line length limitation as private interconnections are not costing the ratepayers and taxpayers anything, and they are regulated by the Ontario Energy Board, which operates to approve lines based on a public interest standard.*
6.1	**We recommend simplifying Section 6.1 - Application Prioritization and Ranking as follows:** (a) All Small and Large FIT projects must have a minimum of 15% Community or Aboriginal Participation (or a combination thereof) for the term of the FIT contract. (~~a~~ b) Certain Applications, as set out in Figure 6.1: Priority Points Table, will be eligible to receive priority points ("Priority Points") in the ranking process. Each Application will receive Priority Points (as set out in the Priority Points Table). ~~based on: (1) Project Type; and/or (2) Non-Project Type.~~ (c) Priority Points awarded ~~by Project Type may not be combined with other Priority Points awarded by Project Type. Priority Points awarded by Non-Project Type~~ may be combined ~~with Priority Points awarded by~~

~~Project Type and/or other Non Project Type categories, provided that:~~

~~(i) for an Application that receives Priority Points as an Aboriginal Participation Project, such Application shall be ineligible to receive Priority Points for an Aboriginal Support Resolution of the Aboriginal Community that has an Economic Interest in the Applicant; and~~

~~(ii) for an Application that receives Priority Points as an Education or Health Participation Project, such Application shall be ineligible to receive Priority Points for having an Education or Health Host.~~

~~(c) Priority Points~~ and will be awarded ~~under the Non Project Type heading to a Project~~ as described in an Application if:

(i) it has received the support of a Municipality in the form of a Municipal Council Support Resolution;

(ii) it has received the support of an Aboriginal Community in the form of an Aboriginal Support Resolution;

(iii) it evidences Project Readiness;

(iv) it has an Education or Health Host; or

(v) it provides a System Benefit.

(d) Whether or not an Aboriginal Support Resolution has been adopted in respect of any Subject Lands or potential Subject Lands shall have no bearing on whether any constitutionally protected Aboriginal or treaty rights may pertain to such lands.

Figure 6.1: PRIORITY POINTS TABLE

PROJECT CRITERIA	PRIORITY POINTS
~~Community Participation Project~~	~~3~~
~~Aboriginal Participation Project~~	~~3~~
~~Education or Health Participation Project~~	~~2~~
Municipal Council Support Resolution	2

Aboriginal Support Resolution	2	
Project Readiness	2	
Education or Health Host	2	
System Benefit	1	

NOTE: During our meeting with the Minister of Energy he stated that a core goal is to secure long-term community support for renewable energy and distribution of benefits from projects ensuring that the best projects float to the top. He has also expressed concern about the possibility of developers "buying priority" through engineered community or aboriginal participation and then flipping the project. *Rather than creating a complex system to spur participation through priority points while attempting to protect against gaming, we recommend simply requiring a minimum level of community participation in all projects of 15%.* In Denmark wind projects have this requirement providing a precedent for us to adopt for the Ontario market (http://www.ens.dk/en-US/Info/Legislation/Energy_Supply/Documents/Promotion%20of%20Renewable%20Energy%20Act%20-%20extract.pdf). *This approach will raise the bar squeezing out the worst developers, result in the desired long term support and benefit and will still allow for prioritization based on the remaining points framework.*

7.3

We recommend deleting Section 7.3(a) so as not to prejudice viable projects by limiting developer investment in infrastructure upgrades:

~~(a) upgrades identified by the OPA in its discretion to a transmission line section that is 2 kilometres or less; and~~

9.1

We recommend Section 9.1(c) be amended to enable the integration of storage as follows:

291. (c) Projects that use Renewable waterpower, biomass, landfill gas or biogas, ~~or~~ a Project being a proposed On-Farm Biogas Facility, or a wind or solar project that incorporates storage technology with a capacity of 10% of the generators peak generation as their Renewable Fuel will receive a time

	differentiated price under the FIT Contract. For all Hourly Delivered Electricity, such Suppliers will receive the price as otherwise determined in accordance with this Section 9, multiplied by the Peak Performance Factor for the corresponding hour. The application of the Peak Performance Factor will result in higher payments during On-Peak Hours and lower payments during Off-Peak Hours to encourage such Projects to schedule their production during On-Peak Hours to the extent practicable.

FIT Contract

Section	Feedback
17.2	**We recommend that based on the re-instatement of the definition of Community and the minimum requirement of 15% Community or Aboriginal Participation, Section 17.2(i) be amended as follows:** **17.2 Provisions for Community Participation Projects** (i) On the Commercial Operation Date and on or prior to each anniversary thereof during the Term, the Supplier whose Project is a Community Participation Project, shall certify in writing to the OPA that it has, and (other than in the case of the initial such certification) has had at all times during the period since the previous certification at minimum one (1) Community or Aboriginal Investor making up at minimum 15% community participation in the project. ~~:~~ ~~(i) in the case of a Large FIT Facility, at least 50 Qualifying Members; or~~ ~~(ii) in the case of a Small FIT Facility, at least 35 Qualifying Members.~~ Where, at the time of such certification, the identity of any such ~~Qualifying Members~~ Community or Aboriginal Investor has changed, the Supplier shall provide the OPA with the certification the Qualifying Membership Declaration of any new Community or Aboriginal Investor ~~Qualifying Member~~ and the names of any persons that ceased to be Community or Aboriginal Investors ~~Qualifying Members~~ during such

	period.

FIT Standard Definitions

Section	Feedback
1	**We recommend that the FIT 1.5.1 Standard Definition of Aboriginal Community be maintained as follows:** ~~1. ***Aboriginal Community*** means, for the purposes of the FIT Program,~~ ~~(a) a First Nation in Ontario that is a "band" as defined in the *Indian Act,* RSC 1985, c. I-5;~~ ~~(b) the Métis Nation of Ontario or any of its active Chartered Community Councils; or~~ ~~(c) a Person, other than a natural person, that is determined by the Government of Ontario for the purposes of the FIT Program to represent the collective interests of a community that is composed of Métis or other Aboriginal individuals in Ontario.~~ 2. (a) Aboriginal Community means, for the purposes of the FIT Program, (i) a First Nation that is a "Band" as defined in the Indian Act (Canada); ii) the Métis Nation of Ontario or any of its active Chartered Community Councils; (iii) a Person, other than a natural person, that is determined by the Government of Ontario for the purposes of the FIT Program to represent the collective interests of a community that is composed of Métis or

	other aboriginal individuals; or (iv) a corporation that is wholly-owned by one or more Aboriginal Communities as described in (i), (ii) or (iii).
9 & 10	**Please note that the following resolutions and support of Standard Definitions as noted in FIT 2.0 rules does not constitute consultation and accommodation but the beginning of a consultative process. <u>We caution on the over reliance on a support resolution absent project specific consultation.</u>** 9. ***Aboriginal Support Resolution*** means, in respect of an Application for an Aboriginal Supported Project, a resolution in the Prescribed Form duly adopted by an Aboriginal Community by its band council or Métis Local Community, as applicable, demonstrating that the Application has the support of such Aboriginal Community. 10. ***Aboriginal Supported Project*** means a Project being developed on Subject Lands in respect of which a Aboriginal Support Resolution has been adopted by every Corresponding Aboriginal Community, provided failure of a Project to qualify as an Aboriginal Supported Project shall neither disqualify an Application in respect of such Project, nor have any bearing on whether constitutionally protected Aboriginal or treaty rights may pertain to the Subject Lands.
10	**We recommend the definition for Aboriginal Supported Project be amended as follows:** 10. ***Aboriginal Supported Project*** means a Project being developed on Subject Lands in respect of which a Aboriginal Support Resolution has been adopted by ~~every~~ Corresponding Aboriginal Community~~y~~ies. Projects that have received Aboriginal Support Resolutions from all Corresponding Communities will receive 2 points. Projects that have not received Aboriginal Support Resolutions from all Corresponding Communities may receive half (1/2) a point for each Aboriginal Support Resolution up to a total of 1.5 points. ,~~p~~ Provided failure of a Project to qualify as an Aboriginal Supported Project

	shall neither disqualify an Application in respect of such Project, nor have any bearing on whether constitutionally protected Aboriginal or treaty rights may pertain to the Subject Lands. **NOTE:** According to the Renewable Energy Approval's process, a developer must gain the support of all First Nation through the consultative process in order to secure a Notice to Proceed (NTP). This means that in the instance of 8 aboriginal communities on the Ministry of the Environment's list a developer could secure four Support Resolutions to receive the two points under the proposed change while being required to secure support from all 8 communities by NTP.
52	**The definition of Community Investment Member previously defined through consultation with the Ontario Sustainable Energy Association and other Community Power stakeholders under FIT 1.5.1 should be used with minor updates as follows:** ~~52. ***Community Investment Member*** means:~~ ~~(a) in respect of a Large FIT Project or a Large FIT Facility, a Co-op with at least 50 Co-op Members that are Property Owners; or~~ ~~(b) in respect of a Small FIT Project or a Small FIT Facility, a Co-op with at least 35 Co-op Members that are Property Owners.~~ 52. ***Community Investment Member*** means: ~~(a) one or more individuals Resident in Ontario;~~ (b) A Registered Charity with its head office in ~~Ontario~~ the municipality where the project is located, which owns or leases the site on which the project is located and has a mandate to serve residents of the local community; (c) A Not-For-Profit Organization with its head office in ~~Ontario~~ the municipality where the project is located, which owns or leases the site on which the project is located and has a mandate to serve residents of the local community; ~~or~~ (d) A "co-operative corporation", as defined in the Co-operative Corporations Act (Ontario), ~~all of whose~~

~~members are Resident in Ontario~~ with at least 35 Co-op members that are Property Owners; or

(e) A "corporation", as defined in the Corporations Act (Ontario) with at least 35 Corporate members that are Property Owners.

NOTE 1: *The term property owner assumes the FIT 2.0 Standard Definition 238 - Property Owner* means a natural person that, as of the date two years prior to the date of an Application, and at the date of such Application still is, the registered owner of real property in a Municipality in which a Project described in such Application is (in whole or in part) located.

NOTE 2: *OSEA recommends that the new definition of Community Investment Members apply only to new applications and that all previous applications that were eligible under the FIT 1.0 definition be grandfathered.* This will in fairness allow those legitimate community groups with previous applications to move ahead with out placing an unnecessary burden on them to restructure their already established framework. However, if said community based proponents wish to apply for any future projects they should be required to conform to the new requirements.

NOTE 3: It would be appropriate to include municipalities and municipally owned LDCs as part of this list and if necessary include health and educational organizations more explicitly

NOTE 4: Several concerns have arisen about the current draft rule's limited definition of community to just co-operatives. First, the Financial Services Corporation responsible for regulating co-operatives has recently downsized and has limited capacity to process a large influx of applications. Secondly, SolarShare co-opertive's share offering has been under review by FSCO for more than a year due to its complexity and is yet to be receipted. FSCO has not had to deal with the complexity of partnerships between co-ops and commercial entities before raising concerns that like the SolarShare share offering timelines causing possible delays to the re-launch of the program. Some experts on co-operatives that work with OSEA are concerned that co-operative investment in larger projects is not possible under the current Co-operative Act requiring amendments to the legislation and regulations which also could mean much longer timelines. Ensuring

	that these concerns are addressed will be important to ensure communities are able to participate. **NOTE 5** *Please note that the modifications of the original FIT 1.0 Standard Definition of a Community Investment Member are OSEA's suggestions based on a meeting with the OPA on April 27th, 2012. Last minute changes were made while other supporting comments were not updated. These inconsistencies may have implied that this recommendation was endorsed by other parties. It was not and is solely OSEA's recommendation. We apologize for any misunderstanding, take sole responsibility for any errors and thank everyone who contributed to the shaping of this document. Thank you also to our allies in the sector for bringing the inconsistencies to our attention and for their understanding.*
53	**We recommend that the FIT 1.5.1 Standard Definition of Community Participation Level be maintained as follows:** ~~53. ***Community Participation Level*** means, in relation to a Project or a Facility, the percentage of the total Direct Economic Interest in the Applicant or the Supplier that is held by a Community Investment Member, provided that the Community Participation Level shall be reduced by a percentage equal to the percentage of the total Economic Interest (without double counting indirect Economic Interest) held in such Community Investment Member by any Person or Affiliate thereof whose primary business or employment is the development of non-community- based electricity generation projects, as determined by the OPA in consultation with the third- party administrator of the "Community Energy Partnership Program".~~ ***53. Community Participation Level*** means, in relation to a Project or a Contract Facility, the percentage of the Economic Interest of the Applicant or the Supplier that is held by Community Investment Members, provided that the Economic Interest held by any Person (and all those who hold an Economic Interest in such Person) (i) whose primary business or employment is the development of non-community-based electricity generation projects, as determined by the OPA in consultation with the third-party administrator of the "Community Energy Partnership Program" or (ii) that has issued its own securities to the public or is an Affiliate of a Person that has issued securities to the public, shall not count towards the Community Participation

	Level.
55	**We recommend that the Community Participation Project Declaration on P4 of Ver 2.0 FIT Standard Definitions be updated to recognize the return to the earlier definition of community.** ***55. Community Participation Project Declaration*** means, with respect to a Project or a Facility: (a) a statutory declaration in the Prescribed Form containing a description of the Community Participation Level of such Project or Facility and the consent of the participating Community Investors~~:~~ ~~i. (i) in respect of a Large FIT Project or a Large FIT Facility, 50 Co-op Members who are Property Owners; or~~ ~~ii. (ii) in respect of a Small FIT Project or a Small FIT Facility, 35 Co-op Members who are Property Owners,~~ to the collection, use and disclosure by the OPA of such ~~Co-op Members'~~ Community Investors personal information as set out in the Application and to the OPA receiving the contact details of each such ~~Co-op Member~~ Community Investor and the right to contact them for the purposes of verifying such information; and (b) written evidence documenting such Community Participation Level to the satisfaction of the OPA.
58	**We recommend amending Standard Definition 58 as follows:** ***58. Community Price Adder (Over 50%)*** means the amount in ¢/kWh paid to Community Participation Projects having an ~~Aboriginal Participation Level~~ Community Participation Level greater than 50% as set out in the Price Schedule.
40	**We recommend the following update of the term Qualifying Member on P20 *Ver 2.0 FIT Standard Definitions***

	to be as follows: ***240. Qualifying Member*** means, in respect of a Project described in an Application, a natural person who is a ~~Co-op Member and a~~ Property Owner who as a Community Investor has provided ~~the Co-op Member's~~ their name, contact information, address and a certification that the Community Investor ~~Co-op Member~~ is a Property Owner in respect of such Project, and ~~the~~ that they have ~~has~~ provided their ~~the Co-op Member's~~ consent to the OPA directly or through their corporate structure ~~to the Co-op~~ to disclose such information to the OPA for the purposes of the FIT Contract.
291	**We recommend that the definition of System Benefit be simplified to enable the incorporation of storage technology as follows:** ***292. System Benefit*** means a benefit to the Ontario electricity system by virtue of a Project using as its Renewable Fuel waterpower, Renewable Biomass, landfill gas or Biogas, ~~or~~ a Project being a proposed On-Farm Biogas Facility, or a wind or solar project that incorporates storage technology with a capacity of %10 of the generators peak generation. Alternatively the definition could be framed as follows removing reference to technologies and focusing on desired characteristics (highlighted by the question marks): ***292. System Benefit*** means a generator that provides all of the following benefits to the Ontario electricity system: ???, ???, ??? and ???. ~~by virtue of a Project using as its Renewable Fuel waterpower, Renewable Biomass, landfill gas or Biogas, or a Project being a proposed On-Farm Biogas Facility.~~ **NOTE:** The current definition "picks winners" by singling out water power, biogas, Renewable biomass, landfill gas and Biogas. ***We recommend that the OPA define the desired System Benefits characteristics and allow alternative solutions the opportunity to enter the market.*** Examples could include but are not limited to the firming of renewable energy supply, voltage quality controls, etc. Such a definition opens the door for innovative solutions pairing wind or solar

	with pumped storage, advanced lead batteries, compressed air or other technologies that are supposed to be spurred by the Ontario government's Smart Grid Fund and other efforts. This approach was used with biogas previously leveraging the FIT in combination with OMAFRA's grant program to seed Ontario's first projects.