



Ontario Launches the Feed-in-Tariff Program

September 24, 2009

I. INTRODUCTION

Today the Ontario Ministry of Energy and Infrastructure ("MEI") announced the final four steps in its "Ten Steps to Green Energy" as part of the implementation of the *Green Energy and Green Economy Act*. The four steps announced today are:

1. The launch of the Feed-in Tariff ("FIT") program for renewable energy;

2. The implementation of the Renewable Energy Approval ("REA") process for renewable energy generation projects and the establishment of minimum setbacks for wind turbines;

3. The development of domestic content requirements that will be imposed on the development of renewable energy projects through the FIT Contract; and

4. The creation of the Renewable Energy Facilitation Office ("REFO") to assist renewable generation developers to apply for FIT Contracts and to work through the approvals required to construct their projects.

II. LAUNCH OF THE FEED-IN TARIFF PROGRAM

Originally introduced in March 2009, the FIT program was formally launched today. The FIT program provides renewable energy generation developers with the opportunity to secure long-term contracts for the output of their generation facilities at fixed prices.

Renewable energy projects that generate less than 10kW of electricity will be subject to a separate micro-feed-in tariff program ("microFIT") that was also officially launch today.

Key features of the FIT program include:

- available to a variety of renewable energy technologies including wind (on-shore and

off-shore), solar PV (ground-mount and rooftop), biomass, biogas, landfill gas and water;

- 20 year contracts (40 years for waterpower) with the Ontario Power Authority ("OPA") for the sale of output from renewable generation facilities;
- fixed prices that vary across different technologies, project sizes and locations;
- incentives through a "price adder" to encourage Aboriginal and community-based projects;
- domestic content requirements for projects.

It was also announced that the government will direct the OPA that there is to be no ground-mount solar projects above 100kW on Class 1 or 2 agricultural land or Specialty Crop Areas (as defined in the *Planning Act*), but that up to 500MW of solar projects could be located on Class 3 agricultural lands which is to be allocated on a regional basis.

Final FIT Documents:

Corresponding with the formal launch of the FIT program the OPA posted final versions of the FIT Rules, FIT Contract and FIT Price Schedule today on its FIT website at www.powerauthority.on.ca/fit.

Important FIT Dates:

Applications: Applications for FIT Contracts will be accepted by the OPA starting October 1, 2009. The FIT Rules provide for a 60 day launch period in which FIT Contract applications will be subject to a special review and assessment process detailed in Section 13 of the Rules.

Dedicated Website: The OPA will be setting up a dedicated FIT website that will be available September 30, 2009 and will provide application

material and instructions to assist developers in applying for a FIT Contract.

Stakeholder Session: In order to allow stakeholders to ask questions regarding the introduction of the FIT program, the OPA will be hosting a web-enabled teleconference on Monday, September 28th from 2:00 to 4:00 p.m.(Eastern). Check the OPA website at www.powerauthority.on.ca for details.

III. RENEWABLE ENERGY APPROVALS

The Renewable Energy Approval regulation (the "REA Reg."), which is intended to streamline all approval requirements, was also released today.

Small (<10kW) and roof top solar projects, as well as small wind projects (<3kW), are exempt from the REA requirements.

The controversial proposed wind set back requirements were afforded some flexibility. Generally, large wind projects will be subject to a set back distance of 550m from the nearest receptor, but participating properties that are owned by the developer or a person who has contracted with the developer is not considered a receptor.

In certain circumstances, the developer may be exempt from the 550m set back and subject to a set back as determined in accordance with the Ministry of Environment Noise Guidelines.

The set back requirements are more stringent as the number of turbines increase. The minimum set back from roads is blade length plus 10m and from the boundaries of non-participating properties is the tower height.

The minimum setback from bodies of water and streams is 30 metres.

IV. DOMESTIC CONTENT REQUIREMENTS

Developers will be required to satisfy minimum domestic content requirements as a percentage of their total project costs in key categories set out by the Government in the FIT Contract and as determined at the date of commercial operation.

For large wind projects (>10kW), the minimum domestic content requirement will start at 25% and increase to 50% on Jan. 1, 2012.

For small solar PV (<10kW), the requirement will start at 40% and increase to 60% on Jan. 1, 2011.

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All domestic content requirements are subject to specific component percentages as stipulated in the FIT Contract.

V. RENEWABLE ENERGY FACILITATION OFFICE

The MEI announced the opening of the REFO to provide a focussed source of information for renewable energy developers regarding the process of securing a FIT Contract and related approvals. The REFO will not have any regulatory mandate, but will be entirely focussed on assisting developers to navigate the FIT process.

For further information on the FIT Rules or FIT Contract please contact:

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