



Fixed prices proposed for green-energy projects

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Renewable energy in Ontario got a massive boost Thursday with the proposal of a fixed-price plan that, by June, could see the province paying out generous premiums to large and small generators of green power.

The premiums - called advanced feed-in tariffs - are what the government guarantees to pay over the life a 20-year contract with sellers of electricity produced from the sun, wind, water and biomass, regardless of project size.

Under the proposed plan, the first of its kind on the continent, homeowners who put solar power systems on their rooftops will be able to fetch more than 80 cents for every kilowatt-hour sold into the grid, roughly 13 times the going rate for electricity.

Farmers turning cow

Feed-in tariffs		
Proposed prices the government will pay for renewable energy in Ontario under a 20-year contract.		
Technology	Proposed size tranches	Prices proposed cents/kWh
Biomass*		
	Any size	12.2¢
Biogas*		
	Less than 5 MW	14.7
	Greater than 5 MW	10.4
Waterpower*		
	Less than 50 MW	12.9
● Community based	Less than 2 MW	13.4
Landfill gas*		
	Less than 5 MW	11.1
	Greater than 5 MW	10.3
Solar PV		
● Rooftop	Less than 10 kW	80.2
	10-100 kW	71.3
	100-500 kW	63.5
	Greater than 500 kW	53.9
● Ground mounted	Less than 10 MW	44.3

manure into power-producing methane will get as much as 15 cents, while developers of offshore wind projects will get 19 cents. Prices are tailored to the types of green energy being produced and project sizes. Developers of smaller projects will generally get a higher premium than developers of large projects.

Wind		
● Onshore	Any size	13.5
● Offshore	Any size	19.0
● Community based	Less than 10 MW	14.4
*On/off peak pricing applies		
SOURCE: Ontario Power Authority		

"You are going to see a lot of activity, a lot of companies saying Ontario is the place to develop," said Graeme Millen of Ottawa-based CH Four Biogas Inc., which sells biogas systems for farms. "If this is administered properly, we will see Ontario really launch to the forefront of the renewable-energy sector."

Energy and Infrastructure Minister George Smitherman said the proposed tariffs signal that Ontario, by providing certainty for the market, is serious about attracting investment and green-collar jobs. He downplayed concern that Ontarians will see their electricity bills skyrocket as a result of the initiative, pointing to the high price being offered for residential rooftop solar.

"We'd have to get to 100,000 rooftop installations to get to just one per cent of overall installed (power) capacity in the province," said Smitherman.

The new feed-in tariffs add flesh to the government's Green Energy Act, which was tabled on Feb. 24 and on Wednesday passed its second reading in the legislature. Smitherman Thursday repeated earlier statements that the premiums being paid for renewable energy aren't expected to add more than 1 per cent annually to the average customer bill.

And by raising the bar on the province's renewable ambitions, he added, "we expect substantial employment growth will take place." The government has promised the creation of 50,000 jobs over three years as a result of its green-energy legislation, a figure that has drawn much skepticism.

Colin Andersen, chief executive officer of the Ontario Power Authority, which developed and will oversee the feed-in tariff program, said the approach mirrors models that have been successful in Europe, specifically Germany, Spain and Denmark.

"It's going to enhance access to capital, it's going to increase certainty, and it's going to build investor confidence as well," said Andersen. "It's designed to allow renewable energy projects to recover the cost of building and maintaining the projects and also earn a reasonable rate of return on the investment over the term of the project."

The cost of connecting to the grid is also built into the tariff, he added. "We will review prices and amend them periodically over time as technologies improve, as

industry experience evolves and as the market changes."

Smaller, community-based projects are big winners from the new pricing structure, said Deborah Doncaster, executive director of the Community Power Fund, which was set up to support local grassroots projects that emerge out of local and aboriginal cooperatives.

"I'm thrilled with this," said Doncaster, explaining that the generous tariffs send a message. "There's now a recognition that we're not just talking about electricity costs. We're talking about jobs and economic revival and stimulus, and (conceding) there's going to be an added cost to getting that."

The new advanced feed-in tariffs replace a previous initiative, called the Standard Offer Program, which was limited to projects under 10 megawatts. Under that program the government paid 42 cents per kilowatt-hour for solar, and 11 cents for power from wind, biomass/biogas and hydroelectric projects.

Under the new tariff proposal, large onshore wind projects will get 13.5 cents, but projects under 10 megawatts will get 14.4 cents. Likewise, prices have been increased for biomass, biogas, and hydro.

For the first time in North America a price has also been set for offshore wind projects.

"This is a watershed moment. Until now offshore wind was never officially recognized," said John Kourtoff, CEO of Trillium Power, which plans to build a large wind farm in Lake Ontario. "The 19 cents is a good reference point, and we look forward to working with the government on the details."

The price for solar was also jacked up, but varies depending on the size of the project. Large multi-megawatt ground projects get slightly more at 44.3 cents, with the price climbing gradually to 80.2 cents as projects get smaller.

Ken Traynor, coordinator for the West Toronto Initiative for Solar Energy - essentially a local buying group for residential solar systems - said he was excited that the tariff for home projects has nearly doubled. At the same time, he said the few dozen homeowners who installed systems under the previous program are now being penalized for being early movers.

"To financially penalize people who went first would be a serious mistake," said Traynor.

The power authority expects homeowners to honour their earlier contracts, said Amy Tang, a spokeswoman for the energy minister. But she hinted that there might be room for negotiation. "The (agency) has indicated it would be willing to listen if there is a good reason why this approach should be revisited."

Developers of multi-megawatt solar projects, meanwhile, said a tariff of 44.3 cents for power from large solar farms still wouldn't make such initiatives economical enough to proceed. One solar-industry executive, who didn't want to be named, cited a tight capital market and poor exchange rate for the concern. "The math still does not work," he said.

"We are angry because the various government agencies kept telling us not to make waves, that the new numbers would play into the developers' favour. All are feeling shafted."

Despite this concern, Paul Gipe, a U.S. renewable-energy analyst, said Ontario's proposed feed-in tariffs set a precedent in North America and ratchet up the competition for green-collar jobs. He said Ontario's move will make it easier to convince U.S. states to follow.

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