

OPA's FIT Application Process

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Abbreviations

Note that not all of the abbreviations below may be used in the following text, but these abbreviations often appear in documents on the OPA program.

COD: Completion on Date

DSC: Distribution System Code

ECT: Economic Connection Test

FIT: Feed-in Tariff

IESO: Independent Electricity System Operator

LDC: Local Distribution Company

NERC: North American Electric Reliability Corporation

NPCC: Northeastern Power Coordinating Council

NTP: Notice to Proceed

OEB: Ontario Energy Board

OPA: Ontario Power Authority

RESOP: Renewable Energy Standard Offer Contract Program

TAPS: Transmission Availability and Project Status

TAT: Transmission Availability Test

TSC: Transmission System Code

The OPA's feed-in tariff (FIT) application and contracting process differs substantially from that of the RESOP program. The proposed OPA application process is far more complex than that in RESOP. Below are some of the notable differences in no particular order.

- Contract Milestones and Security Deposits,
- A Notice to Proceed,
- A Provision for Domestic Content,
- The FIT Production Line and the FIT Reserve, and an
- Initialization Period
- Differentiated Feed-in Tariffs
- Connection and Project Status Database

Note that this document is simply a summary of major program elements. See OPA's briefing documents and program rules for more details: [Stakeholder Engagement Workshops](#).

Microgenerators & Queue Exempt Projects

Microgenerators, those projects <10 kW, and so-called “queue exempt” projects are assured connection and will qualify for a simplified application process as a result.

Projects <250 kW connected at voltages <15 kV and projects <500 kW connected at voltages >15 kV are defined by the OEB as “queue exempt” in the DSC.

All contracts will be administered by the OPA but processing of applications of microgenerators will be handled by LDCs to facilitate the expected volume of contracts. The Ministry of Energy and Infrastructure has said publicly that they expect 100,000 rooftop solar PV systems to result from the program.

Differentiated Feed-in Tariffs

Unlike the RESOP program, tariffs are differentiated by technology, project size, and in some cases application. For example, there are different tariffs for offshore wind projects and projects on land. Similarly, there are five tariff classes for solar PV based on size and whether the project is ground-mounted or on a rooftop.

Notice to Proceed

The Notice to Proceed (NTP) is the final step in the application and contracting process before construction can begin. OPA will use the NTP as a signal that once a project moves beyond this step, the full Application Security and Completion and Performance Security are at risk. The NTP process also allows OPA to manage the risk of contracting generation in advance of transmission expansion.

The applicant must request NTP from OPA. This request is similar to a second application, it must include the additional Completion Security, proof of Renewable Energy Approval, documentation of financial commitments, completion of all electrical system impact assessments (CIA and SIA, connection has already been confirmed by this stage), and documentation of domestic content for solar and wind projects.

OPA reserves the right to delay NTP for 12 months, except for Category I projects. Category I projects have connection capacity immediately available. Category II and III do not currently have connection capacity and represent the level of risk to the province that the capacity may not be built in the time planned.

Domestic Content

With Bill 150 as amended, a certain percentage of domestic content will be required to obtain NTP. The percentage of domestic content is subject to

regulation by the Ministry of Energy and Infrastructure and may vary with technology. The Ministry expects that regulations on domestic content will not be implemented until mid-July. Minister Smitherman has suggested that domestic content reach 60% within a few years of program launch for both wind and solar PV.

Connection and Project Status Database

OPA will maintain an online Connection Resource Database (TAPs) so developers can determine where and how much connection capacity exists. The database will include the transmission and distribution system, transformer stations, feeders, and location information.

The database will also include projects and project status.

FIT Contract Application Process

OPA suggests the application process should take two to four months. Applications are time stamped upon submission. The time stamp “establishes the relative priority” of the application.

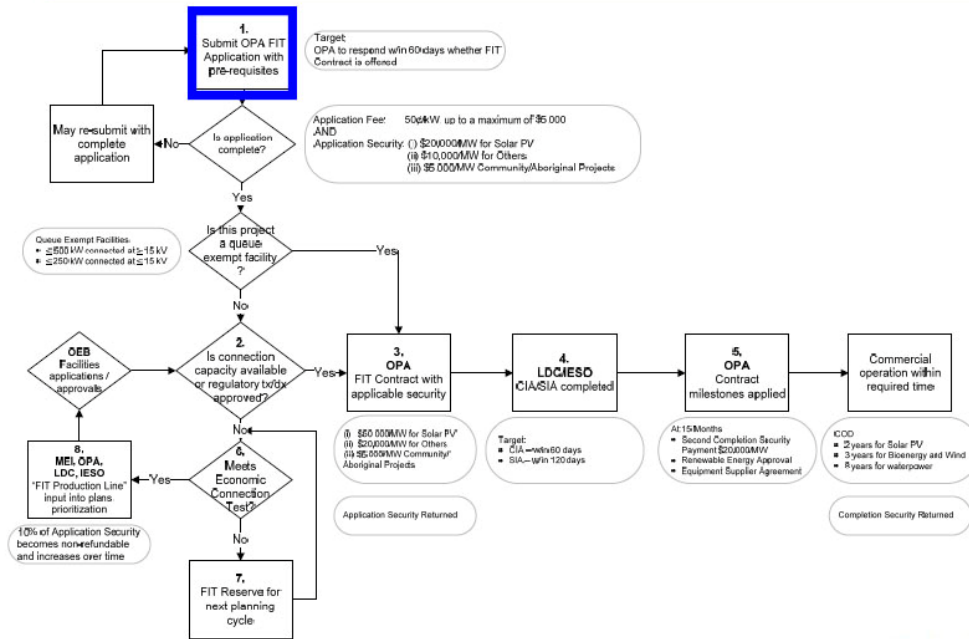
Applicants must provide

- Evidence of Site Control
- Evidence of Resource Data (this requirement has been moved to the contract and is not required until a contract is offered)
 - Data required for wind >1 MW
 - None required for solar
 - Data required for all hydro
- Renewable Energy Approval from Renewable Energy Office (this requirement has also been moved to the contract and is not required until a contract is offered)
- Details of Connection Point
- Non-Refundable Application Fee
 - \$500 minimum fee
 - \$500/MW to a maximum of \$5,000
- Application Security Refundable Under Certain Conditions
 - \$20,000/MW for solar PV
 - \$10,000/MW for all other technologies
 - \$5,000/MW for community and aboriginal projects

If the application is incomplete or rejected, the application fee is forfeited but the security deposit is returned. The applicant can resubmit by paying an additional application fee.

If connection capacity exists or there are approved plans for connection capacity, contracts are awarded. Microgenerators and “queue exempt” generators are assured connection and therefore will be offered a contract.

Proposed Application Process



FIT Production Line

If there are no connections or there are no approved plans for connection, the applicant can withdraw and the security deposit is returned without interest or the applicant can enter the FIT Production Line.

If an applicant enters the FIT Production Line, 10% of the security becomes immediately non-refundable.

The FIT Production Line manages the flow of contracts to new connection capacity as it becomes available, where shared connection costs are within the “economic test”. The FIT Production Line feeds into transmission and distribution planning.

FIT Reserve

The FIT Reserve differs from the FIT Production Line in that the reserve is for those projects that fail the “economic test. Applicants that fail the economic test

can choose to enter the FIT Reserve or leave the process and their security deposits will be fully refunded. If the applicant enters the FIT Reserve, they maintain their time stamp and thus their position relative to others. Applicants can withdraw from the FIT Reserve at any time and retrieve their deposit.

Both the FIT Production Line and the FIT Reserve are revisited periodically by OPA, probably every six months, to determine if conditions have changed.

Completion and Performance Security

If a contract is offered, the applicant must print, sign, and return the contract within ten business days. The applicant must then deposit a Completion and Performance Security. This security is in addition to the Application Security.

The Completion and Performance Security is in addition to the application security and the application security can be applied to the completion and performance security.

- \$30,000/MW for Solar PV
- \$10,000/MW for Other Technologies

The total Completion and Performance Security at time of signing the contract is the sum of both the application and completion securities.

- \$50,000/MW for Solar PV
- \$20,000/MW for Other Technologies
- \$5,000/MW for Community and Aboriginal Projects

Note that further security deposits are required at the NTP stage as well. At the time an applicant applies to OPA for the NTP, the following total security deposits must be on hand.

\$75,000/MW for Solar PV

\$30,000/MW for Other Technologies

\$10,000/MW for Community and Aboriginal Projects

Contract Milestones

Milestones include completion of all permits and project approvals and a requirement to meet a specific in service date. To meet the in service date (COD), 90% of the contracted capacity must be connected and in operation for the security deposits and contract are forfeited.

Initialization Period

To manage the expected rush of applications and to manage “legacy” projects, OPA will place special restrictions on applicants for 60 days after program launch. OPA expects that in certain regions demand for connections will exceed the capacity available.

OPA had initially proposed two categories of initial applicants: those with legacy queue positions, and everyone else.

Each applicant can submit only one application per transformer.

If a contract is offered during the initialization period, the full Application Security is at risk if the contract is not executed.

The Initialization Period process is still under review during the first week in June, 2009.

Program Review

OPA will review the program every two years.

OPA reserves the right to make “amendments” to the program outside the two-year program review. If the OPA determines that the changes are a “Significant Program Amendment,” applicants may be entitled to certain relief. However, if an applicant withdraws from the process, leaves the FIT Production Line, or does not sign an offered contract, the security deposit is forfeited.

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