

OSEA Price-Setting Workshop

with

**Bernard CHABOT
ADEME**

Why We Are Here Today



Why We Are Here Today . . .

To Find a Price/kWh that

Works for Renewables

in Ontario

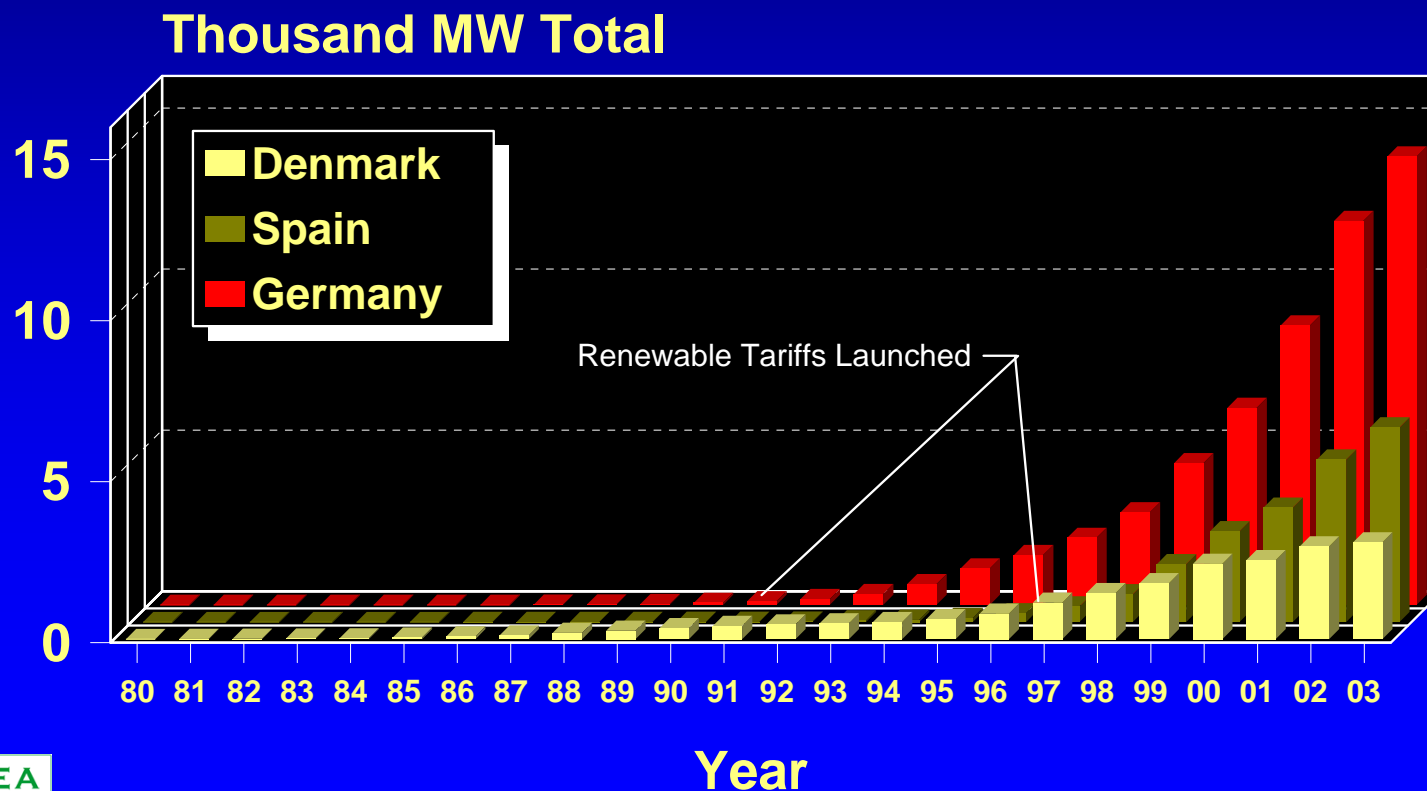
Background

OSEA's ARTs Campaign

- Launched February 2004
- Generated Interest by Farmers
- Premier's Office Responds
- OSEA's Renewables Tariff Forum
- Liberal Party Conference Endorses
- NFU & Others Endorse
- Ontario Ministry of Energy Request

Elements of Success in Europe

- Fixed Price for Fixed Period
- Right of Interconnection
- By-Right Permitted Rural Use



Advanced Renewable Tariffs

- **What Are They?**

 - Political Price, Not Political Quota
 - Simple Contracts

- **How Do They Work?**

 - Simple & Comprehensible
 - Little or No Administration

- **Where?**



Renewable Energy Tariffs Status Today

Existing

Germany
France
Spain
The Netherlands
Portugal
Austria
Brazil
Greece
Luxembourg

Proposed

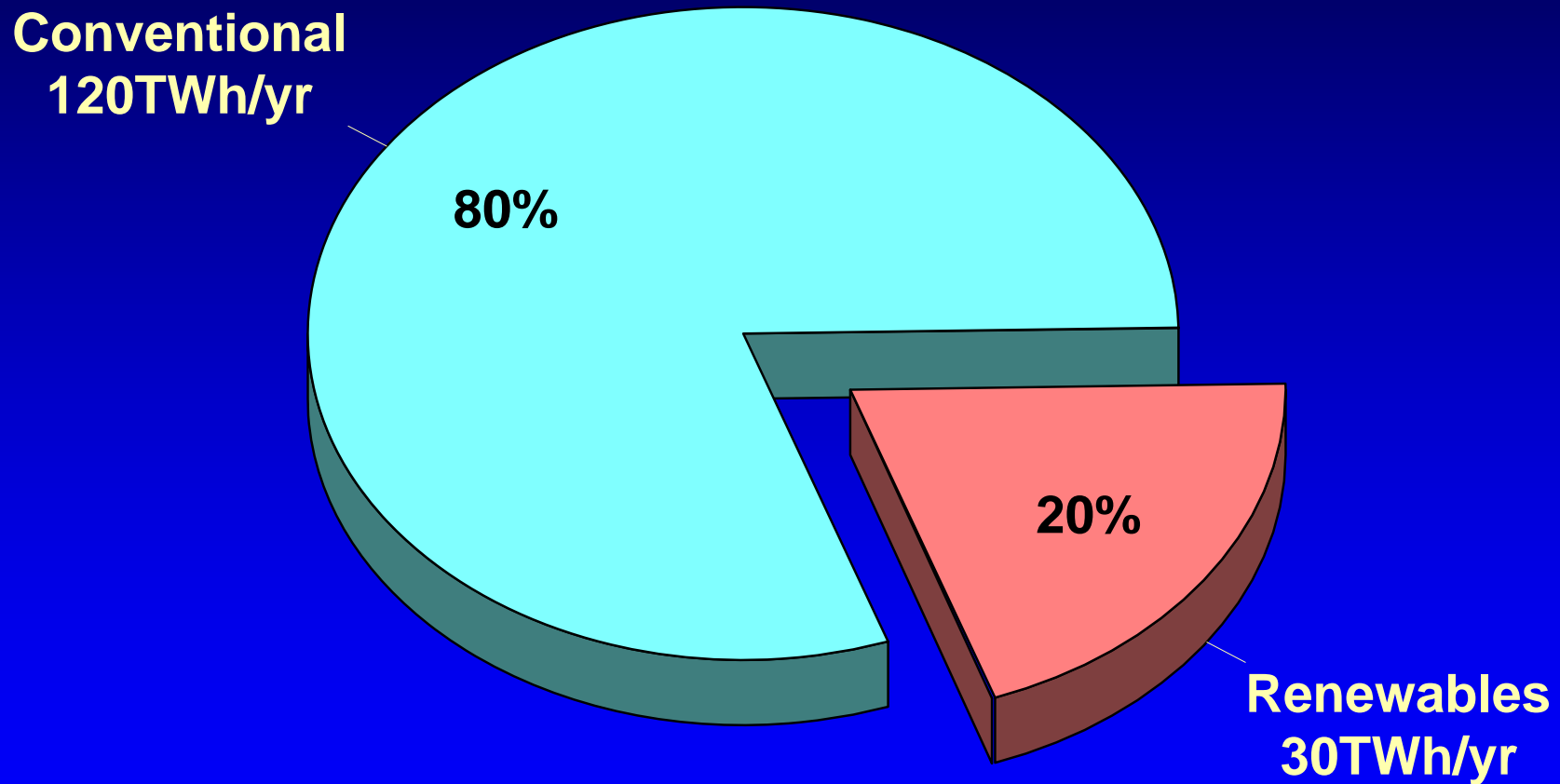
Turkey (Wind)
Czech Republic
China
India
California (PV)
Italy (PV)
PEI, Canada?
Ontario, Canada?
Minnesota, USA?

Germany's Renewable Tariffs

The Results

- Renewables from EEG 5% of Supply
- Renewables Generating 30 TWh/yr
- 45,000 Employed in Wind Industry
- 15,000 Employed in PV Industry
- 135,000 Employed in Renewables
- 110,000 Jobs in Wind by 2010

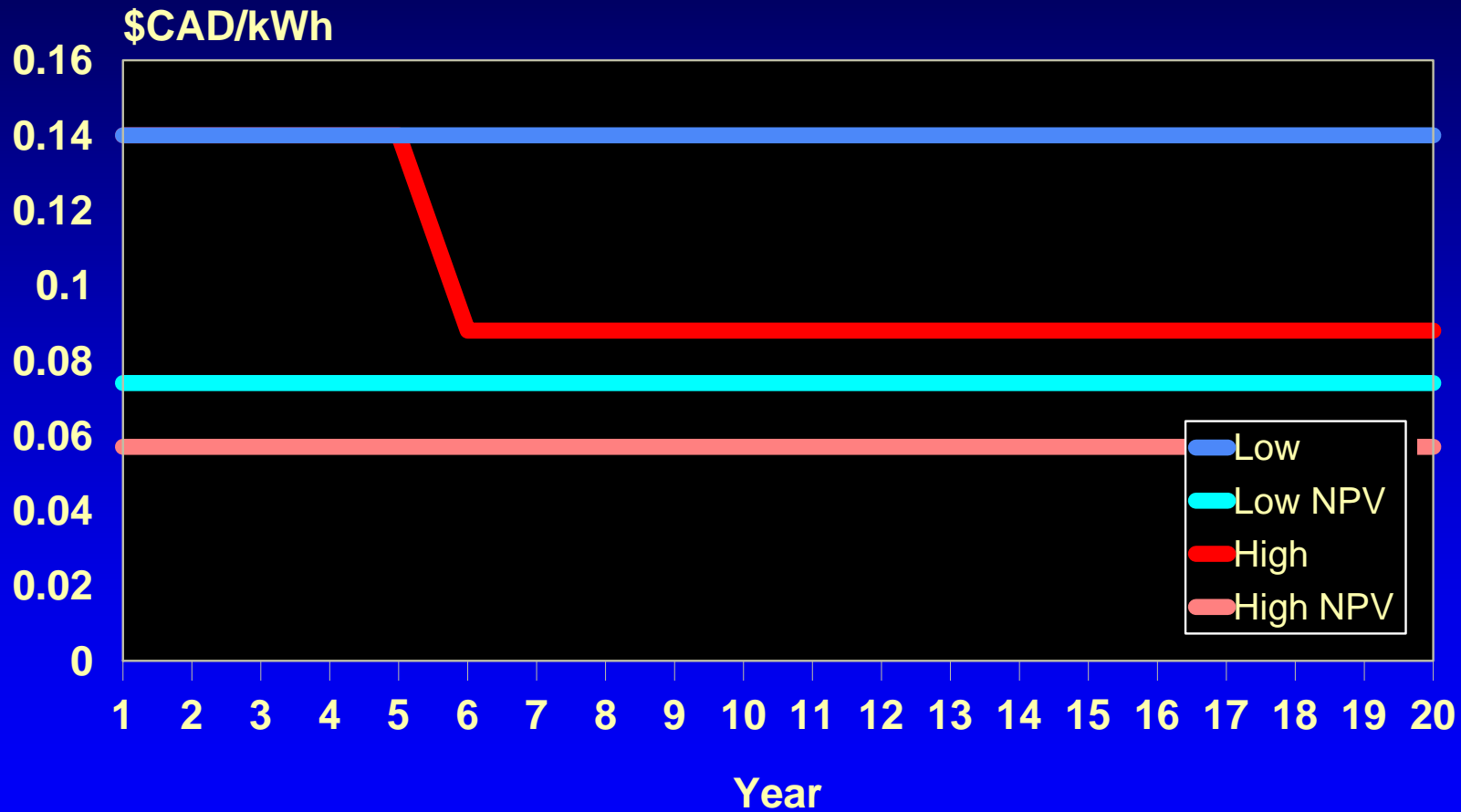
What ~30 TWh of German Renewables Would do in Ontario Today



Renewable Tariffs in Europe

- **Wind: \$0.11-\$0.16/kWh**
- **Solar PV: \$0.25-\$0.92/kWh**
- **Hydro: \$0.11-\$0.13/kWh**
- **Biomass: \$0.10-\$0.19/kWh**

Net Present Value of German Wind Tariffs



What Price Works for Ontario?

- **Small Distributed Projects <10 MW**
- **20-year Contracts**
- **For Wind & Solar PV**
- **Possibly for Hydro & Biomass**
At Least as Place Holders
- **RFP \$0.08/kWh + WPPI = \$0.09/kWh**
This is the Average Price!

Bernard CHABOT
ADEME, France
(Agence de l'Environnement et de la
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- **30+ Years in Renewables**
- **Profitability Index Method**
- **Devised Prices for French Feed Law**
- **Assisted Irish Sustainable Energy Office**
- **Assisted Hydro Quebec**