

Deputy Minister Serge Imbrogno
Ministry of Energy
4th Floor, Hearst Block
900 Bay Street
Toronto, ON, M7A 2E1

Date: Tuesday, July 12, 2016

RE: Recommendations regarding Community Participation in the Development of Renewable Energy Projects in Ontario

Dear Mr. Imbrogno:

It was a pleasure to meet with you and your colleagues on April 28th 2016. As a follow up to our meeting we would like to share with you our ideas and thoughts for better community participation in sustainable energy projects in the province, especially as it relates to the Large Renewable Procurement Phase 2.

As we pointed out during our conversation, support from the local residents and communities for Green Energy projects is vital to the success of building a sustainable, distributed, clean energy system for the people of Ontario and to meeting our Climate Change obligations. Ownership and meaningful stakeholder engagement are therefore very important in the development of sustainable energy projects. With ownership, local residents become part of the success of the project and the participating residents (through a co-operative or their local municipality) become advocates and ambassadors of the sustainable energy vision of the Ministry of Energy and the Government of Ontario. A prime example of this from within our membership, is Brant County, where the municipality has worked with its residents, through Sustainability Brant Community Energy Co-op, and its First Nations neighbour, Six Nations of the Grand River, to develop projects jointly, generating clean energy, delivering energy literacy and supporting local economic development and job growth.

A recent study by TREC entitled “*The Power of Communities*”¹ shows that community ownership would increase people’s support for sustainable energy projects – 53% for wind projects and 66% for solar projects. This is significant considering the discontent in many of Ontario’s communities when it comes to sustainable energy development and underlines the importance of increasing the opportunities for communities and individuals to become involved in Ontario’s sustainable energy transition.

In the following, please find our recommendations for community participation in sustainable energy projects. I am also attaching a copy of our joint submission with the Federation of Community Power Co-operatives to the IESO regarding community participation in LRP II.

Definitions:

Community: For the purpose of this submission, community is defined to include municipalities, aboriginal and Métis communities, energy co-operatives, and non-profit organizations (e.g. religious, charitable or non-profit organizations).

Community Project: A community project is a sustainable energy project that is developed by a municipality, aboriginal and Métis community, energy cooperative or non-profit organization, solely or in partnership with each other.

Community Developers: Community developers are municipalities, aboriginal and Métis communities, energy cooperatives or non-profit organizations.

1. Procurement Niche (Set-aside) for Community Projects

All types of renewable procurement should include a carved out niche for community projects that is only accessible to community project developers. We propose 10% of the available capacity in each category. For LRP II this would mean 60MW for wind, 25MW for solar, 3MW for biogas, and 5MW for hydro. Within this niche, community developers should automatically be considered Qualified Applicants and should not have to undergo an individual assessment process.

The eligible project size for community projects should be 500kW – 20MW.

Should the IESO not receive sufficient applications from community developers to fill the set-aside capacity, the capacity should become available to developers who work with communities and have incorporated equity participation for the partnering communities.

2. General LRP II Application (Please also see our joint FCPC OSEA submission to the IESO):

In the last round of LRP, aboriginal community equity participation allowed the proponent to gain an additional 20 points under the rated criteria. Such a specific consideration was not given to other types of community equity participation. We therefore ask that this provision is revised for LRP II to include 20 rated criteria points for projects with community equity participation of > 10%. Projects with higher levels of community equity participation, up to 49%, should receive additional points.

We also suggest that you consider allowing those rated criteria points to be awarded only if the partnering community is the hosting community of the project (i.e. the upper tier municipality in which the project is sited, in analogy to the FIT rules). Special consideration may be given to communities in grid constraint areas to allow them to participate. However, ideally the local community should partner with another community in a grid-constraint area to ensure that the project also has ties with the local community that is directly affected by the project.

Projects with any type of community involvement should be given priority at all times.

3. Financing:

Loan-guarantee Program: While community projects incorporate many significant benefits, there are also challenges. The most common being access to debt financing from Canadian banks. It would therefore be helpful for communities to benefit from a loan-guarantee program, similar to the one that is currently in effect for aboriginal communities.

Labour Sponsored Funds: As an alternative to a loan-guarantee program the government could allow labour funds to invest into such projects. Labour organizations (i.e. Unions) are interested in investing in projects that benefit their local communities in several ways. Allowing them to support local sustainable energy projects would create a win-win-win situation for the project developer, the unions and their members as well as the provincial government.

We hope that the above recommendations can be taken into consideration for the currently underway LRP II process as well as for the Long-term Energy Planning process.

Please note that I am cc'ing Mr. Adam Butterfield from the IESO. Our group had a meeting with him and his colleagues to discuss these matters in early April. Since his office acts exclusively on directives from the Ministry, he suggested that we discuss our concerns with your office.

We thank you for your time and consideration. If you have any questions about our recommendations, please let us know.

Sincerely,



Nicole Risse

Interim Executive Director

Cc:

Kaili Sermat-Harding, Ministry of Energy

Sam Colalillo, Ministry of Energy

Adam Butterfield, IESO

OSEA Board

OSEA Membership

Dr. Christine Koenig, Co-Chair, OSEA Policy and Regulatory Advisory Committee

ⁱ "The Power of Communities – How community-owned renewable energy can help Ontario create a powerful economic advantage", TREC:
http://www.trec.on.ca/wp-content/uploads/2016/06/TREC_Primer_Jun28_Approved_Final-LR.pdf