



April 20, 2015

A Note from Nigel Etherington, Member, CanSIA Board of Directors



Good morning!

One thing I say when speaking to utilities is that if they don't get aboard the solar train - it's going to hit them before they know it!

In my view, rate design is the ticket for getting utilities aboard so that they can begin to view "load defection" (i.e. distributed generation and conservation and demand-side management which utilities are duty-bound by their regulators to enable) as an opportunity and not a threat.

We are increasingly seeing [US states becoming solar versus utility battle-grounds](#). Media coverage is growing and Canadian policy-makers and regulators are watching. In step, CanSIA is increasing the importance the Association places on the issue.

The recent new policy from the Ontario Energy Board (see below) is the first step for Canadian regulators in dealing with bringing the utility business-model into the 21st Century. For your further background, there is a great [presentation from Lawrence Berkley National Laboratory on the subject from Solar Canada 2014](#) and the Rocky Mountain Institute have also recently released an interesting backgrounder entitled "[Rate Design for the Distributed Edge](#)" as well as a call to utilities to optimize their grids in "[The Economics of Load Defection](#)".

Ignore rate design at your peril - a collision between the solar train and utilities will serve neither well. Please read on for some other policy, regulatory and market updates from the CanSIA Executive Team:

- [Fixed Distribution Charges for Ontario's Residential Customers](#)
- [National Score-Card on Solar Energy](#)
- [Implications of Ministerial Directive for Ontario's FIT Program](#)

- [Implications of Ministerial Directive for Ontario's microFIT Program](#)
- [Cap and Trade for Ontario](#)
- [Vancouver to shift to 100% Renewable Energy by 2050](#)
- [Ontario launches second 50 MW Energy Storage RFP](#)

Kindest regards,

Nigel Etherington

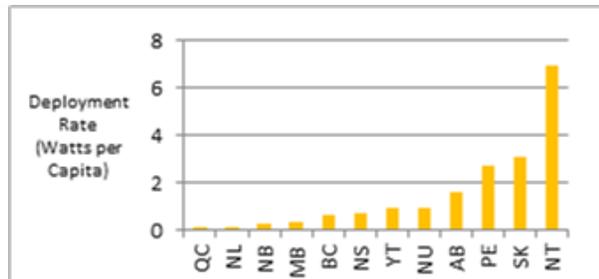
Member, CanSIA Board of Directors

Fixed Distribution Charges for Ontario's Residential Customers

On April 2, 2015, the Ontario Energy Board (OEB) issued a new rate design policy that will change the way local distributors bill their residential customers. Distribution charges, currently a blend of fixed and variable (per kilowatt-hour) rates will be an entirely fixed monthly service charge by 2019. Fair billing, grid innovation and enabling customer uptake of new technologies are among the OEB's objectives for this change. Customers will also benefit with a better understanding of the service they receive and the right bill signals will assist them with conservation decisions. For reference, please review [CanSIA's submission in support of this policy](#), the [OEB's policy background](#) (full details on the policy may be viewed on [the OEB website](#)). CanSIA will monitor this issue and continue to provide updates to Members as they arise.

National Score-Card on Solar Energy

Canada joined the "1 GW" solar club in 2013 which today includes only nineteen other nations. However, this national statistic doesn't tell the full story. Canada's leading solar market Ontario (which is also a North American leader with more installed capacity than all but the two US States California and Arizona) is home to more than 99 % of



Canada's grid-tied solar generation capacity. Where do Canadian provinces and territories stand, when normalized for population? When the remaining provinces and territories are re-ordered by population size, we see some interesting results: Northwest Territories at number one, Saskatchewan at number two and Prince Edward Island at number three.

Implications of Ministerial Directive for Ontario's FIT

Implications of Ministerial Directive for Ontario's microFIT

Program

On April 7, a Ministerial Directive was issued by the Honourable Bob Chiarelli detailing enhancements to the FIT Program.

These enhancements will be incorporated into the FIT 4 procurement of 241.4 MW of solar projects (>10 kW ≤ 500 kW).

[The Ministerial Directive may be viewed here.](#) CanSIA is continuing to review and analyze the implications of the enhancements. For your reference the following [Briefing Memorandum prepared by CanSIA](#) will provide additional background and commentary on this subject.

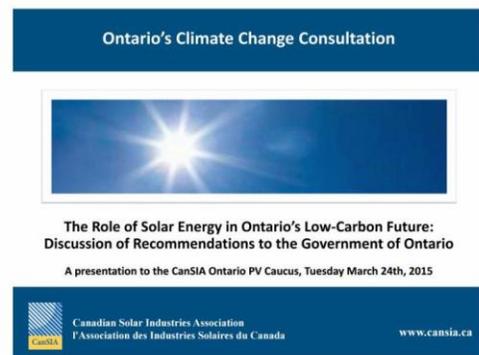
Program

April 7th's Ministerial Directive was also anticipated to announce enhancements to the province's microFIT program. However, the direction given was that no substantial changes should be made to the microFIT program for 2015 due to the ongoing nature of work exploring the potential evolution of the microFIT program to a net-metering initiative. CanSIA understands that consultation on net-metering is planned to begin in the coming months. The CanSIA microFIT Working Group are currently exploring the implications of the Ministerial Directive in detail and pursuing follow-up meetings to determine next steps.

Cap and Trade for Ontario

The carbon pricing mechanism that Ontario will be proceeding with will be.....(drum roll)....Cap and Trade, bringing the proportion of Canadians living in a province with some form of carbon pricing to 75 per cent. (For information, read the [Government of Ontario's news release](#) and [supportive quotes from a wide variety of stakeholders including CanSIA President & CEO John Gorman](#)).

CanSIA has been working to [position the ability of the solar energy sector to provide solutions](#) for the province's climate change policy objectives. Now CanSIA will be changing gears to focus on the carbon pricing design considerations to further enable solar's participation in the new emissions market. For your reference, read the [presentation to the Ontario PV Caucus on the consultation](#) and [CanSIA's final submission](#). In addition, Solar Ontario 2015 conference will feature several briefings on the implications of this new important suite of policies for the solar sector.





Vancouver to shift to 100% renewable energy by 2050

Vancouver City Council made history at the end of March by voting to support a shift to 100 per cent renewable energy sources, becoming the first city in Canada to take this step. In the motion, which passed unanimously, councillors directed staff to work on a package of policies that would effectively convert the entire city to run on clean and renewable energy. The motion aims to reduce greenhouse gas emissions in the region and cut rising costs due to climate change in Metro Vancouver, now pegged at \$9.5 billion. In his introduction, Mayor Gregor

Robertson called climate change "the most daunting and important challenge of our time." He called the consequences of not addressing it "catastrophic" and said we can no longer wait for federal governments to act. "Cities," he said, "as the most direct level of government, need to take action."

Ontario launches second 50 MW Energy Storage RFP

Ontario's Independent Electricity System Operator has posted the draft documents for the second phase of an Energy Storage Request for Proposal (RFP) process. Comments on the draft documents are welcome until May 8, 2015. This is the second stage of a two-part competitive process to complete the procurement of up to 50 megawatts (MW) of energy storage for Ontario.

The current procurement is seeking a diversity of energy storage technologies that can provide capacity services, encompassing a spectrum of performance characteristics and providing ratepayer value through the time-shifting of energy consumption and production. These storage facilities will store energy during periods of lower value to be re-injected as electricity into the system during periods of higher value. [Visit the IESO website for more information on the Energy Storage RFP.](#)



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