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January 21, 2016

A Note from John Gorman, CanSIA President & CEO



Good morning,

It's a few weeks into the New Year and I can already sense that 2016 will be a big year for solar in Canada.

The holiday season was a time for me to reflect on the flurry of activity at the federal, provincial and territorial levels in the run-up to COP 21 in Paris and what it will begin to mean for solar as new climate change and renewable energy goals become policies, policies become programs and programs become projects.

Much changed for the better in 2015. New leadership in the Governments of Canada and Alberta and heightened collaboration throughout the rest of Canada has highlighted the importance of tackling climate change and de-carbonizing our electricity supply. Solar Canada 2015 hosted the Great Canadian Energy Conversation again where I get the opportunity to discuss energy's past and future with my colleagues from other industry associations. The video from this panel discussion is [available to be viewed online](#).

CanSIA's vision for Canada's solar energy industry is for solar electricity to be a mainstream energy source and an integral part of Canada's diversified electricity mix by 2020. CanSIA is also targeting the solar electricity industry to be sustainable, with no direct subsidies, and operating in a supportive and stable policy and regulatory environment within a similar time frame. The progress that we make along this path is squarely dependent on the collaboration between CanSIA, our Members and our Stakeholders. I am excited about what we can achieve together in 2016.

Please read on for some other policy, regulatory and market updates from the CanSIA Executive Team:

Policy & Market Development:

1. [Solar in Alberta Takes Another Step Forward](#)
2. [Market Transformation in Ontario](#)
3. [Saskatchewan Commits to 30% Renewable Capacity by 2030](#)
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Kindest regards,

John Gorman
CanSIA, President & CEO

Policy & Market Development

Solar in Alberta Takes Another Step Forward

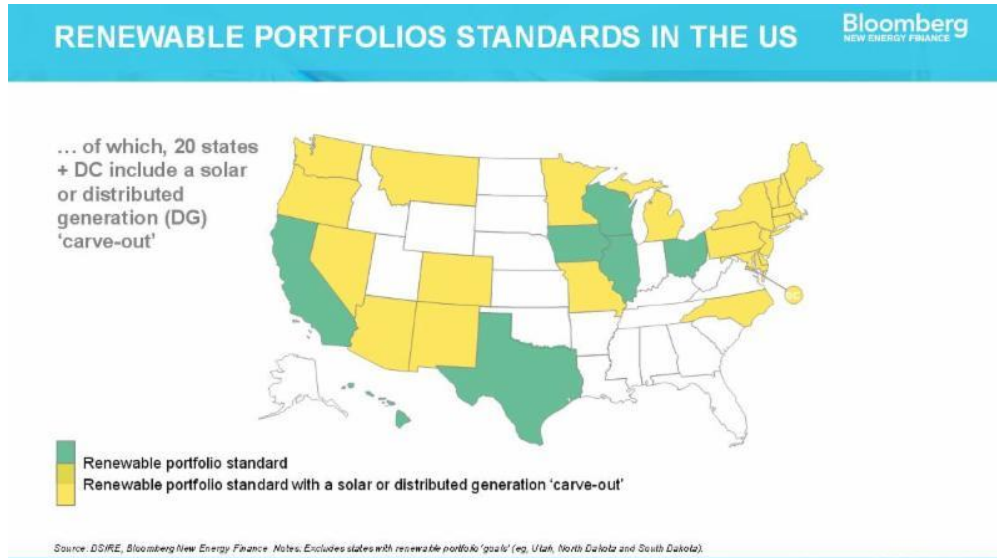
Following the release of the [Climate Leadership Report](#) submitted by the Climate Change Advisory Panel to the Government of Alberta on November 20th, solar advocates began to digest the implications of the recommendations, should they be accepted by the province, and to examine the messaging in statements and press conferences to better understand the province's plans to phase out coal while tripling renewables to 30% of electricity supply by 2030.

Residential, Commercial and Community: Many advocates for residential, commercial and community solar were scratching their heads wondering where their solar program was. The Report recommends the introduction of a renewed regulatory standard for distributed generation; investigation of the feasibility of a small-scale community generation regulation; and the implementation of a complementary regulatory agenda which would include: building energy performance reporting and disclosure requirements; and updated building codes and standards.

Following the release of the report, Richard Feehan, MLA for Edmonton-Rutherford [made the motion that the Legislative Assembly](#) urge the government to amend the necessary regulations and policies to encourage micro-generators to contribute more renewable electricity to the grid

such as locally generated wind and solar which was passed with multi-party support. Government is now finalizing the process for stakeholder engagement and consultation for program design which is expected to be initiated before the end of the first quarter. CanSIA's [proposals to Government on these programs can be viewed online](#). CanSIA is also involved in discussions on interim measures.

Utility-Scale: Noting the Panel's recommendation of competitively procured Renewable Energy Certificates (RECs) with a value of no more than \$35 for Environmental Attributes and wholesale market participation for electricity generated, developers and investors in utility-scale projects went to their financial models to see how would give them the appropriate level of revenue certainty that they need to proceed. CanSIA's [response to the Climate Leadership Report](#) outlined the need for a Solar "Carve-Out" to ensure that solar is brought online. This topic was discussed at Solar Canada 2015 in a session entitled "Monetizing the Environmental Attributes of Solar in Alberta" and the [audio](#) and [slides](#) include a jurisdictional scan of REC Markets from across the United States.



Market Transformation in Ontario

How is Ontario's electricity market evolving and what can the solar industry do to best position for transformation? This was the topic of keynote addresses from [Bob Delaney, the Parliamentary Assistant to the Minister of Energy](#) and [Michael Lyle, Vice President of Planning, Law, and Aboriginal Affairs at the Independent Electricity System Operator \(IESO\)](#). "Michael Lyle "threw



down the gauntlet" to the solar industry while speaking about the future of solar in the province.

Highlighting the off-ramp provisions for the refurbishment of reactors at the Bruce nuclear generating station, Mr. Lyle discussed how, if cost effective, solar could find itself in a position to step in to fill gaps should costs or timelines for the refurbishment run over budget.

A panel session then focused topics including how capacity gaps emerging as a result of nuclear refurbishments and an overall move towards regional planning based procurement and market mechanisms (such as capacity and demand response auctions) will likely mean new ways of bringing on new generation; the transition to net-metering for distributed generation and ongoing regulatory reform initiatives including rate setting, and new ways to incent Local Distribution Companies (LDCs) to innovate in the face of disruptive technologies like solar. The [audio](#) and [slides](#) are available online.

Saskatchewan Commits to 30% Renewable Capacity by 2030

On November 23 2015, SaskPower announced their [commitment to develop wind, solar and geothermal power to meet up to 50% renewable target doubling the percentage of renewable electricity generation capacity in Saskatchewan by 2030.](#)

"An objective of 50 per cent renewable power by 2030 is ambitious, but I'm confident SaskPower can meet the target by taking an 'all of the above' approach to planning," said Minister responsible for SaskPower Bill Boyd. "That means a major expansion of wind power augmented by other renewables, such as solar, biomass, geothermal and hydro, to go along with the world leading Boundary Dam 3 carbon capture project and more natural gas generation. This is the framework for a responsible clean energy plan that will reduce greenhouse gas emissions while ensuring Saskatchewan has a reliable, affordable supply of electricity for years to come."



SaskPower is planning to move forward with utility scale solar power generation, which would include at least 60 MW of solar, with a competitive procurement beginning in 2016. In an effort to expand the number of customers generating solar power, the corporation is also reviewing its Net Metering program, which offers customers generating up to 100 kilowatts of renewable energy technology the opportunity to get credit for the unused portion of their excess electricity.

CanSIA Submits Recommendations on Ontario's Cap and Trade Regime

On November 16, 2015 the Ontario Ministry of Environment and Climate Change (MOECC) posted a [high level document](#) outlining program design options for the previously announced Cap and Trade regulation (for those who are unfamiliar with the concept of a Cap and Trade system, the government of Ontario released a [short primer in April](#). This high level document describes both options for particular features of the regulation, as well as the MOECC's current preferred approach for those options.

CanSIA's Ontario Solar Climate Change Initiative (OSCCI) has provided feedback into this process. As described in the OSCCI's feedback, ensuring that the domestic natural gas and electricity sectors are covered under the Cap and Trade regulation is extremely important, as is factoring in the greenhouse gas emissions profile of any imported electricity. These features will form part of the long-term framework in which the solar energy industry will operate in years to come by properly factoring in the real costs of natural gas based (and other emission generating sources) electricity generation, as well as heating and cooling.

The OSCCI is one of CanSIA's 2015 Strategic Projects which was launched with the mandate of engaging with the government of Ontario on the development of climate change policy. Information regarding CanSIA's current Strategic Projects is [available online](#). For more information on how to participate in Strategic Projects please contact Lisa Hatina, Business Development and Member Relations Manager at lhatina@cansia.ca.

CanSIA Moves to Strengthen Consumer Protection Resources in Ontario

CanSIA has now initiated the first Forum under the new Networks and Forums structure. The Consumer Protection Forum will review and update CanSIA's existing consumer protection policies and ensure that CanSIA, and its members, have strong safeguards in place to protect customers. The Consumer Protection Forum will update existing materials (such as [CanSIA's Code of Ethics](#)) and discuss the development of new codes of conduct for members that will relate specifically to the solar business.

Keeping a strong focus on consumer protection will help ensure that the Canadian solar industry maintains a solid reputation for good business practices and taking direct action in instances of misconduct. This is an important public facing aspect of any industry and we encourage members to get involved, if able.

If you are unfamiliar with CanSIA's new Networks and Forums, please [review the introductory webinar](#), which will explain the new structure and how Networks and Forums will operate. In order to join a Forum members must first be subscribed to one of CanSIA's Networks. For more information on the Consumer Protection Forum, including how to join, please contact Ben Weir, Director of Policy and Regulatory Affairs at bweir@cansia.ca.

Utility & Regulatory Affairs



Transformation to a 21st Electricity System in Canada

Across the world, we are beginning to see utility business model reformation and electricity sector regulatory framework modernization emerging as the key enabler and driver for "electricity" to shift from being a uniform commodity consumed by captive consumers to being a dynamic service that empowers life in the 21st Century. The rate that this transformation in the electricity

sector takes place, has the potential to materially accelerate or retard the realization of solar's full potential in Canada's electricity system.

[Lisa Frantzis, Senior Vice-President, Advanced Energy Economy \(AEE\), during the Solar Canada 2015 opening keynote address](#), discussed the critical role of utility reform in the transformation of the electricity sector with special emphasis on the leading jurisdictions in the United States which Canada can look to for vision and best practices.

The AEE is a national business association whose mission is to transform policy to ensure a more secure, clean, and affordable energy system throughout the U.S. At AEE, she leads an initiative to accelerate the transition to a 21st Century Electricity System. The two primary activities of the initiative are i) CEO Forums/Public Utility Commission (PUC) Forums that convene utility executives, PUC Commissioners, and advanced energy companies to develop a vision for reform that is responsive to the needs of each state and drives towards concrete action, and ii) participation in key regulatory proceedings where AEE develops joint positions with its members, provides analysis for justification of these positions, and assists in implementation plans.

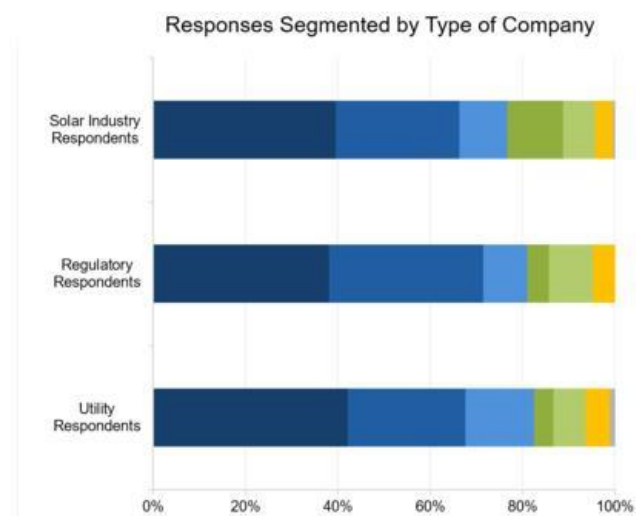
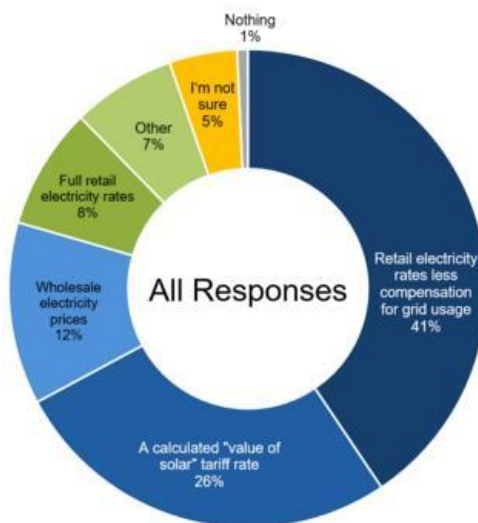
International Experts Convene at Solar Canada 2015 (Don't Miss These Resources)

In December, international experts from countries including Germany, Austria, Switzerland, Belgium, the United States, Japan and Singapore joined Canadian solar industry and electricity sector experts to discuss the implications of high penetrations of variable solar generation on the operations of the electricity system and related topics. The result? The most advanced dialogue on this topic in Canada to date. The audio and slides decks from the sessions are presented below and should be reviewed and shared widely by all with a stake in the future of solar in Canada.



- Technical Transformation: Implications for Distribution Grids ([audio](#), [slides](#))
- Technical Transformation: Smart Inverters and System Benefits ([audio](#), [slides](#))
- Technical Transformation: Solar Variability, Forecasting, and System Operation ([audio](#), [slides](#))
- Technical Transformation: Smart Grid Integration ([audio](#), [slides](#))

Net Metering Compensation Mechanisms: Utilities and Solar Energy Companies Align



It is a common adage in the net metering debate that utilities and solar energy companies do not agree on how to compensate excess generation injected to the grid. We seem to see time and again stories about solar companies arguing for full retail rate compensation and utility companies arguing for either wholesale electricity rates or some calculated value below retail rates (generally designed to eliminate the issue of non-solar customers subsidizing customers who have solar for the fixed costs of connecting to the grid or "cross-subsidization").

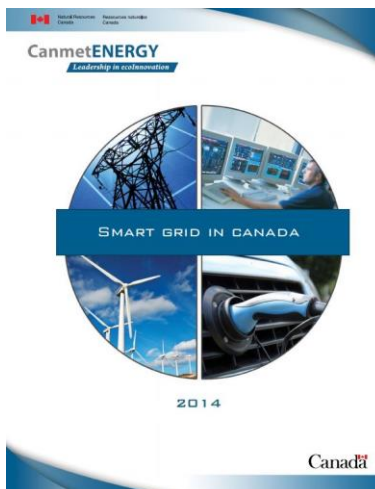
A recent [article released by Greentech Media](#) uses US survey responses to demonstrate that utilities and solar energy representatives actually might agree on how to fairly compensate net metering more than we might think. The question posed to respondents, "In 2020, as a rule, exported electricity from distributed, customer-sited solar should be valued at ...", shows that there is agreement among the majority of respondents from the solar industry, regulators, as well as utilities. By a wide margin all of these groups seem to agree that retail rates should be the basis for net metering compensation and that the total compensation should be less an amount charged to cover the cost of remaining connected to the distribution grid.

This type of alignment could have significant implications for behind-the-meter generation in Canada, as well. Currently Ontario, Alberta, and Saskatchewan are all either in the midst of reviewing, or have plans to review, their net metering policies for small scale distributed

generation. Finding consensus amongst sometimes divergent interests will be crucial to reaching a conclusion to these processes that meets stakeholders' goals and establishes a regulatory framework with solidity and longevity.

Smart Grid in Canada 2014 Report Now Online

This report is the fourth in a series of reports. It is intended to be a useful reference for smart grid practitioners in Canada and for international smart grid stakeholders interested to learn more about smart grid activities in Canada. Natural Resources Canada's CanmetENERGY research labs manage the Canada Smart Grid Action Network. Members of this network have contributed to this report, which highlights the current status of smart grid progress in Canada, in the 2014 timeframe. It includes provincial and regional activities, identifies projects underway, and discusses how smart grids will be implemented throughout distribution systems in Canada and similar electricity markets. [Smart Grid in Canada 2014 report is now online.](#)



Join CanSIA's Member Networks!

CanSIA is pleased to announce the introduction of our new [Networks and Forums platform](#), which will replace the Caucus/Working Group model we've used for the past five years. The Networks and Forums will optimize member resources when engaging and collaborating with CanSIA while providing members with a new avenue for accessing research, analytics, and updates from the executive team. Our new structure will also serve to maximize our advocacy impact through stronger cooperation and interaction.

Professionals employed by a Corporate or Supporter Member are eligible to participate in one or more of the following three CanSIA Networks, and can [sign up here](#):

1. Policy & Market Development Network
 2. Utility & Regulatory Affairs Network
 3. Communications Network
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[Join CanSIA](#) as a member to increase your access to policy forums, working groups, market research and policy advocacy events.

Contact Lisa Hatina (lhatina@cansia.ca), Business Development and Member Relations Manager to learn more about the significant opportunities and benefits that CanSIA members receive, can participate in and support in our three core service areas:

- Policy and Advocacy;
- Industry Capacity Development; and,
- Profile Building and Networking.



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