



INDEPENDENT EVALUATION MONITOR'S REPORT

SMALL FIT PROJECT APPLICATIONS
RECEIVED BETWEEN DECEMBER 14, 2012
AND JANUARY 18, 2013

Prepared for the



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1 EXECUTIVE SUMMARY

Navigant Consulting Ltd. (Navigant) was selected by the Ontario Power Authority (OPA) to be the Independent Evaluation Monitor (IEM) for the OPA’s review of Applications received in respect of Small FIT Projects during the Application Window that opened on December 14, 2012, and closed on January 18, 2013 (the “Small FIT Applications”).¹

This document is Navigant’s IEM Report. The purpose of this report is to provide the OPA and Applicants with a written opinion regarding the integrity of the application review and contract offer process.

1.1 Scope and Objectives of Independent Evaluation Monitor

The IEM’s scope of work included:

- observing the application review and contract offer process to ensure it was conducted in a manner consistent with the FIT Program Rules v2.1;
- reviewing the processes used by the OPA to communicate with Applicants;
- providing advice and support to the OPA in developing and carrying out quality assurance measures to ensure the consistent treatment of Applications; and
- providing a written opinion regarding the integrity of the application review and contract offer process.

1.2 Changes to FIT Program Rules

The FIT Program was implemented pursuant to the direction issued to the OPA on September 24, 2009, by the then Minister of Energy and Infrastructure. As the FIT Program continued to progress, the current and previous Ministers of Energy have issued supplemental directions to the OPA. Most recently, the directives of April 5, 2012, July 11, 2012, November 23, 2012, and December 11, 2012 resulted in changes to the FIT Programs Rules such that the FIT Program Rules v2.1 have been significantly altered from their predecessor of the FIT Program Rules v1.0.

Under the FIT Program Rules v1.0, Capacity Allocation Exempt (CAE) projects were not subject to a review of available connection capacity. Given the interest in the program, available connection capacity became constrained in some areas. As a result, the OPA suspended the review of applications (with 5,681 pending). Subsequently, the FIT Program Rules v2.1 introduced the requirement that available connection capacity be a consideration in the review of all applications.

Under the FIT Program Rules v2.1, those projects that had previously applied as a CAE projects were allowed to reapply. In recognition of the fact that they were existing applications, the FIT

¹ Unless defined in this report, capitalised words and phrases have the meaning ascribed to them in the FIT Program Rules v.2.1.

Program Rules v2.1 recognized the Time Stamp received by the Application when it was submitted under the previous FIT Program Rules v1.0.

The FIT Program Rules v2.1 also included updates to land use policy, as well as a system to prioritize projects based on participation within the project ownership from Aboriginal groups, Community groups, Education and/or Health sector organizations, creating procurement targets, and introducing the concept of an Application Window. These changes resulted in the inclusion of up to 28 different Prescribed Forms that an Applicant would need to provide, when applicable, as part of its Application.

1.3 Applications Received

Between December 14, 2012 and January 18, 2013, the OPA received 3,938 Applications. Approximately half of the Applications received by the OPA were in respect of Resubmitted Applications. The vast majority of the Applications identified Solar PV (Rooftop) as the Renewable Fuel. Table 1.1 below provides a complete summary of the Applications received.

Table 1.1 – Summary of Applications Received, by Renewable Fuel Identified

Technology	Resubmitted	New	Total
Biogas	7	42	49
Renewable Biomass	4	11	15
Landfill Gas	0	0	0
Solar PV (Non-Rooftop)	150	312	462
Solar PV (Rooftop)	1,828	1,557	3,385
Waterpower	1	18	19
On-shore Wind	2	6	8
TOTAL	1,992	1,946	3,938

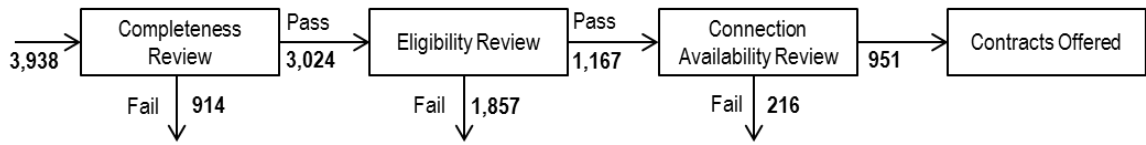
1.4 Application Review Results

The OPA evaluated Applications in six stages:

- Stage 1: Application Completeness
- Stage 2: Eligibility
- Stage 3: Ranking of CCSA Eligible Projects
- Stage 4: Connection Availability for CCSA Eligible Projects
- Stage 5: Ranking of other Projects
- Stage 6: Connection Availability and Procurement Targets

Of the 3,938 Applications that were received, 951 passed connection capacity screening and subsequently were offered FIT Contracts. A breakdown of where the Applications failed in the review process is provided in Figure 1.1 below with Stages 3 through 6 shown collectively as the “*Connection Availability Review*.”

Figure 1.1 – Tracking of Applications through the Review Process



1.5 Key Findings

Navigant found that the OPA carried out a transparent and uniform application review process that did not disadvantage or advantage any Application and resulted in a reasonable outcome. This finding is based on:

- the manner in which the application evaluation process was conducted;
- the consistency of the evaluation criteria with the FIT Program Rules v2.1;
- the consistency with which the evaluation criteria were applied across Applications;
- the procedures used to select the complete and eligible Applications, as well as prioritize them; and
- the way in which the connection availability analysis was undertaken.

Table 1.2 – Summary of Navigant’s Observations

Consideration	Observations
✓ Provision of program information and application instructions	The OPA provided a variety of information resources on their website to support Applicants in submitting electronic and hard copy application material.
✓ Application review followed a structured approach	Navigant observed that the OPA’s review of the Applications was conducted and tracked in a structured way where each criterion within an evaluation stage was generally completed at the same time.
✓ Every Application was reviewed on its own merits	Despite the fact that in some instances multiple Applications were submitted for the same project, every application was reviewed independently. The OPA structured its evaluation process appropriately to reflect the fact that Small FIT Applications were in effect competing for available capacity on non-price factors.
✓ Consistency between evaluation criteria and the FIT Rules and Prescribed Forms	The evaluation criteria employed throughout the six evaluation stages were consistent with the FIT Program Rules v2.1.
✓ Within the bounds of good commercial practices, the evaluation criteria were applied consistently across all applications	The OPA provided early training, guidance documents and on-going support to the evaluation team to ensure consistency across all of the application review team. The OPA also conducted thorough and independent quality control testing to ensure all applications were assessed accurately.
✓ Algorithm for ranking complete and eligible Applications accurate	Navigant developed an independent ranking of complete and eligible Applications and found it to be consistent with the OPA’s.
✓ Adherence to communication process	The OPA adhered to the communication processes described in the FIT Program Rules v2.1.

2 OVERVIEW OF APPLICATION AND EVALUATION PROCESS

2.1 Application Process

Applicants were required to register through an on-line tool to obtain a FIT registration identification number and gain access to a My FIT Home Page. Once logged in to the My FIT Home Page, a registrant can complete and submit an Application Form.

The submission of the Application Form is the basis for determining that an Application has been submitted and establishes the Time Stamp associated with the Application. The FIT Program Rules v2.1 requires that Applicants submit supporting documentation in hard copy within five business days of the electronic submission.

The supporting documentation requirements vary based on the Renewable Fuel, Site, CCSA requests, and priority point representations. The required supporting documentation includes a series of Prescribed Forms, available from the OPA website, evidence of site access, the Application Fee, and Application Security.

2.2 Evaluation Process

Section 4 of the FIT Program Rules v2.1 describes six evaluation stages.

- Stage 1: Application Completeness
- Stage 2: Eligibility
- Stage 3: Ranking of CCSA Eligible Projects
- Stage 4: Connection Availability for CCSA Eligible Projects
- Stage 5: Ranking of other Projects
- Stage 6: Connection Availability and Procurement Targets

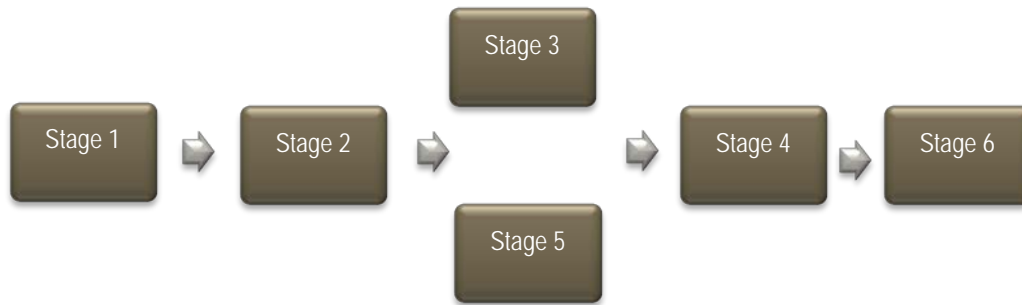
Some of the stages contain mandatory elements, i.e. an Application either passes or fails and is summarily advanced to the next stage or removed from consideration, and some contain rated elements, i.e. the result of the evaluation increases or decreases the likelihood that an Applicant receives a contract offer.

Table 2.1 – Overview of Evaluation Stages

Stage	Description
1	Application Completeness: Applications pass or fail depending on whether the Application meets all the requirements as set out in Section 3 and Section 5 of the FIT Program Rules v2.1
2	Eligibility: Applications pass or fail depending on whether the Application meets the requirements for eligibility as set out in Sections 2 and 3 of the FIT Program Rules v2.1
3	Ranking of CCSA Eligible Projects: Applications that pass Stage 2 are evaluated to determine whether they qualify as a CCSA Eligible Project and are awarded a point score based on the prioritization process described in Section 6 of the FIT Program Rules v2.1
4	Connection Availability for CCSA Eligible Projects: CCSA Eligible Projects are assessed, in order of rank, (as determined in Stage 3), under the Transmission Availability Test (TAT) and Distribution Availability Test (DAT), and added to the Offer List in accordance with Section 8.1 of the FIT Program Rules v2.1 if the Application passes the TAT and DAT and sufficient availability remains within the applicable Contact Capacity Set-Aside
5	Ranking of other Projects: All remaining Applications are ranked by Priority Points and Time Stamps
6	Connection Availability and Procurement Targets: Remaining Applications are assessed, in order of rank, (as determined in Stage 5), under the TAT and DAT, and added to the Offer List in accordance with Section 8.1 of the FIT Program Rules v2.1 if the Application passes the TAT and DAT and sufficient availability remains within the applicable Procurement Targets

The OPA performed Stages 1 and 2 sequentially, with Stage 1 completed before the start of Stage 2. The OPA conducted Stages 3 and 5 simultaneously, and Stage 4 and 6 sequentially as shown in Figure 2.1 below.

Figure 2.1 – Evaluation Review Process



2.2.1 Stage 1: Application Completeness

In Stage 1, the OPA performed an administrative review to determine whether an Application was “complete”. The OPA relied on the requirements set forth in Sections 3 and 5 of the FIT Program Rules v2.1 to determine whether an Application was complete. These requirements included:

- the hard copy was submitted to the OPA offices;
- the hard copy was submitted on time;
- all materials were marked with the application’s FIT Reference Number;

- fees and securities were accurate and in one of the required forms.²
- all required supporting documentation, including the relevant Prescribed Forms, were included in the hard copy submission.

Depending on the Renewable Fuel, the Prescribed Forms and other supporting evidence included (but were not limited to):

- FIT LDC IESO Authorization Letter;
- FIT Summary of Access Rights;
- Site Access Evidence;
- FIT Multiple Application Disclosure;
- Zoning Certificate for Non-Rooftop Solar Facility (Not) Located On Rural Residential Lands;
- Zoning Opinion for Non-Rooftop Solar Facility (Not) Located On Rural Residential Lands;
- Soil Study Peer Review Attestation for Non-Rooftop Solar Facility;
- Visual Screening and Setback Acknowledgement;
- Canadian Land Inventory (CLI) Maps;
- FIT Confirmation of Preliminary Rooftop Solar PV Engineering Assessment; and
- FIT Waterpower declaration.

In Stage 1, the OPA did not consider the content of the Prescribed Forms, only whether the necessary Prescribed Forms were included in the Application. The review of the content of the Prescribed Forms was reserved for Stage 2.

If an Application was found to be incomplete in any regard, all further review of the Application ceased and the Application was rejected.

2.2.2 Stage 2: Eligibility

In Stage 2, the OPA evaluated each Application's supporting documentation, including the Prescribed Forms, to determine whether the content was complete and accurate. In Stage 2, the eligibility assessment of each Application was conducted using the requirements set forth in Sections 2 and 3 of the FIT Program Rules v2.1.

Each Prescribed Form was reviewed individually by the OPA. The review confirmed that the required information was provided and the information was consistent with the Application Form, and, where required, was consistent with other supporting documentation.

As part of the eligibility review, the OPA also assessed whether multiple Applications constituted project splitting. The OPA compared the Applicant, Applicant Related Parties,

² Overpayment of the fees and securities were allowed, provided the form of payment allowed for the reimbursement of the overpayment to the Applicant.

Renewable Fuel, and project location of each Application. The OPA's review assessed whether there were multiple Applications for the same Renewable Fuel, by the same Applicant or Related Party on the same or adjoining Properties.

The OPA also conducted a review for the Resubmitted Applications to ensure they met the requirements as identified in Section 5.2 of the FIT Program Rules v2.1. This included the review of the Prescribed Form "FIT Notice of Pre-Existing Applicant Name Change", as required.

If an Application was found to be ineligible in any regard, all further review of the Application ceased and the Application was rejected.

2.2.3 Stage 3: Ranking of CCSA Eligibility and Stage 5: Ranking of Other Projects

In Stages 3 and 5, the OPA assessed all supporting documentation related to Priority Points and CCSA eligibility. Applications pertaining to CCSA Eligible Projects and non-CCSA Eligible Projects were ranked based on Priority Points and Time Stamp.

The Prescribed Forms assessed in this stage were:

- FIT Aboriginal Participation Project Declaration;³
- FIT Aboriginal Support Resolution (First Nation or Métis Community);
- FIT Municipal Council (Blanket) Support Resolution;
- FIT Community Participation Project Declaration;⁴
- FIT Consent of Co-op Member and Property Owner Declaration for Community Participation Project Declaration; and
- FIT Education of Health Participation Project Declaration.

The OPA evaluated all of the Prescribed Forms, submitted as part of an Application to substantiate CCSA eligibility and Priority Points, for completeness and accuracy as well as consistency with the Application Form.

Priority Points were awarded to an Application based on the criteria identified in Section 6.1 of the FIT Program Rules v2.1.

³ To be a CCSA Eligible Project, an Aboriginal Participation Project must have an Aboriginal Participation Level of greater than 50%.

⁴ To be a CCSA Eligible Project, a Community Participation Project must have a Community Participation Level of greater than 50%.

Project Type⁵

- Community Participation Project
- Aboriginal Participation Project
- Education or Health Participation Project

Non-Project Type⁶

- Municipal Council Support
- Aboriginal Support
- Project Readiness
- Pre-Existing Application Time Stamp
- Education or Health Host
- System Benefit

If an Application was found to have an incomplete Prescribed Form or a Prescribed Form containing inaccurate information, the Application was not awarded the associated Priority Points or was not deemed a CCSA Eligible Project. However, the application continued to be processed.

2.2.4 Stage 4: Connection Availability for CCSA Eligible Projects and Stage 6: Connection Availability and Procurement Targets

CCSA Eligible Projects received priority consideration in the connection availability assessment. In Stage 4, the OPA assessed, in order of the rank determined in Stage 3 and up to the Contract Capacity Set-Aside, the available connection capacity to accommodate CCSA Eligible Projects. In Stage 6, the OPA assessed, in order of rank as determined in Stage 5 and up to the Procurement Targets, the available connection capacity to accommodate CCSA Eligible Projects that exceeded the Contract Capacity Set-Aside and non-CCSA Eligible Projects.

This assessment included both the Transmission Availability Test (TAT) and the Distribution Availability Test (DAT), which was coordinated with the various local distribution companies (LDC), as per the FIT Program Rules v2.1.

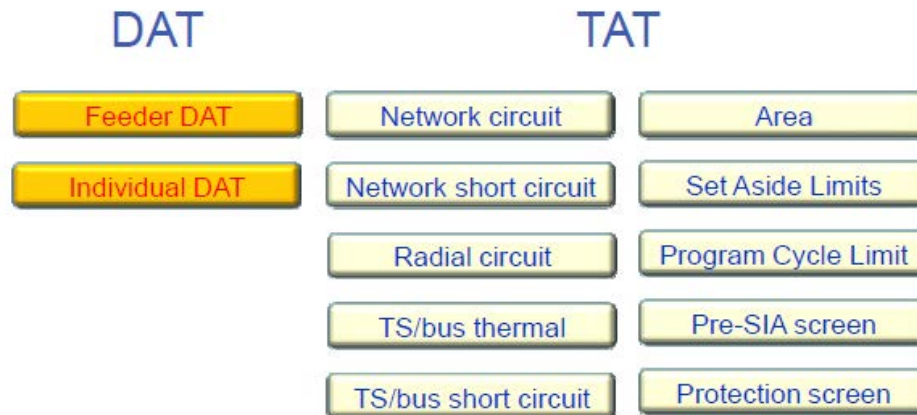
The TAT and DAT consist of a series of dynamic and iterative tests. The TAT and DAT preserve the ranking of CCSA Eligible Projects and non-CCSA Eligible Projects, as established in Stages 3 and 5, and adhere to the Community CCSA, First Nation CCSA, Metis CCSA, and overall Procurement Targets. The total Procurement Target was 200 MW, which included a 16 2/3 MW First Nation CCSA, 8 1/3 MW Métis CCSA, and 25 MW Community CCSA.

⁵ Priority Points awarded by Project Type could not be combined with other Priority Points awarded by Project Type (e.g., an Application could not receive Priority Points for being a Community Participation Project and an Aboriginal Participation Project).

⁶ Only certain Priority Points awarded by Non-Project Type could be combined with other Priority Points awarded by Project Type and/or other Non-Project Type as described in Section 6.1(c) of the FIT Program Rules v2.1.

There are a variety of tests included in the TAT and DAT and each Application must pass all tests in order pass Stage 4 or Stage 6 respectively. The tests included in the TAT and DAT are shown in Figure 2.2 below.

Figure 2.2 – TAT and DAT Tests



The TAT and DAT were conducted in the Forecasting Analysis and Modeling Environment (FAME) application. The OPA and the LDCs executed the TAT and DAT in the following manner:

- the single highest ranking First Nation and Métis CCSA Eligible Project for each Applicant and all Community CCSA Eligible Projects were evaluated, in order of rank and up to the Contract Capacity Set-Asides, thereby satisfying the requirements in the December 11, 2012 directive;
- the remaining First Nation and Métis CCSA Eligible Projects were evaluated, in order of rank and up to the Contract Capacity Set-Asides;
- all other projects were evaluated in order of rank and up to the Procurement Targets.

The OPA rejected Applications that failed the TAT and DAT. The OPA placed Applications that passed the TAT and DAT on the Offer List.

2.3 OPA Evaluation Resources

2.3.1 Evaluation Team Structure

Two Generation Procurement Managers led the OPA’s evaluation team. These Managers oversaw the FIT Program operations and were responsible for designing and managing the receipt, handling and review of Applications. The Renewable Generation and Policy Manager as well as two Business Analysts (Analysts) supported the Generation Procurement Managers (together the “FIT Evaluation Management Team”).

The FIT Evaluation Management Team supported a larger team of fifteen Review Team Members who were responsible for conducting the evaluation of Stages 1, 2, 3 and 5.

2.3.2 Evaluation Team Training and Resources

Navigant interviewed both of the Generation Procurement Managers overseeing the FIT Program operations as well as several Review Team Members to understand the level of training provided. The FIT Evaluation Management Team provided training to the Review Team Members prior to the application deadline as well during the application review process.

The training prior to the application deadline included:

- reviewing guidance materials provided to Review Team Members;
- reviewing sample applications;
- discussing the types of evidence expected to be submitted;
- reviewing what types of evidence were and were not acceptable; and
- demonstrating how to use the FIT Application Management Tool;

After the application deadline, Review Team Members could, and were regularly encouraged to, submit questions to the FIT Evaluation Management Team. In addition, members of the FIT Evaluation Management Team dedicated a minimum of two hours every day to respond to questions in person and to oversee the evaluation process. This allowed the FIT Evaluation Management Team to identify common issues or themes across Applications. When the FIT Evaluation Management Team identified a common issue, it would become the subject of a training meeting to discuss how Review Team Members should treat it.

An example is the evidence submitted in support of restrictions on the siting of Solar PV (Non-Rooftop) projects. Navigant attended a meeting in which Review Team Members discussed different types of zoning documents and Prescribed Forms with the FIT Evaluation Management Team. Navigant observed how the FIT Evaluation Management Team instructed Review Team Members to interpret and treat these supporting documents and then insured that all Review Team Members received consistent instructions.

2.3.3 Guidance Documents

In support of the application review, the FIT Evaluation Management Team produced guidance documents for the Review Team Members that described all of the requirements for Stage 1, 2, 3 and 5 evaluations. The detailed instructions described what to look for when reviewing Prescribed Forms as well as what would be acceptable forms of supporting documentation.

For example, the detailed instructions stated what had to be included in the FIT Summary of Access Rights and Site Access Evidence Prescribed Forms and what had to be included in each form of site access evidence to be acceptable. When Review Team Members encountered situations that were not described or anticipated in the guidance documents, they were encouraged to discuss them with the FIT Evaluation Management Team.

Navigant reviewed the guidance documents, compared them with the FIT Program Rules v2.1 and the Prescribed Forms, and found that the way the FIT Evaluation Management Team



advised the Review Team Members to review Applications was consistent with the requirements in the rules.

3 INDEPENDENT EVALUATION MONITOR REVIEW

3.1 Approach

Navigant conducted its IEM work in accordance with the Scope and Objectives as outlined in Section 1.1. Navigant’s focus was to understand the structure of the review team and the steps the OPA took to ensure equivalent treatment and consistency with the FIT Program Rules v2.1 across a broad range of Applications, supporting evidence, and reviewers.

To achieve the IEM objectives, Navigant undertook several monitoring activities.

Review of Evaluation Criteria

- Navigant compared the guidance documents provided to the Review Team Members and the FIT Program Rules v2.1 to ensure consistency in the evaluation of Application at the various stages.
- Navigant reviewed the Prescribed Forms.
- Navigant had a number of discussions with the FIT Management Team to understand the underlying principles supporting the evaluation criteria.

Review and Monitoring of Evaluation Processes

- Navigant interviewed the FIT Evaluation Management Team to understand the management, coordination, and processing of Applications from electronic submission, to intake, to review.
- Navigant interviewed a sample of Review Team Members to understand the type of training received before, during and after the Application Window closed.
- Navigant reviewed the guidance documents provided to Review Team Members for clarity in evaluating Applications.
- Navigant reviewed the FIT Application Management Tool database to see how the OPA tracked the Applications through the review process.
- Navigant observed the training of Review Team Members on the evaluation of Canadian Land Index (CLI) and zoning map documentation.
- Navigant observed a number of daily question and answer sessions between members of the FIT Evaluation Management Team and the Review Team Members.

Review of Communication with FIT Applicants

- Navigant reviewed the FIT email tracking “ticket” system.
- Navigant reviewed the FIT communication tool to understand how communications were tracked and how Applicants received notification of a clarification request.

Advice and Support on the Design and Implementation of Quality Assurance Measures

- Navigant assisted with the design of quality assurance measures.

- Navigant supported the quality assurance process.
- Navigant developed a parallel ranking algorithm based on Priority Points and CCSA eligibility.

The results of each of these activities are discussed in detail in the sections that follow.

3.2 Review of Evaluation Criteria

Navigant reviewed the evaluation criteria used by the OPA as well as the guidance documents provided to Review Team Members when assessing Applications in Stages 1, 2, 3 and 5.

Navigant found that the evaluation criteria and the guidance documents were consistent with the FIT Program Rules v2.1, which included the following representation and warranty in section 3.2 (j):

“all statements, supporting documentation, specifications, data, confirmations, representations and information that have been set out in the Application and supporting evidence and documentation are complete and accurate in all material respects and there is no material information omitted from the Application or supporting evidence or documentation which would make the information in the Application or supporting evidence or documentation misleading or inaccurate;”

3.3 Review and Monitoring of Evaluation Processes

The OPA received 3,938 Small FIT Applications. This section describes how the OPA managed the coordination of such a significant volume of Applications, how Navigant observed the OPA’s process, and Navigant’s findings.

Navigant found that the OPA maintained good commercial practices with respect to the treatment of Applications, evaluated the Applications in a manner consistent with the FIT Program Rules v2.1, and applied the evaluation criteria objectively and consistently across Applications.

3.3.1 Intake and Application Review Environment

Hard copies of all application documents were delivered and received at the OPA reception counter, located at 120 Adelaide St W, Toronto, Suite 1600, as required by Section 5.1 (d) of the FIT Program Rules v2.1.

Navigant observed that the OPA established a dedicated reception area to receive the hard copies to (a) avoid any delay or disruption to any other OPA business and (b) to ensure each package received a time stamped confirmation of delivery.

The OPA transferred the physical documents to a dedicated area where each was number-coded for ease of tracking and storage. Applications were located in a locked filing room, accessed only by secure code. Additionally, the locked cabinets within the filing room were used to store the applications.

The Review Team Members were all located on the same floor in the OPA premises, with between one to three Review Team Members per office. Applications rarely left this dedicated area and only when a Manager's or an Analyst's review was required. The OPA confirmed with Navigant that no Applications left the OPA premises.

3.3.2 Review Process

As discussed previously, the review process followed the six stages of evaluation described in the FIT Program Rules v2.1. Navigant observed that the OPA reviewed Applications and tracked the progress in a well-structured manner. All Review Team Members generally completed the evaluation of a single criterion within an evaluation stage at the same time before moving on to the next criterion. This structured process allowed the OPA to address issues in a systematic manner, ensure a consistent approach was employed, and to provide incremental training prior to completing the review of a specific criterion, if necessary. In addition, any broader issues that could affect multiple Applications were reviewed by the FIT Evaluation Management Team to ensure consistent treatment.

Applications were assigned to Review Team Members based on Renewable Fuel. Although all Review Team Members evaluated Solar PV (Rooftop) projects, Renewable Fuels with fewer applications were reviewed by a small number of Review Team Members to ensure a consistent treatment.

Once the Applications were coded and filed, Review Team Members could access them. The first step in reviewing an Application was to determine if it was delivered to the OPA on time. The next step in the application review was the processing of Application Fees and Application Security. Application Fees and Application Security were processed by a single Review Team Member to ensure proper tacking was completed before being deposited.

Despite the large number of Applications submitted by some Applicants, an important principle adopted by the OPA was that each application was reviewed on its own merit. To promote this approach, larger portfolios of Applications from a single Applicant were divided amongst several Review Team Members. This step was taken in order to avoid any possible systematic error or potential bias by any single Review Team Member, but also to ensure an even workload.

The OPA also included several quality assurance measures to ensure that Applications were reviewed consistently. These included a sample parallel review of Applications for completeness, eligibility and Priority Point eligibility, an independent verification of the OPA algorithm used to rank projects, and a database review to identify potential tracking inconsistencies.

The OPA also requested the applicable LDC confirm the following for each application:

- that the connection point was within the service territory of the applicable LDC as identified on the electronic application form, and

- the voltage level of the connection point was consistent with the requirements of the definition of a Small FIT Project.

The quality assurance measures supported and monitored by Navigant are described in more detail in the section on below.

Once evaluation Stages 1 and 2 were complete, the remaining Applications were evaluated for CCSA eligibility and Priority Point eligibility. As per the FIT Program Rules v2.1, an Application required a minimum of one Priority Point to remain eligible for continued evaluation for connection availability testing and procurement limits. Once Priority Point eligibility was evaluated, projects were identified and confirmed as either CCSA or non-CCSA, and if they were a First Nation or Métis Project the group name was included, and then ranked based on Priority Points and Time Stamp.

The ranked list of projects was submitted for connection availability testing. As described above, the connection availability testing of a project was conducted by the OPA in conjunction with the applicable LDC. The TAT and DAT represent a variety of interdependent tests across both transmission regions and between the distribution and transmission systems. A given project had to pass all the applicable TAT and DAT related tests in order to be awarded connection capacity, subject to the Procurement Targets and Contract Capacity Set-Asides, and subsequently be offered a contract. If a project failed any of the TAT or DAT related tests, it was removed from consideration. Applications that passed the TAT and DAT were awarded connection capacity and subsequently offered contracts.

Based on the variety of monitoring activities conducted, Navigant found that the review process was suitable, consistent with the FIT Program Rules v2.1, and conducted objectively and uniformly across all Applications.

3.3.3 Application Database

As Applications were reviewed against each criterion within an evaluation stage, the result was tracked in the FIT Application Management Tool. Each Review Team Member had secure access to the FIT Application Management Tool. The FIT Application Management Tool did not have any default values recorded for any of the evaluation stages. Therefore, the Review Team Members were required to input the result for each Application for each criterion at each stage of the process.

For each criterion, there were two types of fields tracked, “evidence provided” and “evidence accepted”. For each of these categories, a Review Team Member would indicate a “Yes” or “No”. In this manner, the Review Team Member could track the inclusion of a given piece of evidence in an Application (i.e. completeness) before reviewing it for eligibility.

3.4 Review of Communication with FIT Applicants

The OPA communicated with Applicants via three channels, (i) through the general FIT e-mail address, (ii) through posting of notices and program updates to the FIT Program website, and (iii) through a notice to the Applicant’s Primary Contact e-mail address indicating to them a more detailed message had been delivered to them on their My FIT Home Page.

Applicants could send questions to the OPA via the general FIT@powerauthority.on.ca mailbox. Questions sent to this mailbox were tracked using a centralized system that maintains a record of all correspondence including when questions were received and who provided a response. The OPA assigned questions to the most appropriate person to respond based on the nature of the question or the FIT Reference number.

During the application review process, the OPA requested clarifications from Applicants, consistent with section 4.2 (a) of the FIT Program Rules v2.1. Correspondence from Review Team Members to Applicants was tracked and recorded. The OPA monitored if, and when, an Applicant reviewed a clarification request. Navigant reviewed the clarification transmittals sent to Applicants. In addition to the clarification requests, correspondence included the Applicant’s relevant contact information, FIT Reference Number, and response due date.

Based on the review of the two ways in which the OPA communicated with Applicants, Navigant found that the process used when communicating with FIT applicants provided an equitable opportunity to all applicants to participate and the communications were consistent with the processes described in the FIT Program Rules v2.1.

3.5 Quality Assurance

Navigant assisted with the design and implementation of detailed quality assurance measures to verify the consistent use of evaluation criteria in Stages 1, 2, 3 and 5. This exercise required an independent evaluation by Navigant and the OPA of a sample of Small FIT Applications for completeness, eligibility, and Priority Points/CCSA eligibility. The results of the independent evaluation were compared to the results of the Review Team Members evaluation.

Three Navigant employees and four OPA employees implemented the quality assurance measures. The samples were stratified based on various application criteria, designed to be statistically significant, and drawn at random from the population of Small FIT Applications. The sample design is described in more detail below.

3.5.1 Sampling

For each of the completeness and eligibility evaluation stages (Stages 1 and 2), Navigant stratified the population by (i) the reason that Applications failed and (ii) by Applications that passed all criteria within a given evaluation stage. A sample was then drawn at random for the failing and passing Applications. The sample was designed to achieve a 95% confidence and 5%

precision at the strata levels for the failed Applications, and a 95% confidence and 2.5% precision at the group level for the passing Applications.

Applications that failed were independently reviewed to confirm the reason they failed was accurate. Applications that passed were independently reviewed for all relevant criteria within a specific evaluation stage to confirm that they should have in fact passed. In addition, in an effort to avoid bias amongst the quality assurance team, the sample of Applications that had passed was supplemented with Applications that failed. Therefore, the quality control team members had to identify both the passing and failing Applications from within the sample.

3.5.2 Completeness

The sample sizes, by failure reason and for passing applications, for the completeness evaluation are shown in Table 3.1 and Table 3.2 below. The sample sizes achieve the required confidence and precision level.

Not shown in the Table 3.1 below are two failure reasons, “Submission Not Provided or Provided Late”, which included 280 applications, and “Section 5 Requirements Not Met”, which included 47 applications. These failure reasons were not included as part of the quality assurance measures.

Table 3.1 – Quality Assurance Sample Size for Completeness Review, by Failure Reason⁷

Failed Applications (by Reason)	Population Size	Sample Size
No Site Access Summary	236	25
Incorrect Fee	101	23
No LDC Authorization	71	22
Incorrect Security	59	21
No Site Access Documents	45	20
No CLI/Zone Documents	28	17
Engineering Certificate	21	15
TOTAL	561	143

Table 3.2 – Quality Assurance Sample Sizes for Completeness Review, Complete Applications

Passing Applications	Population Size	Sample Size
TOTAL	3,050	52

The quality assurance measures identified a number of discrepancies, where evidence recorded as not included in the Application by the Review Team Members was included.

⁷ The sample sizes derived by Navigant were developed based on the population data provided at the time the samples were established, and may not represent the final breakdown of failure reasons for completeness.

Based on the results of the exercise, the OPA undertook a second review of all Applications that had initially failed the completeness evaluation. The OPA’s review resulted in several Applications passing Stage 1 that that had initially failed.

3.5.3 Eligibility

The sample sizes, by eligibility failure reason, are shown in Table 3.3 provided below. The sample size needed to achieve the required confidence and precision level for the Applications that passed the eligibility review is provided in Table 3.4.

Table 3.3 – Quality Assurance Sample Size for Eligibility Review, by Failure Reason⁸

Failing Applications (by Reason)	Population Size	Sample Size
Site Access	1,124	41
Engineering Certificate	326	25
CLI/Zoning/MNR Documents	33	18
LDC Authorization	31	18
TOTAL	1,514	102

Table 3.4 – Quality Assurance Sample Sizes for Eligibility Review, Complete Applications

Passing Applications	Population Size	Sample Size
TOTAL	1,536	52

Table 3.5 provides a summary the discrepancies found during the quality assurance review for the evaluation of eligibility.

Table 3.5 – Summary of Eligibility Failure Reason Discrepancies

	False Failures	Total Reviewed	False Failure Rate
Site Access	6	41	15%
CLI/Zoning/MNR Documents	0	18	0%
Engineering Certificate	2	25	8%
LDC Authorization	4	18	22%
TOTAL	12	102	12%

Table 3.6 provides a summary of the type of discrepancies found during the independent review of the full Applications for eligibility.

⁸ The sample sizes derived by Navigant were developed based on the population data provided at the time the samples were established, and may not represent the final breakdown of failure reasons for eligibility.

Table 3.6 – Summary of Eligibility Pass Discrepancies

	False Failures	False Passes	Total Reviewed	Inconsistency Rate
Full Reviews	1	2	60	5%

Navigant found the highest number of false failures related to site access documents and the FIT LDC IESO Authorization Prescribed Form. The OPA was very responsive to the results of Navigant’s review and conducted a thorough evaluation of the issues, which ultimately led to the reassessment of a number of applications.

Upon further investigation, Navigant identified that a subset of the site access related discrepancies were a result of different names on the parcel registry or other similar form of site access evidence provided by Municipalities, Education, or Health-sector Applicants. This group of Applications, which were on Municipal, Education or Health-sector owned or controlled property, were accepted by the OPA in situations where a different, but related name, was found on the parcel registries. For these public sector Applicants, the OPA elected to accept as evidence of site access, a parcel register that referenced the legal name of an entity that existed prior to an amalgamation or merger, or the legal name of an entity prior to a formal name change.

Navigant’s identification of these inconsistencies resulted in an additional review of all Municipal, Education, or Health-sector Applications that had failed because of the site access requirements. In addition, all FIT LDC IESO Authorization Prescribed Forms that failed eligibility were reassessed. The second review was conducted by the OPA and any inconsistent treatment was corrected.

3.5.4 CCSA and Priority Point Eligibility

A similar quality assurance exercise was undertaken by Navigant and the OPA to review the determination of whether a project was CCSA eligible and whether an Application should be awarded Priority Points. CCSA and Priority Point eligibility were determined based on the consistency of the CCSA or Priority Point request and the Application Form as well as the acceptance of the Prescribed Forms.

The sample sizes, by Prescribed Form, are shown in Table 3.7 below.

Table 3.7 – Quality Assurance Sample Size for Review of Priority Points Not Awarded, by Prescribed Form⁹

Prescribed Form	Population Size	Sample Size
Aboriginal Declaration	30	18
Municipal Resolution	20	15
Education Health Host Declaration	16	13
Participation Declaration	5	5
Community Declaration	4	4
Aboriginal Resolution	3	3
TOTAL	78	58

CCSA eligibility and Priority Point requests that were accepted were also verified for accuracy. The sample sizes, by Prescribed Form, are provided in Table 3.8.

Table 3.8 – Quality Assurance Sample Size for Priority Points Awarded, by Prescribed Form

Prescribed Form	Population Size	Sample Size
Municipal Resolution	1,250	28
Aboriginal Declaration	417	26
Education Health Host Declaration	375	26
Community Declaration	183	25
Participation Declaration	175	26
Aboriginal Resolution	9	9
TOTAL	2,409	140

Due to the relatively small number of Aboriginal Resolutions, all of these were reviewed by the FIT Evaluation Management Team to ensure a consistent treatment. The review of the CCSA eligibility and Priority Point requests identified a small number of discrepancies, as shown in Table 3.9.

⁹ These sample sizes were based on the data provided to Navigant at the time the samples were determined, and may not represent the final breakdown of priority points and CCSA requests that were not accepted.

Table 3.9 – Summary of Priority Point Review

Prescribed From	False Negative	False Positive	Agreed
Aboriginal Declaration	1	0	43
Municipal Support Resolution	2	0	41
Community Declaration	0	0	29
Participant Declaration	1	3	27
Education / Health Host Declaration	0	1	38
TOTAL	4	4	178

With these findings, the FIT Evaluation Management Team reviewed all Aboriginal Declarations, Municipal Support Resolutions, and Participant Declarations that previously failed the initial review.

3.5.5 Database Review

Another quality assurance measure undertaken by the OPA was a check of the database that tracked the progress of each Application in the evaluation process. As described above, for each Application, the Review Team Member would track if a document was provided and if the document was accepted. If a given piece of evidence was not relevant for a specific Application, the fields tracking the provision and acceptance of that piece of evidence were marked accordingly.

The quality assurance review involved comparing fields where the FIT Application Management Tool indicated that a piece of evidence was not provided but it was accepted. In these instances, the FIT Evaluation Management Team conducted a secondary review to confirm whether the evidence was in fact provided. This quality assurance measure resulted in the correction of records within the FIT Application Management Tool.

3.5.6 Ranking

Navigant developed an algorithm that evaluated the data contained in the FIT Application Management Tool to determine CCSA and Priority Point eligibility and to rank the Applications. Navigant compared the output of the algorithm to the results of the OPA’s ranking methodology to determine whether there was a consistent selection of projects based on Priority Points and Time Stamp.

Based on the results of this comparison, the OPA made some minor revisions to its ranking process such that subsequent iterations of the algorithm resulted in an identical list of ranked Applications.

4 RESULTS

4.1 Application Overview

The OPA received 3,938 Small FIT Applications, representing approximately 825 MW of capacity. Notable highlights of the composition of the 3,938 Applications include:

- 50% were Resubmitted Application, representing 44% of total capacity;
- 86% were Solar PV (Rooftop) applications representing 74% of total capacity; and
- 12% were Solar PV (non-Rooftop) applications representing 22% of total capacity.

See Table 4.1, Figure 4.1, Figure 4.2, Figure 4.3, and Table 4.2 for more details.

Table 4.1– Overview of Small FIT Applications Received

Renewable Fuel	Applications				Kilowatts (kW)			
	Resubmitted	New	Total	%	Resubmitted	New	Total	%
Biogas	7	42	49	1%	2,239	12,963	15,202	2%
Biomass	4	11	15	<1%	2,000	4,225	6,225	1%
Landfill Gas	0	0	0	0%	0	0	0	0%
Solar PV (Non-Rooftop)	150	312	462	12%	63,755	118,191	181,946	22%
Solar PV (Rooftop)	1,828	1,557	3,385	86%	294,962	318,237	613,199	74%
Waterpower	1	18	19	<1%	120	5,743	5,863	1%
On-shore Wind	2	6	8	<1%	140	3,000	3,140	<1%
TOTAL	1,992	1,946	3,938	100%	363,216	462,359	825,575	100%

Figure 4.1 – Breakdown of Applications Received, by Participation Type

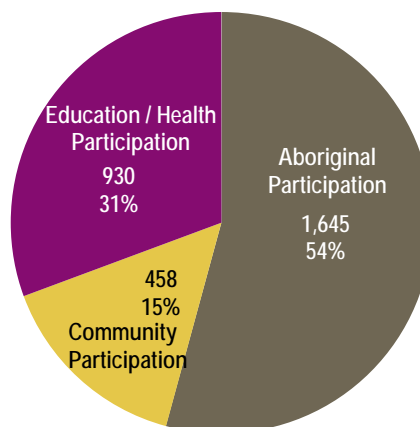


Figure 4.2 – Breakdown of Aboriginal Participation Applications Received, by CCSA Eligibility Type

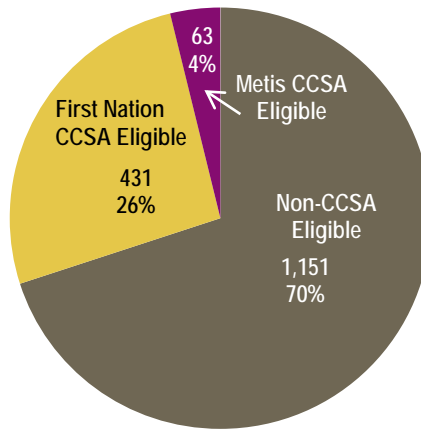


Figure 4.3 – Breakdown of Community Participation Applications Received, by CCSA Eligibility Type

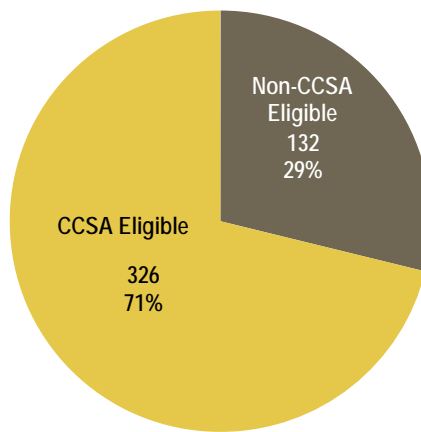


Table 4.2– Breakdown of Education/Health-Sector Participation Applications Received, by Site Use

Site Use	Applications	%
School	460	46%
University	11	1%
College	26	3%
Hospital	6	1%
Long-term Health Care	3	<1%
Other	424	46%

4.2 Completeness

Of the 3,938 Applications evaluated for completeness in Stage 1, 914 failed. A total of 3,024 passed completeness and were reviewed for eligibility. The breakdown of Applications that failed, by the failure reason, is presented in Table 4.3 below.

Table 4.3 – Breakdown of Applications that Failed Stage 1

Failure Reason	Applications
No Hard Copy / Late Submission	280
No Site Access Summary	269
Section 5 Requirements	136
Incorrect Fee	104
Incorrect Security	58
No Site Access Documents	29
No CLI/Zone Documents	23
Engineering Certificate	10
No LDC Authorization	5
TOTAL	914

As demonstrated in Table 4.3 above, there were a number of common errors found in Stage 1.

- Missing supporting materials submission - Applicants were required to submit both an electronic and a hard copy application package, in many instances the hard copy was not submitted.
- Wrong fees and securities provided including incorrect amounts or an improper format – Applicants were required to submit fees and security deposits in the prescribed amounts and in the prescribed forms. A number of fees and security deposits were for an incorrect amount or were not provided in the correct form. A common example was that cheques were provided but they were not certified.
- FIT Reference Numbers were not included on documents – The FIT Reference Number is critical for tracking which materials, including fees and securities, belong to which Application throughout the review process and this is a requirement as per Section 5.1 (d) of the FIT Program Rules v2.1.
- Missing Required Forms - Although the content of the forms was not assessed during the completeness review stage, all the necessary forms had to be included with the Application.

4.3 Eligibility

Of the 3,024 Applications evaluated for eligibility in Stage 2, 1,857 failed while 1,167 passed and proceeded to the TAT and DAT. The breakdown of Applications that failed Stage 2, by the failure reason, is presented in Table 4.4 below.

Table 4.4 – Breakdown of Applications that Failed Stage 2

Failure Reason	Applications
Site Access	1,393
Engineering Certificate	355
LDC Authorization	80
CLI/Zoning/MNR Documents	27
No Priority Points	2
TOTAL	1,857

The majority of Applications that failed Stage 2 did so because of errors or inconsistencies in the site access documentation and the engineering certificate Prescribed Form.

For site access, Applications had to meet four requirements:

- the FIT Summary of Access Rights Prescribed Form was complete and accurate;
- the Site access evidence was acceptable;
- the FIT Summary of Access Rights Prescribed Form and site access evidence were consistent and also consistent with the Application Form; and
- the FIT Multiple Application Disclosure Prescribed Form was complete and accurate.

There were a number of common errors related to site access.

- Wrong or Inconsistent Legal Names - An Applicant may have used a certain legal name ('Company X Inc') in the Application Form. Other supporting materials received would then either identify a legal name of some variation of the Company X name ('Company X Inc LP') or possibly an entirely different company name. Variations of a company name were not acceptable or different company names on the site access documents were not accepted.
- Inconsistency between FIT Summary of Access Prescribed Form and Site Access Evidence - The Prescribed Form specified a certain type of site access evidence, but the actual evidence provided was of a different type. For example, a lease was identified on the Prescribed Form but a Memorandum of Understanding was provided as the evidence.
- Errors on the FIT Multiple Application Disclosure Prescribed Form - The Prescribed Form had the requirement to be true and accurate. Errors in listings of projects for a given Application resulted in failure.
- Lease, Option and Site Access Rights Conditions in Favour of the Landlord - A clear condition of eligibility is that the document demonstrating site access rights not contain conditions that were in favour of the property owner.

The most common error related to the engineering certificate Prescribed Form was a missing original signature. In many instances a photocopy of the Prescribed Form was provided, which was not acceptable.

4.4 Connection Availability

Of the 1,167 Applications that initially proceeded to the TAT/DAT screening process, six Applications were found to have issues that ultimately led to them failing the completeness and/or eligibility review. Of the 1,161 Applications that proceeded through the entire TAT/DAT screening process, 210 failed. A tabulation of the failure reasons is provided in Table 4.5 below. In total, 951 Applications passed the TAT/DAT screening process and subsequently were offered FIT Contracts.

Table 4.5 – TAT/DAT Failure Reasons

Failure Reason	Applications
Insufficient Capacity - Transmission System upstream of Transmission Station	99
Insufficient Capacity at Transmission Station or Bus	72
Area Limits Already Exceeded	19
Insufficient Capacity – Distribution	14
Incorrect Voltage	4
Incorrect LDC	2
TOTAL	210

4.5 Summary of Contract Offers

Contract offers for the 951 Applications began in July 2013, continued for a period of approximately 10 weeks, with about 100 contracts per week offered during this period. Initial contract offers were to the CCSA Eligible Projects, as required per the November 23, 2012, directive received from the Minister of Energy.

The breakdown of the projects that were offered FIT Contracts by Renewable Fuel and participation type is provided in Table 4.6 and Table 4.7 below. Out of the 951 Applications to be offered FIT contracts, 937 (or 98.5%) had a supporting resolution from a municipal council.

Table 4.6 – Applications to be Offered FIT Contracts

Renewable Fuel	Resubmitted	New	Total
Biogas	2	13	15
Biomass	0	1	1
Landfill Gas	0	0	0
Solar PV (non-Rooftop)	10	15	25
Solar PV (Rooftop)	614	295	909
Waterpower	1	0	1
On-shore Wind	0	0	0
TOTALS	627	324	951

Table 4.7 – Aboriginal, Community, and Education / Health Sector Participation Projects to be Offered FIT Contracts

Participation Type	Applications	%
Aboriginal Participation Projects	219	23%
- <i>First Nation CCSA Eligible</i>	54	
- <i>Métis CCSA Eligible</i>	31	
- <i>Non-CCSA Eligible</i>	134	
Community Participation Projects	136	14%
- <i>Community CCSA Eligible</i>	64	
- <i>Non-CCSA Eligible</i>	72	
Education / Health Sector Participation Projects	410	43%
- School	318	
- University	0	
- College	0	
- Hospital	2	
- Long-term Health Care	0	
- Other	90	
No Aboriginal, Community, or Education/Health Sector Participation	186	20