



INDEPENDENT EVALUATION MONITOR'S REPORT

EXTENDED FIT 3 PROCUREMENT APPLICATIONS CONFIRMED BETWEEN OCTOBER 1, 2014 AND OCTOBER 10, 2014

Prepared for the



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1 INTRODUCTION

Navigant Consulting Ltd. (Navigant) was engaged by the Ontario Power Authority (OPA) to be the Independent Evaluation Monitor (IEM) for the OPA’s review of applications considered in respect of the extended Feed-in Tariff (FIT) 3 procurement during the application confirmation period that opened on October 1, 2014, and closed on October 10, 2014 (the “FIT Applications” during the “extended procurement”).¹ This procurement comprised of applicants from FIT 3 confirming that they wished for their FIT 3 applications to be reconsidered for a contract for the portion of the 2014 FIT procurement target that was applied to the extended FIT 3 procurement.

On January 1, 2015, the OPA merged with the Independent Electricity System Operator (IESO). Navigant completed the IEM activities prior to the merger of the OPA and IESO. Therefore, throughout this document, Navigant will continue to refer to the OPA.

This report 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:

- Review of the Directive;
- Review of the processes used by the OPA to communicate with Applicants;
- Provide advice and support to the OPA in developing and carrying out quality assurance measures to ensure the consistent treatment of applications; and,
- Provide a written opinion regarding the integrity of the application review and contract offer process.

1.2 Direction to the OPA

The Minister directed the OPA on August 29, 2014, to extend the FIT 3 procurement and offer an additional 100 MW of FIT contracts.

The OPA was directed to “...extend the FIT 3 procurement by allocating up to 100 MW to applicants whose applications (i) were received through the FIT 3 application window, (ii) passed both the completeness and eligibility reviews and (iii) were not included in the Offer List posted on July 30, 2014 (the “Eligible Applicants”), provided there is available connection capacity...”

The Directive also required that the OPA publish an updated price schedule by September 30, 2014 and stated that eligible FIT 3 Applicants would be subject to the updated price schedule.

¹ Unless defined in this report, capitalised words and phrases have the meaning ascribed to them in FIT Program Rules v.3.0.

2 OVERVIEW OF APPLICATION AND EVALUATION PROCESS

2.1 Application Process

Eligible Applicants that were interested in participating in the extended FIT 3 procurement were required to submit a prescribed form to the OPA during the October 1, 2014 and October 10, 2014 confirmation period via e-mail. Applications were considered eligible if they were submitted during the November 4, 2013 to December 13, 2013 application window, were deemed complete and eligible, and did not appear on the July 30, 2014 offer list. Applicants were not permitted to make any changes to their original application, including the submission of additional materials and/or any changes to priority points.

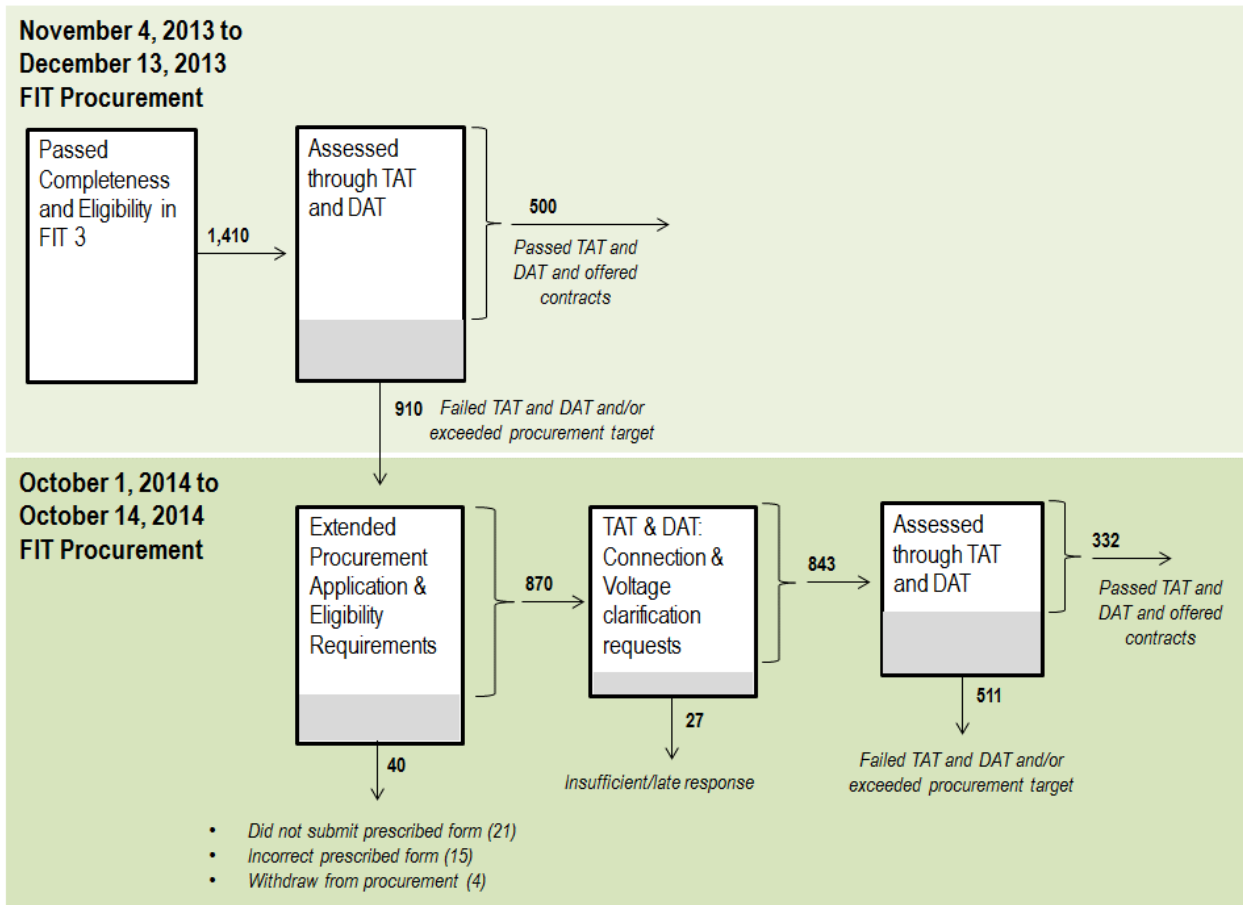
2.2 Evaluation Process

The OPA did not evaluate applications for completeness and eligibility as they were evaluated during the FIT 3 procurement and only complete and eligible applications were allowed to participate in the extended FIT 3 procurement. These results were carried forward into the extended procurement following confirmation of participation. The prescribed form confirming the Applicant's interest in participating in the extended procurement was reviewed for completeness confirming the eligibility of each application to participate. The application proceeded through the remaining evaluation stages as per section 4.1 of the FIT Program Rules v3.0, excluding stage four as URSP applications were not included in the extended procurement. In summary, the OPA evaluated applications in the following stages:

- Stage 1: Application requirements (completed in FIT 3)
- Stage 2: Eligibility requirements (completed in FIT 3)
- Extended procurement prescribed form completeness and eligibility
- Stage 3: Ranking of all projects
- Stage 5: Connection availability for CCSA eligible projects
- Stage 6: Connection availability for other projects

Of the 910 FIT applications that were eligible to confirm interest in the extended procurement, 332 passed connection availability screening and subsequently were offered contracts. A breakdown of where applications failed in the review process is provided in Figure 1, below.

Figure 1 – Tracking of applications through the review process



2.2.1 Extended Procurement Prescribed Form Completeness and Eligibility

Eligible Applicants that were interested in participating in the extended procurement were required to submit a prescribed form to the OPA during the submission period via e-mail to FIT@powerauthority.on.ca.

The prescribed form was required to be substantially complete to be considered complete and the application eligible for the extended FIT 3 procurement. Applicants were required to provide the following information in the prescribed form:

- FIT reference number (from the application submitted during the November 4, 2013 to December 13, 2013 FIT application window)
- Applicant Legal name (from the application submitted during the November 4, 2013 to December 13, 2013 FIT application window)
- Date, Name and Title of the individual signing on behalf of the applicant
- Check box indicating that the name “...intended to be the signature of the individual submitting the form and may be relied upon the OPA as such for the purposes of binding the Applicant. The signatory has authority to bind the Applicant.”

Applications were considered eligible to participate if they met the following three criteria:

- Prescribed form confirming interest in participation received by the OPA between the October 1, 2014 and October 10, 2014 submission period;
- Original application received by the OPA through the November 4, 2013 to December 13, 2013 application window and deemed complete and eligible²; and,
- Not included in the contract offer list posted on July 30, 2014.

2.2.2 Stage 3: Ranking of All Projects

The priority points and determination of CCSA eligibility was established through the FIT 3 evaluation process. An additional peer review was completed on applications that did not receive all of their requested priority points during the initial evaluation of applications received during the November 4, 2013 to December 13, 2013 application period. Ranking was recalculated excluding:

- Ineligible applications;
- Withdrawn applications;
- Eligible applications that did not submit a prescribed form;
- Eligible applications that submitted a prescribed form outside of the submission period; and,
- Eligible applications that submitted an incorrectly/insufficiently completed prescribed form.

2.2.3 Stage 5-6: Connection Availability

The connection availability assessments in stage five through six included both the TAT and the DAT, which were coordinated with the various Local Distribution Companies (LDCs) in accordance with the FIT Program Rules v3.0.

The total procurement target was 100 MW. The 100 MW procurement target included a 25 MW Aboriginal community CCSA (comprised of 16.667 MW First Nation CCSA, 8.333 MW Metis CCSA), 25 MW Community CCSA, and 50 MW Municipal and Public Sector CCSA.

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 stage three, and adhere to the Community CCSA, First Nation CCSA, Metis CCSA, Municipal or Public Sector CCSA, and overall procurement targets.

CCSA Eligible Projects received priority consideration in the connection availability assessment.

² 27 applications were found ineligible during the extended procurement review. These projects were found ineligible due to incorrect/ineligible voltage or connection points. The connection points were confirmed with LDCs.

- In stage five, the OPA assessed the available connection capacity for CCSA Eligible Projects in order of rank as determined in stage three and up to the applicable CCSA.
- In stage six, the OPA assessed, in order of rank as determined in stage three, the available connection capacity to accommodate all CCSA Applications not allocated to the applicable CCSA as well as non-CCSA Eligible Projects up to the procurement target of 100 MW.

The TAT and DAT were conducted by OPA staff using the Forecasting Analysis and Modeling Environment (FAME) application. The TAT and DAT process took into account current system information, including any additional capacity additions or retirements. OPA staff and the LDCs executed the TAT and DAT in the following manner:

- Aboriginal community CCSA eligible project for each Applicant and all Community CCSA eligible projects and Municipal or Public Sector Entity projects in order of rank and up to the CCSAs;
- The remaining Aboriginal community CCSA eligible projects were evaluated, in order of rank and up to the CCSAs; and,
- Once all CCSA’s had been achieved or there were no remaining eligible applications for a CCSA, all remaining CCSA and non-CCSA eligible applications were assessed together until the extended FIT 3 procurement target was reached in aggregate or there were no remaining applications that could fit within the remaining procurement target whose selection would not exceed the procurement target.

The OPA terminated applications that failed the TAT and DAT and/or exceeded the procurement target. A tabulation of reasons for termination are provided in Table 1, below.

Table 1 – Stage Four to Six Reasons for Termination

Termination Reason	Applications
Insufficient Capacity at Transmission Station or Bus	30
Insufficient Capacity – Distribution	23
Exceeds Procurement Target	458
TOTAL	511

The OPA added applications that passed the TAT and DAT and did not exceed the procurement target to the offer list. The offer list, which is posted on the OPA website, is a list of all applications that would receive an offer notice from the OPA (i.e., offered a FIT contract).

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 of this report. Navigant’s focus was to monitor the steps the OPA took to ensure equivalent treatment and consistency with FIT Program Rules v3.0 across all applications, supporting evidence, and reviewers.

To achieve the IEM objectives, Navigant undertook three broad monitoring activities.

1. Review of Evaluation Criteria – Navigant:

- Compared the guidance documents provided to the Review Team Members and FIT Program Rules v3.0 to ensure consistency in the evaluation of applications at the various stages.
- Reviewed the prescribed form.
- Discussed with the Manager Procurement Operations and the Business Analyst the underlying principles supporting the evaluation criteria.

2. Review and Monitoring of Evaluation Processes – Navigant:

- Interviewed the Manager Procurement Operations and the Business Analyst to:
 - understand the management, coordination, and processing of applications from electronic submission, through intake, to review.
 - understand the type of training received before, during and after the submission window.
- Reviewed the procedure documents provided to Review Team Members for clarity in evaluating applications.
- Reviewed FIT applications throughout the review process to see how the OPA tracked the applications.

3. Advice and Support on the Design and Implementation of Quality Assurance Measures – Navigant:

- Assisted with the design of quality assurance measures.
- Supported the quality assurance process, including performing a review of applications that did not pass the prescribed form review.

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

3.2 Review and Monitoring of Evaluation Processes

This section describes how the OPA managed the 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 FIT Program Rules v3.0, and applied the evaluation criteria objectively and consistently across applications.

3.2.1 Intake and Application Review Environment

Applicants were required to submit one prescribed form for each eligible application to the OPA as a PDF attachment at FIT@powerauthority.on.ca within the submission period. Hard copy applications and any additional application materials were not accepted or required as the materials submitted during the November 4, 2013 to December 13, 2013 FIT 3 application window were utilized.

The OPA printed the prescribed forms and added them to the existing application packages from the November 4, 2013 to December 13, 2013 FIT 3 application window. The applications are housed in a dedicated area where each is number-coded for ease of tracking and storage. Applications were located in locked cabinets inside of a locked file room at the OPA.

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 only left this dedicated area when a Manager's review was required. The OPA confirmed with Navigant that no applications left the OPA premises.

3.2.2 Review Process

As discussed previously, the review process followed the applicable stages of evaluation described in FIT Program Rules v3.0. Navigant observed that the OPA reviewed applications and tracked the progress in a well-structured manner.

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 a balanced workload.

Evaluation stages one and two were previously completed for applications submitted during the November 4, 2013 to December 13, 2013 FIT 3 application window. For the extended procurement, the prescribed form was assessed for completeness and the application was confirmed eligible. Once the evaluation of the confirmed applications was complete, applications were ranked based on priority points and original time stamp from the November 4, 2013 to December 13, 2013 application period.

For each FIT procurement, the OPA has updated aspects of its quality control procedures to continually improve the review process. For example, as part of the previous application period, the OPA added a peer review to its standard review procedures for all applications that failed eligibility and completeness. During this evaluation process, the OPA implemented a peer review of all applications that did not obtain all of the priority points requested. This peer review of

priority points has been added to the OPA's standard procedures for future FIT procurements. The peer review of priority points was completed consistent with FIT Program Rules v3.0. The ranked list of applications changed as a result of the peer review of priority points.

Based on the variety of monitoring activities conducted, Navigant found that the review process was suitable, consistent with FIT Program Rules v3.0, and conducted objectively and uniformly across all applications.

3.3 Review of Communication with FIT Applicants

The OPA began communicating with applicants immediately following the Directive. A news item was posted on the OPA website referencing the Directive and indicating that Applicants would have an opportunity to confirm their desire to have their application considered for the extended procurement in October 2014 using a new prescribed form. The OPA also indicated in the news release that Applicants would be advised when the new prescribed form became available.

On September 26, 2014 the OPA posted an announcement on the FIT website:

- Specifying the process for Applicants to have their application considered for the extended FIT 3 procurement;
- Containing a link to the Prescribed Form "Confirmation of Applicant Participation in the Extended FIT 3 Procurement" for review;
- Providing the submission period and expected offer date;
- Posting links to FAQ documents; and,
- Indicating where applicants could submit questions.

On September 30, 2014 the new price schedule was made available and on October 9, 2014 the contract for the extended procurement was released ("FIT Contract Version 3.0.2"). The OPA also communicated with Applicants through direct e-mail and through the My FIT Home Page. The OPA communicated directly with Applicants via e-mail to notify them of the upcoming extended procurement submission period, to notify them when the submission period opened, and to notify them when the submission period was closing.

The OPA communicated with Applicants via three channels:

1. general content emails through the FIT email system;
2. posting of notices and program updates to the FIT Program website; and,
3. a notice to the Applicant's primary and owner 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 centralised 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 FIT Program Rules v3.0. Correspondence from Review Team Members to Applicants was tracked and recorded. The OPA monitored if, and when, an Applicant reviewed a clarification request and responded to it. 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 three 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 FIT Program Rules v3.0.

3.4 Quality Assurance

Navigant assisted with the design and implementation of detailed quality assurance measures to verify the consistent use of evaluation criteria in stages three and four. This exercise involved an independent evaluation by Navigant and the OPA of all applications that did not pass the prescribed form review. The results of the independent evaluation were compared to the results of the Review Team Member's evaluation.

4 RESULTS

The independent review of applications found no material discrepancies.

4.1 Key Findings

Navigant found that the OPA conducted a transparent and uniform application review process of the prescribed forms for the extended procurement in a manner consistent with FIT Program Rules v3.0. The eligibility and completeness of the applications was not reviewed in the extended procurement as it was performed during the previous application review process. However, the prescribed form confirming participation in the extended procurement was reviewed for completeness and eligibility. Navigant found no evidence that the application review process conducted by the OPA disadvantaged or advantaged any application. Navigant found the process resulted in a reasonable outcome. Navigant bases its findings on our observation of:

- the manner in which the extended procurement prescribed form evaluation process was conducted by the OPA;
- the consistency with which the extended procurement prescribed form evaluation criteria were applied across applications by the OPA;
- the procedures the OPA used to select and prioritise the complete and eligible applications; and,
- the OPA’s conduct of the connection availability analysis.

Figure 2 – Summary of Navigant’s Observations

Consideration	Observations
✓ Provision of program information and application instructions	The OPA provided information resources on their website to support Applicants in submitting the extended procurement prescribed form via e-mail.
✓ Application review followed a structured approach	Navigant observed that the OPA’s review of applications was conducted and tracked in a structured way.
✓ Every application was reviewed on its own merits	The OPA structured its evaluation process appropriately to reflect the fact that FIT applications were in effect competing for available capacity on non-price factors.
✓ 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.
✓ Adherence to communication process	The OPA adhered to the communication processes described in FIT Program Rules v3.0.

4.2 Application Overview

Of the 910 applications that were eligible for the extended procurement, the OPA reviewed 885 prescribed forms, representing approximately 216 MW of capacity. Table 2 provides a breakdown of the 885 applications.

Table 2 – Overview of extended FIT Applications Received

Renewable Fuel	Applications		Kilowatts (kW)	
	Total	%	Total	%
Biogas	26	2.9	5,740	2.7
Biomass	10	1.1	4,500	2.1
Solar PV (Non-Rooftop)	125	14.1	53,078	24.6
Solar PV (Rooftop)	714	80.7	149,832	69.4
Waterpower	10	1.1	2,598	1.2
On-shore Wind	0	0	0	0
TOTAL	885		215,748	

4.3 Extended Procurement Prescribed Form Completeness and Eligibility

As discussed, the prescribed form was required to be substantially completed to be considered complete and eligible for the extended procurement. Applicants were required to provide the following information in the prescribed form:

- FIT reference number (from the application submitted during the November 4, 2013 to December 13, 2013 FIT application window)
- Legal name (from the application submitted during the November 4, 2013 to December 13, 2013 FIT application window)
- Date and Name and Title of the individual signing on behalf of the applicant
- Check box indicating that the name *“...intended to be the signature of the individual submitting the form and may be relied upon the OPA as such for the purposes of binding the Applicant. The signatory has authority to bind the Applicant.”*

Of the 885 applications that were reviewed by the OPA, 15 failed to properly complete the prescribed form. 8 Applicants failed to provide the correct legal name, in some cases stating the FIT reference number instead. 7 applications did not check the box indicating that the name *“...intended to be the signature of the individual submitting the form and may be relied upon the OPA as such for the purposes of binding the Applicant. The signatory has authority to bind the Applicant.”*

4.4 Connection Availability

Of the 843 applications that proceeded through the entire TAT/DAT screening process, 511 failed TAT/DAT and/or exceeded the procurement target. A tabulation of the termination reasons is provided in Table 3 below. In total, 332 applications passed stages four to six and were subsequently offered FIT contracts.

Table 3 – Stages Four to Six Reasons for Termination

Termination Reason	Applications
Insufficient Capacity at Transmission Station or Bus	30
Insufficient Capacity – Distribution	23
Exceeds Procurement Target	458
TOTAL	511

4.5 Summary of Contract Offers

The offer list was posted on the OPA’s website on December 19, 2014. Contract offers for the 332 applications began in the first quarter of 2015.

The breakdown of the projects that were offered extended FIT contracts by renewable fuel and participation type is provided in Table 4 and Table 5, below. Out of the 332 applications to be offered FIT contracts, 288 (or approximately 97%) had a supporting resolution from a municipal council and 26 (or approximately 8%) had a municipal or public sector entity site host.

Table 4 – Applications to be offered extended FIT contracts

Renewable Fuel	Total Applications	Total kW
Biogas	0	0
Biomass	2	1,000
Solar PV (non-Rooftop)	76	33,198
Solar PV (Rooftop)	254	65,798
Waterpower	0	0
On-shore Wind	0	0
TOTALS	332	99,996

Table 5 – Aboriginal, Community, and Municipal/Public Sector participation projects to be offered extended FIT contracts

Participation Type	Applications	%
Aboriginal Participation Projects	121	36%
- First Nation CCSA Eligible	46	14%
- Métis CCSA Eligible	2	1%
Community Participation Projects	60	18%
- Community CCSA Eligible	44	13%
Municipal or Public Sector Participation Projects	151	45%
- Municipal or Public Sector CCSA Eligible	150	45%
Total Participation Applications	332	100%