



INDEPENDENT EVALUATION MONITOR'S REPORT

FIT 3 PROCUREMENT APPLICATIONS RECEIVED BETWEEN NOVEMBER 4, 2013 AND DECEMBER 13, 2013

Prepared for the



Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

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Navigant Consulting Ltd.
Bay Adelaide Centre
333 Bay Street, Suite 1250
Toronto, ON M5H 2R2
T: 416.777.2440
F: 416.777.2441
www.navigant.com



TABLE OF CONTENTS

1	EXECUTIVE SUMMARY	1
1.1	Scope and Objectives of Independent Evaluation Monitor	1
1.2	Changes to FIT Program Rules	1
1.3	Applications Received	2
1.4	Application Review Results	3
1.5	Key Findings	4
2	OVERVIEW OF APPLICATION AND EVALUATION PROCESS.....	6
2.1	Application Process.....	6
2.2	Evaluation Process.....	6
2.2.1	Stage 1: Application Requirements.....	7
2.2.2	Stage 2: Eligibility Requirements	8
2.2.3	Stage 3: Determination of CCSA Eligibility and Ranking of all Projects	8
2.2.4	Stage 4 - 6: Connection Availability for URSP Projects, CCSA Eligible Projects, and Other Projects.....	10
2.3	OPA Evaluation Resources	12
2.3.1	Evaluation Team Structure	12
2.3.2	Evaluation Team Training and Resources	12
2.3.3	Guidance Documents	13
3	INDEPENDENT EVALUATION MONITOR REVIEW.....	14
3.1	Approach	14
3.2	Review of Evaluation Criteria.....	15
3.3	Review and Monitoring of Evaluation Processes.....	15
3.3.1	Intake and Application Review Environment.....	15
3.3.2	Review Process	15
3.3.3	Application Database.....	17
3.4	Review of Communication with FIT Applicants	17
3.5	Quality Assurance	18
3.5.1	Sampling.....	18
3.5.2	Database Review	18
3.5.3	Ranking.....	18
4	RESULTS	20
4.1	FIT.....	20
4.1.1	Application Overview	20
4.1.2	Application Requirements	22
4.1.3	Eligibility Requirements.....	22
4.1.4	Connection Availability.....	23
4.1.5	Summary of Contract Offers.....	24
4.2	URSP.....	25
4.2.1	Application Overview	25
4.2.2	Completeness.....	26
4.2.3	Eligibility	26
4.2.4	Connection Availability.....	27
4.2.5	Summary of Contract Offers.....	28

LIST OF TABLES AND FIGURES

Tables

Table 1.1 – Changes to FIT Program Rules v2.1.....	2
Table 1.2 – Count of Applications Received by Fuel Type.....	3
Table 1.3 – Summary of Navigant’s Observations	4
Table 2.1 – Overview of Evaluation Stages.....	7
Table 4.1– Overview of FIT Applications Received	20
Table 4.2 – Breakdown of Applications that Failed Stage One*	22
Table 4.3 – Breakdown of FIT Applications that Failed Stage Two	23
Table 4.4 – Stages Four to Six Reasons for Termination	24
Table 4.5 – Applications to be Offered FIT Contracts	24
Table 4.6 – Aboriginal, Community, and Municipal/Public Sector Participation Projects to be Offered FIT Contracts.....	25
Table 4.7 – Breakdown of Applications that Failed Stage One	26
Table 4.8 – Breakdown of Applications that Failed Stage Two	27
Table 4.9 – Stage Four to Six Reasons for Termination.....	28
Table 4.10 – Aboriginal, Community, and Municipal/Public Sector Participation Projects to be Offered FIT Contracts.....	28

Figures

Figure 1.1 – Tracking of FIT Applications through the Review Process	3
Figure 1.2 – Tracking of URSP Applications through the Review Process	4
Figure 2.1 – TAT and DAT Tests.....	11
Figure 4.1 – Breakdown of Applications Received, by Participation Type.....	21
Figure 4.2 – Breakdown of Applications Received, by CCSA Eligibility Type	21
Figure 4.3 – Breakdown of Applications Received, by Participation Type.....	25

1 EXECUTIVE SUMMARY

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 received in respect of Feed-in Tariff (FIT) and Unconstructed Rooftop Solar Pilot (URSP) projects during the application period that opened on November 4, 2013, and closed on December 13, 2013 (the “FIT applications” and the “URSP applications,” respectively).¹

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:

- observing the application review and contract offer process to ensure it was conducted in a manner consistent with FIT Program Rules v3.0;
- 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 by the OPA on September 24, 2009, pursuant to direction issued by the Minister of Energy and Infrastructure. As the FIT Program continued to progress, the current and prior Ministers of Energy have issued supplemental directions to the OPA. Most recently, the directives of January 21, 2013, June 12, 2013, July 11, 2013, and July 12, 2013 resulted in changes to the program such that FIT Program Rules v3.0 has been significantly altered from its predecessors, FIT Program Rules v1.0, v2.0, and v2.1.

Table 1.1 highlights some of the key changes between FIT Program Rules v2.1 and v3.0.

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

Table 1.1 – Changes to FIT Program Rules v2.1

Key Change	Description
Site access confirmation requirements	<p>FIT Program Rules v3.0 required Applicants that do not hold sole title to the site or Applicants with projects on provincial crown lands to provide a declaration in a prescribed form accompanied by a solicitor's confirmation.</p> <p>Applicants that hold sole title to the site may submit either a parcel register or land registry search, in place of the prescribed form. Applicants with a site on provincial crown lands must meet additional requirements.</p>
Aggregate contract capacity allowed on a deemed single property	<p>FIT Program Rules v3.0 modified the aggregate contract capacity allowed on a single deemed property to 2 MW per renewable fuel.</p>
Prioritisation rules	<p>FIT Program Rules v3.0 included updates to prioritise projects based on participation from Aboriginal groups, Community groups, Municipal and Public Sector Entities in the ownership of the Applicant.</p> <p>An additional Contract Capacity Set Aside (CCSA) project category was added for Municipal and Public Sector Entities with sufficient economic interest in the Applicant.</p> <p>FIT Program Rules v3.0 also introduced a new project type as a pilot; rooftop solar projects on unconstructed buildings. This pilot had a separate procurement target and was prioritised for connection capacity ahead of all other FIT applications.</p>
Capacity Allocation Exempt (CAE) projects	<p>Under FIT Program Rules v2.1, projects that had previously applied as a Capacity Allocation Exempt (CAE) project in FIT 1.0 were allowed to reapply and their prior Time Stamp was recognised.</p> <p>FIT Program Rules v3.0 do not consider previously submitted applications.</p>
Application security	<p>Under FIT Program Rules v3.0, Applicants are only required to pay an application fee, but no application security.</p>

1.3 Applications Received

The OPA posted updated FIT program rules on the OPA website on October 29, 2013, issued a new price schedule on November 1, 2013, and accepted FIT applications from November 4, 2013 until December 13, 2013. Between November 4, 2013 and December 13, 2013, the OPA received 2,166 applications including both FIT and URSP applications. Most applications listed Solar PV (Rooftop) as the renewable fuel. Table 1.2 summarises the applications received.

Table 1.2 – Count of Applications Received by Fuel Type

Technology	Total
Biogas	40
Renewable Biomass	17
Solar PV (Non-Rooftop)	383
Solar PV (Rooftop)	1,499
Waterpower	35
On-shore Wind	8
URSP	184
TOTAL	2,166

Of the 2,166 applications received, 1,778 FIT applications and 150 URSP applications were reviewed. Applications were not reviewed if hardcopy documents were not submitted or if the application was withdrawn.

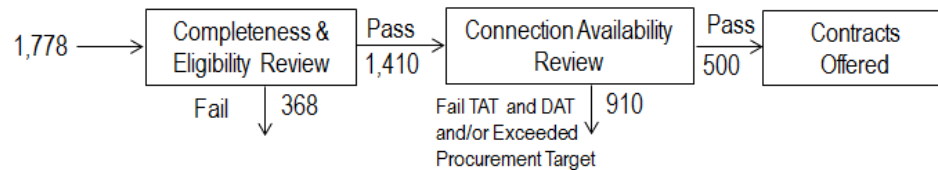
1.4 Application Review Results

The OPA evaluated applications in six stages.

- Stage 1: Application requirements
- Stage 2: Eligibility requirements
- Stage 3: Determination of CCSA eligible projects and ranking of all projects
- Stage 4: Connection availability for URSP projects
- Stage 5: Connection availability for CCSA eligible projects
- Stage 6: Connection availability for other projects

Of the 1,778 FIT applications that were reviewed, 500 passed connection capacity screening and did not exceed the procurement target and subsequently were offered FIT contracts. A breakdown of applications progression through the review process is provided in Figure 1.1 below. Applications were reviewed for both completeness (stage one) and eligibility (stage two) and are shown collectively as the “*Completeness and Eligibility Review.*” Stages four through six shown collectively as the “*Connection Availability Review.*”

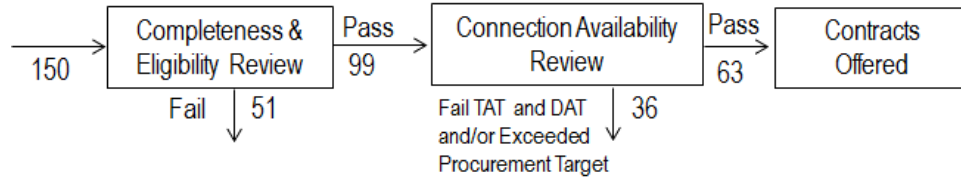
Figure 1.1 – Tracking of FIT Applications through the Review Process



Of the 150 URSP applications that were received, 63 passed connection capacity screening and did not exceed the procurement target and were subsequently offered FIT contracts. A breakdown of applications progression through the review process is provided in Figure 1.2

below. Applications were reviewed for both completeness (stage one) and eligibility (stage two) and are shown collectively as the “*Completeness and Eligibility Review*.” Stages four through six shown collectively as the “*Connection Availability Review*.”

Figure 1.2 – Tracking of URSP Applications through the Review Process



1.5 Key Findings

Navigant found that the OPA conducted a transparent and uniform application review process in a manner consistent with FIT Program Rules v3.0. 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 application evaluation process was conducted by the OPA;
- the consistency of the application of the evaluation criteria with FIT Program Rules v3.0 by the OPA;
- the consistency with which the 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.

Table 1.3 – 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 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	The OPA structured its evaluation process appropriately to reflect the fact that FIT and URSP 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 FIT Program Rules v3.0.
✓ 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.

Consideration	Observations
✓ Algorithm for ranking complete and eligible applications was accurate	Navigant performed 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 FIT Program Rules v3.0.

2 OVERVIEW OF APPLICATION AND EVALUATION PROCESS

2.1 Application Process

Interested parties could register to receive a FIT registration identification number and access to a My FIT Home Page. Once logged in to the My FIT Home Page, a party could complete and submit an application form.

The receipt of an application form by the OPA is the basis for determining that an application has been submitted and establishes the time stamp associated with the application. FIT Program Rules v3.0 require Applicants to 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, made available by the OPA on the FIT website, supporting documentation, as applicable, and the application fee.

2.2 Evaluation Process

The evaluation process followed by the OPA is set forth in Section 4 of FIT Program Rules v3.0 and comprised of the following six stages.

- Stage 1: Application requirements
- Stage 2: Eligibility requirements
- Stage 3: Determination of CCSA eligible projects and ranking of all projects
- Stage 4: Connection availability for URSP projects
- Stage 5: Connection availability for CCSA eligible projects
- Stage 6: Connection availability for other projects

Table 2.1 – Overview of Evaluation Stages

Stage	Description
1	Application requirements: Applications pass or fail depending on whether the application meets all the requirements as set out in Section 3 of FIT Program Rules v3.0.
2	Eligibility requirements: Applications pass or fail depending on whether the application meets the requirements for eligibility as set out in Section 2 of FIT Program Rules v3.0.
3	Determination of CCSA eligible projects and ranking of all projects: Applications that are not URSP applications and pass stages one and two are evaluated to determine whether they qualify as a CCSA eligible project, all applications are awarded a point score based on the prioritisation process described in Section 5 of FIT Program Rules v3.0. URSP applications are ranked based on priority points and time stamp, all other applications are ranked by CCSA eligibility, priority points, and time stamp.
4	Connection availability for URSP projects: URSP projects are assessed, in order of rank (as determined in stage three), under the Transmission Availability Test (TAT) and Distribution Availability Test (DAT) and added to the offer list in accordance with Section 7.1 of FIT Program Rules v3.0 if the application passes the TAT and DAT and capacity remains within the applicable procurement target.
5	Connection availability for CCSA eligible projects: CCSA eligible projects are assessed, in order of rank (as determined in stage three), under the TAT and DAT and added to the offer list in accordance with Section 7.1 of FIT Program Rules v3.0 if the application passes the TAT and DAT and sufficient availability remains within the applicable CCSA.
6	Connection availability for other projects: Remaining applications and CCSA eligible projects that exceed the CCSA are assessed, in order of rank (as determined in stage three), under the TAT and DAT, and added to the offer list in accordance with Section 7.1 of FIT Program Rules v3.0 if the application passes the TAT and DAT and sufficient availability remains within the applicable procurement target.

2.2.1 Stage 1: Application Requirements

OPA staff conducted an administrative review to determine whether each application was “complete”. OPA staff relied on the requirements set forth in Section 3 of FIT Program Rules v3.0 to determine whether an application was complete. The requirements used to determine whether an application was complete were:

- electronic application form was received by the OPA;
- hard copy was submitted to the OPA offices;
- hard copy was submitted on time;
- all materials were marked with the application’s FIT reference number;
- fee was accurate and included with the required forms;² and,
- 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):

- Access Rights Declaration;

² Overpayment of the fee was allowed, provided the form of payment was a permitted form under section 3 of the FIT Rules.

- Applicant Legal Name and Entity Confirmation;
- Zoning Certificate for Non-Rooftop Solar Project;
- Land Evaluation Study Peer Review Attestation for Non-Rooftop Solar Project;
- Visual Screening and Setback Acknowledgement;
- Engineering Confirmation for Rooftop Solar Project;
- Engineer/Architect Certificate for URSP Project; and,
- Waterpower Declaration.

In stage one, the OPA did not consider the content of the prescribed forms, only whether the necessary prescribed forms were included with the application and the application could thereby be deemed complete or incomplete.

If an application was found by OPA staff to be incomplete, the application was considered incomplete. However, the application continued to be processed through stage two.

2.2.2 Stage 2: Eligibility Requirements

OPA Staff evaluated the content of each application to determine whether it met all of the requirements of the FIT Program Rules v3.0. OPA Staff evaluated each application's supporting documentation to determine whether the content was complete and accurate using the requirements set forth in Section 3 of FIT Program Rules v3.0. Each application's prescribed forms were reviewed individually by OPA Staff. The review confirmed that the required content was provided and the information was consistent with the application form, and, where required, was consistent with other supporting documentation.

OPA staff assessed whether multiple applications constituted project splitting. Project splitting has occurred when an Applicant has divided a project into smaller projects for the purpose of obtaining a higher contract price. This assessment consisted of comparing the Applicant, Applicant Related Parties, renewable fuel, and project location of each application and prior offered FIT contracts for which the project has not yet achieved commercial operation. The review determined whether multiple applications for the same renewable fuel, by the same Applicant or Related Party on the same or adjoining properties were received or if an application was received that would be found to be project splitting with a project that had been offered a FIT contract but not yet reached commercial operation.

If an application was found by OPA staff to have an incomplete prescribed form or a prescribed form containing inaccurate information, the application was considered ineligible. However, the application continued to be evaluated for CCSA eligibility in stage three, but was not ranked.

2.2.3 Stage 3: Determination of CCSA Eligibility and Ranking of all Projects

OPA staff assessed all supporting documentation related to priority points and CCSA eligibility. Complete and eligible applications were ranked on the basis of priority points first and then time

stamp. URSP projects could not be CCSA eligible as they participated as a pilot with their own separate procurement target.

The prescribed forms assessed in this stage were:

- Aboriginal Participation Project Declaration;³
- Aboriginal Support Resolution (First Nation or Métis Community);
- Community Participation Project Declaration;⁴
- Property Owner Declaration for Community Participation Project Declaration;
- Consent of Co-op Member; and,
- Applicant Declaration re: Co-op Members.
- Municipal Council (Blanket) Support Resolution⁵;
- Municipal or Public Sector Entity Participation Project Declaration;⁶

The OPA evaluated all of the prescribed forms submitted with each 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 by OPA staff in accordance with the stated criteria set forth in Section 5 of FIT Program Rules v3.0.

Project Type⁷

- Community Participation Project
- Aboriginal Participation Project
- Municipal or Public Sector Entity Participation Project

Non-Project Type⁸

- Municipal Council Support
- Aboriginal Support

³ To be a CCSA eligible project, an Aboriginal participation project must not be a URSP project and have an Aboriginal participation level of greater than 50%.

⁴ To be a CCSA eligible project, a Community participation project must not be a URSP project and have a Community participation level of greater than 50%.

⁵ Priority points will not be awarded if the Municipal Council providing the support has an economic interest in the project, unless the Municipal Council Resolution is a blanket resolution supporting projects using a specific fuel.

⁶ To be a CCSA eligible project, a Municipal participation project must not be a URSP project and have a municipal participation level of greater than 50%.

⁷ 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).

⁸ 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 5.1(f) of FIT Program Rules v3.0.

- Municipal Site Host or Public Sector Entity Site Host
- System Benefit

With regard to awarding priority points, if an application was found by OPA staff 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, if applicable. However, the application continued to be processed, the deficiency only affected the awarding of priority points.

At the conclusion of the evaluation of CCSA eligibility and awarding of priority points, applications that were deemed to be ineligible⁹ or incomplete were identified and disqualified from ranking and further review. All remaining applications were ranked in accordance with the stated criteria set forth in Section 5 of FIT Program Rules v3.0.

- URSP applications were ranked, first by priority points and then by time stamp.
- CCSA eligible projects were ranked together, first by priority points, and then by time stamp, and assigned to the relevant CCSA (i.e., Community, Aboriginal, Municipal/Public Sector participation).
- All other applications were ranked based on priority points and time stamp.

2.2.4 Stage 4 - 6: Connection Availability for URSP Projects, CCSA Eligible Projects, and Other Projects

The November 4, 2013 to December 13, 2013 application period procurement target was 70.0 MW plus 53.5 MW that were rolled over from the December 14, 2012 to January 18, 2013 (FIT 2.1) application period, for a total of 123.5 MW. The 123.5 MW procurement target included an approximate 13.9 MW First Nation CCSA, approximate 7.0 MW Métis CCSA, approximate 20.9 MW Community CCSA, and approximate 41.8 MW Municipal and Public Sector CCSA. A separate procurement target of 15.0 MW was reserved for URSP projects.

The connection availability assessments in stages four 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. URSP and CCSA eligible projects received priority consideration in the connection availability assessment.

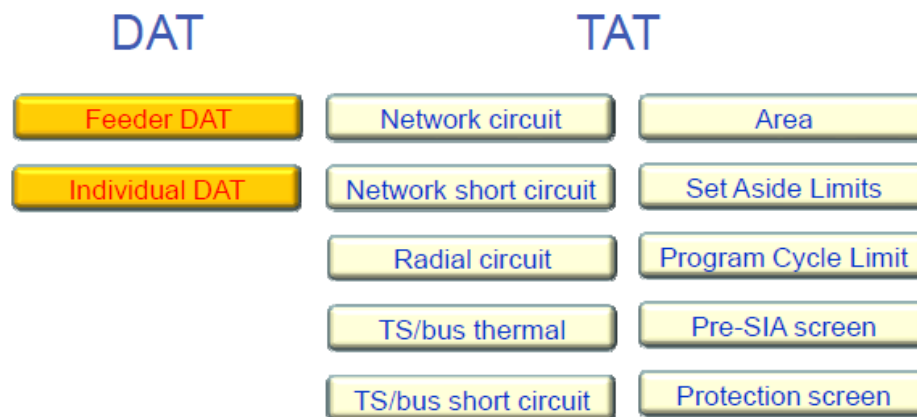
- In stage four, the OPA assessed the available connection capacity for URSP applications in order of the rank determined in stage three and up to a procurement target of 15 MW.
- In stage five, the OPA assessed the available connection capacity for CCSA eligible projects in order of rank as determined 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 that were not assigned to the

⁹ Applications must be awarded at least 1 priority point to be deemed eligible.

CCSA procurement target in stage five as well as non-CCSA eligible projects up to a procurement target of 123.5 MW (including CCSA eligible projects).

The TAT and DAT consists of a series of dynamic and iterative tests. The TAT and DAT preserve the ranking of URSP projects, 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. There are a variety of tests included in the TAT and DAT and each application must pass all tests in order pass stage four, stage five, or stage six, as appropriate. The tests included in the TAT and DAT are shown in Figure 2.1 below.

Figure 2.1 – TAT and DAT Tests



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

URSP

The OPA assessed URSP Projects individually - in order of rank - to determine whether there was connection availability based on the TAT and DAT and whether the Project would cause the procurement target for URSP Projects to be met or exceeded.

FIT

The OPA assessed CCSA eligible projects individually, in order of rank, to determine whether there was connection availability based on the TAT and DAT and whether the Project would cause an applicable CCSA to be met or exceeded. The single highest ranked First Nation and Métis CCSA eligible project for each applicant were tested, in order of rank, followed by the remaining First Nation and Métis CCSA eligible projects, in order of rank, until their allocations were met. Similarly Community and Municipal and Public Sector Entity CCSA eligible applications were evaluated in order of rank until their allocations were met. 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 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. Once a sufficient number of applications to achieve the procurement target (without exceeding it) were selected through the TAT and DAT, the OPA added these applications to the offer list. The offer list, which is posted on the OPA's website, is a list of all applications that successfully passed TAT and DAT and would receive an offer notice from the OPA (i.e., offered a FIT Contract). The OPA terminated all applications that failed the TAT and DAT.

2.3 OPA Evaluation Resources

2.3.1 Evaluation Team Structure

The Manager of Procurement Operations led the OPA's review team, oversaw the FIT program's operations and was responsible for designing and managing the processes and procedures for receipt, handling and review of applications and the offering of FIT contracts to successful Applicants. Two Managers of Renewable Generation Procurement and their Business Analysts supported the Manager of Procurement Operations throughout the review.

The Manager of Procurement Operations led the FIT Review Team, which was comprised of a Business Analyst, five senior Review Team Members, and eleven junior Review Team Members who were responsible for conducting the evaluation of stages one, two, and three.

The Business Analyst supported the FIT Review Team Members in their review by answering questions, assessing issues and escalating as needed to the Manager of Procurement Operations. The five senior Review Team Members were experienced Review Team Members. Three of the senior Review Team Members were designated to specific renewable fuel types (e.g., URSP, non-rooftop solar, and water power) and led a small group of junior Review Team Members. The other two senior Review Team Members led the review of rooftop solar applications. The senior Review Team Members provided support and expertise to junior Review Team Members. Due to the high volume of rooftop solar applications, all review team members reviewed some portion of rooftop solar applications.

2.3.2 Evaluation Team Training and Resources

Each member of the evaluation team received training prior to the application deadline. Training included:

- review of guidance materials provided to Review Team Members;
- review of sample applications;
- discussion of types of evidence expected to be submitted;
- review of what types of evidence were and were not acceptable; and,
- instruction and practice on how to use the FIT Application Management Tool.

During the review process, Review Team Members could, and were regularly encouraged to, submit questions to the Manager of Procurement Operations. All questions were logged in a spreadsheet identifying the issue and the submitter. The Manager of Procurement Operations and the Business Analyst dedicated a substantial amount of time daily to respond to questions asked by the Review Team Members in person and to oversee the evaluation process. This allowed common issues or themes across applications to be identified and responded to. When a common issue was identified, it would become the subject of a training meeting to discuss how Review Team Members should treat it.

2.3.3 Guidance Documents

Prior to the start of the November 4, 2013 to December 13, 2013 application period, review procedure documents were developed to support the Review Team Members in evaluating applications. The review procedure documents described all of the requirements for stage one, two, and three evaluations. The detailed instructions described what to look for when reviewing the application and prescribed forms as well as what would be acceptable forms of supporting documentation.

When Review Team Members encountered situations that were not described or anticipated in the procedure documents, they were instructed to discuss them with the Business Analyst and then the Manager of Procurement Operations if they could not be resolved.

Navigant reviewed the procedure documents, compared them with FIT Program Rules v3.0 and the prescribed forms, and found that the way the Review Team Members were advised to review applications was consistent with the requirements in the FIT Program Rules v3.0.

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 a broad range of 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 forms.
- Discussed with the Manager of Procurement Operations and the Business Analyst the underlying principles supporting the evaluation criteria.

2. Review and Monitoring of Evaluation Processes – Navigant:

- Interviewed the Manager of 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 application window.
- Reviewed the procedure documents provided to Review Team Members for clarity in evaluating applications.
- Reviewed the FIT Application Management Tool database to see how the OPA tracked the applications through the review process.

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

- Assisted with the design and improvement of existing quality assurance measures.
- Supported the quality assurance process, including performing an independent evaluation of a sample of applications.
- Reviewed the ranking algorithm used by the OPA based on procurement type (i.e., URSP or FIT), priority points, time stamp, 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 one, two, and three.

Navigant found that the evaluation criteria and the guidance documents were consistent with FIT Program Rules v3.0.

3.3 Review and Monitoring of Evaluation Processes

The OPA received 1,982 FIT and 184 URSP 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 FIT Program Rules v3.0, and applied the evaluation criteria objectively and consistently across all 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 FIT Program Rules v3.0.

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) 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 locked cabinets inside of a locked file room inside the OPA secure premises.

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 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 FIT Program Rules v3.0. Navigant observed that the OPA reviewed applications and tracked their 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 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 Manager of Procurement Operations and Business Analyst to ensure consistent treatment.

Once the applications were coded and filed by the Records Management Officer, 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. Once removed from the application package, application fees were submitted to and processed by a dedicated finance Team Member to ensure proper recording and tracking was completed before being deposited.

Applications were assigned to Review Team Members based on renewable fuel, where appropriate. 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.

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.

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 and eligibility, which included all applications that failed for completeness or eligibility deficiencies. An independent verification by Navigant of the OPA algorithm used to rank projects was also conducted.

For applications that proceeded to TAT and DAT, the OPA also requested the applicable LDC confirm the following for each application that was assessed through TAT and DAT:

- that the connection point was within the service territory of the applicable LDC and at the address 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 FIT Facility.

Once evaluation stages one and two were complete, applications were evaluated for CCSA eligibility and priority point eligibility. As per FIT Program Rules v3.0, with the exception of URSP projects, 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 URSP, CCSA or non-CCSA, and if they were a First Nation or Métis project the group name was included. All URSP applications were then ranked based on priority points and time stamp first followed by all CCSA

applications and then the general list comprised of all remaining CCSA applications not already included on the offer list and all non-CCSA applications.

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.

3.3.3 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 “TRUE” or “FALSE”. In this manner, the Review Team Member could track the inclusion of a given piece of evidence in an application (i.e. completeness). If a clarification was required, the Review Team Member would leave the review determination blank and include a clarification code within the FIT Application Management Tool.

3.4 Review of Communication with FIT Applicants

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 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.

3.5 Quality Assurance

Navigant assisted with the design and implementation of detailed quality assurance measures to verify the consistent use of evaluation criteria in stages one, two, and, three. This exercise involved an independent evaluation by the OPA and Navigant of a sample of URSP and FIT applications for completeness, eligibility, priority points, and CCSA eligibility. Prior to the independent evaluation conducted by the OPA and Navigant, the OPA conducted its own application evaluations which included a peer review of all applications that failed either eligibility or completeness. The results of Navigant's independent evaluation were compared to the results of the Review Team Member's evaluation.

Three Navigant employees reviewed two samples of applications that were designed to be statistically significant and drawn at random from the population of FIT and URSP applications.

3.5.1 Sampling

Navigant's review used two samples drawn at random from all FIT and URSP applications. The sample was designed to achieve a 95% confidence and 5% precision for all applications. The sample was subsequently reviewed to ensure that at least one application from each technology was included in the sample.

3.5.2 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 type of evidence was not required for a specific application, for example, an engineering certificate was not required for ground mounted solar applications, 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.

3.5.3 Ranking

Navigant reviewed the algorithm that evaluated the data contained in the FIT Application Management Tool to determine CCSA and priority point eligibility and to rank the applications.



The review determined whether the output of the algorithm was consistent with FIT Program Rules v3.0.

Based on the results of this review, Navigant determined that the algorithm used by the OPA accurately ranked applications.

4 RESULTS

The independent review of applications found no material discrepancies. The discrepancies that arose from the OPA and Navigant reviews were due to differences in approach for certain evaluation criteria, for example, the FIT Program Rules v3.0 rules allowed for certain typos in the application, Navigant’s review was more rigid when applying this rule. In all cases, the approach taken by both review teams was applied consistently across all applications reviewed.

4.1 FIT

4.1.1 Application Overview

The OPA received 1,982 FIT applications electronically, representing approximately 493 MW of capacity. Notable highlights of the composition of the 1,982 applications include:

- 75.6% were Solar PV (Rooftop) applications representing 63.1% of total capacity; and
- 19.3% were Solar PV (non-Rooftop) applications representing 30.8% of total capacity.

Of these 1,982 FIT applications, 204 did not proceed to stages one and two of the review (1,778 applications did proceed). The applications that did not proceed were not submitted in hardcopy and/or were withdrawn. See Table 4.1, Figure 4.1 and Figure 4.2 for details on all applications.

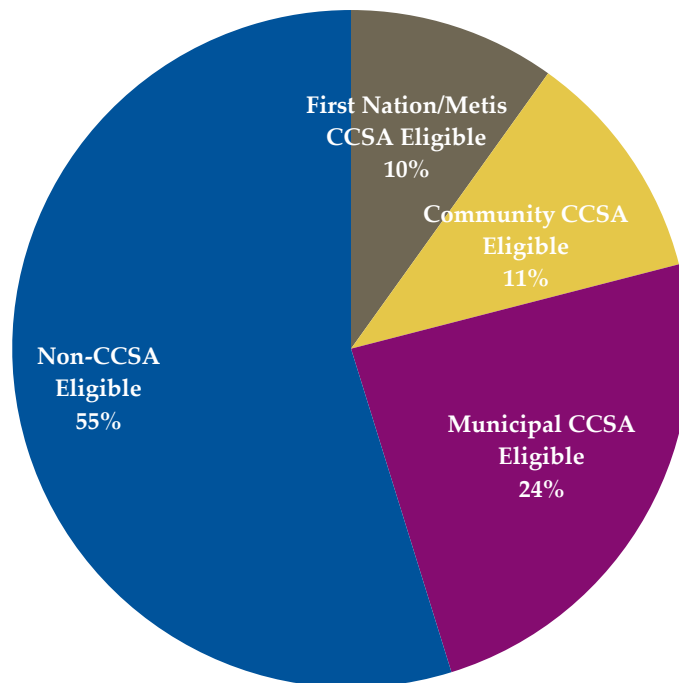
Table 4.1– Overview of FIT Applications Received

Renewable Fuel	Applications		Kilowatts (kW)	
	Total	%	Total	%
Biogas	40	2.0%	9,440	1.9%
Biomass	17	0.9%	7,500	1.5%
Solar PV (Non-Rooftop)	383	19.3%	151,846	30.8%
Solar PV (Rooftop)	1,499	75.6%	311,423	63.1%
Waterpower	35	1.8%	10,204	2.1%
On-shore Wind	8	0.4%	3,300	0.7%
TOTAL	1,982	100.0%	493,713	100.0%

Figure 4.1 – Breakdown of Applications Received, by Participation Type



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



4.1.2 Application Requirements

Of the 1,778 applications evaluated for completeness in stage one, 37 failed (1,741 passed). All applications proceeded to stage two (eligibility requirements) whether they passed or failed stage one (application requirements). The breakdown of applications is presented in Table 4.2 below.

Table 4.2 – Breakdown of Applications that Failed Stage One*

Failure Reason	Applications
Submission not on time	13
Fee not received	2
Fee not accepted	5
Access rights not provided	6
Entity confirmation not provided	6
Solar PV (Rooftop): engineering confirmation not provided	2
Solar PV (Non-Rooftop): land classification or zoning documents not provided	8
Waterpower: declaration not provided	6

** Applications can fail for multiple reasons*

As demonstrated in Table 4.2 above, there were a number of common errors found in Stage one.

- Missing required forms - Although the content of the forms were not assessed during the completeness review stage, all the necessary forms had to be included with the application.
- Submission not on time - Applicants were required to submit a hard copy application package within 5 business days after submitting the electronic application, in many instances the application was not submitted within the specified time period.

4.1.3 Eligibility Requirements

As mentioned previously, all applications reviewed in stage one were reviewed in stage two (eligibility requirements) whether they passed or failed completeness. Of the 1,778 applications evaluated for eligibility in stage two, 356 failed (1,422 passed). The breakdown of applications that failed stage two, by failure reason, is presented in Table 4.3 below.

Table 4.3 – Breakdown of FIT Applications that Failed Stage Two

Failure Reason	Applications
Access rights not accepted	82
Entity confirmation not accepted	111
Basic eligibility not met (e.g., project splitting, less than 1 priority point, etc.)	151
Solar PV (Rooftop): engineering confirmation not accepted	45
Solar PV (Non-Rooftop): land classification or zoning documents not accepted	76
Waterpower Declaration not accepted	8

** Applications can fail for multiple reasons*

As demonstrated in Table 4.3 above, many applications failed on multiple eligibility criteria.

- All basic eligibility had to be met – basic eligibility included project splitting, late responses to clarifications, less than one priority point, and distance from connection point.
- Entity confirmation evidence was required in a specific format – the form of confirmation varied depending on the type of Applicant, for example, whether the Applicant was an individual or a business partnership. In some cases, supporting documentation had to be provided in the form of a copy that was notarised within one month of the FIT application date.
- 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 company names on the site access documents that differed from the electronic application form were not accepted.
- Documents required for Solar PV (non-rooftop) applications – required documents included land classification documents and zoning documents. In some cases the application required a soil study. The most common failure reasons were land classification documents from the incorrect source and insufficient zoning information.

Of the 1,778 applications that were evaluated for completeness and eligibility, 368 failed (1,410 passed). The applications that passed both completeness and eligibility were assessed for priority points and ranked before proceeding to stages four to six (TAT and DAT). Applications that were not awarded at least 1 priority point were not eligible to be ranked and did not proceed.

4.1.4 Connection Availability

Of the 1,410 applications that initially proceeded to the connection availability screening process, 910 were terminated. A tabulation of the termination reasons is provided in Table 4.4 below. In

total, 500 applications passed the TAT/DAT screening process and did not exceed the procurement targets and subsequently were offered FIT contracts.

Table 4.4 – Stages Four to Six Reasons for Termination

Termination Reason	Applications
Insufficient Capacity - Transmission System upstream of Transmission Station	0
Insufficient Capacity at Transmission Station or Bus	12
Insufficient Capacity – Distribution	19
Incorrect Transmission Station	1
Incorrect LDC	1
Exceeded Procurement Limit	877
TOTAL	910

4.1.5 Summary of Contract Offers

Contract offers for the 500 successful applications included on the FIT offer list began in August 2014, continued for a period of approximately six weeks, with about 100 contracts per week offered during this period.

The breakdown of the projects that were offered FIT contracts by renewable fuel and participation type is provided in Table 4.5 and Table 4.6 below. Out of the 500 applications to be offered FIT contracts, 480 (or 96.0%) had a supporting resolution from a municipal council.

Table 4.5 – Applications to be Offered FIT Contracts

Renewable Fuel	Total
Biogas	6
Biomass	2
Solar PV (non-Rooftop)	87
Solar PV (Rooftop)	403
Waterpower	1
On-shore Wind	1
TOTALS	500

Table 4.6 – Aboriginal, Community, and Municipal/Public Sector Participation Projects to be Offered FIT Contracts

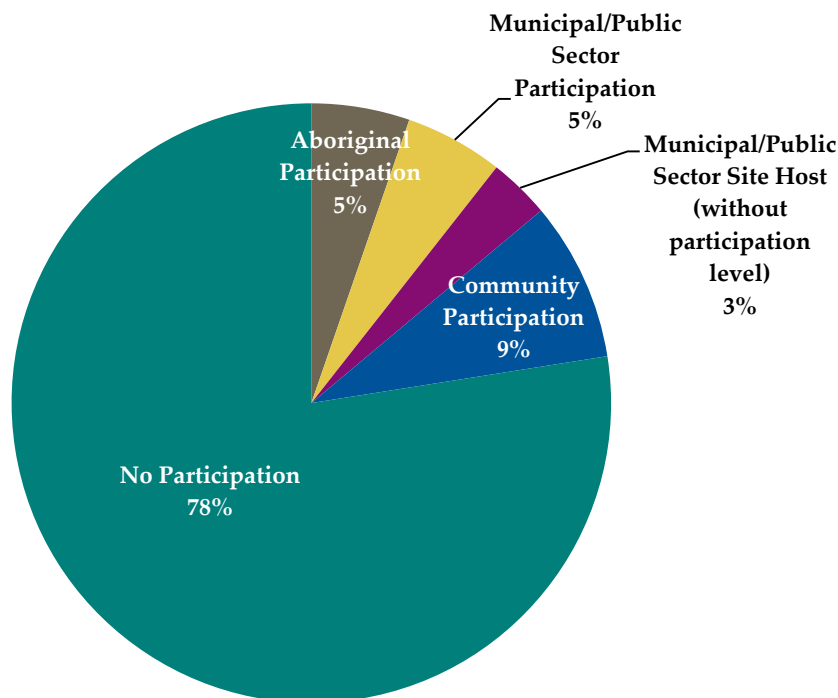
Participation Type	Applications	%
Aboriginal Participation Projects	257	51.4
- First Nation CCSA Eligible	69	13.8
- Métis CCSA Eligible	9	1.8
- Non-CCSA Eligible	179	35.8
Community Participation Projects	81	16.2
- Community CCSA Eligible	80	16
- Non-CCSA Eligible	1	0.2
Municipal or Public Sector Participation Projects	161	32.2
- Municipal or Public Sector CCSA Eligible	160	67.8
- Municipal or Public Sector Non-CCSA Eligible	1	96.0
No Aboriginal, Community, or Municipal/Public Sector Participation	1	0.2

4.2 URSP

4.2.1 Application Overview

The OPA received 184 URSP applications electronically, representing approximately 45 MW of capacity. Of these 184 URSP applications, 34 did not proceed to stages one and two of the review. These applications were not submitted in hardcopy and/or were withdrawn. See Table 4.3 for more details of all applications.

Figure 4.3 – Breakdown of Applications Received, by Participation Type



4.2.2 Completeness

Of the 150 applications that proceeded to the completeness and eligibility evaluation, 8 failed completeness (142 passed). All applications were reviewed for eligibility whether they passed or failed completeness. The breakdown of applications is presented in Table 4.2 below.

Table 4.7 – Breakdown of Applications that Failed Stage One

Failure Reason	Applications
Submission not on time	3
Fee not received	0
Fee not accepted	0
Access Rights not provided	4
Entity confirmation not provided	1
Engineer/architect confirmation not provided	1

** Applications can fail for multiple reasons*

As demonstrated in Table 4.7 above, there were a number of common errors found in Stage one.

- Submission not on time - Applicants were required to submit both an electronic and a hard copy application package within five business days of submitting the electronic application. In many instances the application was not submitted within the specified time period.
- Access rights not provided – Applicants were required to demonstrate access rights with either a prescribed form and solicitor’s acknowledgement or proof that the Applicant holds a title or a lease that provides the contractual right to build, operate, and maintain the project.
- 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. For URSP projects, required forms included both prescribed forms and relevant site plan drawings.

4.2.3 Eligibility

Of the 150 applications that proceeded to the completeness and eligibility evaluation, 44 failed eligibility (106 passed). All applications were reviewed for eligibility whether they passed or failed completeness. The breakdown of applications that failed stage two, by the failure reason, is presented in Table 4.8 below.

Table 4.8 – Breakdown of Applications that Failed Stage Two

Failure Reason	Applications
Access rights not accepted	12
Entity confirmation not accepted	13
Basic eligibility not met (e.g., project splitting, less than 1 priority point, etc.)	18
Solar PV (Rooftop): engineer/architect confirmation not accepted	18

** Applications can fail for multiple reasons*

As demonstrated in Table 4.8 above, many applications that failed stage two did so because of errors or inconsistencies in the engineer/architect confirmation and base eligibility. For engineer/architect confirmation to be accepted, applications had to meet two requirements:

- the FIT Engineer/Architect certificate prescribed form was complete and accurate; and,
- the relevant site plan drawings were submitted and acceptable.

There were a number of common errors related to engineer/architect confirmation:

- Missing original signature - in many instances a photocopy of the prescribed form was provided, which was not acceptable.
- Incomplete site plan drawings - site plans were required to include the proposed site plan layout of the unconstructed building, the roof layout of the unconstructed building, including the layout of the proposed PV system on the roof, and the unconstructed building on an elevation drawing. Finally, the site plans were required to be stamped by the engineer who signed the prescribed form.

99 applications passed both completeness and eligibility and proceeded to the TAT and DAT.

4.2.4 Connection Availability

Of the 99 applications that proceeded through the entire TAT and DAT screening process, 36 failed TAT and DAT and/or exceeded the procurement target. A tabulation of the failure reasons is provided in Table 4.9 below. In total, 63 applications passed the TAT and DAT screening process and did not exceed the procurement target and subsequently were offered URSP contracts.

Table 4.9 – Stage Four to Six Reasons for Termination

Termination Reason	Applications
Insufficient Capacity - Transmission System upstream of Transmission Station	1
Insufficient Capacity at Transmission Station or Bus	0
Area Limits Already Exceeded	0
Insufficient Capacity – Distribution	2
Incorrect Voltage	0
Incorrect LDC	0
Exceeded Procurement Limit	33
TOTAL	36

4.2.5 Summary of Contract Offers

Contract offers for the 63 applications began in August, 2014, continued for a period of approximately one week.

The breakdown of the URSP projects that were offered contracts by participation type is provided in Table 4.10 below. Out of the 63 applications to be offered FIT contracts, 59 (or 93.7%) had a supporting resolution from a municipal council.

Table 4.10 – Aboriginal, Community, and Municipal/Public Sector Participation Projects to be Offered FIT Contracts

Participation Type	Applications	%
Aboriginal Participation Projects	2	3.2
Community Participation Projects	5	7.9
Municipal or Public Sector Participation Projects	4	6.3
- Municipal or Public Sector Host	9	14.3
- Municipal Support	59	93.7
No Aboriginal, Community, or Municipal/Public Sector Participation	52	82.5