

# FIT 5 – Summary of Stakeholder and Community Feedback on the Draft FIT 5.0 Materials and IESO Responses

FIT 5.0

August 26, 2016

# Introduction

The IESO posted draft versions of the FIT 5.0 Rules, Contract, Standard Definitions and certain Prescribed Forms for review and comment between July 8 and July 28, 2016. The IESO also held a webinar on July 20, 2016, to discuss the draft FIT 5.0 materials, highlight the proposed changes from the FIT 4 program, and seek any additional comments and feedback. Written feedback submissions have been publicly posted on the IESO's FIT website, [here](#), and an archived recording of the July 20<sup>th</sup> webinar is available on the FIT website, [here](#).

Following the end of draft FIT 5.0 engagement period on July 28, 2016, the IESO reviewed and considered all feedback that was received for the development of the final FIT 5.0 program materials. Below, the IESO has summarized this feedback, grouped it into common themes, and provided responses.

All capitalized terms in this document have the meanings ascribed to them in the FIT Standard Definitions, Version 5.0.

## Feedback on Draft FIT 5.0 Materials

The feedback and responses below have been grouped based on the relevant subject or section in the draft FIT 5.0 Rules, Contract, Standard Definitions or Prescribed Forms.

### **FIT 5 CONTRACT**

Feedback on the draft FIT 5.0 Contract primarily focused on the proposed removal of the prohibition of in-series metering connection configurations. Respondents requested clarity on how this option would be operationalized and at what time in the application or development process the connection configuration would be determined. The IESO has removed the prohibition of in-series connections, aka Behind-the-Meter Projects or Behind-the-Meter Facilities, in the final FIT Contract and has added new Settlement Exhibits to accommodate such configurations.

It is noted that a Project's proposed connection configuration (in parallel or behind-the-meter) must be declared in the FIT Application. However, the ultimate decision on whether to allow behind-the-meter connections rests with each individual LDC, and at the time of writing, the IESO is aware that some LDCs currently do not allow behind-the-meter connection configurations. Therefore, the IESO strongly encourages those

interested in behind-the-meter connections to contact their LDC prior to submitting a FIT Application with a behind-the-meter connection configuration. Nevertheless, Behind-the-Meter Projects that selected behind-the-meter in their Application, but at a later stage are no longer able to connect via a behind-the-meter connection, may request a Facility Amendment, as outlined in FAQ #22.1, available [here](#).

## **STANDARD DEFINITIONS**

The IESO received feedback that Conservation Authorities should be included in the definition of Public Sector Entities. This designation (Public Sector Entity) was defined in the Minister of Energy's June 12, 2013 [direction](#) and cannot be amended without further direction from the Minister of Energy. This definition will not change for FIT 5.0.

The IESO also received feedback that the revised definition of Rooftop Solar Facility should be further clarified to specify which portions of a rooftop would be eligible to be used for a Rooftop Solar Project. As there are many variations in which a building and Rooftop Solar Facility may be oriented, the IESO cannot provide specific feedback on which portions of a rooftop will or will not be eligible. Per the FIT Rules and Standard Definitions, the Rooftop Solar Facility must be located on an Existing Building or Unconstructed Building and must be integrated into, structurally connected to or form part of the wall facing, roof, cover or other architectural element that forms part of that building. In addition, where the load-bearing elements of a Rooftop Solar Facility are independent of or not supporting the permanent Existing Building or Unconstructed Building, this structure would be considered a Non-Rooftop Solar Facility.

## **ELIGIBLE TECHNOLOGIES**

A respondent requested that the eligible Renewable Fuel types allowed under the FIT Rules be expanded to include new technologies. The eligible Renewable Fuels were outlined in the Minister of Energy and Infrastructure's September 24, 2009 direction and cannot be amended without further direction from the Minister of Energy. Therefore, no additional Renewable Fuels will be considered for FIT 5.0.

## **CONTRACT OFFER LIST ANNOUNCEMENT**

A respondent requested that the IESO announce the FIT 5.0 Contract Offer List by the end of March 2017 in order to allow for FIT 5 Projects to be developed and constructed during the 2017 construction season. Given the timing of the October 31 – November 18,

2016, Application Period, the anticipated high application volume and the level of due diligence required for each Application review, it is unlikely that the IESO will be able to meet this request. As with previous FIT procurements, the IESO will provide timeline updates over the course of the FIT 5 evaluation process.

## **SECTION 2.1 - ELIGIBILITY REQUIREMENTS**

A respondent suggested revisions to the definition of Small FIT Facility that would remove the link to the Distribution System Code terminology. The FIT Program is designed to work within Ontario's electricity system and therefore uses the IESO Market Rules, the Transmission System Code and the Distribution System Code, as applicable, as foundational requirements. Therefore, the definition of Small FIT Facility will not be changed.

Should changes to terminology in either the Transmission System Code or the Distribution System Code be desired, parties should contact the OEB. Should changes to the IESO Market Rules be desired, parties are referred to the following IESO web page: <http://www.ieso.ca/Pages/Participate/Change-Management/default.aspx>

In addition, a respondent requested that the 2 MW Deemed Single Property exception for Rooftop Solar Projects that is outlined in Section 2.1(j)(vi) be duplicated for waterpower Projects.

The IESO has considered this request and recognizes that there are cases where a waterbody or shoreline Property may extend for quite some distance and may encompass more than one water control structure that is suitable for a waterpower Project. In such cases, an Applicant or Applicant Related Person proposing separate Projects at different water control structures on a waterbody could be prevented from doing so because of the Deemed Single Property definition. Therefore, the IESO has added an additional exception clause to Section 2.1(j) to allow up to 2 MW of waterpower Projects on a Deemed Single Property provided that no more than 500 kW are located at any one water control structure or dam.

## **SECTION 2.3 - NON-ROOFTOP SOLAR PROJECT: SPECIFIC ELIGIBILITY REQUIREMENTS**

A respondent raised a concern that commercial and industrial land uses are commonly Lawfully Permitted Uses on Properties zoned for agricultural and rural and therefore

many vacant rural Properties may not be eligible under FIT 5 as the Projects would constitute the Principal Use of the Property.

While additional defined terms are included in FIT 5, the interpretation of this FIT land use requirement has not changed. Nevertheless, the IESO has provided specific and clear definitions of Commercial Use and Industrial Use to clarify the original intention.

### **SECTION 3.1 - APPLICATION REQUIREMENTS**

A respondent requested that the IESO incorporate a 'Request for Clarification' process into the Application evaluation process, in order to eliminate and/or reduce the number of rejections for errors of omission or clerical errors. As with previous FIT procurements, the IESO may issue clarification requests to Applicants in certain situations. It remains the IESO's expectation that Applicants review their submissions for clerical errors, omissions and compliance with all applicable Rules before submitting an Application.

Another respondent recommended that the IESO provide assurances that no Application related to an undersubscribed Renewable Fuel would be rejected for errors or omissions without first providing the Applicant a reasonable opportunity to clarify the errors or omissions. The IESO notes that the FIT Procurement Target is not allocated to individual Renewable Fuels. Procedural fairness and procurement standards under a standard-offer program such as the FIT Program require that the IESO evaluate each Application in the same manner according to the program requirements.

### **SECTION 3.6 - APPLICATION MATERIALS AND REQUIREMENTS FOR PROJECTS ON PROVINCIAL CROWN LANDS**

A respondent recommended that the term Applicant of Record be removed and that the "land ownership" evidence requirements for waterpower Projects be further refined. The IESO works with the MNRF to ensure appropriate and current terminology is used when referring to Projects on Crown land and when referring to waterpower Projects. The current terminology remains appropriate and will not be changed for FIT 5.0.

It was also recommended that the process with respect to the submission of a Crown Land Site Report (CLSR) and related MNRF confirmation be changed such that the Applicant is informed of MNRF's Access Rights determination prior to submitting a FIT Application. The IESO works with the MNRF to develop Access Rights requirements for Projects proposed on provincial Crown lands well in advance of FIT Application

Periods. The approach for FIT 5 has already been determined and no changes are proposed for FIT 5. An alternative approach could be considered for future procurement periods.

### **SECTION 3.8 - APPLICATION MATERIALS AND REQUIREMENTS FOR NON-ROOFTOP SOLAR PROJECTS**

A respondent recommended clarifying, either in the FIT 5.0 Rules or via an FAQ, whether an Applicant is permitted to hire a third-party Land Use Planner for the purpose of reviewing the Site and completing the Prescribed Form – Zoning Certificate for Non-Rooftop Solar Facility. This requirement has been clarified in the above noted section the FIT Rules.

A respondent recommended that the IESO specifically address the changes to Section 3.8(h) within the FAQs in order to clarify when a Land Use Restriction Exemption Resolution can be used to exempt a Non-Rooftop Solar Project from certain land use restrictions and what the associated evidence requirements are, if any. This provision has been further clarified in the FAQ #13.12, available [here](#).

### **SECTION 4.1 - OVERVIEW OF EVALUATION PROCESS**

A respondent recommended that all eligible Applications be evaluated for available connection capacity in the order of highest to lowest awarded Priority Points, disregarding Contract Capacity Set Aside (CCSA) priority. Capacity priority for CCSA Eligible Applications was specified in the [April 5, 2012](#) and [July 11, 2012](#) Minister of Energy directions, which set a clear policy objective of encouraging greater Municipal, Public Sector Entity, Community, and Indigenous Community participation.

Contract Capacity Set Aside (CCSA) Eligible Projects are assessed for connection availability prior to non-CCSA Eligible Projects, subject to the maximum Contract Capacity Set-Aside for the particular category being reached.

### **SECTION 5 - APPLICATION PRIORITIZATION AND RANKING**

Respondents were mixed in their feedback related to the Price Reduction Tiers. A number of respondents recommended that the IESO modify the Price Reduction Tier percentages to be Renewable Fuel-specific. Another submission recommended that the tiers be eliminated altogether for certain Applicant types. Alternatively, other respondents provided general support of the current Price Reduction Tiers. Price

Reduction Tier percentages will be reviewed through the annual Price Review. However, it should be noted that the number of Price Reduction Tiers was specified in the April 7, 2015, Minister of Energy [direction](#).

The IESO's primary objective in introducing the Price Reduction Priority Point option was to encourage Applicants to reflect their true costs and therein reduce average Contract Prices. By increasing the likelihood of receiving a FIT Contract Offer, Price Reduction Priority Points encourage developers whose projects have lower cost structures to reduce their Contract Price. Of the successful FIT 4 applications, 52% chose to apply for Price Reduction Priority Points. It is expected that Price Reduction Priority Points will continue to drive Contract Price reductions in FIT 5.

A respondent commented that the IESO and LDCs should ensure that the Transmission Availability Test (TAT) and Distribution Availability Test (DAT) information tables on available capacity should be accurate and transparent throughout the Application process and that Applicants should be advised of changes to available capacity in advance of the Application Period. The IESO notes that the TAT table has been developed to provide a general indication of the electricity system's ability to accommodate new Renewable Generating Facilities under the FIT Program. The values shown are intended to provide only general guidance to Applicants. The values are based on information available at the time each table was prepared. Updated information will be used when Applications are reviewed under the TAT and DAT per the FIT Rules. Other technical factors may also be found during the tests that restrict the amount of generation that can be connected. The updated FIT 5.0 TAT table was posted in conjunction with the final FIT 5 materials and is available on the FIT website, [here](#).

## **SECTION 5.1 - PRIORITIZATION**

One respondent commented that municipalities that choose not to partner with other entities for the purposes of an Application would be disadvantaged in FIT 5, as private industry/investment communities have more resources and may be able to take advantage of Price Reduction Priority Points. The respondent recommended awarding additional, separate Priority Points to non-partnering Municipalities, Public Sector Entities, or Indigenous Communities and to lower the Application Security for these non-partnering groups. The IESO notes that these requested changes speak to a fundamental shift in the FIT Program requirements and are not consistent with the directed policy goals.

It was also recommended that additional Priority Points be provided to Municipalities with policies, plans and incentives in place that encourage the development of solar PV in line with the environmental objectives of the Province.

The IESO notes that the program currently supports Municipalities seeking to develop renewable generation, including Solar PV. Municipal, Public Sector Entity, and Indigenous Community participation is currently supported in the FIT program through Priority Points for Municipal Council and Indigenous Support Resolutions as well as for having Municipal, Public Sector Entity, and/or Indigenous Site Hosts. In FIT 4, Municipal Participation projects were also able to take advantage of Price Reduction Priority Points – 68% of successful Municipal Participation projects chose to reduce their Contract Prices, compared to 52% of all successful FIT 4 Applications.

The addition of any new Priority Point categories would require further policy direction from the Minister of Energy.

Another similar recommendation was to prioritize Renewable Fuels based on capacity factor, in a similar manner to the previous system benefit Priority Point. The "system benefit" Priority Point was removed per the April 7, 2015 Minister of Energy [direction](#), as the FIT program was limited to small-scale distribution system-connected projects, which generally are not required to respond to IESO dispatch instructions.

## **SECTION 5.2 - RANKING OF APPLICATIONS FOR CCSA ELIGIBLE PROJECTS**

A respondent recommended that the IESO remove the Application Time Stamp requirement for all undersubscribed Renewable Fuels for the purpose of ranking Applications for connection testing. The IESO notes that the FIT Procurement Target is not allocated to individual Renewable Fuels. Procedural fairness and procurement standards under a standard-offer program such as the FIT Program require that the IESO evaluate each Application in the same manner according to the program requirements. Further, prior to FIT 4, the IESO considered the removal of the Time Stamp process and the overwhelming feedback was that the Time Stamps should be maintained. Therefore, the Application Time Stamp provisions will not be changed for FIT 5.0.

**– End of Document –**