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OEB and OPA Issue Joint Report On Standard Offer Program

Rules encouraging small generators defined and simplified

Toronto – Recommendations making it easier for small electricity generators in Ontario to operate could be in place as early as this fall, according to the Ontario Energy Board (OEB) and the Ontario Power Authority (OPA), the joint authors of a new Report.

The Report, titled *Recommendations on a Standard Offer Program for Small Generators Connected to a Distribution System*, responds to a request from the Minister of Energy last August, to develop the terms and conditions of a standard program that would be available to smaller generators using clean and renewable resources.

Today Premier Dalton McGuinty announced the program. The OPA and the OEB will now begin to implement the Standard Offer Program initiative. They will continue to work together with stakeholders to develop the details of the program in the coming months.

The recommendations in the Report address program eligibility, pricing, contract terms and conditions and changes to the OEB's electricity codes and licensing requirements aimed at facilitating the connection of small generation projects to the electricity distribution system.

The OPA recommendations include:

- Opening the program to any renewable resource type that qualifies as a renewable resource in the Renewable Energy Supply II RFP including wind, small hydro-electric, solar, and some bio-mass.
- Limiting the maximum project size to 10 megawatts (MW). No minimum project size is proposed.
- Establishing connection voltage at 50 kV or less with no locational restrictions, other than those determined by the technical limitations of the local distribution and transmission system.
- Requiring a written contract that documents the obligations of the parties under the Standard Offer Program. Contract terms will typically be for twenty (20) years.

- Establishing value based pricing for the program. For the first year of commercial operation, all eligible renewable resource type projects (except solar photovoltaic) will be paid a base rate of 11 cents per kilowatt hour for all kilowatt hours delivered. Projects that can demonstrate generation control will be eligible for an additional 3.52 cents per kilowatt hour for all electricity delivered during on-peak hours.
- Establishing a price of 42 cents per kilowatt hour for solar photovoltaic projects in order to conduct price discovery on this technology.
- Reviewing program pricing periodically and, if required, developing new contract prices in response to changing program and market conditions.
- Recommending no maximum capacity limit for the program.

The OEB recommendations include:

- Requiring distributors to make certain system information publicly available and to designate a contact person for distributed generation.
- Implementing recognized, consensus-based, technical standards for interconnection that will apply to all distribution systems in Ontario.
- Establishing regulatory information for generators and making it available on the OEB web-site, re-examining the level of licensing fees for small generators and developing modular, mandatory connection agreement standards to be used by all distributors.

The guiding principles underlining the report were to “keep the program simple, remove barriers to participation by smaller projects and balance the needs between the Ontario government’s renewable generation targets and the value of the electricity to Ontario ratepayers”.

The OEB and the OPA have consulted extensively with industry stakeholders throughout the process that led to the Report issued today.

For more information and/or a complete copy of the Report, please visit the Ontario Energy Board’s web site at www.oeb.gov.on.ca or the Ontario Power Authority’s web site at www.powerauthority.on.ca.

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Background:

*The **Ontario Power Authority** is a statutory, not-for-profit corporation without-share capital. It is governed by an independent Board of Directors, reports to the Legislative Assembly through the Minister of Energy, and is licensed and regulated by the Ontario Energy Board. The responsibilities of the OPA span four areas: Conservation Bureau; Power System Planning; Generation Development; and Electricity Sector Development.*

*The **Ontario Energy Board** regulates the province's electricity and natural gas sectors in the public interest. It envisions a healthy and efficient energy sector with informed consumers, and works towards this vision through regulatory processes that are effective, fair and transparent.*