

Addendum # 2 to Report PDR-PCD-14-13

To: Chair Wright and Members of the Planning and Community Development Committee
From: Scott Taylor, Senior Planner
Meeting Date: January 21, 2014
Subject: Large Renewable Energy Procurement Changes
Status: Recommendation adopted by Committee as presented per Resolution PCD20-14 January 21, 2014; Endorsed by County Council February 4, 2014 per Resolution CC23-14;

Recommendation(s)

THAT Addendum # 2 to Report PDR-PCD-14-13 be received for information;

AND THAT Addendum # 2 to Report PDR-PCD-14-13 be forwarded on to the Ontario Power Authority as the County of Grey comments on the proposed Large Renewable Procurement process;

AND FURTHER THAT staff be directed to forward this report on to municipalities within Grey County for their consideration.

Background

On October 15, 2013 County Planning staff presented the Addendum to Report PDR-PCD-14-13 to the Planning and Community Development Committee. This addendum report dealt with the proposed changes to the Province's Large Renewable Energy Procurement (LRP) process. At the October 15th meeting, staff were directed to report back to Committee on any future changes or commenting opportunities with respect to the LRP. A link to this report and the original PDR-PCD-14-13 has been included below.

[Addendum to PDR-PCD-14-13 Large Scale Renewable Energy Procurement Information Report](#)

[PDR-PCD-14-13 Wind Energy Summary Report](#)

Primarily the Addendum to Report PDR-PCD-14-13 dealt with the Ontario Power Authority's (OPA) Interim Recommendations Report of August 30, 2013. Although the interim recommendations provided some broad directions that the Province was considering for the LRP, the details of the procurement system were still unavailable.

On December 17, 2013 staff had the opportunity to participate in a webinar hosted by OPA, which further outlined the interim recommendations and next steps in the LRP process.

Additional Information on the Proposed Large Renewable Procurement Process

Although many details still remain, the OPA has provided some additional details on the proposed LRP process. OPA has confirmed that they will be going with a Request for Qualifications (RFQ) and Request for Proposals (RFP) process. The system would include mandatory participation in the RFQ process, before a short list of qualified applicants is announced who may participate in the RFP. As with any competitive process of this nature, price would be a key consideration, however other criteria, including the experience of the proponent, financial capability of the proponent, municipal acceptance, and community engagement could also be considered when scoring proposals.

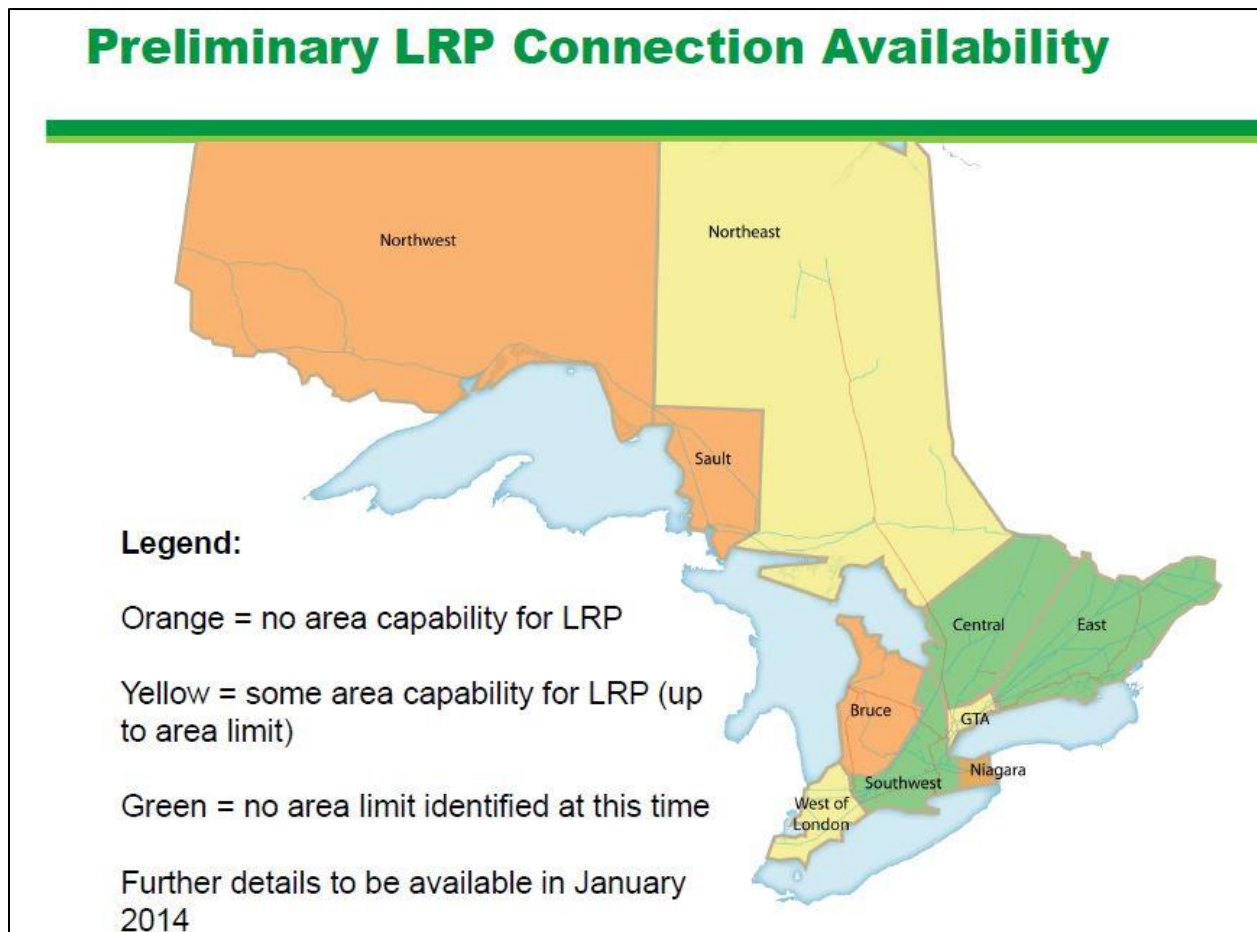
On-going stakeholder engagement on this proposed LRP process will occur in 2014, and OPA has released a 'Rollout Timeline' for consultation, as well as for the first RFQ and RFP. Some key dates from the OPA Rollout Timeline have been summarized below (as taken from the OPA *Interim Recommendations and Next Steps* presentation dated December 17, 2013):

1. January – February – conduct community and stakeholder engagement activities
2. January – March – Draft RFQ materials development
3. April – May – Draft RFQ comment period
4. May – June – Finalization of RFQ
5. June – September – RFQ is open
6. June – October – Draft RFP development
7. September – November – RFQ evaluation
8. Late November – Early December – Announce short list of qualified applicants and posting of the draft RFP
9. November – December – Draft RFP comment period
10. December (2014) – January (2015) – Finalization of RFP
11. January – May – RFP is open
12. June – July – RFP evaluation
13. July – Announce successful proposals

A similar process would then repeat itself for a second intake of LRP.

OPA has announced four community and stakeholder consultation sessions for the following dates and locations; Chatham-Kent on January 15th, Sudbury on January 20th, Orillia on January 29th, and Napanee on February 4th.

Another key component of the LRP will be available grid and transmission capacity. OPA has noted that the RFQ – RFP process will be open to “projects > 500 kW in areas with sufficient connections availability”. Of particular interest to Grey County is that Grey appears to be in an ‘orange’ area where there is no capability for LRP (see Map 1 below).



Map 1: Large Renewable Procurement Connection Availability

(Source: OPA *Interim Recommendations and Next Steps* presentation dated December 17, 2013)

Based on the process outlined to date, and Map 1, as shown above, LRP would not be considered at this time for areas like Grey County. It shall be noted however that the above only applies to future LRP intake processes and does not impact existing applications or contracts.

OPA has also outlined a series of criteria for consideration as part of the RFQ – RFP process which they are seeking community feedback on:

- “Municipal council support resolution
- Municipal equity interest
- Community equity interest (e.g. co-op)
- Acceptance/agreements from all adjacent landowners
- Agreement to comply with municipal site plan control process
- Community benefit agreement (or demonstrated offer of one to the municipality)
- Public meeting(s) conducted in municipality outlining process, proposed project, and preliminary anticipated effects and mitigations
- Compliance with zoning (e.g. site is zoned to permit electricity generation)”

Further details are needed on exactly how the above criteria would be implemented, however a number of the above could be categorized within a priority point system. The RFQ – RFP would include a number of mandatory requirements, as well as rated criteria, upon which proponents may receive additional scoring.

With respect to the bullets outlined above, a number of the criteria are already considered in some fashion within the current Feed In Tariff (FIT) system. However the fifth and eighth bullet points have raised concerns for County Planning staff. Even if compliance with zoning and site plan control is made to be a voluntary process (i.e. for a proponent to gain priority points), then municipalities are going to need official plan and zoning by-law provisions for the siting of large scale renewable energy systems. Prior to the passing of the *Green Energy Act (GEA)* many municipalities were adopting provisions into their planning documents to deal with renewable energy systems; however the GEA effectively made these provisions null and void. Some municipalities have since taken these provisions out of their planning documents. Should municipalities need to ‘reinstate’ renewable energy policies, it raises the question of appeals to the Ontario Municipal Board (OMB) i.e. both for the policy provisions and for the possible need for the compliance with zoning. Currently renewable energy appeals are limited to a narrow range of circumstances and said appeals are heard by the Environmental Review Tribunal (ERT) not the OMB. Drafting renewable energy policies, as well as defending against possible appeals could prove costly for municipalities. Questions would also need to be answered with respect to when planning applications for re-zoning or site plan control would be submitted within the RFQ, RFP and renewable energy approval processes. Prior to implementing the fifth and eighth bullet points OPA should further consider how this would fit into the existing legislative and policy framework, both at the Provincial and municipal levels.

Amongst the participants in the December 17th webinar, there were also some questions raised about municipal council support resolutions and

acceptance/agreements from all adjacent landowners. Specifically it was noted that support for a project was very different from acknowledgement of a project (i.e. neighbours may acknowledge that they have been consulted on a project, but may still not agree with or support a project).

Similar to previous municipal comments in the past, the RFQ – RFP process should accommodate meaningful municipal, First Nations and community consultation early and throughout the process.

Other topics the OPA is considering as part of the 2014 community engagements are;

- 'Projects may include the site and any required connection lines (i.e. the project would include more than just the subject properties, but would also encompass connection lines),
- Incentives for progress towards or the completion of required environmental studies or assessments,
- Incentives to provide electricity when most needed (including dispatch off requirements), and
- 'FIT-like' land use requirements with possible allowance for municipal exemptions.'

Further details on the above topics will be considered as part of the consultation process.

Financial / Staffing / Legal / Information Technology

Considerations

At this time there are no associated financial, staffing, legal or information technology considerations which would stem from this report. However, should the Province 'reinstate' portions of municipal planning controls, additional financial or legal considerations could arise.

Link to Strategic Goals / Priorities

Renewable energy development has the ability to touch on a number of strategic goals and priorities, from the diversification of agricultural operations, to the application of sound land use planning principles, and to the collaboration and communication between the public, local municipal governments and the Province. Staff will continue to monitor and participate in engagement activities related to the Large Renewable Procurement process.

Respectfully submitted by,

Scott Taylor, MCIP, RPP
Senior Planner

Director Sign Off: *Randy Scherzer*