



Notice

No: 11-03

APPLICABLE TO:

DATE: May 10, 2011

<input checked="" type="checkbox"/>	Municipal & Private Non Profit
<input checked="" type="checkbox"/>	Co-operatives
<input checked="" type="checkbox"/>	Federal Non Profits
<input type="checkbox"/>	OCHAP/CSHP
<input type="checkbox"/>	Rent Supplement

<input checked="" type="checkbox"/>	Mandatory
<input type="checkbox"/>	For Information

SUBJECT: MicroFit Energy Program

Background

The microFIT Program is a stream of the Ontario Power Authority's (OPA) Feed-In Tariff (FIT) Program for renewable energy in Ontario. The program encourages the development of "micro-scale" renewable energy projects across the Province, generating 10kw or less of electricity, and applies to very small renewable power projects, such as residential buildings.

The most common microFIT project is a rooftop solar photovoltaic (PV) installation. Projects under the microFIT program receive a long-term contract for the payment of electricity produced from the renewable energy project and a fixed price for the full term of the contract.

*The OPA has made a rule change that applies to all microFIT applications submitted on or after December 8, 2010. Applicants will need to obtain an offer to connect their project to the grid from their local distribution company **before** OPA can issue a microFIT conditional offer of contract.*

In 2010, the Ministry of Municipal Affairs & Housing introduced its Renewable Energy Initiative (REI) program which provided grants to housing providers for renewable energy projects. Several housing providers received funding for a microFIT project under REI. The REI program is now closed.

Local Policy

NRH has established a local policy related to the operations of a microFIT system. This policy applies to microFIT systems developed under REI, as well as future microFIT systems funded by housing providers.

Housing providers who are interested in microFIT energy systems are required to engage an energy consultant to assess the feasibility of the system on their existing building(s), and determine the payback period. Housing providers should ensure that the installation company is listed with the OPA as a Vendor of Record, complete reference checks and ensure appropriate insurance coverage is in place.

A. System Feasibility

Housing providers should consider the following issues when assessing system feasibility:

- Will provider own equipment or lease property
- Ensure proper assessment of property to determine optimal location for system
- Warranties
- Who is responsible for damages to property during installation process
- What are the ongoing operating and maintenance expenses and who is responsible
- Who arranges for all necessary approvals and permits
- Who is responsible for working with local distribution company to arrange for connection to grid
- Who is responsible for preparing and submitting application to OPA

B. Typical Costs

The following are typical costs of a microFIT system:

- equipment and installation
- inspection by the Electrical Safety Authority
- permits and other approvals
- local distribution company connection costs
- local distribution company account charges and metering fees
- legal and insurance fees
- tax and accounting fees

For further information related to the microFIT program, please visit website: www.microfit.powerauthority.on.ca.

C. Business Case to NRH

Housing providers who are interested in a microFIT system (*excluding projects approved under REI*) must submit a business case to NRH that includes the following information:

- a) energy consultant report (noted above). Note: a report from the installation company is not sufficient
- b) system – will provider own or lease
- c) are revenues split or fully retained by provider
- d) cost of the system

- e) impact to property taxes
- f) copy of contract
- g) board minutes showing approval to proceed with microFIT application; and
- h) proposed operating budget for microFIT system – includes annual revenues and annual operating expenses associated with the system

D. Approval

NRH will review business cases, taking into consideration the provider's 5-year capital plan, existing capital reserve balances and overall feasibility and payback of the system.

E. Accounting of Revenues/Expenses

If approved, housing providers are required to account separately for the revenues and expenses of the microFIT system, similar to the accounting treatment for non-shelter. Revenues and expenses are to be recorded separate from the shelter component. A microFIT Reserve Fund is to be set up (similar to a capital reserve fund), and a minimum of 50% of the annual operating surpluses from the operations of the microFIT system are to be deposited in this fund. This fund is to be used for future maintenance expenses of the system, and to offset years where expenses exceed revenues. Shelter operations are not to be used to fund the operations of a microFIT system.

The remaining 50% surplus may be deposited in the housing provider's capital reserve fund or be used as operating funds to reduce an accumulated deficit position in the provider's shelter operations.

Service Manager's Role

NRH will review all microFIT business cases from housing providers according to this policy.

Housing Provider's Role

Housing provider staff are required to forward this Notice to their board of directors for information.

A business case is to be submitted to NRH for proposed microFIT systems in accordance with this policy. For microFIT projects approved under REI, an operating budget is required to be submitted to NRH with the estimated annual revenues, expenses and surplus related to this system.

If you have any questions regarding this Notice, please contact your Housing Administrator at 905-682-9201.

(Original signed by Lora Beckwith)

Lora Beckwith, General Manager