



Community Alliance to Save the Petawawa
c/o 195 Shames Rd., Petawawa, ON K8H 2W8

A Member of the Ontario Rivers Alliance

December 14, 2011

Ministry of Energy
Attention: Fareed Amin, Ontario Deputy Minister
Email: 2yearFITreview@ontario.ca

Dear Mr. Amin:

Re: Two Year Review of Feed-In Tariff (FIT) Program

This letter is in response to your solicitation of comments under the Two Year Fit Review, currently under way.

The Community Alliance to Save the Petawawa was formed by a number of local stakeholders groups here in Petawawa to ensure that the proposals to build two small waterpower dams on the Petawawa River were conducted in an environmentally responsible fashion. While we have many concerns about the Class EA process applicable to these projects, this letter addresses the Feed in Tariff Program which makes many small waterpower projects economically viable, rather than the specifics of these two proposed projects.

Our concerns with respect to the FIT Program as it now stands are rather simple:

1. The province's electricity supply problem, at least for the next 15 years or so, appears to be primarily that there is a potential shortage of power to meet peak demand, which occurs during the afternoons of weekdays in the summer months. The small renewable power projects currently under way do nothing to address this need.

Thus, the current FIT program incentives applicable 24 hours a day, 7 days a week, which guarantee rates far in excess of the average rate per kilowatt hour (\$0.13 vs. about \$0.04 average) should be abolished immediately. Small power projects should be required to compete directly with other sources of energy outside of peak hours. If some preference is to be offered to renewable sources, the appropriate way to do that is by way of either a carbon tax, or a non-carbon incentive.

Any incentives should only apply to power produced during the period of concern. Paying for power at the spot rate may well provide sufficient incentive during these periods, since spot rates are typically several times the average rate, so it is doubtful whether any additional incentive is required.

2. Our understanding is that projects already under contract will continue to be offered the existing FIT rates. The reason quoted is that it would be too expensive to cancel these projects. No doubt, the OPA has determined that, having offered a contract under the FIT program, such contracts are binding on them. However, these contracts require that the projects pass a Class Environmental Assessment before construction is allowed to proceed. In studying a number of these projects, we conclude that, if they were subject to a responsible environmental review, they

would not be allowed to proceed. Thus, most contracts currently offered could and should be stopped on environmental grounds. In the specific case of the Big Eddy Project on the Petawawa River, we will address this by applying due process. That is, we will raise a Part II Order request if and when the Notice of Completion is published, if the proponent has failed to address our environmental concerns at that point in time. We do hope that the past practice of disallowing all such requests will not be allowed to continue.

3. While we have said that we favour incentive rates to encourage power production during peak periods, this should not be taken to mean that a blind eye should be turned to the environmental impact of such projects. In the specific case of small waterpower projects, the “modified peaking” strategy typically employed to take advantage of the preferential rates offered under the existing FIT program pose greatly increased threats both to the environment and to public safety. Such projects should be subject to particularly rigorous environmental scrutiny.
4. One of the primary advantages touted for the FIT program is that it will generate many new jobs in a new technology industry. However, providing subsidies to many other industries would have similar effect. For example, if the government were to provide a \$20,000 contribution towards the cost of every new electric or hybrid car produced and sold in Ontario, the manufacture of such cars would doubtless see a massive expansion in the province. Perhaps this specific example would contravene NAFTA, or other international agreements, but there are surely other examples that would be acceptable. Our point is that using public funds to stimulate job growth by manufacturing products that only make economic sense in a subsidised environment is fundamentally a flawed idea, and a blatant waste of said funds.
5. In the longer term, there is a need to address the replacement of aging infrastructure used in large-scale electricity generation. Perhaps a FIT incentive should be offered to such projects if they employ renewable technologies. In this context, nuclear should be regarded as being renewable. While this would not generate jobs in a new industry, it might well protect jobs in an existing one.

Yours sincerely

A handwritten signature in black ink, appearing to read "Alan Hepburn". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Dr. G. Alan Hepburn
B. Sc., Ph.D., P. Eng
Community Alliance to Save the Petawawa

cc: John Yakabuski, MPP