

FIT AND microFIT UPDATE SOLAR ONTARIO

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Disclaimer

This presentation is intended as an overview of the FIT and microFIT programs. Any information herein is not legally binding on the IESO and is subject to change.

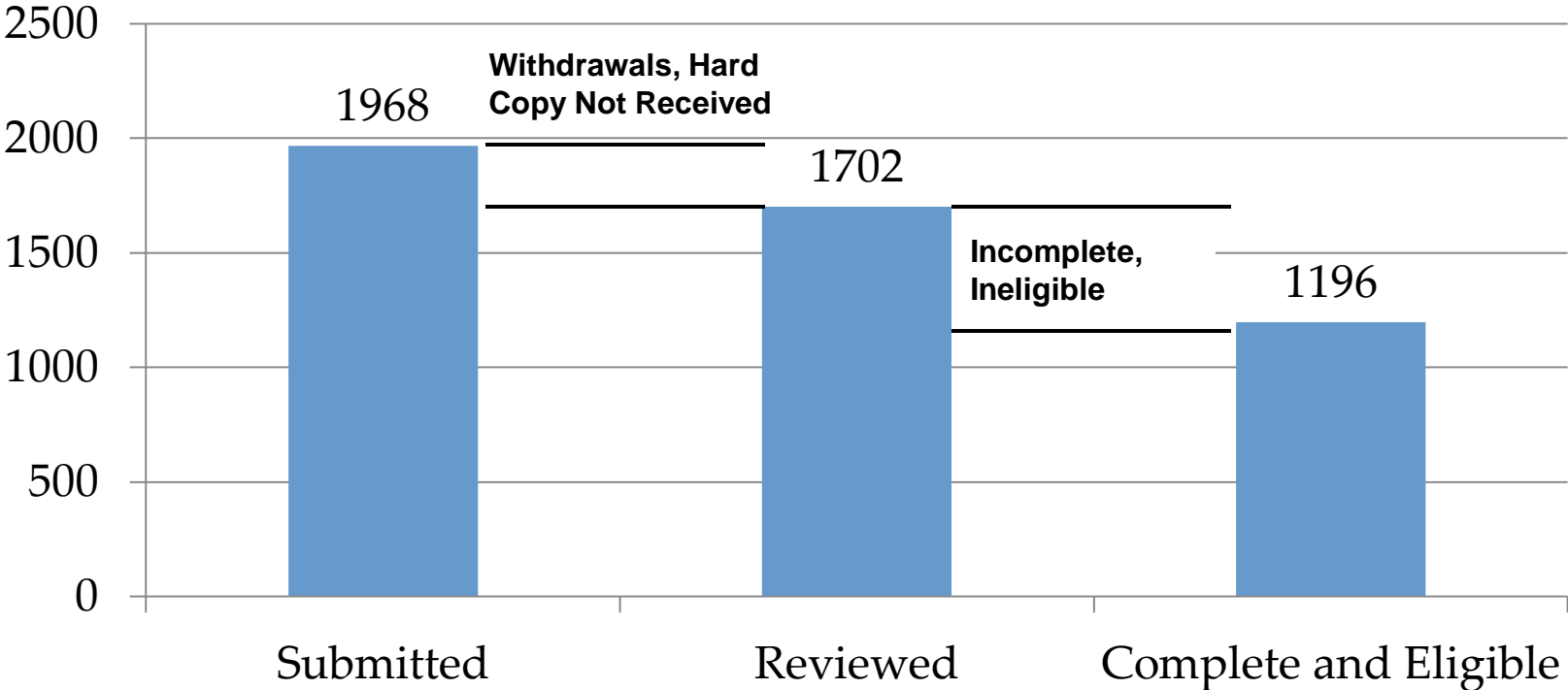
Agenda

- FIT in 2016 and Beyond
 - Finalizing FIT 4
 - Planning FIT 5
 - Price Review
- microFIT Update
 - Version 3.3 stats
 - Marketplace Issues and Program Suspension
 - Version 4 Enhancements

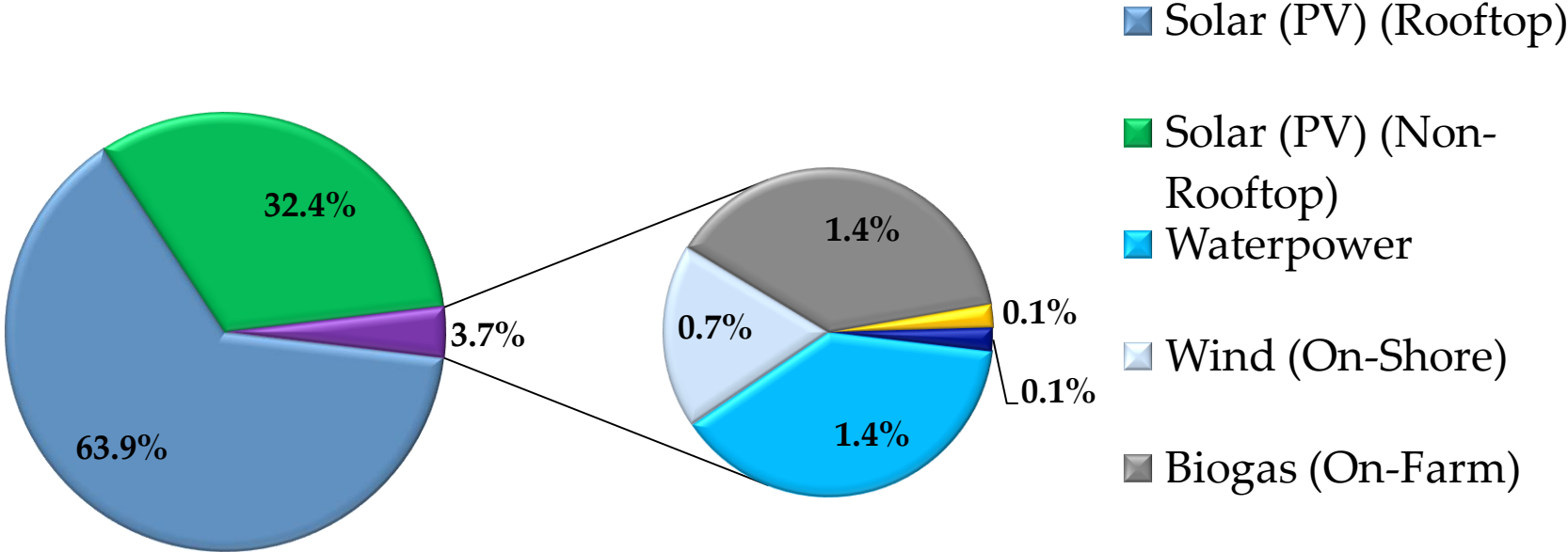
FIT 2016 AND BEYOND

FIT 4 Review Complete, TAT/DAT Underway

Applications (Count)



Eligible Applications Include All Fuel Types

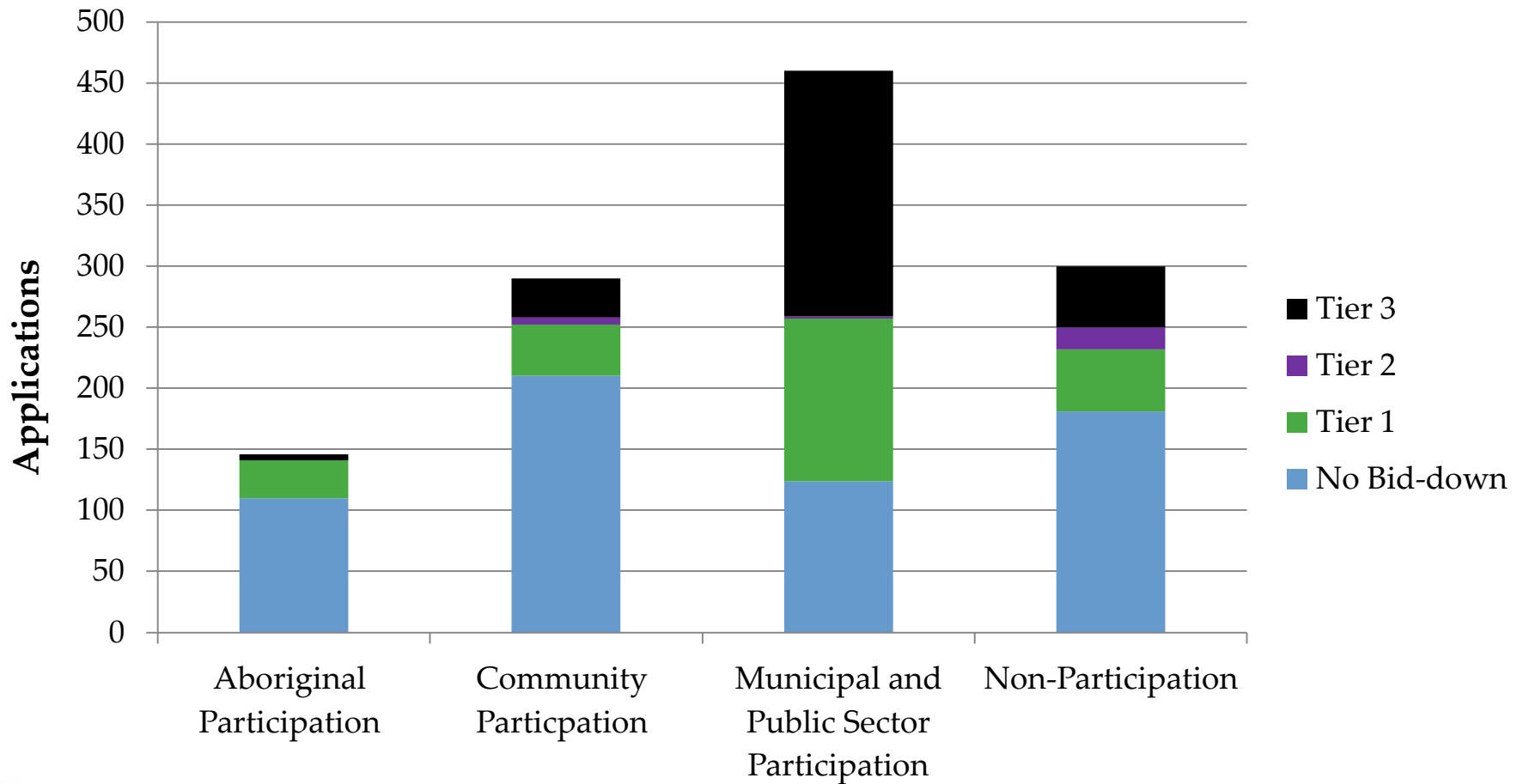


- Solar (PV) (Rooftop)
- Solar (PV) (Non-Rooftop)
- Waterpower
- Wind (On-Shore)
- Biogas (On-Farm)
- Biogas
- Renewable Biomass

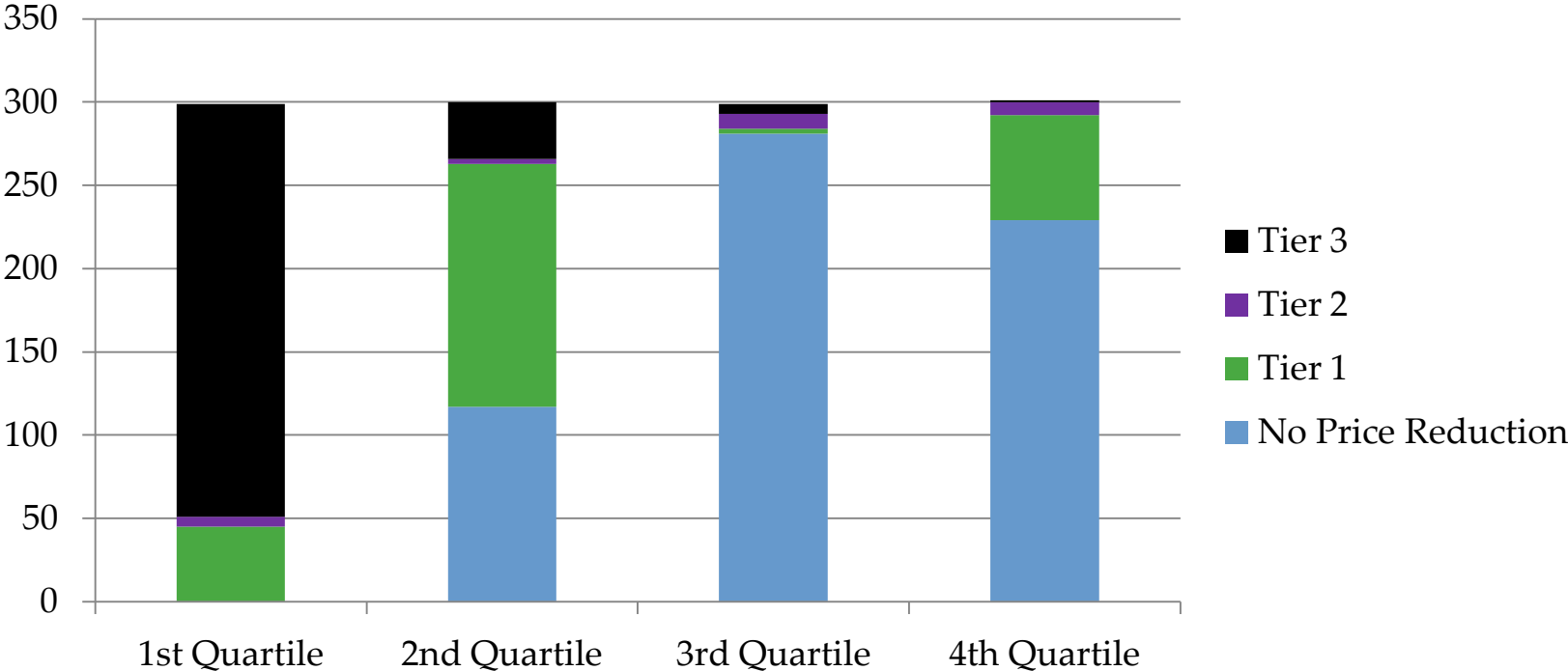
Most Frequent Reasons Applications Did Not Pass

1. Not awarded at least 1 priority point
2. Required evidence not provided (e.g., evidence of applicant legal name)
3. Incomplete prescribed forms
4. Principal use of industrial lands
5. Project splitting
6. CLI map not provided
7. Clarification not received on time

All Participation Groups Were Represented in Price Reduction Prioritization



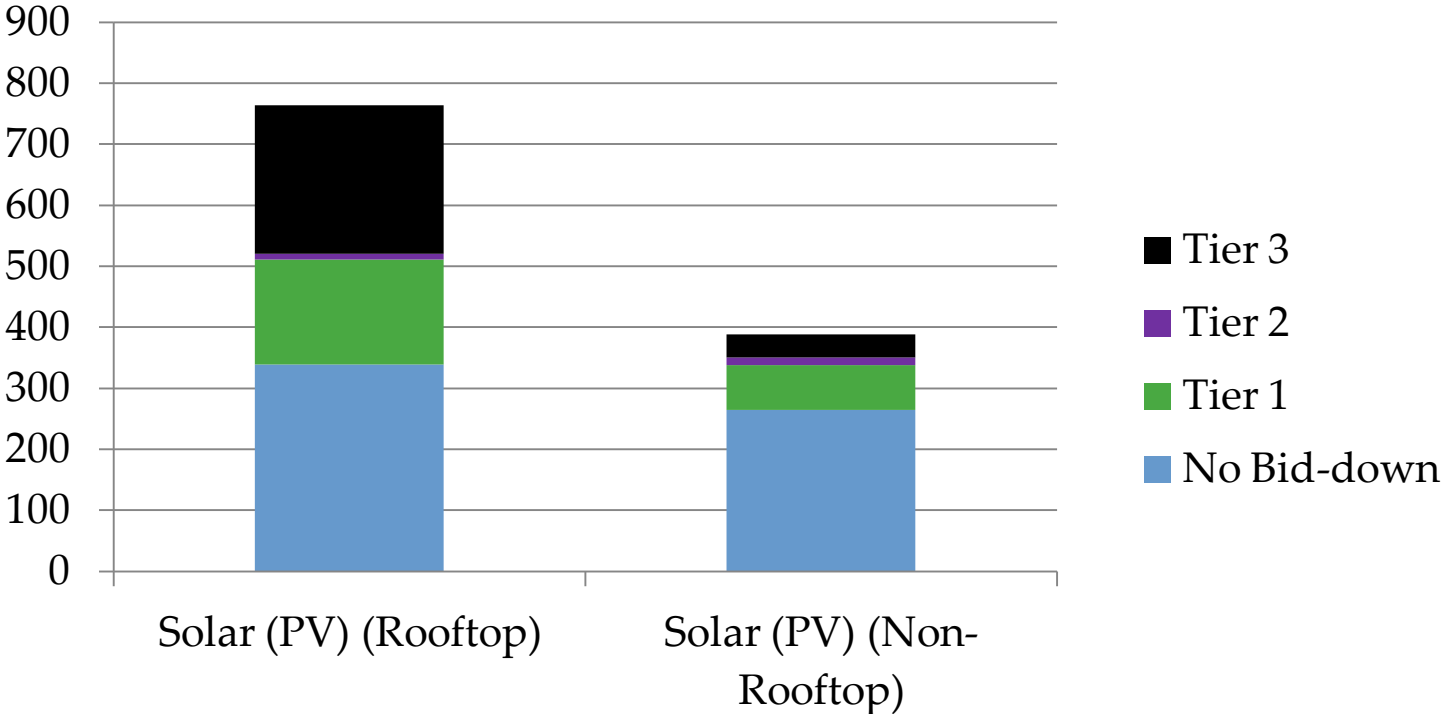
Price Reduction Selection Choices Across the Ranked List



Note: Analysis based on relative ranking of complete and eligible applications determined from awarded priority points and time stamps only, excluding the prioritization of CCSAs

Price Reduction Priority Points Driving Cost Savings

Eligible Solar Applications



Weighted Avg. Price Reduction Selected

4.3%

3.1%

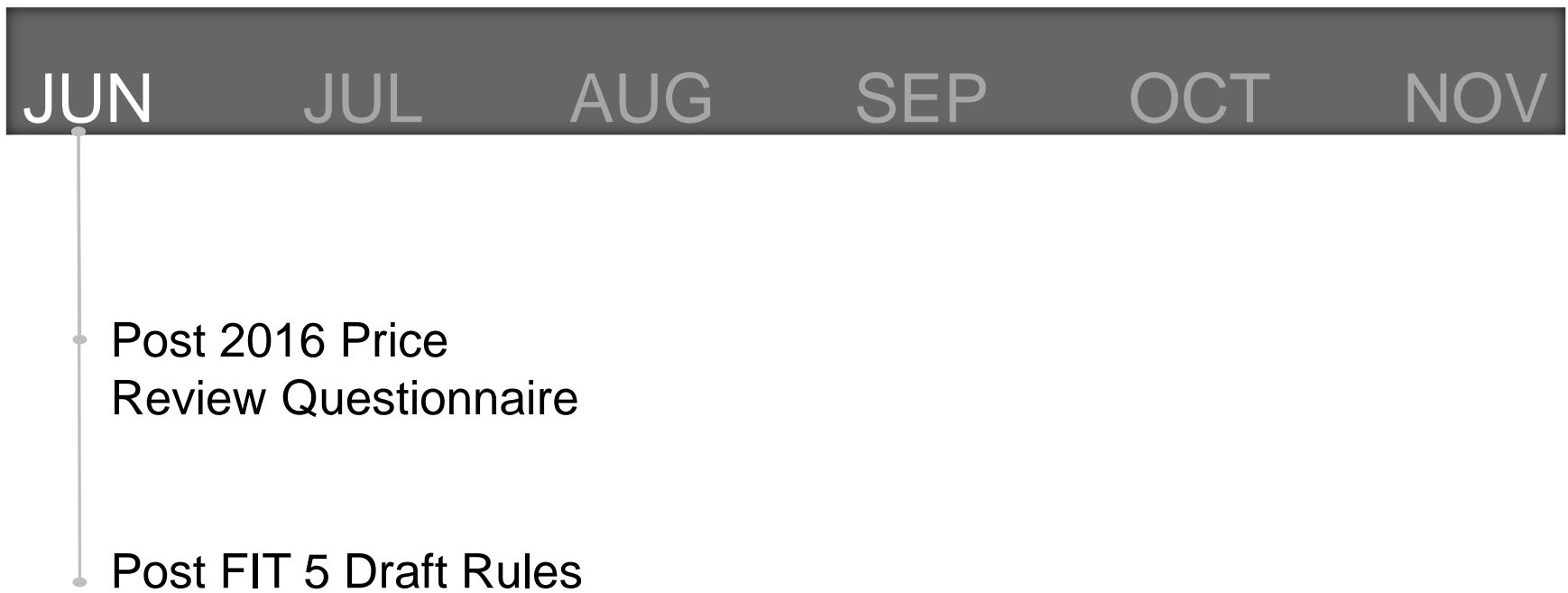
Planning for FIT 5

- April 5th Directive enables the IESO to move forward with FIT 5
 - Maintains the policy framework from FIT 4
 - Procurement target will be at least 150 MW, final target set by December 31, 2016
- IESO considering administrative changes based on FIT 4 lessons learned
 - Details will be shared over the summer

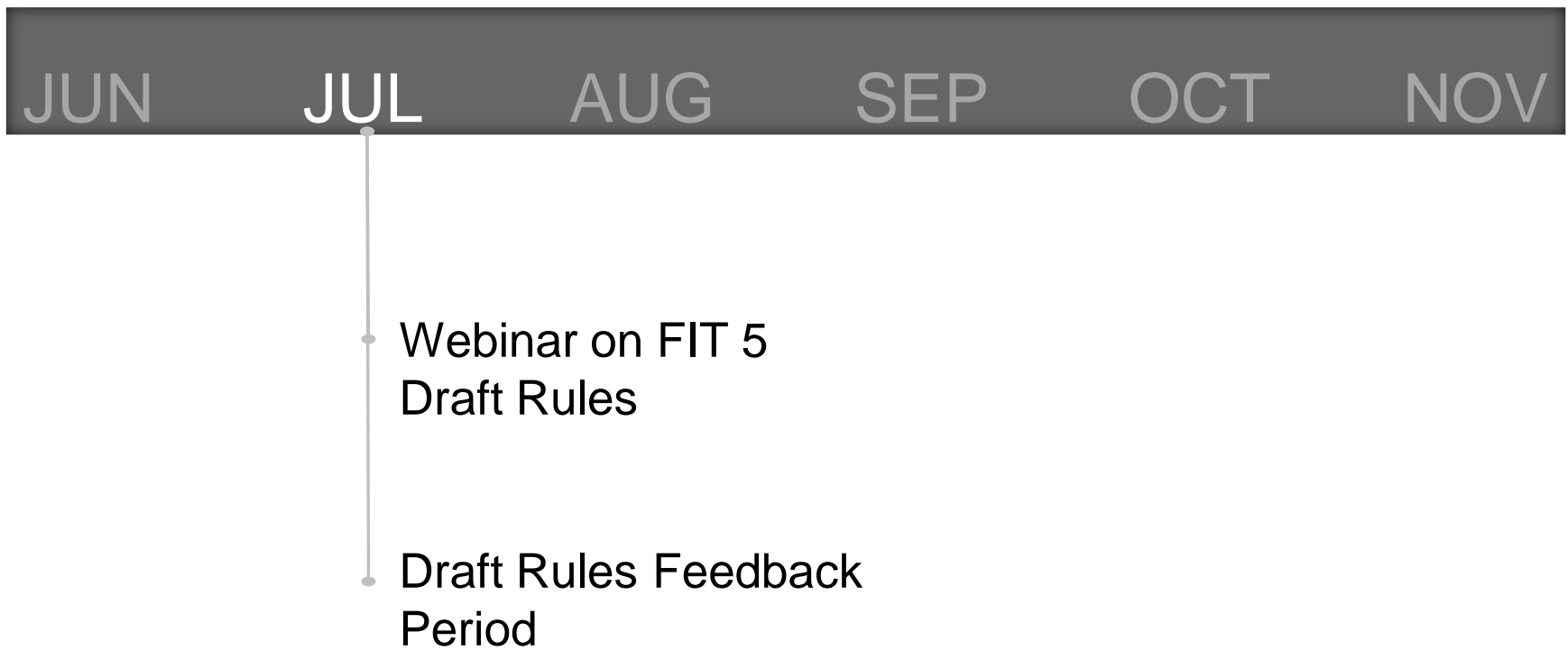
Early Thoughts on 2016 Price Review

- FIT 4 price reduction bids will be considered in price review
- Early thoughts on pricing drivers for 2019 COD
 - Equipment costs (digression slowing)
 - Labour and commodity costs (flat)
 - Exchange rate (flat to slightly positive)
 - Sector efficiency and productivity (opportunities)
- 2016 Price Review Process
 - IESO Analysis – June-July
 - Stakeholdering – July-August
 - Final posting - September

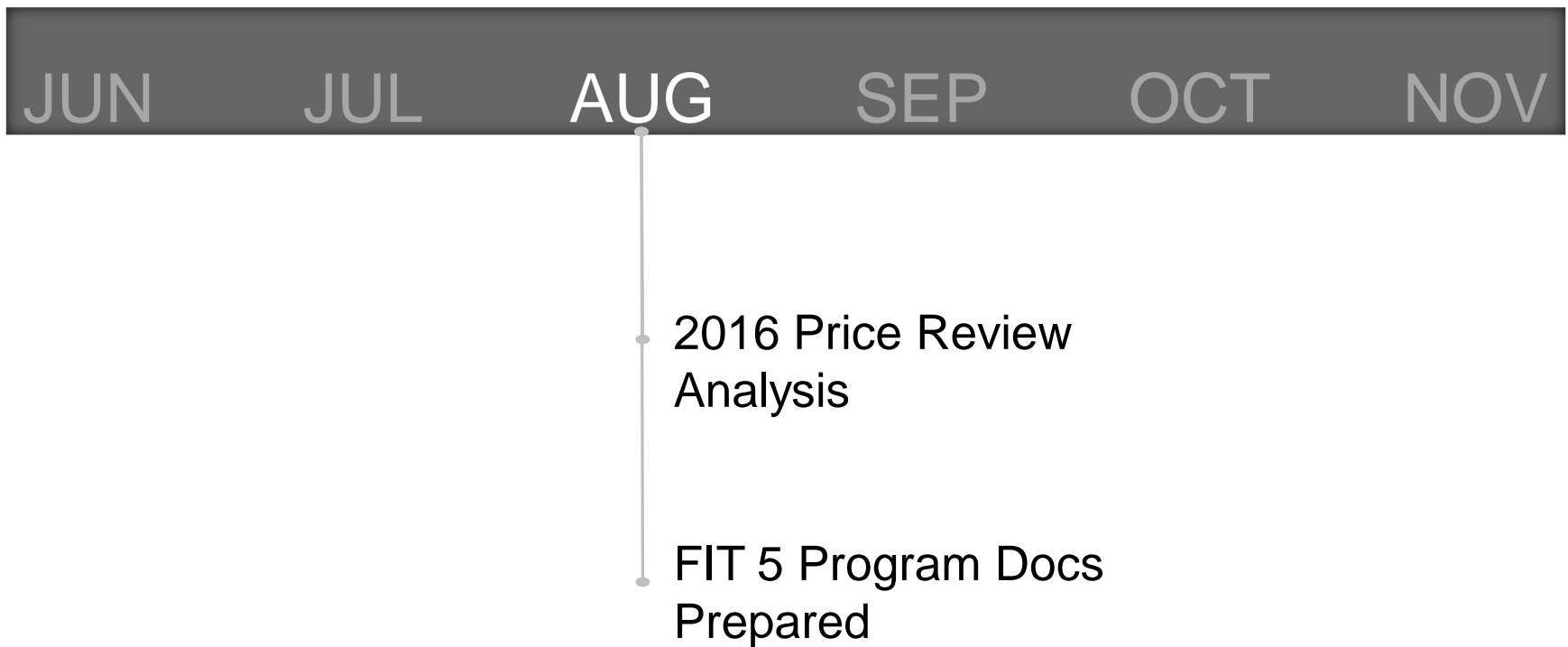
FIT 5 Schedule



FIT 5 Schedule



FIT 5 Schedule



FIT 5 Schedule



• Post 2017 Price Schedule

• Post FIT 5 Final Rules and Docs

FIT 5 Schedule



FIT 5 App Submission
Period Preparation

FIT 5 Schedule



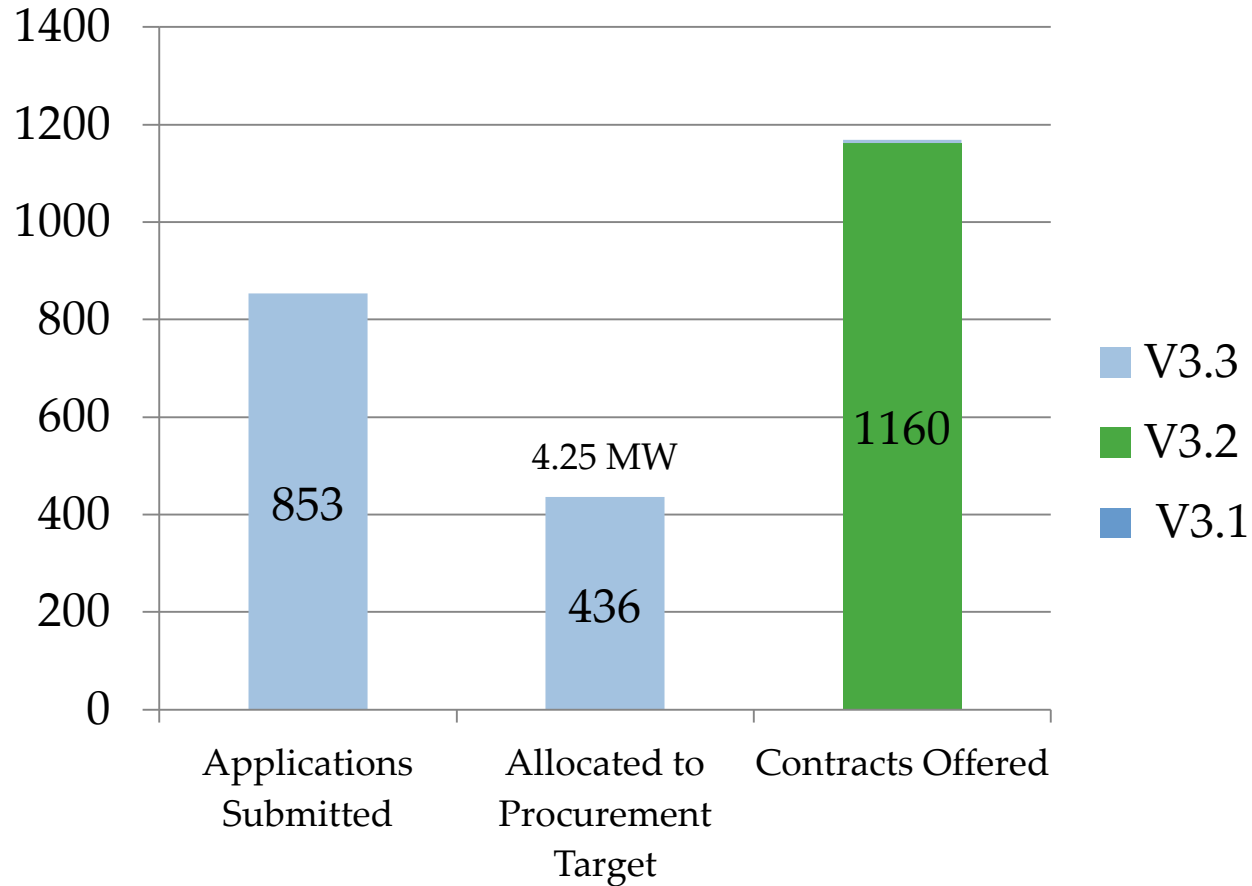
FIT 5 Application
Period Begins

FIT 5 Application
Review Begins

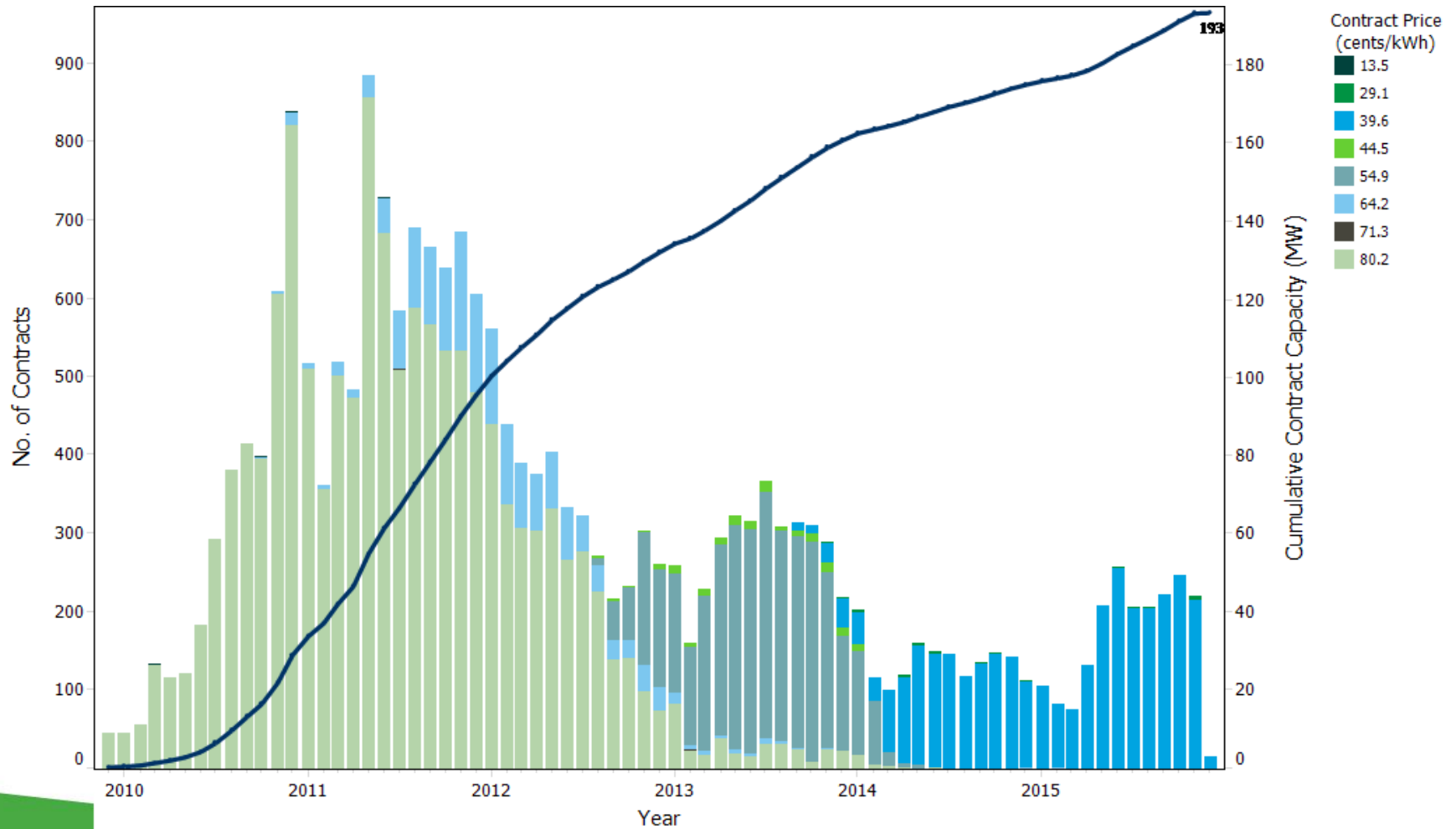
microFIT UPDATE

microFIT Continues to Progress in 2016

Applications Submitted and Contracts Offered in 2016



Recent Progress Builds on the Large Installed Base



Marketplace Issues – Growing Concerns

IESO has found that some Applicants:

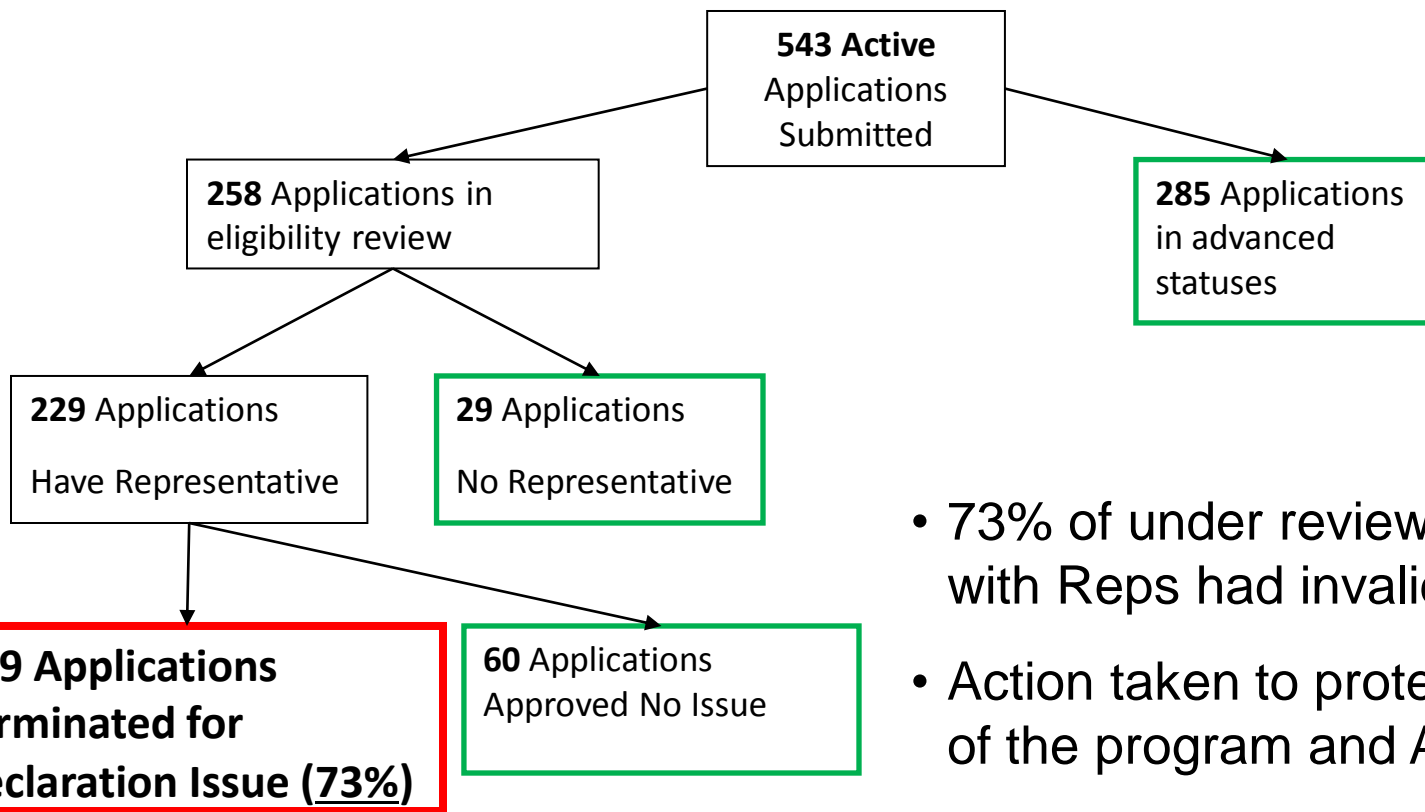
- Are uninformed about microFIT
- Do not have access to their application
- Are not aware that applications have been submitted for them
- Appear to have made declarations to the IESO improperly
- May have provided incorrect contact info

While Representatives:

- Are not providing all Applicants with sufficient program information
- May have made declarations to the IESO improperly
- Accepted contracts and made reps and warranties as the applicant

Background for microFIT Suspension Pending Version 4.0 Implementation

- Version 3.3 Application Breakdown as of April 27, 2016



- 73% of under review applications with Reps had invalid declarations
- Action taken to protect the integrity of the program and Applicants

microFIT Version 4.0 Enhancements

- New price for rooftop solar projects $\leq 6\text{kW}$
- Allowance for in-series metering
- 180 Day Connection requirement
- Contract payment suspension during contract breach
- **Notarized/commissioned declarations required for all applications**

New Price for ≤ 6 kW Rooftop Projects

≤ 6 kW Rooftop Solar price will be \$0.313/kWh

Renewable Fuel	Project Size Tranche*	Price (¢/kWh)	Percentage Escalated**	
Solar (PV) (Rooftop)	≤ 6 kW	31.3	0%	→ New
	> 6 kW ≤ 10 kW	29.4	0%	→ No Change
	> 10 kW ≤ 100 kW	24.2	0%	
	> 100 kW ≤ 500 kW	22.5	0%	

Eligibility begins in Version 4.0

Enhancement Implementation

- microFIT version 4.0 will be implemented in early July 2016
- All enhancements discussed above will apply to version 4.0 applications and contracts
- All existing applications that have not received an Application Approval Notice prior to the implementation date will be terminated

Monitor the microFIT website for updates regarding implementation and other announcements

Contact Information

For questions regarding FIT applications:

FIT@ieso.ca

For questions regarding FIT contracts:

FIT.Contract@ieso.ca

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microFIT@ieso.ca

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Questions?