



**microFIT RULES**  
*Version 1.3*

**December 10, 2009**

## Table of Contents

|   |           |
|---|-----------|
| <b>Section 1 – Introduction</b> .....   | <b>1</b>  |
| 1.1 Background to the microFIT Program .....                                  | 1         |
| 1.2 Overview of the microFIT Program.....                                     | 1         |
| <b>Section 2 - Project Eligibility Requirements</b> .....                     | <b>2</b>  |
| 2.1 Basic Eligibility Requirements .....                                      | 2         |
| 2.2 Incremental Projects .....  | 4         |
| <b>Section 3 – Application, Conditional Offer and Connection</b> .....        | <b>5</b>  |
| 3.1 microFIT Application.....   | 5         |
| 3.2 Conditional Offer of microFIT Contract.....                               | 6         |
| 3.3 LDC Connection Request .....  | 6         |
| 3.4 Connection Date .....   | 6         |
| 3.5 Connection and Metering.....  | 7         |
| <b>Section 4 – Contract Form and Execution</b> .....                          | <b>8</b>  |
| 4.1 microFIT Contract .....   | 8         |
| 4.2 microFIT Contract Execution .....   | 9         |
| <b>Section 5 – Contract Term, Contract Price and Generation Payment</b> ..... | <b>9</b>  |
| 5.1 Contract Term .....   | 9         |
| 5.2 Contract Price and Generation Payments .....                              | 9         |
| <b>Section 6 – Additional Rules</b> .....                                     | <b>10</b> |
| 6.1 Supplier Responsibilities.....  | 10        |
| 6.2 Personal Information .....  | 11        |
| 6.3 Contract Termination .....  | 11        |
| 6.4 Contract Assignment .....   | 11        |
| 6.5 Resolving Inconsistencies.....  | 12        |
| <b>Section 7 – Program Review</b> .....                                       | <b>12</b> |
| <b>Definitions</b> .....  | <b>13</b> |

## **Section 1 – Introduction**

### ***1.1 Background to the microFIT Program***

According to the Feed-In Tariff (FIT) Rules, projects that are 10 kW or less in size may apply to the microFIT Program. The microFIT Program is intended to provide a simplified approach for enabling the development of renewable micro-generation projects in Ontario.

The primary objective of this document is to outline the process for participating in the microFIT Program. This process is designed to be efficient and streamlined for project Applicants, Local Distribution Companies (each an “LDC”) and the OPA.

The microFIT Program is closely aligned with the existing connection and settlement functions for LDCs established under the Distribution System Code and the Retail Settlement Code. These codes outline the LDCs’ requirements for connecting micro-generation projects and settling OPA contracts.

All capitalized terms used in these microFIT Rules are defined in the final section of this document.

### ***1.2 Overview of the microFIT Program***

The following outlines the key steps of the microFIT Program:

1. An Applicant will apply for a microFIT Contract using the online application form available on the microFIT Program website. Information collected from the Application will be provided to the applicable LDC and may be shared with other relevant industry agencies and government ministries (e.g. the Ministry of Energy and Infrastructure).
2. When an Application for a microFIT Project is submitted, a Reference Number is issued for the microFIT Project. The Reference Number will be used by the Applicant, the LDC and the OPA as a primary means of identifying the microFIT Project through the connection and contracting process.
3. The OPA will review each Application to ensure that the microFIT Project meets the microFIT Program’s eligibility requirements. If the microFIT Project meets the program eligibility requirements, then the OPA will provide the Applicant a “Conditional Offer of microFIT Contract” within 30 days of the submission of a complete Application. The Conditional Offer of microFIT Contract will expire in 12 months if the conditions of the offer are not satisfied.
4. Applicants should be aware that, pursuant to the FIT Direction, the microFIT Contract will require that microFIT Projects for solar (PV) achieve a Minimum Required Domestic Content Level.
5. Where the Applicant is not an LDC, the Applicant will make a Connection Request to the LDC for the connection of the microFIT Project using the LDC’s generation connection

request form. The Applicant must include the applicable microFIT Project Reference Number on the form to identify the project.

6. The Applicant will install the microFIT Project and ensure that it meets the LDC's requirements for connection and delivery of electricity to the LDC's distribution system. This includes obtaining and providing the necessary proof of authorization to connect from the Electrical Safety Authority.
7. Where the Applicant is not an LDC, the Applicant will complete a Connection Agreement with the LDC for the connection of the microFIT Project and will be responsible for finalizing connection with the LDC. The Connection Date of the microFIT Project will be the later of the date of the Conditional Offer of microFIT Contract and date that the project is physically connected to the LDC's distribution system or Load Customer with suitable metering configurations appropriate for microFIT settlement.
8. Upon connection of the microFIT Project, the LDC will provide the connection details to the OPA. These will include project specific information and the Connection Date.
9. After receiving the connection details from the LDC, the OPA will prepare the microFIT Contract and will provide notice to the Applicant that the microFIT Contract has been offered.
10. The Applicant is required to access the microFIT Program website to accept their microFIT Contract. The Applicant must accept the contract offer within 45 Business Days of the initial offering of the microFIT Contract otherwise the contract offer will be withdrawn.
11. Generation Payments for the microFIT Project will not begin until the microFIT Contract is accepted by the Applicant. Once the microFIT Contract is accepted, the OPA will inform the LDC of the effective date of the microFIT Contract and that Generation Payments to the Supplier can begin.
12. The Contract Price for the microFIT Project will correspond to the FIT Price Schedule in effect for the relevant technology on the date of the Conditional Offer of microFIT Contract.
13. Suppliers will be paid Generation Payments which will be the Contract Price (as adjusted from time to time by the Percentage Escalated, if applicable) multiplied by the metered electricity output in kilowatt-hours (kWh), consistent with Section 5.2.

## **Section 2 - Project Eligibility Requirements**

### **2.1 Basic Eligibility Requirements**

- a) To be eligible for the microFIT Program, a project must:
  - i) be a Renewable Generating Facility, which uses a Renewable Fuel that is included in the FIT Price Schedule;
  - ii) be located in the Province of Ontario;

- iii) not be or have been an OPA contracted facility that has reached commercial operation, except in the case of Incremental Projects, where the existing Renewable Generating Facility may be an OPA contracted facility. RESOP contracted facilities can apply to the microFIT Program if the RESOP contract holder has signed a “RESOP to microFIT Transition Agreement”, available on the microFIT Program website, by December 31, 2010;
  - iv) not have a Nameplate Capacity greater than 10 kW. If the eligible microFIT Contract is an Incremental Project, then the sum of the Nameplate Capacity of the existing Renewable Generating Facility and the Nameplate Capacity of the Incremental Project must not be greater than 10 kW;
  - v) be connected, directly or indirectly, to the IESO-Controlled Grid via a distribution system; and
  - vi) have separate metering suitable for microFIT Program data collection and settlement purposes as described in Section 3.5.
- b) The Supplier must be the same person or entity as the person or entity that maintains the Generator Account in respect of the microFIT Project, and must also be the person or entity who signs the Connection Agreement for the microFIT Project.
  - c) The Supplier must have the legal authority (for example, ownership), or the permission of the owner of the property on which the facility is located, to build and operate the microFIT Project at the proposed location.
  - d) If a project is determined by the LDC to require a Connection Impact Assessment, then the project will not be eligible for a microFIT Contract, and must apply through the FIT Program.
  - e) Although it is not an eligibility requirement for purposes of an Application, Applicants should be aware that, pursuant to the FIT Direction, the microFIT Contract will require that microFIT Projects for solar (PV) achieve a Minimum Required Domestic Content Level.
    - i) For solar (PV) projects that reach commercial operation on or prior to December 31, 2010 the Minimum Required Domestic Content Level is 40%. For solar (PV) projects that reach commercial operation on or after January 1, 2011 the Minimum Required Domestic Content Level is 60%.
    - ii) Solar (PV) projects that have been purchased by October 1, 2009 will be deemed to have achieved the Minimum Required Domestic Content Level. If the solar (PV) project has been purchased but has not reached commercial operation by October 1, 2009, then the Applicant must provide evidence satisfactory to the OPA that the solar (PV) project was purchased by October 1, 2009.
    - iii) The Domestic Content Level of a microFIT Project for solar (PV) is determined in accordance with the Domestic Content Grid.

- iv) The Supplier must obtain a written confirmation from any equipment supplier or installer providing equipment or services contributing to the Domestic Content Level, confirming which components qualify as Designated Activities.
- v) Applicants must indicate their Domestic Content Level at the time the microFIT Contract is offered by indicating which designated activity achieves the Minimum Required Domestic Content Level.
- vi) Within 10 Business Days of any request by the OPA, the Supplier shall provide written evidence satisfactory to the OPA, acting reasonably, confirming that the facility has met the Minimum Required Domestic Content Level.
- f) Certain microFIT Projects may be required to meet certain requirements of the Ministry of Environment and Ministry of Natural Resources before the project can be constructed, including obtaining a Renewable Energy Approval from the Ministry of the Environment.
- g) Projects cannot be divided into smaller projects for the purpose of obtaining a higher Contract Price or any other benefit under the microFIT Program. If the OPA determines that a project has been divided into smaller projects, it may reject all Applications in respect of such projects.
- i) For greater clarity, a maximum of 10 kW of capacity per Renewable Fuel type in the microFIT Program is permitted on any one property. Projects will only be considered to be on separate properties if the projects are situated on,
  - (A) lands that may be separately conveyed pursuant to Sections 50(3)(a), 50(3)(b), 50(3)(f), or 50(5)(a) of the *Planning Act* (Ontario);
  - (B) provincial or federal crown lands that are the subject of separate applications to the crown for access rights; or
  - (C) lands that are “reserve lands” or “special reserves”, as set out in the *Indian Act* (Canada), where the permission to use such lands is granted by way of separate resolutions of the applicable “band council”.

## **2.2 Incremental Projects**

- a) The Applicant of the Incremental Project must be:
  - i) the contracted counterparty, if the existing Renewable Generating Facility already has an OPA contract; or
  - ii) the owner or operator, if the existing Renewable Generating Facility does not already have an OPA contract.
- b) An Incremental Project must use the same Renewable Fuel as the existing Renewable Generating Facility.
- c) An Incremental Project must make use of the existing Renewable Generating Facility’s connection to the LDC’s distribution system or Load Customer as the case may be.

- d) If the existing Renewable Generating Facility is an OPA contracted facility, then an amendment may be required for the existing OPA contract.

## **Section 3 – Application, Conditional Offer and Connection**

### **3.1 *microFIT Application***

- a) An Applicant must apply for a microFIT Contract using the online application form available on the microFIT Program website. Information required to complete an Application will include:
  - i) legal name and contact information of the Applicant. Where the Applicant is not an LDC, the legal name of the Applicant must be the same name associated, or that will be associated, with the Generator Account and Connection Agreement for the microFIT Project;
  - ii) type of Applicant (e.g., homeowner, commercial, institutional, etc.);
  - iii) the Applicant’s GST registration number (if applicable);
  - iv) name of the LDC serving the property where the microFIT Project is to be located;
  - v) LDC account number that is associated with the existing Load Customer where the microFIT Project will be located (if applicable);
  - vi) municipal address of the microFIT Project. If the microFIT Project does not have a municipal address, then the Applicant must provide a legal description of the land;
  - vii) Nameplate Capacity of the microFIT Project in kW;
  - viii) type of Renewable Fuel;
  - ix) if the microFIT Project is converting from a Net-Metered Project;
  - x) if the microFIT Project is an Incremental Project, the details of the existing Renewable Generating Facility. If the existing Renewable Generating Facility is the subject of an OPA contract, the contract identification number must be provided; and
  - xi) estimated date to submit the Connection Request to the LDC.
- b) In order to complete the Application, the Applicant must agree to share information collected through the Application process with the applicable LDC, the OPA and other relevant agencies and government ministries.
- c) Each microFIT Project will be assigned a Reference Number.

- d) The OPA will review the Application to confirm that the project meets the microFIT Program eligibility requirements as set out in Section 2 of this document. The OPA may ask for additional clarification with respect to the Application, if required. The OPA's target for processing Applications is 30 days following the submission of a complete Application.

### **3.2 *Conditional Offer of microFIT Contract***

- a) If the OPA determines that the Application meets the microFIT Program eligibility requirements, then the OPA will issue the Applicant a Conditional Offer of microFIT Contract.
- b) The Conditional Offer of microFIT Contract will be conditional on (1) compliance with microFIT Rules in effect at the time the Conditional Offer of microFIT Contract was issued, (2) the direct or indirect connection of the microFIT Project to the distribution system, (3) the receipt by the OPA of all information necessary to complete preparation of a microFIT Contract in effect at the time the Conditional Offer of microFIT Contract was issued, and (4) the acceptance of a microFIT Contract.
- c) If the conditions of the Conditional Offer of microFIT Contract are satisfied, the applicant will be offered a microFIT Contract in effect at the time the Conditional Offer of microFIT Contract was issued.
- d) The Conditional Offer of microFIT Contract will expire if the conditions, as specified, are not satisfied within 12 months of the date of the Conditional Offer.
- e) The Conditional Offer of microFIT Contract will not be transferable to a new Applicant.
- f) If the Conditional Offer of microFIT Contract expires, then the Applicant may choose to re-apply to the microFIT Program and will be subject to the microFIT Rules and microFIT Contract in effect at the time the Applicant re-applies.

### **3.3 *LDC Connection Request***

- a) The Applicant must, in its Connection Request to the LDC, provide the LDC with the applicable microFIT Project Reference Number.

### **3.4 *Connection Date***

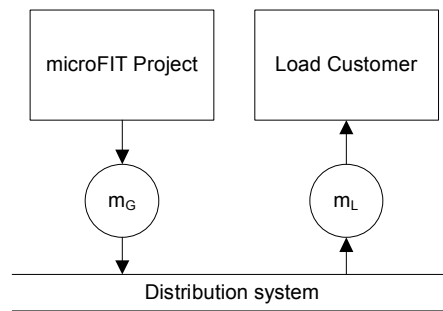
- a) The Connection Date will be the later of
  - i) the date of the Conditional Offer of microFIT Contract, and
  - ii) the date that the project is physically connected to the LDC's distribution system or the Load Customer with suitable metering configurations appropriate for the calculation of Generation Payments under the microFIT Contract, in compliance with all requirements of the LDC as shown in Section 3.5., and with the applicable Generator Account established for the microFIT Project.



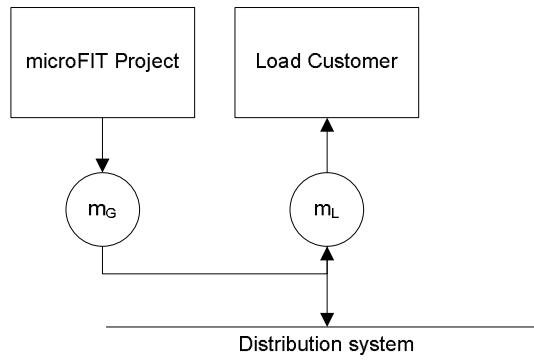
LDCs will provide the Connection Date to the OPA once the Applicant and the LDC have finalized the connection of the microFIT Project to the distribution system (along with other information as described in Section 4.1). LDCs may choose select a Connection Date that coincides with the start date of the next LDC billing cycle.

### **3.5 Connection and Metering**

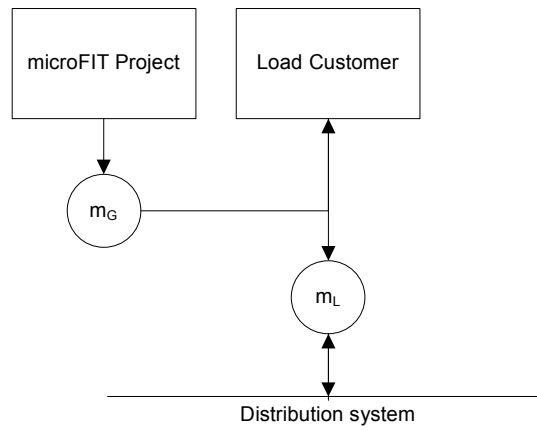
- a) A microFIT Project may be connected to a distribution system in an arrangement that is independent of the associated load as shown in Figure 1 (this is referred to as directly connected), or it may be connected indirectly to the distribution system in parallel or in series to an existing Load Customer as shown in Figure 2a and Figure 2b, respectively.
- b) Battery back-up systems cannot be installed upstream of the generation meter ( $m_G$ ).



**Figure 1 – Directly connected microFIT Project**



**Figure 2a – Indirectly connected microFIT Project (in parallel)**



**Figure 2b – Indirectly connected microFIT Project (in series)**

- c) Output from the microFIT Project must be metered separately, unless it is an Incremental Project, and it must meet the LDC's requirements.
- d) Any meter associated with the microFIT Project, including the load meter in the case of microFIT Project that are connected in-series, must be owned by the LDC.

## **Section 4 – Contract Form and Execution**

### **4.1 *microFIT Contract***

- a) The microFIT Contract requires information contained in the applicable Connection Agreement for the microFIT Project. After the connection has been completed between the LDC and the Applicant, the LDC will provide the OPA with certain information about the microFIT Project, including the:
  - i) Reference Number;
  - ii) name of the Applicant as written on the Generator Account and Connection Agreement;
  - iii) Generator Account number and billing address;
  - iv) Municipal address (or legal address) of the microFIT Project;
  - v) Nameplate Capacity of the microFIT Project in kW;
  - vi) type of Renewable Fuel;
  - vii) Connection point and configuration (i.e., directly connected, in-parallel connection or in-series connection); and
  - viii) Connection Date.

- b) The OPA will prepare and provide notice to the Applicant that a microFIT Contract has been offered for the applicable microFIT Project once the OPA has received confirmation and the connection details from the applicable LDC that the microFIT Project has been connected. The OPA's target for preparing and providing microFIT Contract offer notice to the Applicant is 10 Business Days following the receipt of connection information from the LDC.
- c) The Applicant must access the microFIT Program website to accept the microFIT Contract.
- d) Generation Payments will not be issued until the Applicant accepts the microFIT Contract.

#### **4.2 *microFIT Contract Execution***

- a) Acceptance by the Applicant of the microFIT Contract through electronic contracting will complete the execution the microFIT Contract.
- b) The microFIT Contract will be valid only for the microFIT Project described in the contract.

### **Section 5 – Contract Term, Contract Price and Generation Payment**

#### **5.1 *Contract Term***

- a) If accepted by the Supplier, the microFIT Contract will deemed to commence on the Connection Date. The Supplier must accept the contract offer within 45 Business Days of the initial offering of the microFIT Contract otherwise the contract offer will be withdrawn.
- b) For microFIT Projects other than waterpower projects, the length of the contract term will be 20 years. For microFIT Projects that are waterpower projects, the length of the contract term will be 40 years. The length of the term of the microFIT Contract will be consistent with the FIT Price Schedule applicable at the time for the relevant Renewable Fuel, which may be updated from time to time.

#### **5.2 *Contract Price and Generation Payments***

- a) The Contract Price for the microFIT Project will correspond to the FIT Price Schedule in effect for the relevant technology on the date of the Conditional Offer of microFIT Contract.
  - i) The Generation Payment will equal the Contract Price (as adjusted from time to time by the Percentage Escalated, if applicable) multiplied by the metered electricity output in kWh.
  - ii) For microFIT Projects that are Incremental Projects, Generation Payments will be made only for electricity generation attributed to the Incremental Project. This will

be calculated by multiplying the metered electricity output in kWh by the Incremental Project Ratio.

- b) For certain Renewable Fuels, the FIT Price Schedule may include an annual escalation of a specified percentage of the Contract Price on the basis of increases in the Consumer Price Index (CPI) relative to the CPI applicable at the date specified in the Price Schedule. The Contract Price shall not be adjusted downwards for decreases in the CPI.

The on-farm bio-gas price, the community price adders, or the aboriginal price adders noted in the FIT Price Schedule are not available under the microFIT Program. Also, waterpower projects and bio-energy projects under the microFIT program will not receive on/off peak pricing.

- c) Generation Payment will be made by the LDC according to the established meter reading and Settlement Periods of the LDC.
- d) The LDC will complete financial settlement with the Supplier for the metered electricity output by the microFIT Project according to the Retail Settlement Code, the Connection Agreement and the microFIT Contract.
- e) Settlement of the Generation Payments will be net of station service and any loss factors that may be applied by the LDC consistent with the Retail Settlement Code. Suppliers should also note that they will be responsible for charges and fees that are associated with their Generator Account.

## **Section 6 – Additional Rules**

### ***6.1 Supplier Responsibilities***

- a) The Supplier is responsible for ensuring that the microFIT Project complies with the requirements of the Electrical Safety Authority, the applicable LDC Conditions of Service, the microFIT Rules, and that it does not contravene any laws, regulations, codes, etc., including those of the municipality in which the project is located.
- b) The Supplier is responsible for ensuring that it understands all legal requirements and implications of entering into a microFIT Contract, including whether it must charge and remit GST for Generation Payments and whether and how much income tax it may have to pay.
- c) All Applications and requests will be prepared at the sole cost and expense of the Applicant. Neither an LDC nor the OPA will be liable to pay any Applicant's/Supplier's costs or expenses under any circumstances. In particular, neither an LDC nor the OPA will reimburse the Applicant in the event of rejection of any or all Applications or requests or in the event of the cancellation or suspension of the microFIT Program at any time.

- d) The OPA reserves the right to cancel all or any part of the microFIT Program at any time and for any reason, or to suspend the microFIT Program in whole or in part for any reason for such period of time as the OPA shall determine in its sole discretion, in each case without any obligation or any reimbursement to the Applicants. For Applicants that receive a Conditional Offer of microFIT Contract prior to the date of such cancellation or suspension, the OPA will offer microFIT Contracts to these Applicants if the conditions are satisfied. Cancellation or suspension of the microFIT Program will not affect executed microFIT Contracts.
- e) The microFIT Contract provides that all Environmental Attributes otherwise applicable to the microFIT Project or available to a Supplier in respect of the microFIT Project, are absolutely and unconditionally transferred and assigned to the OPA.

## **6.2 *Personal Information***

- a) By submitting an Application, the Applicant authorizes the collection, use and disclosure by the applicable LDC and/or the OPA of the information set out in the Application and otherwise collected pursuant to these microFIT Rules in accordance with the privacy provisions applicable to the microFIT Program. The Applicant shall obtain the consent of any other individual on whose property the microFIT Project is located to the collection, use and disclosure by the applicable LDC and/or the OPA of his or her personal information in accordance with the privacy provisions applicable to the microFIT Program. The information may be collected, used and disclosed for the purposes set out in or incidental to these microFIT Rules, and for offering, managing and directing the microFIT Program. The privacy provisions for the microFIT Program are contained in the OPA Privacy Policy, which is available at [www.powerauthority.on.ca](http://www.powerauthority.on.ca)

## **6.3 *Contract Termination***

- a) The Supplier shall have the right to terminate the microFIT Contract. The Supplier must give the OPA 30 days' notice of its intent to terminate the microFIT Contract.
- b) Where the Supplier is not an LDC, the microFIT Contract will terminate automatically upon, and at the same time as, the termination of the Connection Agreement. The Supplier will notify the OPA immediately upon the termination of the Connection Agreement.
- c) The OPA may terminate the microFIT Contract for breach by the Supplier.

## **6.4 *Contract Assignment***

- a) The Supplier may assign its rights and obligations under the microFIT Contract with the consent of the OPA. The OPA shall not withhold its consent unreasonably.
- b) The OPA shall have the right to assign its rights and obligations under the microFIT Contract without the consent of the Supplier.

### **6.5 Resolving Inconsistencies**

- a) To the extent that there is any inconsistency between these microFIT Rules and the microFIT Contract, the microFIT Contract shall prevail.

### **Section 7 – Program Review**

- a) The OPA intends to review and amend as necessary the microFIT Program, the microFIT Rules and the FIT Price Schedule at periodic intervals (“Scheduled Program Review”). The OPA may make an amendment outside of a Scheduled Program Review in response to ministerial directives, changes in laws and regulations, significant changes in market conditions or other circumstances as required.
- b) Notice of any amendment as a result of a Scheduled Program Review will be posted on the microFIT Program website at least 90 days before the effective date of the amendment. Notice of any amendment that is not as a result of a Scheduled Program Review will be posted by the OPA on the microFIT website before the effective date of such amendment, as circumstances may permit.
- c) Any amendment to the microFIT Program, the microFIT Rules and microFIT Contract will not affect existing microFIT Contracts and will not affect Applicants that have a Conditional Offer of microFIT Contract at the time notice of an amendment is given.

## **Definitions**

- 1) **Applicant** means the person who has submitted an Application form and will become the Supplier upon accepting a microFIT Contract.
- 2) **Application** means an application submitted online to the OPA for a proposed microFIT Project.
- 3) **Biogas** has the meaning given to it in Ontario Regulation 328/09, made under the *Electricity Act*, as published in *The Ontario Gazette* on September 26, 2009, but does not include landfill gas.
- 4) **Business Days** means any day that is not a Saturday, a Sunday, or a legal holiday in the Province of Ontario.
- 5) **Conditional Offer of microFIT Contract** means the offer given in accordance with Section 3.2 of these microFIT Rules.
- 6) **Connection Agreement** means a “Micro-Embedded Generation Facility Connection Agreement” as prescribed by the Distribution System Code entered into between an LDC and a Supplier.
- 7) **Connection Date** has meaning given to it in Section 3.4 of these microFIT Rules.
- 8) **Connection Impact Assessment** means an assessment conducted by an LDC to determine the impact on the distribution system of connecting a generation facility to its distribution system.
- 9) **Connection Request** is a request made to an LDC by an Applicant to connect a microFIT Project in accordance with the Ontario Energy Board’s Distribution System Code.
- 10) **Contract Date** means the effective date of the microFIT Contract.
- 11) **Contract Price** means the price that is set out by the FIT Price Schedule and specified in the microFIT Contract.
- 12) **CPI** means the consumer price index for “All Items” published or established by Statistics Canada (or its successor) for any relevant calendar month in relation to the Province of Ontario.
- 13) **Designated Activity** has meaning given to it in the first column of the Domestic Content Grid.
- 14) **Distribution System Code** means the “Distribution System Code” established and approved by the Ontario Energy Board, which, among other things, establishes the obligations of an LDC with respect to the services and terms of service to be offered to customers and retailers and provides minimum technical operating standards for Distribution Systems.

- 15) **Domestic Content Grid** means the “Domestic Content Grid for Micro-Scale ( $\leq 10\text{kW}$ ) Solar Photovoltaic Power Projects” shown below.

**Domestic Content Grid for Micro-Scale ( $\leq 10\text{kW}$ ) Solar Photovoltaic Power Projects**

| <b>Designated Activity</b>   | <b>Qualifying Percentage</b> |
|--|------------------------------|
| 1. Silicon that has been used as input to solar photovoltaic cells manufactured in an Ontario refinery.  | 10%                          |
| 2. Silicon ingots and wafer, where silicon ingots have been cast in Ontario, and wafers have been cut from the casting by a saw in Ontario.  | 12%                          |
| 3. The crystalline silicon solar photovoltaic cells, where their active photovoltaic layer(s) have been formed in Ontario.   | 10%                          |
| 4. Solar photovoltaic modules (i.e. panels), where the electrical connections between the solar cells have been made in Ontario, and the solar photovoltaic module materials have been encapsulated in Ontario.  | 13%                          |
| 5. Inverter, where the assembly, final wiring and testing has been done in Ontario.  | 9%                           |
| 6. Mounting systems, where the structural components of the fixed or moving mounting systems, have been entirely machined or formed or cast in Ontario. The metal for the structural components may not have been pre-machined outside Ontario other than peeling/roughing of the part for quality control purposes when it left the smelter or forge. The machining and assembly of the mounting system must entirely take place in Ontario (i.e. bending, welding, piercing, and bolting). | 9%                           |
| 7. Wiring and electrical hardware that is not part of other Designated Activities (i.e., items 1-6 and 8 of this table), sourced from an Ontario Supplier.   | 10%                          |
| 8. All on- and off- site labour and services. For greater certainty, this Designated Activity shall apply in respect of all facilities.  | 27%                          |
| <b>Total</b>   | <b>100%</b>                  |

- 16) **Domestic Content Level** means the level of domestic content in the microFIT Project, determined in accordance the Domestic Content Grid.
- 17) **Environmental Attributes** means the interests or rights arising out of attributes or characteristics relating to the environmental impacts associated with a Renewable Generating Facility or the output of a Renewable Generating Facility, now or in the future, and the right to quantify and register these with competent authorities, including:
- a) all right, title, interest and benefit in and to any renewable energy certificate, credit, reduction right, offset, allocated pollution right, emission reduction allowance or other proprietary or contractual right, whether or not tradable, resulting from the



- actual or assumed displacement of emissions by the production of electricity from the microFIT Project as a result of the use of renewable energy technology;
- b) rights to any fungible or non-fungible attributes or entitlements relating to environmental impacts, whether arising from the microFIT Project itself, from the interaction of the microFIT Project with the IESO-Controlled Grid, a Distribution System or the Load Customer, or because of laws and regulations or voluntary programs established by governmental authorities;
  - c) any and all rights, title and interest relating to the nature of an energy source (including a Renewable Fuel) as may be defined and awarded through laws and regulations or voluntary programs, including all emission reduction credits; and
  - d) all revenues, entitlements, benefits, and other proceeds arising from or related to the above that may be available in connection with the microFIT Project,
  - e) but excluding:
    - i) payments under the Government of Canada’s ecoENERGY for Renewable Power Program (or any predecessor program thereto) that may be available in connection with a Renewable Generating Facility;
    - ii) any tax or other benefit under the Government of Canada’s Canadian Renewable and Conservation Expenses (CRCE) or successor program that may be available in connection with a Renewable Generating Facility; and
    - iii) such other items as the OPA may determine in its sole discretion at any time and from time to time. Such excluded items will be posted on the microFIT website and revised periodically.
  - f) For greater certainty, in the event that any governmental or non-governmental agency, whether provincial, federal, national or international in scope or authority, creates or sanctions a registry, trading system, credit, offset or other program relating to Environmental Attributes or their equivalent, the term “Environmental Attributes” as used in the microFIT Contract shall include the rights or benefits created or sanctioned under any such program or programs to the extent available as a result of, or arising from, the production of electricity or Related Products from the microFIT Project.
- 18) **Electrical Safety Authority** or **ESA** means the person or body designated under the Electricity Act regulations as the Electrical Safety Authority.
- 19) **Electricity Act** means the *Electricity Act, 1998* (Ontario).
- 20) **Feed-in Tariff Program** or **FIT Program** means the Renewable Energy Feed-In Tariff Program established by the OPA.
- 21) **FIT Direction** means the direction issued by the Minister of Energy and Infrastructure to the OPA on September 24, 2009 directing the OPA to develop the Feed-in Tariff Program.

- 22) ***FIT Price Schedule*** means the schedule of prices established by the OPA from time to time, in its sole discretion that will be used to determine the Contract Price for a microFIT Contract, differentiated by Renewable Fuel, Nameplate Capacity and other factors as determined by the OPA.
- 23) ***FIT Rules*** means the rules governing the FIT Program as may be amended in accordance with its the terms, from time to time.
- 24) ***Generation Payment*** means an amount paid to the Supplier pursuant to the microFIT Contract for the metered electricity output by the microFIT Project.
- 25) ***Generator Account*** means an LDC customer account for a microFIT Project that is a separate customer for settlement purposes (separate and apart from any associated Load Customer).
- 26) ***GST*** means the goods and services tax eligible per pursuant to the *Excise Tax Act* (Canada), or any successor thereto, including for greater certainty the “Harmonized Sales Tax” proposed in the March 26, 2009 Ontario Budget.
- 27) ***IESO*** means the Independent Electricity System Operator.
- 28) ***IESO-Controlled Grid*** has the meaning given to it by the IESO Market Rules.
- 29) ***IESO Market Rules*** means the rules made under Section 32 of the Electricity Act, together with all manuals, policies, and guidelines issued by the IESO, as may be amended from time to time.
- 30) ***Incremental Project*** means a change to an existing Renewable Generating Facility that results in an increase in Nameplate Capacity.
- 31) ***Incremental Project Ratio*** means the ratio relating to an Incremental Project determined by dividing the Nameplate Capacity of the microFIT Project by the Nameplate Capacity of the entire Renewable Generating Facility.
- 32) ***kW*** means kilowatt.
- 33) ***kWh*** means kilowatt-hour.
- 34) ***LDC Conditions of Service*** is a document developed by the LDC according to the Ontario Energy Board’s Distribution System Code that describes the operating practices and connection rules for the LDC.
- 35) ***Load Customer*** means a premise connected to both the LDC’s distribution system and the microFIT Project.
- 36) ***Local Distribution Company*** or ***LDC*** means the owner or operator of a distribution system licensed by the OEB as an “electricity distributor.”
- 37) ***microFIT Contract*** means the agreement between a Supplier and the OPA for a microFIT Project.

- 38) **microFIT Program** means the Feed-in Tariff Program developed for renewable energy projects that are 10 kW or less in capacity.
- 39) **microFIT Project** means a project to develop a Renewable Generating Facility less than or equal to 10 kW that will be the subject of a microFIT Contract.
- 40) **microFIT Rules** means the rules governing the FIT Program as may be amended in accordance with its the terms, from time to time.
- 41) **Minimum Required Domestic Content Level** means the minimum Domestic Content Level required for solar (PV) microFIT Projects, specified in Section 2.1(e) of these microFIT Rules.
- 42) **Nameplate Capacity** means the manufacturer's total installed rated capacity of the microFIT Project to generate electricity and, in the case of a solar photovoltaic facility, means the lesser of (i) the manufacturer's total installed rated capacity of the solar panels, and (ii) the manufacturer's specified maximum power output of the inverter.
- 43) **Net-Metered Projects** means projects that have participated in an LDC net-metering program for load displacement and the receipt of load displacement credits.
- 44) **Percentage Escalated** means the percentage of the Contract Price that escalates on the basis of increases in the Consumer Price Index, as set out in the FIT Price Schedule.
- 45) **Reference Number** means the reference number that is assigned to a microFIT Project through the Application process.
- 46) **Renewable Biomass** has the meaning given to "biomass" in Ontario Regulation 328/09, made under the Electricity Act, as published in The Ontario Gazette on September 26, 2009, but may also include supplementary non-renewable fuels other than coal used for start up, combustion, stabilization and low combustion zone temperatures shall be no more than ten percent (10%) of the total fuel heat input in any calendar year for Electricity generation units with a gross nameplate capacity of 500 kW or less and five percent (5%) of the total fuel heat input in any calendar year for electricity generation units with a gross nameplate capacity of greater than 500 kW.
- 47) **Renewable Energy Approval** means the approval issued by the Ontario Ministry of the Environment under Section 47.3 of the Environmental Protection Act (Ontario).
- 48) **Renewable Fuel** means wind, solar photovoltaic (PV), Renewable Biomass, Biogas, Bio-fuel, landfill gas or waterpower.
- 49) **Renewable Generating Facility** means an electricity-generating facility that generates electricity exclusively from a Renewable Fuel.
- 50) **Retail Settlement Code** or **RSC** means the code established and approved by the Ontario Energy Board governing the determination of financial settlement costs for electricity retailers, consumers, distributors and generators.

- 51) *Scheduled Program Review* has the meaning given to it in Section 7.1(a) of these microFIT Rules.
- 52) *Settlement Period* means the schedule consistent with the monthly, bimonthly, quarterly or other periodic billing cycle of the applicable LDC.
- 53) *Supplier* means the person identified as the “Supplier” in the microFIT Contract.