

Update and Preliminary Guide on Renewable Electricity in Nova Scotia:

Renewable Electricity Plan Implementation

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The Province of Nova Scotia enacted renewable energy regulations on October 15, 2010 that will increase the amount of renewable electricity produced in Nova Scotia.

These regulations will improve Nova Scotia's energy security and help bring price stability to our province. In addition, the regulations open the door for new opportunities for homeowners, municipalities, co-operatives, not-for-profit groups, and others.

This guide helps explain the new law in Nova Scotia related to renewable electricity, and explains how Nova Scotians are benefitting from this greener approach.

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¹NOTE: In an event where details in this document are in conflict with the regulations the regulations will prevail.

1.0 Background and Overview

In April 2010, the Government of Nova Scotia released its *Renewable Electricity Plan* to support and encourage increased development of renewable energy resources for electricity generation. The plan sets out a detailed path for the province to gradually move away from predominately coal-fired electricity to energy sources that are more: local, clean, secure, and sustainable. In 2011, about 14% of our electricity is expected to come from renewable sources, while another 10-13% will likely come from cleaner burning natural gas. But that leaves about 75% of the province's electricity supply coming from imported fossil fuels—largely from coal. Over-reliance on a single fuel source weakens energy security and binds the province to the volatile and upward trend of international fuel prices, draining wealth from the local economy. Additionally, the burning of fossil fuels and resulting air emissions also have a negative impact on public health and the environment.

After conservation and efficiency, renewable electricity—and particularly larger projects present the economies of scale to help us meet our energy goals. Renewable electricity resources are sustainable—coming from sources that can be naturally replenished, such as rivers, tides, wind, sunshine, plants and forests. The development of these resources also presents opportunities for local job creation and other economic benefits in rural communities.

The Plan

The *Renewable Electricity Plan* sets out a detailed path for achieving the target of 25% renewable electricity supply by 2015 and establishes an ambitious goal for 2020 to have 40% of Nova Scotia's electricity supply (sales) produced from renewable resources.

To achieve the 2015 goal, the plan provides new opportunities for all Nova Scotians, from Nova Scotia Power (NSPI) and large independent power producers, to community organizations and committed citizens, to build renewable electricity projects. These opportunities include:

- An enhanced net metering program allowing customers to be paid for a modest amount of excess electricity produced from a renewable electricity project.
- Roughly 100 megawatts (MW) of renewable electricity projects to be supplied through community-based feed-in tariff (COMFIT).
- Facilitation support to help communities who want to better understand the technical, financial and regulatory work needed to develop these projects.
- Feed-in tariffs (FIT) for developmental tidal projects.
- A Renewable Electricity Administrator to manage independent power producer (IPP) competitions for medium and large-scale renewable electricity projects.

Implementation — What's been done to date

Since its release in April, government has been working towards implementing the new commitments, tools and actions established by the plan. In the past months, several milestones have been achieved:

May 2010

Legislation: Legislative amendments were made to the *Electricity Act* providing the legal foundation for actions established by the plan.

Draft regulations: Draft regulations were released on May 31, 2010 for public comment.

June/July 2010

Consultation: A province-wide public consultation process was conducted in June and July to receive feedback on the regulations. Fifteen sessions were held around the province, as well as stakeholder specific meetings with Department of Energy officials to discuss the plan and draft regulations. All stakeholders and the public were invited to submit written feedback on the draft regulations. Submissions were received from a broad range of stakeholders, including industry, not-for-profit groups, community-based groups and members of the public. This process enabled government to identify issues and gather detailed technical advice prior to finalizing the regulations.

August/September 2010

Regulations finalized: Consideration and analysis of issues raised during the public consultation process was completed and the draft regulations re-drafted and finalized for approval.

October 2010

Proclamation of legislation and enactment of regulations: Amendments that were made to the *Electricity Act* will be proclaimed and the approved regulations enacted. This enables actions and programs under the *Renewable Electricity Plan* to proceed, including the enhanced net metering program and COMFIT.

Implementation — Next steps

The amendments under the *Electricity Act* and new *Renewable Electricity Regulations* provide the legislative framework to put many of the commitments and tools of the plan into action, in particular the setting of FIT rates. Over the course of the fall, the following steps will take place:

Consultation with the Mi'kmaq of Nova Scotia

Nova Scotia consults with the Mi'kmaq on all energy projects through the Mi'kmaq-Nova Scotia-Canada Consultation Terms of Reference. The province is working with the Mi'kmaq to facilitate the development of renewable electricity projects in their communities and has made an agreement with the Assembly of Nova Scotia Mi'kmaq Chiefs to provide funding for the development of a renewable energy strategy specific to the Mi'kmaq community.

Discussions are also ongoing with respect to current and future renewable electricity projects and policy development. The regulations are expected to be amended following the completion of consultations with the Assembly.

Setting of FIT rates

The regulations provide the legal framework and guidance for the Utility and Review Board (UARB) to conduct a public process to determine the rates for COMFIT and developmental tidal FIT projects. The process is expected to include the following elements:

- Public notice of process following proclamation of regulations—early October
- Technical sessions with the UARB's expert consultant
- Written submissions
- Draft rates
- Written questions and answer (Information Request—IR) process
- Final submissions and final proposed rates
- Board hearing—likely early 2011
- Board decision—likely spring 2011

Applications Accepted by Nova Scotia Department of Energy

The Department expects to begin accepting applications shortly after the UARB sets the final COMFIT rates. A firm date to begin accepting applications will be announced in advance.

Design of Renewable Electricity Administrator Functions and Process

The Renewable Electricity Administrator (REA) is an independent authority that will oversee the competitive bidding process for medium and large-scale IPP projects. Legislation and regulations gives the REA authority to issue a call for bids on renewable electricity projects, evaluate proposals and award contracts to the successful bidder(s). Further consultation with key stakeholders will ensure the implementation details are developed in a manner that is acceptable to all parties.

Facilitation Initiatives

A new website, *nsrenewables.ca*, is being established to provide basic information on the new renewable electricity opportunities and to accept applications for the program. The website will be the centre of the new one-window application process for COMFIT and medium to large-scale IPP projects. The website will include regular newsletters updating people on the development of the programs. All those interested in participating in any of the three initiatives should sign up for the newsletters on the website.

In addition to the Department of Energy's renewable electricity responsibilities, the Department intends to build community-based expertise, so they may in turn help inform and advise their communities on best practices for building successful projects. A Request for Proposals (RFP) on how to develop the training modules and information packages will be released shortly.

Filing of Enhanced Net Metering Program

NSPI will submit the details of the new enhanced net metering program to the UARB by November 1, 2010. A stakeholder process and hearing on the program is expected to take place in early 2011. Upon approval, NSPI will begin accepting applications for enhanced net metering projects.

Policy Development and Consideration of Other Regulatory/Legislative Changes

The province continues to work on a strategy for cleaner energy, of which the *Renewable Electricity Plan* is one component. The plan was developed to address renewable resources that could be used solely for electricity generation. However, it is recognized that there are very desirable alternate energy resources that are not strictly renewable, but may still be reasonably defined as “clean.”

For example, the Halifax Regional Water Commission pumps water using electricity from the grid. At various points in the system, the water pressure needs to be reduced. This reduction opens the opportunity to capture waste energy and use it to generate electricity. Another example would be using biomass from land clearing or land maintenance. This does not meet the definition of “sustainable” because there is no intention to re-grow the biomass. But, using this waste biomass for the production of heat and electricity is another example of making efficient use of waste.

Another key component of the new policy work this fall is support for energy efficiency, conservation and demand management. Efficiency Nova Scotia is the new independent agency set up to deliver electricity conservation and efficiency programs. However, the government will retain responsibility for the funding and design of programs to save energy. New policies and programs are under development in the area of non-electricity energy conservation and efficiency.

As policy is developed, new legislation and/or regulatory changes may be required to ensure appropriate support and regulatory oversight.

18-Month Review

The *Renewable Electricity Plan* provides new programs and opportunities for Nova Scotia. Electrical grid technical limits are being pushed; communities will soon be exploring the challenge of moving from being interested in project ideas into taking the steps required to achieve these objectives. Government will modify the rules, regulations and processes as necessary.

Government will review and analyze the progress of the plan with a specific focus on the COMFIT program within 18 months of implementation. The 2012 review will determine whether the regulations are appropriately supporting the target of reaching 25% renewable electricity supply by 2015. The review will also determine whether other objectives such as increased development of renewable electricity projects at all scales and establishing a more diverse energy mix, including the sustainable use of biomass for electricity generation, are met. The COMFIT, in particular, is a new opportunity for Nova Scotians to participate in renewable electricity development and it's important that the program successfully assists in the creation of sustainable communities. The review will help determine whether the current structure of the COMFIT is successful in supporting community-based projects.

2.0 How the System Will Work

Enhanced Net Metering

What is it?

Net metering is a utility-led program that allows a consumer to meet their annual electricity needs with a low impact renewable electricity generation facility of up to 1 Mega Watt (MW) capacity. The facility must be connected to the distribution grid through a meter that measures electricity flows in two directions. The new enhanced program will allow customers to supply electricity to multiple meters under one account within a single distribution zone.

Net metering customers will receive payment for any amount of excess generation based on their retail rate. NSPI will develop and administer this new program and provide payment to customers at their retail class rate for any overall surplus electricity produced on an annual basis.

The enhanced net metering program will provide Nova Scotians with a tool to meet their own electricity needs from renewable sources while offsetting the cost of making their home or business more sustainable.

Who qualifies to participate?

Everyone—individuals, businesses and community/not-for-profit groups.

What projects are eligible for the enhanced net metering program?

The enhanced net metering program is open to generators using low-impact renewable resources up to 1 MW in project size connected at the distribution system level. Qualifying low-impact fuel sources include:

- Solar energy
- Wind energy
- Run-of-the river hydroelectric energy
- Ocean-powered energy
- Tidal energy
- Wave energy
- Biomass
- Landfill gas

When can I get started?

NSPI is required to file the details of the enhanced program with the UARB by November 1, 2010. To keep up to date with program developments, you should subscribe to the Department of Energy's newsletters. Please visit www.nsrenewables.ca to view and subscribe for news releases.

Transitional Issues

Projects that are currently connected (as of the date of the proclamation of the *Electricity Act* amendments) as part of the NSPI Net Metering Program will qualify for the provisions of the Enhanced Net Metering Program. However, as the COMFIT program is designed to encourage the development of new renewable electricity sources, current net metering projects will not qualify for the COMFIT program. (See next section.)

Community-based Feed-in Tariff (COMFIT) and Developmental Tidal Rate

What is it?

The COMFIT is an opportunity to receive an established price per kilowatt hour (kWh) for projects producing electricity from qualifying renewable resources. It is intended to encourage and support the development of renewable electricity projects by community-based groups such as municipalities, First Nations, co-operatives and not-for-profit groups. The focus on community-based projects is designed to ensure that projects are rooted in the community and investment returns remain there.

Projects will be connected to the grid at the distribution level. The province's current distribution capacity is roughly 200 MW, but changes as new customers are added or removed. Some of that capacity is located in areas that are not well suited for development. Therefore, the Province is expecting roughly half that capacity may be used, or about 100 MW. Each distribution connection has its own capacity that is set by the size of the electricity demand or load that it serves.

Who qualifies to participate?

Projects qualifying for the COMFIT must be owned by one or a combination of the following entities:

Municipality or wholly-owned subsidiary of that municipality: The project must be located within the boundaries of the municipality or the boundaries of an immediately adjacent municipality.

Mi'kmaq band councils and the business enterprises they control.

Co-operatives: The majority of members must reside in Nova Scotia with at least 25 members residing in the municipality where the project is located.

Not-for-profit: The majority of members must reside in Nova Scotia with at least 25 members residing in the municipality where the project is located.

Community Economic Development

Corporation: At least 25 of the shareholders or members must reside in the municipality where the project is located.

Universities

An entity that uses the heat from combined heat and power biomass facilities

What projects are eligible to apply for the COMFIT program?

The COMFIT program is open to new sources of generation. All new generators using the following low-impact renewable fuel sources are eligible:

- Wind
- Biomass—combined heat and power facility
- In-stream tidal—small-scale
- Run-of-the-river hydroelectricity

What projects are eligible to apply for the Developmental Tidal program?

- In-Stream tidal devices in single units of .5 MW or greater or in arrays
- There are no ownership restrictions for eligibility

How do I get started?

1. LEARN ABOUT THE PROGRAM AND REGISTER YOUR PROJECT

For information and eventual registration for the COMFIT program, please visit the following websites:

Department of Energy: To apply for the COMFIT program, registration with the Department of Energy is required. This site will also provide detailed information and guidance on COMFIT projects. Please visit www.nsrenewables.ca. Until the program is up and running (projected for spring 2011), the site will act on an information-only basis. However, potential applicants can keep up to date on development of the program by subscribing to a planned series of newsletters. Information on subscriptions is on the www.nsrenewables.ca website.

Nova Scotia Power: To learn more about technical and interconnection requirements for renewable electricity projects, please visit their website for contact or other information www.nspower.ca.

2. DEVELOP YOUR PROJECT CONCEPT AND DETAILS

All potential project participants should understand the details and requirements of their project before submitting an official application to the Department of Energy/One Window Committee. Potential applicants should gather preliminary information related to their proposed project, including:

- Project location—Where will the project be located and who owns the land?
- Technology—What type of technology are you planning to use?

- Preliminary assessment
 - What is the renewable resource availability in this area?
 - Are there any known environmental issues? (i.e. protected areas, endangered wildlife/habitats, etc.)
 - Who should be consulted—Aboriginal community, municipality, local citizens, other potentially affected stakeholders?
- Consultation with NSPI—What is the distribution level capacity available at your project location?

3. PLAN AND DESIGN YOUR PROJECT

All renewable electricity project applications for the COMFIT will be required to submit specific information in their application, which is intended to ensure that the project is well planned and designed. It is recommended that potential applicants start to consider gathering the following information as it will eventually be required for the application submission:

Project proposal: Applicants will be required to summarize the details of the proposed project, including the type of generation facility and the community where it is to be located.

Financial/business planning: The economic viability of your proposed project plays a key role in the approval of your application. A number of steps are required to ensure that the project is well planned and financially sound. Applicants will be required to build a business case that includes consideration of the following information:

- An assessment of the resource—For example, what is the average wind speed in your area and how consistent is it, or what biomass is available and is it being harvested in a sustainable manner? What is the quality of the resource and price of using the resource for a renewable electricity project, etc.?

- Demonstration of financial viability of the project—For example, if your upfront capital costs, including legal, accounting, equipment and construction, are ‘x’ and your project is expected to last for 20 years potentially with annual operating costs of ‘y’ while your annual revenue is ‘z’, does all this add up to a surplus (profit) or a deficit (loss)?

Community/public engagement: Community and public support will be very important to the success of your project. It is critical to find out well in advance if the members of your community generally support the development of your renewable electricity project. At this early stage, an applicant may want to notify nearby landowners of the proposed project location, place a notice in a local newspaper, and/or hold a community meeting. Proof of community/public engagement must be demonstrated and can be done a number of ways, including:

- A municipal resolution indicating support from the municipality and location where the project is proposed.
- Letters or other written evidence of support for the project from members of the community where the project is proposed.

Aboriginal engagement: It is also important very early in the process to contact the local Mi’kmaq communities and the office of the Assembly of Nova Scotia Mi’kmaq Chiefs to inform them that you are planning a project, and begin a dialogue with them to identify any concerns or interests that may arise. This could include potential Mi’kmaq interest in participation as owners, investors, or suppliers. Applicants should demonstrate an acceptable means to engage those communities.

Please review “The Proponent’s Guide: Engagement with the Mi’kmaq of Nova Scotia” at www.gov.ns.ca/abor/officeofaboriginalaffairs/whatwedo/consultation for more information about appropriate engagement practices.

Municipal engagement: Project activities could impact local communities with respect to building and operating generation facilities and any associated transportation/servicing infrastructure. It is important that municipalities are kept informed regarding new project planning and development. An applicant should demonstrate knowledge and understanding of the municipal by-laws that apply to the project and a commitment to comply with them.

More information on by-laws and appropriate engagement with municipalities can be obtained from the Union of Nova Scotia Municipalities (UNSM) at www.unsm.ca, Service Nova Scotia and Municipal Relations (SNSMR) www.gov.ns.ca/snsmr/muns, or your local municipal office.

Environmental issues and interests: Depending on the details of your project, different environmental requirements may need to be met. In the case of larger projects, there may be environmental assessment requirements as well. Applicants should identify potential environmental issues and demonstrate knowledge and understanding of the type and scope of environmental approvals for the project, including a statement of the environmental impact of the project.

The Departments of Energy and Environment are working on a separate Guide to Environmental Standards and Practice with respect to Renewable Electricity Projects. In addition to the environmental aspects unique to an energy project, proponents may find they have environmental issues similar to any construction project with respect to land.

For more information on provincial environmental approvals, please visit Nova Scotia Department of Environment’s website at www.gov.ns.ca/nse/resources/permits.asp#nse_approvals.

Heritage/archaeological interests and issues:

Applicants must determine whether a proposed project may have an impact on cultural or archaeological heritage. An applicant will be required to demonstrate knowledge of requirements for an archaeological or heritage site review. To ensure that this type of review does not potentially affect the development of the project, applicants should include a plan for completing the review with cost and timing implications for the project if required.

For more information on heritage/archaeological reviews, please visit Nova Scotia's Department of Tourism and Culture's website at www.gov.ns.ca/tch/heritage_specialplaces.asp.

NSPI requirements: It is recommended that applicants enter into early discussions with NSPI to identify whether a proposed project is located at a suitable grid connection point and to learn what studies will be required to determine feasibility and potential interconnection opportunity. At this point NSPI can perform a preliminary review required to start the process for entering the distribution level interconnection queue.

Applicants will be required to demonstrate evidence of discussions with NSPI on the technology requirements for the project, availability of distribution level system capacity and understanding of the technical studies and related costs required for the project.

Compliance with eligibility: Applicants must provide evidence that they qualify as one of the entities eligible for the COMFIT and that their project is for one of the qualifying technologies. (See section, "Who qualifies to participate?") Normally a copy of the legal documents establishing the organization will be required for business and not-for-profit organizations. For universities, municipalities or First Nations Bands, it will be self-evident that they are qualifying entities and the applicant form will recognize that.

Land ownership: Applicants should ensure that they are certain of land ownership where a project is proposed. An applicant should demonstrate their knowledge of land ownership and access issues for the proposed project site.

Biomass fuel procurement plan: Projects that include the use of biomass for electricity generation must be accompanied by a biomass fuel procurement plan. Applicants should outline how they intend to ensure that their fuel supply will meet sustainable harvesting requirements. The Department of Energy will work with the Departments of Natural Resources and Agriculture on Guides for Biomass Fuel Procurement.

Regulatory approvals/permit requirements: It is recommended (not mandatory) that applicants research and learn about what potential approvals and permits may be required from provincial and regulatory authorities in addition to those mentioned above.

4. SUBMIT YOUR COMPLETED APPLICATION TO DEPARTMENT OF ENERGY/ONE-WINDOW COMMITTEE

The COMFIT program is expected to commence in the spring 2011. Once the COMFIT rates are established and the website is ready to accept applications, applications can be filed electronically at www.nsrenewables.ca. To keep up to date on program and application requirement development, visit the website: www.nsrenewables.ca and subscribe to our newsletters.

5. GET YOUR PROJECT CONNECTED

Once a project is approved through the One Window Committee process, an applicant will need to contact NSPI to receive permission to officially enter the distribution interconnection queue. A series of studies and activities will be required to establish connection costs and ensure that project development milestones are reached to achieve the scheduled construction and operation dates. NSPI is currently streamlining and creating guidance for its interconnection process for COMFIT. The Department of Energy newsletters will keep you up to date as NSPI finalizes this part of the process. A standard power purchase agreement (PPA) for the approved COMFIT rate will be awarded to successfully completed project applications.

6. TRANSITIONAL ISSUES

A number of proponents may have already submitted project applications to NSPI for access to the distribution system. If these projects are already under contract with NSPI through a PPA, they will continue to hold their place and will be paid under the PPA and NSPI will count their output under the provisions of the old regulations. If there is no contract in place and an applicant intends to qualify under the COMFIT, they must first go through the COMFIT application process.

COMFIT Payment

Fixed prices for qualifying COMFIT technologies and classes will be set through a process conducted by the UARB beginning this fall and ending with a hearing in mid to late winter. During this process, the UARB will evaluate the cost of developing these projects based on evidence-based data, expert opinion and stakeholder submissions. In determining the appropriate COMFIT rate, the UARB may take into consideration the following matters:

- Depreciation
- Cost of labour and supervision
- Necessary work capital
- Organization expenses
- Overheads in respect of engineering, superintendence, legal services, taxes and interest during planning and construction
- Costs of land acquired
- Costs to interconnect the generation facility with the electrical grid
- Return on investment
- Other matters deemed appropriate by the UARB

COMFIT Payment Differentiation

COMFIT rates will be differentiated by technology type and in some cases, project size to ensure that policy objectives of the *Renewable Electricity Plan* are addressed appropriately. Establishing individual rates for different technologies and project sizes can help ensure that a broader diversity of projects are developed in a wider variety of technology sectors without significantly impacting electricity rates.

COMFIT rates can be set at different levels to account for differences in the relative costs of each technology type. For example, wind power projects may be awarded a lower FIT rate than tidal projects due to the significant difference in their respective costs. Similarly, some micro-scale projects may require a higher COMFIT rate because they cannot benefit from economies of scale experienced by larger projects. These smaller projects are recognized as potentially offering significant community and economic benefits as the smaller scale may result in more uptake. To address this issue, the UARB has been directed to establish rates for the following wind and tidal generator classes:

- Wind
 - devices of 50 kW or less
 - devices of more than 50 kW
- Tidal
 - small-scale in-stream tidal devices
 - run-of-the-river hydroelectricity devices
 - developmental tidal array projects (receive special FIT rate)

The developmental tidal array FIT is intended to support developmental tidal projects connected at the transmission level. In determining the appropriate FIT rate, the UARB will take into consideration the costs for the manufacturing, deployment and operation of the developmental tidal array. Allowances will not be made for costs covered or reimbursed through government funding or for interconnection to the grid.

Competitive Bidding

What is it?

Medium and large-scale renewable electricity projects will be split evenly between NSPI and IPPs. 600 GWh is allocated to these larger, transmission-level connected projects to be split equally between IPPs and NSPI. The reason for the split is to better understand whether a regulated rate-of-return utility model or a competitive process delivers best long-term value for Nova Scotians.

During this test phase, IPPs will compete for projects under their allocation of 300 GWh in a bidding process managed by the Renewable Electricity Administrator (REA). When NSPI requires more renewable electricity to meet the 2015 target, it will request that the REA issue a call for bids. The REA will oversee the competition by calling for bids, evaluating bid submissions and selecting winning projects.

Medium and large-scale projects have the potential to provide the greatest amount of electricity at the lowest cost due to economies of scale. Competitive bidding will ensure that the cost of electricity from these projects is competitive and reasonable. Oversight by the REA will also help ensure that the bidding process is transparent and fair.

Who qualifies to participate?

Independent power producers (IPP) with projects located in Nova Scotia.

How do I get started?

1. LEARN ABOUT IPP COMPETITIVE BIDDING IN NOVA SCOTIA

Although the competitive bidding process has been used in the past for IPP renewable electricity projects, the addition of the REA is new and has changed aspects of the bid process. To learn more about the process and the role of the REA as it is developed, please visit the Department of Energy's website www.nsrenewables.ca.

2. STAY INFORMED OF CALLS FOR BIDS

The REA will issue a call for bids for renewable electricity projects when it is determined that more renewable electricity supply is required to meet the 2015 target. The call for bids may vary in terms of project size, location or technology type. To stay informed about upcoming calls for bids, please subscribe to the Department of Energy's newsletters. To subscribe, visit www.nsrenewables.ca.

3. DEVELOP YOUR PROJECT DESIGN AND DETAILS

All renewable electricity bids under the competitive bidding process will be required to include specific information related to the technical, environmental and financial feasibility of their project. The specific criteria for project evaluation are under development. To stay informed about criteria development, proponents should subscribe to the Department of Energy's newsletters. To subscribe, visit www.nsrenewables.ca.

Role of the REA

Further policy development regarding the role and responsibilities of the REA is underway. Government will be consulting with affected stakeholders to determine the recommended competitive bidding process for IPP renewable electricity projects.

3.0 Regulations Consultation Feedback

The province released draft regulations regarding renewable electricity on May 31, 2010 for public feedback. To receive feedback on the draft regulations, a province-wide public consultation process was conducted in June and July.

Who was consulted?

15 public consultation sessions were held across the province in the following locations: Amherst, Antigonish, Bridgewater, Dartmouth, Digby, Guysborough, Halifax, Halifax Université Sainte Anne, Kentville, Liverpool, New Glasgow, Sydney, Truro, Port Hawkesbury, Yarmouth.

These sessions were open to everyone interested in attending and were intended to provide an opportunity for all members of the public to learn more about the *Renewable Electricity Plan* and draft regulations and provide useful feedback. Individuals that did not attend the regional sessions also had the opportunity to provide written comments and feedback.

A wide range of stakeholders participated in this process, including industry, not-for-profit organizations, community groups, municipalities and members of the public. In addition to the regional sessions, stakeholder specific meetings were held with groups involved in the renewable electricity sector, including the municipal electric utilities, forest products sector, the ocean energy sector, the Union of Nova Scotia Municipalities, numerous environmental and potential developer groups, and NSPI.

What was the feedback?

Many viewpoints were expressed during the consultation process through discussion and written feedback. Following is a summary of the major issues discussed:

COMFIT

There was broad support for the COMFIT program and tools to support community-based projects. Several perspectives were presented on how “community” should be defined in order to qualify for the COMFIT. Suggestions ranged from very narrow to very broad definitions.

Some stakeholders felt that the COMFIT program could be more comprehensive to include a broader range of renewable technologies and qualifying generators. Stakeholders also indicated that COMFIT rates should recognize the differences in project viability resulting from different technologies and economies of scale.

Advice taken: Generally the new regulations support broad definitions of community participation and control. The argument was made that Nova Scotia is too small to support overly restrictive rules on who can invest. The need for demonstrated community support—a minimum of 25 community members and sale of shares to Nova Scotians—should ensure community benefits are real.

Advice not taken: The requests for a broader definition of qualifying technology (eg. solar electricity) were not accepted. The *Renewable Electricity Plan* noted that solar photo-voltaic technologies are expected to drop in price in the future. It was decided to wait until they become more economic before supporting wide-spread use. Advice to open up the COMFIT for all businesses rather than just community-based ones was not accepted. The distribution level capacity is limited and the *Renewable Electricity Plan* is designed to support communities first.

MEDIUM AND LARGE-SCALE PROJECTS

Most IPPs supported the allocation of 300 GWh specifically for IPP projects and were pleased to have the increased transparency provided with the creation of the REA.

Advice taken: The regulations proceed with the independent Renewable Electricity Administrator function with the requirement that the entity to be contracted for this function have significant technical and financial competence.

Advice not taken: A number of proponents suggested the cap be lifted or the share allocated to NSPI also be part of a competitive bid process. The division and limit was specifically designed to test the proposition of which system delivered best value. After seeing the results, the Province will decide which model to follow in the future.

BIOMASS FOR ELECTRICITY GENERATION

It was pointed out that the most efficient use of biomass is through combined heat and power (CHP) projects, but development of these projects is most viable when owned and operated by a generator that has direct access to a biomass fuel source, such as sawmills or agriculture operations.

Forest product stakeholders signaled that some CHP and co-firing projects may use wood waste or residue as a fuel source. Questions were raised about how this type of biomass would be accounted for under the biomass cap for electricity generation and what types of sustainability requirements would be established.

Advice taken: The argument for a close linkage between the use of the heat and the combined heat and power generation facilities has been accepted. Whether forest or agriculture biomass, where the entity that consumes the heat is also the entity that generates the heat and power, they may also qualify for the COMFIT. They must also follow the other rules.

Advice not taken: Some stakeholders rejected the idea of using biomass for electricity. The question is mainly one of sustainability. There is global regulatory acceptance of biomass if it is harvested in a sustainable manner. By requiring that biomass used for electricity also be used for the surplus heat, Nova Scotia will ensure that biomass is used efficiently.

ALTERNATE CLEAN ENERGY SOURCES

Some stakeholders suggested that there are significant opportunities to use solid waste, sewage sludge, construction waste, and other alternate sources of energy that may be used as energy feedstocks if done in an environmentally-acceptable manner.

Advice taken: Government understands that there could be significant opportunities for these other alternate sources of energy that may not be considered renewable, but may be defined as clean if used in an environmentally-acceptable manner. More time is needed to understand the potential of these resources. Options are being evaluated and will likely be brought forward under the broader Clean Energy Strategy.

Advice not taken: At this time, only low-impact renewable electricity resources are included under the regulations. Alternate sources as described above are not included at this time.

In what other ways was the feedback addressed?

Stakeholder feedback enabled government to gain further technical advice prior to finalizing the regulations. Issues identified by stakeholders during the consultation process were further analyzed and changes made to the draft regulations to incorporate pertinent feedback related to:

- Definition of community
- The need for different COMFIT rates according to technology and project size
- The need for a COMFIT specific to CHP projects
- Permissible biomass and how waste/residual biomass will be managed

Some of the input and feedback received during the consultation was significant, warranting more time for further research, analysis and consideration before decisions could be made on how to provide policy and/or regulatory support. Issues related to efficiency, conservation and energy from waste are being evaluated further and may be more appropriately addressed under the broader Clean Energy Strategy.

The 18-month review will provide an opportunity to further evaluate and consider additional feedback related to broadening of the COMFIT, appropriate project size for the developmental tidal array FIT, and sustainability requirements for agricultural biomass.

Some of the feedback received was determined to be out of the policy scope at this time in relation to the focus, objectives and goals of the *Renewable Electricity Plan*.



FOR MORE INFORMATION:

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