

WINDSOR-ESSEX REGIONAL Chamber of Commerce

ALTERNATIVE/RENEWABLE ENERGY DEVELOPMENT

Issue:

The development of Alternative Electrical Energy (non hydrocarbon based) sources is a key issue currently being pursued and facilitated by Provincial and Federal Canadian government bodies. In Ontario the initiative is primarily being implemented through the Integrated Power System Plan (IPSP) developed by the Ontario Power Authority and the recently passed Green Energy and Economy Act developed by the Ontario Ministry of Energy and Infrastructure.

The positive benefits of the implementation of Alternative Energy sources for electrical power (primarily wind, solar-photovoltaic and biomass) does not come without undesired impacts such as social friction, transmission difficulties due to the source generally being distant from the load, intermittency of supply and the consequent overall increased cost of the electricity produced (commodity, transmission and management).

Background:

The IPSP, which is undergoing a revision to integrate the impacts of the recently passed Green Energy and Economy Act (GEEA), defines the mix of electricity sources which are required to sustain a reliable and cost effective electricity system until 2025.

The key points of the current IPSP are:

- Maximize the feasible cost effective contribution from renewable resources (an increase of 2,700MW by 2010). The final target is for an additional 6,500 MW of new renewable generation to be added by 2020, for a total of 15,700 MW.
- Reduce electricity demand through conservation by a total of 4,950 MW by 2025.
- Replace coal fired generation with power from committed and planned resources by 2014.
- Make up the remaining base load requirements with nuclear power (with the total nuclear capacity to be capped at current levels of 14,000MW).
- Additional gas fired generation as required for peak load, when additional conservation and renewables resources are not feasible or cost effective

This approach results in a projected 2025 supply mix as follows:

- Nuclear 14,000 MW
- Hydro 10,800 MW
- Wind 4,700 MW
- BioEnergy 540 MW
- Solar 88 MW
- Natural Gas 11,700 MW
- Coal 0 MW

Of these generation sources only natural gas is hydrocarbon fuel based and contributes directly to greenhouse gas emissions. Natural gas fired generation is, however, required to provide the system flexibility and reliability to cover the inherently intermittent nature of wind and solar power.

The passing of the Green Energy and Economy Act in May 2009 introduced the following key stimuli to increase successful private investment in renewable resources in order to achieve the requirements of the IPSP.

- A single environmental application process for renewable projects, with a processing service guarantee.
- Common planning regulations for all renewable projects in Ontario (setbacks, noise restrictions etc.).
- Removal of the requirement for municipal planning approvals and controls for renewal energy projects (only Building Regulations apply).
- Creation of a standard 20 year Feed-in Tariff (FIT) for applicable renewable energy projects.
- Priority connection to the transmission or distribution system for renewable energy projects.
- Removal of dormant energy projects from the transmission connection queue.

Policy Position:

The Windsor-Essex Regional Chamber of Commerce wholly supports both the IPSP and the Green Energy Act provisions with the following comments:

The Minister of Energy and Infrastructure has stated that the cost to users of the implementation for the Green Energy Act and the IPSP is a 1% increase in electricity commodity price. This is an acceptable price for users to pay to ensure the sustainability and reliability of our limited energy resources. The Chamber does not support price increases beyond those indicated by the Minister.

The implementation of smart metering in 2010 will introduce time-of-day electricity pricing to Chamber members. This will result in a significant increase in electricity commodity rates circa (50%) during daytime peak periods. This is an unwelcome and significant burden on the already stressed businesses of Windsor and Essex County. Most small businesses cannot reasonably shift their electricity usage to off-peak hours. Consideration must be given to lowering/capping daytime electricity rates for small business and retail sectors in order to maintain competitiveness with neighboring jurisdictions.

The Chamber supports the responsible and fiscally prudent implementation of renewable/alternative energy generation facilities in the Windsor-Essex region providing due consideration is given to:

- Providing a local mix of generation options, thereby ensuring the use of our limited transmission system is optimized to provide the greatest socio-economic return to the businesses and residents of Windsor-Essex County.
- Ensuring that all renewable energy developments are developed with appropriate consideration given to local environmental conditions (bird migration routes, agriculture, tourism). The Ministry of Energy and Infrastructure planning guidelines should be regarded as minimum standards, and should be bettered where reasonably possible.
- Seeking opportunities for locally developed embedded generation and distribution schemes such as Combined Heat and Power and District Heating projects in conjunction with the Windsor Essex Development Commission and other local stakeholders.

For our Members:

The Chamber regards the supply of goods and services for the Alternative/Renewable and Nuclear Energy equipment and engineering supply businesses as a potential major growth area for the Windsor Essex manufacturing community. The Windsor-Essex Chamber will continue to work with local agencies to ensure that our local businesses have the information required to be ready to seize these future manufacturing opportunities.

The Chamber will strive to educate our members to help mitigate the cost of the Green Energy Act implementation through the promotion of available tools such as proactive electricity demand management, conservation of electricity and available subsidized energy optimization opportunities.

The Chamber will proactively monitor the evolution of the IPSP, the GEEA and supporting regulations, as well as local policies and activities in order to communicate relevant opportunities and updates to our members in a timely fashion.