

# Passing Big Wind

By LYNN SAWYER



Stringent rules make entry into Nova Scotia's electricity business a daunting challenge for community - led projects. The current competitive bidding process makes it hard for small projects to compete against large - scale energy proposals.

That process is about to change, as part of the province's goal to hit a target of 25 percent renewable power generation by 2015.

In 2011 there will be an alternative to the competitive bidding process for community - owned projects. The Nova Scotia Utility and Review Board (NSUARB) will set the price for eligible renewable electricity purchased from qualified community generation projects using what is known as a feed-in- tariff (FIT).

Many questions remain unanswered - chief among them: how much will be paid through FIT contracts?

Planned rule changes are creating some optimism a more accessible electricity grid could bring needed revenue to

rural areas. Noting the dire financial straits many farmers find themselves in, David Hahn, director of the National Farmer's Union New Farmer's Project, said, "Feed -in tariffs are a wonderful new opportunity for farmers to diversify their income."

Without a FIT, small projects can't compete. "Through a competitive solicitations process you only arrive at the price through a non - transparent process - so the risks are a lot higher," explained Toby Couture, an energy and financial markets analyst from New Brunswick.

"It discriminates against smaller and community - based projects because they can't mount bids in the same way large corporate players can," said Couture.

The long - term rate guaranteed by a FIT, which the NSUARB will set after public hearings this winter, is key to giving community groups a leg up in designing viable electricity projects.

"The price being posted in a transparent way is a powerful

driver of renewable energy investment because everybody can grab their calculator and do their own analysis and figure out whether they can make their project work at that price," said Couture.

Lending institutions also favor long-term revenue streams provided through FIT contracts.

The move into community electricity projects will however come at a cost to the public.

"It will affect rates, minimally," Bruce Cameron, Director of Policy and Planning for the N.S. Department of Energy, told audiences at community meetings across the province this summer, where he outlined the draft legislation for the Renewable Electricity Plan.

"There could be a one or two percent rise in rates," Cameron said. But he defended the raise, citing energy security and mitigation against a dangerous dependence on one fossil fuel source that is going to become more expensive.

"Ninety percent of our electrical generation comes from fossil fuels," said Cameron. "The majority is from imported coal. This exposes us to huge risks. We are exposed to world prices for 'clean' coal."

While the new rules will open up Nova Scotia's electrical grid to a new breed of electricity project, Nova Scotians should not expect to become energy tycoons anytime soon. The province has put the emphasis squarely on community projects where funds, benefits, and risks are pooled. This "ensures we distribute opportunities and use up scarce

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## **THE ENHANCED PROGRAM WILL ALLOW INDIVIDUAL OR COMMERCIAL CUSTOMERS TO BE PAID AT THEIR RETAIL RATE FOR EXCESS ELECTRICITY THEY GENERATE.**

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distribution capacity, minimizing transmission upgrade costs," said Cameron.

Cameron expected the group - supported projects will be in the two to four million - dollar range. That threshold in the millions, may turn many away, especially cash strapped farmers. For them, unless they organize through a cooperative, or rent out their land for energy projects; net-metering to offset some of their electricity use, will likely remain their only alternative.

Under provincial direction, Nova Scotia Power will also boost its net-metering program. The enhanced program will allow individual or commercial customers to be paid at their retail rate for excess electricity they generate. The amount of electricity a subscriber can generate in this plan will be raised from 100 kilowatts to 1 megawatt, relative to their consumption needs.

Cameron made it clear; net-metering, enhanced or otherwise, is not a get-rich-quick-scheme. "It's not a money maker," Cameron said.

Nonetheless, net-metering could help high energy consumers slash their electricity bills while they help offset the province's dependence on coal.