

Transmitted electronically to: solarcommunitybuildings@novascotia.ca

11th January, 2017

To whom it may concern,

RE: CanSIA Feedback on Draft Solar Program Regulations Consultation

CanSIA is the national trade association that represents the solar industry across Canada. Thank you for the opportunity to continue to be engaged in the development of the Solar for Community Buildings Pilot Program that will increase the understanding of how solar electricity can help Nova Scotia move to a clean electricity system in a cost-effective way; while encouraging and enabling community participation in renewable energy generation.

This letter presents our response to the Draft Solar Program Regulations posted 13th December 2016:

- *37D: Partnerships between private sector entities (who have the technical and financial experience and capacity to manage the development and operating risks of solar electricity facilities) and eligible entities (under Section 37B who in most cases do not have experience developing, owning or operating solar electricity facilities or the capital or access to low cost capital required to invest in them) should be encouraged through the Solar Electricity for Community Buildings Program to appropriately allocate risk, ensure participation from eligible entities with diverse economic standings and to maximize competition in the procurement process to achieve the lowest possible contract pricing. The requirement in the Draft Regulation for “the principal amount of any financing provided to an owner for the construction or installation of a proposed generation facility to provide renewable low-impact electricity under the solar program by a person who is providing goods or services for the construction or installation must not, combined with the principal amount of any such*

financing provided by any other such person, be greater than 49% of the total cost of constructing and installing the facility” severely impedes eligible entities in their ability to benefit from partnership with the private sector. The result of this clause would be to: limit the ability of the private sector to support eligible entities to manage development, construction and operation risk; minimize participation from eligible entities who do not have capital that can be allocated to investment in a solar facility; and increase contract pricing due to higher costs of capital and lower levels of competition in the procurement. CanSIA recommends that the maximum level of finance permissible in the Draft Regulation be raised to a minimum of 80%. This would approximately equate to an eligible entity being required to invest a minimum of \$30,000 as opposed to in excess of \$75,000 for a 50kW solar facility.

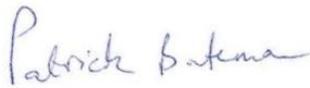
- *Section 37 (1B) b: The Draft Regulation implies that both parties may terminate the contract in the event of default by the other. CanSIA recommends that the Draft Regulation is amended such that there is a right to terminate early only upon default of the owner of the generation facility. Risk of default is not an appropriate risk for eligible entities to bear. It may also create challenges to securing finance.*
- *2(e): The requirement to be located within 25m of the building may restrict optimal project design and layout due to factors including obstructions, shading or sub-soil conditions. CanSIA recommends that this limit be increased to 100m or be replaced by language defining adjacency such as in Alberta’s Micro-Generation Regulation (amended January 1st, 2017).*

- *Multiple Sections: The Draft Regulation specifies that bidders must include information such as proposed nameplate capacity, location and orientation in their proposal and that contracts must include the nameplate capacity of the generation facility. Due diligence on these factors prior to contract award will ensure that proposed projects are technically feasible. However, it is common that elements of a rooftop solar facility will change between preliminary design and commissioning. For this reason, CanSIA recommends that the program design allow for flexibility in system design. Measures such as those that fix the contract pricing, limit maximum nameplate capacity and specify compensation for generation under the contract will be sufficient to manage program costs. There is limited benefit to defining nameplate capacity at the time of contract award. Projects could then be designed and constructed optimally in consideration of site, technical and economic decisions made by or on behalf of the bidder while constrained by the maximum revenues permitted by the contract terms. It does not appear that an amendment to the Draft Regulation would be required to enable this recommendation for program design.*
- *37C (1): The requirement that “a procurement administrator may not award a contract under the solar program if the proposed generation facility was subject to an agreement to connect it to a public utility’s electrical grid on the date the response to the request for proposals was submitted by the respondent” may result in contracts being awarded for contracts that are unable to connect to the grid for reasons of an absence of hosting capacity. CanSIA recommends that this clause is reviewed with respect to its intent and the potential unintended consequence raised herein.*
- *37C (1) (b): CanSIA recommends that the Regulation is amended to explicitly state that “nameplate capacity” is related to the inverter capacity (i.e. Alternating Current) and not the modules (i.e. Direct Current).*

- *37H (3) i) and ii): CanSIA recommends that the Minister request more information than just total annual and peak generation. In the absence of regional or feeder-level load data, total annual and peak generation are interesting metrics at the system-level but do not demonstrate the value of solar electricity at the local level as “distributed generation”. CanSIA would be pleased to discuss ways to maximize the utility of the data collected through this pilot program to inform future policy decision-making and power-system planning.*

Please do not hesitate to contact me should you require further information and thank you for your consideration.

Best regards,



Patrick Bateman
Director of Policy & Market Development
Canadian Solar Industries Association (CanSIA)