



Public Policy Profile

POLICY: Green Energy and Green Economy Act

JURISDICTION: Ontario

INTENDED OUTCOME: The Green Energy and Economy Act is intended to facilitate the development of a sustainable energy economy that “protects the environment while streamlining the approvals process, mitigates climate change, engages communities and builds a world-class green industrial sector. It will enable all Ontarians to participate and benefit from green energy as conservers and generators” (www.greenenergyact.ca).

“In October, it will be 100th anniversary of Sir Adam Beck, the founder of what became Ontario Hydro, the commission that built the power line from Niagara Falls to seven or eight municipalities. It was 100 years ago that Ontario first became a renewable energy powerhouse- back then we were 100 percent renewable... At the opening event, Beck flipped the switch and the power flowed and turned on a light overhead, and the light said ‘power to the people’. This guy was a revolutionary... he was focused on how do we put power generation into the hands of the province and the municipalities so that we can drive our economy. Now we’ve taken it a step further, now we are putting power into everyone’s hands across the province...I’ve adapted what Sir Adam Beck said to say ‘power and profit to the people!’” (Kristopher Stephens, Executive Director, Ontario Sustainable Energy Association)

BRIEF DESCRIPTION

Key elements of the Act include:

- Streamlined approvals for renewable energy projects.
- Mandatory (unless waived by buyer) home energy audits prior to the sale of homes.
- Development of a Feed-in-tariff system to provide guaranteed prices for renewable energy projects, with a related focus on helping companies, farmers, co-ops and other groups navigate the approvals process. The legislation established an ‘obligation to connect’ and a structure that offers fixed term contracts of twenty years that guarantee local, small scale renewable energy owners will recoup their costs and see a reasonable return on investment.
- Opportunities for municipalities, First Nation and Métis communities to build, own and operate their own renewable energy projects.
- Creation of a Renewable Energy Facilitation Office responsible for working with other ministries to monitor, provide support to, advance and troubleshoot renewable energy projects.
- Facilitated amendments to the Co-operative Corporations Act that eliminated regulation limiting co-operatives to only sell electricity to their members for renewable energy co-ops. This had previously been identified as a barrier to the development of energy co-ops because it is impossible to limit the sale of energy to co-op members only.
- Allowance for municipalities to develop small-scale energy projects without needing to establish a separate corporation to do so, and the creation of the Municipal Renewable Energy Program to provide support to

municipalities for costs associated with renewable energy projects.

- Combined conservation and renewable energy development in one piece of legislation.

WHY IT IS IMPORTANT TO A PEOPLE- CENTRED ECONOMY

According to Kristopher Stephens of the Ontario Sustainable Energy Association “we need to take action to address climate change, we can’t just sit on our hands anymore. At the same time this [legislation] is going to drive the economy.” The Green Energy Act is effective then, because it is “about creating a province of green energy entrepreneurs and that means deriving social, environmental and economic benefit from the sustainable and renewable resources in Ontario. We don’t need someone else to do it for us, we can do it right here.”

SIGNIFICANCE

The Ontario Green Energy and Economy Act is a significant example of conversation-based economic development. Because it unites the dual focuses of environmental protection and economic development the Act has significant widespread appeal. In Stephens’ words, it is effective because “everyone can play” and because of its potential to create new jobs. Indeed lobbying for the passage of the Act brought together a diverse group of farmers, First Nations communities, environmentalists, community and labour groups united by a vision of a green economy. The success of this approach is already being seen. This winter, Ontario attracted \$7 Billion in investment from Samsung and other companies to build 2,5000 megawatts of wind and solar power and a number of manufacturing plants dedicated to the construction of green energy equipment (e.g. solar panels, wind turbines).¹ While “at the same time average homeowners are applying for rooftop solar projects knowing that they will be able to get paid for ‘doing the right thing’. The landscape has changed so that everybody can play, whether you are a big player or a small player, and investors are bringing their money to Ontario”, says Stephens.

The significance of the legislation for the power sector in Ontario cannot be overstated, as the legislation amounted to a complete re-vamp of the way that Ontario deals with the renewable energy sector. The Act establishes an ‘obligation to connect’ so that any landowner or community that develops a renewable energy project will have their power purchased at a guaranteed rate for a fixed term (20

1 Not everyone was happy about this deal, some criticizing it for favouring foreign companies over domestic producers and providing subsidies to foreign investors.

years). The effect is to make the development of renewable energy the top priority. For Stephens the significance of the legislation is also the way it requires a change in thinking about energy development, encouraging people to take into account “social, environmental and longer term economic perspectives”.

Further, the Act enabled amendments to the Co-operative Corporations Act to allow renewable energy co-operatives to sell energy to consumers beyond their immediate membership, and to distribute any surplus in a manner of their choosing. Previously, these regulations had restricted the participation of co-operatives in the energy sector. According to the Ontario Sustainable Energy Association, “many community-owned projects may now opt for a co-operative structure as its one-member one-vote feature best coincides with most communities’ values” (n.d.) Further, co-operatives are also an attractive option for renewable energy projects because they are the only organizational form allowed to raise money by selling shares in the community. Citizens are also beginning to draw on the principles of co-operative ownership informally by pooling their resources and knowledge for the development of renewable energy projects; sharing experiences and bulk purchasing equipment and installation services, for example. First Nations too are benefiting from the Act. Groups have organized into the First Nations Energy Alliance² and received seed funding from the Ontario Power Authority. The Alliance is working to “promote self-sufficiency and the sustainability ... by generating electricity from clean, green sources” and is advocating for the adoption of an interest-free loan scheme for First Nations communities interested in developing renewable energy projects.

2 www.firstnationsenergyalliance.org

This legislation also has the potential to create unique projects with multiple positive spin-offs. Take the example of the Neighbourhood Unitarian Universalist Church who, this December developed a rooftop solar power project with the potential to generate 20.91 kW of energy. Half of the \$220,000 cost of installation was covered by an interest-free loan from the City of Toronto, while the other half was raised through the sale of debentures to congregation members and local residents. Investors are guaranteed a return of investment of 5 percent per

annum, while the church will retain the other 4-5 percent guaranteed by the Feed-In Tariff program to support their activities. Further, purchasers have the option of making a tax-receiptable donation of the principle to the church. This project helps illustrate the multiple returns that are made possible through this type of unique partnerships between government, community members and local institutions. Investors see a reasonable ROI, the church is able to generate funds for its activities – all while developing a new source of renewable energy that benefits us all.

REPLICABILITY

This example from Ontario is very replicable. In developing the Ontario legislation, activists and politicians from Ontario looked to examples in Germany, Spain and California. Stephens notes that efforts to develop green energy and economy legislation will be different in every jurisdiction based on a region's history and culture, the political environment and the existing regulatory structure. However, he suggests the following to activists in other jurisdictions: bring together a broad group of people representing a diversity of interests, don't be afraid to reach outside of your usual allies, agree on a core set of principles and objectives, survey the existing environment, reach out to OSEA and other groups working on this issue and look for your 'champion'.

INTERVIEWS

Kristopher Stephens, Executive Director, Ontario Sustainable Energy Association

FOR MORE INFORMATION

www.ontario-sea.org, <http://greenenergyact.ca>, www.firstnationsenergyalliance.org

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