



# **Risks, Challenges and Opportunities for Wind Industry Participants under Ontario's Feed-in Tariff (FIT) Program**

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# Dale & Lessmann LLP

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## Province of Ontario, Canada

- 1,076,395 km<sup>2</sup>
- Population: 13.2 million
- 1,598 MW of installed wind power capacity\*.



\*As of February of 2011

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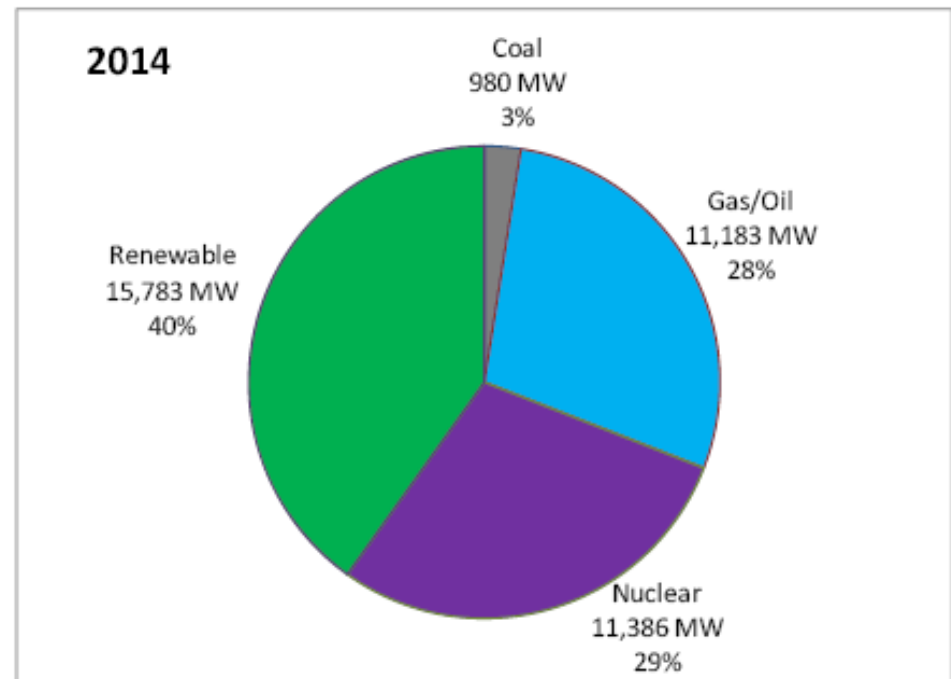


## Ontario's Projected Supply Mix (2014)

**Wind: 5,300 MW**

**Solar: 1,500 MW**

**Water: 8,500 MW**



**Projected Total Installed Capacity = 39,332 MW**



## Province of Ontario, Canada

*Supply Mix Directive* of February 17, 2011:

**10,700 MW** of renewable energy capacity to be installed by 2018 (wind, solar & bio-energy).

\*As of February of 2011



## Feed-in Tariff (FIT) Program – Key Features

- Launched on October 1, 2009
- FIT contract term is 20 years.



## Key Features of FIT Program

- Contract price: On-shore wind 13.5 ¢/kWh
- 3 years to achieve commercial operation for on-shore wind projects.



## Key Features of FIT Program

- Minimum domestic content requirements
- 25% for projects  $> 10$  kW with milestone date for commercial operation prior to Jan. 1, 2012
- 50% content level for all other projects



## FIT Program – Statistics

- **1,835 MW** of FIT contracts awarded by the Ontario Power Authority for on-shore wind\*.
- 253 applications received by the OPA for total of **10,448 MW** of on-shore wind\*.

\*As of April 1, 2011



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# Notable Opportunities

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## **FIT Program – Opportunities**

**Financial investors** : Canadian banks are generally not financing renewable projects.

**Developers and Supplier**: Europeans have experience and track record = **bankable**

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# Top Challenges

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## **Challenge # 1 - Supply Chain Issues**

Will manufacturers be able to ramp up a supply chain capable of meeting the 50% domestic content level for projects with commercial operation dates starting in 2012?



## **Challenge # 2 – Grid Capacity**

Grid capacity on the electrical distribution and transmission systems is limited.

# Transmission Expansion Plan





## **Challenge # 3 – Renewable Energy Approvals**

Renewable Energy Approval process is taking up to 2 years to complete



## Challenge # 4 – Landowner Opposition

- Not in My Backyard (NIMBY)
- Well funded
- Developers face costly litigation.





## **Challenge # 5 – Political Support**

Political uncertainty concerning future of FIT Program due to pending general election in Ontario on October 6, 2011



## Challenge # 6 – FIT Contract

Failure to comply with requirements of FIT contract can lead to termination, payment of liquidated damages and/or forfeiture of security deposits made to the Ontario Power Authority.

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**Dale & Lessmann LLP** is a full service business law firm based in Toronto, Ontario, Canada. The firm has one of Canada's leading law practices devoted to advising European companies, with respect to the establishment and expansion of their businesses in the Canadian marketplace. **Sven Walker** is a Partner at the firm. He practices renewable energy law with an emphasis on Canadian-European cross-border business. Sven was born in Germany, speaks fluent German and acts for Dale & Lessmann LLP's many renewable energy clients. In the wind industry, Sven is legal counsel to a number of industry leading project developers, equipment manufacturers, and financing entities. Sven has been involved in some of the most complex due diligence reviews and acquisitions of project pipelines by foreign financial investors under the Ontario Power Authority's FIT and microFIT programs. For more information about Dale & Lessmann LLP, please visit [www.dalelessmann.com](http://www.dalelessmann.com), call 416-369-7848 or e-mail [swalker@dalelessmann.com](mailto:swalker@dalelessmann.com).