

Solar Rooftop PV for Building Owners

Is This Really a Good Income Opportunity?

Randy Williamson

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Feed-in Tariff (FIT) Program

- *Green Energy and Green Economy Act, 2009* helped create FIT Program, operated by the Ontario Power Authority (OPA)
- OPA is the primary purchaser of power from generators under standardized 20/40 year agreement – a creditworthy customer upon which to develop and finance projects
- Solar Rooftop PV generally ($\leq 500\text{kW}$) considered “capacity allocation exempt” – meaning a complete application will result in an FIT contract offer

Why FIT? – Pricing!

Type	Size	Price/kWh
Any	<10 kW	80.2¢
Rooftop	> 10kW ≤ 250kw	71.3¢
Rooftop	>250kW ≤ 500kw	63.5¢
Rooftop	> 500kW	53.9¢

FIT Contract Process

- Pre-application Planning
 - Determine Building Applicability, Rooftop Integrity and Solar Facility Design
 - Secure “Access Rights”
 - Consider ownership, financing approaches
 - Consider LDC connection issues (and costs!)
- Application
 - Mandatory (Access Rights, connection details, etc., plus filing fee @\$0.50/kW to \$5,000 max)
 - Application Security, for non-Capacity Allocation Exempt projects @\$20/kW
- Contract in 60-90 days for Capacity Allocation Exempt

State of FIT Program

- Since launch, it's been like the Oklahoma Land Grab!
 - >3,700 FIT applications, for almost 16,000MW of capacity
 - ~3,300 application for Solar PV, for >4,600 MW
 - Of which ~2,700 are for Solar Rooftop PV, for 540MW
 - Vast majority are for Capacity Allocation Exempt projects
 - There are also >22,000 microFIT (<10kW) applications, for 207 MW
- Program likely to be reviewed, leading up to next election
 - Opponents highlight top-line capital and electricity purchase costs for solar generation– unfavourable to some alternatives
 - As sector matures, price to be paid will drop – how much?
 - Renewable Energy will remain an important part of Ontario's energy generation infrastructure – Long Term Energy Plan says so!
 - But, wind and solar industry leadership must do more to help public understand their value to Ontario generally

Considerations for Building Owners

- Do you want a Rooftop Solar project?
- Do you want to Own It? Lease your Rooftop?
- Credibility of developer – sector experience, capital sources, bankability of equipment, security of supply
- Affect on rooftop flexibility, membrane warranty
- Affect on realty taxes
- Consider changes to rooftop, use, financing, ownership in 20 years

Key Issues – For Rooftop Leases

- Term – 20 years
 - Longer than usual for landlords; requirement for FIT
 - Consider renewals for continued energy generation after year 20
 - Decommissioning and removal requirements, Termination provisions
- Landlord's interruption – under-roof tenant needs, re-roofing requirements
- Tenant Insurance – integration with Landlord's
- Non-Disturbance / Quiet Enjoyment
 - Landlord not to impair sun resource
 - Landlord to obtain releases from its mortgagees
- Permitted Assignments
 - Developer requires release and assignment to permanent owner

Challenges for Developers

- Educating building owners on Rooftop opportunity
- Establishing credibility; separating from promoters
- If leasing, securing a form outside landlord normalcy
- Obtaining secure supply of 'bankable' and domestic content compliant panels and inverters
- Accessing sufficient capital to develop multi-projects simultaneously
- Working through connection issues, costs with LDCs

Aird & Berlis LLP and Randy Williamson

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As a partner of the firm, with over 25 years as a practising lawyer, qualified C.A., former public company senior executive and three-time independent business owner-operator, Randy Williamson provides strategic advice to private companies, their owner-managers and strategic and financial investors, as well as public issuers, on acquisitions and divestitures, bank and subordinated debt and equity financings, and restructuring arrangements. Randy also helps businesses structure and negotiate shareholder, partnership, employment, joint venture, outsourcing, distribution and licensing arrangements. Randy has a particular interest in Ontario's growing clean technology and renewable energy sector (the 'clean economy'), and works on Aird & Berlis' India initiative, advising Canadian and Indian corporations on mutual opportunities.

Randy devotes substantial time to community organizations, including as founding Chair of Big Brothers Big Sisters Alumni; Chair of the Investment, Finance and Audit Committee and Council Member at St. James Cathedral, Toronto; Vice-Chair of York University's Alumni Board; Board and Investment Committee Member of the Toronto Atmospheric Fund; past Chair of the National Board of Big Brothers Big Sisters of Canada; past founding Board member of Ontario's Promise to Children and Youth; and past President of Advancing Canadian Entrepreneurship. Randy has been honoured with Queen Elizabeth II's Golden Jubilee Medal for Community Service and was twice Toronto's Big Brother of the Year.

Thank You

Randy Williamson

P 416.865.7705

M 416.804.7328

E rwilliamson@airdberlis.com

Aird & Berlis LLP

Brookfield Place, 181 Bay Street

Suite 1800, Box 754

Toronto, Ontario M5J 2T9 Canada

T 1.416.863.1500

F 1.416.863.1515

W www.airdberlis.com