

2009: SB31

MEMORANDUM TO: School Business Officials

FROM: Nancy Whynot
Director
Capital Programs Branch

DATE: July 31, 2009

SUBJECT: *Renewable Energy Funding for Schools*

I am pleased to write today to provide more details about the May 21, 2009 announcement by the Minister of Energy and Infrastructure of a \$50 million investment to install renewable energy technologies at school board facilities for heating, cooling or generating electricity.

The purpose of this memo is to outline the program and to request business case proposals for renewable energy projects.

Overview

The purpose of this program is to allocate \$50 million to school boards to purchase and install projects at existing or new school board facilities (defined as school or administration buildings or property used for educational or administrative purposes) involving the following renewable energy technologies:

- Solar photovoltaic
- Solar water heating
- Solar air heating
- Geothermal
- Micro or small wind

Funding will be provided to school boards based on business case proposals. Funding will flow from April 2010 to March 2011. Projects must be completed by August 31, 2011.

The government is currently developing a process designed to pre-qualify renewable energy technology vendors and related service providers. It is anticipated that this pre-qualification process will be completed in the winter of 2010. Boards will be required to select vendors from the list. We will be communicating with boards in the coming months to provide more information regarding the vendor pre-qualification process.

Program Objectives

School boards, as part of the broader public sector, have a responsibility to reduce energy use and reduce greenhouse gas emissions. It is expected that this Renewable Energy investment will enable school boards to reduce the amount of energy they purchase, reduce greenhouse gas emissions by greening the energy supply, and reduce energy costs. By monitoring the impact of this investment, school boards and the government will better understand the criteria and characteristics of successful renewable energy projects in the education sector.

These renewable energy projects will also provide educational opportunities for students by making school board facilities living laboratories, with lessons linked to energy and environmental curricula. This investment will also support the development of the green energy economy in Ontario, creating an economic stimulus as well as sustainable jobs in this growing sector.

Business Case Proposals

Every school board will be eligible to apply for this funding. School boards may submit business cases for up to a maximum number of projects. (See Appendix A)

Eligible school board facilities are those that are expected to be open and operating for the expected life of the technology. Projects involving new schools, new additions or significant retrofits must already have an identified funding source for the new school, addition or retrofit. Boards can submit business cases for multiple projects per school, but the per-school cost cannot exceed \$2.5 million. Boards must submit a business case for each project; multiple projects at one facility can be combined into one business case.

Because projects must be completed by August 31, 2011, the Ministry is aware that some project timelines may require more timely approval than others. This may be the case for projects related to new school construction, for example. If a project requires an early approval, boards are asked to submit their business cases by September 15, 2009. All other business cases are due by October 31, 2009. Boards will submit business cases to BSB.GPL@Ontario.ca with the subject line Renewable Energy: Board Name.

The Ministry recognizes that not all planned projects will fit with the timeline and requirements outlined above. Boards are encouraged to pursue renewable energy projects with the support of other funding sources, including incentive programs. Boards may wish to contact the Ministry's Incentive Programs Advisor Robert Smith at Robert.Smith@ycdsb.ca or 905-713-1211, ext 2493, or consult these websites:

- www.nrcan.gc.ca/eneene/renren/index-eng.php
- www.mei.gov.on.ca.wsd6.korax.net/english/energy/conservation/?page=OSTHI

Generally, projects that receive Renewable Energy funding under this program will likely not be eligible for incentives from the federal or provincial governments.

Business Case Components

The business cases will include four sections with the information below and should not exceed five pages. Boards will supply this information to the best of their ability based on

existing analysis acquired by the board and generally applicable/available information regarding a particular technology category. Each project must include a method of monitoring the energy impact of the technology for board use and for educational purposes. The top of each business case should indicate the board name, the facility name, the projects and the contact information.

1) Project scope:

- Estimated project costs
- Estimated cost of annual maintenance and plan to support that cost
- Modifications required to existing facility, if applicable
- Anticipated payback period
- Plan, if applicable, to sell back to the grid
- Municipal and other approvals, including Renewable Energy Assessment, if applicable

2) Energy impact:

- Current energy use at the facility
- Potential energy generated or offset (kWh/year or cubic meters of natural gas offset/year)
- Energy monitoring plan, including display for students
- Other energy management and reduction initiatives in place at the school (Approx. 300 words)

3) Educational and informational impact (Approx: 300 words):

- Plan for incorporating renewable energy project/s into educational programming
- Features of the facility and project that make it a useful project to improve the government's understanding of renewable energy use in the education sector

4) Board criteria:

- Source of funding for new school, new addition or significant retrofit associated with the renewable energy project, if applicable
- Expected renewable project completion date (can be no later than August 31, 2011)
- Any other relevant timeline considerations
- Fit with the energy management strategy or other energy initiatives of the school board (Approx. 300 words)

Boards may want to consult Appendix B, which is a high-level overview of renewable energy project feasibility parameters.

The Ministry notes that the *Green Energy Act's* Feed-in Tariff (FIT) has not yet been implemented, but is expected to be finalized and implemented in the fall of 2009. For the purposes of the business case proposals, boards should plan based on the current information regarding the Feed-in Tariff at www.powerauthority.on.ca/FIT (English only). Applicants planning to participate in the FIT should contact their local distribution company.

Business Case Assessments

Business cases will be assessed based on the information provided. The Ministry will also consider how the project fits with broader objectives regarding the division of projects among technologies and around the province, vendor capacity, and the

readiness and ability of the board to undertake, manage and maintain the project within cost and timelines.

If a board is unable to fully complete the business case for project requiring an early approval by the September 15 deadline, the board should submit the business case and indicate how it plans to obtain the necessary information. The Ministry may then issue a conditional approval for the project, decline the project, or defer approval until a later date. Based on the additional information provided, a conditional approval may receive final approval or the proposal may be declined.

Allocations

A maximum of \$20 million in funding will be approved for projects that are submitted by the September 15, 2009 deadline and have a timing imperative.

For the purpose of this investment, boards will be required to purchase from pre-qualified vendors. Ministry funding will support the cost of purchasing and installing the technology, including design, permits, display and monitoring technology, and commissioning. Boards will be responsible for the ongoing maintenance and operation of the technology.

Funding will be allocated based on the estimated project costs. A final allocation will be based on the cost of the project after the vendor selection. Boards will be required to manage costs that exceed the final allocation.

Funding will flow as a capital grant, outside the Grants for Student Needs, as early as April 2010. Funding will be supported by a project agreement of the Master Transfer Payment agreement for non-GSN funding. These agreements will have to be signed before payment can be made. More details about how payments will be made and financial and energy reporting requirements will be included in the project agreement.

Ministry Contact

If you have any questions regarding the information in this memo, please contact: Steve Mitchell, Capital Programs Branch, at 416- 325-2015 or Steven.Mitchell@Ontario.ca.

Sincerely,



Nancy Whynot
Director
Capital Programs Branch

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