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In Ontario, Making 'Clean Energy' Pay

Utilities Ordered to Compensate Homeowners For Power From Solar, Wind, Water Projects

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TORONTO -- Leonard Allen, who runs a small solar panel company here, finally has something good to tell callers, he says. For the first time, he can promise it won't take 50 years to recoup the money they spend on a rooftop solar system.

Canada's Ontario province has ordered local utility companies to pay homeowners or businesses for any electricity they generate from small solar, wind, water or other renewable energy projects, beginning next month.

The plan is unique in North America, but it is modeled after similar schemes in Europe that have spawned a boom in small "clean energy" projects. Critics say paying for such electricity is not the cheapest source for utilities, but advocates say it is the cleanest and most environment-friendly.

In Ontario, the program has already brought a rush of activity. Homeowners in Toronto are climbing onto roofs to add solar panels. A cooperative of small investors is raising money to build five large wind turbines to harness Lake Huron winds. Others are eyeing the locks of a St. Lawrence Seaway canal for small hydro-turbines. Farmers are looking at manure piles and figuring the profits of using organic decomposition to create methane gas that can make electricity.

"There's a tremendous interest, at all levels, from well-organized business consortiums to small homeowners," said Tim Taylor, a spokesman for the Ontario Power Authority. "The impact in megawatts is going to come from the larger projects, but there's a tremendous momentum found in small, backyard projects."

"We love the idea," said Keith Stewart, an energy specialist at World Wildlife Fund Canada. "The small stuff adds up. This model should be taken right across North America."

The growing chorus of cheerleaders for the program say it is an example of the kind of individual, grass-roots effort that many see as the solution to intractable problems ranging from energy shortages to global warming.

The Ontario program was launched after politicians promised to shut down aging coal-fired power plants but faced the reality of growing electricity demands.

Advocates of renewable energy, some of them veterans of a successful campaign to erect a large windmill in downtown Toronto, stepped in. They urged provincial authorities to use an economic spur to create hundreds of small electricity generators in hopes of avoiding building more big, expensive coal, gas or nuclear plants.

They brought Paul Gipe, a wind power expert, from California to lead the successful campaign. Gipe calls the result revolutionary: "the most progressive renewable energy program in 20 years in North America."

Gipe noted that while some local utilities in the United States allow customers to send power back into the grid, there are no programs that pay a premium for generating the electricity.

Starting in November, the 90 or so local utilities throughout Ontario will begin paying anyone producing solar power 42 cents a kilowatt hour. Wind, hydro- or bio-electric production will bring 11 to 14.5 cents a kilowatt hour.

In addition to getting paid for making electricity, homeowners and businesses slash their own electricity draw from the grid, where power sells at an average of about 5.8 cents a kilowatt hour across the province. Advocates say it reduces the burden on the electric transmission lines, encourages conservation and may save the cost of a new plant.

"Putting solar panels on the roof is a very tangible symbol of where your power is coming from," said Ron McKay, an artist and graphic designer who helped form a co-op in his east Toronto neighborhood to buy solar panels at a bulk price. "You start to conserve. You don't leave all the lights on. You change your light bulbs to efficient ones and start looking at your appliances."

Ontario's pricing scheme, called a standard offer contract, brought a flood of new interest to McKay's solar-buying co-op, and has produced at least two similar co-ops in other Toronto neighborhoods.

Members gleefully trade stories about watching their electric meters reverse on sunny days, putting electricity into the power grid rather than taking it out. "One woman said it's better than watching TV," McKay said. Another booster put a video clip of his backward-running electric meter on the Web.

Utility companies initially were wary of the administrative burden of buying power from thousands of customers. And there are technical problems. For example, utility linemen have to ensure that the small producers are disconnected from the grid when they work on electric lines.

Critics also say the cost to buy the power is higher than it would be from a conventional power plant, or an efficient big wind farm. Large contracts to build big projects is the North American norm.

Advocates counter that the prices set by the new Ontario program are too low. The 11 cents paid for wind power and small hydro may be profitable, they say. But the \$10,000 to \$15,000 needed to buy a typical residential solar array means it could take 15 years to recoup the investment at the price offered to sell solar electricity back to the utility in Ontario.

"It's still long-term, but at least it's not 50 years," said Allen, president of Solera Sustainable Energies of Toronto. "People aren't hanging up on me now. For a homeowner willing to invest in the future, it's okay."

Advocates like Deborah Doncaster, executive director of the Ontario Sustainable Energy Association, say they want to get the program started and expect that the power authority will increase the prices later.

Rob McMonagle, head of the Canadian Solar Industries Association, said installation companies, accustomed to doing much of their business for remote Canadian cottages, have to gear up to meet an explosion of demand in cities.

"We've had a 400 percent increase in sales this year," he said. "We couldn't have handled a 1,000 percent increase."

On the front door of McKay's home in a working-class Toronto neighborhood, a small bronze plaque proclaims, "This house generates solar electricity." Up to the third floor, through a window and out to the roof, he proudly shows off his new solar array. And he looks out over the vista of rooftops to see a future of solar panels.

"I think the government has underestimated the amount of response it was going to get," he said. "What other kind of home improvement gives you dollars in return?"