

Aboriginal Renewable Energy Fund

Program Guidelines



ABORIGINAL RENEWABLE ENERGY FUND

Welcome. Ahni. Bojous.

We at the Ontario Power Authority believe it's an exciting time for your community to generate energy from clean sources of renewable power and put new "green" dollars into your community.

Ontario has launched the Aboriginal Renewable Fund and the Aboriginal Renewable Network, two components of the Aboriginal Energy Partnerships Program that will build capacity and encourage participation in renewable energy projects.

The OPA engaged in an enhanced process of communication with First Nations and Métis communities throughout 2009. These sessions fostered ongoing dialogue between the OPA and Aboriginal communities, which provided useful input for the development of the Aboriginal Energy Partnerships Program.

The Aboriginal Renewable Energy Fund will provide funds for development costs associated with renewable energy projects such as feasibility studies, resource assessments, engineering studies, environmental and regulatory approval studies and business plan preparation.

The Aboriginal Renewable Energy Network is an evolving web-based tool that provides information about Ontario's electricity system, types of renewable energy resources and technologies, the Feed-in Tariff (FIT) and microFIT programs, environmental requirements, business planning, project development and project management.

Thank you for supporting our goal to boost renewable energy generation and create a culture of sustainability in Ontario.

Migweetch,

Colin Andersen

Chief Executive Officer, Ontario Power Authority

Welcome!

Thank you for your interest in the Aboriginal Renewable Energy Fund. These guidelines provide an overview of the program including information about eligibility, funding phases and what you need to know to submit an Application.

Important: This document is intended to serve as a guide only. It is not exhaustive nor legally binding, but only provides an overview of the Program Rules. Please view the [Program Rules](#) or contact us directly for more information. To the extent that there is a conflict between these guidelines and the Program Rules, the Program Rules will govern.

All terms not otherwise defined in these guidelines has the meaning given to such terms in the Program Rules, unless otherwise stated.

About the Ontario Power Authority

The Ontario Power Authority (OPA) was established under the *Electricity Restructuring Act, 2004*, and began operations in January 2005. The OPA is a not-for-profit corporation without share capital and is governed by an independent Board of Directors, with its activities and programs directed by a Chief Executive Officer. Regulated by the Ontario Energy Board, the OPA reports to the Ontario Legislative Assembly through the Minister of Energy and Infrastructure.

In pursuit of its mandate to ensure a reliable, sustainable supply of electricity for Ontario, the OPA leads and coordinates initiatives to increase local involvement in renewable energy projects, ensures adequate investment in new supply infrastructure, performs long-term electricity system planning and supports the continued evolution of the electricity sector.

Fostering local involvement in renewable energy is important for meeting the OPA's mandate in the years ahead. The *Green Energy Act* authorizes the Minister of Energy and Infrastructure to establish measures to facilitate the participation of First Nations and Métis people in the development of renewable energy generation facilities.

About the Aboriginal Energy Partnerships Program

The OPA established the Aboriginal Energy Partnerships Program (AEPP) in April 2010 to facilitate local Aboriginal involvement in renewable energy projects. This will help Ontario fulfill its goal of increasing and supporting renewable energy technologies to meet future electricity demand.

The program consists of the following three initiatives:

- The Aboriginal Renewable Energy Fund (AREF), that provides funding for some of the project development costs associated with renewable energy projects by Aboriginal Communities
- Aboriginal Community Energy Plans (ACEPs), that will assist Aboriginal Communities to identify and act on their local conservation and renewable energy development opportunities
- The Aboriginal Renewable Energy Network (AREN), a web-based resource providing information relating to conservation and renewable energy development, that will evolve based on the needs of and input from Aboriginal communities.

About the Aboriginal Advisory Committee

As part of the implementation of the AEPP, the OPA established an Aboriginal Advisory Committee (AAC). The role of the AAC is to provide comment and guidance on the formation of policies, programs, operations and accountability of the AEPP to ensure these are designed from an Aboriginal perspective. The AAC consists of First Nation, Métis, and OPA representatives.

About the Aboriginal Renewable Energy Fund

Funding is available to Aboriginal Communities considering the development of a Renewable Generating Facility over 10 kilowatts in size. Costs related to pre-feasibility Activities, developing business and financial plans, conducting a resource assessment, obtaining site control, undertaking engineering studies and carrying out Regulatory Approval studies are eligible for funding under AREF.

AREF is divided into three phases of funding: pre-feasibility, design and development, and Regulatory Approvals.

- The pre-feasibility phase provides funding for preliminary Project Activities, such as initial resource identification, preliminary connection availability, identification of sites and developing a basic Business Plan and economic assessment.
- The design and development phase expands upon the work carried out in the pre-feasibility phase, including the completion of an Environmental Constraint Analysis and the development of an outline of the Regulatory Approvals required for the Project. This phase will also provide funding for engineering costs, the development of a Business Plan and economic analysis and the obtaining of site control and securing resource control, if applicable.
- The Regulatory Approvals phase provides funding to complete studies required for a Renewable Energy Approval (REA), as well as other Regulatory Approvals a Project may require.

AREF funding is available for renewable energy Projects until such time as a Notice to Proceed (as the term is used in the FIT Rules) has been issued by the Ontario Power Authority under its FIT Program. Once a Notice to Proceed has been issued, the Project has moved beyond the development stage and will no longer be eligible for funding through AREF.

The following diagram shows when you can apply for funding from the AREF.

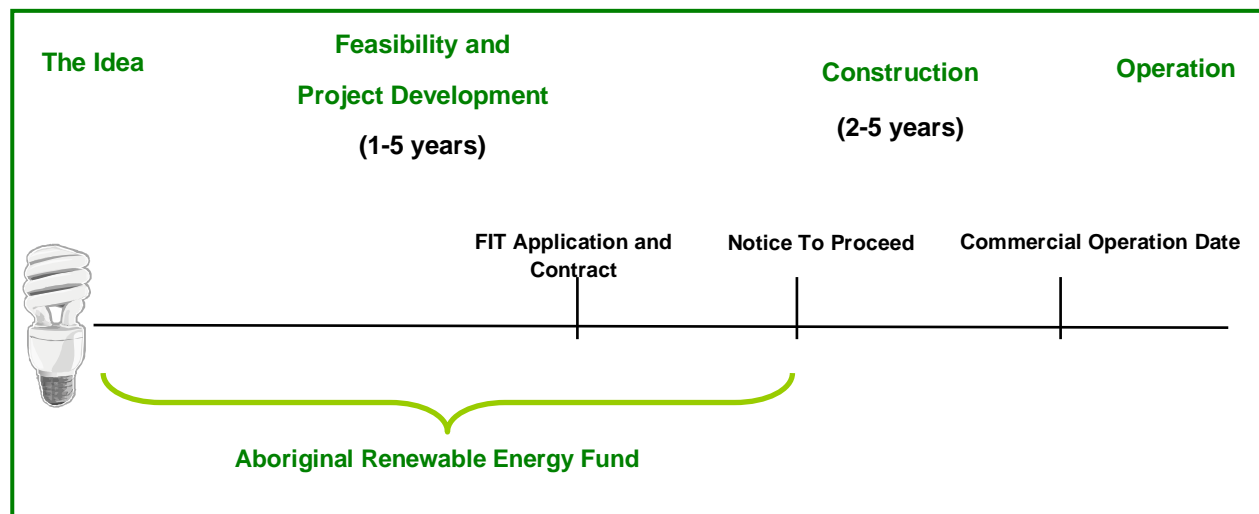


Fig. 1 AREF is intended to support development costs associated with a renewable energy Project starting with pre-feasibility work and ending with the issuance of a Notice to Proceed under the FIT Program, when construction is ready to begin.

AREF Eligibility Criteria

Funding under AREF is available to Aboriginal Communities in Ontario who fall into one of the following categories:

- a First Nation that is a “band” as defined by the *Indian Act* (Canada)
- the Métis Nation of Ontario or any of its active Chartered Community Councils
- a person, other than a natural person, that is determined by the Government of Ontario for the purposes of the FIT Program to represent the collective interests of a community that is comprised of Aboriginal individuals
- a corporation that is wholly owned by one or more Aboriginal Communities as described above.

To be eligible for funding under AREF, a proposed Project must:

- be a Renewable Generating Facility (i.e. a facility that uses Renewable Fuels, Biomass, Biogas, landfill gas, wind, solar photovoltaic (PV) or waterpower) greater than 10 kilowatts in size,
- be located in Ontario, and
- provide evidence of community support for the project by providing a Supporting Resolution (for example: a resolution of the governing council).

Please see the AREF [Program Rules](#) for a complete description of the eligibility criteria.

Eligible Activities

A summary of the Activities eligible for funding under AREF is provided below.

Phase I: Pre-feasibility Phase

This phase will cover 80 percent of the combined Phase I Project Expenses up to a maximum of \$20,000 for:

- identification of a Project site
- identification of all persons/parties that may be involved and/or impacted by the Project
- identification of resources

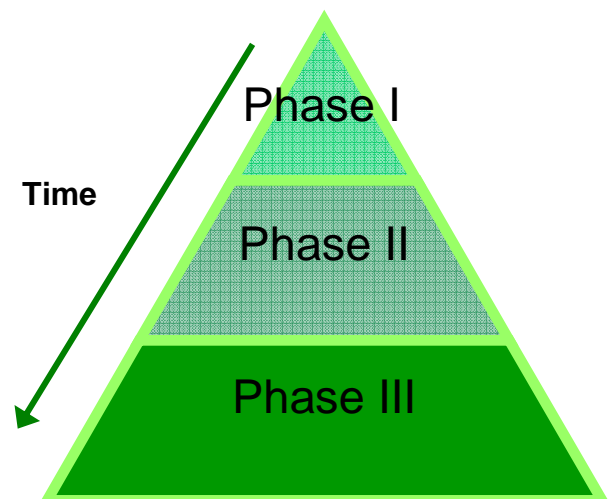


Fig. 2 The AREF is divided into three phases of project development: Phase I is for pre-feasibility activities, Phase II is for design and development activities and Phase III is for Regulatory Approvals.

- preliminary review of connection availability
- Project cost estimate
- an economic assessment
- consideration of Aboriginal Traditional Knowledge.

Phase II: Design and Development Phase

The design and development Phase will cover 60 percent of the combined Phase II Project Expenses, up to a maximum \$250,000 (less any funding received in Phase I). The following are eligible Phase II Activities, which are divided into two parts:

Part A:

- obtaining site control
- analysis of environmental constraints
- review of required Regulatory Approvals
- Resource Assessment Activities.

Part B:

- engineering studies
- developing a Business Plan and a financial plan
- resource control (if applicable)
- water power permit documentation (if applicable)
- preliminary capital cost estimates
- project management.

Note: Before applying to Phase II – A, the Applicant must have completed the Phase I Deliverables. Before applying to Phase II – B, a FIT Application must be submitted and the Project must have been awarded a FIT Contract or placed in the FIT Production Line.

Phase III: Regulatory Approvals Phase

The Regulatory Approvals phase will cover 40 percent of the combined Phase III Project Expenses, up to a maximum of \$500,000 (less any funding previously granted in Phase I and/or Phase II) for any of the following Activities.

- federal environmental assessment Activities (where applicable)
- Renewable Energy Approval Activities
- other approval requirements, including site-specific studies.

Please note that the Project must have been awarded and executed a FIT Contract with the OPA prior to applying for Phase III funding.

For clarity, the maximum aggregate funding for all Phases of a Project is \$500,000. An Applicant does not have to have received funding at an earlier Phase to be eligible for funding at a later Phase.

Moving through the AREF Phases

AREF is divided into Phases based on the way in which a typical Project develops. While some Projects will transition through each phase sequentially, each project is different and may require funding for different Activities at different Phases. Activities in each Phase must be complete before applying to the next Phase. However, it is possible to begin work on an activity before completing all pre-requisites for that Phase. If an activity has begun before all necessary pre-requisites are completed, AREF will not provide funding upfront, but will instead providing funding by way of a reimbursement once all the pre-requisites have been completed.

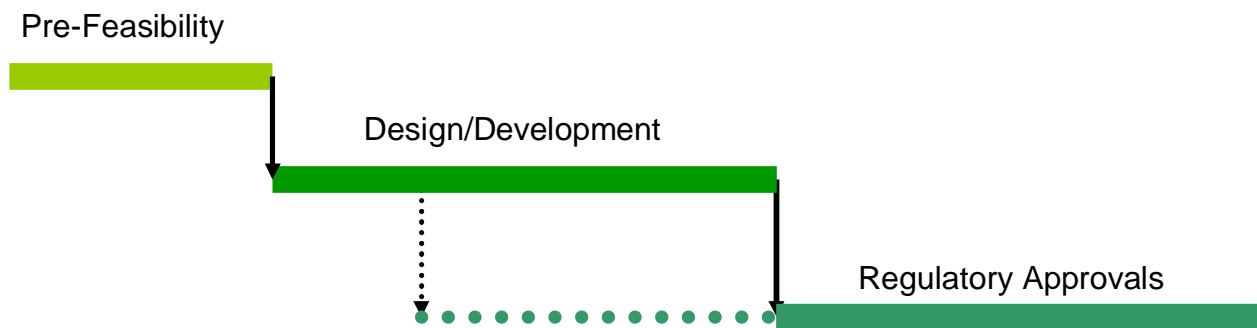
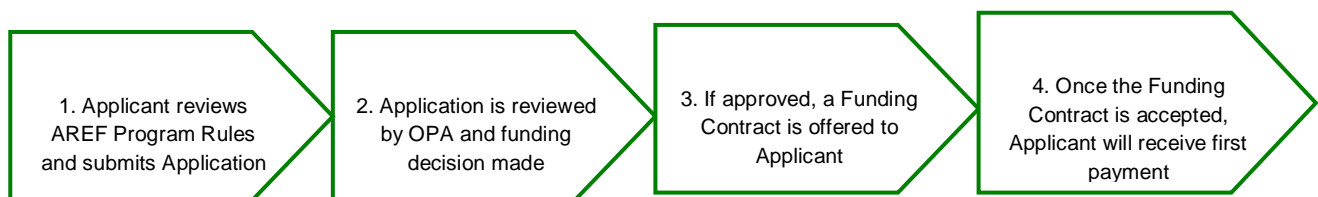


Fig. 3 The diagram above shows the stages of development of a Project that are eligible for AREF funding. The dotted line shows that some activities in the Regulatory Approvals Phase can begin before all the pre-requisites have been completed for the design and development Phase but will be paid as a reimbursement once all the pre-requisites have been completed.

Internal Applicant Resources and External Eligible Expenses

Many of the Activities involved in developing a Project will require the services of external consultants, including legal services. These costs are eligible Project expenses covered by AREF. As well, Activities in the pre-feasibility Phase and some Activities in the design and development Phase can be performed by people from within your community. AREF funding is available for internal personnel provided they are qualified to carry out the tasks and you provide evidence to the OPA of such qualifications. Further information about Internal Applicant Resources and Eligible External Expenses can be found in the AREF [Program Rules](#).

Funding Process



Step 1: Submission of Application

Once you have reviewed the AREF Program Rules and your Project meets all of the criteria, your Aboriginal Community may submit an Application for Phase I, II or III funding **online** to aref@powerauthority.on.ca or by mail to:

Ontario Power Authority
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1
Attention: Aboriginal Renewable Energy Fund

If you submit your Application online, you will be required to submit a hard copy of your Application to the OPA at the above address within 10 Business Days. After submitting your Application, you will be contacted by an OPA staff member to confirm that it has been received. The OPA accepts Applications continuously and once your Application has been evaluated, you will be notified of the funding decision.

If your Application is incomplete, the OPA will ask you to provide the missing information before your Application is considered for funding.

If you have any questions about the Application, please refer to the AREF [Program Rules](#) or contact us by email at aref@powerauthority.on.ca or by telephone at 416-969-6317 or toll free at 1-888-471-2377.

Step 2: Review and Evaluation

Your Application will be reviewed by an evaluation committee that will assess each complete Application for technical, economic and commercial feasibility based on a set of criteria, which may vary depending on the size, type and location of your Project. Once your Application has been reviewed, you will be notified of the funding decision. The OPA endeavors to make a funding decision within 60 days from the submission of an Application by the Applicant to the OPA.

Step 3: Funding Contract

If approved, you will be informed of the approval and a Funding Contract will be sent to you. The Funding Contract will outline when certain milestones and Check-In Reports must be provided to the OPA and will also specify when payments will be disbursed. Within a reasonable time of signing your Funding Contract, and receipt of the executed Funding Contract by the OPA, you will receive your Disbursement.

Step 4: Payments and Reporting

Once you have completed all funded Activities, you must submit a Deliverables Submission Cover Page and attach all required Deliverables outlined in your Funding Contract. If all Check-In Reports and required Deliverables have been submitted to the OPA, the final funding Deliverable will be issued for that Phase.

How to determine what Phase you should apply for:

Your Project may be ready for Phase I funding if:

- your Aboriginal Community is interested in developing a renewable resource

Your Project may be ready for Phase II-A funding if:

- you have not yet submitted a FIT Application, or
- you have submitted a FIT Application, but you have not been notified of the outcome, or
- you have completed all Phase I funding Deliverables with or without assistance from AREF, and
- you know the costs of all Phase II A Activities you are applying for and have available funds to pay for the portion not covered by AREF.

Your Project may be ready for Phase II-A and B funding if:

- you have submitted a FIT Application and have been either offered a FIT Contract or your Application has been placed in the FIT Production Line, and
- you know the costs of all Phase II A and B Activities you are applying for and have available funds to pay for the portion not covered by AREF.

Your Project may be ready for Phase III funding if:

- you have been awarded a FIT Contract and need to obtain Regulatory Approvals for your Project
- you know the costs of all Phase III Activities you are applying for and budget to pay for the portion not covered by AREF.

How to Prepare an Application:

Phase I Application

- **To fill out a Phase I Application you need to know:**
 - the pre-feasibility Activities for which you require funding
 - the skilled professional(s) from outside your community or from within your community whom you would like to hire to perform the activity(ies)
 - the cost quotes for each Activity in accordance with the Competitive Tender Process provided for in the Program Rules.
- **You also need to have:**
 - Aboriginal Community support for the Project in the form of a Supporting Resolution
 - resources to pay for the portion of the costs not covered by the AREF.

Phase II Application

- **To fill out a Phase II Application you need to know:**
 - the type and size of the Renewable Generating Facility
 - the location of your Project and the current land use for the location

- the Phase II Activities for which you require funding
 - the skilled professional(s) your community would like to hire perform the activity(ies)
 - the cost quotes for each Activity in accordance with the Competitive Tender Process provided for in the Program Rules.
- **You also need to have:**
 - Aboriginal Community support for the Project in the form of a Supporting Resolution
 - FIT Application submitted to the OPA

or

 - all Phase I Deliverables complete (whether or not funding was provided by the AREF).
 - **To fill out a Phase II Application for Part B you need to have:**
 - Aboriginal Community support for the Project in the form of a Supporting Resolution
 - Legally binding opinion, least or other agreement evidencing control of the Project site
 - FIT Contract awarded and executed by the Applicant and the OPA

or

 - FIT Application is placed in the FIT Production Line.

Phase III Application

To fill out a Phase III Application you need to know:

- The Phase III Activities for which you require funding
- The skilled professional(s) your community would like to hire perform the activity(ies)
- The cost quotes for each Activity in accordance with the Competitive Tender Process provided for under the Program Rules.

You also need to have:

- Aboriginal Community support for the project in the form of a Supporting Resolution
- FIT Contract.

Tendering

To receive funding through AREF, proof of a Competitive Tender Process for all Eligible External Expenses in respect of funded Activities must be submitted to the OPA with the Application. Tendering is a process that requires you to offer a request for bids either publically or by invitation. You will then select a provider based upon qualifications, experience and total estimated cost.

The following tender information is required with your Application:

- The Activities for which you are tendering
- The date of the tender and the closing date
- The total number of bids received
- How the tender was issued (i.e., public, invitation only, etc.)
- Details about the top three bids received

- The name of the company or individual chosen to carry out the work, including a rationale for the choice and the qualifications of the person or team carrying out the work
- A copy of resumes or curriculum vitae of all people carrying out the work.

See the AREF [Program Rules](#) for more information about the tendering requirements.

Glossary of Key Renewable Energy Terms

Note: the following terms are not exhaustive, nor are they legally binding. Rather, the description beside each respective term is a summary of the definitions appearing within the FIT Rules or the Program Rules as applicable. Please see the AREF [Program Rules](#) for a more comprehensive list of definitions.

FIT Program Terms

Domestic Content Level: Project developers will be required to have a certain minimum percentage of their project costs come from Ontario goods and labour at the time they reach Commercial Operation.

- For wind power projects over 10 kW, the minimum requirement will start at 25 percent and increase to 50 percent on January 1, 2012. There are no Domestic Content Level requirements for wind power projects 10 kW or less in size.
- For micro solar PV projects (10 kW or smaller), the Domestic Content Level will start at 40 percent and increase to 60 percent on January 1, 2011.
- For larger solar PV projects, the Domestic Content Level will start at 50 percent and increase to 60 percent on January 1, 2011.

Economic Connection Test: This test will be conducted every six months for Projects in every region in Ontario to ensure that the costs of connecting the Project, which are borne by the ratepayer, are reasonable in light of ongoing transmission developments and other proposed Renewable Generating Facilities.

Feed-In Tariff (FIT): A feed-in-tariff is a straightforward way to contract for renewable energy generation. It provides standardized program rules, prices and contracts. Feed-in tariffs refer to the specific prices paid to renewable energy suppliers for the electricity produced by the generating facility. The pricing structure provides a reasonable return on investment and is differentiated by project size and technology type.

The FIT Program provides North America's first comprehensive guaranteed pricing structure for renewable energy production. It contains provisions for project incentives for Aboriginal Communities, including reduced security payments and additional price incentives. Additional information about the FIT Program can be found at <http://fit.powerauthority.on.ca>.

FIT Aboriginal Price Adder: The FIT Program provides incentives to encourage the participation of Aboriginal Communities and to encourage Aboriginal Community partners to maximize their equity share in renewable energy projects. The Aboriginal Price adder uses a sliding scale based on the equity interest of an Aboriginal Community. The FIT Contract is structured to allow for increases in the economic

interest of an Aboriginal Community over time.

FIT Application: A completed Application submitted to the OPA's FIT Program

FIT Contract: An agreement entered into between the renewable energy Project developer and the OPA.

Notice to Proceed: A notice provided by the OPA to a FIT Supplier, indicating that it has reasonable confidence that all the required grid upgrades for a project have been approved and will be ready on time. The Notice to Proceed is intended to provide the Contract holder with the certainty needed to begin building the Project. AREF funding is available until a Notice to Proceed has been provided.

FIT Production Line: Once an economic connection test (see definition above) has been completed and it is deemed economic for the electricity network to be upgraded, the Project proponent will be given the option to enter into the FIT Production Line. Projects in the FIT Production Line are intended to provide input into the transmission and distribution planning processes.

Transmission Availability and Project Status (TAPS) Tool; The TAPS Tool is published online by the OPA at least semi-annually and will provide information about the ability of the transmission system to accommodate the connection of a proposed Project.

Other terms

Business Plan: A Business Plan is a vital component to a successful renewable energy development project. A Business Plan outlines why your business will succeed and can be used to pitch the project to potential partners and apply for

financing. It is also a useful tool for your project team to maintain timelines and establish responsibilities.

Distribution System: A system connected to the IESO-Controlled Grid for distributing Electricity at voltages at 50 kilovolts or less.

Financial Model: a simplified representation of the performance and financial investment required for the Project. An example of a financial model is a RETScreen analysis (see definition).

Independent Electricity System

Operator: is a not-for-profit corporate entity that establishes, monitors and enforces Electricity reliability standards in Ontario.

Local Distribution Company (LDC): The owner or operator of a distribution system who is licensed by the Ontario Energy Board as an "electricity distributor".

Renewable Energy Approval (REA): The process for approving renewable energy projects in Ontario. The REA combines previous requirements under the *Environmental Assessment Act* with clear provincial rules and standards in a new regulation under the *Environmental Protection Act* which became law on September 24, 2009, just before the launch of the FIT Program.

Resource Assessment: An assessment of resource or fuel requirements for a proposed Project. For example, a wind resource assessment will include setting up a meteorological tower to obtain wind data, assessing design and layout and energy yield predictions. See the AREF Program Rules for information about specific resource assessment requirements for different technologies.

RETScreen Clean Energy Project Analysis Software (RETScreen):

Computer software provided free-of-charge by the Government of Canada that can be used to identify and assess potential energy projects. RETScreen provides free training modules both with the software and on the

website. Visit www.retscreen.net for more information.

Transmission System: A system for conveying electricity at voltages greater than 50 kilovolts.

Other Funding Sources

Energy Specific:

- Aboriginal Loan Guarantee Program <http://www.ofina.on.ca/algp/>
- Indian and Northern Affairs Canada
<http://www.ainc-inac.gc.ca/enr/clc/pr/ovr-eng.asp>
- <http://www.ainc-inac.gc.ca/enr/clc/pr/eeec-eng.asp>
<http://www.ainc-inac.gc.ca/enr/clc/pr/lpfc-eng.asp>
- Northern Energy Program http://www.mndmf.gov.on.ca/nohfc/programs/nep_e.asp

General:

- Aboriginal Community Capital Grants Program
<http://www.aboriginalaffairs.gov.on.ca/english/economy/grants.asp>
- First Nations Infrastructure Fund
<http://www.ainc-inac.gc.ca/ih/ci/pubs/prg/prg-eng.asp>
- Community Adjustment Fund
http://www.ic.gc.ca/eic/site/fednor-fednor.nsf/eng/h_fn03146.html
- Nishnawbe Aski Development Fund <http://www.nadf.org/>
- New Relationship Fund <http://www.aboriginalaffairs.gov.on.ca/english/policy/nrf/nrf.asp>
- Northern Ontario Economic Development Program
http://www.ic.gc.ca/eic/site/fednor-fednor.nsf/eng/h_fn02348.html
- The Ontario Trillium Foundation <http://www.trilliumfoundation.org/>
- Canadian Environmental Grantmakers' Network <http://www.cegn.org/>

Other Information Resources

Resource-Specific:

- Canadian Wind Energy Association <http://www.canwea.ca/>
- Canadian Solar Industry Association <http://www.cansia.ca/>
- Ontario Waterpower Association <http://www.owa.ca/renew.html>
- Canadian Bioenergy Association <http://www.canbio.ca/>
- Ontario Wind Resource Atlas <http://www.ontariowindatlas.ca/en/welcome.html>
- U.S. Department of Energy Guide to Tribal Energy Development (Solar PV)
http://www1.eere.energy.gov/tribalenergy/guide/solar_photovoltaics.html
- U.S. Department of Energy Guide to Tribal Energy Development (Bioenergy)
http://www1.eere.energy.gov/tribalenergy/guide/biomass_energy.html

General:

- Aboriginal Renewable Energy Network (AREN) www.aboriginalenergy.ca

- FIT Program <http://fit.powerauthority.on.ca/>
- Community Energy Partnerships Program www.communityenergyprogram.ca
- Ontario Sustainable Energy Association <http://www.ontario-sea.org/>
- Canadian Renewable Energy Alliance <http://new.canrea.ca/site/>
- Renewable Energy Facilitation Office (REFO)
http://www.mei.gov.on.ca/en/energy/renewable/index.php?page=refo_office
- Renewable Energy Information Centre (Ministry of Energy and Infrastructure)
<http://www.mei.gov.on.ca/en/energy/renewable/>
- Renewable Energy Approval Guide
http://www.ene.gov.on.ca/en/business/green-energy/docs/REP_Guide.pdf
- Renewable Energy Approvals (Ministry of Energy and Infrastructure)
<http://www.ene.gov.on.ca/en/business/green-energy/>

Be sure to check out the Aboriginal Renewable Energy Network for more useful information at www.aboriginalenergy.ca.

Thank you for your interest in the Aboriginal Renewable Energy Fund.

Have Questions?

- **Send us an email: aref@powerauthority.on.ca**
- **Call us: 416-969-6317 or toll-free 1-888-471-2377**
- **Check out our website: www.aboriginalenergy.ca/aref for more information and to download the AREF Program Rules**

The Ontario Power Authority

120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Aboriginal Renewable Energy Fund

Phone: (416) 969-6317 **Toll-free:** 1-888-471-2377

Fax: (416) 967-1947

Web: <http://www.aboriginalenergy.ca/aref>