



**WORLD FORUM ON
ENERGY REGULATION V**

**STRIKING A BALANCE
IN THE MIDST OF CHANGE**

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Québec City, Québec (Canada)

**ICER VWG3 Report
Competitiveness and Affordability
Issues Related to the Integration of
Renewable Electricity Supply**

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The Work of ICER VWG3

Competitiveness and Affordability

Promotion of the exchange of ideas on:

- Demand management tools
- Integration of Distributed Generation and Renewable Generation in networks
- Issues related to Transparency and availability of information to consumers



Issue Identified

- Renewable forms of energy are not price competitive with the traditional supply mix generation and as a result various policies and regulatory schemes have been developed to overcome this barrier to market entry.
- The costs associated with these policies and regulatory schemes are ultimately borne by either the energy rate payers or tax payers.

Project Objective

- To provide regulators with tangible examples of regulatory and legislative tools and frameworks that have been developed in jurisdictions that have experience in the integration of renewable energy.



Project Methodology

- It was determined that publishing a compilation of case studies showcasing the experiences of various jurisdictions would be the most effective manner in which to obtain the project objective.
- Four submissions were received in response to an invitation that was issued last summer.



Contributed Reports

- The case studies vary considerably in both form and content with each one providing detailed information pertaining to the experience of their respective jurisdictions.
- Contributions came from Ofgem of the UK, NARUC of the USA, CNEE of Guatemala and the OEB of Ontario, Canada.
- These submissions and a cover report are available on the [ICER website](#)



Structure of the Cover Report

Headings

- Motivation
- Procurement Context
- Incentives and Cost-Burden
- Price Impact and Mitigation
- Observations



Motivation

- Prevailing motivation is with respect to climate change
- Health costs
- Environmental drivers
- Energy security
- Economic stimulus through establishment of green manufacturing



Procurement Context

- Feed-in Tariffs (FIT)
- Renewable Portfolio Standards (RPS)
- Renewable Obligation (RO)
- Competitive Requests for Proposals (RFPs)

Incentives and Cost-Burden

- Some risks and costs related to renewable generation projects are borne by rate-payers and/or taxpayers.
- FIT, RPS, and RFPs procurement schemes are ratepayer funded.
- There are also a myriad of tax based preferential treatment incentive programs.
- Preferential connection cost arrangements as well as financial assistance programs are also utilized.

Price Impact and Mitigation

- Not all jurisdictions are reporting that the introduction of energy and climate change policies are having a net increase impact on energy bills.
- A range of programs are used to mitigate impacts where they exist.
- Some are funded directly by ratepayers and others are tax base funded.

Observations

- One observation is that a general correlation exists between the use of the ratepayer funded incentive programs and the rapidity of deployment of renewables.
- The selection of the tools and schemes to incentivise the integration and deployment of the renewables are very much dependent on the motivation for the policies and the desired pace of deployment.



Conclusion

- It is recognized that the policy development in this area is quick and fluid.
- More case studies are welcome.

Thank-you

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Thank you for your
attention!



The ICER report is on
our [website](http://www.icer-regulators.net)



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