



11 August, 2006



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Greetings Ms. Hansen,

Climate Change Central (C3) is submitting this response to the AESO Process Change Consideration for Micro-generation paper of July 27th, 2006 on behalf of municipal organizations participating in the Alberta Solar Municipal Showcase.

The Alberta Solar Municipal Showcase is a renewable energy demonstration project coordinated by C3 and co-funded by the Federation of Canadian Municipalities and each participant organization. Between now and December 2007, up to twenty Alberta municipalities will install 1 kW grid-connected photovoltaic (solar PV) systems on municipally owned buildings across the province. For additional detail on the project, please visit our website, lassothesun.ca.

Participating organizations to date include Black Diamond, Calgary, Drayton Valley, Edmonton, Jasper, Lethbridge, Medicine Hat, Pincher Creek, St. Albert, Starland County, Strathcona County, Westlock, AUMA and AAMD&C. Six others are expected to join the project in the near future.

Rather than preparing our response in the form of the comment matrix which was more detailed and specific than we require, this submission focuses on the Process Change document from the perspective of the project and includes brief background, rationale and suggestions for revisions.

We sincerely appreciate your acknowledgement that “new micro-generators coming on-line are encountering frustration with the costs and logistics associated with the current situation”. In the short term, the timing of the proposed Process Change couldn't be better, as it benefits the Alberta Solar project by offering an opportunity for participants to choose a more streamlined application procedure and reduced costs associated with these Distribution-connected Generator Owners (DGO's) sites.



We recognize that the proposed change is a short-term interim measure intended to address persistent ongoing problems faced by a specific category of small generators (DGO's under 150 kW). Selecting the “no pay, no play” option, however, leaves considerable uncertainty regarding the future, particularly a future that could include increasing the capacity of Alberta Solar PV systems.

It is our understanding that the \$150 annual Market participant fee is not the only cost associated with Market membership and that associated annual costs also include \$100 for a digital certificate, bringing the total closer to \$250. As you acknowledge, these fees are prohibitive where the revenues from electricity sales do not exceed the cost of becoming a Market participant. However, since the AESO does not presently offer a scaled rate for DGO's less than 150 kW, the proposed Process Change forces everyone to make a decision based on the current “all or nothing” situation.

Indeed if the situation changed, either in terms of increased DGO generating capacity or conditions and costs of Market participation, it is likely that small generators would prefer not to be tied to the “no pay, no play” scenario.

You note that “The above process will be revisited by the AESO once the DOE issues a policy on micro-generation, or at the end of 2007.” This has significant implications as it appears to leave the future hanging in the hands of AESO, without explaining the role of AESO in helping to facilitate rather than impede the process in the future.

While the proposed “no-pay, no play” option outlined in the Process Change document is convenient and acceptable to Alberta Solar project participants at this time, we strongly recommend that the document include clear assurance that full options will be available for DGO's to change their status and revisit the conditions of Market participation in the future, particularly once new DOE policy is introduced. It would also be great to know that the AESO, the DOE and the AEUB fully intend to work together to develop effective manageable solutions for DGO's.

Thank you very much for the opportunity to comment on this proposal.

Sincerely,

A handwritten signature in black ink that reads 'L. Sveinson'.

Lynn Sveinson
Director Planning
Climate Change Central