

DISCLAIMER

The following summary is not intended to replace an independent assessment or review of the program rules, definitions, schedules, or contracts. It is provided for discussion purposes only. RESCo Energy Inc. assumes no responsibility for decisions made based on the information contained herein. Some statements are generalities presented for brevity and may vary on a project-specific basis. This brief is not a complete summary of the program documents. A complete set of documents can be found at www.powerauthority.on.ca/fit.

STATUS OF PROGRAM

On September 24, 2009, the Ontario Government formally announced the Feed-in Tariff (FIT) Program as part of the implementation of Bill 150 – The Green Energy and Economy Act. The FIT program will be administered by the Ontario Power Authority (OPA). The program officially launches on September 30, 2009 and will start accepting applications October 1, 2009.

FOCUS OF HIGHLIGHTS

This brief summarizes key aspects of the FIT program as they relate to rooftop solar photovoltaic systems installed in the Province of Ontario. The focus is on Capacity Allocation Exempt Facilities. Capacity Allocation Exempt Facilities have a significantly simplified approvals process.

“Capacity Allocation Exempt Facilities” refer to embedded systems that are either:

- ≤250kW and connected to a <15kV line; or,
- ≤500kW and connected to a ≥15kV line.

RATES

This is a production based program providing a 20-year contract with a fixed tariff with no escalation. The rates are based on the metered kilowatt-hours (kWh) produced by the system. The rates are tiered by total system size.

Type	Size (kW)	Price (\$/kWh)
Any Type	≤ 10	\$0.802
Rooftop	>10 ≤ 250	\$0.713
	>250 ≤ 500	\$0.635
	> 500	\$0.539
Ground	> 10	\$0.443

These rates include the purchase of the electricity and all environmental attributes including NO_x, SO_x and future attributes including carbon credits.

ELIGIBILITY

Projects must be in the Province of Ontario and connected to part of the distribution or transmission grid system or connected to a host facility. They must meet the minimum domestic content requirements, be completed within three years of receipt of contract, and must not currently be a generating facility under a power purchase contract.

“Rooftop Facility” refers to projects that are part of the wall, roof or architectural element to a permanent building that has a purpose other than for supporting a solar array or providing shelter from the sun.

APPLICATION PROCESS

The application forms are expected to be available on the OPA website by September 30, 2009. Completed applications will be accepted starting October 1, 2009. As Capacity Allocation Exempt Facilities, there is no



FEED-IN TARIFF PROGRAM HIGHLIGHTS SOLAR PV ROOFTOP PROJECTS

'launch period'. Complete applications will be offered contracts within 60 days of application going forward. There is a \$500 non-refundable application fee. It is unclear if a completion security of \$25/kW will be required for Capacity Allocation Exempt Facilities. If so, the security and signed contract must be returned within 10 days of approval of the contract or the contract offer is recinded. This security may be forfeited as liquidated damages if the project is not brought to its commercial operation within the allotted timeframe.

All applications will require a pre-submission meeting with the local distribution company to determine the connection details.

DOMESTIC CONTENT

The domestic content of projects greater than 10kW must meet a minimum of 50% if brought online prior to January 1, 2011 and 60% thereafter. The domestic content provisions are calculated based on maximum allotted percentages for components of the project.

From Ontario	Crystalline	Thin-Film
Silicon	11%	n/a
Ingots and Wafers	13%	n/a
Cells	11%	n/a
Thin-Film Fabrication	n/a	35%
Modules	15%	10%
Inverter	8%	8%
Mounting System	11%	10%
Wiring & Electrical	9%	9%
Construction Costs	18%	24%
Consulting Services	4%	4%
	100%	100%

There is currently only one small manufacturer of crystalline modules in Ontario. These panels are not considered to be investment grade. The industry consensus is that these numbers are difficult to meet in the short term without new manufacturing capacity coming online in Ontario. However, RESCo has commitments for supply that meets 2010 and 2011 targets.

It is also expected that when this manufacturing does come online they will enjoy a period of reduced competition and high demand which is likely to be reflected as higher than the global pricing.

BEHIND-THE-METER CONNECTIVITY

The Ontario Energy Board had significantly improved the process of calculating behind-the-meter applications clearing the way for solar projects to connect to the building rather than to the grid with little to no impact on the reconciliation of accounts. For some projects this may reduce construction costs. It should be noted that the local distribution company will have to approve these connections.

FINANCING

The FIT contract provides for multiple secured lenders through a Secured Lender's Security Agreement. The agreement provides protection for secured lenders in the event of bankruptcy or insolvency of the contract holder.

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