

Electricity Feed-Laws: A Standard, Fair Price to Power Renewables in Nova Scotia

What are Electricity Feed-Laws?

A feed-law is a pricing policy for renewable energy that will enable Nova Scotia's communities to grasp significant economic development opportunities.

Under a feed-law the price for every kilowatt-hour of renewable energy generated is fixed at a price based on the cost of production. The price is fixed for a certain period of time, usually 15-20 years.

A different price can be paid for different technologies (e.g. wind, solar, tidal) and for areas of the province with differing amounts of renewable energy resources (e.g. windier areas of the province).

There are a number of different names for feed-laws: Standard Offer Contracts, Advanced Renewable Tariffs, Renewable Energy Feed-In Tariffs, Minimum Price Standards, Minimum Price Systems, Fixed Price Systems.

Why does the Ecology Action Centre Support Feed-laws?

The EAC supports feed-laws because they have been the most successful policy in stimulating the rapid development of renewable energy worldwide.

Renewables are integral to confronting the global climate crisis caused by carbon pollution from burning fossil fuels such as coal, oil and gas. In addition, feed-laws will help release the economic development potential of renewable energy in Nova Scotia by giving communities an opportunity to earn money by producing clean energy. This creates the potential for job creation, innovation, and manufacturing.

Have other Jurisdictions Implemented Feed-laws?

Yes, more than 30 countries worldwide have implemented a fixed price for renewable energy. The leadership of Germany, Spain and Denmark in wind power is largely attributable to the feed-in tariff in those countries. Germany is also a leader in solar and biomass electricity production due, again, to the feed-in tariff. In March 2006, the Ontario government introduced a feed-in tariff for wind, biomass, and small hydroelectric power of 11 cents per kilowatt-hour and 42 cents per kilowatt-hour for solar electricity.

What Policy does Nova Scotia Currently have for Renewables?

Currently, renewable energy producers can only sell when Nova Scotia Power (NSPI) requests proposals. The government has proposed a modest renewable energy quota that requires new renewable energy (post-2001) to represent 10% of electricity by 2013.

Typically Nova Scotia Power (NSPI) sends out a Request for Proposals to buy renewable energy and producers bid amongst each other to build projects. This situation has two major drawbacks:

The first is that producers submit bids that cannot or will not be financed. The lowest bidders typically win, but many wind turbines never get built¹. Nova Scotia Power missed a voluntary target of 50 MW in 2005. They again missed their targets in 2006, after the cancellation of a 31 MW wind farm in Amherst. Contracts

¹ Wind dominates the current market.



have been signed but about half of them have not been built. Feed-laws, on the other hand, have resulted in the installation of eight times more wind capacity than the system we use to buy renewables.²

The second problem is that only the “big-dogs” can play in this market because of the sophisticated gaming and significant financial uncertainty involved in the competitive bidding process. Our farmers, rural communities, and municipalities in need of extra income flows and with land waiting to be utilized are being excluded from selling clean energy.

How would Feed-laws Benefit Nova Scotia’s Communities

Feed-laws could provide significant economic development opportunities, particularly for Nova Scotia’s rural communities. A feed-law would give farmers, cooperatives, First Nations communities and others the opportunity to earn extra income by producing clean, renewable power. In Denmark local community members own 85% of all developments.

A fixed price would prevent both administrative and financial hurdles. The application process would be simplified and communities will be able to access loans with added financial certainty. Communities would be able to secure the funds to set up a wind turbine and then pay off its up-front costs by selling energy to the grid. With no fuel costs Nova Scotia’s communities will be able to make money whenever the wind blows.

In addition, renewable energy production will produce social, environmental and economic benefits by improving air quality; reducing carbon pollution; creating manufacturing and maintenance jobs as well as research and innovation opportunities; and stabilizing future prices by ensuring less reliance on foreign fuel imports.

Are Feed-laws a Subsidy?

No. Those investing in renewable energy projects shoulder the risk. If solar panels or wind turbines don’t work, their owners won’t get paid. The price per kilowatt-hour is based on the cost of production and determined by a group of engineers and economists and then approved by the legislature or utility regulator.

Would the Electricity Rates Increase because of Feed-laws?

Feed-laws have not necessarily resulted in excessive costs. A small increase in rates might be necessary in the short-term. A pilot project in Ontario found that the incremental cost of a feed-law policy for wind was five one-hundredths of a cent (\$0.0005)³. The costs are negligible because they are spread out amongst all consumers.

In the long-term, feed-laws can decrease rates because the price is fixed far into the future, which protects Nova Scotians from ever-increasing fossil fuel prices. Consider that rates are set to increase 26% from 2001 due to fossil fuel prices. You don’t have to pay a fee to use the wind, sun, and tides. This situation allows us to implement a feed-law policy for renewable energy to stabilize the province’s electricity rates over time while making money by producing renewable energy ourselves at the same time.

² Bernard Chabot, economist with France’s Agency for Environment and Energy Management quoted in Gipe 2004: Wind Power for Farm, Homes & Business

³ <http://www.ontario-sea.org/pdf/PoweringOntarioCommunities.pdf>





Are Feed-Laws Driving Up the Price of Wind Turbines?

There is no evidence that this is the case, but Nova Scotia Power has still made the claim.

Over time feed-laws should reduce the price of wind turbines and other manufacturing costs since competition between manufacturers is encouraged. If there are more manufacturers, there will be more competition. More manufacturing will be created if there is a market to serve. The way to create a market for manufacturing is to encourage the development of renewable energy through feed-laws. A feed-law policy in Atlantic Canada could work towards lowering the price of turbines by ensuring that it is not just companies in Europe that are manufacturing wind turbines.

Do you think this Policy is a Good Fit for Nova Scotia?

All signs point to yes!

We have one of the best wind regimes in the world and good solar potential. Nova Scotia's rural communities need opportunities to earn extra income to reverse out-migration.

Nova Scotia already has an excellent tool through the Community Economic Development Investment Funds (CEDIF) to harness the community-based capital needed for renewable energy projects. We also have an active cooperative movement, as well as a university and college sector distributed throughout the province which provides a key advantage for decentralized energy research and development. A feed-law is the missing piece of the puzzle to help both our economy and the environment.

What can I do?

- 1) Write to the Premier and your MLA to tell them you want a feed-law for renewable energy:

The Honourable Rodney MacDonald
Office of the Premier
PO Box 726
Halifax, Nova Scotia
B3J 2T3
FAX: 902-424-7648

MLAs: <http://www.gov.ns.ca/legislature/MEMBERS/index.html>

Darrel Dexter, NDP Leader - ddexter@ns.sympatico.ca

Michel Samson, Liberal Leader - samsonmp@gov.ns.ca

- 2) Participate in helping cooperatives, farmers associations and other organizations become renewable energy producers:

Nova Scotia Co-operative Council - <http://www.nasco-opcouncil.ca>

NS Fed of Agriculture - <http://www.nsfa-fane.ca/>

CEDIF Funds - <http://www.gov.ns.ca/econ/cedif/>

Renewable Energy Industry Assoc of NS

Solar Nova Scotia - <http://www.solarns.ca/>

- 3) Join the Ecology Action Centre to help us work for a sustainable Nova Scotia:

<http://www.ecologyaction.ca/membership.shtm>

