

Watt's Happening?

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WE NEED FEED-IN-TARIFFS!



Ontario's feed-in tariff ensures that this homeowner's investment in solar power will pay off quickly, and then provide significant income for several decades. Lowering

the cost of electricity and a cleaner environment are just two of the many advantages that such government policy brings consumers. (photo by Roy Mumby)

Some countries, states and provinces value clean renewable energy (RE) like wind and solar above other forms of energy. Accordingly, they pay producers of RE a premium price for that clean power, under a program called a "feed-in-tariff" (FIT) program. BC and Alberta need FIT programs.

The list of countries, states and provinces that have FIT programs is long and growing, now including most European countries, China, Japan, Ontario, Nova Scotia, Prince Edward Island, California, Virginia, Washington, Vermont, much of Australia . . . to name just a few.

HOW IT WORKS

A feed-in-tariff is designed to encourage people (homeowners, business owners, co-operatives, energy developers, farmers and ranchers) to invest in RE

equipment and feed clean power into the grid. FIT programs kick-start the adoption and development of renewable energy by giving a faster payback on equipment investment.

Germany was the first country to implement the idea on a grand scale. Nay-sayers predicted a crash in the economy and an increase in energy prices, but time has proven them wrong.

Today, Germany continues to be one of the most prosperous and heavily industrialized countries in the world, and thanks to their on-going FIT, some 40 percent of their energy comes from renewables, mostly wind and solar.

Generally, FITs start high, and are then reduced over time. Once the RE industry is well established and therefore approaching competitiveness with the already heavily subsidized "conventional" energy

industries, feed-in tariffs are reduced and eventually phased out, allowing market forces to take over.

Feed-in tariffs work extremely well. Home owners are encouraged to install solar panels on their roofs, developers are encouraged to invest in commercial-scale RE facilities, businesses are encouraged to supply the equipment, manpower and manufacturing capacity needed to meet the new demand, and lots of jobs are created.

WHY BOTHER?

Besides these very practical reasons, there is significant and warranted global concern about climate change and pollution, concerns linked directly to our use of energy. By encouraging a shift to renewables, feed-in tariffs are one tool we have to help slow climate change and reduce pollution, both exceptionally worthy goals.

LOWER COST

“Lower cost” seems to be contrary to common sense. Surely if the utility is paying a high price for RE power with a feed-in tariff, then it follows that it must be costing consumers more.

Well, actually, no. That’s because every kilowatt of power produced from say, a homeowner’s rooftop solar power system, is a kilowatt of “new power” that the utility does not have to create.

Any electrical utility will admit that the cheapest power is power saved through conservation and efficiency. That’s power that does not have to be produced at all.

The next cheapest is power that somebody else produces FOR the utility. That’s what feed-in-tariffs encourage.

By far the most expensive power is new power

produced with new, utility-created infrastructure.

REDUCED CONSUMPTION

Strangely, feed-in tariffs and the resulting widespread adoption of renewables **DECREASES** energy consumption. This was first noted in Germany, and has been seen more recently in Ontario, where after several years of aggressive feed-in tariff policy, per-capita energy use has fallen.

Why? Spinning wind turbines on the horizon and subdivisions sparkling with solar panels might act as reminders of the fact that energy is actually “produced” – it doesn’t just magically flow out of the wall socket. Perhaps efficiency and common-sense energy conservation are natural outcomes of citizens and entrepreneurs becoming energy producers, not just energy consumers.

REDUCED TRANSMISSION

Renewables are everywhere. Sun shines, wind blows. Being locally produced, RE is locally consumed. Electrons flow to the nearest load, so my rooftop solar array powers my building first, then my neighbours’. The more renewable energy installed across the landscape, the less transmission infrastructure is needed, and the lower the transmission losses. Both result in lower costs, greater efficiency and a more robust grid.

The yes or no of feed-in tariffs boils down to politics and policy at the highest levels of government. Both BC and Alberta need to look seriously at feed-in tariffs to level the playing field for renewables, allowing them to gain a foothold. After that, may the best energy win.

I think we know which energy that will be.

Watt’s Happening? Quick Fact:

OBAMA SUPPORTS MORE SOLAR R&D: *the White House has just released \$120 million in new funding to boost the adoption of solar and other clean energy sources in 24 states. Since President Obama took office, the number of US homes with rooftop solar has grown from some 66,000 to 734,000.*