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Ontario: The new frontier for alternative energy

Michael Kanellos, for News.com

A raft of subsidies and other incentives is making Ontario a hot spot for solar panel manufacturers and others in alternative energy.

This week, the province's government announced a \$610 million fund to develop a green technology industry and attract carmakers and solar panel makers. Municipalities will also be able to dip into a separate \$206 million fund for retrofitting buildings.

Additionally, the province has unfurled programs that eliminate sales tax on Energy Star-rated lightbulbs and appliances for a year, offer homeowners up to about \$4,689 to install energy-efficient appliances, and set a goal to see 100,000 homes go solar. A pilot program will also extend zero-interest loans to homeowners who install renewable energy systems. These build on other programs designed to increase solar power demand.

Overall, Ontario wants to reduce greenhouse gas levels to 6 percent below 1990 levels by 2014, 15 percent below those levels by 2020, and 80 percent below 1990 levels by 2050.

Unlike Manitoba, which has a surplus of hydroelectric power, Ontario faces an energy problem. The province needs about 30,000 megawatts of energy capacity, said a representative for the Ontario Power Authority. That figure will rise to 36,000 megawatts over the next 20 years. At the same time, about 8,000 megawatts of coal plants will be decommissioned.

Under the government's plan, it will try to save 6,300 megawatts through conservation and find 15,000 through renewable energy. Most of the remainder will come from nuclear power. Coal, which accounts for 20 percent of Ontario's power now, will be phased out.

On the roads, mass transit will increase: nearly \$1.6 billion will be spent on railroads in the Toronto area.

"These programs build on our government's efforts to make Ontario the center of the green economy in North America," Energy Minister Dwight Duncan said in a statement.

One of the key elements in the incentive programs is a solar "feed-in" tariff that pays people and

organizations with solar panels cash for any electricity they feed into the grid. In the United States, utilities offer credits for solar power; a homeowner or business can reduce their electricity bill with these credits, but at best end up owing nothing to the utility.

With feed-in tariffs, solar panels become profit centers. In Germany, the government gives panel owners around 45 cents for every kilowatt hour fed into the grid, which is more than a kilowatt hour costs.

"You can go to financial planning meetings and you'll see people with spreadsheets calculating hours of sunlight and the potential revenue," said Jeff Osborne, an analyst with CIBC World Market in a recent interview. "Half of the solar power in Germany comes from farmers."

Ontario has adopted a feed-in tariff for solar that will provide 42 cents per kilowatt hour. The response so far has been positive. After the feed-in tariffs were unfurled, a North American company has said it will build solar power plants that will produce 60 megawatts of power, said the representative from the Ontario Power Authority.

Germany-based Conergy, which specializes in solar panel installation, acquired a company in Canada in February and officially opened a subsidiary in Toronto this week.

Ontario started putting together alternative energy plans in 2003 and progressively moved toward that goal with different pieces of legislation. The feed-in tariff program, for instance, started in November 2006 for qualified producers of up to 10 megawatts of power. The program was expanded this week to include larger-scale producers.

Canada isn't exactly known for hours of sunshine, but in some ways it's a good physical location for solar energy, said Ron Kenedi, vice president of Sharp's Solar Energy Solutions Group, who identified Canada as one of Sharp's stronger growth markets at the moment. Days are comparatively long in summer and spring. In winter, sunlight reflected off the snow can generate electricity in silicon solar cells. Cold temperatures and clear weather are actually optimal for solar.

Mondial Energy, meanwhile, has also promoted solar thermal water heaters in Canada. These trap heat from the sun and use it to heat water. The solar water heaters may not generate all of the energy required to heat the water, but can take care of a substantial percentage. Mondial has put solar thermal systems in laundromats and retirement homes, and is exploring installing some in hotels in the U.S., said Mondial President Alex Winch.

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