

**Re: COMFIT Annual Progress Reports**

**1. PURPOSE.**

The following Directive is being established to specify the form and content of the annual Community Feed-in Tariff progress reports, including compliance, 60-day, completion, and annual progress reports.

**2. POLICY RATIONALE.**

In order to properly evaluate the success of the COMFIT program, appropriate reporting requirements have been established. This Directive has been established and amended to provide applicants clarity regarding post-COMFIT Approval reporting requirements. Details required in these reports have been designed to address the objectives of the COMFIT program, which was established to support community and sustainability agendas. Further, in order for the Department to measure the success of the program, it is important to understand how project surpluses are used to support program objectives.

Information provided by the applicant for the project application and annual progress reports is collected under the authority of the *Renewable Electricity Regulations* under the *Electricity Act*, and the *Nova Scotia Freedom of Information & Protection of Privacy Act*. Information collected will only be used and disclosed in keeping with the access and privacy provisions of the Act.

**3. LEGAL AUTHORITY.**

Under Subsection 28(4) of the *Renewable Electricity Regulations*, Community Feed-in Tariff approvals may be subject to terms and conditions that the Minister determines are appropriate. Under Section 34<sup>1</sup> of the regulations a renewable low-impact generator must report, within 30 days of interconnection to the Minister, (a) the total capital costs for the project; and (b) for each project expenditure for goods and services in the amount of \$50,000.00 or greater, the name and address of the supplier or contractor providing the goods or services.

This Directive provides guidance on the terms and conditions the Minister may include in a COMFIT approval related to reporting for the period after the report provided under Section 34. This Directive is supplemented by the requirements for record keeping and is supplemented by the requirements for record keeping and access to information provided in Sections 39 to 41<sup>2</sup> of the Regulations. This Directive is

<sup>1</sup> **Generator under feed-in tariff program must report to Minister**

**34** Within 30 days of the interconnection of a renewable low-impact electricity generation facility with the electrical grid under the feed-in tariff program, the renewable low-impact electricity generator that owns or operates the facility must provide a report to the Minister that details all of the following:

- (a) the total capital costs for the project;
- (b) for each project expenditure for goods or services in the amount of \$50,000.00 or greater, the name

<sup>2</sup> **Books and records of renewable low-impact electricity generators**

**39** Every renewable low-impact electricity generator must keep or cause to be kept appropriate books, records, accounts, documents and other information related to the ownership and operation of its renewable low-impact electricity generation facility and its membership or ownership at an office in the Province.

**Audit or examination of renewable low-impact electricity generator**

made under the authority of Subsection 2B(2)<sup>3</sup> of the *Electricity Act* and Clauses 43(1)(b)<sup>4</sup> and 43(2)(e)<sup>5</sup> of the *Renewable Electricity Regulations*.

#### 4. DIRECTIVE.

##### 1. Milestone Report

Approved COMFIT applicants must provide to the COMFIT Administrator a reporting outlining the project's major milestones within 60 days of receiving COMFIT Approval. Identified milestones should include:

- Environmental assessment, analyses, and approvals;
- Planning and design;
- Engineering and construction;
- Community engagement;
- Estimated in-service date; and
- Other key dates relevant to project completion.

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**40** The Minister may at any time audit or examine the books and records of a renewable low-impact electricity generator to ensure the continued compliance by the renewable electricity generator with the Act and these regulations.

#### **Duty of renewable low-impact electricity generator**

**41** For the purpose of an audit or examination under Section 40, a renewable low-impact electricity generator must do all of the following:

- (a) make its books, records, accounts, documents and other information available at all reasonable times to any person authorized by the Minister for the purpose, and provide the person with copies of documents requested by the person that are reasonable for the purposes of the audit or examination;
- (b) make copies of any operating agreement or other agreements between the renewable low-impact electricity generator and any other person in relation to the operation or ownership of its renewable low-impact electricity generation facility available at all reasonable times to any person authorized by the Minister for the purpose;
- (c) at any time, on any notice and under any supervision by or on behalf of the renewable low-impact electricity generator as is reasonable in the circumstances,
  - (i) give all reasonable assistance to a person authorized by the Minister to carry out the audit or examination,
  - (ii) provide access to all relevant sites, and
  - (iii) answer orally or in writing all questions relating to the audit or examination.

<sup>3</sup> **2B (2)** The Minister may establish and administer policies, programs, standards, guidelines, objectives, codes of practice, directives and approval processes under this Act.

<sup>4</sup> **43 (1)** The Minister has all the power and authority necessary to implement, administer and enforce these regulations, including the power to issue directions or orders, and must do all of the following: ... (b) establish a process for approving and re-approving renewable low-impact electricity generation facilities and renewable low impact electricity generators;

<sup>5</sup> **43 (2)** In addition to the powers and duties set out in subsection (1), the Minister may do any of the following: ... (e) prepare interpretations of these regulations, or policies, standards and guidelines under these regulations.

## 2. Compliance Report

In order to connect to Nova Scotia Power Inc.'s, a COMFIT-approved entity must demonstrate that they have met the conditions outlined in their project Approval Letter. After the entity has demonstrated compliance with the approval conditions, the Department of Energy will issue a confirmation letter, which will allow the entity to enter into a Power Purchase Agreement with Nova Scotia Power.

Failure to comply with the conditions of the Approval Letter will result in a letter from the Department of Energy advising the proponent of a timeline for the proponent to come into compliance. Once in compliance, the proponent must advise the Department of Energy that it is in compliance.

## 3. Completion Report

The requirements in the *Renewable Electricity Regulations* (Section 34) are:

- applicants that are successful in receiving Feed-in Tariff approval will be required to submit a completion report within 30 days of project completion.
- In addition to those requirements, applicants shall provide details of all capital expenditures in excess of \$50,000.00 including the name(s) and address(es) of supplier(s).
- If the entity is a Community Economic Development Investment Fund, a list of shareholders and the residency to confirm compliance with Directive 007.

## 4. Annual Progress Report

In addition to the reports outlined above, annual progress reports will be required containing the following information:

- i. Income statement consistent in form and format filed with the Canada Revenue Agency (CRA) for year-end chosen by the entity for filing with CRA;
- ii. Balance Sheet consistent in form and format filed with CRA for year-end chosen by the entity for filing with CRA;
- iii. Total cost of additional construction or purchase of additional generation equipment;
- iv. With respect to generation equipment (including associated manufactured parts such as towers but not the cost of installation), the capital cost of such equipment and place of manufacture;
- v. All COMFIT proponents must include information on how proceeds from the project have been used to advance Renewable Electricity Plan Principles including community sustainability:
  - i. With respect to for-profit CEDIFs (Community Economic Development Investment Funds) and those qualifying for-profit combined heat and power (CHP) entities, the Department of Energy requires information demonstrating how community sustainability is furthered. This can be demonstrated through:
    - i. The distribution of surplus to community shareholders,
    - ii. Strengthening the organization and contributions to the local economy or,
    - iii. Other measures or uses of the surplus
  - ii. With respect to municipalities, an annual report outlining how the COMFIT project has helped them to address their sustainability plans.

## Biomass Combined Heat and Power Projects

In the case of Biomass COMFIT projects, the proponent must submit annual reporting of actual biomass fuel procurement to the Registrar of Wood Buyers as a condition of continued COMFIT approval. In addition, the proponent must submit annual overall efficiency calculations to the Department of Energy.

The annual overall efficiency is the total electricity generation plus the useful thermal energy, plus merchantable bio-products, divided by the biomass input heat content.

Useful thermal energy is energy in the form of direct heat, steam, hot water, or other thermal form that is used in production and beneficial measure for heating, cooling, process use, or other valid thermal end use energy requirements and for which fuel or electricity would otherwise be consumed (for example, a drying kiln or the production of wood pellets), drying of biomass fuel used solely to generate electricity does not meet the definition of biomass combined heat and power.

Merchantable bio-products are products that are refined from a biomass fuel by a bio-refinery project in which the electricity generating unit is integral. Products include, but are not limited to, merchantable chemicals such as additives, lubricants, or specialty chemicals.

Biomass input heat content is the weighted average of the heat content of each biomass fuel type based on the typical moisture content of each fuel type used.

Further biomass guidance can be found in COMFIT Directive 002: COMFIT Biomass Eligibility.

## 5. DEFINITIONS.

“Completion report” is the report referred to in Section 34 of the regulations requiring a report within 30 days of interconnection.

“Annual Progress Report” is the annual filing required under this directive as a condition of approval of an application.