



August 2, 2005

Ontario Co-operative Association
White Paper Task Force
c/o Lee Davis

RE: Submission to the White Paper Task Force

Dear Task Force members and Ontario Co-operative Association Staff:

Positive Power Co-operative is a renewable energy co-operative incorporated without share capital, operating in the Hamilton, Halton and Haldimand areas. We are currently developing two large scale wind energy projects within our catchment area, and we have always envisioned going to the community to seek the needed equity or financing to fully realize our projects and develop them to successful commissioning. The sections of consultations dealing with capitalization and financing, and to a lesser extent, the 50% rule, are areas that pertain most directly to our current situation.

CAPITALIZATION AND FINANCING

As a co-operative working in a developing sector, one of the difficulties that we have had is finding ways to effectively develop a process that allows us to fund the development phase of the work required to get our projects off the ground. The development phase of renewable energy projects generally covers the phase where necessary scientific, technical and operations work is done, while no revenue stream is available. Organizations require substantial amounts of cash to proceed through this phase, which are not typically available through traditional sources of non-profit or co-operative funding.

Recommendation:

The Green Power Innovation Fund proposed by the Ontario Sustainable Energy Association (OSEA) as a way to kick start the development of co-operative based renewable energy projects would be one very effective way to enable co-operatives to effectively develop their projects. More information on the structure and mechanisms associated with a Green Power Innovation Fund can be found in the recent report from OSEA entitled Powering Ontario Communities(Appendix A), located at <http://www.ontario-sea.org/pdf/PoweringOntarioCommunities.pdf> . We would encourage this type of mechanism as a way to overcome this difficulty.

50% RULE

One of the issues around providing a community investment opportunity to finance renewable energy projects is how the investment and co-op membership can be justified in a market where customers can not directly buy power from the generator, unless they happen to be set up as a retailer. This in some cases is further complicated by the 50% Rule that requires that business is done with 50% of members – if the Province of Ontario begins large scale procurement of community-based co-operative produced electricity, it may not be feasible to maintain the 50% rule, since the Province cannot easily become a member of a community co-op.

Recommendation:

Further discussion on this issue is required. Positive Power Co-operative is not in favour of abolishing the 50% rule per se, and we recognize the benefits to having such a requirement in place. Perhaps in discussions and recommendations related to this area and to the modernization of the Co-operatives Act as it pertains to the recognition of new sector requirements, a solution to this potential problem will become apparent, and still allow the 50% rule to remain in place. The Ontario Sustainable Energy Association has been in discussions with a number of co-operative sector experts associated with the Ontario Co-operatives Association, and we will support any recommendations that they make with regard to the 50% rule.



Generating Community-Based Sustainable Energy
www.positivepowerco-op.com

We thank you for the opportunity to submit our viewpoint on the White Paper, and I encourage you to contact us with further questions or comments that you may have.

Yours truly,

Jennifer Heneberry
General Manager
Positive Power Co-operative Inc.

Cc: Ontario Sustainable Energy Association staff and Board, c/o Deb Doncaster, Executive Director