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**RE: Setting the right Feed-in-Tariff price for biomass**

Biomass is diverse – municipal solid waste, wood residues, leftover agricultural crops and animal manure can all be turned into sustainable energy. And Ontario has reams of it. So why is the bioenergy industry lagging behind wind and solar power in the province? The cost is too high.

Under RESOP the biomass price was set far too low, resulting in only a few small or medium biogas projects. To really support a viable bioenergy industry that can revamp the failing forestry sector, create jobs and contribute to the reduction of carbon emissions, the price has got to be right.

The Canadian Bioenergy Association (CANBIO) represents a diverse group of the biomass, forestry and agricultural industry, research and government organizations. CANBIO applauds the Feed-in-Tariff as a major turning point. In Germany, the FIT catapulted the bioenergy industry into one of the largest and most successful in the world. CANBIO urges the OPA to closely examine the pricing models used in Germany, from which we've partly based our pricing recommendation.

**We recommend \$0.18 cents per kWh for bioenergy projects from wood or agriculture.** While large projects might take advantage of economies of scale, biomass supply costs increase exponentially because the business has to go further afield to find the biomass, which does not happen for the smaller projects.

The Ontario Sustainable Energy Association recommended similar pricing for biomass during the RESOP consultations years ago. They based their pricing on Germany's structure. Their recommendations were as follows:

- For biogas, \$0.17/kWh
- For biomass projects under 150 kw, \$0.18/kWh
- And for larger projects, \$0.12/kWh

Other key recommendations from CANBIO to maximize the FIT's support for bioenergy are listed below:

- Use the heat. In order to benefit from the FIT, proponent must commit to using 100% of heat produced in process of generating electricity.
- In generating electricity proponent needs to be free to supply electricity directly to immediately surrounding clients and not forced to go through the grid. (e.g. there are 2 businesses on the same site: one produces electricity and the second needs it, but currently the first has to put into grid and cannot sell directly to second).
- If the FIT changes over time, anyone who has signed a contract earlier on should benefit from increased FIT (not as it is currently where price is locked-in for 20 years).

- More fundamentally, CANBIO urges OPA to focus on biomass for heat not biomass for electricity. As stated above, electricity generation should be considered only when 100% of the heat produced is going to be used. This means no bioenergy projects that are focused on electricity alone. For more on this please see CANBIO's press release – *Ontario Green Energy Act good for biomass, but where's the heat?*  
[http://www.canbio.ca/press\\_releases.php](http://www.canbio.ca/press_releases.php)

CANBIO Ontario looks forward to continuing to work closely with OPA to develop fair biomass pricing and policy under the FIT.

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