



Renewable Energy Initiative



The Renewable Energy Initiative or REI is a 7 million-dollar program offered through the Agricultural Flexibility Fund, a cost-sharing agreement between the Government of Canada and the Province of Prince Edward Island. The program is delivered by the P.E.I. Department of Agriculture in cooperation with the Office of Energy Efficiency.

Program Description

Renewable energy sources can provide farmers with a degree of energy independence while improving both the individual farm's and the agriculture sector's environmental footprint. Renewable energy is perceived as a major opportunity for farms on Prince Edward Island to reduce their input costs. This initiative is part of the overall effort to increase the competitiveness of the agriculture sector.

The Renewable Energy Initiative provides financial assistance towards farm energy audits and the implementation of on-farm renewable energy system(s). The purpose of the REI is to demonstrate the potential for on-farm renewable energy to improve farm net income while enhancing environmental sustainability.

Program Eligibility

Applicants must be a bona fide farmer, and the maximum contribution for eligible expenses is \$1,500 for audits and \$50,000 for implementation, per farm unit.

The Initiative will accept applications from a group wishing to act in a joint venture for the purposes of developing an on-farm renewable energy system. In a joint venture proposal, each participating operation must individually qualify as a bona fide farmer. The maximum contribution of \$1,500 for audits and \$50,000 for implementation per participating farm unit will apply to each participant in the joint venture. Each participant in the joint venture must equally share in the eligible expenses and benefits.

A bona fide farmer is defined in the *Revenue Tax Act* and the status is granted through the Taxation and Property Records Division of the Department of Finance and Municipal Affairs. Proof of status will be a valid Farmers Revenue Tax Exemption Permit Number issued in the name of the applicant.

In determining a 'farm unit', the Administration will evaluate each operation's respective degree of legal, financial, and operational independence.

Eligible Renewable Energy Categories

- **Solar:** The use of solar-energy through photo-voltaic panels for the production of electricity or solar panels for the production of space-heat, crop drying and/or hot water.
- **Biogas:** The use of methane gas produced from the anaerobic digestion of crop, manure and/or other material that is primarily of agricultural origin, for the production of electricity and/or heat.

- **Wind:** The use of wind that is captured by turbine(s) and generates electricity to off-set the cost of electrical energy for farm lighting, refrigeration or electrical equipment operation.
- **Biomass:** The combustion of agricultural biomass to replace fossil fuel use for the production of space-heat, crop drying and/or hot water.
- **Geothermal:** The use of a central heat exchange system to extract the stored energy of the earth for heating and/or cooling.

Program Components

There are three components to the program:

1) Initial Application

- a. Complete and submit a program application form
- b. Receive acceptance letter and complete the On-Farm Energy Audit (*a prerequisite for Component 2*)
- c. Claim eligible costs on the audit and submit a copy of the audit for evaluation

2) System Implementation

- a. Develop and submit an Implementation of Renewable Energy System(s) application
- b. Sign Implementation Agreement and commence action on renewable energy system
- c. Claim eligible costs by completing either partial or final claims for the project described in the Agreement

3) Post Energy Audit (*compulsory for those that receive funding under Component 2*)

- a. Approximately one-year after the system is implemented a second energy audit will be performed to evaluate the impact of the renewable energy system

1) Application, Audit and Claim

Applications are available from the Department of Agriculture's website at: <http://www.gov.pe.ca/agriculture/REI>, from the P.E.I. Department of Agriculture Information Desk 1-866-PEI-FARM (734-3276) or from the Office of Energy Efficiency. A completed application should be returned to the Office of Energy Efficiency at the address provided at the end of this document.

The audit requires a site visit by an energy auditor who will assess the farm energy consumption to identify the main areas of energy usage and establish a baseline for the operation's energy consumption. Based on the audit and an analysis of energy consumption records, recommendations are expected to be made on ways to increase energy efficiency on the farm and potential energy management options. The information derived from the energy audit will assist the producer in determining whether a renewable energy system would be viable for their operation and in selecting the optimal renewable energy system. A detailed list of the criteria to be met in the energy audit is available from the program contacts or at: <http://www.gov.pe.ca/agriculture/REI>.

Approved applicants must choose an energy auditor from a list of Natural Resources Canada (NRCan) approved energy management service providers that have agreed to perform farm energy audits through this program. A list of the companies servicing

P.E.I. can be obtained from the Department of Agriculture and will be forwarded to applicants with their letter of acceptance.

The on-farm energy audit component is a prerequisite to be eligible for the Implementation of Renewable Energy System(s) component. For the program the audit is valid for a twelve month period from the date of completion.

Rate of assistance: Funding for the on-farm energy audit will be provided at 75%, to a maximum contribution of \$1,500 per farm unit. The per farm unit limits will apply to each individual member of a joint venture proposal on an equal basis. For audits performed on large and complex operations that exceed the funding cap, there may be an exception made to increase the maximum contribution dollar level. Assistance may be claimed once the audit is finished by completing and submitting the Audit Claim Form to the Office of Energy Efficiency along with a copy of the completed audit.

2) Implementation of Renewable Energy System(s) and Claim

This component will provide assistance for the purchase and installation of new infrastructure/equipment that will enable agricultural producers to produce renewable energy for their on-farm energy requirements from one of the eligible renewable energy sources. It is at the discretion of each applicant, subject to the Department of Agriculture's approval, to select which renewable energy system(s) to implement. A combination of renewable energy systems is permissible; however, the funding level offered is on a per farm unit basis and will not be increased for multiple systems.

Joint venture applications must in their applications for assistance concerning the implementation of a renewable energy system, identify each bonafide farmer applicant that is a party to the joint venture and indicate the individual contact responsible for the application to the Renewable Energy Initiative administration.

Rate of assistance: Funding will be provided up to 50% of the eligible costs for the purchase and installation of a renewable energy system(s), to a maximum of \$50,000 contribution per farm unit. The per farm unit limits will apply to each individual member of a joint venture proposal on an equal basis.

Eligible expenses: Eligible expenses will include but may not be limited to:

- Renewable energy system(s) and materials required for system installation, delivery included.
- Installation of system(s)

Claims:

- Once significant expenses have been incurred to implement a proposal proponents are eligible to complete and submit a claim using the appropriate form.

The Department will determine which items are eligible upon application review. Detailed quotes are required for this purpose. In-kind contributions by the applicant are not eligible.

It is advised that you check with your insurance coverage provider prior to installing a renewable energy system to ensure that you meet any and all insurance requirements.

3) Post Energy Audit

A post energy audit will be performed on operations that receive funding for implementation of a renewable energy system. The purpose of the audit is to review the application of the renewable energy system and its impact on the energy consumption of the operation. The data from the initial on-farm energy audit will be used for comparative purposes. The audit will be planned for approximately one year after the installation and activation of the renewable energy system and will involve an on-site visit of the operation where the renewable energy system is installed. The applicant is required to be cooperative in providing a site inspection and utility records to the auditor. Information gathered from this component will be used by the Department of Agriculture to develop a conclusion on program results and to share findings with the public.

Rate of assistance: Funding of the post energy audit will be provided at 100% with no cost to the producer.

Terms and Conditions

Applicants must submit a completed application form for Component 1) On-farm Energy Audit and Component 2) Implementation of Renewable Energy System and meet the eligibility criteria. An approved applicant for Component 1 is not automatically considered for Component 2.

Program guidelines and application forms may be revised at any time throughout the life of the program.

Program funds are allocated annually and distributed on a first come first served basis. Expenses incurred prior to application approval are not eligible for assistance.

The applicant is responsible for obtaining required licenses, permits, approvals and authorizations, and for complying with all applicable municipal, provincial and federal legislation.

To be eligible for the program component, Implementation of Renewable Energy System, the on-farm energy audit must have been performed within the past 12 months. In a case that this condition cannot be met, a written proposal requesting an extension may be submitted to the Department with a planned installation date. The Department will review the proposal and depending on funding availability, a limited extension may be granted beyond the 12 months.

Where possible, renewable energy projects should be completed and operational by March 1st of the fiscal year in which the implementation contract is concluded. Where more time is required, project proponents must request a contract amendment, and such a request must be made within a reasonable period of time.

Final claims for a project must be submitted, at the latest, by March 1 in the fiscal year of the contract end date.

All materials must be purchased new to qualify for funding assistance.

Project costs must be representative of fair market value. Costs in excess of fair market value will not be eligible for funding.

Installation costs must be an arm's length transaction. Non-arm's length costs will not be eligible for funding.

For the initial audit, eligible expenses will be reimbursed upon the Department's receipt and approval of a claim form accompanied by invoices and proof of payment from the applicant.

For the implementation of a renewable energy system(s), eligible expenses such as down payments may be reimbursed upon the Department's receipt and approval of a claim form accompanied by invoices and proof of payment.

All approved projects are subject to an on-site and financial audit after project completion.

Biomass combustion systems funded through this program must be a model that achieves comparable emission levels to the CAN/CSA-B415.1 or the EPA outdoor Wood-fired Hydronic Heater (OWHH Method 28) Program, Phase 1 or 2.

Geothermal systems are to meet the requirements of CAN/CSA-C448 earth energy system.

Successful applicants will be expected to share key results of their project. The Department may request organized tours or site visits of the project, with permission, to promote renewable energy opportunities.

Termination

This program is effective April 1, 2010 and will terminate March 31, 2014 or when all funds are committed. This program may be altered or discontinued without notice by the Minister of Agriculture.

For more information, please contact:

George Meggison
Office of Energy Efficiency
Ph: (902) 620-3793
Email: gemeggison@gov.pe.ca

Peter Boswall
Department of Agriculture
Ph: (902) 368-5602
Email: pwboswall@gov.pe.ca

OR

P.E.I. Department of Agriculture Information Desk 1-866-PEI-FARM (734-3276)
Email: peextension@gov.pe.ca Website: www.peifarm.ca