

# Memorandum

## IESO BUSINESS UPDATE

To: Stakeholder Advisory Committee

From: JoAnne Butler, VP, Market and Resource Development

Date: February 4, 2016

**Subject: Resource Procurement Update**

Information Item

In addition to the new contract executed with Bruce Power and the conclusion of the phase 2 Energy Storage procurement in late 2015, there are a number of ongoing and new procurement activities underway at the IESO.

**microFIT** ( $\leq 10$  kW, standard offer renewable generation procurement with a rolling annual procurement target)

microFIT achieved its 2015 50 MW procurement target. The program is now accepting applications for the 2016 50 MW procurement target. microFIT is directed to have a final 50 MW procurement target in 2017. The IESO continues to support the Ministry of Energy's work on their strategy to transition microFIT to a net metering/self-consumption program for 2018.

**Feed-in Tariff (FIT)** ( $> 10$  kW to  $\leq 500$  kW, standard offer renewable generation procurement with established procurement periods and annual targets)

Following engagement with stakeholders during the microFIT and FIT annual price review in the summer of 2015, the IESO published the new Price Schedule for 2016 on September 17, 2015. The new Price Schedule came into effect on January 1, 2016.

The FIT 4 application period was open from October 5 to 23, 2015. 1,968 applications (totalling 582 MW) were submitted for the 241.38 MW procurement target. The IESO continues to review the applications for completeness and eligibility, as well as test for available capacity. Contract offers are expected to be announced in the second quarter of 2016.

The IESO is directed to undertake two additional 150 MW FIT procurement periods. Development of FIT 5 will proceed following FIT 4, with an application period expected in late 2016. The IESO will engage with stakeholders and communities on any draft materials well in advance of the procurement period.

#### **Energy from Waste** (standard offer procurement)

On April 22, 2015 the Minister of Energy directed the IESO to develop a procurement to support new build, municipal energy-from-waste projects. Following stakeholder engagement, the Energy-from-Waste Standard Offer Program (EFWSOP) was opened to applications on December 14, 2015. The application window will remain available until the 75 MW procurement target is achieved.

#### **Chaudière Falls waterpower**

On December 14, 2015 the Minister of Energy further directed the IESO to enter into negotiations with Hydro Ottawa for a power purchase agreement (PPA) for the Gatineau No. 1 and Hull No. 2 facilities. Negotiations are underway in accordance with the conditions specified in the directive.

#### **Whitesand First Nation biomass**

On December 14, 2015 the Minister of Energy also directed the IESO to make best efforts to enter a PPA with Whitesand First Nation for their proposed off-grid biomass facility. Negotiations are underway in accordance with the conditions specified in the directive.

#### **Large Renewable Procurement** (> 500 kW, competitive renewable generation procurement)

The first Large Renewable Procurement Request for Proposals (LRP I RFP) submission deadline was September 1, 2015. The 565 MW procurement received a total of 103 proposals, representing 3,613 MW. Based on the high volume of proposals and the complexity of the evaluation process, the date for the completion of the evaluation and notification of selected proponents was extended from December 2015 to March 2016.

Following the completion of the LRP I RFP, the IESO will undertake formal engagement with stakeholders, municipalities and Aboriginal communities to ensure that lessons learned are taken into account prior to the second round of large renewable procurement (LRP II). The initial engagement process is anticipated to be survey and webinar-based, with meetings with industry associations, municipal associations and First Nation and Métis communities. Further engagement opportunities will be provided during the subsequent LRP II RFQ and RFP phases. An engagement plan will be posted in the coming weeks with additional details. Any questions or comments on the future engagement can be provided to [engagement@ieso.ca](mailto:engagement@ieso.ca)

#### **Combined Heat and Power and Non-Utility Generators**

On December 14, 2015 the Minister of Energy directed the IESO to not proceed with a second Combined Heat and Power Standard Offer Program (CHPSOP) application window. The Minister also directed the IESO to discontinue negotiations for new contracts for Non-Utility Generator (NUG) projects. Instead, stakeholders such as CHP proponents and NUG representatives will continue to be engaged on the development of an Ontario capacity auction.