

# Memorandum

To: Stakeholder Advisory Committee

From: Darryl Yahoda  
Director, Resource Development and Strategy

Date: January 24, 2017

**Subject: IESO Business Update – Resource Procurement**

**Non - Utility Generator (NUG) Enhanced Dispatch Agreements**

On December 16, 2016 the Minister of Energy directed the IESO to enter into negotiations with thermal NUGs under contract with the OEFC regarding new (replacement) contracts that incentivize the facilities to operate in a manner that better aligns with system needs.

As of December 31, 2016, the IESO entered into Enhanced Dispatch Agreements with five facilities. These NUGs, while under the IESO contract, will no longer be incented to run as baseload facilities and will instead make their production decisions based on electricity market conditions.

In early 2017, the IESO anticipates pursuing additional opportunities with NUGs that provide benefit for ratepayers including new agreements with thermal NUGs still with remaining terms on their OEFC contracts.

The following is an update on the IESO's renewable resource procurement activities.

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

Version 4 of the microFIT program continues to accept applications in 2017. IESO allocated 12.7 MW towards the 2016, 50 MW procurement target. A new 50 MW procurement target is in place for 2017, which will be the final year of the microFIT program.

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

The FIT 5 application period was open between November 7 and November 25, 2016, during which 1,415 electronic applications were received. Out of these, 288 applications were either withdrawn or the required accompanying hardcopy material was not received by the IESO. The IESO is now reviewing 1,127 applications and FIT 5 contract offers are expected to be announced in the third quarter of 2017. A summary of the FIT 5 application period is available [here](#).

The Minister of Energy issued a [direction](#) to the IESO on December 16, 2016, which, among other things, specified that the FIT 5 procurement target is to be up to 150 MW. This directive further specified that FIT 5 is to be the final application period for the FIT program.

### **Chaudière Falls Hydroelectric Generation** (renewable generation sole source negotiation)

As of December 15<sup>th</sup>, 2016, the IESO and Hydro Ottawa Holding Inc. executed two (2) Power Purchase Agreements (PPAs) for the supply of electricity from Hydro Ottawa Holding Inc.'s Gatineau No. 1 hydroelectric generating station (12 MW) and their Hull No. 2 hydroelectric generating station (27 MW).