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# Future Clean Electricity Fund (FCEF) Engagement

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# Agenda

- Fund Overview
- Fund Streams
- Discussion and Next Steps



# Future Clean Electricity Fund Overview

# Background

- The Minister of Energy provided the IESO with a [letter on July 10th, 2023](#) following the publication of the Province's [Powering Ontario's Growth report](#) asking for advice and recommendations for a Future Clean Electricity Fund (FCEF) to support the implementation of the plan.
- The report is to include advice on:
  - Implementation options for the fund
  - Allocation of funds to potential priority areas and possible projects
  - How funds can be best used to offset costs for ratepayers
  - Potential opportunities for participation of Indigenous communities

# Principles to Guide Development of Options for Fund

- Support the development of new clean energy projects, including transmission, in Ontario
- Offset costs for electricity ratepayers
- Ensure meaningful opportunities for Indigenous community participation in clean energy project development
- Address challenges & opportunities to resource development identified through IESO initiatives, including the Resource Adequacy Framework

# Fund Budget Development & Forecasts

- The FCEF is expected to be funded through:
  - The sale of clean energy credits (CECs) by IESO and Ontario Power Generation (OPG)
  - Proceeds from Ontario's Emission Performance Standard carbon pricing system
- IESO is working with Ministry staff to develop expected funding forecasts



# Future Clean Electricity Fund Streams

# Potential Project Streams

- Several potential project streams have been identified
  - Based on initial direction from Ministry of Energy staff and lessons learned from previous project development experience and implementation of Resource Adequacy framework
- Nature and number of project streams is expected to evolve based on feedback from and discussions with stakeholders, communities, and the Ministry of Energy
- Project streams are high level to start; specific details and mechanics will be worked out in a later detailed design phase



# Potential Project Streams (2)

| Funding Stream                                  | Description  |
|---|--|
| 1. Large, priority projects                     | Funding to cover a portion of the development costs (siting, engineering design, municipal & Indigenous engagement, etc.) of large, priority clean energy projects with long lead times identified by the Government |
| 2. Customer-sited energy                        | Funding to cover permitting costs and/or some capital costs of customer sited clean energy projects (residential, commercial, industrial, institutional)   |
| 3. Competitive transmission procurement support | When IESO is holding a competitive transmission procurement, qualified proponents could receive funding to cover application/development costs, increasing competition and participation                             |
| 4. Indigenous energy projects                   | Funds to support Indigenous clean energy projects. Could flow through existing IESO Indigenous Energy Support Programs.  |
| 5. Community support stream                     | Funding to assist new clean energy generators to garner the community support required for participation in IESO procurements  |

# Potential Project Streams (3)

| Funding Stream  | Description   |
|---|---|
| 6. Site screening stream                                | Third-party assessments of best sites for future clean electricity generation in the province, considering resource and transmission availability, local needs, etc.  |
| 7. Local Distribution Company (LDCs) Permitting Support | Facilitate distributed energy resource deployment by providing funds to LDCs to streamline connection permitting and approval processes (reduce review/approval timelines and bottlenecks)  |
| 8. Annual clean energy design competition               | Hold a design competition to address a specific clean energy integration challenge, such as converting an existing natural gas generation facility into a clean energy generator or replacing the services provided by natural gas in the Toronto area. |
| 9. Competitive procurement cost offsets                 | A portion of funds could go to pay for clean energy procured through competitive IESO procurements, either directly through GA or through contracts.  |
| 10. Municipal Capacity Building / Site Selection        | Funding to build capability/expertise within communities to review/streamline project site approvals and capability to determine which types of projects/proponents make sense for a community to support   |

# Potential Funding Criteria & Administrative Parameters

## Project Funding Caps

- Potential to cap per project funding at a set maximum by stream, and 50% of total project cost to ensure risk sharing between project proponent and ratepayers

## Definition of Clean Energy

- Clean to include all non-emitting technologies (nuclear, hydroelectric, onshore/offshore wind, solar, storage, biomass) and transmission networks that enable non-emitting generation

## Intake for Large, Strategic Projects & Competitive Stream

- Establish process for intake of large, strategic projects identified by Government (e.g. new large-scale nuclear) and a competitive intake channel for other smaller-scale development initiatives



# Next Steps and Discussion

## Next Steps

- October - focused engagement sessions to inform options for fund
- Nov. - draft report shared with Ministry staff for review/input
- Dec. 13 - draft report shared with IESO Board for information
- Dec. - report updated/finalized
- Dec. 31 - report back due to Government

# Seeking input

1. What challenges are you encountering when dealing with on-site generation?
2. Are there any additional potential funding streams the IESO should consider?
3. Should any of the identified potential streams be recommended? Removed from consideration? If so, why?

# Request for Feedback

- The IESO will consider all input in this engagement and a feedback form is posted on the Future Clean Electricity Fund webpage:  
<https://ieso.ca/en/Sector-Participants/Engagement-Initiatives/Engagements/Future-Clean-Electricity-Fund>
- Feedback is due by: October 30, 2023
- Please contact [engagement@ieso.ca](mailto:engagement@ieso.ca) if you have questions following the session.

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# Thank You

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