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Future Clean Electricity Fund (FCEF) Engagement

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Agenda

- Fund Overview
- Fund Streams
- Discussion and Next Steps

Seeking input

1. What challenges are you encountering in developing on-site generation?
2. What initiatives are you considering when you are trying to achieve the ESG goals?
3. Are there any additional potential funding streams the IESO should consider?
4. Should any of the identified potential streams be recommended? Removed from consideration? If so, why?



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, 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

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: November 3, 2023
- Please contact engagement@ieso.ca if you have questions following the session.

Thank You

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