

Feedback Form

Future Clean Electricity Fund – October 13, 2023

Generators

Feedback Provided by:

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Following the October 13, 2023 engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the [Future Clean Electricity Fund](#) web page.

Please submit feedback to engagement@ieso.ca by **October 27, 2023.** If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Topic	Feedback
<p>What barriers for new electricity generation projects have you encountered in the province?</p>	<p>Evolugen by Brookfield Renewable appreciates the opportunity to provide comments.</p> <p>In our experience, procurement and contract certainty is the most critical factor in successful project development. This certainty can be provided by long-duration contract terms—awarded either by RFPs or vPPAs with load—which strongly encourage project development and investment decisions. Certainty can also be shored up by contract language that clearly protects against arbitrary contract cancellation and loss of revenue due to market rule amendments and/or political intervention. Without adequate certainty, it is difficult for proponents to model risks, secure more cost-effective financing options, and obtain company approval to proceed.</p> <p>Next, a lack of information on transmission deliverability testing processes, Ontario’s available interconnection capacity at a granular level, load growth, and future transmission upgrade planning makes site selection challenging, time-consuming, and costly.</p>

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<p>What type(s) of support from the IESO would facilitate new clean electricity project development?</p>	<p>We urge the IESO to put in place predictable, regular, and staggered procurement calls and public resource adequacy planning processes to help meet its future capacity and energy needs.</p> <p>In addition, more transparency and information-sharing regarding available transmission interconnection rooms, the deliverability testing process, and more public stakeholdering in coordination with Hydro One would be helpful.</p> <p>We also call on the IESO to allow proponents the option to pay for transmission upgrades that would improve their projects' deliverability scores. This mechanism would significantly remove transmission constraints as a barrier to project development.</p> <p>Next, the IESO should support project development by enabling the monetization of uncontracted electricity products in the IESO's various markets, including the capacity auction and as exports. In the same vein, virtual PPAs could help new projects be built through "revenue stacking" by creating different income streams from the IESO's many markets. We urge the IESO to support virtual PPAs to help develop new projects, which would be enabled by existing market mechanisms and load choice.</p> <p>Finally, Clean Electricity Credits (CEC) could be a significant source of revenue for new projects. Moreover, the success of the Future Clean Electricity Fund directly depends on the monetization of such credits. We therefore call on the IESO to actively release non-sensitive data on the CEC's commercialization progress (e.g., average pricing, volume, number of buyers and sellers...) to promote this market.</p>

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Do you have any projects under development that would benefit from the FCEF support?	<p>We are actively developing projects that include:</p> <ul style="list-style-type: none"> - Battery storage - Large hydro - Wind repowering, potentially paired with storage - New wind - New solar

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Are there any additional potential funding streams the IESO should consider?	<p>The IESO could consider a separate funding Stream to help proponents improve their deliverability testing results and finance relevant transmission upgrades, and thus clearing more economical projects constrained by transmission limitations. In the Exp-RFP, the IESO included a “second-round” mechanism where the Canadian Infrastructure Bank was brought in to help lower the offer prices of qualified projects. A funding Stream could serve the same function to help transmission constrained but economical projects clear the RFP—thus increasing the supply of qualified participants and potentially lowering the final clearing price.</p> <p>We also recommend the IESO to include “Large MW wind facilities’ repowering” in Stream 1. Given that Ontario is forecasting a significant and fast-approaching energy shortfall, the repowering and/or upgrade/expansion/uprate of our existing large MW wind fleet should be a priority.</p>

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<p>Should any of the identified potential streams be recommended? Removed from consideration? If so, why?</p>	<p>We recommend removing Stream 9: Competitive procurement cost offsets.</p> <p>Contrary to our suggestion in the previous section regarding funding to help remove transmission barriers, a general, uncertain, and ex-post cost-offset would not increase the supply of qualified offers. Further, such an unreliable subsidy would skew market signals for proponents—causing inconsistent bidding strategies and increase the likelihood of overly aggressive offers and unsuccessful financing when cost-offsets do not match expectations. Such a funding Stream is neither competitive nor transparent and should not be included.</p>

General Comments/Feedback

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