

Independent Electricity System Operator

1600-120 Adelaide Street West

Toronto, ON

September 27, 2024

Re: Long-Term 2 RFP – September 12, 2024 Engagement

The Atmospheric Fund (TAF) appreciates the opportunity to provide feedback on the IESO's Long-Term 2 Request for Proposals (LT2 RFP) and to seek clarification on recent changes announced by the Ministry of Energy and Electrification.

Technology Agnosticism

We are disappointed by the recent shift from the commitment to procuring non-emitting resources. In August 2024, the Ministry of Energy and Electrification directed the IESO to adopt a "technology agnostic" approach, allowing gas-fired generation to participate in this procurement.

TAF and many other energy sector stakeholders previously celebrated the government's commitment to prioritizing non-emitting resources, including wind, solar, and storage, in upcoming procurements through LT2. The sudden shift is concerning, as LT2 was intended to rapidly and affordably create new electricity supply while supporting decarbonization goals.

In recognition of the competitive advantages associated with a low-carbon grid and in alignment with Ontario's climate targets, **we recommend that rated criteria points be awarded to non-emitting resources**. This would keep in place the IESO's commitment to technology agnosticism while accounting for the clear benefits that non-emitting resources provide.

Furthermore, the IESO's Long-Term 1 (LT1) procurement contracts included provisions requiring proponents to recognize and account for the impact of the forthcoming proposed Clean Electricity Regulations on emitting resources. Similar provisions should be included in contracts for all future procurements, including LT2.

Rated Criteria Points for Locational Value

The IESO has been directed to consider awarding rated criteria points for projects located in Northern Ontario to support economic development in the region. While we understand that this is consistent with provincial direction in support of the region's economic development, the absence of locational rated criteria points for transmission-constrained urban regions (e.g. the Greater Toronto and Hamilton Area) is striking. As a result, developers may be discentivized to build projects near load centres where the greatest need exists but siting costs are often significantly higher.

The current design for this procurement does not adequately consider the forthcoming introduction of locational pricing via the IESO's Market Renewal Program, currently under

development. Locational rated criteria points for projects sited within or near major load centres would help address congestion, reduce transmission losses, and support reliable power supply where demand is highest. **This approach ensures that energy resources are strategically deployed where they are most needed, enhancing the efficiency and affordability of Ontario's electricity infrastructure.**

Municipal Support Resolutions

TAF supports the requirement of municipal support in LT2 project proposals, as confirmed by the recent Minister's letter. We believe that municipalities should play a crucial role in project approvals and decision-making. Local governments are often best positioned to understand the needs and priorities of their communities, ensuring that projects align with local interests.

Additionally, **we recommend that municipal support be required for future capacity or efficiency upgrades.** This will foster greater municipal buy-in and collaboration throughout the lifespan of energy projects.

Environmental Attributes

The IESO has proposed that environmental attributes associated with clean electricity generation produced under contract with the IESO will remain with the supplier. **To maximize the financial benefits realized by ratepayers through Clean Energy Credits (CECs), TAF recommends that the IESO retain their ownership.** The success of CECs relies on their additionality, so it is vital that they lead to or incentivize new investments in carbon reduction. By retaining ownership, the IESO can sell environmental attributes at market prices with [regulations mandating the reinvestment of revenues from these sales through the Future Clean Electricity Fund](#). This reinvestment requirement will ensure environmental benefits, contributing to cleaner power, reduced emissions, and long-term affordability for ratepayers.

Conversely, private suppliers lack both the incentive and requirement to reinvest CEC revenues, which means there is no guarantee that these funds will support new clean energy projects or benefit ratepayers. While details on the Future Clean Electricity Fund are still pending, this approach will help ensure CEC revenues scale the benefits realized by ratepayers.

Limitations on Prime Agricultural Lands

Restricting ground-mounted solar projects on prime agricultural lands misses a significant opportunity to leverage agrivoltaics, which harmonize solar energy production with farming. This sustainable approach allows for up to 85% of the land to remain in agricultural use, as [reported by the U.S. Department of Agriculture](#), highlighting the potential for co-developing these land uses effectively. In [New York State](#), guidelines exist to encourage and govern solar energy installations which support agricultural operations. **We strongly recommend that these restrictions be reconsidered for future procurements, given the evolution of dual-use solar in other jurisdictions.**

TAF appreciates the opportunity to provide feedback and seek clarification on the LT2 RFP framework. We look forward to gaining further clarity in future stakeholder engagement. We are committed to fostering a collaborative environment that leads to innovative solutions for advancing Ontario's sustainable energy goals. Thank you for considering our input.

Sincerely,

Bryan Purcell



VP of Policy & Programs
The Atmospheric Fund

About the Atmospheric Fund

The Atmospheric Fund (TAF) is a regional climate agency that invests in low-carbon solutions for the Greater Toronto and Hamilton Area (GTHA) and helps scale them up for broad implementation. Please note that the views expressed in this submission do not necessarily represent those of the City of Toronto or other GTHA stakeholders. We are experienced leaders and collaborate with stakeholders in the private, public and non-profit sectors who have ideas and opportunities for reducing carbon emissions. Supported by endowment funds, we advance the most promising concepts by investing, providing grants, influencing policies and running programs. We're particularly interested in ideas that offer benefits in addition to carbon reduction such as improving people's health, creating local jobs, boosting urban resiliency, and contributing to a fair society.