

# Memorandum

## IESO BUSINESS UPDATE

To: Stakeholder Advisory Committee

From: JoAnne Butler, VP, Market and Resource Development

Date: October 6, 2016

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

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 towards the 50 MW procurement target for 2016. A new 50 MW procurement target will be in place for 2017.

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

The [final versions](#) of the FIT 5 rules, contract, standard definitions and associated prescribed forms, as well as updated FIT Transmission Availability Tables, were posted on August 26, 2016. The final materials were updated in consideration of the [feedback received](#) on the draft versions, which were posted for stakeholder and community feedback on July 8th.

In general, no major policy changes were made from FIT 4 to FIT 5 and the program material was updated only to provide further clarity for potential applicants on issues that were observed in FIT 4, and to reflect updated terminology (e.g., changing "Aboriginal" to "Indigenous", throughout). The exception was the re-allowance of projects proposing behind-the-meter connections, which had previously been restricted by Measurement Canada in 2010.

In accordance with the Minister of Energy's [April 5, 2016, direction](#), FIT 5 will have base procurement target of 150 MW plus any additional available capacity from prior Small FIT ( $> 10$  kW and  $\leq 500$  kW) and microFIT ( $\leq 10$  kW) contract terminations. The final procurement target

will be calculated and published by December 31, 2016. The FIT 5 application period will commence on October 31, 2016, at 11:00 am, and will run for three weeks.

Contract offers from FIT 5 are expected to be announced in the second quarter of 2017.

In conjunction with the posting of the draft FIT 5 material, the annual FIT and microFIT price review commenced with the posting of a [pricing questionnaire](#) on July 8th. Questionnaire responses were accepted until July 28th. To establish prices for 2017, the IESO reviewed the six responses received from stakeholders, reviewed data from a number of international reports and research papers, and engaged a third-party technical consultant who provided independent costing data. The [2017 price schedule](#) and a [background slide deck](#) were posted on August 31, 2016, and the pricing will be effective on January 1, 2017 (and will apply to contracts offered through the FIT 5 procurement).

In general, 2017 prices have been lowered by 2–8% for all technologies and project size tranches, with the greatest reduction for solar PV. The exception was for the new ≤6 kW rooftop solar PV size tranche that was introduced for microFIT on June 21st; which was reduced by 0.5% from the 2016 price.

#### **Large Renewable Procurement** (> 500 kW, competitive renewable generation procurement)

The LRP II RFQ submission deadline was September 8, 2016, and 55 qualification submissions were received by the deadline.

On September 27th, the Minister of Energy announced the government's suspension of the Large Renewable Procurement, and issued a [direction](#) to the IESO instructing that the LRP II RFQ process be cancelled and that the subsequent LRP II RFP process not be commenced.

The IESO will be returning all qualification submissions and associated fees to RFQ applicants over the coming months.

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

Negotiations are ongoing between the IESO and Hydro Ottawa Holding Inc. for PPAs for the supply of electricity from Hydro Ottawa Holding Inc.'s Gatineau No. 1 and Hull No. 2 hydroelectric generating stations as per the December 14, 2015 Ministerial direction.

#### **Whitesand First Nation Biomass Cogeneration** (renewable generation sole source negotiation)

Negotiations are ongoing between the IESO and Whitesand First Nation for a PPA for the supply of electricity from a proposed biomass facility as per the December 14, 2015 Ministerial direction.