

Memorandum

IESO BUSINESS UPDATE

To: Stakeholder Advisory Committee

From: JoAnne Butler, VP, Market and Resource Development

Date: May 5, 2016

Subject: Renewable Resource Procurement Update

Information Item

The following is an update on the IESO's renewable resource procurement activities.

microFIT (≤ 10 kW, standard offer renewable generation procurement with a rolling annual procurement target)

On April 5, 2016, the IESO received a [direction](#) from the Minister of Energy to, among other things, cease accepting microFIT applications by December 31, 2017. microFIT is directed to have a final 50 MW procurement target in 2017. The IESO continues to support the Ministry of Energy's work on their strategy to transition microFIT to a net metering initiative.

At this time, the IESO has temporarily stopped accepting applications to the microFIT Program while new program provisions are prepared for microFIT version 4, which will be launched in July. The IESO is taking this step to protect the integrity of the microFIT Program and consumers as a number of irregular and incomplete applications have been discovered in the past few weeks. As a result, the IESO has decided that the new program provisions for microFIT version 4 should be introduced before accepting new applications.

The next version of microFIT will include a new requirement for a commissioned or notarized declaration form from all applicants and not just those that designate representatives. This additional requirement has been developed to help ensure that all applicants understand the

program and process, have access to their My microFIT Home Page, and follow the Program Rules.

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

The IESO continues to review the FIT 4 applications for completeness and eligibility, as well as test for available capacity. Contract offers up to the 241.38 MW procurement target are expected to be announced in the second quarter of 2016.

The April 5, 2016, direction also instructed the IESO to open the FIT 5 application period prior to November 1, 2016. FIT 5 will have a base target of 150 MW. In addition, the target will also include contract capacity that has become available from contract terminations under prior small FIT and microFIT procurements (i.e., projects ≤ 500 kW). The IESO will determine the amount of any such additional capacity and publish the FIT 5 procurement target by December 31, 2016. The IESO will engage with stakeholders and communities on draft materials well in advance of the application period. The IESO will also conduct the annual FIT and microFIT price review with the resulting price schedule to be posted by September 1, 2016.

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

The first Large Renewable Procurement Request for Proposals (LRP I RFP) process concluded with the recent execution of the 16 contracts for 454.885 MW that were announced on March 10, 2016. Details of the announcement and the list of Selected Proponents are available [here](#) and [here](#). Contracted projects will be required to obtain all necessary licenses and approvals, such as a Renewable Energy Approval or conducting an Environmental Assessment, before they can be built and operated. These processes are separate from the IESO's procurement initiatives and include additional community engagement.

Further to the April 5, 2016, direction, the IESO has initiated a stakeholder and community engagement to invite feedback on the LRP I process and understand what improvements can be made prior to the second round of procurement (LRP II). A webinar was held on April 12th to commence the engagement process and provide details on the LRP I results. An online survey has been posted and comments are being accepted until May 3rd. The IESO is also meeting with industry and municipal associations and Aboriginal communities throughout April and May. Details are available on the [engagement website](#) and any questions or comments on the engagement can be provided to engagement@ieso.ca.

The direction specified the following procurement targets for LRP II: 600 MW on-shore wind, 250 MW solar, 50 MW waterpower and 30 MW bioenergy. The final LRP II RFQ will be posted by August 1, 2016, and contracts resulting from the LRP II RFP are to be announced by May 1, 2018. Further engagement opportunities will be provided prior to each of the RFQ and RFP stages.