

# Memorandum

## IESO BUSINESS UPDATE

To: Stakeholder Advisory Committee

From: JoAnne Butler, VP, Market and Resource Development

Date: August 3, 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 was launched ahead of schedule on June 21st. microFIT is now continuing to accept applications towards the 50 MW procurement target for 2016. This version of the program includes 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. In conjunction, [a new price schedule](#) was posted that includes a new price tranche for solar photovoltaic (PV) rooftop projects that are 6 kW or less.

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

The FIT 4 procurement concluded on June 29th with the [announcement](#) of 936 new FIT contract offers, representing 241.430 MW. The procurement target for FIT 4 was 241.438 MW. The contract offers consisted of:

- 907 solar PV projects
- 9 waterpower projects
- 6 on-shore wind projects
- 14 bioenergy projects

The offered contracts included projects with Aboriginal, community and municipal or public sector participation as follows:

- 96 projects (41.45 MW) with Aboriginal participation
- 186 projects (60.24 MW) with community participation
- 413 projects (67.26 MW) with municipal or public sector participation

More than 92% of successful applications received municipal council support resolutions.

Priority points for price reduction were introduced in FIT 4, giving applicants the opportunity to receive priority points for their project if they elected to reduce their base price corresponding to one of three price reduction tiers. Of the successful applications, 52% chose to apply for price reduction priority points. These price reduction selections will be considered during the annual FIT and microFIT price review.

On July 8th, the IESO [posted](#) draft versions of the FIT 5 rules, FIT contract, standard definitions, and certain prescribed forms for review and comment. These draft materials reflected the policy direction from the Minister of Energy outlined in the April 5, 2016 direction. A webinar was held on July 20th to discuss and receive feedback on the draft material. Written feedback was accepted until July 28th.

Some final versions of FIT 5 prescribed forms and templates had previously been posted and are available for use by potential applicants in advance of the IESO finalizing the remainder of the FIT 5 materials.

The final versions of all the FIT 5 materials, as well as updated FIT Transmission Availability Tables, are expected to be posted in August; well in advance of the FIT 5 application period, which is expected to open before November 1, 2016.

In addition, 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. The updated price schedule will be posted by September 1st.

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

The LRP II procurement targets are up to 600 MW on-shore wind, 250 MW solar, 50 MW waterpower and 30 MW bioenergy, as specified in the [April 5, 2016](#), Minister's Direction. The Minister's [June 10, 2016](#), Direction increased the overall procurement target by 50 MW, and this additional capacity may include a focus toward technological upgrades to and optimizations of existing renewable energy facilities.

Following early stakeholder and community engagement held in April and May, the IESO posted the draft Request for Qualifications (LRP II RFQ) and associated Prescribed Forms for review and comment from June 27th to July 14th. After considering the written feedback received, as well as feedback received during the July 12th webinar and the July 21st in-person/web-enabled technical session, the final LRP II RFQ and associated material were posted

on July 29th. Details of these events and the feedback received are available on the [engagement website](#).

The final LRP II RFQ material is available on the [LRP website](#). The purpose of the LRP II RFQ is to qualify applicants for the subsequent Request for Proposals (LRP II RFP) stage based on their ability to meet a set of mandatory requirements focused on past development experience and financial capability. The submission deadline is September 8, 2016, at 3:00 p.m. Now that the procurement has commenced, all questions or comments related to LRP are to be sent to [LRP@ieso.ca](mailto:LRP@ieso.ca).

The IESO continues to develop the subsequent LRP II RFP and expects to conduct further stakeholder and community engagement prior to the RFP stage, later this year. Contracts resulting from the LRP II are to be announced by May 1, 2018.