

Feedback Form

Long-Term 2 RFP – June 13, 2024

Feedback Provided by:

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To promote transparency, feedback submitted will be posted on the Long-Term RFP engagement page unless otherwise requested by the sender. If you wish to provide confidential feedback, please mark "Confidential".

Following the LT2 RFP June 13, 2024, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation and recording can be accessed from the LT RFP [engagement web page](#).

Please submit feedback to engagement@ieso.ca by June 27, 2024.

Developing on Agricultural Land

Topic	Feedback
<p>Do you have any comments regarding the provision proposed within the Ministerial letter to: "Provide rated criteria points for projects that avoid prime agricultural areas."</p>	<p>The Canadian Biogas Association (CBA) and its members are concerned by the IESO's proposed introduction of rated criteria points to incentivize the avoidance of prime agricultural lands.</p> <p>Biogas projects require organic materials to support the anaerobic digestion process that captures methane. These organic materials, which are the fuel source for biogas, come from different sources, including agricultural sources like livestock manure and crop residues. As these types of materials are often sourced locally from the agricultural industry, the biogas projects themselves are often on farms, or located near farms and in areas of agricultural activity. In fact, a large majority of the existing biogas facilities in Ontario are already located on farms. The footprint of an on-farm biogas facility is typically 1-2 acres at most, and often sited adjacent to infrastructure.</p> <p>If the IESO were to prioritize the avoidance of prime agricultural land in the Long Term 2 (LT2) procurement for all fuel types, it may inadvertently eliminate several possible biogas projects, and disadvantage the agricultural community that relies on this type of generation project.</p> <p>The CBA strongly requests that the IESO exempt biogas facilities, particularly on-farm biogas facilities, from this rated criteria, should it proceed.</p>

Topic	Feedback
<p>Do you have any comments and considerations regarding the implementation of the Agricultural Impact Assessment (AIA)?</p>	<p>The CBA fully supports the protection of Ontario’s prime agricultural lands in Ontario. These lands are important for farmers, our economy, and in enabling a safe and secure path for our food production. However, the CBA believes that moving forward with an AIA for biogas facilities may create unnecessary red tape that can be viewed as duplicative and/or counterproductive to other regulatory processes, act as a deterrent for farmers planning to develop future biogas projects on farmland/ agricultural land as it may add unnecessary study costs. We believe that Ontario’s Environmental Compliance Approval and <i>Nutrient Management Act</i> already have a process in place to ensure the safe management of materials containing nutrients are protected, and provides a clear regulatory path for designing and operating an on-farm regulated mixed anaerobic digestion facility.</p> <p>The CBA is concerned that an AIA may introduce unnecessary red tape and reverse some of the hard work Ministry of Farming, Agriculture, and Agribusiness and the Ministry of Environment, Conservation, and Parks has done to streamline processes that will create more opportunities for agricultural producers to treat manure and other on-farm anaerobic digestion materials, while enabling the production of biogas. An AIA requirement for biogas projects on farmland has the potential to discourage the expansion of the biogas sector in Ontario, as this will increase costs for farmers seeking to implement these technologies through a new – in many cases redundant – study. Most biogas facilities are located on-farm and proximate to agricultural lands as they typically work together with farming processes.</p> <p>The CBA suggests that IESO (MFAA and MOECP) continue to leverage the process and regulatory structure set in place in the <i>Nutrient Management Act and Environmental Compliance Approval</i> or consider the possibility of an exemption for on-farm biogas projects, or biogas projects that use agricultural by-products for feedstock, given the unique role they have on farmlands across Ontario as projects seek to capture methane from manure and convert it into a source of electricity.</p>

Resource Eligibility

Topic	Feedback
<p>Repowering considerations: Do you have any feedback to share regarding other resource types opportunities for repowering/refurbishment under the LT2?</p>	<p>The CBA requests that the IESO continue to enable the opportunity for existing biogas facilities to be eligible to repower or be refurbished, as part of the LT2 energy and capacity streams.</p>
<p>Hybrid considerations: Do you have any feedback to share regarding hybridized facilities under the LT2?</p>	<p>The CBA requests that the IESO consider a situation in which an existing biogas resource (i.e. FIT contract) would want to repower under an LT2 energy contract while also pursuing a new build LT2 capacity contract for incremental capacity. As an example, an existing 1 MW biogas facility with a Feed-in Tariff contract could be awarded a 1 MW LT2 energy contract and that same facility could add another 1 MW of biogas capacity which would receive an LT2 capacity contract. This model allows the existing facility to repower and extend its life while also leveraging the flexible generation nature of biogas through a second LT2 capacity contract at the same facility.</p>

LT2 Contract Provisions

Topic	Feedback
<p>Performance Obligations: Do you have any feedback to share regarding minimum Imputed Production Factor thresholds or the proposed calculation approach for Non-Performance Charges?</p>	<p>Biogas is a flexible, dispatchable resource which can operate in several different operating modes depending on the need of the Ontario electricity market. The CBA believes that the minimum threshold for annual imputed production factor will be dependent on the biogas facility and whether the facility intends to run 24/7, or 12/7.</p> <p>The CBA would like to request a meeting with the IESO to explore how Performance Obligations should appropriately apply to biogas facilities.</p>
<p>Excess Deemed Market Revenues: Do you have any comments regarding the percentage of the negative Grid Reliability Payment that is to be paid back?</p>	

General Comments/Feedback

The CBA is a member-driven industry organization that supports the diverse needs of the biogas and renewable natural gas (RNG) sector with the goal of building a strong, robust biogas & RNG industry in Canada. We believe that biogas facilities have and will continue to play a role in supporting Ontario's energy transition, and we welcome the opportunity to provide feedback to the IESO on the Long Term 2 RFP (LT2) design.

Expedited Process for Biogas Facilities that Bid into LT1:

Several biogas facilities participated in the LT1 RFP process, some successfully, and other good projects that were not initially successful. Regardless of the outcome, all the facilities completed the work necessary to apply to LT1, including performing community engagement requirements, seeking and receiving municipal support resolutions, and broadly ensuring that all requirements for the procurement were met. The CBA is requesting that the IESO explore an expedited process for facilities that participated in the LT1 RFP as these proposals and projects are largely shovel ready energy producing facilities. Early in service dates, or incentives for early in service dates in advance of 2030 should be considered. This process would have the benefit of minimizing confusion, and duplication of effort at the local community and municipal level where familiarity and understanding of the projects were already completed.

This expedited stream would also support additional energy production for the province at a time when several new large consumers are connecting to the electricity system, putting additional pressure on the energy and reliability needs later this decade.

Remove New Restrictions on Distributed Energy Resources (DER):

The CBA is concerned that the new limitations on DERs (only allowing standalone facilities of 1MW or more) will inadvertently eliminate biogas projects from the LT2 procurement. The CBA believes that this should be reversed as there will be biogas projects below the 1MW threshold that could participate, including through aggregation. The minimum threshold should be lowered to 250KW for LT2, and enable the ability to aggregate these facilities to be > 1 MW to meet the IESO's minimum threshold requirements.

New Program for Small Biogas Projects:

In the absence of allowing projects below 1MW to participate in the LT2 procurement process, the IESO should seek to develop a simple standalone program for small biogas projects. This program could also be flexible and used to re-contract existing biogas projects, re-power existing projects, or build new biogas projects. There are more than 54 biogas facilities in the province, 20 before the end of 2030, that currently have no mechanism to re-contract, particularly if the 1MW threshold applies to the MT2 procurement process as well.

Access Rights for Small Distribution Connected Projects in LT2:

Proponents of small distribution connected projects (less than 20MW), including biogas, should have preferred or simplified access to the distribution system for LT2. The IESO should consider a predetermined connection cost/KW that will give proponents greater certainty in their project development costs prior to bid submission, and also levelized with those proposing connections at the transmission level.