

MULTI-MUNICIPAL ENERGY WORKING GROUP
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Re: Feedback on the proposed LT2 RFP

The Multi-Municipal Energy Working Group continues to actively monitor the procurement processes the IESO is undertaking to secure additional energy supply to support projected future needs.

The MMEWG wishes to provide the following feedback on several areas of the procurement efforts. The feedback window provided was extremely short and the following should be strongly considered throughout the procurement process.

Municipal Support

- The full proposal, as outlined in Regulation 359-09, should be completed prior to the request for municipal support.
- The community consultation process outlined in Regulation 359-09 should be followed.

Prime Agricultural Lands

- The continued protection of agricultural lands needs to remain in place regardless of the renewable energy source.
- Priorities for development of new generation should be in urban areas where demand is growing fastest.
- Another potential possibility is as remote and First Nations communities currently depending on fossil fuel-based generators to supply electricity.

Other Procurement

- Contract holders that have not met the REA requirements are not eligible for contract extension.
- Pre-Green Energy projects need to be evaluated using current regulations before contract extension.
- New noise modeling and approvals required if retooling increases height and/or power of existing turbines.
- Municipal support must be required for these changes.

Project Siting Issues

- Municipalities will based decisions on proposed new projects based on the problems encountered with current setbacks need to be addressed before new projects come to Councils seeking support. . Municipalities will be looking to hear about MECP plans to update setbacks in the February 9 presentation.
- Failure of the MECP to enforce key terms in existing approvals related to noise audits and complaints also needs to be addressed.

Revenue Models

- Payments for new projects need to be based on actual purchase of electricity and must reflect time of day rates.
- The production factor varies widely and seasonal variation needs to be reflected in valuation of projects.
- Proponents understand the risks involved with their technologies and the IESO does not need to include a Grid Stabilization Fee in the process. That risk should be included in the initial bid price.
- Process needed to audit production factor and claw back over payments
- Pricing also needs to incorporate charges for the costs of back-up capacity for intermittent sources

I also wanted to confirm a discussion that I had with Minister Todd Smith at the IESO Working Lunch at ROMA. Municipalities are looking for amendments to Regulation 359-09 that relate to BESS projects. Regulation 359-09 contains two lists of energy projects – ones that the regulation applies to and ones that are exempted. As a new technology, BESS is not in either list. Regulation 359-09 needs to be amended so that it applies to BESS projects.

The regulation outlines requirements for municipal support resolutions and for community consultation. It also establishes setbacks for various activities. The absence of setbacks, beyond those established by Hydro One, is a major gap in the process. Based on municipal actions required in response to recent US BESS system failures, the MMEWG is recommending a setback of 800 metres from residences and other occupied structures. We trust that BESS requirements will be addressed in the engagement webinar scheduled for February 9.

Our discussion with municipalities in this area and others that we contacted at the recent ROMA meeting suggest that there is very limited appetite for new wind turbine projects. The problems with the previous projects are well known, have not been addressed by the MECP and there is no interest supporting new

projects unless substantial changes are made in the regulations. As the need for additional capacity is real, the IESO should be looking at alternatives to large wind turbine projects in rural areas either by projects focused on urban areas or other technologies that are less land intensive i.e. biogas.

The Multi-Municipal Energy Working Group will continue to follow the IESO Procurement efforts and provide important feedback where it is deemed necessary.

Warm Regards,

A handwritten signature in cursive script, appearing to read 'Tom Allwood'.

p.p.

Tom Allwood,
Chair, Multi-Municipal Energy Working Group
Councillor, Municipality of Grey Highlands

cc.

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