

Multi Municipal Energy Working Group

Update on IESO's Procurement Activities

March 14, 2024

Lunch & Learn at ROMA

- **Capacity needs are real**
 - If LT 2 thro 4 are not successful, alternate sources of new capacity needed starting in 2030
- **Land area required for plan**
 - IESO estimates an area equivalent to 14X the size of Toronto required for energy production plan
 - Not seen as credible by attendees
 - Issue of protecting prime farmland raised

Revenue Guarantees Remain

- **Total Revenue**
 - Name Plate Capacity X
 - Annual Capacity Factor i.e. 30% X
 - Average Day Before Price for Electricity x
 - Number of Days in Month x 12
 - Grid Stability Payment to make up any short fall
 - No claw back of surpluses
- **Annual vs. Monthly Capacity Factors**
 - Potential for shortfalls in low production months
 - Extra sales revenue in high production months

No Consensus on Pricing

Industry participants have pushed back on pricing model

- Insufficient history with day before pricing to support revenue projection
- Concerns about additional nuclear capacity changing dynamics
- Shift to electric automobiles could cause change in day/night peaks
- Proposed monthly production capacity with variation in day and night output
- Brookfield proposing a return to fixed-price model to ensure LT2 is fully subscribed

Pricing model in flux – need to continue monitoring

MECP Requirements

- Ministry of Environment, Conservation & Parks
 - No changes in setbacks planned
 - Enforcement process is working
- Would non-compliant projects be granted extensions? – “MECP not involved in process”
- Requirements for repowering not well defined
 - CanREA - few existing sites could meet current REA standards
 - Santo Giorno – provided extensive requirements for repowering
- MMEWG Response – Unless setbacks change, it will be difficult to obtain municipal support.

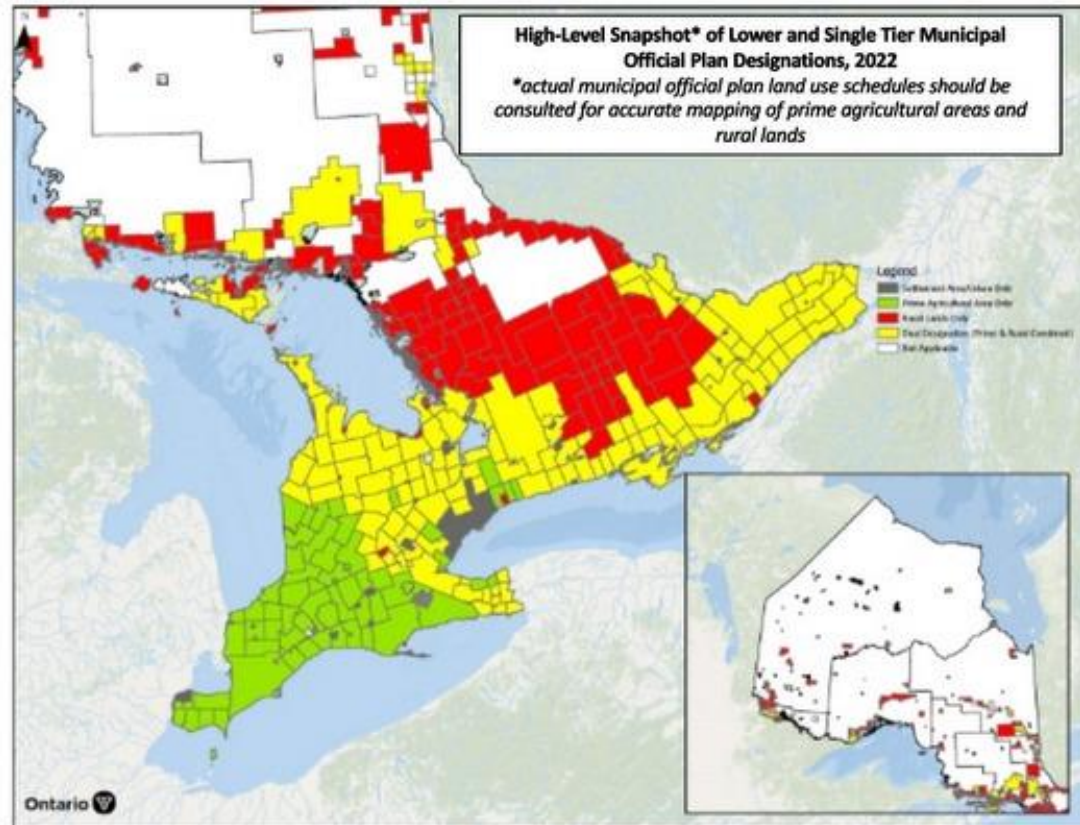
Use of Prime Farmland

- Session outlined current rules; IESO asked for feedback
- PPS and OMAFRA restrict use of prime farmland
 - Limited to 2% of land area or 1 ha for non-farm use
 - Developers should consider alternate sites i.e. brownfields
- PPS “renewable energy” statement
 - “should”; not a requirement
 - Does not require approval of a wind turbine project
 - Cannot be used to require rural municipalities to produce electricity for urban municipalities.
- Feedback form aims to get support for changes.
 - Commented on questions; added alternate questions.

OMAFRA - Prime Agricultural Areas

Appendix A

- In southwestern Ontario, many municipalities designate all land outside settlement areas as a PAA (green areas).
- This reflects the widespread quality of the agricultural soils and prevalence of farming in this region.
- Energy projects can be located in the grey, white, red, or yellow areas to avoid loss and fragmentation of prime agricultural areas.
- Projects with limited footprint could be sited in the green areas.



IESO vs. REA Process

- Municipal Support Resolutions required to obtain an IESO contract.
 - Separate process from REA process
- If contract awarded, proponent proceeds into the REA process.
- Proposal prepared as required by Reg. 359-09
 - Community consultations conducted
 - Further municipal input sought on detailed proposal
- In theory, municipalities could request changes to plan
- Once approved by municipality, proposal reviewed by MECP and approved.

East Zorra – Tavistock Proposal

- Serious proposal by Prowind – developer of Gunn's Hill project
- Leases being sought in 2 areas of municipality
- Quickly triggered negative community response
 - 3 community meetings – 1 small initial meeting followed by 2 larger meetings with 100 attendees each
- Community conducted email campaign with Councilors
- March 6 – Presentations by both Prowind and local land owners
 - Opposition focused on protecting prime farmland
- Result – Council adopts Unwilling Host Resolution unanimously

Next Steps

- Letter to Bruce/Grey Municipalities generated response
 - 2 Unwilling Hosts
 - Press coverage of issue
- Consider wider distribution of letter
 - Gaps in enforcement of existing REAs
 - Setbacks needed to be increased
 - Need to protect prime agricultural land

Questions or Discussion