

December 15, 2023

Matthew Peltier
Ministry of Energy, Energy Supply Policy Division
7th Floor, 77 Grenville Street
Toronto, ON
M7A 2C1

Submitted via: ici.consultation@ontario.ca

Re: O. Reg 429/04 Amendments Related to the Treatment of Corporate Power Purchase Agreements

Atlantic Power & Utilities is pleased to provide comments regarding the proposed amendments to O. Reg. 429/04 to enable direct electricity purchasing for Class A customers through Corporate Power Purchase Agreements (PPAs).

Atlantic Power is an independent power producer that owns power generation assets in nine states in the United States and two provinces in Canada. Our generation projects sell electricity and steam to investment-grade utilities and other large customers. The company has expertise in operating most generating asset classes including biomass, natural gas, and hydroelectric facilities.

Atlantic Power has a number of generation facilities across Northern Ontario, including Tunis, a 37MW gas fired generating facility, Nipigon, a 40MW gas-fired enhanced combined-cycle generating facility, and Calstock, a 38MW biomass power plant. The Calstock facility, located in Hearst, is currently under contract with the IESO until 2027. Calstock plays a crucial role in supporting local industry and sustaining jobs in Northern Ontario, and we are proud to provide the province with clean, reliable, low-cost electricity to grow Ontario's economy.

Atlantic Power strongly supports the Ministry of Energy's proposal to allow bilateral agreements between customers and suppliers. As Ontario faces increasing demand for electricity and looming supply constraints, corporate PPAs will support the growth of new clean generation in the province and provide opportunities for existing renewable generation facilities.

We applaud the government's objective of securing new and recontracting existing renewable energy sources through a corporate PPA framework. As the government looks to implement this policy, Atlantic Power has two key recommendations that we believe will lead to success for both the province and generators.

Explicit Inclusion of Biomass

As the Regulation is proposed, biofuels could be an eligible technology to contract with qualifying Class A participants. Given the prevalence of biomass across Ontario, and in particular northern Ontario, Atlantic Power wants to ensure that eligibility explicitly includes biomass generation. This would ensure consistency in defining renewable energy projects and complement the objectives set out in *Sustainable Growth: Ontario's Forest Sector Strategy* (the strategy) and the provincial *Forest Biomass Action Plan (FBAP)*.

Biomass is strategically positioned to participate in the Corporate PPA model as proposed. First, it would help customers to fill their Environmental, Sustainability and Corporate Governance (ESG) objectives where they have committed to demonstrating 100% renewable electricity to serve their demand. Second, as a dispatchable resource, we could ensure our power is available when companies and the grid needs us most, and especially during the critical system peaks. Third, as an indispensable part of our local economy, the Corporate PPA structure could enable us to explore further benefits to our supply chain partners, deepening the synergies within our local economies.

To fulfil increasing demand and maximize the potential benefits realized under the corporate PPA policy, Ontario will require a broad range of technologies to increase power production in the coming years. As outlined above, biomass facilities can offer Ontario a renewable, reliable source to meet its energy demands in the future.

Allow IESO-Contracted Facilities to Partially Contract Under Corporate PPAs

Atlantic Power appreciates that this regulatory amendment aims to secure new and recontract existing renewable energy sources. We strongly believe eligibility should include IESO-contracted facilities.

Atlantic Power's Calstock facility is contracted with the IESO until 2027. Under the contract, Calstock's output has an annual energy cap that is less than our ability to produce. This cap has created challenges to the local forestry sector, which is now facing a surplus of biomass with no viable alternate use.

However, given the forecasted load growth in the north and proposed upgrades to the transmission system to improve north-south energy flows, we urge the province to reconsider how it values incremental output from these facilities. One strong start would be to allow incremental output from Calstock to be sold to another buyer through a Corporate PPA approach, instead of only receiving HOEP for this output as is currently contemplated. If IESO-contracted facilities have the ability to produce more power than they are producing under their contracts, they should be able to enter into a bilateral corporate PPA.

By ensuring IESO-contracted facilities like Calstock can enter into corporate PPAs, we can increase output, thereby supporting the grid and the forestry sector across Northern Ontario, all while providing low cost solutions for Class A customers.

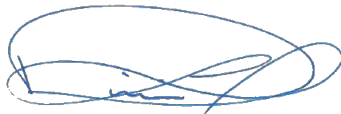
Conclusion

Atlantic Power would like to reiterate our support for the proposed regulatory amendment and the government's objective to secure new and recontracted renewable generation across the province. We look forward to continuing to participate in the stakeholder engagement process. As we have outlined, we believe it's important to include biomass as an eligible technology and to allow IESO-contracted facilities to partially contract under corporate PPAs.

We believe corporate PPAs will complement existing IESO procurement initiatives in order to meet Ontario's looming supply needs in the near future.

Thank you for the opportunity to comment on this proposed regulatory amendment.

Sincerely,



Dominic Lemieux
GM, Ontario Operations