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Alberta – Government of Alberta Announces Next Steps On Ambitious Renewable Energy Agenda

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4) Alberta – Government of Alberta announces next steps on ambitious renewable energy agenda

On Thursday November 3, 2016, as part of her keynote address to the Canadian Wind Energy Association's (CanWEA) annual conference in Calgary, the Honourable Shannon Phillips, Alberta's Minister of Environment and Parks, announced the provincial government's next steps with respect to implementation of its ambitious renewable energy targets. Following her address, the Alberta Electricity System Operator (AESO) provided additional details on the design and implementation of the first of the competitive processes within the Alberta Renewable Electricity Program (REP) aimed at procuring 400 MW of renewable supply and a step towards meeting the government's goal of developing 5,000 MW of renewable electricity generation capacity by 2030.

Sussex has worked with their western Canadian affiliate, Prairie Sky Consulting, to assess the announcement and provide the following update and summary below.

Background on the REP

As reported earlier this year, the Alberta Electricity System Operator (AESO) was authorized to prepare a report of its recommendations on the design of the REP. Tabled in June 2016 this [report](#) is now available on the AESO's REP website. The REP will be structured to encourage the development of 5,000 MW of renewable electricity generation capacity between now and 2030 through a series of competitive processes that purchase renewable attributes generated by the projects. The AESO stated that its recommended approach is structured so as to achieve these objectives while also minimizing costs to the system and ratepayers.

The REP will be designed as a three stage process:

1. *Request for Expressions of Interest (REOI)* – 4-6 weeks – to gauge and attract early indication of interest.
2. *Request for Qualifications (RFQ)* – 4-6 months – to qualify potential bidders to be eligible to submit detailed proposals based on project eligibility, financial strength and capacity as well as development, construction and operations capabilities.
3. *Request for Proposals (RFP)* – 2-3 months – to determine bidders who will be eligible to enter into a Renewable Energy Support Agreement (RESA) and sell Renewable Attributes to the AESO.

As noted above, the first procurement will seek 400 MW of renewable generating capacity from projects that are 5MW or greater. These projects must be located within the province and the AESO expects projects to be in-service by 2019.

Support payments will be made through an *Indexed Renewable Credit* mechanism, whereby successful bidders receive a \$/MWh payment for renewable attributes produced by their projects, calculated as the difference between a strike price as bid and a reference price (e.g. pool price). RESAs will be structured with a 20-year term.

Next Steps and Timing

The AESO will commence a stakeholder engagement process on **November 10, 2016** to solicit input and feedback on the design of the REOI/RFQ/RFP. The deadline for comments will be **December 9, 2016**. We will provide updates as next steps are announced with respect to this consultation. It is expected that the AESO will kick off the REOI process in early Q1 2017 with a goal to awarding RESAs by the end of the year.